

GOLD | Investing News

Is Gold a
Good
Investment?

Gold Price Today and
Future Gold Price
Predictions

A collection of articles from Gold Investing News looking at
the gold price forecast

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Table of Contents

What You Need to Know About the Gold Price Today	2
What Country has the Highest Gold Production in World?	5
Junior Gold Stocks List 2015: The TSXV's Top Performers.....	8
Best Gold Stocks 2015: The TSX's Top Performers	11
Gold Outlook 2016: Analysts Calling for Sub-\$1,000 Gold	13

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What You Need to Know About the Gold Price Today

Gold is the best-known and most popular [precious metal](#), and it's not hard to see why. Beyond being a key material for jewelry, investors around the world use it as a store of wealth, and many believe it's superior to any and all paper currencies.



Yet despite its popularity, the gold price is currently languishing well below its 2011 peak of nearly \$1,900 per ounce. It took a steep dive midway through 2013, reaching about the \$1,250 mark, and then dropped below \$1,200 at the start of 2014. Since then, it's continued to fall, and in January 2016 was trading at about \$1,080.

The below chart from [Kitco](#) provides a good outline of gold's price activity over the last five years. Data covers the period between January 6, 2011 and January 5, 2016.



Gold price today: Supply and demand

Many initially expected the lower gold price to lead to mine closures; however, as yet most gold producers have opted to cut costs rather than shut down their operations entirely.

Miners have taken diverse approaches to making such cost reductions, including lowering salaries and reducing employees. But perhaps the most common approach has been to cut down on exploration — many gold miners are directing all their money at their existing operations rather than searching for gold elsewhere. While that's not a problem just yet, many market watchers believe that ultimately gold may be in short supply.

For the moment, however, there's no shortage of gold. In terms of where it's being produced, China, Australia and Russia were the three [top producers in 2014](#). Respectively, they put out 450, 270 and 245 MT of the yellow metal.

China is also one of the world's top consumers of gold, and in 2014 took in 813.6 MT. That's certainly a sizeable amount, but it's actually down a whopping 38 percent from the 2013 number. [According to Reuters](#), Chinese gold consumption was particularly high in 2013 because of the metal's big drop in the latter half of the year.

India is also a major market for gold, and in 2014 consumed 842.7 MT of the metal. That's the most taken in by any country, though like China, India saw a drop in gold consumption from 2013 to 2014. The title of world's largest gold consumer is often a toss up between India and China, but in 2015 the expectation is that India will remain on top.

As a side note on supply and demand, investors should be aware that most of the gold ever mined still exists and is accessible — for example, as jewelry or bullion. In contrast, many other metals come off the market when they are used. That means that gold is also affected by saving and disposal tactics, and not just by simple supply and demand.

Gold price today: Economics and manipulation

It's clear that supply and demand are key factors in the gold market. That said, it's important for investors entering and operating in the space to be aware that they're not the only things that can have an impact.

In particular, global economics can have a drastic effect on the gold price. Put simply, gold earns no interest, and thus tends to fare better when interest rates are lower; conversely, when interest rates are higher, it becomes less desirable as an investment.

That relationship was particularly visible in 2015 as investors worried that the US Federal Reserve would raise interest rates after keeping them low for the better part of a decade. Ultimately, the Fed did opt to raise interest rates, [bumping the target range](#) of the federal funds rate to 0.25 to 0.5 percent at its last meeting of the year — the gold price initially dove on the news, but steadied within a couple of weeks.

Gold's relationship with global economics can also be seen when looking at the August 2015 [Black Monday](#) selloff in China. The yellow metal [took a big hit](#) in the aftermath of the event.

Aside from economics, price manipulation is also a key concern in the gold space.

Luckily, it's a concern that the world's gold market participants are keen to address. Indeed, early in 2015, the long-running London gold fix was [replaced by the LBMA gold price](#) in a bid to increase gold price transparency. Though the process still involves a variety of banks collaborating to set the gold price, the system is now electronic. Recently, some market watchers were pleased to see a Chinese bank [gain a place on the roster](#).

