

---

# Investor Library

Home » Investor Library » Investor Alert

---

## Investor Alert

**Please note: The articles listed below contain historical material. The data provided was current at the time of publication. For current information regarding any of the funds mentioned in these presentations, please visit the appropriate [fund performance](#) page.**

### **This Holiday Season, Make It Silver and Gold**

November 30, 2018

By Frank Holmes

*CEO and Chief Investment Officer*

*U.S. Global Investors*



Photo: [Maor X](#) | [Creative Commons Attribution-Share Alike 4.0 International](#)

This Sunday evening marks the beginning of Hanukkah. The Jewish festival of lights commemorates the reclamation of the Holy Temple in Jerusalem from the Syrian-Greeks in the second century BCE. According to accounts, after Judah and his forces liberated the temple, he found only one jar of oil, good for a single day's lighting at the most. Miraculously, though, the oil lasted for an incredible eight days, which is why Hanukkah is celebrated for eight days and nights to this day. To all of my Jewish friends around the world, I wish you a Hanukkah Sameach!

Among many of the holiday's well-known traditions, at least here in the U.S., is to give children chocolate coins. This arose from the centuries-old practice of parents giving real coins, or Hanukkah gelt, to their kids, who in turn were expected to give them to their teachers.

I believe this is a beautiful custom. Whether you observe Hanukkah, Christmas, Eid al-Fitr, Diwali or any number of other religious holidays around the world, gifting your children and grandchildren coins of precious metals such as gold or silver could be made into a tradition in your own family. I encourage you to see the unique gifts that [Kitco Metals](#) offers in both silver and gold.

## Holiday Deals at Your Local Coin Dealer

Take a look at silver. The white metal is on sale right now, trading at a little more than \$14 an ounce. That's the most affordable it's been in three years. Not only does a silver coin cost quite a bit less than, say, a video game, it lasts much, much longer. And unlike a video game, it has the potential to rise in value.



[click to enlarge](#)

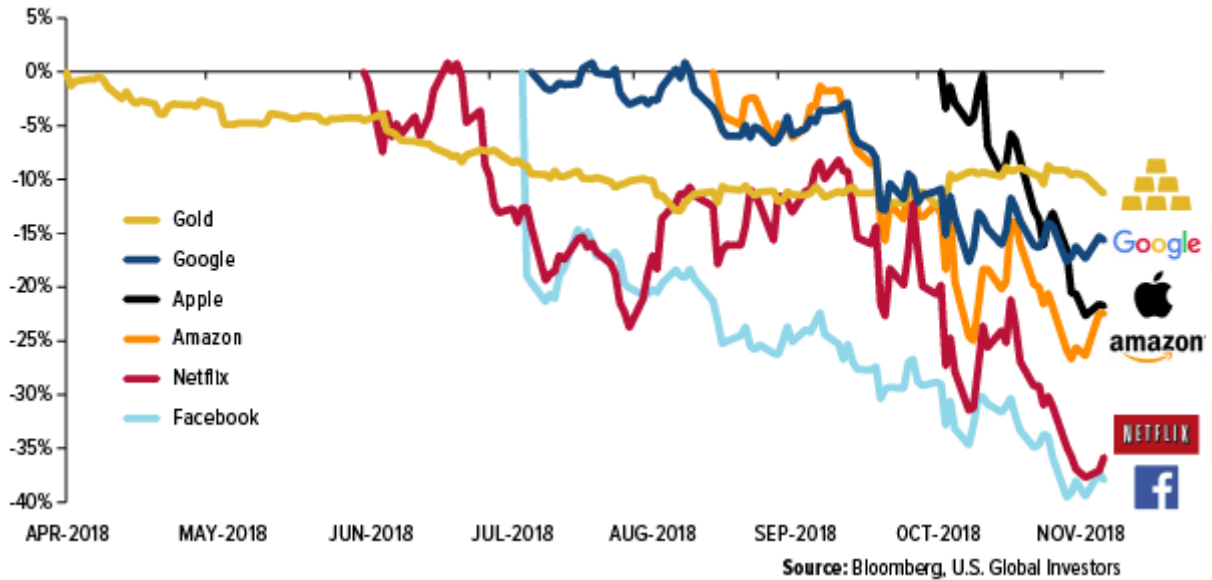
Gold is admittedly more expensive, trading just under \$1,230 as of today. But there again, if you're already planning to go all out on gift shopping this holiday season, you might as well make it something that's truly memorable, holds its value and lasts forever.

It need not be a coin. Pure, 24-karat gold jewelry holds its value just as well as a coin, and it has the added bonus of being wearable. I've told you about [Men2](#), the newcomer that aims to disrupt the fine jewelry industry. The Toronto-based company just announced that it surpassed 10,000 orders from customers in more than 50 countries, all less than a year since going public in January 2018.

Speaking of holding its value, notice how the price of gold has held up well against stock market volatility this year. Gold sentiment among some investors is room temperature right now, but it's important to put things in perspective. Compared to some popular internet stocks, the metal's losses have not been nearly as sharp or deep. From its 2018 peak in early April to today, gold has declined around 10 percent. Facebook, meanwhile, has dropped close to 40 percent since its peak at the end of July; Netflix, as much as 36 percent since June.

### Gold Has Outperformed FAANG Stocks

Peak-to-Date Returns Through November 28



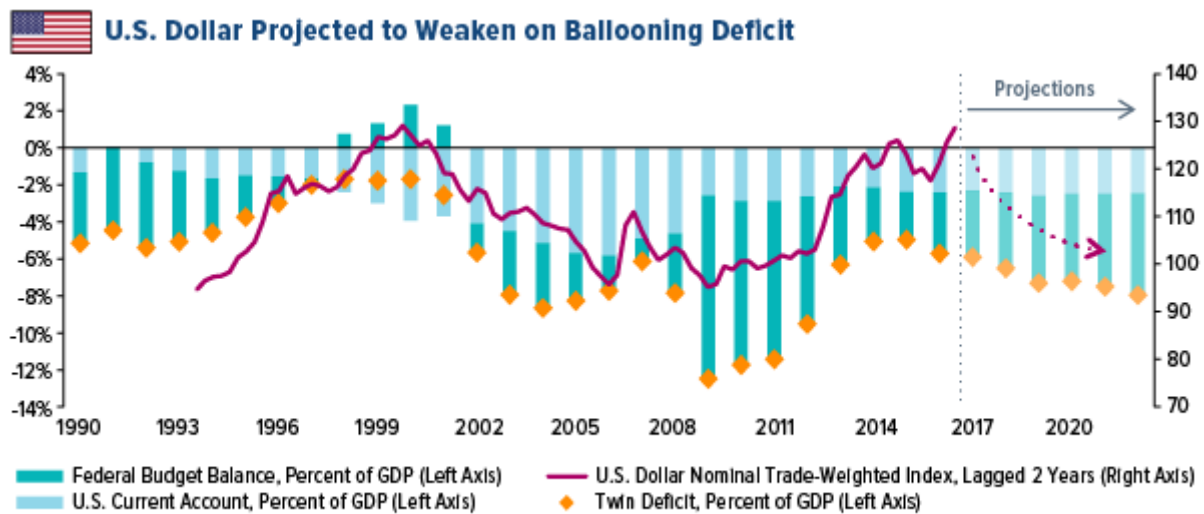
click to enlarge

## Has the U.S. Dollar Peaked?

With one month left to go in 2018, gold is down around 6 percent. If it stays in this range, gold will log its first year of negative returns since 2015. This is largely thanks to the U.S. dollar, which has strengthened on additional interest rate hikes.

Although it's probably too early to call a peak, there are some indications that the dollar might be set to cool in 2019. This would allow gold, silver and other metals not only to appreciate in price but also potentially outperform stocks.

