



“There’s Gold In Them Thar Hills!” Gold Miners – The Case For Buying Now?



Today we bring the following article to you, courtesy of Chuck

D. over at GoldSqueeze.com

The play is not for everyone, but he certainly makes a solid historical case that we think readers will at least find intriguing.

As we know, as always, the ongoing caveat with gold and silver, is that it is unlike other commodities, they are always in the cross hairs of Central Banking and their Fiat currencies, and hence are perpetually caught up in the ongoing reality of artificial price suppression.

The precious metals essentially do not float in a free market, and normal supply demand indicators don't always translate into price movements.

But having said all of that though, the article does focus on the fact that the current price of gold is at a pivotal point, as regards its very cost of production even.

Here then is the article in full....

Attention value investors: If your investment horizon is three years or more, then you *have* to consider the gold and silver miners at these levels.

What's happening today, has literally not happened in the last 50 years.

I've been harping on the Miners, for the better part of a year; [most recently three weeks ago](#).

Since that last post, Miners have dropped another 23% (!) which has only strengthened my thesis.

Again, my argument only makes sense, if you have an investment horizon measured in years, not days, weeks, or months.

Please keep that in mind while reading the rest of this post.



With the carnage of the last three weeks, the XAU is now testing all time lows on an absolute basis.

As of this writing, it hasn't fallen below its late 2000 lows, but it's only a hair's breadth away.

That being said, relative to the spot price of gold, miners are by far the cheapest they've ever been.

Back in late 2000, when XAU put in it's all time low of 41.61, gold was trading around \$285/oz. One ounce of gold could then buy you 6.85 "shares" of the XAU.

Today, one ounce of gold can buy you almost 24 "shares" of XAU.

Said differently, the gold and silver miners are nearly four times cheaper today as they were the last time XAU was this low.

Of course one could argue, that gold is four times overvalued today, but that would put it so far below the cost of

production, that no gold mining company could exist. The current average extraction cost per ounce is estimated to be around \$1000-\$1100 – essentially the price of gold today.

Bottom line: In a world of overvalued assets – housing, stocks, bonds, you name it – precious metals miners are a screaming value play.

Whatever your take on the current price manipulations of the precious metals, we just thought that the article was well worth bringing to your attention.

To Your Secure Financial Future, as always

Kris Karlsson

Banking Expert

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