

Shanghai, Nikkei, Dow Jones, Precious Metals Explosions in 2009



December 7, 2008

GOLD & SILVER

While catching the countertrend rallies, I forecast that gold would break \$700, and it eventually did. Before going long again, I wanted to see if the metal would perhaps close under that price, and I felt no rush to buy due to the ongoing and irrational inclusion of gold as part of the global asset sell-off.

However, I didn't like being un-invested altogether, hence the 200% silver position. Now, though, I look to perhaps get in at a higher low, which appears to be an opportunity that could be shaping up, or I certainly hope so.

Note the 200-week (3-year) moving average, which can be seen on the 10-year weekly gold chart on the next page. The proximity to it to which gold fell suggests the completion or near-completion of this cyclical correction in this ongoing and ever-accelerating secular bull market.

The weekly chart is followed by the 2-year daily gold chart, which illustrates how we might finally even get that close below \$700. This would present a glorious cyclical opportunity to invest in this one true currency.



Sources who have always been faithful to me share that 70% of the world's silver production is coming off line, due the collapse in prices of those metals, the production of which generates said silver supply. Since much of the decline in silver stems from the funds who had to raise cash, the reversal of fund flows into financial assets will drive silver dramatically higher, aided by the collapse in supply.

Note the following 10-year weekly silver chart. Therein, all the potential for next year alone is quite evident.



We are 200% long silver at average prices of about \$9.21.

See 2-year daily chart which follows on page 12. There, we see the value of our recent timing.

Please scroll down.



ASSET ALLOCATION

There is no change from the November 9, 2008 monthly report.

Sid Klein

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