

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)
2021 (12/7)	-9.44%	-5.87%	-14.54%	7.15%
2020	36.04%	24.40%	46.88%	-6.69%
2019	51.32%	18.31%	15.21%	0.22%
2018	-17.13%	-1.56%	-8.52%	4.40%
2017	8.13%	13.53%	6.34%	-9.87%
2016	74.08%	8.14%	15.02%	3.63%
2015	-34.14%	-10.41%	-11.86%	9.26%
2014	-18.27%	-1.44%	-19.31%	12.79%
2013	-49.18%	-28.28%	-35.83%	0.33%
2012	-8.33%	7.06%	9.02%	-0.51%
2011	-20.28%	10.10%	-9.94%	1.46%
2010	34.67%	29.57%	83.16%	1.50%
2009	35.85%	24.37%	48.03%	-4.24%
2008	-28.54%	5.80%	-22.95%	6.01%
2007	21.84%	30.94%	14.65%	-8.31%

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.
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, but not so far in 2021, due largely to the strong U.S. dollar, in our opinion (see table).
4. The Consumer Price Index (CPI) stood at 6.2% in October 2021 on a trailing 12-month basis, up from 1.4% at the close of 2020, according to the Bureau of Labor Statistics. From 1926 through October 2021, the CPI rate averaged 3.0%. The CPI rate for November 2021 will be released tomorrow (12/10).
5. Inflation is a growing concern. The number of S&P 500 Index companies mentioning inflation on their Q3'21 earnings call hit a 10-year high, according to data from FactSet. As of 11/12/21, 285 of the 461 companies that had reported their results cited concerns over rising inflation, well above the five-year average of 137 companies.
6. As of 12/7/21, the spot price of gold closed trading at \$1,783.19 per ounce, according to Bloomberg. The all-time closing high for the spot price is \$2,060.59 per ounce, set on 8/6/20.
7. From 2007 through 2020, the Philadelphia Stock Exchange Gold & Silver Index only posted a positive total return in seven of the 14 calendar years, but four of them occurred from 2016 through 2020.
8. As of 12/8/21, Bloomberg's earnings per share figures (in dollars) for 2019 and 2020 (actual earnings) and consensus estimated earnings per share for 2021, 2022 and 2023 for the Philadelphia Stock Exchange Gold & Silver Index were as follows: \$1.00 (2019); \$4.62 (2020); \$6.73 (2021 Est.); \$8.35 (2022 Est.); and \$8.55 (2023 Est.).
9. The Federal Reserve's ("Fed") original take on inflation was that it would ease moving forward as the supply chain bottlenecks abated. They have not abated and it has not eased. The Fed's buzzword for this type of inflation spike was "transitory." We say "was" because Fed Chairman Jerome Powell announced in November that the Fed would no longer be using the word transitory. It has acknowledged that the risk of persistent inflation is rising.

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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