



Gold Review 11.03.09

The price of gold sky rocketed this morning to new all time highs, thanks to the IMF selling 200 metric tons of gold to the Reserve Bank of India. This was the major economic indicator for the day, once the news hit the global market place the price of gold shot up over \$20 an ounce from \$1,060 to \$1,080. Oil was trading in the \$77 range early on down over a dollar, but then turned on the jets for the rest of the day closing at \$79.60. The dollar index traded above 77 in the early morning hours, hitting a four week high, but after hearing how central banks were buying more gold, currency traders let the dollar index go south.. The Dow Jones index was down roughly 80 and settled down only 17.

Basically put after it was clear India was stocking up on such a large gold position, the dollar turned south while oil and equities traded higher.

I think today was a very big day for gold, it is starting to separate itself away from all other major markets. Gold is hitting an all time high with oil and the Euro nowhere close to 2008 highs suggesting there could be legs to this move.

Everything is pointing towards the price of gold going higher: increasing unease in America's banking sector, a whopping budget deficit continuing to balloon, a Federal Reserve in no place of raising rates, and central banks all over the world diversifying away from the dollar. These conditions are not getting better as time goes on. The equities markets may have rallied, but banks are still broke, 115 have closed so far this year and there are a lot more to come. The commercial real estate market looks to weaken dramatically.

My 4th quarter target of \$1,100 an ounce looks to hit soon.

Thank you,

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