



CRESCAT CAPITAL[®]

The Value of Global Macro Investing

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Junior vs. Senior Gold Miners

\$GDXJ ETF / \$GDX ETF



Source: Bloomberg

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Silver Junior Miners-to-Silver Ratio

$\$SILJ\text{ ETF} / \$SLV\text{ ETF}$



Source: Bloomberg

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Silver vs. Commodities



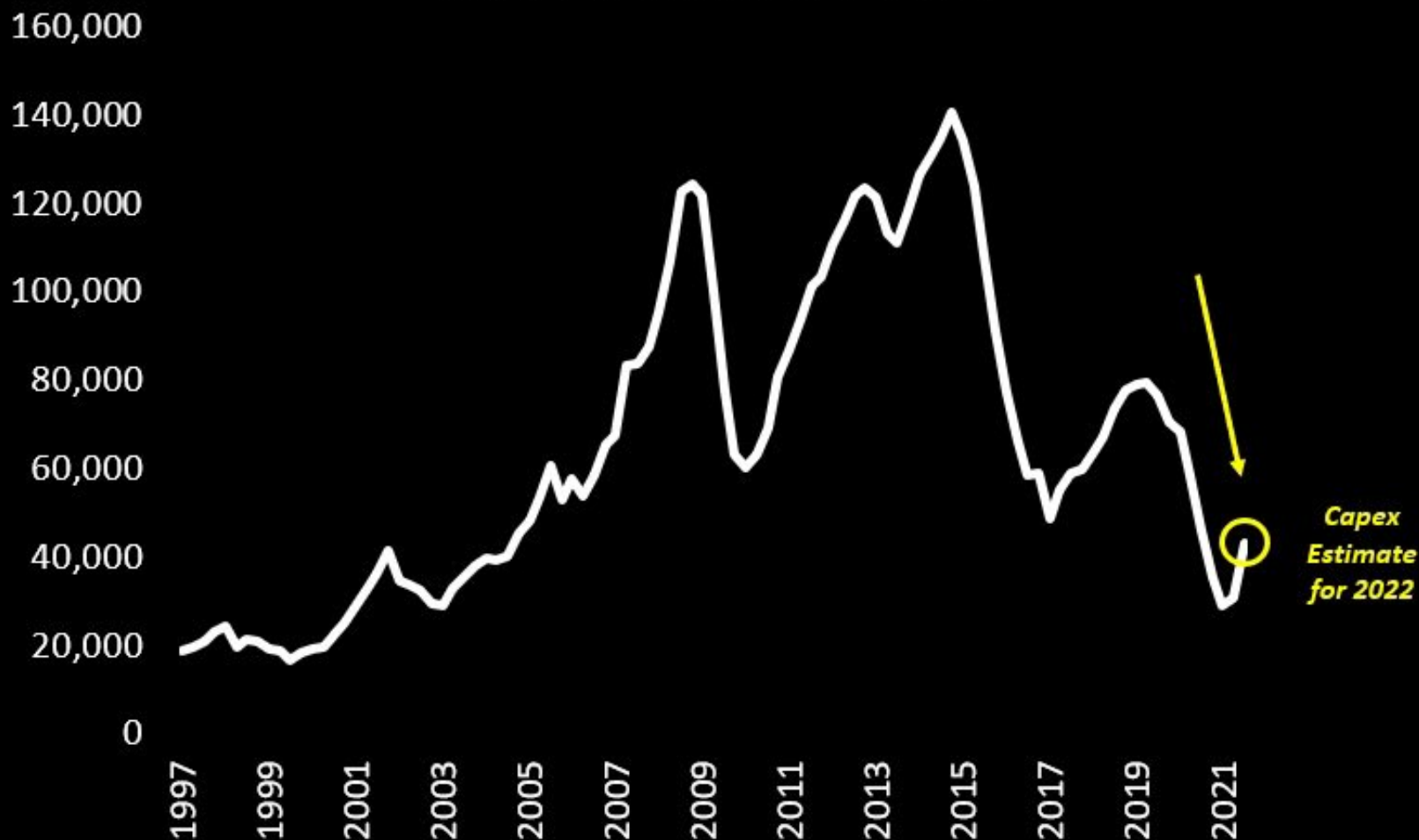
Source: Bloomberg

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US Oil and Gas Exploration & Production

Aggregate Capex in USD Millions



Top 50 E&Ps by Enterprise Value in the US Stock Exchanges

Source: Bloomberg

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US 10-Year Breakeven

Monthly Candles



Source: Bloomberg

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Gold vs. Inflation



Source: Bloomberg

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GDP Nowcast vs. Inflation Expectation