Gold price today: The future

While the gold price may be lower than investors would like, it's clear that interest in the metal remains strong around the world. Those interested in investing in gold would do well to remember

that like most markets, the gold sector is cyclical, meaning that what goes down must eventually rise again.

What Country has the Highest Gold Production in World?

While it's perhaps most important for gold-focused investors to be aware of market dynamics and how the metal is traded, those interested in the metal would also do well to be aware of which country has the highest gold production in world.

Knowing which country has the highest gold production in world is important for a number of reasons. Most crucially, having that knowledge can help investors identify gold investing opportunities. For example, if an investor is aware that a country is a major gold producer, they might want to consider investing in gold companies working in that country.



Of course, that strategy won't work in all cases. Some major metals producers are less hospitable to public companies, preferring to extract the bulk of their resources through state-owned companies. That is often the case in China.

Even so, it's well worth investors' while to look at which countries have the highest gold production in world. Here's a brief overview of the 10 top gold-producing countries of 2014, as per the [most recent data](#) from the US Geological Survey (USGS).

1. China

Mine production: 450 MT

China's gold output continues to grow, and [according to Reuters](#), in 2014 the country kept its spot as the world's top gold producer for the eighth year in a row. That year, China's gold production grew over 5 percent, hitting about 450 MT.

In addition to being the largest gold producer by a significant margin, China is also the world's biggest consumer of gold, with consumption reaching approximately 886 MT in 2014. Though that's a considerable number, it's actually down 24.7 percent from 2013. "Although 2014 gold consumption fell by a large margin, the (longer-term) trend of increasing demand has not changed," Reuters quotes the China Gold Association as saying.

2. Australia

Mine production: 270 MT

Australia's growth in gold production for 2014 put the country in the number-two spot for the year, reaching approximately 270 MT. That represents an increase from the 2013 level and is the highest production rate by the country since 2003. While growth was strong all year, production reached a high of 73 MT for the fourth quarter.

However, the Australian dollar exchange rate declined 25 percent over the course of the year, while the gold price fell about 37 percent in US dollars. As a result, many producers mined their richest deposits to maintain a profit in a practice known as "high grading."

"Superficially, the figures give the impression of a healthy and vibrant industry but you need to dig a little deeper to get the whole picture. It's not all good news," Sandra Close, director for Surbiton Association, [told Reuters](#). "The downside is higher grades certainly lift production but lower grade material left behind for another day becomes uneconomic, so mine-lives are shortened."

3. Russia

Mine production: 245 MT

Russia saw a significant rise in gold production in 2014, leading the country to surpass the US for the first time in 25 years, [RT reported](#). According to a report from Russia Beyond the Headlines, the country's production [increased 27 percent](#) in the first half of 2014 alone.

Sergey Donskoy, minister of Russian Natural Resources and Environment, said 270 mineral deposits have been discovered in Russia over the past five years, even though the country is not considered a leader in mineral exploration investment. "This, in our opinion, has negative consequences, including a negative impact on the social and economic development of the regions," Donskoy said.

4. United States

Mine production: 211 MT

While its gold production dropped about 8 percent from 2013, the US still made the latest list of the 10 top gold-producing countries, putting out about 211 MT of the yellow metal in 2014.

The country has about 45 lode mines, a few large placer mines in Alaska and numerous small mines in Alaska and other western states. Of these operations, 30 produced more than 99 percent of the total amount mined. Interestingly, Mining Global states that there's a trend of gold mining companies [earning more money](#) from US-based mines than from operations anywhere else in the world.

5. Canada

Mine production: 160 MT

Canadian gold production rose about 35 MT from 2013 to reach 160 MT in 2014, according to the USGS. After a year of losses, the Canadian gold production industry shifted its focus from production growth to mining cost reductions and capital spending cuts. Those reductions were able to push Canada into a [largely stable year](#), according to the Financial Post.

