

Gold tipped to challenge \$US2000, silver doubles

Tom Richardson

<u>Tom Richardson</u> Markets reporter and commentator

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1 year	1 day	

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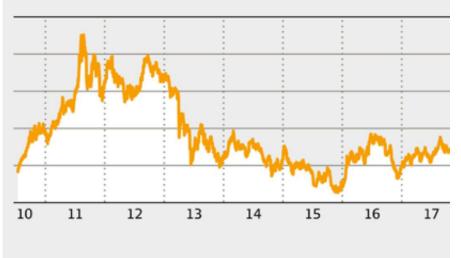
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ame ntal s in plac e to chal leng e \$US 200 0 an oun ce later this year.



Gold spot price (\$US/ounce)



Silve r also hit US\$ 23.2 7 an oun ce on Ce on Mon day and has now alm ost dou bled sinc e Mar ch in reac hing a seve nyear high in Aust ralia n doll ar ter ms.

A N Z B a n k co m m o di

ty st ra te gi st D а ni el Н у n es : "I' m pr et ty co nf id е nt it' || br е ak re CO rd hi g hs ." **S** u p pl ie d The prec ious met al add ed 4.7 per cent last

wee k after Eur opea n <u>Uni</u> on lead ers agre ed to a €1.8 trilli on coro navi rus sup port pac kage on top of an esti mat ed \$US 18 trilli on

in liqui dity alre ady pum ped into the glob al econ omy • "Cer tainl у the stim ulus pac kage S we'r e seei ng in Eur ope are a shot

in the arm, " said Dani el Hyn es a com mod ities strat egist at ANZ Ban k. "Alo ngsi de the resu rgen ce in viru S case S ringi ng alar m bells

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Mr	
Hyn	LATEST STORIES
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al rece ssio n will last long er than anti cipa ted had fuell ed gold' S lates t leg high er. "The re was som e caut ion arou nd whe ther thes

e mon etar у easi ng prog ram S wou ld cont inue inde finit ely if econ omi es reop ene d," said Mr Hyn es. "I thin k the mar ket has reali sed

this is an issu e that will pers ist for som e time and gove rnm ents are goin g all out to buff er thei r econ omi es fro m it."

ET

F bu yi ng Jam es Ste wart , a reso urce S port folio man ager at Aus bil, said the fund ame ntal s of low rate s, feeb le retu rns

on riskfree asse ts, and abu nda nt liqui dity wer e crea ting inte rest in gold • "If you' re look ing for the mai n driv er of gold in

the shor t ter m it's reall у the inflo WS into both phys ical and exch ang etrad ed fund S [ETF s]. In ter ms of phys ical [gol d], ETF s are

seei ng a lot of attra ctio n at the mo men t." Rec ord glob al inflo WS have sent gold ETF hold ings to alltime high s. The ASX liste d

Van Eck Gold Min er ETF is up 41 per cent in 202 0 to a reco rd high \$59. 53 in earl у Mon day trad e. Acc ordi ng to Mr Hyn es,

the kick er for gold coul d be bon d yiel ds falli ng at the sam e time as mor ibun d glob al infla tion pick s up. "We have n't reall y

seen to date any pick up in infla tion. We have a mod el valu atio n for gold driv en by real bon d yiel ds, whi ch take S into cons ider atio

n infla tion. So infla tion expe ctati ons are a key part - if ther e's any sign al it's start ing to pick up that' d be a driv er of a brea k high

er."

Mr Ste wart agre ed inve stor S wer e seek ing prot ecti on give n conc erns infla tion coul d retu rn. The equi ties man ager said

gold min ers Nort hern Star and Sara <u>cen</u> Min <u>eral</u> s are two of his pref erre d gold play s. The WA min ers own a 50/50 stak e in the Kalg oorli

e Sup er Pit. "We thin k the mar ket is und eres tima ting the prod ucti on pote ntial for the Sup er Pit in, call it, two year S out.

Fro m our side we thin k it'll brea ch 700, 000 oun ces of ann ualis ed prod ucti on. "On the expl orati on side we thin k Bell evue Gold is inte resti ng, whi ch we own . It has a very high grad e, 11.6 gra m reso urce , incr easi ng in scal e and qual ity. It's a relat ively sma

ll dep osit, whi ch mea ns it's very easy to deve lop."

Sil ve r's da У in th e su n Silve r has also surg

ed sinc e Mar ch on COV ID-19relat ed sup ply disr upti on in Lati n Am eric a, and the sam e posi tive mac ro fund ame ntal S

enjo yed by gold • Den nis Kar p, the chai rma n of liste d gold and silve r min er Man uka Res ourc es, said the Silve r Insti tute is

tippi ng a 5 per cent glob al prod ucti on fall in 202 0. "Tha t'll mea n five cons ecut ive year s of prod ucti on decr ease s. We'l l be bac

k dow n to 200 9 level S and the worl d has cha nge d with new tech suck ing up dem and. "Wh at you' ve seen rece ntly is ETF S

have sud denl у chip ped in and mad e a subs tanti al dent in glob al sup ply." Acc ordi ng to Mr Kar p, arou nd 1 billi on oun ces of

silve r are prod uce d each year, vers us 150 milli on oun ces of gold

maint de

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The Wona wita Mine silver ore proces sing plant in the Cobar Basin, NSW. Mr. Karp said silver could ride gold's coat tails higher with record cash volum es piling

into silver ETFs. Suppli ed The silve r pric e has hist oric ally bee n valu ed on a mul tiple of the gold pric e. Tod ay one oun ce of silve r at \$US

23.2 6 sells for 82 time s an oun ce of gold at \$US 1906 . In Mar ch that ratio ball oon ed to mor e than 100 as COV ID-19 dislo cate d asse

t mar kets, but Mr Kar р said it sho uld retu rn to a hist oric al 40year aver age bet wee n 40 to 80 in time • Man uka is targ

etin g a run rate of 2 milli on oun ces of silve r per year by 2021

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Tom Richardson

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