



## *Payback Time*

Gold and silver assets have significantly outperformed the S&P500 this year, but it has certainly been a battle. That invisible hand comes out of left field every time gold starts to break out and smacks gold prices down with huge futures sales for maximum market impact. But tough luck, market manipulators - you are on the wrong side of history. Gold has broken out above its 200 day average and many gold stocks are lifting off and have an upward model forecast. Intervention has failed. It's payback time.

Just to keep things in perspective this is the year-to-date (ytd) performance for the stock market vs. gold assets: S&P500 +8%, gold price +12%, GDX gold stock etf +14%, 6% more than the S&P500. Several of the large-cap gold stocks we've recommended are up significantly more ytd: KGC +49%, AEM +20%, GFI +35%, AG +17%. The next leg up of the gold bull market that started in 2016 is probably commencing.

We have some gold and silver mining stock outperform candidates for consideration. First of all, the buying power that could lift precious metals mining stocks in the next bull market leg has to come from big institutions. The big boys have been mostly wrong on everything this year (described below). The total market cap (value) of investable gold and silver mining shares is only about \$200bn. Compare that to the market cap of Apple (\$805bn), Amazon (\$479bn) or Facebook (\$443bn). Get the picture? The entire investable gold stock mining universe is 1/3 the value of a single mega-cap tech stock. While this has huge

bullish implications for the gold stock bull market as liquidity flows out of the Nasdaq bubble into gold assets, it also means that big institutions like hedge funds, mutual funds, pension funds and sovereign wealth funds probably won't be buying 'moose pasture' unproven small-cap Vancouver speculative gold and silver exploration stocks. Stocks that have a \$10mn-\$50mn market cap simply won't move the needle for fund managers that control \$10bn to \$500bn in assets. Those stocks are too small, too illiquid and with unproven assets for most institutional investors.

The big money is likely to go into the large-cap gold stocks, which we have been recommending. Even the GDX etf has only a \$9bn market cap. The 12 largest cap gold stocks that the model currently favors (in order of market cap) are Newmont (NEM, \$19bn), AngloGold (AU, \$13bn), Fresnillo (FRES.L, \$12bn), Agnico Eagle (AEM, \$12bn), Randgold (GOLD, \$6bn), Kinross (KGC, \$6bn), Goldfields (GFI, \$3bn), Tahoe (TAHO, \$3bn), Iamgold (IAG, \$2bn), Coeur (CDE, \$2bn), Hecla (HL, \$2bn) and First Majestic (AG, \$2bn).

Too put the macro picture in perspective, think back to market expectations five months ago at the beginning of the year. Investors had Trump stars and Fed rate hikes in their eyes. They expected a \$1 trillion infrastructure spending program, massive tax cuts, a booming economy and rising interest rates. It was a mirage. The crowded consensus positions in January were long the US dollar, short US bonds, overweight financials and cyclicals. Nothing worked. It was a mass delusion. It was a no-brainer to short US bonds at the beginning of the year because of Trumpflation and promised Fed rate hikes. Oops.

Trumpflation is MIA and the Fed has egg on its face. Almost every US economic indicator has come in below expectations. The TLT long Tbond etf is up +6% ytd. The DXY dollar index is down -6% ytd. The XLF financial sector etf is -8% behind the S&P500 ytd. GE (the largest industrial stock) is -20% behind the S&P500 ytd.

Now big investors are crowded into large cap Nasdaq bubble stocks. The Nasdaq bubble should be as big a disappointment as everything else the consensus got wrong. They'll be searching desperately for something new to buy when the air starts hissing out of the Amazon, Google and Facebook bubble. The next leg up in the gold stock market should be led by institutional buying of large-cap investable stocks like KGC, NEM, IAG, CDE, HL, AEM, TAHO, GFI, GOLD, FRES.L, AU and AG.

#### US Listed Gold Stock CHANGES

<b>Added:</b>	<b>MAG, GSV, GORO</b>
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#### Recommended Stocks US-Listed

<b>KGC</b>	<b>Kinross Gold</b>
<b>NEM</b>	<b>Newmont Mining</b>
<b>IAG</b>	<b>Iamgold</b>
<b>CDE</b>	<b>Coeur Mining</b>
<b>HL</b>	<b>Hecla Mining</b>
<b>AEM</b>	<b>Agnico Eagle</b>
<b>TAHO</b>	<b>Tahoe Resources</b>
<b>ALO</b>	<b>Alio Gold</b>
<b>GFI</b>	<b>Gold Fields</b>
<b>AU</b>	<b>Anglogold Ashanti</b>
<b>RGLD</b>	<b>Royal Gold</b>
<b>EGO</b>	<b>Eldorado Gold</b>
<b>AAU</b>	<b>Almaden Minerals</b>
<b>SSRI</b>	<b>Silver Standard Resources</b>
<b>GOLD</b>	<b>Randgold Resources</b>
<b>SA</b>	<b>Seabridge Gold</b>
<b>MUX</b>	<b>McEwen Mining</b>
<b>NSU</b>	<b>Nevsun Resources</b>

