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The Holiday Season: A Nugget of Gold or a Lump of Coal?

A Monday Morning Musing from Mickey the Mercenary Geologist

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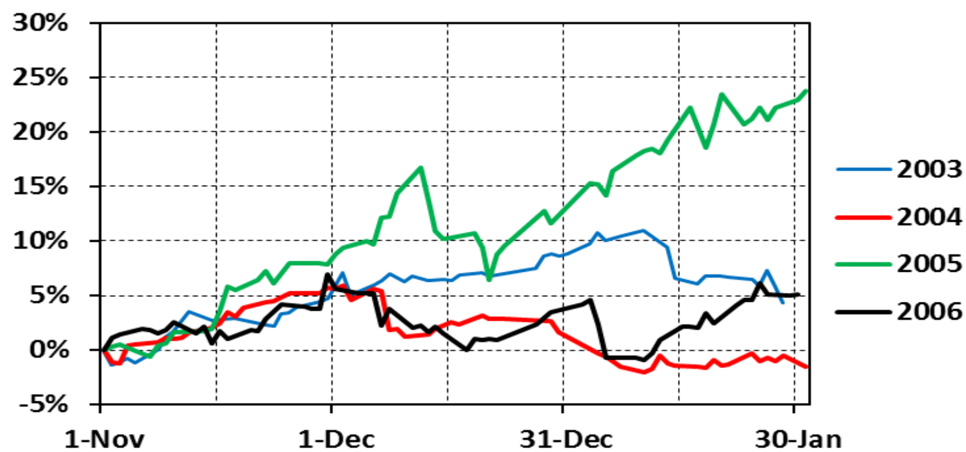
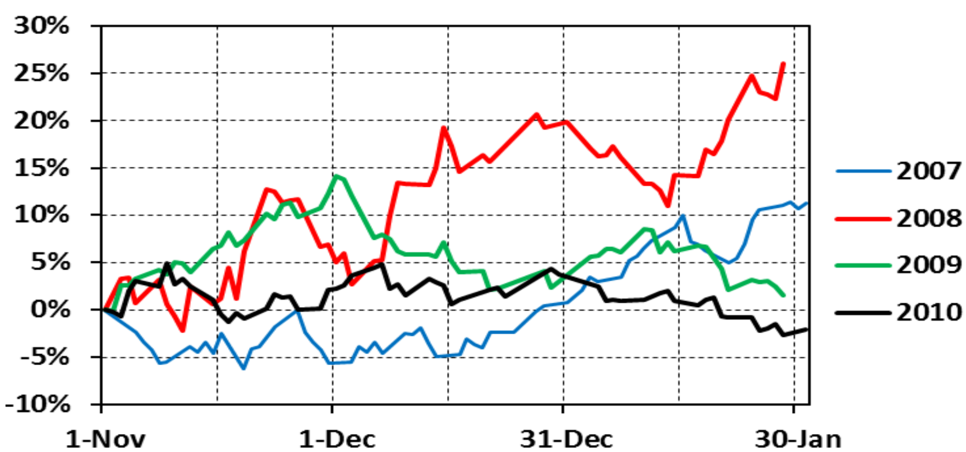
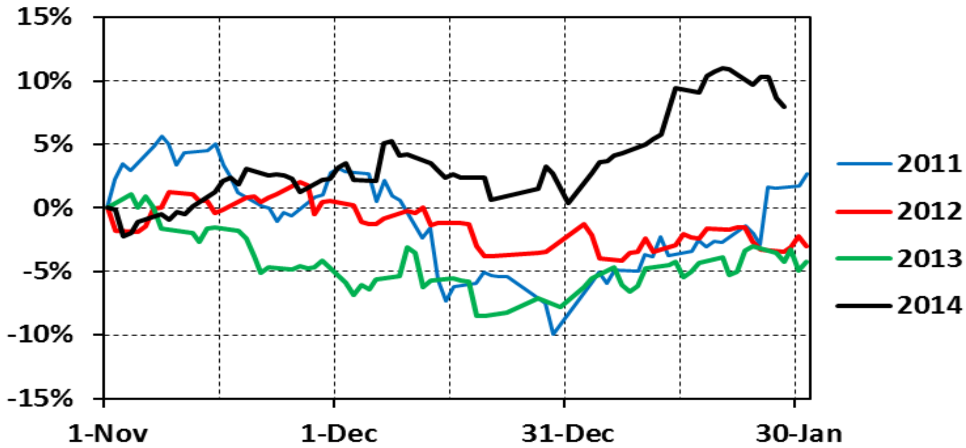
November 23, 2015

In two recent articles, I commented on the seasonality of the gold price and predicted short-term trends (**Mercenary Musings: October 19 and October 26, 2015**). Today, I examine the 12-year performance of gold during the pre-holiday to post-New Year time frame. The price charts are normalized to November 1 for each year and show the daily movement of gold on a percent change basis:







Here is a tabulation of the pertinent price data for November 1, December 15 and January 31 of the following year:

Gold $ / Oz

Year	November 1	December 15	January 31
2003	383	408	**400**
2004	**429**	439	**422**
2005	460	506	569
2006	614	624	651
2007	830	**791**	923
2008	730	826	920
2009	1062	1122	**1079**
2010	**1354**	1389	**1327**
2011	1699	**1574**	1744
2012	**1716**	**1696**	**1665**
2013	**1307**	**1235**	1251
2014	1168	1209	1260

Items to note from the charts and table (anomalous years highlighted in **red**):

- In 8 of 12 years, gold was higher on December 15 than on November 1.
- In 7 of 12 years, gold was higher on January 31 than on December 15.
- In 8 of 12 years, gold was higher on January 31 than on November 1.

