



## Will Gold and Silver Equities Rise as Volatility Returns?

### Description

The spot price of gold and silver fell over 1% on March 28, as revised Q4 GDP numbers in the U.S. pushed up growth to 2.9%.

The S&P/TSX Index extended its losing streak with a 46-point drop on March 28. Indexes in the United States experienced a volatile trading day that ended with the Dow Jones Industrial Average up triple digits but with the S&P 500 and NASDAQ finishing in the red. Ahead of the Easter weekend, investors will be looking ahead to a [busy April](#).

The eighth round of NAFTA negotiations are set to get underway in Washington, as the U.S. is applying pressure for a deal ahead of the fall midterms. The Bank of Canada will also hold its interest rate decision in the middle of the month. China and the U.S. are also in the midst of negotiations to avoid an [all-out trade war](#).

What does this mean for precious metals?

**Goldman Sachs Group Inc.** commodity analysts recently released a note that projected gold to “outperform” in the aftermath of the most recent rate hike from the U.S. Federal Reserve. “Our commodities team believes that the dislocation between the gold prices and U.S. rates is here to stay,” the analysts said in a note published on March 26. The yellow metal has climbed 86% on average between interest rate hikes. This contradicts conventional wisdom, which is typically bearish on gold in the midst of rate tightening.

**Toronto-Dominion Bank** Securities was also fairly bullish on gold in its Commodities Weekly Report released on March 26. TD Bank cited concerns over trade tensions as well as the lower U.S. dollar and yields as positive signals for gold heading into April. As usual, geopolitical tensions were also pointed to as a possible boon for gold going forward. In an unprecedented move, President Donald Trump is set to meet with North Korean leader Kim Jong-un in the coming months in an attempt to come to a resolution on the Korean Peninsula.

**Yamana Gold Inc.** ([TSX:YRI](#))([NYSE:AUY](#)) dropped 2.51% on March 28. Shares have declined 8.6% in 2018 thus far. In 2017, Yamana Gold exceeded guidance for its production of gold, silver, and

copper.

**Silvercorp Metals Inc.** ([TSX:SVM](#))(NYSE:SVM) stock fell 2.59% on March 28. Silvercorp stock has increased 5.8% so far in 2018. In the fiscal 2018 third quarter, Silvercorp reported silver-lead concentrate inventories that valued at about \$16 million, which represented a 39% increase compared to the same period last year.

**Goldcorp Inc.** (TSX:G)(NYSE:GG) stock declined 1.35% on March 28. Shares have climbed 10.5% in 2018. In its fiscal 2017 year, Goldcorp posted net earnings of \$242 million, or \$0.28 per share, compared to \$101 million, or \$0.12 per share, in the prior year.

Gold and silver equities remain at relatively low prices as we look ahead to April. Continued U.S. dollar weakness and investor anxiety prompted by falling stocks and trade tensions could see precious metals rally in the spring.

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1. Investing
2. Metals and Mining Stocks

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1. Editor's Choice

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2. TSX:SVM (Silvercorp Metals Inc.)
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