Among the most compelling signs that the dollar is close to a top comes from Dutch financial services group ING. According to its analysts, the ballooning U.S. twin deficit—which combines the government budget balance and the current account balance—is projected to weaken the U.S. currency as it did in past cycles.



click to enlarge

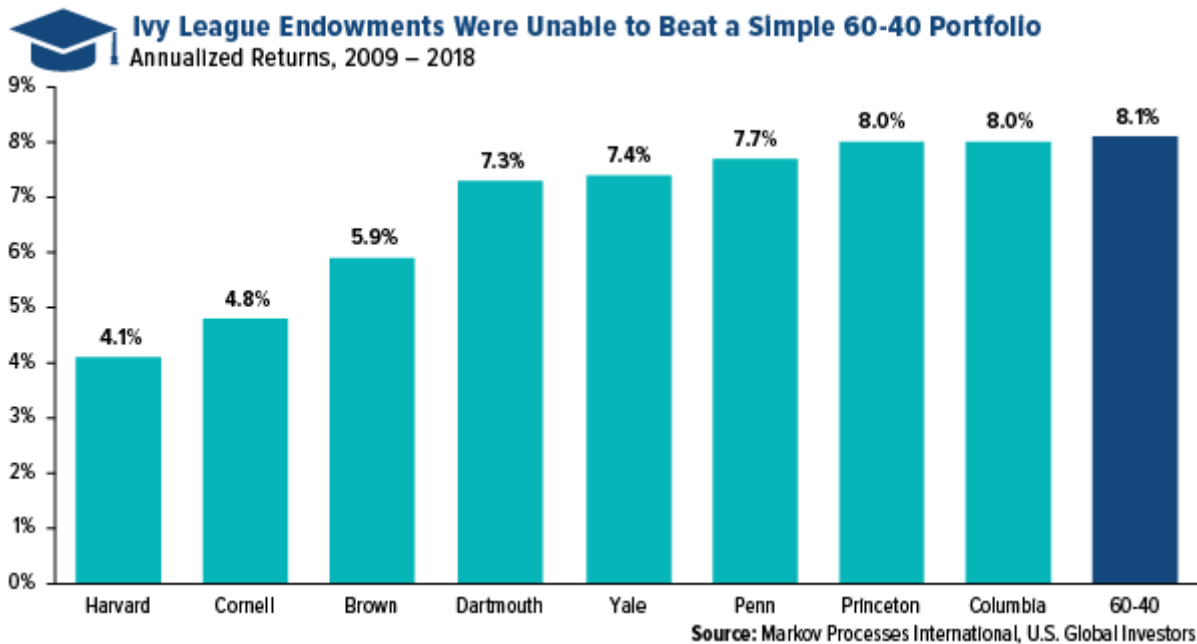
As I've shared with you before, the government is set to run trillion-dollar deficits for the next four years, and this will likely prove to be a heavy burden on the dollar. "Unlike the dollar rally seen in the late-1990s, when a productivity boom helped deliver a budget surplus, this year's dollar rally has been built on unfunded tax cuts," ING's strategists write. The group adds that it "expects funding these deficits to become more difficult."

ING isn't alone in its view. Bloomberg Intelligence Commodity Strategist Mike McGlone believes that the "trade-weighted broad dollar is near a peak and silver a bottom... and the potential for mean reversion should outweigh continuing-the-trend risks. Silver, among the most negatively correlated to the dollar and positively to industrial metals, appears ready for a potential longer-term recovery."

## Not One Ivy League Endowment Beat a Simple 60-40 Portfolio Over 10 Years

On a final note, a study this week showed that eight Ivy League endowments were able to beat the 10-year annualized returns of a simple 60-40 portfolio, with 60 percent in U.S. stocks, 40 percent in bonds.

Markov Processes International (MPI), a quantitative analytics research firm, has been assessing the performance of endowment funds managed by some of the top universities in the U.S. Although all eight funds beat the 60-40 benchmark in fiscal year 2017, none managed to beat it on an annualized basis over the past 10 years. In fact, the 60-40 portfolio—one of the most common asset allocation structures, available to retail investors through a simple S&P 500 Index fund and fixed-income fund—outperformed the bottom university fund, Harvard's, by 360 basis points.



click to enlarge

The "Ivies" not only lagged the benchmark but were also accompanied by much higher risk. Over the past 10 years, the 60-40 portfolio had a standard deviation of 9.1 percent, whereas the riskier endowment funds had one as high as 13.8 percent (in the case of Yale and Cornell) and 13.6 percent (in the case of Harvard).

The implication, I believe, is you don't necessarily need access to the fanciest, most sophisticated tools and strategies to maximize your investments. MPI shows that a basic portfolio, composed of high-quality domestic equity funds and short-term Treasury and municipal bond funds—all of which we're proud to provide, I might add—is suitable for most retail investors seeking attractive risk-adjusted returns.

***Curious to learn more? Watch my comprehensive interview with Kitco News' Daniela Cambone by [clicking here!](#)***



## WHAT'S DRIVING GOLD?

View the handout here. >>>

### Gold Market

This week spot gold closed at \$1,221.95, down \$1.24 per ounce, or 0.10 percent. Gold stocks, as measured by the NYSE Arca Gold Miners Index, ended the week lower by 1.52 percent. The S&P/TSX Venture Index came in off 2.10 percent. The U.S. Trade-Weighted Dollar rose 0.32 percent.

| Date   | Event                           | Survey | Actual | Prior |
|--------|---------------------------------|--------|--------|-------|
| Nov-26 | Hong Kong Exports YoY           | 9.4%   | 14.6%  | 4.5%  |
| Nov-27 | Conf. Board Consumer Confidence | 135.7  | 135.7  | 137.9 |
| Nov-28 | GDP Annualized QoQ              | 3.5%   | 3.5%   | 3.5%  |
| Nov-28 | New Home Sales                  | 575k   | 544k   | 597k  |
| Nov-29 | Germany CPI YoY                 | 2.4%   | 2.3%   | 2.5%  |
| Nov-29 | Initial Jobless Claims          | 220k   | 234k   | 224k  |
| Nov-30 | Eurozone CPI Core YoY           | 1.1%   | 1.0%   | 1.1%  |
| Dec-2  | Caixin China PMI Mfg            | 50.1   | --     | 50.1  |
| Dec-3  | ISM Manufacturing               | 57.6   | --     | 57.7  |
| Dec-5  | ADP Employment Change           | 195k   | --     | 227k  |
| Dec-6  | Initial Jobless Claims          | 225k   | --     | 234k  |
| Dec-6  | Durable Goods Orders            | --     | --     | -4.4% |
| Dec-7  | Change in Nonfarm Payrolls      | 200k   | --     | 250k  |

## Strengths

---

- The best performing metal this week was palladium, up 5.38 percent as hedge funds boosted their net long position to a nine-month high. Gold traders and analysts are bullish for the third week in a row, according to the weekly Bloomberg survey. Mark O'Byrne, research director at GoldCore, said "the set up for gold is getting better and better and it looks set for a strong 2019."
- The yellow metal clinched its first back-to-back monthly gains since January, as holdings in ETFs expand and investors are increasingly optimistic for the metal in 2019. President Donald Trump renewed his criticism of Federal Reserve Chairman Jerome Powell this week saying that he's "not even a little bit happy with my selection of Jay." Powell spoke on Wednesday this week and his comments reinforced the sense that the Fed might slow its interest rate hikes, saying that rates are "just below" estimates of a neutral level, writes Bloomberg.
- The Perth Mint Physical Gold ETF saw \$5.5 million in inflows on Monday, marking the biggest one-day increase since October 23, reports Bloomberg. The fund has attracted \$69.4 million in assets since its inception on August 15. Turkey continues to boost its gold reserves, rising by 7.3 tons in October to 429.9 tons total, according to its central bank. Hopefully the country is finished selling as the Turkish lira appears to be in recovery mode.

