

LOTM Chart Watch – 12/04/2015

ASM \$0.97

Gold.... Oil... Commodities – They are all out of favor and the big question is for how long.... Some like [Harry Dent](#) say for another five years... while others say, as soon as the US Federal Reserve begins raising interest rates, we will see commodity prices firm. That is a big Valley to consider. Still with the printing of paper money that has been occurring around the world, paper currencies have the potential to lose their buying power through price inflation. Though gold has been very volatile it has an excellent history of preserving buying power during periods of inflation. We currently have deflation and have since as far back as 2007 with the topping in real estate prices in the USA. Many of the mining companies are at historic discounts between the stock price and the underlying metal's price. This suggests the potential to trade from the current discount to a premium when metal prices / commodity prices rise. Buying some mining stocks just because they are fundamentally cheap might be a long term strategy that does not appeal to you but one I want to share for those who might have an interest. A cheap speculative miner is a consideration as a small position in your portfolio. A company like [ASM \(Avino Silver & Gold\) \\$0.97](#) would not take much money yet be a hedge when commodity prices do move. The down side risk appears minimal while the upside is much greater than the risk. You might also take a position in an industry leader like [Newmont \(NEM\) \\$18.73](#) or a dividend paying gold & energy ETF like [GAMCO Global Gold, Natural Resources & Income Trust \(GGN\)* \\$5.03 – 16% dividend](#)

I think I have said this before, but if you did not see it... here is a strategy for investing in out of favor and especially deeply out of favor industries. Buy three positions; one speculative and two high quality leaders in the industry. Above we have three names that could be purchased as a package. 40% in an industry leader Newmont. 40% in a fund/ETF, GGN* that pays a high monthly dividend of 16% and 20% is a speculative name that is in good shape financially – ASM is a good candidate.

Fundamental Projections are being raised now!

December 3, 2015, 10:27 A.M. ET – Barrons - Citigroup's Brian Yu and Daniel Knauff

[Is Newmont Mining Golden After Updated Guidance?](#)

NEM provided updated production, cost and capex guidance for 2016, 2017 and to 2020 ahead of their investor day [on] Dec 3rd. After updating our model, we are reducing our EPS estimate to \$0.09 from \$0.15 for 2016 while raising our 2017 estimate to \$0.40 from \$0.27 to reflect higher production and lower cost guidance. While earnings estimates are reduced for 2016, our FCF estimate increases to \$372 mln (\$258 mln) and to \$606 mln (from \$160 mln) in 2017 driven by lower capex. We maintain our Neutral rating and \$20 target price.

[Gold miner Newmont sees costs below \\$1,000/ounce for next 5 yrs](#) Dec 2 (Reuters)

Newmont Mining Corp said on Wednesday it expects to maintain profitable production of between 4.5 million and 5 million ounces of gold a year over the next five years and keep all-in sustaining costs below \$1,000 an ounce.

Releasing a long-term operating outlook, Newmont, the biggest U.S.-based gold producer, said all-in sustaining costs are expected to improve from between \$900 and \$960 an ounce of gold in 2016 to between \$850 and \$950 an ounce in 2017.

[Avino third quarter 2015 production up 148 % compared to the third quarter 2014](#) - October 13, 2015

Avino's excellent third quarter results underscore the growing strength and quality of our mining operation. We delivered strong operating results and are well positioned to meet management's production expectations going forward. Refinements in the mill are underway to reduce deleterious minerals and improve payables, exploration drilling has commenced at the San Gonzalo mine and deliveries to Samsung are underway. We have positioned the Company for great success for the remainder of the year and years to come.

--- David Wolfen, President, CEO & Director, Avino Silver & Gold Mines Ltd.

GGN --- [Gold Income Funds Can Have You Investing Like Warren Buffett](#) 4/2015 – The Street.com

* An account related to LOTM holds a position in this security.
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ASM seems to have a pretty solid base between \$0.90 and \$1.00. Suggest accumulating at dips below \$0.95. A break out above it 50 day could take you to \$1.20 price quickly. Once above \$1.20 \$1.40 is the next target.



NEM is getting some analyst up-upgrades on cash flow (shown & linked above) for 2016 and 2017. Based on fundamentals you might accumulated at this price and on pull backs. Should the price close above \$20 it seems technical buying will enter. At that point we'd be inclined to favor technical analysis over fundamental analysis for trading.

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GGN* seems to have a base in the \$4.80 to \$5.05 area. Rising interest rates should be positive for GGN as it shows the Federal Reserve sees potential for inflation entering the economy. This might be one of the few interest/dividend plays that actually pays a high monthly dividend and goes up with rising interest rates. The dividend at a price of \$5.03 is 16.6% on an annual basis but paid monthly. Great for compounding with a dividend reinvestment plan (DRIP)...

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