

# Precious Metals Lows



September 26, 2011

## **GOLD**

The monthly report looked for a final move in gold's bullish pattern toward \$2,000, before correcting to about \$1,750. It seems that when I look for a "final move", it tends to be a pattern that is already complete. (That makes sense, actually.)

In any event, and unfortunately (especially with regards to silver) (see silver section), I did not remind that **traders** should always cut positions in half, when merely expecting a final move (I have often made this strategic point in the past).

I did not, probably because gold is NOT a trading position on our books, as one can see in the asset allocation section at the bottom of this letter.

## **September 5, 2011**

**"While it is difficult to estimate from this vantage point, I suspect that the ensuing support zone after the assault on 2000 would be around \$1,750. So, the talking heads and managers will never see the correction levels that they had forecasted."**

Therefore, I did not emphasize that a break of the \$1,750 area would suggest selling any *TRADING positions*. Now, technical indicators have bottomed, suggesting a near term rally in gold that will be followed by technically unconfirmed and minor new lows.

## SILVER

Silver's technical indicators have also bottomed, and any new lows will be truly minor after a near term rally.

Also not spelled out in the September 5, 2011 missive was the fact that silver became a short-to-intermediate term sell, once gold (see previous section) would cleanly break the August 10, 2011 peak at \$1,750 (or, at worst, \$36.00 for silver).

While implied, the comments above were not spelled out. Now, however, I can add to the conclusions above regarding the lows made earlier this morning, which I believe will not be broken today or in the near term (next 2 weeks?), that time cycles are bottoming today-Wednesday. Time cycle lows strongly reinforce other indicators!

On a final note, the talking heads are unanimously agreed that silver is the outperformer going forward versus gold. **I am just as convinced of the exact opposite.**

## ASSET ALLOCATION

The breakdown remains:

50% gold  
25% Swiss Franc  
25% US Dollar

Sid Klein

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