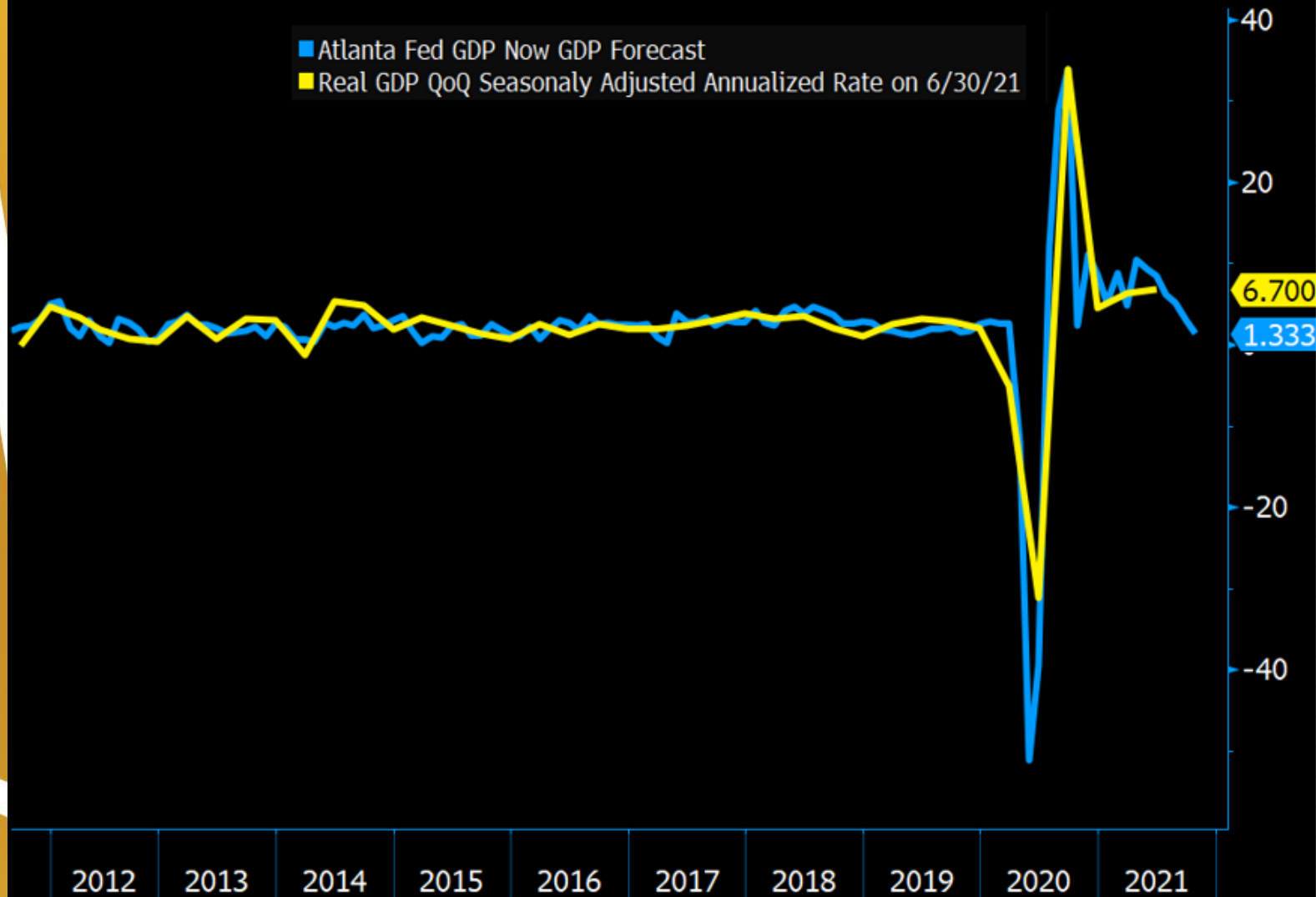
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Q3 Real GDP Poised to Disappoint



Source: Atlanta Fed, Bureau of Economic Analysis

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Economics

The Federal Reserve Is Fighting the Wrong Inflation War

The central bank's approach would have made more sense a decade ago.

By [Bill Dudley](#) + [Follow](#)

October 6, 2021, 4:00 AM MDT

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It'll cost you. Photographer: Justin Sullivan/Getty Images



