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## Bright outlook for gold miners

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Kristie Batten

GOLD miners are reaping the benefits of a higher gold price and analysts believe the negative sentiment in the sector may finally be lifting.

The US dollar spot gold price is up by around 6.4% since the first week of November, but a decline in the Australian dollar means the local spot gold price has jumped by 13.5% over the same period to around \$A1500 an ounce this morning.



Over the same period, the ASX Gold index is up by almost 33% and is up 8.7% so far this year after plummeting oil prices and fears of a Greek exit from the Eurozone helped the gold price.

Sydney-based Foster Stockbroking said there were plenty of catalysts for a US dollar gold price rally, including quantitative easing in the Eurozone, a stalling US recovery and delay in interest rate rises, and increased geopolitical risk.

Foster noted that the three-month gold forward (GOFO) rate was currently negative, which was a relatively uncommon event.

"It implies buyers are willing to pay a premium for immediate delivery of physical gold, suggesting a deficit of supply to meet demand," Foster said.

"Historically, negative GOFO rates have tended to coincide with gold price rallies."

Foster said the stocks most likely to benefit from the rising Australian dollar gold price were Saracen Mineral Holdings, Regis Resources and Silver Lake Resources, while Northern Star Resources offered the best pick for organic growth.

Saracen and Northern Star are also the top picks for Patersons Securities in a rising Australian dollar gold price environment.

African gold producers Perseus Mining and Resolute Mining offer the best leverage to a rally in the US dollar gold price, according to Foster.

"Continuing focus on productivity and falls in inputs such as labour and energy will also positively impact," Foster said.

Beadell Resources was named as the best low-cost producer with December quarter all-in sustaining costs of \$US595-615 per ounce.

Gold bull and Paradigm Securities Barry Dawes said the technical evidence was mounting for a significant change in market sentiment for gold and the gold sector.

"The evidence may still be tentative but important changes seem to be underway in a number of markets," he said in a note yesterday.

"The long overdue new bull market in gold and gold stocks looks promising for 2015.

"After 2014's annus horribilis for resources stocks, I look to enjoy 2015 as an annus mirabilis, one that is 'amazing, wondrous, remarkable'."

Dawes' top gold picks are also Saracen, Regis and Northern Star, as well as Evolution Mining, Newcrest Mining, OceanaGold Corporation, Tribune Resources and explorer Gold Road Resources.

He also likes Beadell, Resolute, Kingsgate Consolidated, Metals X, Medusa Mining, ABM Resources, and Doray Minerals, as well as new Papua New Guinea producer Crater Gold Mining and developer Blackham Resources.

Dawes said an improvement in the gold sector would spread to other resource stocks.

"It may take a little more time but resources will probably improve significantly in 2015," he said.

"Even iron ore and later oil will participate."



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