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## Gold & Silver Shine; Goldcorp 'Less Risky' Than Barrick Or Newmont?

By **MURRAY COLEMAN**

Investors are decidedly taking a "risk off" approach to open a new week as concern intensifies over European sovereign debt and political wrangling continues about U.S. budget debt woes. That's pushing gold and silver prices up even more. Last week, gold futures [settled at a record](#) nominal \$1,590.10 an ounce. Today, the most actively traded August gold contract on the Comex is up \$9.90 to \$1,600 an ounce.

Silver for September delivery is ahead by \$1.27 to \$40.35 an ounce. The **SPDR Gold Trust (GLD)**, which physically stores bullion for investors and tracks spot prices, is up 0.8% at \$156.38 a share. Funds that focus on miners are doing even better: the **Market Vectors Gold Miners ETF (GDX)** is ahead by 1.8%.

Silver is outperforming again this morning. The **iShares Silver Trust (SLV)** has gained 3.6% and the **Global X Silver Miners (SIL)** is up 2.3%.

Perhaps putting a crimp on today's gains, however, is a rising U.S. Dollar Index. The benchmark tracks the greenback against a basket of major currencies and was up 0.8% most recently.

"Over the longer-term, a higher dollar tends to weaken the appeal for precious metals," said **Thomas Winmill**, manager of the **Midas Fund (MIDSX)**, in an interview. "But that inverse relationship is breaking down."

That's due to "the short-term fear factor," he believes. "People are going for safety at the moment, both in currencies and gold," Winmill said.

Periods in which the inverse relationship between gold and the U.S. dollar breaks down, he adds, are typically short-term in nature — although they can last for several months at a time.

The Midas portfolio is a leveraged mining stock mutual fund. Currently, the portfolio's 100% long. Its top name is **Goldcorp (GG)**. "It's one of the fastest-growing senior mining companies. But its secret sauce is low political risk," said Winmill. "We believe it's less-risky than many other miners."

Most of GG's holdings are in the U.S. and Canada. By comparison, **Newmont Mining (NEM)** has a significant amount in Asia, notes Winmill. "That has to be a real concern since several players in the industry have already experienced issues with national governments trying to force foreign companies to divest their assets or impose heavy tax burdens without notice," he said.

**Barrick (ABX)** has exposure to Africa and Pakistan as well as "unfavorable" regimes in South America, Winmill adds. "Although very well managed, Barrick has political risks that investors need to keep in mind," he said.

Goldcorp has plenty of cash, is well-managed and looks to be the strongest in the group, Winmill says.