I glean that the gold price most often goes up from November 1 to December 15 to January 31. However, the trends are not as compelling as my previous treatment that covered the five months from June 1 to October 31. This is especially true since the bear market for gold began in December 2011.

Supply-demand fundamentals influencing gold price during the three-month period include:

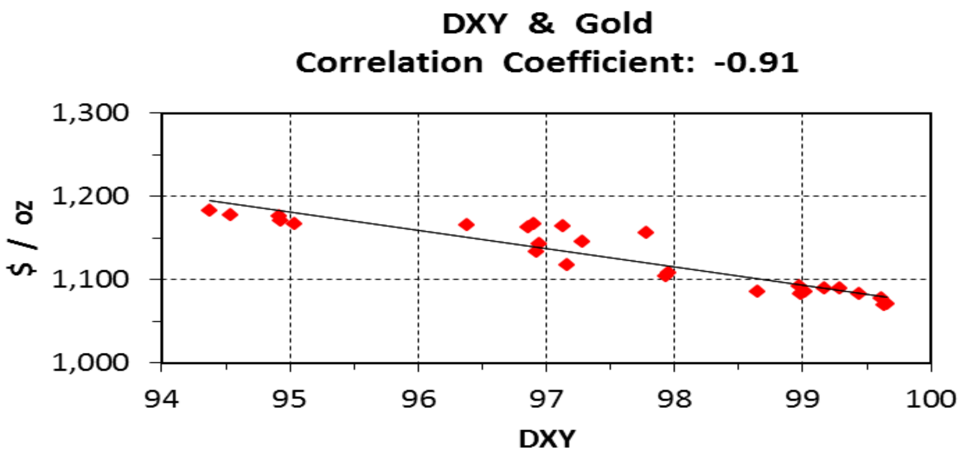
- Jewelry demand that peaks during late November and early December when men buy their wives, girlfriends, and/or mistresses a gold bauble for the holidays.

- International trade, debt, and year-end book squaring in late December that are settled in US dollars. This increased demand for greenbacks can cause the gold price to dip briefly.

- Speculators move back into paper derivative markets in January and cause the gold price to rebound.

Finally, let's take a look at the yellow metal's recent performance:

Gold is down 9% since achieving a six-month high of $1184 on October 15. The fall in gold is inversely correlated with the rise in DXY, which has moved from the low 94 level to a recent eight-month high at 99.65:



The 12-year history indicates odds are 2:1 that gold will rally in the next 2+ months. But the above correlation chart shows what we really need to know: If the US$ remains at currently high levels, *gold ain't goin' up anytime soon.*

Note also that gold is down 8% year-to-date. If it closes 2015 below $1172 per ounce, this will be the third year of losses in a row. Folks, that last happened from 1996 to 1998.

Spurred by low prices, physical buying has recently come on strong from both central banks and the retail sector. Nevertheless, the four-year bear market for gold continues unabated.

And that presents buying opportunities for savers, i.e., those who neither speculate nor invest in gold.

The paper gold market has recently been a lump of coal for long traders trying to make a quick fiat dollar. But weak prices bring more nuggets of gold for those of us who hoard the most precious of precious metals as a safe haven against the machinations of the world's central banksters.

Ciao for now,

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Acknowledgment: Gwen Preston is the editor and Steve Sweeney is the research assistant for **MercenaryGeologist.com**.

The **Mercenary Geologist Michael S. "Mickey" Fulp** is a Certified Professional Geologist with a B.Sc. Earth Sciences with honor from the University of Tulsa, and M.Sc. Geology from the University of New Mexico. Mickey has 35 years experience as an exploration geologist and analyst searching for economic deposits of base and precious metals, industrial minerals, uranium, coal, oil and gas, and water in North and South America, Europe, and Asia.

Mickey worked for junior explorers, major mining companies, private companies, and investors as a consulting economic geologist for over 20 years, specializing in geological mapping, property evaluation, and business development. In addition to Mickey's professional credentials and experience, he is high-altitude proficient, and is bilingual in English and Spanish. From 2003 to 2006, he made four outcrop ore discoveries in Peru, Nevada, Chile, and British Columbia.

Mickey is well-known and highly respected throughout the mining and exploration community due to his ongoing work as an analyst, writer, and speaker.

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