6. Peru

Mine production: 150 MT

Peru's gold production decreased slightly in 2014, totaling 150 MT. This drop was [due to several factors](#), including lower-than-expected production from aging mines as well as government crackdowns on illegal mining operations, Reuters reported. In fact, Peru's deputy mines minister, Guillermo Shinno, told the publication that gold output will continue to drop until 2016 as a result of

that effort — the county will require an estimated 200,000 informal gold miners to register and be regulated.

"These are very strong production drops," Shinno told the source. "This has definitely impacted gold production, but we hope it will change as miners are formalized."

7. South Africa

Mine production: 150 MT

South African gold production has been on the decline for some time. The country produced 150 MT in 2014, down 10 MT from 2013, as per the USGS.

However, according to Forbes, this [decline is not surprising](#). South Africa produced roughly 64 percent of the world's gold in 1983, but currently the country accounts for about 6 percent. Labor strikes, a lack of new discoveries and older, deeper mines are some of the factors accounting for the country's drop in production.

8. Uzbekistan

Mine production: 102 MT

Gold production in Uzbekistan increased 4.1 percent from 2013 to 2014. The country has long been [producing from old mines](#), and has not seen much exploration investment. However, investments in gold and [uranium](#) exploration increased 25 percent in 2013.

9. Mexico

Mine production: 92 MT

Mexico dipped slightly in gold production for 2014, producing 92 MT of the metal. However, this decrease went against the trend that Mexico has seen over the past decade — there have been numerous discoveries and mine developments that have attracted a great deal of attention and have led to a more than four-fold increase in production in Mexico.

10. Ghana

Mine production: 90 MT

Rounding out the list, Ghana's production stayed stable over the course of 2014, totaling 90 MT. To be sure, there were concerns that production in the country would drop significantly, as according to Bloomberg, falling prices caused [several mines to suspend operations](#). However, the country's year-end output was slightly higher than expected. Still, the story may be different for 2015.

"We will definitely record lower volumes this year," Daniel Krampah, assistant manager of financial analysis for Ghana's Minerals Commission, told the news outlet. "Some companies have placed their mines under care and maintenance."

Junior Gold Stocks List 2015: The TSXV's Top Performers

As mentioned, the gold price is currently not as high as many would like it to be. Unsurprisingly, some investors are having a hard time retaining optimism about the metal and companies looking to mine it.

However, with a little digging it's possible to find gold companies that have recently made substantial gains. With that in mind, the Investing News Network has put together a junior gold stocks list of the TSX Venture Exchange's top performers.



The list was compiled using The Globe and Mail's [market data filter](#), and does not include companies with a market cap of less than \$10 million. Data covers the period between January 1, 2015 and November 10, 2015.

1. Golden Dawn Minerals (TSXV:[GOM](#))

*Current price: \$0.12; year-to-date gain: **800 percent**; 52-week high: \$0.30.*

Golden Dawn Minerals is looking at the economic potential of restarting operations at the British Columbia-based May Mac [precious metals](#) mine, which produced intermittently between 1903 and 1983. It also holds the adjacent Boundary Falls project.

The company has released a slew of news in 2015, and in October [began a drill program](#) focusing on targets at May Mac, as well as at the Glory Hole and Amigo No. 1 veins, both of which are located at Boundary Falls. The program is being completed ahead of "planned underground mine exploration that will be conducted with the purpose of locating resources for a bulk sample and trial mining in the May Mac and Amigo areas."

Since the start of that program, Golden Dawn has released [assay results](#) and provided a [general update](#).

2. Antioquia Gold (TSXV:[AGD](#))

*Current price: \$0.10; year-to-date gain: **400 percent**; 52-week high: \$0.10.*

Gold exploration and development company Antioquia Gold is developing an underground mine at its Colombia-based Cisneros project. The mine and processing plant will have an initial capacity of 500 tonnes per day, and will produce about 30,000 ounces of gold per year. Production start is set for July 2016.

