

A Snapshot of Gold, Silver And The Miners

Gold & Silver Miners Index Total Return vs. Price Change of Gold, Silver & U.S. Dollar

| Year | Philadelphia Gold & Silver Index | Gold (Spot) | Silver (Spot) | U.S. Dollar Index (DXY) |
|-------------|----------------------------------|-------------|---------------|-------------------------|
| 2007 | 21.84% | 30.94% | 14.65% | -8.31% |
| 2008 | -28.54% | 5.80% | -22.95% | 6.01% |
| 2009 | 35.85% | 24.37% | 48.03% | -4.24% |
| 2010 | 34.67% | 29.57% | 83.16% | 1.50% |
| 2011 | -20.28% | 10.10% | -9.94% | 1.46% |
| 2012 | -8.33% | 7.06% | 9.02% | -0.51% |
| 2013 | -49.18% | -28.28% | -35.83% | 0.33% |
| 2014 | -18.27% | -1.44% | -19.31% | 12.79% |
| 2015 | -34.14% | -10.41% | -11.86% | 9.26% |
| 2016 | 74.08% | 8.14% | 15.02% | 3.63% |
| 2017 | 8.13% | 13.53% | 6.34% | -9.87% |
| 2018 | -17.13% | -1.56% | -8.52% | 4.40% |
| 2019 | 51.32% | 18.31% | 15.21% | 0.22% |
| 2020 (11/9) | 38.05% | 22.29% | 32.66% | -3.70% |

Source: Bloomberg. **Past performance is no guarantee of future results.**

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, silver and the equity returns posted by the mining companies. This updates a prior post from 2/20/20.
2. Since precious metals tend to be priced in U.S. dollars, investors should also be aware of the relative strength of the U.S. dollar against other major global currencies, in our opinion. For this reason, we have included the U.S. Dollar Index (DXY) in the table.
3. Precious metals have historically been considered potential inflation hedges by investors. The Consumer Price Index (CPI) stood at 1.4% in September 2020 on a trailing 12-month basis, according to the Bureau of Labor Statistics. That is well below the CPI's average rate of 3.0% from 1926 through September 2020.
4. Gold, in particular, has been a traditional safe-haven destination for investors in reaction to such things as geopolitical conflicts or elevated levels of uncertainty, such as the COVID-19 pandemic.
5. As of 11/9/20, gold futures closed trading at \$1,854.40 per ounce, according to Bloomberg. The all-time closing high for gold is \$2,051.50 per ounce, set on 8/6/20. Prior to 2020, the peak in the price of gold was \$1,888.70 on 8/22/11.
6. From 2007 through 2019, the Philadelphia Stock Exchange Gold & Silver Index only posted a positive total return in six of the 13 years, but three of them occurred in the past four years and 2020 is on pace for another strong showing.
7. As of 11/9/20, Bloomberg's consensus earnings per share (in dollars) for 2018 and 2019 and estimated earnings per share for 2020 and 2021 for the Philadelphia Stock Exchange Gold & Silver Index were as follows: \$0.52 (2018), \$1.00 (2019), \$5.75 (2020 Est.) and \$10.46 (2021 Est.). The earnings outlook has improved notably since our last post on 2/20/20. Back then, the estimates for 2020 and 2021 were \$4.71 and \$5.64 per share, respectively.

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. The U.S. Dollar Index (DXY) indicates the general international value of the dollar relative to a basket of major world currencies.

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