Russell 1000 Growth vs. Value

Relative Price to Book



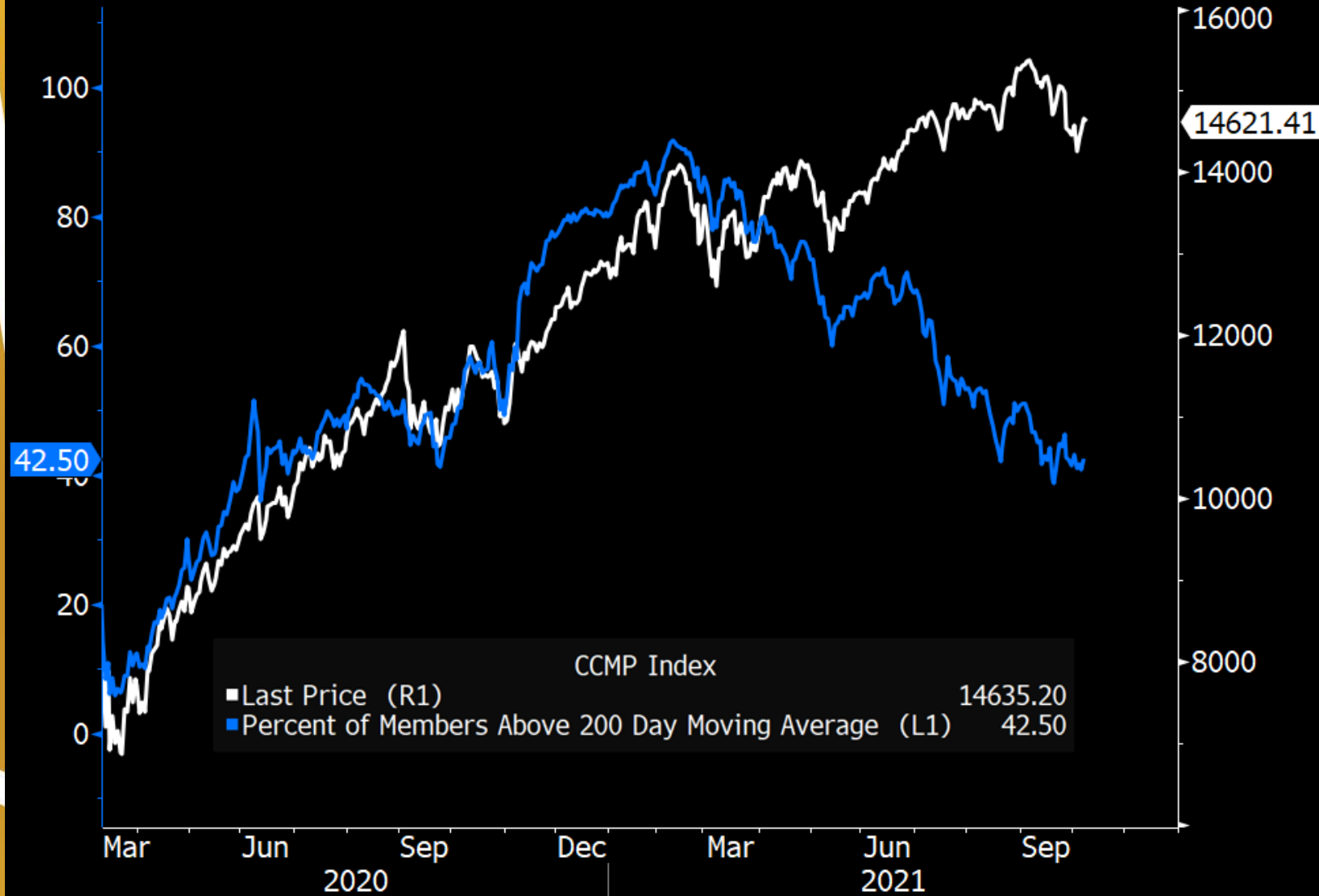
Source: Bloomberg

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NASDAQ Composite Market Breadth



Lower Demand, End of Stimulus Weigh on Silver

By HARDIKA SINGH

Silver is sliding at its fastest pace in years.

Prices just wrapped up their worst four-month stretch since November 2014, dragged down by expectations for higher interest rates and a slowdown in manufacturing activity. Front-month silver futures have fallen more than 21% in that period to around \$22 a troy ounce.

Silver is both a precious metal and an industrial commodity, used in products as diverse as jewelry, solar panels and semiconductors. Now, the impending rollback of pandemic monetary-stimulus measures is hurting precious-metals prices at the same time that global production bottlenecks, energy shortages and manufacturing slowdowns reduce industrial demand.

Prices, which slipped 0.3% Wednesday to \$22.51, stand near their lowest levels in a year, making silver one of the worst-performing assets of 2021 in a group tracked by The Wall Street Journal.

Shares of mining companies such as **First Majestic Silver Corp.** and **Hecla Mining Co.** fell more than 25% last quarter, while the **Global X Silver Min-**

ers ETF lost around 18%.

"Right now, all precious metals are reacting to less-than-anticipated industrial demand and the combination of a shift in the Fed policy of tapering and a stronger dollar; all of those things have made a cocktail for negative metals," said James Steel, chief precious-metals analyst at HSBC.

Silver and gold tend to slide when investors expect economic growth and inflation, increasing the appeal of riskier assets such as stocks, or those that pay income, such as bonds. Declines accelerated in September after the Federal Reserve signaled it was ready to start paring back asset purchasing in November and could raise interest rates next year amid risks of a lengthier-than-expected jump in inflation. Gold, which fell 0.9% last quarter, is among the year's worst-performing assets.

Recent gains in bond yields have fueled a rise in the U.S. dollar that is also weighing on metals including silver, by making commodities priced in dollars more expensive for overseas buyers.

The WSJ Dollar Index, which tracks the currency against a basket of 16 others, is trading

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Silver futures price

Front-month contract

March 2021 April May June July Aug. Sept. Oct.

\$28 a troy ounce

Wednesday

\$22.51

a troy ounce

Share-price performance, past six months

First Majestic Silver

Global X Silver Miners ETF

Hecla Mining

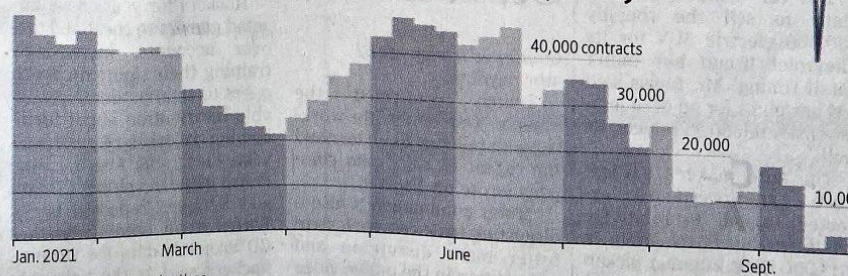
May 2021 Oct.

May Oct.

May Oct.

May Oct.

Net bullish bets on silver by speculative investors, weekly*



*Data includes futures and options

Sources: Dow Jones Market Data (futures prices); FactSet (performance); Commodity Futures Trading Commission (net bullish bets)

Source: Wall Street Journal, h/t @LorenBoston



BUSINESS

Dollar Tree to Sell More Items Above \$1 as Costs Rise

Discount chain expanding earlier tests to boost prices, citing higher wage and freight costs



