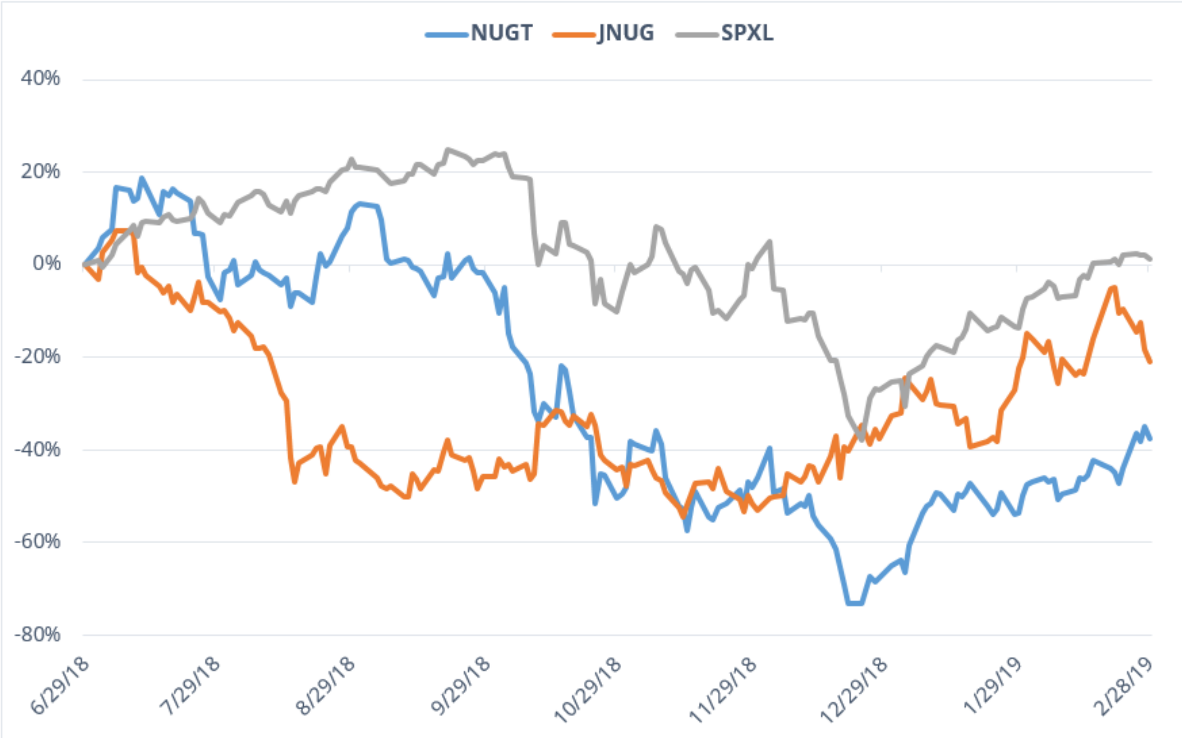
Gold and Gold Miners and Mergers. Oh My.

In one of its biggest six-month moves since 2016, the price of gold has rebounded about 10 percent from a 52-week low it set back in August 2018. But the precious metal once again found itself hitting resistance in the $1350-$1360 per ounce range. It's now been about five and a half years since gold topped out at $1,400.

Source: Blomberg. Data from 12/31/2007 – 2/28/2019. The performance data quoted represents past performance. Past performance does not guarantee future results.

Heading into 2019, gold had the benefit of a dismal equities market and a general uncertainty surrounding the resilience of the global economy to push it higher. However, stocks have rebounded and hope for a cure-all resolution to the U.S.-China trade tension has kept fears of a global recession looming in the background.

Regardless of the conditions that helped it hit new recent highs, demand for gold is back. Miners and junior miners, natural leveraged plays on the metal, have gained the most from the situation. Equities in the space have been red hot since late 2018. Despite a recent slide, the Direxion Daily Gold Miners Index Bull 3X Shares ETF (**NUGT**) and Direxion Daily Junior Gold Miners Index Bull 3X Shares ETF (**JNUG**) experienced dramatic rallies from December through February.



Source: Bloomberg. Data from 6/29/18 – 2/28/2019. The performance data quoted represents past performance. Past performance does not guarantee future results. The investment return and principal value of an investment will fluctuate. An investor's shares, when redeemed, may be worth more or less than their original cost; current performance may be lower or higher than the performance quoted. For standardized performance and the most recent month-end performance, click here.

