The 20-Year Record for Gold

A Monday Morning Musing from Mickey the Mercenary Geologist

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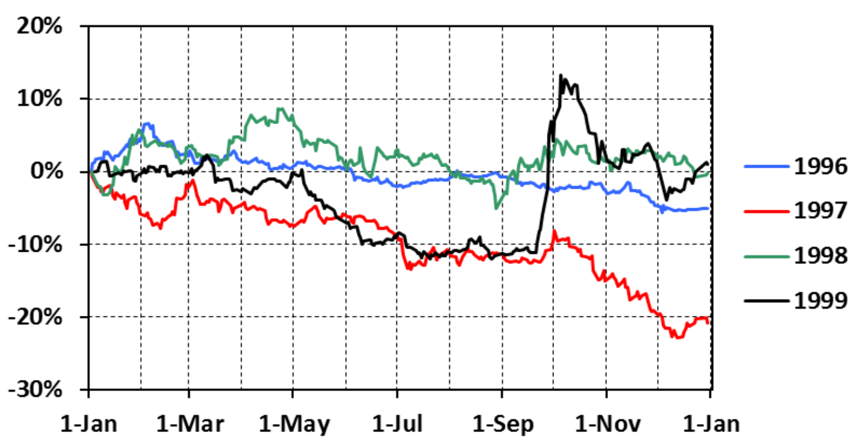
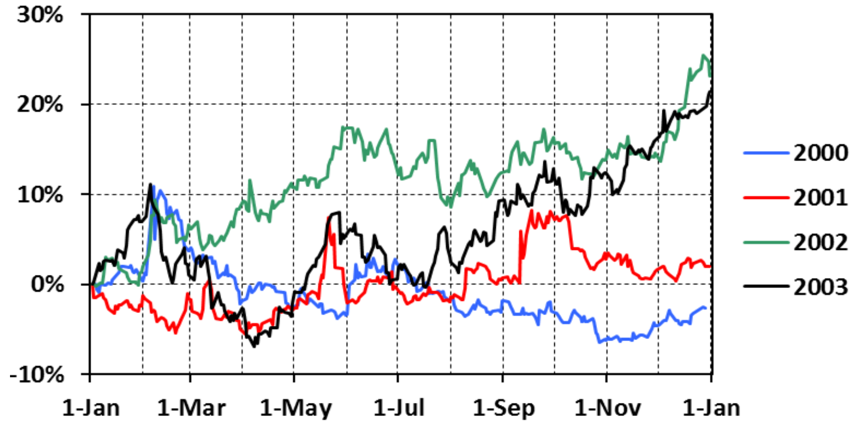
January 4, 2016

My recent work has focused on seasonality of the gold price (**Mercenary Musings: October 19; October 26; November 23**). Today, I present new research covering a 20-year time frame from 1996-2015 that includes a 12-year bull market for gold from 2001-2012 bracketed by bear markets in the late 1990s and mid-2010s.

In a series of normalized charts, I will show that regardless of overall year-over-year bull or bear market conditions, there are predictable intra-year trends in the gold price.

The first series of charts shows the percentage change in the daily gold price normalized to January 1 for each year from 1996 to 2015. Please note that all gold prices are London afternoon close:

