

Time for gold mining stocks



With gold mining shares, an investor can participate in the gold price development.

The risk with gold mining shares is of course greater than with gold coins or gold bars, which have no risk of default. In return, an investor is rewarded with leverage on the gold price. As it seems, the gold market is no longer afraid of the Fed's aggressive interest rate policy. The last time the Fed raised interest rates so enormously upward in the 1980s, the yield on two-year notes rose more than 50 basis points above 10-year yields, as it is doing today. So, there is a significant inversion of the yield curve. And a recession has always been preceded by an inversion of the yield curve. That is why, for example, Ole Hansen, commodity strategist at Saxo Bank, believes that the risk of a recession is at its highest level in 40 years. This will support the gold price.

Bringing inflation back to the target of two percent is something the Fed is unlikely to achieve. Economic growth is slowing, and economists expect inflation to reach four or five percent. For the gold price, bullish sentiment, hence optimism, is coming. If investor fear sentiment rises, this should boost demand for gold as a safe haven. If gold becomes more attractive, so will the stock values of gold companies. If gold forms a bottom in terms of price, we will have to see how high the gold price rises. Support at US\$1,675 per ounce is in place right now. Timely entry into gold mining stocks such as CanaGold Resources or Chesapeake Gold could therefore be attractive.

CanaGold Resources - <https://www.youtube.com/watch?v=TbLYs0luh4A> - is developing the very high-grade New Polaris gold project in British Columbia. Recent drill results produced up to a good 20 grams of gold per ton of rock.

Chesapeake Gold's - <https://www.youtube.com/watch?v=dinUyzlk36E> - main project is the Metates property in Durango, Mexico containing gold, silver and zinc. This contains immensely large undeveloped gold-silver deposits.

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