

The Sid Klein Comment

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Strategic Update



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Gold: 651.00 (June 28) 575.30
Silver: 11.56 (June 28) 10.26

Very quickly, gold has made very near term breakouts, implying that those who did not expand their long positions when the June 28 report was published, should buy these breaks, rather than wait for the minor pullbacks contemplated a couple of days ago in the previous report.

We were 50% long gold stocks via the leveraged "sitters stocks", before the recent sharp correction in the metals. As well, gold itself was 50% of our total bond equivalent portfolio (or 40% gold + 10% silver). As often noted, when intermediate term market calls are made, only the trading portion of the core position should be traded. As for the gold stocks (the "sitters"), the most leveraged (Donald Dross' picks) were the first to break out this week.

When gold's low was identified, I forecast a massive A-B-C rally, implying that gold would rally all the way to back to approximate highs, before collapsing back to recent lows around \$550. For the very near term, for those who didn't enter earlier, this week's breakouts may be tradable, as our stocks are worthwhile for the longer term, in any event.

Sid Klein

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