



---

**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 27 APRIL 2012

---

### PREDICTIONS

**GFMS:** “short-term forecast is that silver will trade between \$28.70 to \$32.90 per ounce in the second quarter, broadly shadowing gold ... forecasts a high of just above \$40 for silver this year”

**Scotia Capital:** “Average gold price of \$1,750/oz for 2012 through 2014, \$1,500/oz in 2015, \$1,400/oz for 2016, and \$1,200/oz for 2017 and beyond”

**ANZ Research:** “We're looking for a little bit above [\$1,800] for a year-end target. ... If [the \$1,630 area] holds, then we should start to see the prices move back up to \$1,700, probably in \$20 increments”

**Belvedere Share Managers:** “expect [gold] to head to \$1,800 by the end of the year [and] consolidate over a very narrow range over the next few months”

**Martin Place Securities:** “expected a price of at least \$2,000 this year with that high to be reached “quite rapidly ... to look long-term, a parabolic curve emerges that comfortably pushes the price to \$5,000 in four years time”

**Bank of America** technician MacNeil Curry: “we'll probably see a move in gold, before all is said and done, to between \$3,000 to \$5,000 (per ounce) and potentially \$7,000 per ounce,” he said. Using Elliott Wave counts on a logarithmic chart dating back to 1969, Curry's analysis points to a long-term target for gold at \$6,081 per ounce”

and for some balance ...

**Westpac:** “we don't see gold breaching \$2,000 an ounce in any meaningful way ... forecasting gold will average around \$A1,780 an ounce next year but that this will be the peak and prices are set to nudge back to around \$A1,500 a ounce by 2014.”

**Yoni Jacobs** (Chart Prophet): “predicts gold will fall below the key \$1,000 per ounce level on its way to the \$700 area ... believes there's a bubble in precious metals that's about to collapse as detailed in his book, *Gold Bubble: Profiting from Gold's Impending Collapse*.”

### CENTRAL BANKERS LIKE GOLD

A **Financial Times** survey showed a “*mood of caution among the world's central bankers, [with] 71 percent of those polled said gold was a more attractive investment than it had been at the start of last year.*”



## THE TAXI DRIVER INDICATOR

[Wall St Cheat Sheet](#) explains that *“the taxi driver indicator refers to ... the theory is that when everyone from taxi drivers to shoeshine boys are invested in a particular asset, that investment has become too crowded for its own good and is bound to collapse.”*

They raised it in the context of a CNBC segment where people were asked *“which item they would rather have: \$600 in cash, one share of Apple stock, an iPad 2 or one-third of an ounce of gold”* with the result being that few went for the gold coin. They see this as proof that *“the average Joe is still unaware of the benefits that gold offers. To call gold a bubble is not only short-sided, but wrong.”*

## TEN REASONS WHY GOLD WILL CONTINUE ITS UPWARDS PATH

[Mineweb](#) compresses the bull case for gold into one paragraph, summarising Dr Martin Murenbeeld (Dundee Wealth Management):

*“His ten key points are: Monetary reflation; Global imbalances, Excessive Forex reserves; Central Banks buying, not selling; Gold not being in anywhere near bubble territory yet; Mine supply only rising marginally; Continuing investment demand; Commodity cycle having years to run; Current geopolitical environment; Inflation in emerging markets.”*

## AUSTRALIAN GOLD PRODUCTION FORECASTS

[Mineweb reports](#) Chris Cairns of Integra Mining Ltd forecasting *“Australian gold production to ease to around 200 tonnes per annum in the next 5-10 years”* because of a failure to replace gold that has been mined, noting that *“the last [major gold discovery] being the 5 million ounce Tropicana deposit in southern Western Australia ... in the six years since Tropicana, Australia has produced 40-50 million ounces of gold but the best recent discovery of 5-6 M oz was made seven years ago so our discoveries are not replacing the volumes mined.”*

Martin Place Securities' Barry Dawes, [disagrees](#), saying that he is *“confident that Australia will lift its annual gold output to 400 tonnes by that time from around 280t currently, if not by 2015.”*

## WHY GOLD HELD ABOVE \$1600

[Commodity Online](#) report UBS as saying that *“central banks were on a “gold-buying spree” in March, helping explain why prices stopped just above \$1,600 an ounce during a pullback”*. The comments were in reference to an IMF report that for the month of March *“Mexico with 16.8 metric tons last month, while Russia added 16.5 tons. Turkey, Kazakhstan, Ukraine, Tajikistan and Belarus also raised gold reserves.”*