Economic uncertainty can be a catalyst for gold, and both the yellow metal and its related miners stocks surged midway through February on further positive headlines regarding the trade negotiations between the U.S. and China. Although the price has since consolidated, activity among the miners poses a real possibility for future price action in the industry.

This is all happening against a backdrop of consolidation in the industry, with the latest being the potential acquisition of **Newmont Mining Corp**. from rival **Barrick Gold Corp**. Both miners have made major acquisitions in recent months, with Barrick acquiring Randgold for $6 billion and Newmont responding with a $10 billion acquisition of Goldcorp. Though Newmont rejected Barrick's advances at an 8 percent discount, this saga, and the related trading opportunities, are hardly over.

These acquisitions could be a big opportunity for junior miners like **Northern Star Resources Ltd**. Evolution Mining Ltd.

On the other hand, if the deal falls through for good, both Barrick and Newmont are facing the same old problems of debt-laden balance sheets and stagnating global supply. At the same time, though it has slid marginally in recent months, the U.S. dollar remains a strong safety investment. As far as other precious metals are concerned, gold is still competing with the ultra in-demand palladium, up 23 percent YTD, and even platinum, up 8.6 percent YTD, as the best near term growth investment.

At the very least, the consolidation among gold miners has given equity traders something to look forward to. You would think, given the uncertain geopolitical picture, that gold will remain a viable option for investors seeking safety. But until it can breach that massive technical resistance, we shouldn't expect too much from the yellow metal.

Related Leveraged ETFs

- Direxion Daily Gold Miners Index Bull 3X Shares (**NUGT**)
- Direxion Daily Junior Gold Miners Index Bull 3X Shares (**JNUG**)
- Direxion Daily S&P 500 Bull 3X Shares (**SPXL**)

This leveraged ETF seeks investment results that are 300% of the return of its benchmark index for a single day. The ETF should not be expected to provide returns which are three times the return of its benchmark's cumulative return for periods greater than a day. Investing in a Direxion Shares ETF may be more volatile than investing in broadly diversified funds. The use of leverage by an ETF increases the risk to the ETF. The Direxion Shares ETFs are not suitable for all investors and should be utilized only by sophisticated investors who understand leverage risk, consequences of seeking daily leveraged investment results and intend to actively monitor and manage their investment.

Direxion Shares Risks – An investment in each Fund involves risk, including the possible loss of principal. Each Fund is non-diversified and includes risks associated with the Funds' concentrating their investments in a particular industry, sector, or geographic region which can result in increased volatility. The use of derivatives such as futures contracts and swaps are subject to market risks that may cause their price to fluctuate over time. Each Fund does not attempt to, and should not be expected to, provide returns which are three times the return of their underlying index for periods other than a single day.

NUGT Risks –Risks of the Fund include Effects of Compounding and Market Volatility Risk, Leverage Risk, Counterparty Risk, Intra-Day Investment Risk, Valuation Time Risk, risks specific to investment in securities in the Gold Mining Industry, such as Emerging Markets Risk, Gold and Silver Mining Company Risk, Mining and

Metal Industry Risk, and Canadian Securities Risk, Daily Index Correlation/Tracking Risk and Other Investment Companies (including ETFs) Risk. Please see the summary and full prospectuses for a more complete description of these and other risks of the Fund.

JNUG Risks –Risks of the Fund include Effects of Compounding and Market Volatility Risk, Leverage Risk, Counterparty Risk, Intra-Day Investment Risk, risks specific to investment in the securities of the Gold Mining Industry, such as Emerging Markets Risk, Australian and Canadian Securities Risk, Gold and Silver Mining Company Risk, and Mining and Metal Industry Risk, Daily Index Correlation/Tracking Risk and Other Investment Companies (including ETFs) Risk. Please see the summary and full prospectuses for a more complete description of these and other risks of the Fund.

SPXL Risks –Risks of the Fund include Effects of Compounding and Market Volatility Risk, Leverage Risk, Counterparty Risk, Intra-Day Investment Risk, risks specific to the securities that comprise the S&P 500® Index, Daily Index Correlation/Tracking Risk and Other Investment Companies (including ETFs) Risk. Please see the summary and full prospectuses for a more complete description of these and other risks of the Fund.