## Weaknesses

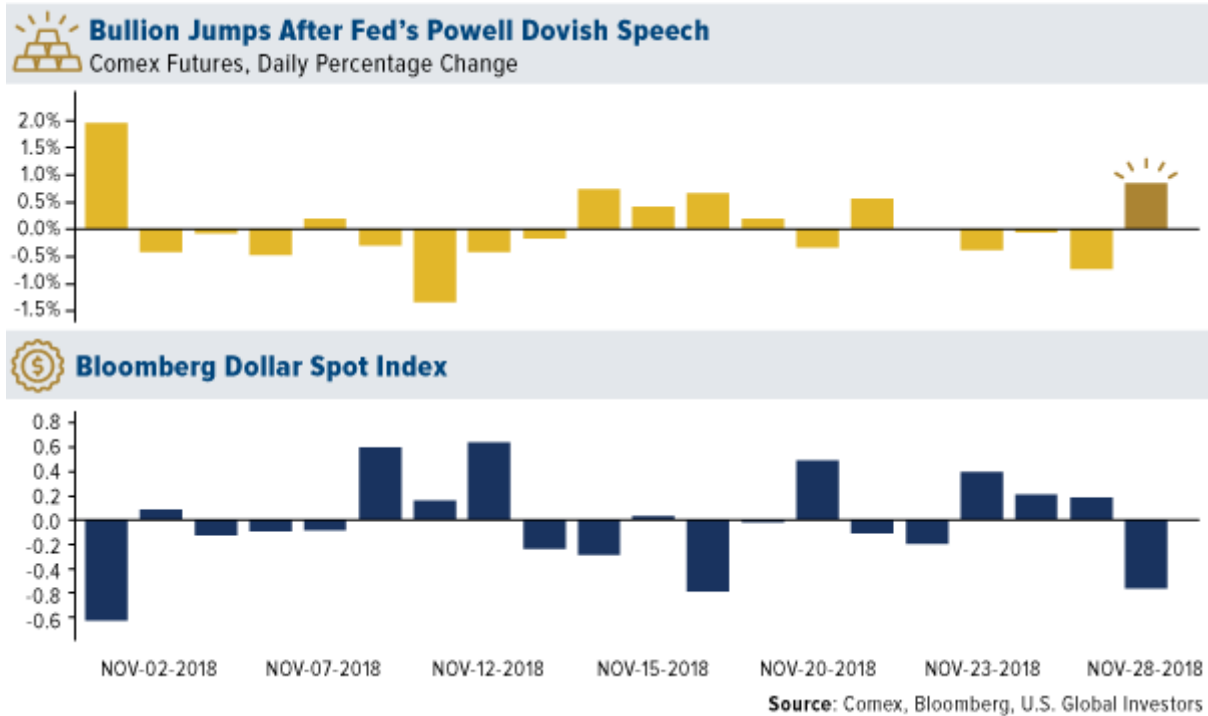
---

- The worst performing metal this week was platinum, down 5.30 percent. Some of the weakness in platinum prices may have come from a call to short platinum to go long palladium on undersupply concerns for palladium. With auto sales waning, palladium could soon run out of gas, though. President Trump threatened China with more tariffs, ahead of a meeting with Chinese President Xi Jinping on Friday. Trade tensions have hurt gold and lifted the dollar. "Gold is taking cues from the macro environment," particularly from the trade war rhetoric with investors favoring the dollar as a haven in the near term, Suki Cooper, a precious metals analyst at Standard Chartered Bank, told Bloomberg.
- Home price increases in 20 major U.S. cities grew in September at the slowest pace in nearly two years, adding to signs that buyer interest is waning amid higher mortgage rates and elevated property values, writes Shobhana Chandra of Bloomberg. This marks the sixth straight month of deceleration in price gains, with sales and home-building also showing signs of weakness.
- In 2013, around 40 masked people attacked the gold mining facilities at the Skouries site in northern Greece and allegedly assaulted security guards and set fire to machinery. This week a Greek court acquitted 21 people accused in the raid, reports the AP. Eldorado Gold acquired the Skouries site in 2012 and started construction work shortly before the 2013 attack. After many delays the site was eventually placed in a state of care and maintenance in 2017.

## Opportunities

---

- Goldman Sachs has included gold on its list of one of the top 10 trading ideas for commodities next year, reports Bloomberg. The bank sees diversification value in adding the yellow metal to a portfolio and said that demand from central banks may give support to prices. Goldman wrote in its report that now is an “extremely attractive entry point for longs in oil, gold and base.” Dovish comments from Fed Chair Powell on Wednesday sent gold higher. The suggestions of slower than anticipated interest rate hikes boosted most base metals. Tai Wong, head of base and precious metals trading at BMO Capital Markets, told Bloomberg via email that Powell’s comments could be a game-changer and are more important than any possible statement coming out of the G-20 summit Friday and Saturday.



click to enlarge

- Mene, a gold jewelry disruptor that launched 11 months ago, has already hit the 10,000 order mark on its online platform and reached approximately \$2 million in revenue, which is a 43 percent increase quarter-over-quarter. Mene only sells pure 24-karat investment grade jewelry that is sold at spot gold prices plus a 10 percent design and service charge. In addition, Mene guarantees it will repurchase its jewelry at spot less 10 percent. The company completed a new round of funding that will allow it to accelerate manufacturing with minimal equity dilution and ramp up to the inventory levels required for rapid growth. In contrast, Tiffany reported weak sales earlier in the week with stock price down more than 10 percent.
- SSR Mining announced this week that it has entered into an agreement to buy 9.9 percent of the issued and outstanding common shares of SilverCrest Metals. Paul Benson, president and CEO of SSR Mining, said that SilverCrest’s Las Chispas project is a compelling investment for the company “by providing exposure to an exciting high-grade development project with exploration upside in a favorable mining jurisdiction.” Pure Gold Mining reported that test mining at its Madsen project has been completed with strong drill results. Overall, an average grade of 10.2 grams per ton of gold was returned from 1,555 muck samples collected during mining of the bulk sample. AngloGold Ashanti owns just under 15 percent of Pure Gold’s equity.

## Threats

- A high court in Ireland is challenging a gold mine planned by Canadian miner Dalradian Resources over concerns from local residents on how the Department for Infrastructure (DfI) consulted the community on the project. To date, the live application has attracted 11,287 comments from members of the public on the DfI's online planning service, with fewer than 24 percent of those comments in support of the mine project.
- A recent article from the New York Times alleges that J.P. Morgan Chase and HSBC have earned billions of dollars from possible silver market manipulation. The allegations state that the banks spread a rumor that the value of silver would depress dramatically, and when the price did plummet based on their bearish views, they cashed in. Together the banks controlled over 85 percent of the commercial net short positions in silver, making them essentially the silver market makers, writes Forbes. Prosecution of these cases seems to never come to a head.
- Mexico has proposed changes to its mining laws that could be slightly negative for mining companies operating in the country. The new laws enable a government entity to perform social impact studies as a part of the concession process. It will enable the Commerce Secretary to declare protected areas and require companies to set aside monies for sustainable development, as well as issue a yearly social impact study of company activities. Another concern for the Mexican mining industry is the return of former mining and metal works union leader Napoleon Gomez, who was accused of taking \$55 million from a workers fund in 2004-2005. Gomez fled to Vancouver until he was pardoned in 2014 and is now back working on the proposed changes to the mining legislation in the Mexican Senate.

Follow  
**Frank Holmes'**  
Travels

Sign Up For the  
**Frank Talk Blog!**

## Index Summary

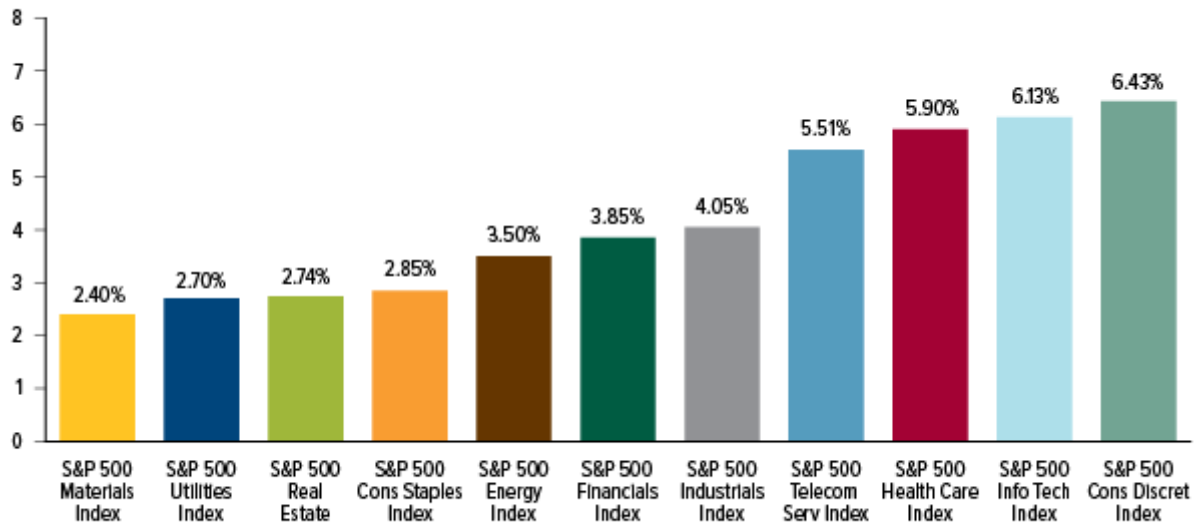
- The major market indices finished up this week. The Dow Jones Industrial Average gained 5.12 percent. The S&P 500 Stock Index rose 4.65 percent, while the Nasdaq Composite climbed 5.64 percent. The Russell 2000 small capitalization index gained 2.97 percent this week.
- The Hang Seng Composite gained 2.10 percent this week; while Taiwan was up 2.28 percent and the KOSPI rose 1.91 percent.
- The 10-year Treasury bond yield fell 3 basis points to 3.00 percent.



# Domestic Equity Market

## S&P 500 Economic Sectors

(Percentage return for each sector group from Friday to Friday, November 23, 2018 – November 30, 2018)



Source: Bloomberg, U.S. Global Research

[click to enlarge](#)

## Strengths

- Consumer discretionary was the best performing sector of the week, increasing by 6.43 percent versus an overall increase of 4.81 percent for the S&P 500.
- Salesforce.com was the best performing stock for the week, increasing 16.99 percent.
- According to Amazon, this year's Black Friday and Cyber Monday were the company's biggest shopping days in its history. As Business Insider reports, Cyber Monday saw "millions" more products sold between it and Thanksgiving Day, than were sold in that same time frame last year.