Source: Wall Street Journal





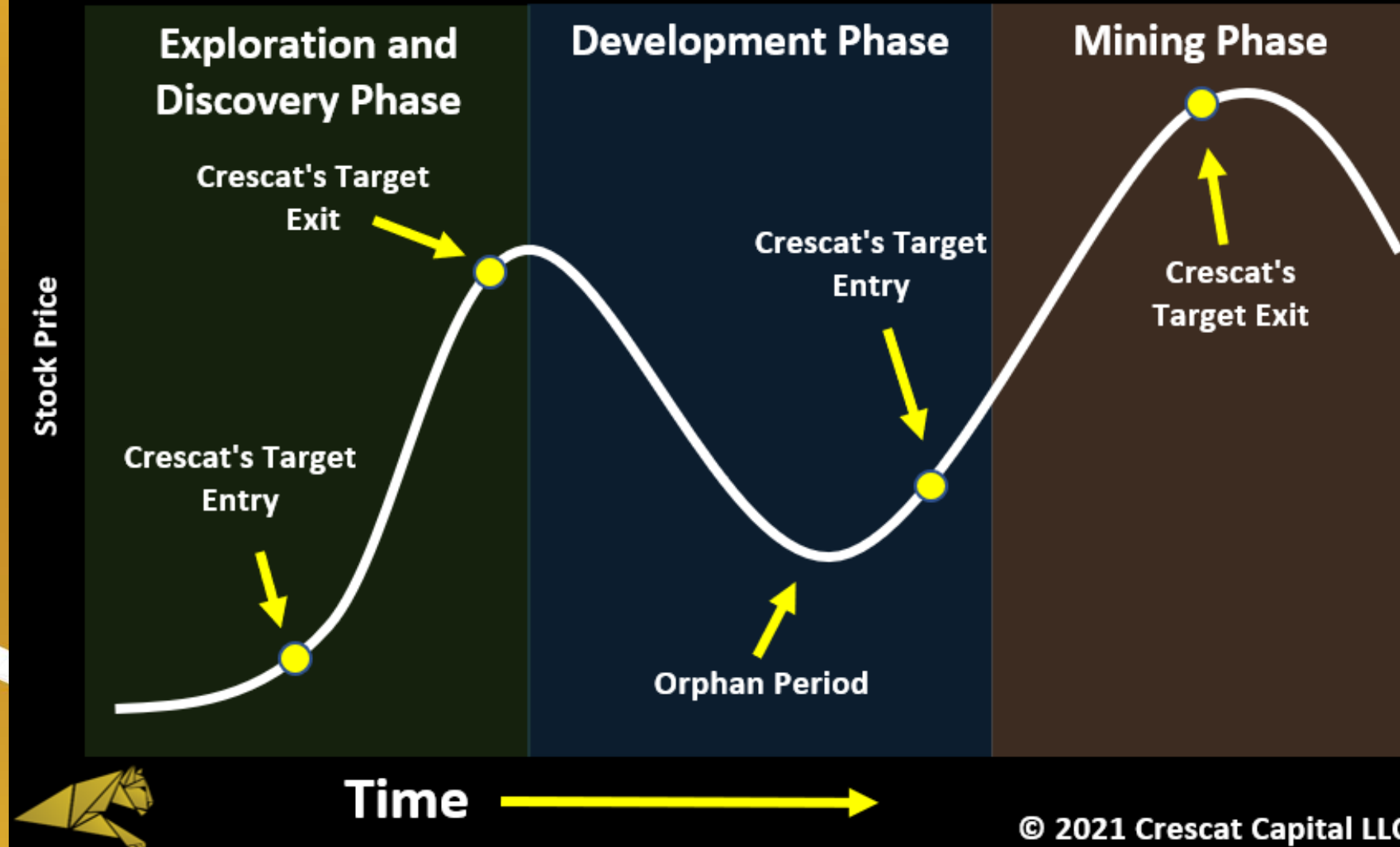
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Life Cycle of a Gold Mining Company

The Lassonde Curve



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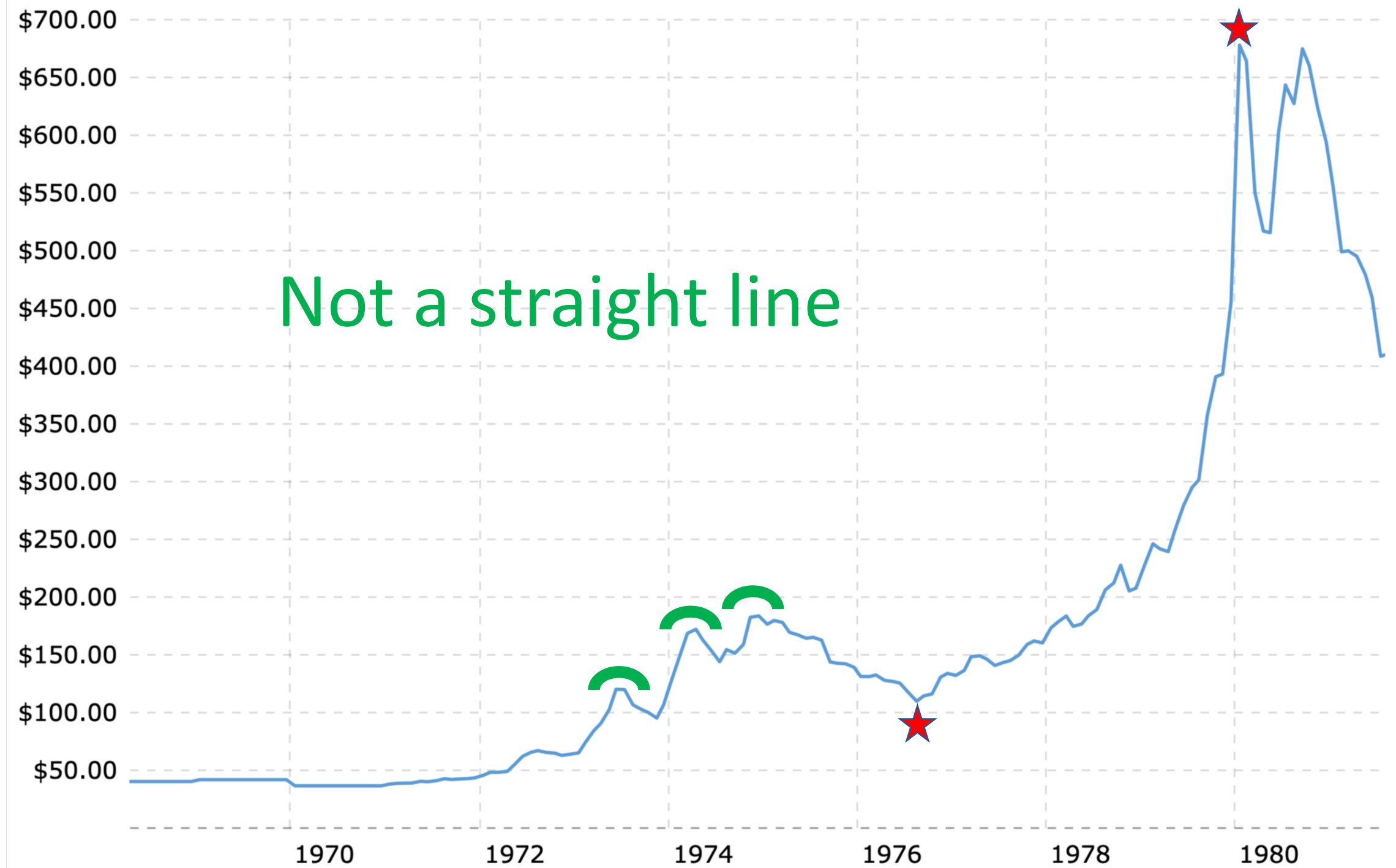
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Where are we?!