<b>PAAS</b>	<b>Pan American Silver</b>
<b>RIC</b>	<b>Richmont Mines</b>
<b>BVN</b>	<b>Compania De Minas Buena</b>
<b>NAK</b>	<b>Northern Dynasty Minerals</b>
<b>GSS</b>	<b>Golden Star Resources</b>
<b>GG</b>	<b>Goldcorp</b>
<b>WPM</b>	<b>Wheaton Precious Metals</b>
<b>AUY</b>	<b>Yamana Gold</b>
<b>ABX</b>	<b>Barrick Gold</b>
<b>NGD</b>	<b>New Gold</b>
<b>SBGL</b>	<b>Sibanye Gold</b>
<b>DRD</b>	<b>DRD Gold</b>
<b>HMY</b>	<b>Harmony Gold Mining</b>
<b>MAG</b>	<b>Mag Silver</b>
<b>GSV</b>	<b>Gold Standard</b>
<b>GORO</b>	<b>Gold Resource</b>

#### Silver Stocks - CHANGES

<b>Added:</b>	<b>MAG, FVI.TO, MND.TO, GORO</b>
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#### Recommended Silver Stocks - Global

<b>AG</b>	<b>First Majestic Silver</b>
<b>FVI.TO</b>	<b>Fortuna Silver Mines</b>
<b>SVE.V</b>	<b>Silver One Resources</b>
<b>TAHO</b>	<b>Tahoe Resources</b>
<b>CDE</b>	<b>Coeur Mining</b>
<b>HL</b>	<b>Hecla Mining</b>
<b>MUX</b>	<b>McEwen Mining</b>
<b>FRES.L</b>	<b>Fresnillo</b>
<b>HOC.L</b>	<b>Hochschild Mining</b>
<b>POLY.L</b>	<b>Polymetal Intl</b>
<b>SVM.TO</b>	<b>Silvercorp Metals</b>
<b>SSRI</b>	<b>Silver Standard</b>
<b>SBB.TO</b>	<b>Sabina Gold &amp; Silver</b>
<b>BVN</b>	<b>Compania De Minas Buena</b>
<b>PAAS</b>	<b>Pan American Silver</b>
<b>EXN.TO</b>	<b>Excellon Resources</b>
<b>MND.TO</b>	<b>Mandalay Resources</b>
<b>BCM.V</b>	<b>Bear Creek Mining</b>
<b>MAG</b>	<b>MAG Silver</b>
<b>GORO</b>	<b>Gold Resource</b>

Canadian-Listed Gold Stock CHANGES

<b>Added:</b>	<b>FVI.TO, CNL.TO, TGZ.TO</b>
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Recommended Stocks Canadian-Listed

<b>FR.TO</b>	<b>First Majestic Silver</b>
<b>DGC.TO</b>	<b>Detour Gold</b>
<b>OGC.TO</b>	<b>OceanaGold</b>
<b>CG.TO</b>	<b>Centerra Gold</b>
<b>PG.TO</b>	<b>Premier Gold Mines</b>
<b>WDO.TO</b>	<b>Wesdome Gold</b>
<b>BTO.TO</b>	<b>B2Gold</b>
<b>TXG.TO</b>	<b>Torex Gold Resources</b>
<b>KL.TO</b>	<b>Kirkland Lake Gold</b>
<b>EDV.TO</b>	<b>Endeavour Mining</b>
<b>FVI.TO</b>	<b>Fortuna Silver Mines</b>
<b>CNL.TO</b>	<b>Continental Gold</b>
<b>TGZ.TO</b>	<b>Teranga Gold</b>

London-Listed Gold Stocks

<b>Removed:</b>	<b>ACA.L</b>
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Recommended Stocks London-Listed

<b>HOC.L</b>	<b>Hochschild Mining</b>
<b>FRES.L</b>	<b>Fresnillo</b>
<b>RRS.L</b>	<b>Randgold Resources</b>
<b>PAF.L</b>	<b>Pan African Resources</b>
<b>POLY.L</b>	<b>Polymetal Intl</b>
<b>CEY.L</b>	<b>Centamin</b>
<b>HGM.L</b>	<b>Highland Gold Mining</b>
<b>POG.L</b>	<b>Petropavlovsk</b>