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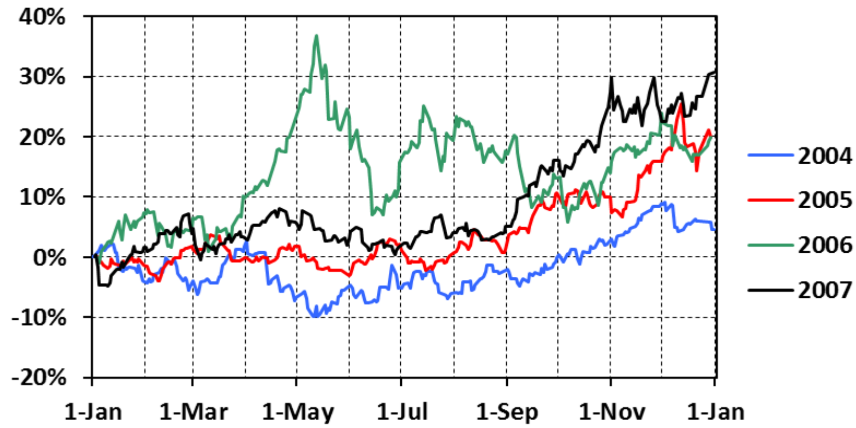
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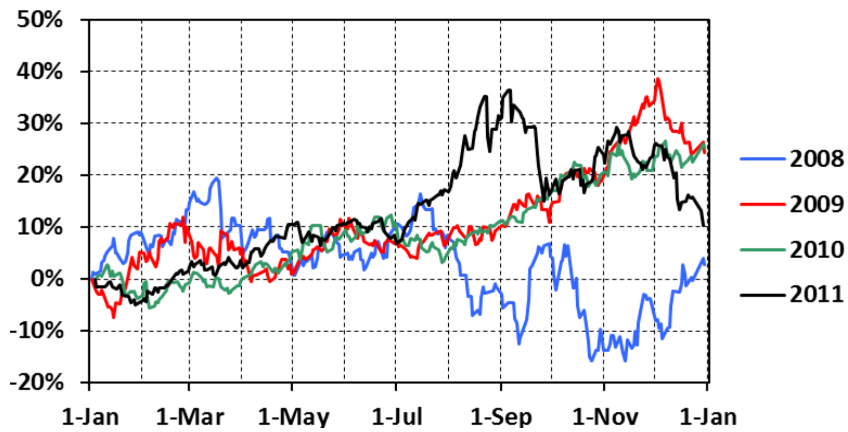
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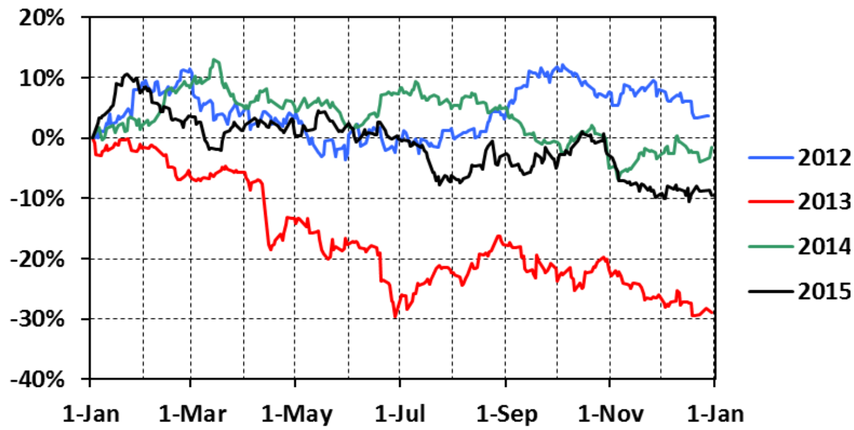
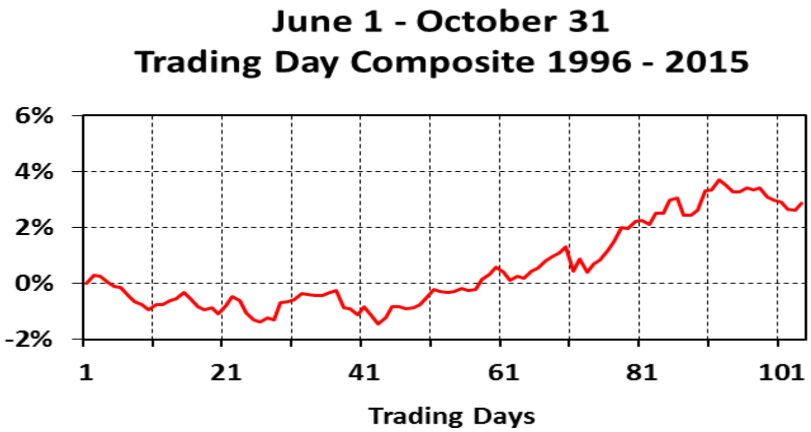


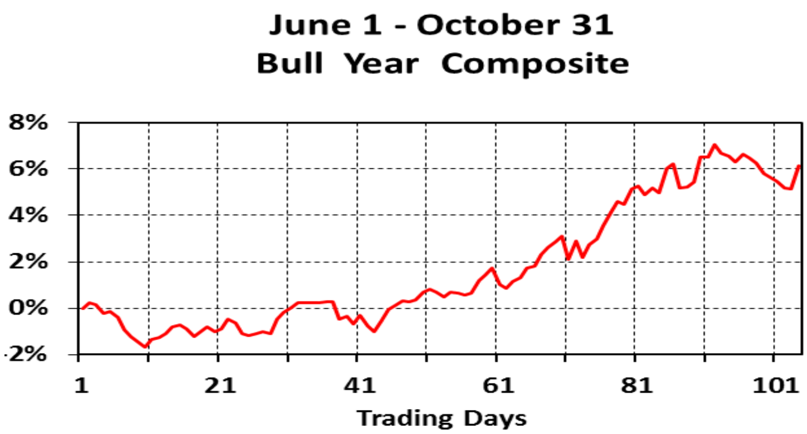
Based on data tabulated below, we define bull years for gold (**black**) as those in which the price closed the year higher than it opened and bear market years (**red**) as those in which the price closed the year lower than it opened. In 1998, gold closed the year 40 cents lower so the percentage change rounds off to zero:

