



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 17 APRIL 2012

OVERNIGHT MOVEMENTS

Perth Mint Spot	Gold USD	Silver USD	Gold AUD	Silver AUD
Closing 16 th	\$1,652.55	\$31.63	\$1,600.07	\$30.63
Opening 17 th	\$1,660.10	\$31.77	\$1,602.10	\$30.66
Change	+ \$7.55	+ \$0.14	+ \$2.03	+ \$0.03

PREDICTIONS

Citigroup: "Gold is forecast to rise 6.8% to \$1,835 a troy ounce in 2013 from \$1,718/oz in 2012. The 2012 estimate was revised up 0.5% while the 2013 forecast was revised down 4% from the previous estimate ... silver is forecast to fall 10% to \$27/oz in 2013 from \$30/oz in 2012"

Morgan Report: "in Q412, we'll break \$2,000/ounce (oz) in gold and \$50/oz in silver. It could run up as far as \$60-70/oz just because of the technical buying and no overhead resistance at \$50/oz. Toward the end of 2012, it

could be \$55/oz silver and \$2,100/oz gold."

GOLD VERSUS COMMODITIES

Giuseppe L. Borrelli compares gold's performance over the past thirty years to commodities in the table below.

Commodity	1980	2012	% Increase
Lumber	90.00	357.00	296%
Oil	34.00	104.00	205%
Copper	1.20	3.85	196%
Sugar	8.36	24.50	193%
Gasoline	1.25	3.34	167%
Corn	2.55	6.29	146%
Soybeans	6.45	14.36	122%
Gold	850.00	1660.40	95%

He concludes that either "everything else from commodities, to currencies, and even debt is grossly over done, or gold is grossly undervalued" but does admit that "gold is not something that we need in our everyday life", however it fulfils "one purpose that no other paper or tangible asset can accomplish. Gold acts as a store of value/wealth!"

In an article yesterday, [Moses Kim](#) elaborates on Giuseppe's store of value claim, saying that he "hesitate[s] to call gold a store of value. In times of stability, gold is a



horrible store of value - there's no other way to put it. But in times of instability, and more specifically, times of fiscal irresponsibility, gold is much more than a mere store of value. It is the only asset people want to flock to, period."

GOLD VERSUS GOLD SHARES

Rick Rule's recent article discusses the reasons for the underperformance of gold mining shares compared to gold itself. He notes that the "various Gold ETFs allowed securities investors a new, low-cost, convenient way to participate in the gold markets" which resulted in increased demand for gold "to back these equity-like instruments and constrained demand for gold equities as investors switched from traditional gold equities to bullion-like equities." He sees this flow of money preference for gold reversing "now that gold equities are more attractive relative to bullion."

Rick also notes two other factors that drove investors away from mining shares:

- 1) Poor "operating cash generation in the face of a gold price escalation" and
- 2) "Continued equity issuances ... meant that existing holders were continually diluted."

DIVERSIFICATION

In this [interview](#) with Al Korelin, Frank Holmes makes the point that while diversification of one's investments is important, what is also important is the need to rebalance one's investments on a regular basis:

"... so in your portfolio you want to have some exposure to gold, then when gold has these spectacular runs, like they go up 30% over 12 months, you got to take some profits and buy what's lagging and vice versa ..."

Bron Suchecki

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