Australian-Listed Gold Stock CHANGES

<b>Removed:</b>	<b>MML.AX</b>
<b>Added:</b>	<b>IGO.AX, SAR.AX</b>

Australian-Listed Gold Stocks

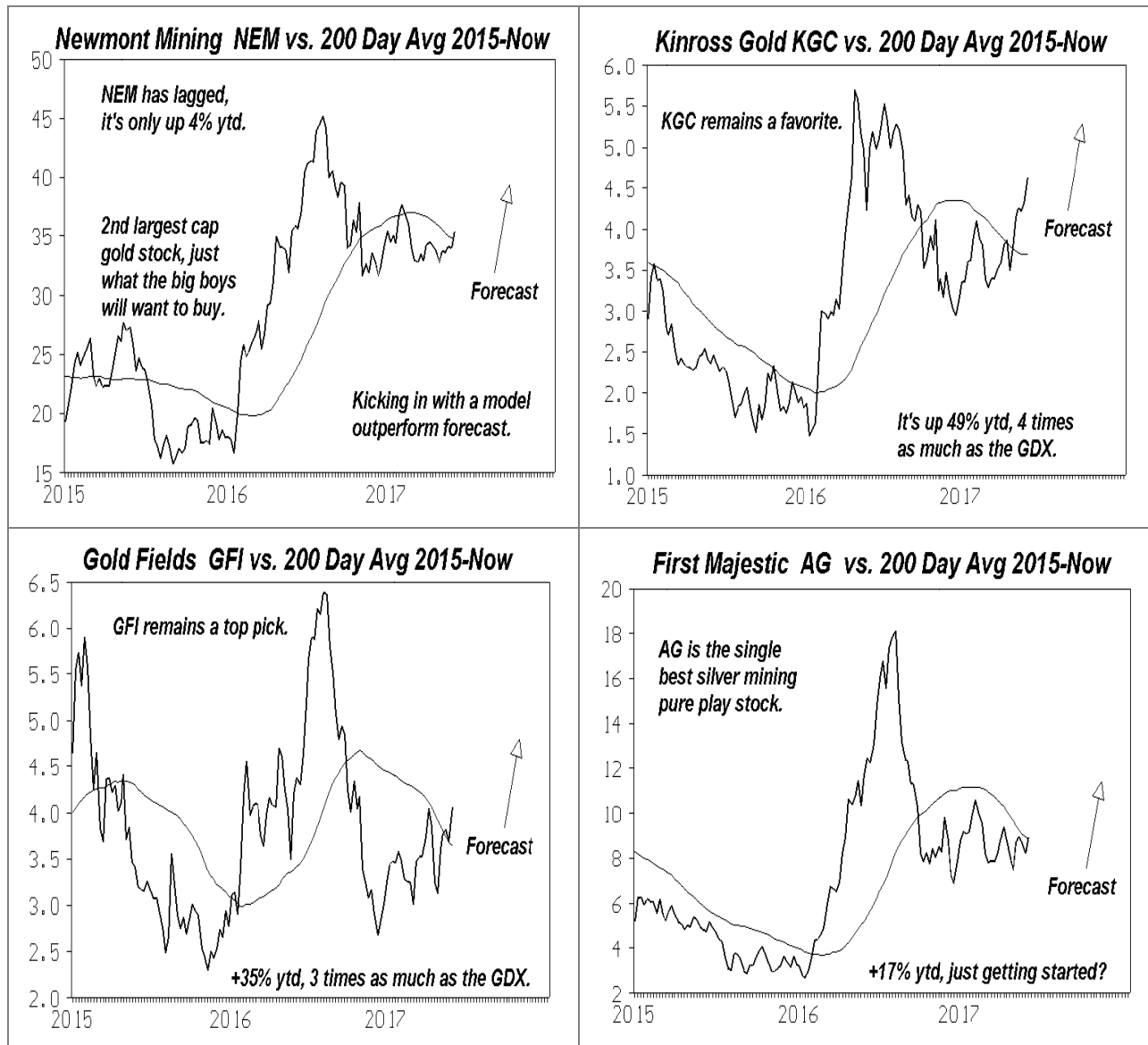
<b>EVN.AX</b>	<b>Evolution Mining</b>
<b>SBM.AX</b>	<b>ST Barbara</b>
<b>NST.AX</b>	<b>Northern Star Resources</b>
<b>NCM.AX</b>	<b>Newcrest Mining</b>
<b>RRL.AX</b>	<b>Regis Resources</b>
<b>DRA.AX</b>	<b>Dragon Mining</b>
<b>IGO.AX</b>	<b>Independence Group</b>
<b>SAR.AX</b>	<b>Saracen Mineral Holdings</b>

Global Platinum Stocks CHANGES

<b>Added:</b>	<b>PLG</b>
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Recommended Global Platinum Stocks

<b>PAF.L</b>	<b>Pan African Resources</b>
<b>NOT.V</b>	<b>Noront Resources</b>
<b>NHM.J</b>	<b>Northam Platinum</b>
<b>HGM.L</b>	<b>Highland Gold Mining</b>
<b>ARI.J</b>	<b>African Rainbow Minerals</b>
<b>ZIM.AX</b>	<b>Zimplats Holdings</b>
<b>POM.TO</b>	<b>Polymet Mining</b>
<b>AMS.J</b>	<b>Anglo American Platinum</b>
<b>IMP.J</b>	<b>Impala Platinum Holdings</b>
<b>LML.L</b>	<b>Lonmin</b>
<b>PLG</b>	<b>Platinum Group Metals</b>



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