

Gold increased in price due to geopolitical instability and expectations of rate reduction by the Fed

Aliya Assilbekova — June 21, 2019

As of today, gold rose in price by 5% for the last week, reaching the level of 1 406.88 USD/ounce, which is the highest price since 2012. Various factors have served to increase the value of the precious metal: trade tensions between the United States and China, strengthening expectations of rate reduction by US Federal Reserve and the presence of geopolitical instability connected with the events in the Middle East and in Hong Kong.

Our opinion:

The rise in prices for the precious metal has a positive effect on the share prices of gold mining companies. Shares of Polymetal and Centerra Gold showed steady growth of 3.4% and 6.7% over the past seven days, respectively. In our opinion, Polymetal and Centerra Gold shares retain further potential for growth due to the positive upward trend in gold prices in the long term. We retain our recommendation to **Buy** shares of Polymetal and Centerra Gold with **12M TP 940 GBp/share** and **9.35 CAD/share**.

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