## Weaknesses

- Materials was the worst performing sector for the week, increasing by 2.4 percent versus an overall increase of 4.81 percent for the S&P 500.
- Tiffany & Co. was the worst performing stock for the week, falling 11.14 percent.
- Shares of Tiffany & Co. fell on Wednesday after the company reported third quarter sales that missed expectations. Shares sank to a seven-month low, down 5.7 percent, reports MarketWatch, with the company affirming its full-year earnings-per-share and sales growth outlook, but cutting same store sales growth.

## Opportunities

- Salesforce.com (CRM) has shown investors yet again that it is truly one of the only stocks in the SaaS sector that can consistently execute, writes Seeking Alpha. The company posted another beat-and-raise quarter, sending shares up nearly 10 percent, the article continues. It also boosted both its bottom line and margin profile.
- There are currently 24 analysts that cover Vertex Pharmaceuticals Incorporated stock, and not one has the company rated at “underperform” or “sell.” Instead, among the group of analysts, eight give Vertex a “buy” rating, 12 give it an “outperform,” and four recommend holding the stock.
- Health care company Davita has been upgraded by analysts at Raymond James, MarketBeat reports. The analysts took the stock from a “market perform” rating to an “outperform” rating in a note to investors on Wednesday.

## Threats

---

- According to analysts from BofAML, the stock market appears to be signaling some similar parallels to the tech bubble. The group points to the Popular/Panned ratio, a figure that compares the performance of technology stocks relative to utilities. This ratio looks incredibly similar to what led up to the dot-com crash.
- President Trump is threatening to place a 10 percent tariff on iPhones as well as Chinese electronic goods, reports Business Insider. In reaction to the remarks, shares of Apple fell during after-hours trading.
- Tesla sales in China were down significantly during the month of October, a report indicated on Tuesday. The electric-car maker sold just 211 vehicles in the Asian nation during that month, down 70 percent year-over-year, Reuters reports, citing China Passenger Car Association data.

---

## The Economy and Bond Market

### Strengths

---

- Gross domestic product (GDP) increased at a 3.5 percent annualized rate, the Commerce Department said on Wednesday in its second estimate of third quarter GDP growth. This is unchanged from its estimate last month and well above the economy’s growth potential, which economists estimate to be about 2 percent. The pace is likely strong enough to keep growth on track to hit the Trump administration’s 3 percent target for the year.
- U.S. consumer spending increased by the most in seven months in October. Consumer spending, which accounts for more than two-thirds of U.S. economic activity, jumped 0.6 percent last month as households spent more on prescription medication and utilities.
- The Chicago Purchasing Managers Index (Chicago PMI) rose to an 11-month high of 66.4 in November amid a significant surge in new orders. However, many U.S. companies have voiced their concerns over higher tariffs due to unsolved trade disputes with China.

### Weaknesses

---

- The Conference Board's Consumer Confidence Index fell by more than expected to 135.7 in November, as job and wage prospects dimmed.
- Sales of new U.S. single-family homes tumbled to a more than 2 and a half year low in October, which presents further evidence that higher mortgage rates are hurting the housing market. The Commerce Department said on Wednesday that new home sales dropped 8.9 percent to a seasonally adjusted annual rate of 544,000 units last month. That was the lowest level since March 2016 and the percent drop was the biggest since December 2017.
- The number of Americans who applied for unemployment benefits during Thanksgiving week rose to the highest level in six months, but the unexpected spike likely stems from the holiday falling on an earlier date than usual. Initial jobless claims rose by 10,000 to 234,000 in the seven days ended November 24, based on seasonally adjusted government figures. It was the third straight increase and topped the 220,000 forecast of economists polled by MarketWatch.

## Opportunities

---

- An upcoming major data release is Monday's ISM manufacturing PMI. While other countries have seen a marked deterioration in manufacturing activity during 2018, the U.S. manufacturing sector has remained strong. The ISM manufacturing PMI is forecast to edge up from 57.7 to 57.8 in November. The non-manufacturing PMI will follow on Wednesday and is expected to fall slightly from 60.3 to 59.7 in November.
- Next Friday's release of the unemployment rate is forecast to remain at the multi-decade low of 3.7 percent.
- Also coming out on Friday is average earnings, which are expected to rise by 3.1 percent year-over-year, unchanged from the previous month's 9 and a half year high.

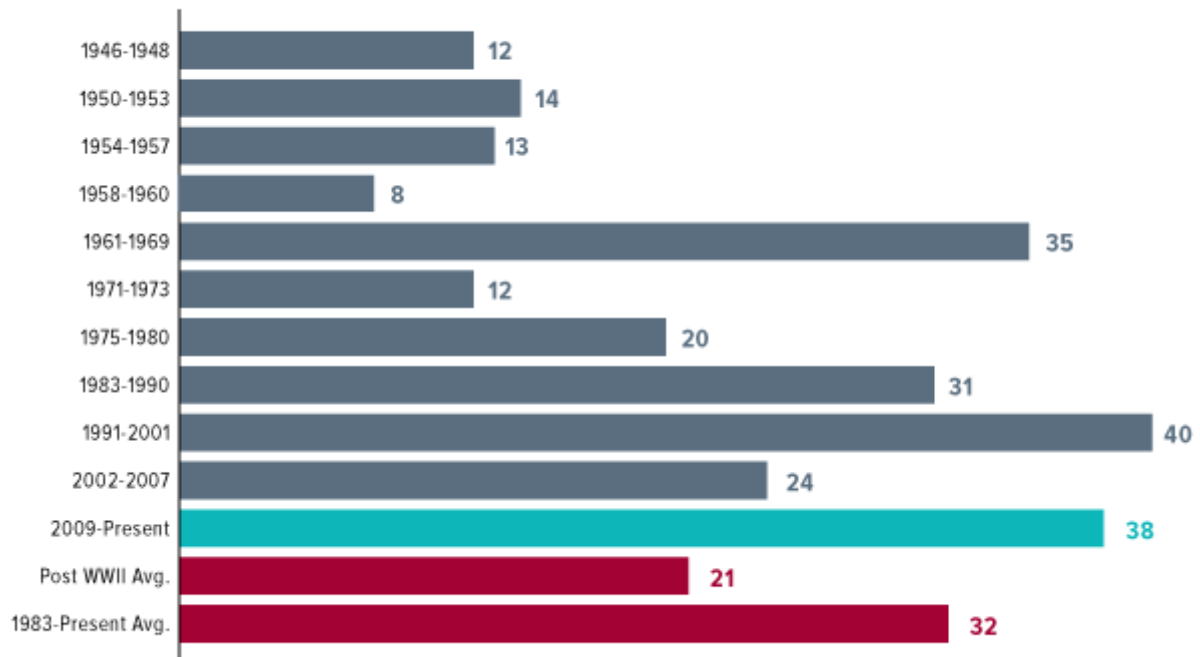
## Threats

---

- "There's really no reason to think that this cycle can't continue for quite some time, effectively indefinitely," said Fed Chair Jerome Powell in his speech on Wednesday. In his view, a change in the way the economy works has made it easier to maintain low unemployment without inflation. Stretching back to the 1950s, high inflation and Fed tightening have played a starring role in ending expansions. Powell's thesis is that changing inflation dynamics mean this time is different. Independent, inflation-targeting central banks have tamed expectations of price increases. As a result, low unemployment can be sustained without triggering an upward spiral of wages and prices. However, past cycles have been ended by financial blow ups and this one could too. Bloomberg's financial conditions index has tumbled from the start of October and the S&P 500 has lost all its gains for the year. U.S. corporate debt is close to 46 percent of GDP — near a postwar high — and is a fault line, especially as much of the borrowing has been used for financial engineering rather than investment in productive assets.

### What Ends the Unending Cycle?

Number of Quarters From Start of Recovery to Onset of Next Recession



Source: BEA, NBER, Bloomberg, U.S. Global Investors

click to enlarge

- President Trump says he is ready to go all out in the trade war with China. On Monday he told The Wall Street Journal it is "highly unlikely" that he will reach a trade deal with Chinese President Xi Jinping at the G20 summit in Argentina this weekend. He's also prepared to place tariffs on the remaining \$267 billion worth of Chinese goods imported by the U.S. — including iPhones and other consumer products.
- In his speech on Wednesday, Fed Chair Jerome Powell said that corporate credit levels and quality are top risks to the economy.

## Energy and Natural Resources Market

### Strengths

- Natural gas was the best performing major commodity this week rising 7.2 percent. The commodity rose for a fifth straight week. The tightness in the North American market was compounded by fears of supply disruptions in Europe as tensions between Russia and the Ukraine escalate.
- The best performing sector this week was the S&P1500 Oil & Gas Refining and Marketing Index. The index rose 5.2 percent as abundant crude oil supplies become available in Texas, and Valero's Port Arthur refinery reports an operational snag.
- The best performing stock for the week was Freeport McMoRan. The major base metals producer rose 10.9 percent after Indonesian President Widodo stated all pending issues, including those related to environment, conversion of contract of work and distribution of shares, must be completed before the end of 2018, relieving shareholders that a resolution to Freeport's Grasberg Mine is imminent.

