

# Keep An Eye On 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%

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 and silver and the equity returns posted by the mining companies.
2. Since precious metals are 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 stood at 2.5% in January 2020 on a trailing 12-month basis, according to the Bureau of Labor Statistics. That is a modest level of inflation, in our opinion.
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. As of 2/20/20, gold futures were at their highest level since mid-February 2013, in part due to concerns over the potential spread of the coronavirus, according to MarketWatch.
5. 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.
6. As of 2/20/20, 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 are as follows: \$0.52 (2018), \$0.95 (2019), \$4.71 (2020 Est.) and \$5.64 (2021 Est.).

*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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