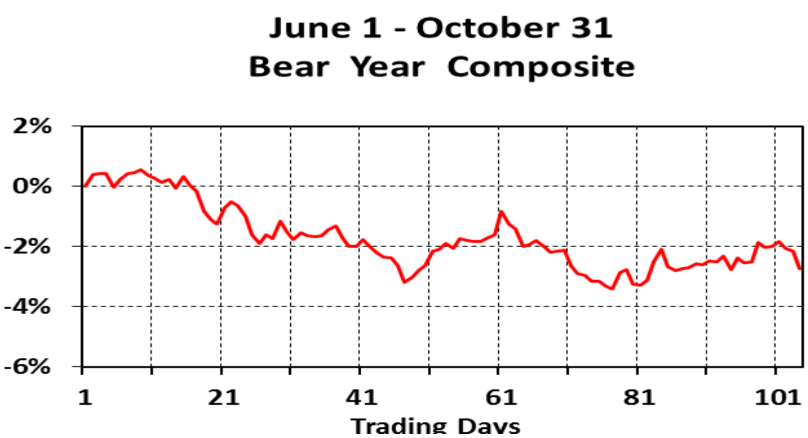
Gold $ / Oz

Year	Jan Open	Dec Close	% Change
1996	394	369	6.3
1997	359	290	19.2
1998	288	288	0.0
1999	287	291	1.4
2000	282	274	2.8
2001	271	277	2.2
2002	278	347	24.8
2003	344	416	19.1
2004	416	436	4.8
2005	428	513	19.9
2006	530	632	19.2
2007	640	834	30.1
2008	847	870	2.6
2009	875	1088	24.3
2010	1122	1406	25.3
2011	1389	1531	10.2
2012	1598	1658	3.8
2013	1694	1205	28.9
2014	1225	1206	1.6
2015	1172	1061	9.4

The following three charts present composite seasonal trends from June 1 to October 31 for the entire 20-year period, bear years (1996-1998; 2000; 2013-2015) and bull years (1999; 2001-2012):