### Weaknesses

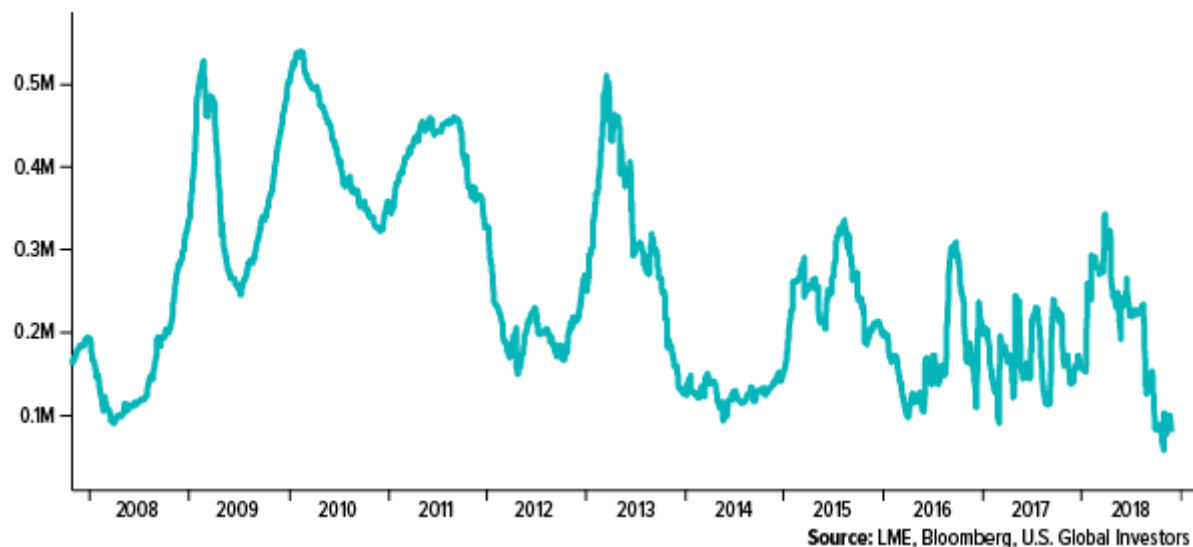
- Lumber was the worst performing commodity this week. The commodity dropped 10.4 percent after market analysts expect 2019 prices to be down 10-15 percent owing to slowing single-family home construction.
- The worst performing sector this week was the S&P/TSX Oil & Gas Exploration and Production Index. The index dropped 3.5 percent, nearing a three-year low, after pipeline bottlenecks continue to drive wider differentials to Gulf of Mexico prices.
- The worst performing stock for the week was UPM-Kymmene Oyj. The Finnish producer of forest products dropped 6.4 percent to the lowest level this year after market analysts said pulp prices in China are under pressure and there is concern that this pressure could translate into weakness for European pulp producers.

## Opportunities

- The Bloomberg Commodity Index, which tracks returns on 22 raw materials, plunged this week to the lowest in more than a year. These levels simply aren't justified based on the fundamentals of the constituents, according to a Bloomberg opinion editorial. Copper is particularly interesting as U.S. prices have tumbled about 15 percent this year. Yet inventories signal that demand remains robust. Stockpiles in warehouses tracked by the London Metals Exchange have fallen by about three quarters since late March to hit the lowest in more than a decade.

### Available LME Copper Inventories Slumped To The Lowest Level In More Than A Decade

LME Copper Inventories In Million Tons



[click to enlarge](#)

- Emerging markets face a bright outlook in 2019, according to Morgan Stanley. Next year could see a “triple trend reversal,” with China policy easing feeding through to faster growth in the world’s No. 2 economy, a Federal Reserve pause mid-2019 weakening the dollar and a hiatus in the U.S.-China trade war, according to the bank’s strategists.
- Gold may be turning the corner as prices head for the first back-to-back monthly gain since January. In addition, holdings of physical gold ETFs expanded as investors reappraise the metal’s prospects in 2019 amid speculation the Fed will pause its tightening cycle.

## Threats

- The headwinds for China's economy are getting worse. China's November purchasing managers' index (PMI) showed no expansion in business activity for the first time since mid-2016 when the country was just emerging from a deep slowdown. Sales prices fell, while the gap between output and new orders suggests the activity is being supported by inventory build ups and not end user demand.
- A trade war resolution is dependent on domestic politics and national security concerns, suggests Mohamed El-Erian. Trump may be tempted to amplify tensions to appeal to his domestic base, while Xi cannot afford to reverse course to save face at home. As such, El-Erian believes a resolution is not imminent.
- U.S. oil inventories rose 3.5 million barrels last week, according to the API. The buildup is the tenth straight week of inventory accumulation – the longest such period since at least 2015.




---

## Emerging Europe

### Strengths

---

- Greece was the best performing country this week, gaining 4.6 percent. Banks contributed the most to outperformance of the Athens exchange. Moody's credit rating issued a report saying that the Bank of Greece's plan for bad loan reduction is credit positive. Eurobank's share price appreciated by 33.6 percent and Alpha Bank recorded a 17 percent gain over the past five days.
- The Turkish lira was the best performing currency this week, gaining 1.2 percent against the U.S. dollar. The Turkish currency appreciated against the dollar on speculation that the Federal Reserve may pause its tightening cycle next year.
- The financial sector was the best performing sector among eastern European markets this week.

### Weaknesses

---

- The Czech Republic was the worst relative performing country this week, gaining 59 basis points. Consumer confidence fell to a one-year low, driven by concerns about an economic slowdown. Final gross domestic product in the third quarter was reported at 2.4 percent, while the Czech economy was growing at 5 percent at the end of 2017.
- The Russian ruble was the worst performing currency this week, losing 1.3 percent against the U.S. dollar. Growing geopolitical tensions and declining oil prices are pushing the ruble lower.
- The utility sector was the worst performing sector among eastern European markets this week.

## Opportunities

---

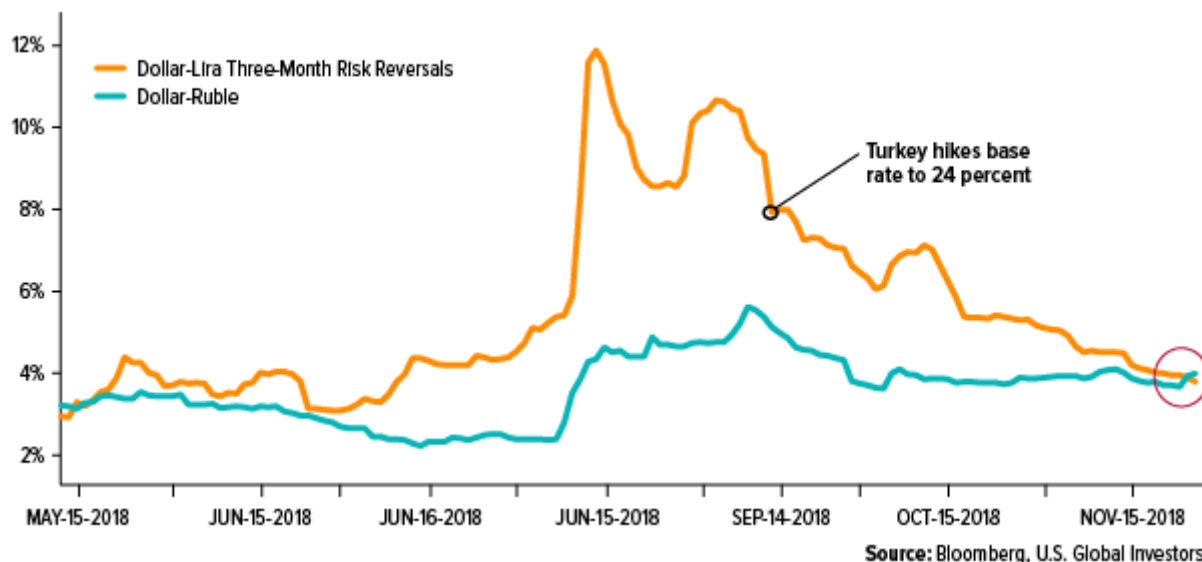
- The U.K.'s seven largest banks all passed the Bank of England's latest stress test, indicating that they are strong enough to continue lending even during a no-deal Brexit. None of the lenders need to boost their capital because of the health check, the BOE said.
- Eurozone economic sentiment continued to deteriorate in November, but by less than predicted, thanks to an unexpected rise in optimism. Sentiment fell to 109.5 in November, but above the expected reading of 109.1. Industrial confidence was reported at 3.4, up from 3 in October, and above the expected decline to 2.5.
- Turkey's trade gap narrowed in October to the lowest in more than 17 years, as Turks cut back on buying expensive imported goods due to a much weaker local currency. The trade gap was \$0.46 billion last month, compared with a deficit of \$7.3 billion in the same month a year earlier.