Most recently, Antioquia announced the [commencement of construction](#) at Cisneros. The work is being completed by Consorcio Guaico under a contract valued at C\$1.5 million, and should be complete on or before February 5, 2016. At the same time, the company finalized an agreement to

acquire two key mining concessions from Gramalote Colombia, the operating company of a joint venture between B2Gold (TSX:[BTO](#), NYSEMKT:BTG) and AngloGold Ashanti (JSE:[ANG](#)).

3. Gold Canyon Resources (TSXV:[GCU](#))

*Current price: \$0.34; year-to-date gain: **204.35 percent**; 52-week high: \$0.41.*

Gold Canyon Resources holds a 100-percent interest in the Springpole gold project in Ontario, as well as an option to acquire the Horseshoe Island project, also in that province. In addition, it's part of joint ventures on two [rare earths](#) projects.

The company made headlines in September, when First Mining Finance (TSXV:[FF](#)) announced [plans to acquire](#) both Gold Canyon and PC Gold (TSX:[PKL](#)). Gold Canyon President and CEO Akiko Levinson said at the time, "[t]his transaction puts our Springpole gold deposit in the position of forming the foundation for this new, consolidated gold company and we are pleased this transaction reflects this value."

Shareholders of both Gold Canyon and PC Gold have since [approved the deals](#), and the companies are now seeking final court approval for them.

4. Eloro Resources (TSXV:[ELO](#))

*Current price: \$0.15; year-to-date gain: **172.73 percent**; 52-week high: \$0.19.*

Exploration and mine development company Eloro Resources is earning a 60-percent stake in the Peru-based Victoria gold-[silver](#) property, and also has a portfolio of gold, [base metals](#) and royalty properties in Quebec.

Most recently, Eloro [announced assay results](#) for 86 rock samples taken from the Rufina East and Rufina West mineralized zones at Victoria. Chip channel samples from Rufina West range from 1.33 g/t gold and 15 g/t silver to 16.6 g/t gold, 157.3 g/t silver and 14.1 percent [copper](#). Meanwhile, saw channel samples from Rufina East range from 0.03 g/t gold, 26.4 g/t silver and 0.11 percent copper to 5.63 g/t gold, 12.1 g/t silver and 0.31 percent copper.

5. Nevada Exploration (TSXV:[NGE](#))

*Current price: \$0.41; year-to-date gain: **105 percent**; 52-week high: \$0.94.*

Nevada Exploration is focused on the discovery of gold through the application of groundwater chemistry. Essentially, using its proprietary [technology](#) it's able to identify the unique "scent" of groundwater associated with gold mineralization, then follow the trail back to potentially gold-bearing bedrock source.

The company holds a number of properties in Nevada, and in October [received new analytical results](#) from eight drill holes at Grass Valley. They confirm the presence of a large, gold-bearing hydrothermal system that's consistent with the geologic setting of a Carlin-style gold deposit. CEO Wade Hodges said at the time, "these results provide another concrete example of how we are using our groundwater chemistry technology to lead the industry to identify and advance new covered gold projects in Nevada."

More top TSXV performers

Many other gold-focused companies have also fared well on the TSXV this year. Here are a few more: Merrex Gold (TSXV:[MXI](#)), Majestic Gold (TSXV:[MJS](#)) and Sunridge Gold (TSXV:[SGC](#)).

That said, with a month and a half left in 2015, there's still plenty of time for this list to change — especially considering the US Federal Reserve may raise interest rates at its upcoming December meeting. Investors will no doubt be watching these companies and others in the gold space for developments.

Best Gold Stocks 2015: The TSX's Top Performers

The TSX is the TSX Venture Exchange's compatriot, and it of course is also home to a slew of gold stocks that have performed well despite the current gold price downturn.

With that in mind, the Investing News Network has compiled a separate list of some recent top-gaining gold stocks on the TSX.



Like the previous list, this one was also compiled using The Globe and Mail's [market data filter](#). It does not include companies with a market cap of less than \$50 million, and data covers the period between January 1, 2015 and November 10, 2015.

1. Claude Resources (TSX:[CRJ](#))

Current price: \$0.72; year-to-date gain: **128.57 percent**; 52-week high: \$0.82.

