

Gold & Silver Miners Outperforming The Underlying Metals In 2016

Gold & Silver Miner Index Total Returns vs.
Price Change of Gold & Silver

Year	Philadelphia Gold & Silver Index	Gold (Spot)	Silver (Spot)
2006	11.11%	23.15%	46.40%
2007	21.84%	30.94%	14.65%
2008	-28.54%	5.80%	-22.95%
2009	35.85%	24.37%	48.03%
2010	34.67%	29.57%	83.16%
2011	-20.28%	10.10%	-9.94%
2012	-8.33%	7.06%	9.02%
2013	-49.18%	-28.28%	-35.83%
2014	-18.27%	-1.44%	-19.31%
2015	-34.14%	-10.41%	-11.86%
2016 YTD	76.93%	15.65%	17.14%

Source: Bloomberg. Past performance is no guarantee of future results. 2016 YTD thru 5/24/16.

View from the Observation Deck

1. Today's blog post illustrates the wide disparities that often exist between the annual price performance of an ounce of gold bullion and silver and the equity returns posted by the mining companies.
2. From 2006 through 2015, the Philadelphia Stock Exchange Gold & Silver Index underperformed both of the underlying metals in six of the 10 years and four of the last five (2011, 2012, 2013 & 2015).
3. A bit of weakness in the U.S. dollar may have provided a boost to gold and silver prices so far in 2016, in our opinion.
4. Year-to-date through 5/24, the U.S. Dollar Index was down 3.10%. The index, however, was down 6.08% at the start of May (5/2). The U.S. dollar has been relatively strong since mid-2014.
5. The Motley Fool commented that mining stocks have enjoyed "an incredible run" this year due to the combination of rising commodity prices and shrinking operating costs.
6. Year-to-date through April, investors funneled an estimated \$9.01 billion (net) into Commodities Precious Metals mutual funds and exchange-traded funds, according to Morningstar.
7. Bloomberg's earnings and earnings estimates (in dollars) for the Philadelphia Stock Exchange Gold & Silver Index for 2015, 2016 Est. and 2017 Est. were -\$1.55, \$1.73 and \$3.01, respectively, as of 5/26/16.

The chart and performance data referenced are for illustrative purposes only and not indicative of any actual investment. The index performance data excludes the effects of taxes and brokerage commissions or other expenses incurred when investing. Investors cannot invest directly in an index. There can be no assurance that any of the projections cited will occur. The Philadelphia Stock Exchange Gold & Silver Index is a capitalization-weighted index comprised of the leading companies involved in the mining of gold and silver.