## Threats

---

- As Eurozone economic growth slows down, European Central Bank (ECB) President Mario Draghi defended the bank's move to start cutting down its bond buying program, a program that was widely credited for bolstering growth in the euro area. Speaking on Monday, Draghi confirmed that the ECB would likely phase out the quantitative easing (QE) program after next month, despite inflation not improving. The eurozone consumer price index (CPI) reading for November fell to 2 percent from 2.2 percent in October.
- Tension between Russia and Ukraine spiked after Russia seized three navy vessels near Crimea, capturing 23 Ukrainian navy crewmembers. The president of Ukraine, Petro Poroshenko, asked for NATO ships to be moved to the Sea of Azov to assist Ukraine and provide security. Europe is considering implementing new sanctions on Russia.
- The Turkish lira is no longer the riskiest currency; instead, the Russian ruble has taken its place. Three-month risk reversal for the lira, the premium of derivatives contracts to sell the currency against the dollar over those to buy, have fallen below that of the ruble for the first time since mid-May, according to Bloomberg.

### Derivatives Traders Now More Bearish On The Ruble Than The Lira



click to enlarge

## China Region

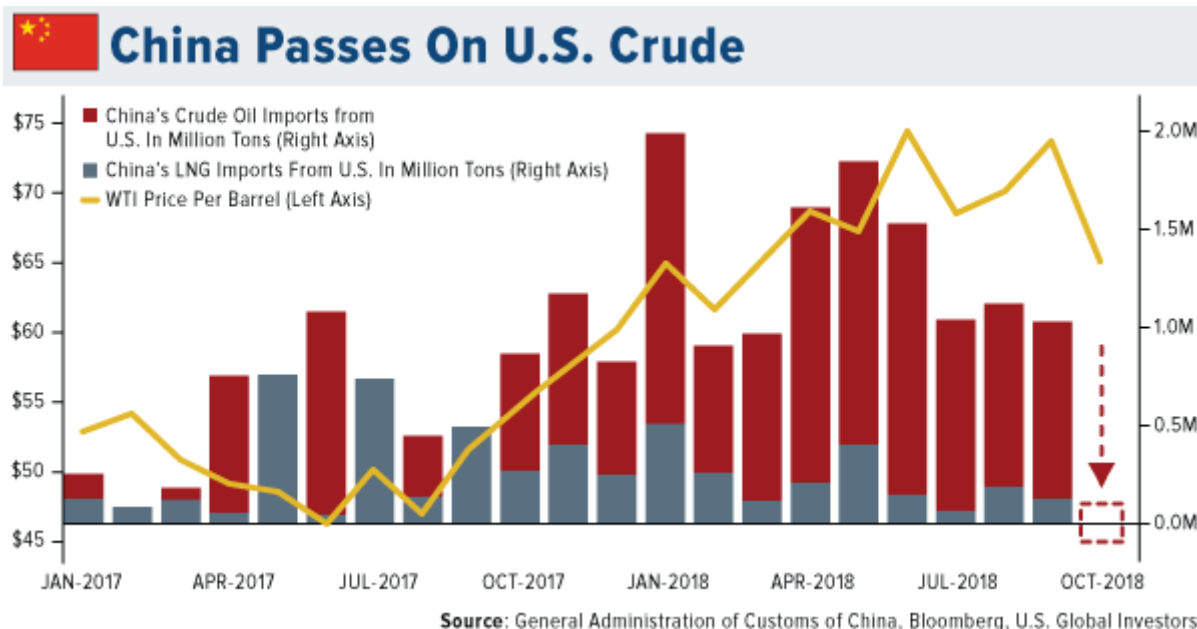
### Strengths

- Taiwan, Singapore and Hong Kong all climbed more than 2 percent for the week, while India's Nifty and Sensex Indices jumped 3.32 and 3.47 percent respectively since their reopening this week after last Friday's holiday.
- Bloomberg reported this week that Hong Kong exports grew 14.6 percent in October from a year earlier, well ahead of the 9.4 percent pace analysts were after. Imports rose 13.1 percent versus an estimated 10.2 percent. Hong Kong's retail sales also climbed, rising 5.9 percent in October, up from September's reading.
- Singapore's year-over-year industrial production jumped 4.3 percent for the October measurement period, smashing estimates it would grow by 2.6 percent. The month-on-month figure also beat expectations, showing 2 percent growth.

### Weaknesses

- Malaysia's FTSE Bursa Malaysia Kuala Lumpur Composite Index closed down 88 basis points for the week. Malaysia is an energy exporter.
- China's official Manufacturing PMI dropped to 50.0 from the previous reading of 50.2, leaving the East Asian behemoth teetering on the edge of outright contraction. Non-manufacturing PMI also missed, clocking in at only 53.4, shy of expectations for a 53.8 reading and down from 53.9.
- China imported no U.S. oil in October, Bloomberg reported this week, noting this is the first month since early 2017 this happened. Refiners in China instead bought more from Saudi and Iraq. U.S. LNG was also absent from Beijing's shopping list, the report observed.





[click to enlarge](#)

## Opportunities

- The G20 sit-down between U.S. President Donald Trump and Chinese President Xi Jinping represents what may be the best, or at least the nearest, opportunity for a thaw in the trade dispute between the two countries. Brace yourself for forthcoming headlines whatever happens this weekend.
- At U.S. Global Investors, we believe that government policy is a precursor to change. In Malaysia's case, the government is attempting to see how many women it can pull into the workforce with the following incentive: Malaysia will grant up to 12 months of income tax exemption for women returning to the workforce starting in 2019, the New Straits Times reported this week.
- Between dovish interpretations of Fed Chair Powell's speech this week and the possibility of a possible trade thaw at the G20 meeting, emerging markets may start to look alive again! I would tell you to tune in closely on Saturday night...but then I would be telling you to tune in closely Saturday night. So instead, have fun doing something else anyway because the markets are closed then and I'm sure you'll see the news on Sunday anyway.

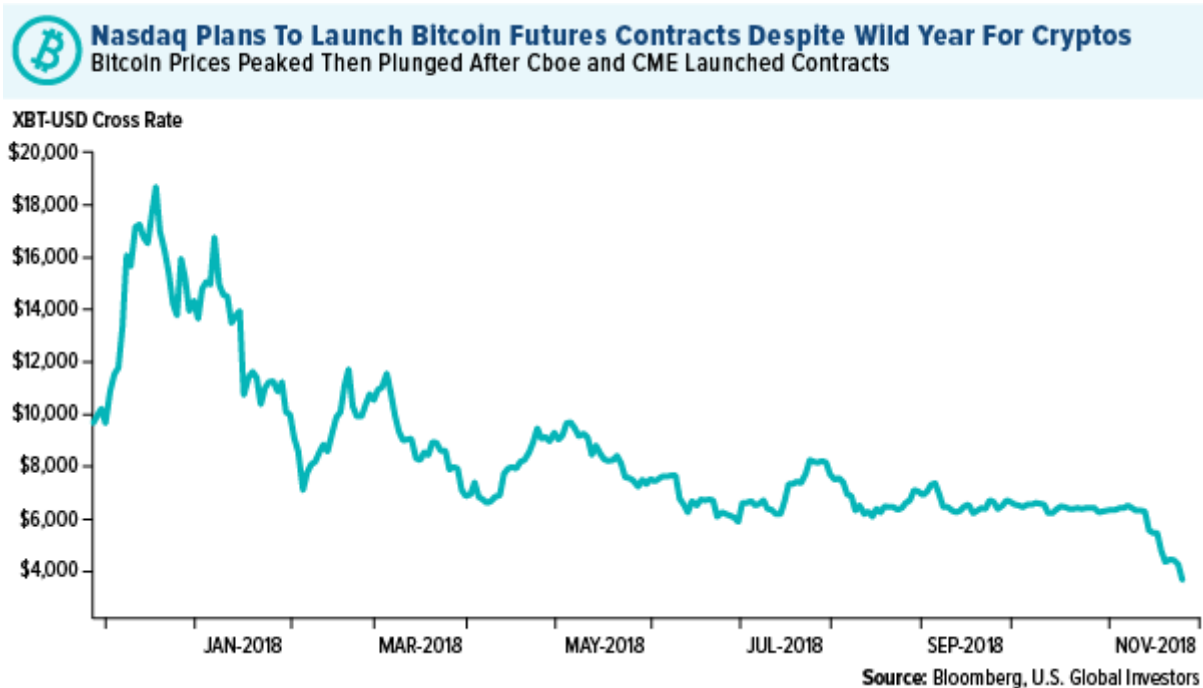
## Threats

- While there is certainly a ray of sunshine in the G20 meeting this weekend, the posturing and stances haven't changed greatly in the interim, as U.S. President Donald Trump suggested this week that he will continue to move ahead on implementing additional tariffs "if we don't make a deal;" the president also suggested that tariffs may be placed on mobile phones and laptops.
- Hong Kong's new-home sales this month are on track to be the lowest by volume since January or February of 2016, according to Midland Realty data and as reported by Bloomberg News.
- While all eyes are on Buenos Aires right now, the Chinese yuan quietly closed up (down) over 6.96, nudging closer to 7.0.