Claude Resources has been producing since 1991, and since that time has put out over 1 million ounces from its Seabee gold operation in Northeastern Saskatchewan. Its Amisk gold project is in the same location. Most recently, the company released its results for the [third quarter of 2015](#), reporting net earnings of \$5.7 million, or \$0.03 per share, and increasing its 2015 production guidance to 70,000 to 75,000 ounces.

The company was also one of the [top-gaining stocks on the TSX](#) in 2014.

2. Sabina Gold & Silver (TSX:[SBB](#))

Current price: \$0.63; year-to-date gain: **77.46 percent**; 52-week high: \$0.64.

Sabina Gold & Silver's aim is to become a mid-tier gold producer, and its flagship projects are all located in Nunavut. They include: the Back River gold project, the Wishbone greenstone belt and a royalty on the Hackett River [silver-zinc](#) project. Like Claude, the company also recently released its [Q3 results](#), highlighting the positive reaction to the [initial project feasibility study](#) for Back River.

3. Perseus Mining (TSX:[PRU](#), ASX:[PRU](#))

Current price: \$0.34; year-to-date gain: **44.68 percent**; 52-week high: \$0.48.

Perseus Mining is focused on West Africa, and has been producing gold since 2011. Its lead project is the Ghana-based Edikan gold mine, but it has also completed a revised feasibility study for its Sissingué project in Cote d'Ivoire. In its recently released [Q3 report](#), the company said it achieved gold production of 44,267 ounces, on track with guidance.

4. Banro (TSX:[BAA](#), NYSEMKT:[BAA](#))

Current price: \$0.24; year-to-date gain: **60 percent**; 52-week high: \$0.47.

Banro owns two producing gold mines, as well as two gold exploration projects in the Democratic Republic of the Congo. The company's Twangiza mine has been producing since 2011, and its Namoya mine is currently ramping up to full commercial production. [In Q3](#), Twangiza put out 34,824 ounces of gold, while stacked material and gold content continued to build at Namoya. Banro's net income before non-cash impairment charges came to over \$10 million.

5. Kirkland Lake Gold (TSX:[KGI](#))

*Current price: \$5.22; year-to-date gain: **56.12 percent**; 52-week high: \$6.88.*

Kirkland Lake Gold owns five former high-grade mines that together produced 22 million ounce of gold at an average grade of 15.1 g/t. At the moment, it's operating the Macassa mine complex, which includes the South mine complex, and produces over 150,000 ounces of gold a year. Unlike the other companies on this list, Kirkland Lake has not yet put out its Q3 results; however, it recently provided an update on [underground exploration drilling](#) at the South mine complex.

Gold Outlook 2016: Analysts Calling for Sub-\$1,000 Gold

At the end of 2014, gold market watchers were feeling fairly optimistic about the metal's prospects. While analysts were calling for a weak start to the year, the expectation was that the gold price would gain momentum later in 2015.

Unfortunately, that's not exactly what happened. While gold began the year just below the \$1,300-per-ounce mark, it took quite a tumble, and as of midway through December was down over 10 percent year-to-date, trading at about \$1,065.



Take a look at the below chart from [Kitco](#) for an overview of gold's price activity in 2015:



To find out what moved the gold price in 2015, and to get an idea of the gold outlook for 2016, the Investing News Network (INN) reached out to Martin Murenbeeld, chief economist at Dundee Economics. Here's what he had to say.

2015 gold themes: US dollar in focus

Anyone who put even a toe into the gold space in 2015 is no doubt aware that the US dollar had a major impact on the gold price. Indeed, speaking to INN, Murenbeeld emphasized, "gold was damaged by strength in the US dollar — in fact, all commodities were to a greater or lesser degree."

And indeed, the US dollar was undeniably strong in 2015. Bloomberg notes in a [recent article](#) that Intercontinental Exchange's US dollar index, which tracks the currency against six of its key peers,

reached its highest level since April 2003 on December 2; in the three months leading up to that date, the index gained 4.5 percent.