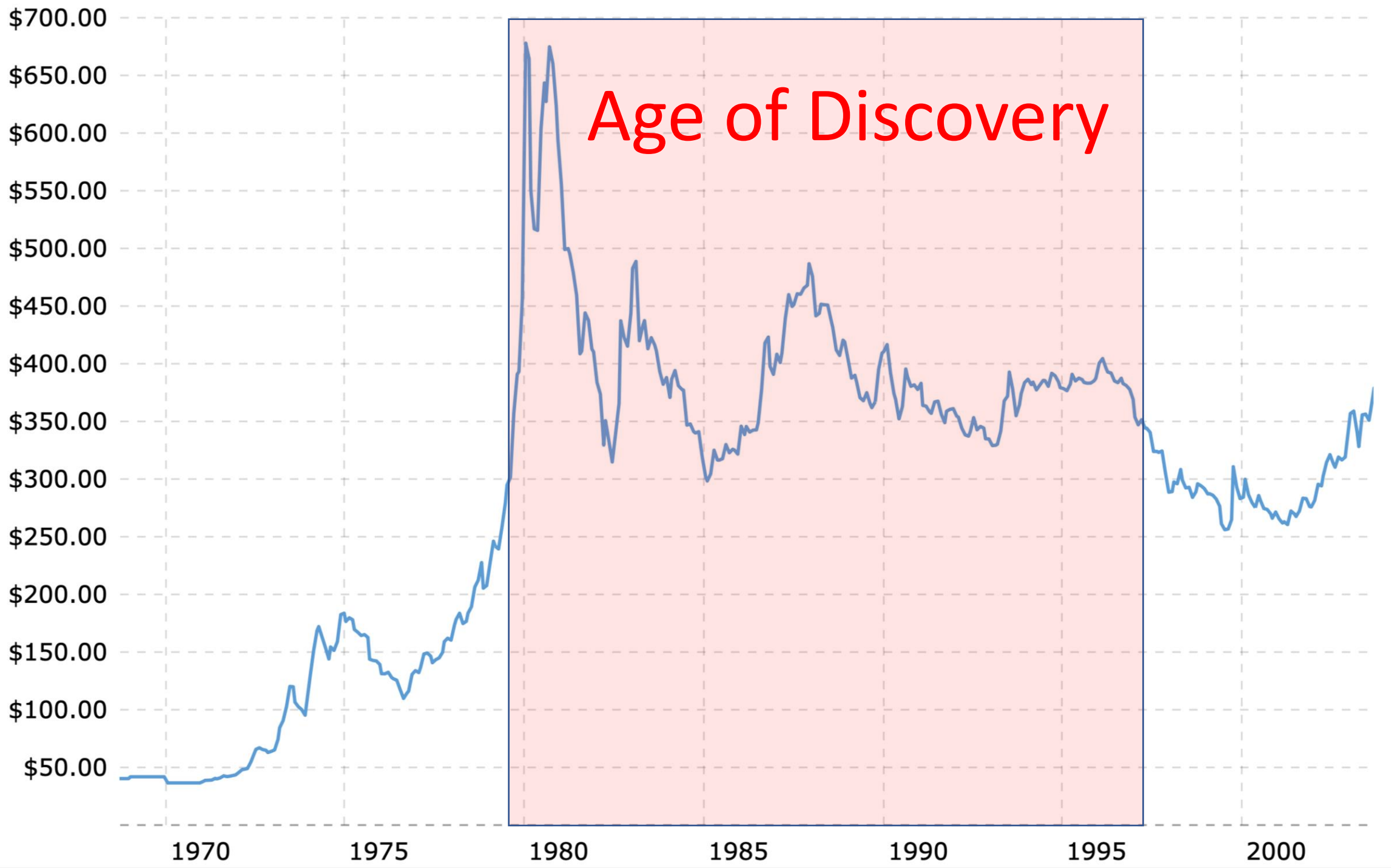


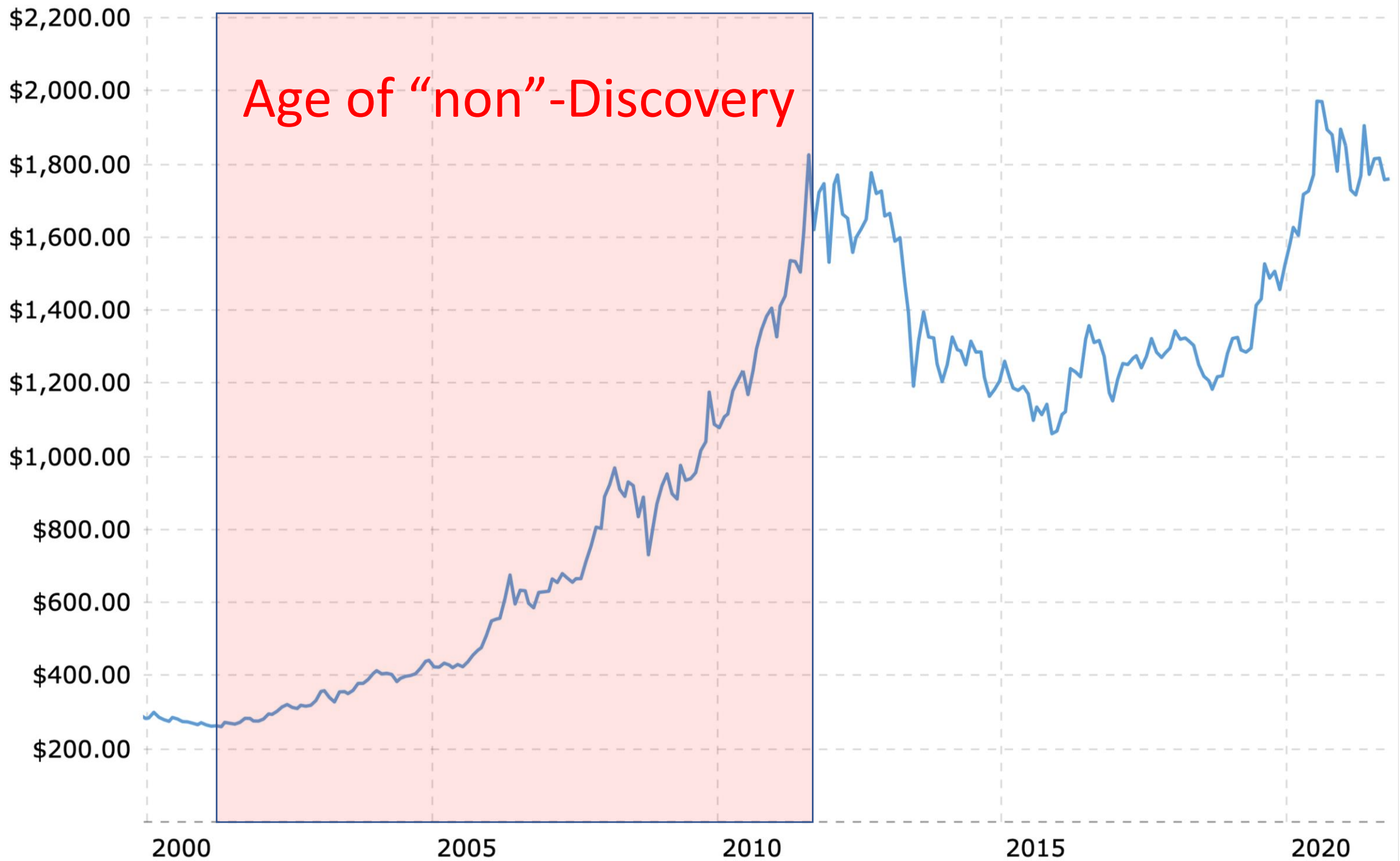
Au price US\$

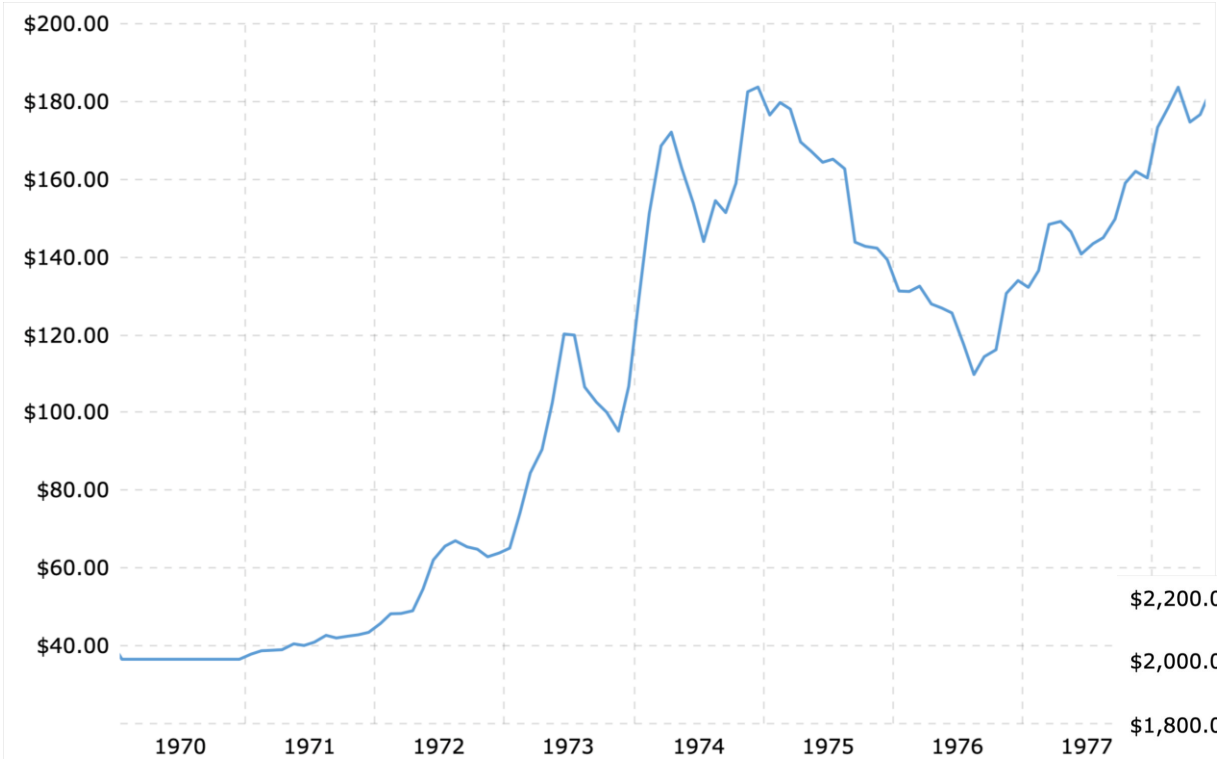


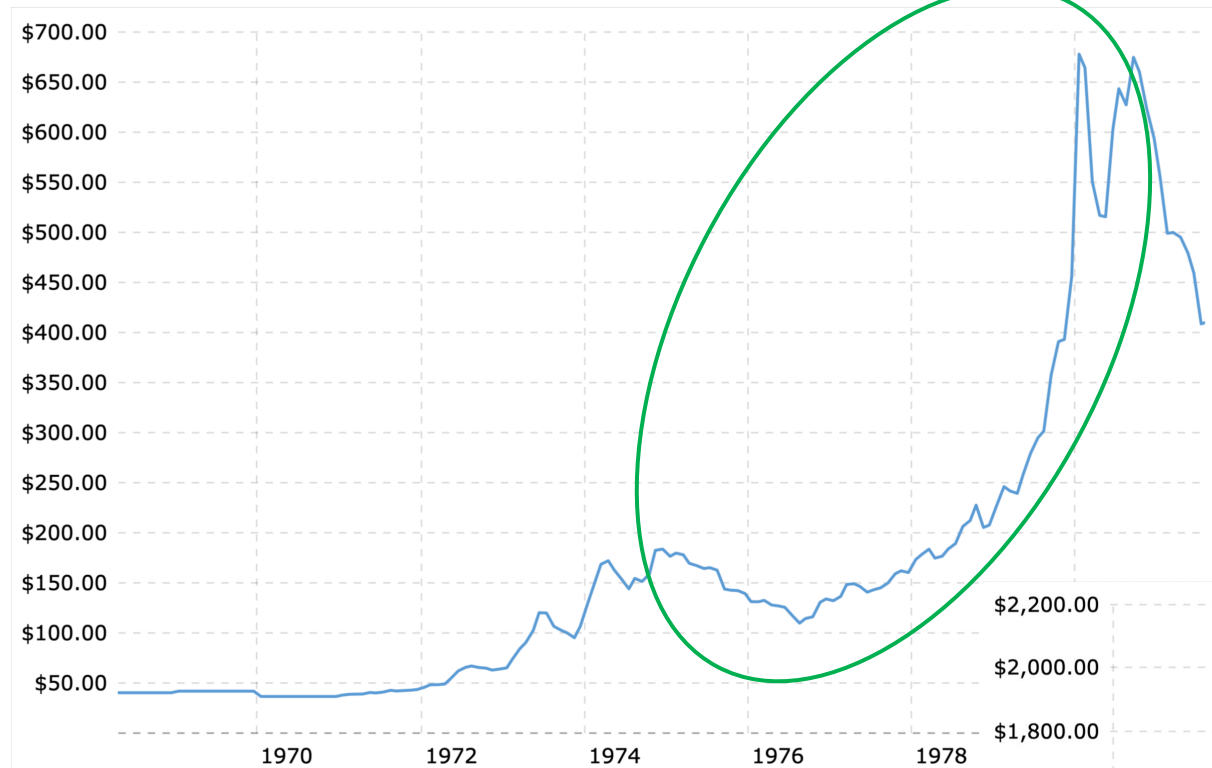


Age of Discovery







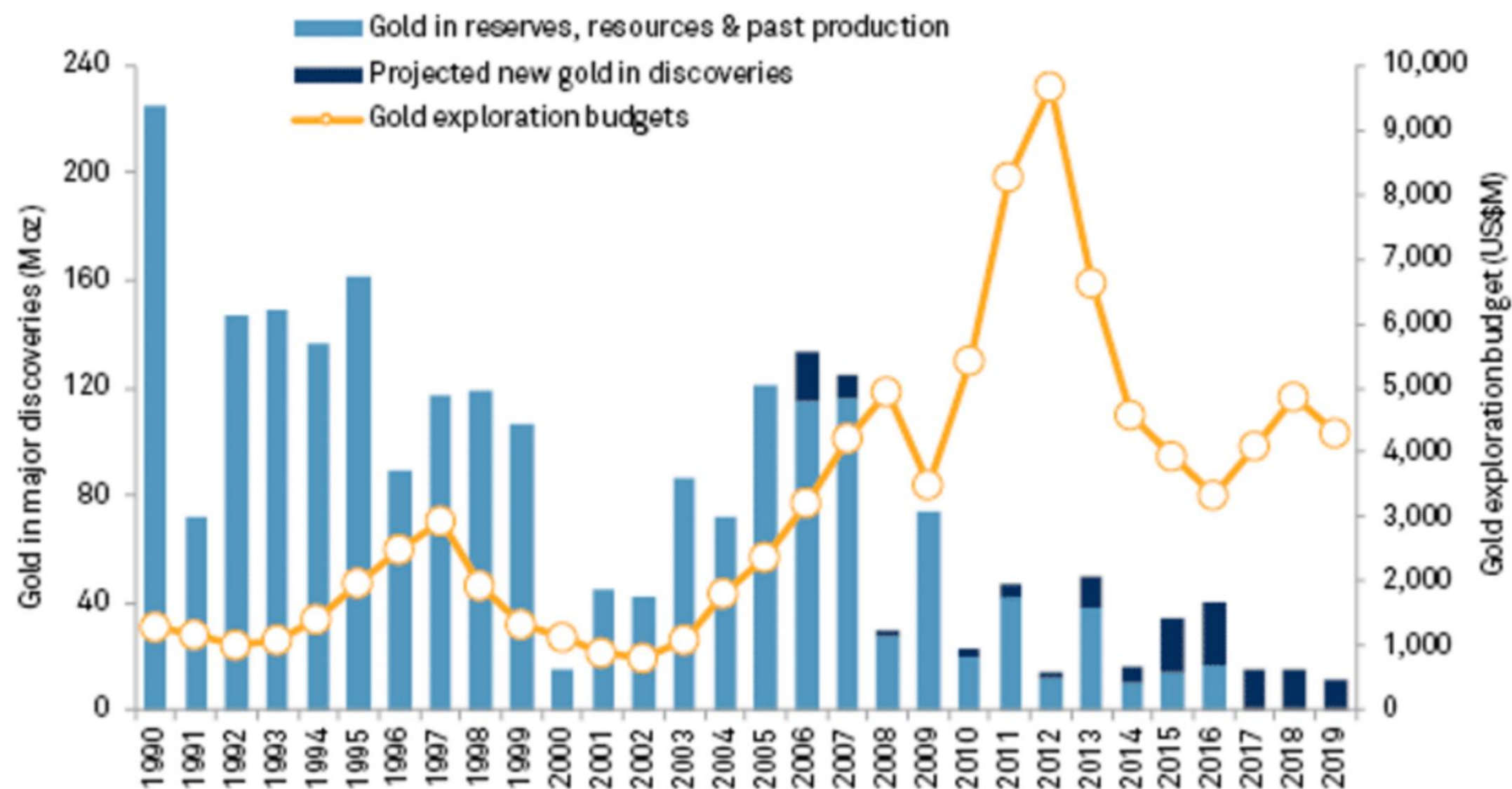


	Company	Headquarters	Country	2020 Production (moz) ▾	% Change
1.	Newmont	Denver	USA	5.88	-3.45
2.	Barrick Gold	Toronto	Canada	4.84	-3.39
3.	Polyus	Moscow	Russia	2.87	-2.71

Gold producers' Q4'19 all-in sustaining cost margin, valuation multiples

