



Gold Corporation  
(trading as The Perth Mint)  
ABN 98 838 298 431

310 Hay Street, East Perth,  
Western Australia, 6004,  
Australia

A statutory authority under the  
*Gold Corporation Act (1987)* of  
Western Australia

Founded in 1899, the Perth Mint is an integrated precious metal operation refining circa 10% of world gold production; servicing investors with legal tender bullion coins and bars and the Perth Mint Depository custodial facility; providing collectors with innovative and high quality numismatic coins; supplying mints with precious metal blanks; and operating a leading Perth tourist attraction.

## BLOG WATCH 5 APRIL 2012

### OVERNIGHT MOVEMENTS

Perth Mint Spot	Gold USD	Silver USD	Gold AUD	Silver AUD
Closing 4 <sup>th</sup>	\$1,638.36	\$32.39	\$1,597.15	\$31.58
Opening 5 <sup>th</sup>	\$1,631.48	\$31.67	\$1,588.90	\$30.84
Change	-\$6.88	-\$0.72	-\$8.25	-\$0.74

### PREDICTIONS

**Investec:** "Gold may appreciate a further 10% to an average price of around \$1,850 [for 2012]"

**Smith McKenna:** "a manufacturing boom is on the horizon which will take Silver to \$150 per ounce by the end of the year"

### HANGING TOUGH

In this King World News [interview](#) Caesar Bryan says that "... investors need to hang tough and hold on to their positions on these down days. ...I have been doing this for a quarter of a century and I've discovered over time it's a very easy sector for the weak hands to be shaken out."

Dominic Frisby [agrees](#), recommending to "sit tight, stay long, stay strong, and be patient. The bull market isn't over" although he admits he was wrong about gold seeing a low last week and feels "that \$1,600 has to be visited first".

Jim Paulsen disagrees, arguing in a [29 March note](#) to clients that "investors should consider reducing gold exposure." I think his claim that gold is far too popular doesn't hold up – as we noted yesterday there is a lot of talk about gold, but not action if you look at total dollars invested – but his note is worth a read to test yourself against his arguments on why gold is overvalued and its fading fear premium. However, he does believe that "maintaining some gold exposure within portfolios makes sense. Should crisis fears continue to periodically flare in the next several years, gold should provide the portfolio with some defensive properties."

### THE BOREDOM DISCOUNT?

In Dylan Grice's [latest piece](#) he says that "we're hardwired to overvalue excitement and undervalue boredom" and thus "high risk' securities attract a "lottery ticket" premium" with "the same psychological tendency that overvalues lottery tickets undervalues quality stocks, as their robust business models and solid balance sheets do tend to be quite boring."



To counter, I would just point to the continuing underperformance of gold stocks versus gold – if investors do overvalue the excitement of high risk stocks, why are they favouring boring old gold?

## ITS ALL ABOUT CHINA

Chris Riley wonders why *“precious metals corrected sharply in the second half of the year, despite a new U.S. easing effort in the form of ‘operation twist’ ”*. His view is that analysts have ignored the *“flattening out of the Chinese yield curve in 2011 [which] coincided with a relatively poor year for the cyclical precious metals”* but *“now that Chinese CPI is easing, we can expect more interest rate cuts this year. This is likely to have a highly stimulatory impact on precious metal prices and commodity prices in general.”*

## ULTRASONIC THICKNESS TESTING

Nice [video](#) from the guys at [silverstackers.com](#) showing the use of an ultrasonic thickness meter to test the thickness of a Perth Mint 50oz gold bar based on expected sound velocity. Thankfully we passed the test.

## GOLD IN THE PERMANENT PORTFOLIO

In [this podcast](#) Craig Rowland gives a good overview of why gold should be in the [Permanent Portfolio](#), the kinds of gold to buy and the kinds to avoid and why investors shouldn't substitute Treasury Inflation Protected Securities (TIPS) for gold.

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