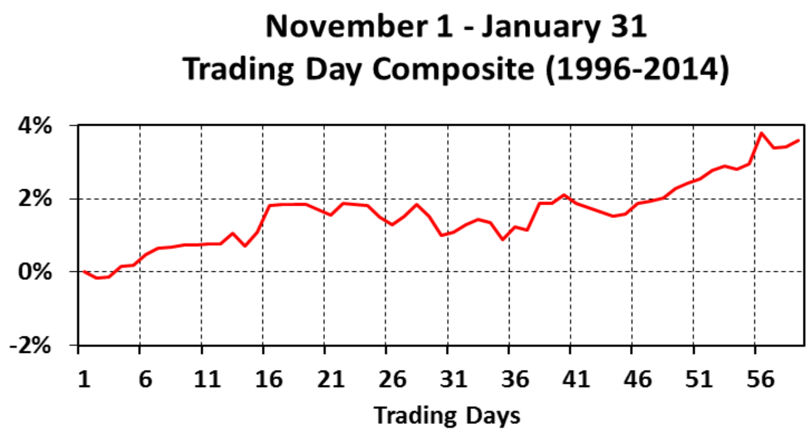


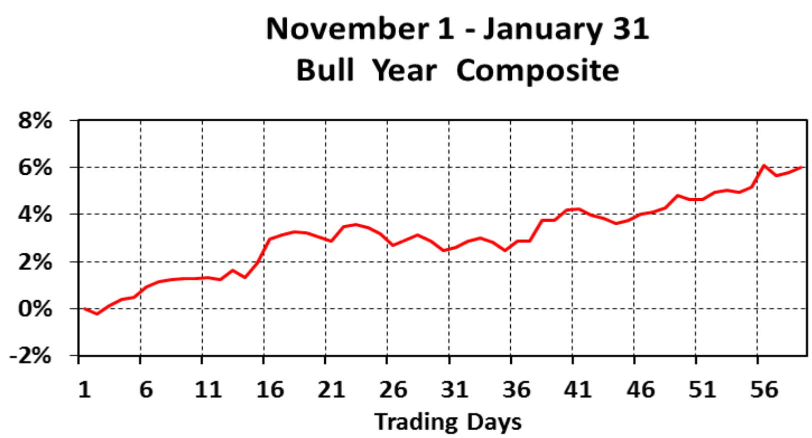


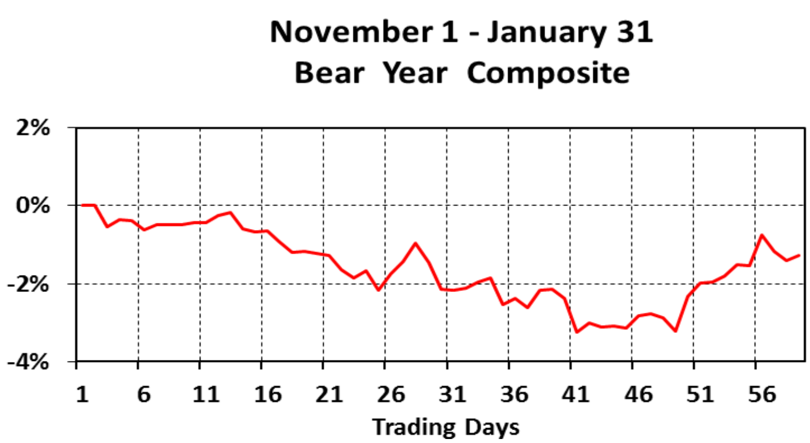


The 20-year composite chart expands upon the seasonal trend documented in a previous missive (**Mercenary Musing, October 26**): an early June 1 high followed by lows during the summer doldrums with a mid-August rally that continues through mid-October. Separating bear and bull cases shows some interesting divergence. In bull market years, the summer doldrums begin earlier and are less pronounced and gold goes on the uptick by early August. In bear markets, the August rally is short-lived to Labor Day and the October rise is choppy and of less magnitude.

Next up is the second seasonal period from November 1 to January 31 that we considered previously (**Mercenary Musing November 23**). Here are the composite 20-year, bull market, and bear market charts:







For the 20-year composite, the gold price trend is mostly up. Gold goes higher thru late November as physical demand peaks, trades flat thru the holidays, and rallies strongly for most of January.
If we examine bull and bear cases independently, the patterns are once again significantly different. In bull market years, the gold price mimics the overall trend but the amplitudes are much higher (note y-axis scale change).

In bear years, the gold price falls in November thru early January with a notable price spike in early December. The seasonal rally does not begin until end of the second week of the new year and though muted in amplitude, remains intact for the remainder of the month.

Let's review:

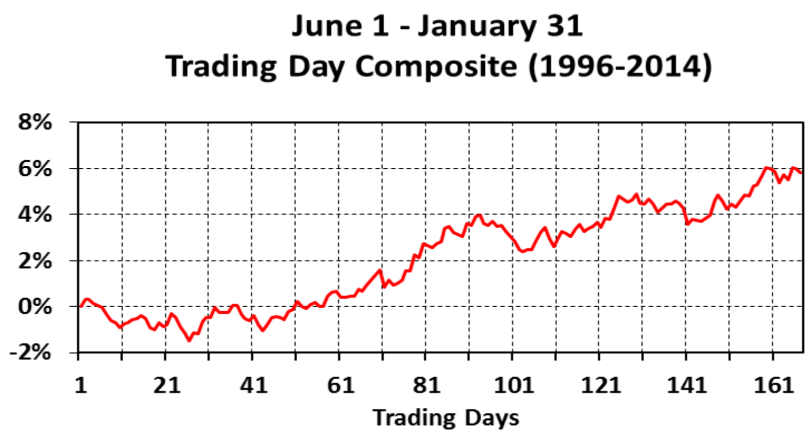
- Over a 20-year time frame, there is an intra-year seasonality of the gold price from June 1 to October 31 and November 1 to January 31.

- From June 1 to October 31, gold reaches a seasonal low during the summer doldrums and rallies after Labor Day and thru most of October.

- From November 1 to January 31, gold rises in bull and falls in bear markets during November and December, and rallies strongly in January in both cases.

- Although there are notable differences in timing and amplitude of rises or falls in the gold price during bull and bear market years, overall seasonal trends occur no matter the prevailing market conditions.

Here's a composite price chart that can be used to time buys and/or sells of gold:



In conclusion:

- Speculators and traders should buy paper gold and derivatives during the summer doldrums and sell in late January of the following year.

- Hoarders (like me) who accumulate gold as real money, a safe haven, and an insurance policy against financial calamity, should buy physical gold during the summer doldrums of any given year.

Ciao for now,

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Mercenary Geologist

Acknowledgment: Steve Sweeney is the research assistant for **MercenaryGeologist.com** and compiled the data and charts.

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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