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## Gold Sector: Update On the Update

The reason that this version is published so soon is that the low for the Sector expected in October is being set. We will do some work on how long the initial move will run. But maybe out to February.

The first chart updates the action in the GDXJ and we are anticipating a rise above the 20-Week:



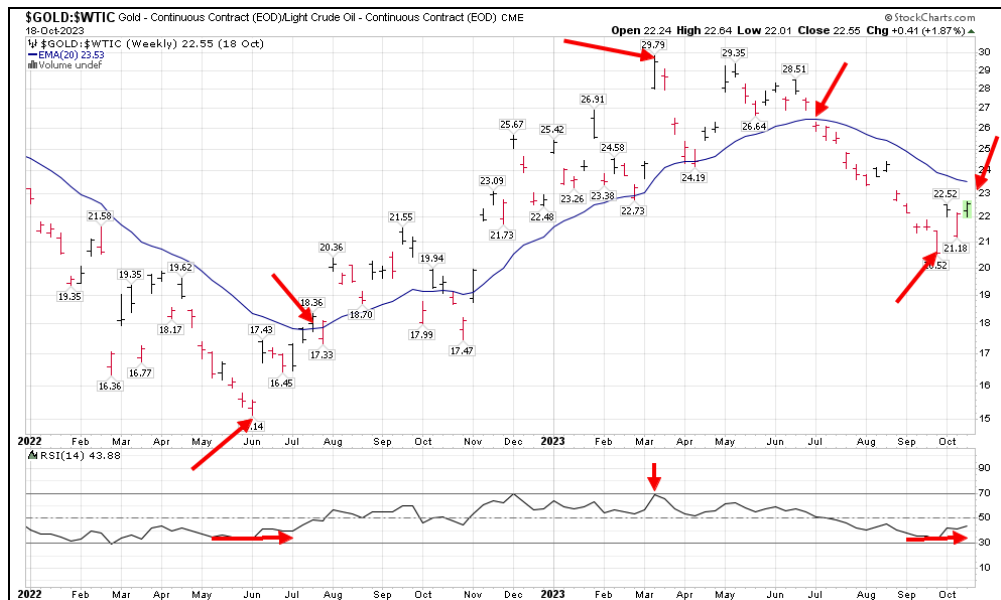
The second reviews the action in the TSE Venture, or the “Juniors”:



The next chart is Gold/CRB, which we take as a proxy for mining costs relative to the bullion price.



And the last chart is Gold/Crude that with energy costs amounting to some 60% of operations is important:



## **Wrap**

The main thing is that Gold Stocks declined into our target time window, becoming oversold. And the Sector is in the bottoming process.

This could setup an intermediate rally for the Sector within a multi-year bull market. That eventually could enjoy some discoveries which would include the “Juniors”. And there is the probability that some discoveries could inspire a global play.

In so many words, the Sector can generate positive returns during bleak economic conditions. Operating costs declining relative to the bullion price improves profitability that it turn will drive earnings. Such that positioning is not a speculation based upon the old mantra of “Dollar-Down-Gold-Up”. But is an investment in a stream of rising earnings.

A couple of quarters with the GDXJ outperforming the S&P could prompt equity fund managers into a strong sector.