## DON'T BITE THE HAND THAT FEEDS YOU

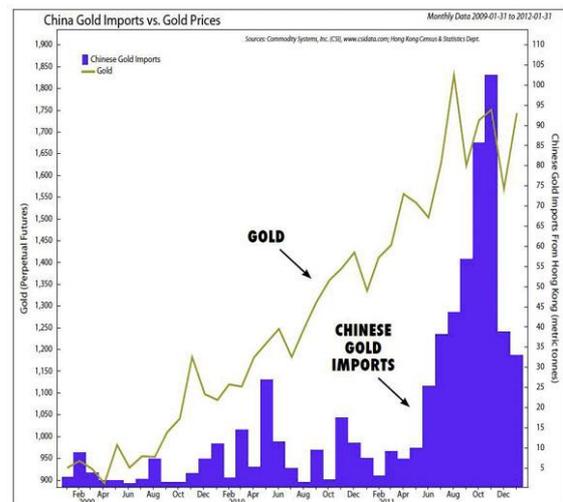
The [Motley Fool](#) weigh in on the ETFs draining money away from mining shares debate, saying that miners shouldn't complain because while *"ETFs' heavy demand for bullion has been key in driving metals prices higher, [it] in turn has contributed greatly to miners' profits over the years. In other words, if you take away the ETFs, gold prices may never have risen in the first place -- leaving miners with even more to complain about."*

The answer is for miners *"to demonstrate not only that high gold prices will create profits but also that they'll do everything they can to operate efficiently and maximize profits. If that happens, then mining companies won't have to worry about attracting capital -- investors will flood them with it."*

## CHINESE LOOKING OUTSIDE

John LaForge, commodity strategist at Ned Davis Research, produced this telling chart in an interview with [The Gold Report](#):

*"China is also the largest producer of gold in the world and hasn't really tried to buy much gold outside of the country. Most has been produced and consumed internally, although it's hard to get data on what it owns. The chart you're referencing reflects Hong Kong import numbers I've been looking through and shows that the Chinese are now starting to buy gold in droves through Hong Kong. This tells me that it is basically consuming everything it can internally and now it's looking outside."*



## AUSSIES SHOULD BUY GOLD

[FT Alphaville](#) report that Dylan Grice in a note to clients *"recommending shorting the aussie dollar. And, if you're lucky enough to be Australian, stockpiling gold"* on the basis that *"the improvement in Australia's terms of trade (the ratio of its export prices to its import prices) has been spectacular thanks to the bull run in commodities. It should be running large current account surpluses, like Norway. But it isn't. It's running a deficit of 3 per cent. So the AUD is overvalued and vulnerable."*

## INDIA NOT BUYING (AS MUCH)

Some hope was placed that the Akshay Tritiya festival would result in Indian's returning to the market but it seems high Rupee prices are still a factor with the [Wall Street](#)



Journal reporting that *“Indian gold demand is 50% below demand at the same point last year ... Prithviraj Kothari, president of the Bombay Bullion Association, noting “gold purchases during the festival week will likely be no more than 10-15 metric tons, compared with 30-40 tons a year earlier.”*

Probably not surprising considering earlier reports that India Post was *“offering a 6% rebate on gold coins of various denominations for the forthcoming Akshaya Tritiya festival”* and that jewellery sellers were *“also advertising heavily to bring in wary customers, since most of them have kept away from the gold market given the high price of the yellow metal.”*

**Bron Suchecki**

bron.suchecki@perthmint.com.au | +61 8 9421 7379 | [www.perthmint.com.au/treasury](http://www.perthmint.com.au/treasury)

**27 April 2012**

---

**Disclaimer:** Any and all users of this article are strongly advised to read this disclaimer in its entirety (and will be deemed to have read this disclaimer) prior to reading this article.

The opinions or views contained in this article may not represent the opinions or views of The Perth Mint, its employees, agents or affiliates. This article contains the views and opinions solely of the author and has not considered any reader's specific investment objectives, financial situation or particular needs. This article has been prepared solely for information purposes and is not intended to provide financial, legal, accounting, investment, tax or any other advice and should not be relied upon in that regard. It is advisable that you seek independent financial, legal, accounting, investment and taxation and/or other advice before taking any action whatsoever based on this article.

Although The Perth Mint believes that the information contained in this article is accurate and reliable this has not been independently verified and it must be borne in mind that the information contained in this article has been derived from publicly available sources and/or data internal to The Perth Mint. The information may contain material provided directly by third parties, and while such material is published with permission, The Perth Mint accepts no responsibility for the accuracy or completeness of any such material and the Perth Mint intends by this notice to exclude liability for the information contained here. The Perth Mint makes no representation, warranty or guarantee as to the accuracy, currency or completeness of the information contained in this article. Under no circumstances will The Perth Mint, its employees, agents or affiliates be held liable in any way by any person or entity for any decisions made or any actions taken by any person or entity that relies upon any of the information provided in this article.

This article is not an offer or invitation in relation to precious metals, in any way including in any place in which, or to any person to whom, it would not be lawful to make that offer or invitation. Precious metal markets are volatile and can involve a high degree of risk and are not suitable for all persons. Changes to assumptions may have a material impact on any returns detailed. Historic information or performance is not indicative of future returns. Losses may be incurred both as a result of price diminution and if any price gains do not exceed applicable management, handling, delivery and related fees. The Perth Mint has not offered or given and will not provide any investment advice whatsoever in connection with precious metals. If you are in any doubt as to the suitability of precious metals as an investment you should contact your legal and financial adviser before investing.

---