	Company	Headquarters	Q4'19 all-in sustaining cost (US\$/oz)	Change from prior quarter (%)	Q4'19 average price realized (US\$/oz)	Q4'19 profit margin (%)	Enterprise value/ LTM EBITDA as of 12/31/19 (X)
4.	AngloGold Ashanti**	Johannesburg					
5.	Kinross Gold	Toronto					
6.	Gold Fields	Johannesburg					
7.	Newcrest Mining	Melbourne					
8.	Agnico Eagle	Toronto					
9.	Polymetal International	St. Petersburg					
10.	Harmony Gold	Johannesburg					
Source: Miningintelligence							
* Does not include gold production through equity ownership in other companies							
** Reported production from continued AGA operations							
	Kirkland Lake Gold Ltd.		512	-8.9	1,481	65.4	10.1
	PJSC Polyus		576	-8.3	1,482	61.1	NA
	Evolution Mining Ltd.		731	4.7	1,429	48.9	9.1
	Endeavour Mining Corp.		819	2.0	1,445	43.3	8.9
	Newcrest Mining Ltd.		859	-4.4	1,456	41.0	9.8
	Gold Fields Ltd.		864	-8.8	1,482	41.7	7.5
	B2Gold Corp.		882	9.3	1,482	40.5	7.4
	Pan American Silver Corp.		901	-2.1	1,479	39.1	18.4
	Barrick Gold Corp.		923	-6.2	1,483	37.8	12.0
	Newmont Corp.		946	-4.2	1,478	36.0	12.6
	AngloGold Ashanti Ltd.		957	-7.2	NA	NA	11.0
	Northern Star Resources Ltd.		971	-5.1	1,410	31.1	16.5
	Yamana Gold Inc.		1,012	-2.6	1,484	31.8	7.3
	Agnico Eagle Mines Ltd.		1,039	15.1	1,489	30.2	18.2
	Kinross Gold Corp.		1,041	2.5	1,485	29.9	6.4
	IAMGOLD Corp.		1,161	3.8	1,480	21.6	11.0
	Sibanye-Stillwater Ltd.		1,314	-5.2	1,418	7.3	NA
	Median		923	-4.2	1,481	38.4	10.1
	Weighted-average mean *		899	-4.1	1,324	35.5	10.8

No major gold discoveries in past 3 years



Data as of May 1, 2020.

Source: S&P Global Market Intelligence



NEW Age of Discovery!

Number of Drills Turning in 2021 by Geography (133 Total)

