



## **Dillon Gage Metals Highlights Relationship of Gold and Oil Two Highly Volatile Commodities Tend to Trend Together**

ADDISON, TX (October 29, 2015) – [Dillon Gage Metals](#), an international precious metals wholesaler, is taking a closer look at the tandem relationship between gold and oil. As it turns out, their relationship over the last 30 years has produced a long-term link in prices with regard to inflation.

“One way that investors like to track gold's relationship with crude is through the gold-oil ratio, indicating how many barrels of oil an ounce of gold will buy,” says Terry Hanlon, president of Dillon Gage Metals. “The ratio is found by dividing the price of gold by oil's price. Historically-high ratios have occurred when gold was expensive relative to crude. Lower values were seen when gold was cheap compared with oil. The ratio is above its long-term average now, partly because oil is so weak.”

Since 1985, the gold-oil ratio has meandered between 7 and 36. In early October, it hovered around 23, versus its long-term average of slightly above 15.5. West Texas Intermediate crude prices sank to a six-and-a-half-year low of \$38.22 a barrel in late August, but have risen a bit since. Gold dropped to a six-year low of \$1,080 an ounce in July.

According to Dr. Jeffrey R. Hart of the University of Iowa's Tippie College of Business, the relationship between gold and oil prices over the past 30 years make for some interesting findings. A regression analysis of gold versus oil going back to 1986 showed that for every one dollar move in oil prices, gold moved (on average) \$11.76.

While it's true that gold and oil both respond accordingly to macroeconomic factors including the dollar, other currencies and interest rates, their short-run valuations are typically independent of one another. Gold often reacts more strongly to geo-political and financial tensions than crude, while oil is heavily influenced by its own supply and demand factors.

Despite crucial economic slowdowns outside the U.S. lately, the International Energy Agency states that oil consumption could approach a five-year high by the end of 2015. Meanwhile, a rally in the gold market could follow, keeping up a long-term trend of tandem value between the two critical commodities inexorably linked together.

For more information, please visit [www.dillongage.com](http://www.dillongage.com) or call (800) 375-4653.

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### **About Dillon Gage Metals**

Dillon Gage Inc. of Dallas ([DillonGage.com](http://DillonGage.com)), founded in 1976, companies include:

- Dillon Gage Metals ([www.DillonGage.com/Metals](http://www.DillonGage.com/Metals)), one of the world's largest precious metals wholesale trading firms. The firm is an authorized purchaser for all major world mints and maintains inventory in over 20 countries around the world. 800-375-4653
- FizTrade Online Trading ([www.FizTrade.com](http://www.FizTrade.com)) offers real-time bid/ask trading platform for gold, silver, platinum and palladium. 800-375-4653

- Digital Metals ([www.DigitalMetals.com](http://www.DigitalMetals.com)) delivers advanced tools and technologies that enable market participants to be more successful in their businesses. Digital Metals offers cloud-based solutions for the physical precious metals marketplace built upon the Digital Metals Platform. 866-494-3577
- Dillon Gage Refining ([www.dillongage.com/refining/why-dg](http://www.dillongage.com/refining/why-dg)), professional assayers and refiners of precious metal scrap, from low grade to karat scrap. Stone removal services and diamond experts on staff. 888-436-3489
- International Depository Services Group with locations in Delaware, USA ([www.ids-delaware.com](http://www.ids-delaware.com); 888-322-2431), and Ontario, Canada ([www.idsofcanada.com](http://www.idsofcanada.com); 855-362-2431), offers secure, efficient and insured precious metals and certified coin depositories that focus of custom business logistics solutions which include storage, fulfillment, inventory managements and many other value added services.

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