## Blockchain and Digital Currencies

## Strengths

- Of the cryptocurrencies tracked by CoinMarketCap, the best performing for the week ended November 30 was Octoin Coin, up 136.80 percent.
- As reported by Bloomberg, Nasdaq Inc. has plans to list bitcoin futures despite the plunge in cryptocurrency prices, people familiar with the matter say. Prior to launching the contracts, Nasdaq has been working to satisfy concerns of the U.S.'s primary swaps regulator, the Commodity Futures Trading Commission (CFTC). An enhanced review process by the CFTC came for exchanges looking to list virtual currency derivatives after the CME and Cboe listed their contracts last December (witnessing a peak and subsequent plunge, as seen in the chart below). Nasdaq hopes to allow trading in the first quarter of 2019, the article continues, and NYSE owner Intercontinental Exchange said it will also launch its own contracts on January 24.



[click to enlarge](#)

- A new crypto code of conduct is being formed by 10 companies aiming to standardize regulations for the “still-nascent digital asset space,” reports Coindesk. The group is known as the Association for Digital Market Assets (ADAM) and is backed by founding members which include names like Galaxy Digital, Genesis Global Trading and Cumberland, to name a few. ADAM has plans to work with regulators “with the ultimate goal of both aiding existing laws and regulations, as well as earning the trust of both financial watchdogs and policymakers,” the article reads.

## Weaknesses

- Of the cryptocurrencies tracked by CoinMarketCap, the worst performing for the week ended November 30 was Rentberry, down 43.15 percent.
- Major digital currencies crashed to new lows over the weekend, reports MarketWatch, with bitcoin falling below \$3,500 on Saturday. The selloff put bitcoin lower by 15 percent on the day and extends its losses to nearly 40 percent, the article continues. After bouncing briefly off of its lows mid-week, bitcoin is back below \$4,000 as of Friday morning.
- The bitcoin hash rate, which measures how much power the bitcoin network is consuming, has dropped around 24 percent from August to last week, according to blockchain.com. Part of the decline could be attributed to miners switching to other cryptocurrencies, but some believe it is due to the falling bitcoin price which makes mining a money-losing activity. JP Morgan strategists led by Nikolaos Panigirtzoglou write that “this suggests that prices have declined to a point where mining is becoming uneconomical for some.”

## Opportunities

---

- According to the Wall Street Journal, Ohio is the first state to accept bitcoin for tax bills. Businesses in the state will be able to log onto OhioCrypto.com and register to pay everything from sales taxes to employee withholding taxes with the digital currency, eventually expanding to individual filers, the article continues.
- Flipside Crypto, a Boston-based blockchain data-tracking firm, has added two of the biggest names in the U.S. digital-asset industry as investors. Coinbase and Digital Currency Group are investing in Flipside Crypto, which argues that it offers a fresh approach to valuing individual cryptocurrencies that, to date, mostly trade on public sentiment and industry-specific news, the article continues.
- Al Hilal Bank, headquartered in Abu Dhabi, settled a \$500 million bond using blockchain technology, reports Coindesk. “We are proud to be the first bank to launch a ‘Smart Blockchain Islamic Sukuk,’” said the bank’s CEO Alex Coelho. “The advantages of using smart contracts range from safer transactions with robust Shariah compliance, to the unlocking of new opportunities.”

## Threats

---

- Bitmain, one of the biggest cryptocurrency miners, is facing a class action lawsuit for over \$5 million, reports Coindesk, which alleges unauthorized crypto mining. The case was filed against Bitmain’s China and U.S.-based entities in the federal court of the Northern District of California on November 19. The filing says the firm’s devices use customers’ resources to mine cryptocurrencies for its own benefit prior to full setup, the article continues.
- Galaxy Digital Holdings Ltd, Mike Novogratz’s cryptocurrency merchant bank, has seen losses of \$136 million in the first three quarters of this year, according to company filings this week. A former Goldman Sachs Group Inc. partner and hedge fund manager, Novogratz was one of the most high-profile investors on Wall Street to jump headfirst into the cryptocurrency world, writes Bloomberg. Galaxy Digital cited poor trading results were in part due to tepid trading volumes and increased competition for arbitrage opportunities.
- After plunging on Monday, and then rallying back to life mid-week, crypto investors got a much-needed reprieve on Wednesday, reports MarketWatch. However, one venture capital guru says that digital currency owners should hunker down because the worst is yet to come. Fred Wilson, co-founder of Union Square Ventures, drew a comparison between bitcoin and Amazon in a recent blog post, as well as the dot-com bubble.



## Leaders and Laggards

### Weekly Performance

| Index                     | Close     | Weekly Change(\$) | Weekly Change(%) |
|---------------------------|-----------|-------------------|------------------|
| Natural Gas Futures       | 4.61      | +0.31             | +7.08%           |
| Nasdaq                    | 7,330.54  | +391.55           | +5.64%           |
| DJIA                      | 25,530.39 | +1,244.44         | +5.12%           |
| S&P 500                   | 2,754.85  | +122.29           | +4.65%           |
| S&P Energy                | 486.44    | +16.48            | +3.51%           |
| Russell 2000              | 1,532.89  | +44.21            | +2.97%           |
| S&P Basic Materials       | 341.09    | +7.98             | +2.40%           |
| Hang Seng Composite Index | 3,568.80  | +73.43            | +2.10%           |
| Korean KOSPI Index        | 2,096.86  | +39.38            | +1.91%           |
| Oil Futures               | 50.61     | +0.19             | +0.38%           |
| Gold Futures              | 1,227.50  | -1.60             | -0.13%           |
| XAU                       | 64.46     | -0.81             | -1.24%           |
| 10-Yr Treasury Bond       | 3.00      | -0.04             | -1.25%           |
| S&P/TSX Global Gold Index | 164.14    | -2.55             | -1.53%           |
| S&P/TSX VENTURE COMP IDX  | 588.00    | -14.15            | -2.35%           |

### Monthly Performance

| Index                     | Close     | Monthly Change(\$) | Monthly Change(%) |
|---------------------------|-----------|--------------------|-------------------|
| Natural Gas Futures       | 4.61      | +1.35              | +41.46%           |
| Hang Seng Composite Index | 3,568.80  | +222.08            | +6.64%            |
| S&P Basic Materials       | 341.09    | +12.40             | +3.77%            |
| Korean KOSPI Index        | 2,096.86  | +67.17             | +3.31%            |
| S&P/TSX Global Gold Index | 164.14    | +3.92              | +2.45%            |
| DJIA                      | 25,530.39 | +414.63            | +1.65%            |
| Russell 2000              | 1,532.89  | +21.48             | +1.42%            |
| Gold Futures              | 1,227.50  | +6.70              | +0.55%            |
| Nasdaq                    | 7,330.54  | +24.64             | +0.34%            |

| Index                    | Close    | Monthly Change(\$) | Monthly Change(%) |
|--------------------------|----------|--------------------|-------------------|
| XAU                      | 64.46    | +0.18              | +0.28%            |
| S&P 500                  | 2,754.85 | -19.17             | -0.69%            |
| S&P Energy               | 486.44   | -10.93             | -2.20%            |
| 10-Yr Treasury Bond      | 3.00     | -0.14              | -4.48%            |
| S&P/TSX VENTURE COMP IDX | 588.00   | -53.36             | -8.32%            |
| Oil Futures              | 50.61    | -14.70             | -22.51%           |

## Quarterly Performance

| Index                     | Close     | Quarterly Change(\$) | Quarterly Change(%) |
|---------------------------|-----------|----------------------|---------------------|
| Natural Gas Futures       | 4.61      | +1.74                | +60.51%             |
| 10-Yr Treasury Bond       | 3.00      | +0.15                | +5.15%              |
| S&P/TSX Global Gold Index | 164.14    | +6.56                | +4.16%              |
| Gold Futures              | 1,227.50  | +17.00               | +1.40%              |
| DJIA                      | 25,530.39 | -456.53              | -1.76%              |
| XAU                       | 64.46     | -1.94                | -2.92%              |
| S&P 500                   | 2,754.85  | -146.28              | -5.04%              |
| Hang Seng Composite Index | 3,568.80  | -253.23              | -6.63%              |
| S&P Basic Materials       | 341.09    | -31.47               | -8.45%              |
| Korean KOSPI Index        | 2,096.86  | -210.49              | -9.12%              |
| Nasdaq                    | 7,330.54  | -757.83              | -9.37%              |
| Russell 2000              | 1,532.89  | -199.46              | -11.51%             |
| S&P Energy                | 486.44    | -65.19               | -11.82%             |
| S&P/TSX VENTURE COMP IDX  | 588.00    | -132.42              | -18.38%             |
| Oil Futures               | 50.61     | -19.64               | -27.96%             |

U.S. Global Investors, Inc. is an investment adviser registered with the Securities and Exchange Commission ("SEC"). This does not mean that we are sponsored, recommended, or approved by the SEC, or that our abilities or qualifications in any respect have been passed upon by the SEC or any officer of the SEC.

