



Three winners singled out from extended gold rush - DATA ROOM

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Body

The fundamentals are in place for further gold price gains this year, according to pundits, with family office The Victor Smorgon Group particularly bullish on three Australian producers.

And their tips were well timed, with one of their favourites, **Ramelius Resources**, talking up its acquisition credentials at the Ord Minnett Small and Mid Cap Mining Conference on Tuesday, as its market value nudged past \$2bn.

The Victor Smorgon Group's gold portfolio manager, Cameron Judd, tapped **Ramelius**, Northern Star **Resources** and Red 5 as his top picks in the Australian gold sector, saying that despite the strength in the gold price, the tailwinds were still lined up nicely.

Mr Judd said there was strong potential demand that could be realised "if central banks show conclusive evidence that they will ease monetary tightening, which could also prompt more retail investors to buy gold ETFs".

"Historically, there is a strong correlation between the gold price and physically backed gold ETF demand, which represents mostly Western investor appetite for physical gold," Mr Judd said.

"However, the relationship disconnected at the start of 2023, with gold ETF demand declining 12 per cent while the gold price gained 18 per cent. So, gold is very much a contrarian investment in the current market." Mr Judd said asset allocation to gold was currently running at less than half its historical long-term average.

"This shows there is significant gold demand potential which could manifest into real demand should the sentiment of Western investors towards gold turn positive," Mr Judd said.

"In our view, this is likely to occur when there is more conviction that central banks will ease monetary policy." Citi has also reiterated its short and midterm gold price forecasts to \$US2200 an ounce and \$US2300 an ounce respectively, against \$US2165 an ounce currently.

"We would favour owning gold - both outright and against silver - heading into a sluggish GDP and rate cut environment," Citi said in a note to clients.

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"Gold prices should also be supported by US dollar weakness on the eventual Fed pivot and strong physical demand." **Ramelius** on Tuesday said it was "well-placed to execute quickly on transactions" should they present themselves, "utilising reliable due diligence methodology with a match-fit team".

It pointed to seven assets it has bought and integrated over the past six years as proof of this. Red 5 is the largest holding in The Victor Smorgon Partners **Resources** Gold Fund, and Mr Judd said its recent merger with Silverlake **Resources** and entry into the ASX 200 was likely to underpin a rerating in the stock.

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