That strength was harmful for gold and other commodities in large part because it boosted expectations of an interest rate hike from the US Federal Reserve. The threat of an interest rate rise was particularly damaging for gold because gold earns no interest, and thus tends to fare better when interest rates are lower; conversely, when interest rates are higher, it becomes less desirable as an investment.

Ultimately, the Fed did opt to raise interest rates, though it did so much later than expected, at its [last meeting of the year](#). Specifically, the central bank bumped the target range of the federal funds rate to 0.25 to 0.5 percent, hinting that further increases would be gradual.

The gold price didn't initially react much to that news, but the day after its release it was struggling, with COMEX gold futures for February [hitting a six-year low](#) of \$1,049.60. Since then, however, it's bounced back a little. On the flip side, the US dollar has suffered since the rate hike took place — according to Bloomberg, as of December 21 it was down about 2 percent in December.

Aside from the US dollar, there were few events that had a major impact on the gold price in 2015. One other worth mentioning, said Murenbeeld, is [China's yuan devaluation](#) this past August. It caused a "brief flurry in the gold price," but nothing lasting.

Overall, Murenbeeld said that Dundee Economics sees the gold price averaging \$1,165 in 2015.

Gold outlook 2016: Is the Fed for real?

Heading into 2016, Murenbeeld sees more difficulties coming for gold, largely because — despite its weakness in the wake of the rate hike — "the dollar is widely expected remain firm/rise further." As a [recent Kitco article](#) points out, a key question for gold investors in 2016 will be "how much further will the US dollar rise?"

That said, the US dollar isn't the only factor with the power to impact gold in 2016. Murenbeeld also noted that positive catalysts for the metal could include "further equity market setbacks, global economic deterioration, more QE abroad and no further hikes in US rates after December 2015."

That last point seems to be one that market watchers are honing in on. As mentioned, the central bank indicated at its latest meeting that it plans to pursue a gradual increase in rates, but there has been some uncertainty about whether that will actually happen. Notably, famed economist Marc Faber [recently criticized the Fed](#) for raising interest rates, stating that "the global economy is probably already in recession now" and opining that "[w]hen the Fed realizes the economy is in recession, they will cut [interest rates] again."

All in all, it seems that, as was the case in 2015, the US dollar and the Fed will be key factors for gold investors to watch in the new year.

In terms of specific gold price forecasts, Dundee Economics sees gold at a baseline price of \$1,170 in 2016, while Morgan Stanley's (NYSE:[MS](#)) baseline price is \$1,149 (Morgan Stanley is calling for \$1,382 in a bullish scenario and \$976 in a bearish scenario). HSBC (NYSE:[HSBC](#)) is calling for gold to average \$1,205 next year.

That said, other firms are not so optimistic. For instance, Scotiabank anticipates gold averaging \$1,090 in 2016, while Citi Research said in a recent report that it sees gold averaging \$1,030 in Q1, then declining gradually to an average of just \$960 in Q4. Similarly, Societe Generale (EPA:[GLE](#)) sees gold at \$955 in the fourth quarter of 2016, while Barnabas Gan, the most accurate gold forecaster in Q3 2015, [according to Bloomberg](#), sees gold perhaps dropping to \$950 by the end of 2016. The Bank of America Merrill Lynch anticipates a gold price of \$950 early in 2016.

Other big-name firms [calling for a lower gold price](#) in 2016 include Goldman Sachs (NYSE:[GS](#)) and JPMorgan Chase (NYSE:[JPM](#)), which both see the metal "fall[ing] to the psychologically important \$1,000 US-per-ounce level — or lower — in 2016."

Investor takeaway: Patience is (still) a virtue

While there may be some relief for the gold price in 2016, it's definitely possible that the year will be equally as tough as the last few. And while investors may be getting tired of hearing it, a key point to remember in tough times like this is that the resource markets are cyclical, meaning that what goes down must (eventually) come back up. Gold bugs will no doubt be waiting to see if 2016 is the year that happens.

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