

The Gold and Silver Bull Market: Prices heading higher despite “bumps on the road”

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In the case for gold and silver, it has been go long and stay long for 11 years. During that period great gains have been made during what was the formidable first phase of the gold and silver bull market. Gold was \$260.00 and silver was \$3.50. Some stocks rose from \$4.00 to \$86.00, some from \$0.80 to \$42.00. This performance in spite of gold and silver suppression by the US government. In their desire to keep gold and silver subdued all the government really accomplished was to offer an opportunity for buyers to buy at lower prices than they normally would have been able too. In that process buyers have been able to stay ahead of inflation and many have made large profits.

We have convinced almost all not to try to trade these markets, because they have not been professionally trained to do so. That concept has worked quite well and will continue to do so. The problem with novice trading is that if you get out you may never get back in. You must outsmart the market ignoring the gyrations and stick to the long-term objective. This bull market in gold and silver, now almost 11-1/2 years old will probably last another 5 to 10 years even if the system collapses. In the end our formula has worked well and avoided commission costs, something we are acutely aware of having been in the brokerage business for almost 30 years.

Each phase of the bull market is somewhat different. It wasn't all that long ago that we predicted swings in gold prices of \$20 to \$30 to \$100 a day in gold, than \$0.50 to \$2.00 in silver swings that we have just experienced. Next it will be \$100 to \$200 to \$400 swings daily. Long-term investors may not like volatility, but traders sure do, and that draws more players into the game. A good example is the past few weeks where we saw \$200 swings in gold and \$5.00 swings in silver. The gold and silver shares, having languished for three years have started to come to life.

They have been victims of shorting and naked shorting by the PPT and hedge funds, which appears to be lessening. We also see more institutions as buyers of these issues. Brokerage firms have advised their brokers to use the ETFs, GLD and SLV, as vehicles to play the gold market, when they do not have the physical gold and silver they say they have. They are an accident waiting to happen. The unexpected downdraft mining shares experience three years ago was caused by institutional de-leveraging of positions that were 100 to 300 to one. Even banks got up to 70 to one. That has changed with leverage at 10 to 30 to one and almost all of these participants are either out of the sector or short. The scenario today is totally different and explosive.

The bumps in the road have changed. They are more numerous and larger. None ever said this was going to be smooth and easy. Before it is over your senses will be jarred and it will

take all your intestinal fortitude to hold on. The detractors will be many and, of course, the major media will be your constant enemy. The major media is totally controlled by the elitists from behind the scene to feed you disinformation and propaganda.

Gold and silver prices are headed considerably higher as we have said they would be for the past 11 years. The world financial system is being deliberately destroyed and the only safe havens are gold and silver. We have observed over the years many problems, but today's atmosphere is different. The events are more damaging. There is no lack of world financial and economic problems and citizens worldwide have lost confidence in the monetary system. Remember in investment the trend is your friend. In the case of gold and silver we have an 11 year trend that has a very long way yet to go. Besides where else can you safely invest in such manipulated markets. The way we look at it you simply have no choice. Just look at the stock market and the problems the economy faces. They are worse than in the early 1930s when the Dow fell 90% and most everything else followed except gold, silver and their shares. This time the devaluations and default will be far worse. Today, England is a basket case and Europe doesn't know whether they'll have a euro 6 months or a year from now. Asset bubbles like that in the bond market cannot continue forever – a market 100 times bigger than the stock markets.

There is no question gold and silver have been great performers and they will continue to be. Gold, by our calculations, over the past 3 years has replaced the US dollar as the world reserve currency. Presently few realized this, but they will catch on when our next reserve currency is named and the contingent element in those currencies backing is gold. Then there is the inflation factor. The government says it is 3.6%, but real inflation is 11.2% and it may be 14% by the end of the year. What we have seen over the past three years is the bailout of the financial sectors in NYC, London and Frankfurt and the US Treasury to the tune of more than \$20 trillion. Lying beneath nothing has been attended to or fixed. It is the same old rusting economy with higher unemployment, as we continue to see good paying jobs move offshore. Major corporations buy labor saving equipment and continue layoffs. Small and medium sized companies either cannot get loans or do not want them, because they see no help coming from Washington in getting the American economy moving again; 60% of companies have lost faith in Washington's ability to reinvigorate the economy. They look at markets and see gyrations. They see gold and silver have performed the best by far and they question the future of the economic situation. They also have to be disturbed at government's interference in all markets. They face regulation after new regulations. They look around and see nothing but a sea of debt, and at the same time they also see gold trying to break out over \$2,000, and silver ready to again test \$50.00. As bad as the system is panic is a ways off. Do not rush it, you will see it soon enough. The system has been under pressure since the 1960s thus; it is not going to collapse in a day or two. The public is in the process of realizing that corporate America, the financial sector and government are a criminal enterprise where fraud and criminality goes unprosecuted. Where the Constitution is considered a wrinkled piece of paper – useless in today's world of professional criminality. It reminds us of the Yeltsin years following the break-up of the Soviet Union, particularly in the financial sector.

Then there is the endless creation of money and credit creating inflation, which robs every American of their purchasing power. The stimulus is a fraud because it creates more debt with inadequate temporary results. In the meantime in reaction to this debt creation, which creates insipient inflation is gold and that in addition to reflection of inflation exposes further dollar dissipation. Of course, the Illuminists do not want gold moving higher in price, nor do

they want a gold standard because it stops them from the uncontrolled creation of money and credit. The strength in gold and silver not only reflect the problems in the US and the dollar, but it is also affected by problems in England and Europe as well. We have just seen the American president present another impossible scheme to create jobs and fix the economy, which we will get into later. It is not a serious plan. You have the super-congress cutting \$1 trillion mostly in Social Security and Medicare and at the same time moving those cuts over to cover the loses created by the jobs program. There was no attempt to stop the massive loss of jobs over the last 11 years caused by free trade, globalization, offshoring and outsourcing. The never is any discussion of the re-imposition of tariffs on goods and services. Nothing serious is going on. It is all politics and smoke and mirrors. There is no change in the budget deficit of \$1.7 trillion for fiscal 2011. Europe has the same problem, plus six insolvent countries and trillions hidden by the Fed, which was given to these countries and banks to bail them out. It is not surprising Germans have rejected further bailout funding, which is really to save the euro zone and the EU and the dream of world government. As this transpires governments and central banks attempt to suppress gold and silver prices, which are reflecting all of this monetary chaos and inflation.

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