This commentary should not be considered a solicitation or offering of any investment product.

Certain materials in this commentary may contain dated information. The information provided was current at the time of publication.

Some links above may be directed to third-party websites. U.S. Global Investors does not endorse all information supplied by these websites and is not responsible for their content.

Holdings may change daily. Holdings are reported as of the most recent quarter-end. The following securities mentioned in the article were held by one or more accounts managed by U.S. Global Investors as of (09/30/2018):

Eurobank Ergasias SA  
Alpha Bank AE  
Mene Inc.  
Eldorado Gold Corp  
SSR Mining Inc  
SilverCrest Metals Inc  
Pure Gold Mining Inc  
Freeport McMoRan

\*The above-mentioned indices are not total returns. These returns reflect simple appreciation only and do not reflect dividend reinvestment.

The Dow Jones Industrial Average is a price-weighted average of 30 blue chip stocks that are generally leaders in their industry. The S&P 500 Stock Index is a widely recognized capitalization-weighted index of 500 common stock prices in U.S. companies.

The Nasdaq Composite Index is a capitalization-weighted index of all Nasdaq National Market and SmallCap stocks.

The Russell 2000 Index is a U.S. equity index measuring the performance of the 2,000 smallest companies in the Russell 3000, a widely recognized small-cap index.

The Hang Seng Composite Index is a market capitalization-weighted index that comprises the top 200 companies listed on Stock Exchange of Hong Kong, based on average market cap for the 12 months.

The Taiwan Stock Exchange Index is a capitalization-weighted index of all listed common shares traded on the Taiwan Stock Exchange.

The Korea Stock Price Index is a capitalization-weighted index of all common shares and preferred shares on the Korean Stock Exchanges.

The Philadelphia Stock Exchange Gold and Silver Index (XAU) is a capitalization-weighted index that includes the leading companies involved in the mining of gold and silver.

The U.S. Trade Weighted Dollar Index provides a general indication of the international value of the U.S. dollar.

The S&P/TSX Canadian Gold Capped Sector Index is a modified capitalization-weighted index, whose equity weights are capped 25 percent and index constituents are derived from a subset stock pool of S&P/TSX Composite Index stocks.

The S&P 500 Energy Index is a capitalization-weighted index that tracks the companies in the energy sector as a subset of the S&P 500.

The S&P 500 Materials Index is a capitalization-weighted index that tracks the companies in the material sector as a subset of the S&P 500.

The S&P 500 Financials Index is a capitalization-weighted index. The index was developed with a base level of 10 for the 1941-43 base period.

The S&P 500 Industrials Index is a Materials Index is a capitalization-weighted index that tracks the companies in the industrial sector as a subset of the S&P 500.

The S&P 500 Consumer Discretionary Index is a capitalization-weighted index that tracks the companies in the consumer discretionary sector as a subset of the S&P 500.

The S&P 500 Information Technology Index is a capitalization-weighted index that tracks the companies in the information technology sector as a subset of the S&P 500.

The S&P 500 Consumer Staples Index is a Materials Index is a capitalization-weighted index that tracks the companies in the consumer staples sector as a subset of the S&P 500.

The S&P 500 Utilities Index is a capitalization-weighted index that tracks the companies in the utilities sector as a subset of the S&P 500.

The S&P 500 Healthcare Index is a capitalization-weighted index that tracks the companies in the healthcare sector as a subset of the S&P 500.

The S&P 500 Telecom Index is a Materials Index is a capitalization-weighted index that tracks the companies in the telecom sector as a subset of the S&P 500.

The NYSE Arca Gold Miners Index is a modified market capitalization weighted index comprised of publicly traded companies involved primarily in the mining for gold and silver.

The Consumer Price Index (CPI) is one of the most widely recognized price measures for tracking the price of a market basket of goods and services purchased by individuals. The weights of components are based on consumer spending patterns.

The Purchasing Manager's Index is an indicator of the economic health of the manufacturing sector. The PMI index is based on five major indicators: new orders, inventory levels, production, supplier deliveries and the employment environment.

The S&P/TSX Venture Composite Index is a broad market indicator for the Canadian venture capital market. The index is market capitalization weighted and, at its inception, included 531 companies. A quarterly revision process is used to remove companies that comprise less than 0.05% of the weight of the index, and add companies whose weight, when included, will be greater than 0.05% of the index.

Gross domestic product (GDP) is the monetary value of all the finished goods and services produced within a country's borders in a specific time period, though GDP is usually calculated on an annual basis. It includes all of private and public consumption, government outlays, investments and exports less imports that occur within a defined territory.

The Bloomberg Dollar Spot Index (BBDXY) tracks the performance of a basket of 10 leading global currencies versus the U.S. Dollar. The Consumer Confidence Index (CCI) Survey is an index by The Conference Board that measures how optimistic or pessimistic consumers are with respect to the economy in the near future. The Bloomberg U.S. Financial Conditions Index (BFCIUS) provides a daily measure of the relative strength and weakness of the U.S. money, bond and equity markets. Standard deviation is a quantity calculated to indicate the extent of deviation for a group as a whole. A trade-weighted dollar is a measurement of the foreign exchange value of the U.S. dollar compared against certain foreign currencies. A basis point is one hundredth of one percent, used chiefly in expressing different of interest rates. S&P Oil & Gas Refining and Marketing Index tracks the market performance of downstream oil and gas companies. The S&P Supercomposite Oil and Gas Exploration & Production Index consists of all oil and gas exploration and production stocks included in the S&P Supercomposite 1500 Index. The Bloomberg Commodity Index is made up of 22 exchange-traded futures on physical commodities. The index represents 20 commodities, which are weighted to account for economic significance and market liquidity. The S&P BSE SENSEX, also called the BSE 30 or simply the SENSEX, is a free-float market-weighted stock market index of 30 well-established and financially sound companies listed on Bombay Stock Exchange. The NIFTY 50 index is National Stock Exchange of India's benchmark broad based stock market index for the Indian equity market. Full form of NIFTY is National Stock Exchange Fifty. It represents the weighted average of 50 Indian company stocks in 12 sectors and is one of the two main stock indices used in India. The FTSE Bursa Malaysia Index Series is a broad range of real-time indices, which cover all eligible companies listed on the Bursa Malaysia Main and ACE Markets. The indices are designed to measure the performance of the major capital segments of the Malaysian market, dividing it into large, mid, small cap, fledgling and Shariah-compliant series, giving market participants a wide selection and the flexibility to measure, invest and create products in these distinct segments.

## Share "This Holiday Season, Make It Silver and Gold"

1 2 3 4 5 6 7 8 9 10 11 Next »

*U.S. Global Investors, Inc. is an investment adviser registered with the Securities and Exchange Commission ("SEC"). This does not mean that we are sponsored, recommended, or approved by the SEC, or that our abilities or qualifications in any respect have been passed upon by the SEC or any officer of the SEC.*

This web page should not be considered a solicitation or offering of any investment product.

Certain materials on the web page may contain dated information. The information provided was current at the time of publication.

Some links above may be directed to third-party websites. U.S. Global Investors does not endorse all information supplied by these websites and is not responsible for their content.

All opinions expressed and data provided are subject to change without notice. Some of these opinions may not be appropriate to every investor.

[How To Invest](#) | [Access My Account](#) | [Investment Professionals](#) | [Explore Our Funds](#)

**U.S. Global Investors • 7900 Callaghan Road San Antonio, Texas 78229 • 1-800-US-Funds**

©2018 U.S. Global Investors, Inc. All Rights Reserved. Foreside Fund Services, LLC, Distributor. U.S. Global Investors is the investment Adviser.

[Prospectus](#) | [Privacy Policy](#) | [Terms of Use Agreement](#) | [Policies and Procedures](#) | [Contact Us](#)