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COMMODITIES

The Miners' Lag

Gold-mining equities are underperforming spot gold this cycle · that gap is the more useful signal

By Diego Molina · Mediavertical

Gold-mining-equity ETFs are down roughly 13.7% year-to-date as of mid-August 2026, even as spot gold has given up only a modest amount from its January highs and continues to hold above $4,400 an ounce. Because miners' operating leverage historically causes them to overshoot gold's moves in both directions, where that gap currently sits is a cleaner read on whether the gold trade still has room to run than the spot price alone.

The 2026 gap is wide by historical standards

The VanEck Gold Miners ETF (GDX) was down 13.67% year-to-date as of August 14, 2026, despite gold itself holding well above $4,400 an ounce and only modestly below the record $5,542 peak it set in January. Miners have pulled back far harder off the highs than the metal they mine · a divergence that stands out against the ETF's own trailing one-year return, which remains sharply positive on the back of last year's rally.

Operating leverage is why this gap should not persist indefinitely

Miners carry largely fixed costs · labor, energy, processing · so a given move in the gold price flows disproportionately into (or out of) margin rather than passing through one-for-one. That mechanism is what historically lets miners amplify gold's gains in a rally; the same mechanism means it can amplify losses in a pullback. It cuts both ways, and the current drawdown is the leverage running in the direction investors like less.

Read the lag as a positioning signal, not a verdict on gold

If miners have priced in more downside than gold itself has actually delivered, that gap should close one of two ways: gold falls further to catch down to what mining equities are already pricing, or miners re-rate upward once the market's conviction in gold's path stabilizes. Which direction it resolves is the more tradeable signal · more informative than either asset's price level taken alone.

What this means for allocators

Treat the spread between miner equities and bullion as a sentiment gauge on conviction in the gold trade, not as noise to be arbitraged away. Sizing exposure through miners rather than physical gold or bullion-backed ETFs is a leveraged bet on that gap closing upward ·

appropriate for conviction capital willing to underwrite equity-specific risk, not a substitute for the reserve-diversification exposure institutions typically want from gold itself.

When gold-mining equities have priced in a sharper pullback than the metal they mine, is that a warning that gold has further to fall · or a mispriced entry point in the vehicle with the most leverage to a stabilization?