

Is the 50-year Gold Mining Bear Market Coming to an End?

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Theme: [Global Economy](#)

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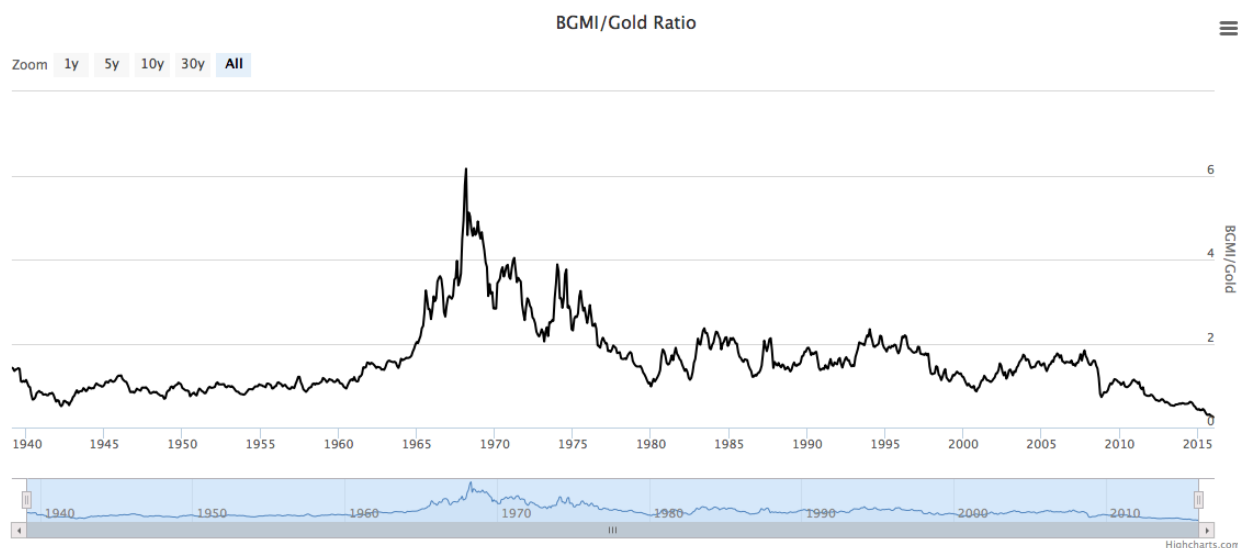
Gold stocks is in a 50-year bear market when measured in gold. This (very) roughly means that on average, it has been more economical to buy gold rather than to mine it.

Interestingly, South African gold mining production peaked two years after, in 1970, as if to confirm that mining was getting rather uneconomical.

There are a peculiar set of reasons why gold mining was so uneconomical, and this I address in my other publications.

Below, is a long-term chart of the Barrons Gold Mining Index (BGMI) to Gold Ratio (chart from [longtermtrends.net](#)) which shows this bear market:

BGMI to Gold Ratio



After the peak in 1968, the ratio just kept on falling. Interestingly, during the 70s as well as from 2001 to 2011, gold had a great bull market, yet the gold stocks were under performing gold.

Will this bear market ever turn? Yes it will. When will it turn? When the conditions that causes it turns.

Some of these conditions have already turned, or are in the process of doing so. One is the [oil price](#), a major factor in gold mining margins, peaked in 2008, and appears to be close to

a massive decline.

From a technical point of view, there are signs that indicate the turn is happening. Below, is a comparison of gold's correction from 1980 to 2001 (bottom chart) and the BGMI/Gold Ratio (top chart):



Both corrections appear to have the typical 5-move corrections (from top to bottom). It appears that the BGMI Index/Gold Ratio is at the end or very close to the end of its correction.

For more on this and this kind of fractal analysis, you are welcome to subscribe to the author's [premium service](#). I have also recently completed a [Silver Fractal Analysis Report](#) as well as a [Gold Mining Fractal Analysis Report](#).

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