

MAJOR CYCLE LOWS: **Dow Jones, Nikkei, Shanghai,** **Precious Metals, Yen, Dollar**



March 1, 2009

GOLD

February 8, 2009:

"We are 100% long gold forever because gold's next cycle is going to \$3000 - \$3500, as already reported here. At the recent Davos conference, the chairman of Barrick shared the same forecast, based on the possibility of the Chinese turning their paper into gold. (That beats walking on water, no?)"

"For now, the metal has peaked. The stochastic are overbought on both the 5-year weekly and 2-year daily charts below, respectively.

"Downside is to \$800. Who cares?"

There is nothing to change or add, insofar as strategy is concerned. We are straight-long forever, and long against indices and what-not in varying ratios.

I will add a side comment: a friend wrote to me that Newsweek reported that our banks are leveraged 18:1, and the US banks are at 26:1, while the European

banks weigh in at 61:1. His conclusion is that the Europeans will buy gold like crazy.

For me, a shift of wealth and power from West to East included the sale of gold reserves to the East by the West. So, Tony, what are the Europeans going to be buying gold with? Hmmm? (Somebody told me once that the bible wrote that 'no one shall have money', but I'm no scholar.)

10 and 1-year gold charts follow, respectively:



Please scroll down.



SILVER

10 and 1-year silver charts follow, respectively:

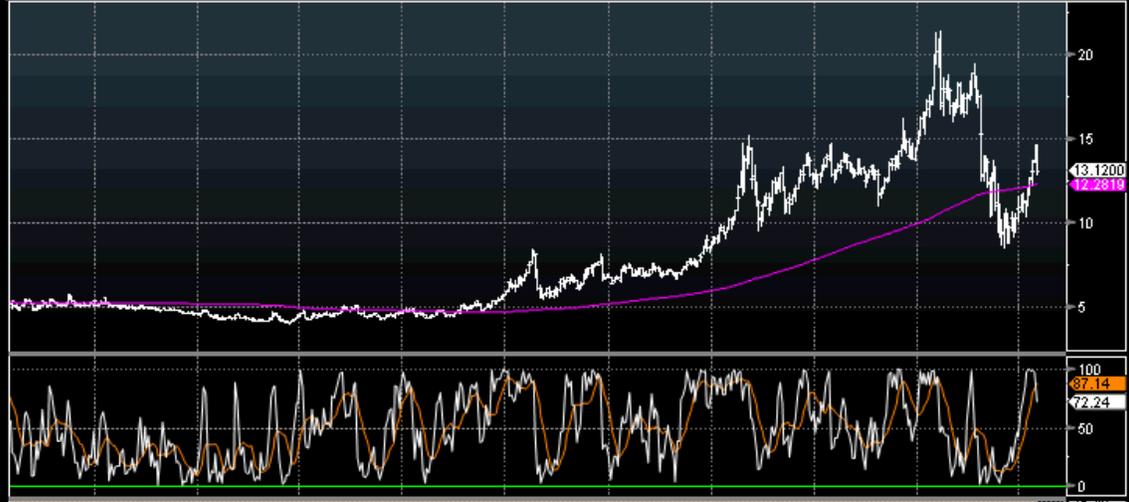
Please scroll down.

SILV 13.1200Y as of close 2/27

ComdyTAS

SILV COMDTY Hide TAS - Stochastic Page 1/41

Range 03/05/99 - 02/27/09 Upper Bar Chart Mov. Avgs 200 Currency USD
 Period Weekly Lower None Mov. Avg
 %K/%D %DS/%DSS %K 14 %D 9 %DS 5 %DSS 3



Australia 61 2 9777 8600 Brazil 5511 3048 4500 Europe 44 20 7330 7500 Germany 49 69 9204 1210 Hong Kong 852 2977 6000
 Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000 Copyright 2009 Bloomberg Finance L.P. 6793-415-0 27-Feb-09 17:19:25

SILV 13.1200Y as of close 2/27

ComdyTAS

SILV COMDTY Hide TAS - Stochastic Page 1/19

Range 02/27/08 - 02/27/09 Upper Bar Chart Mov. Avgs 200 Currency USD
 Period Daily Lower None Mov. Avg
 %K/%D %DS/%DSS %K 14 %D 9 %DS 5 %DSS 3



Australia 61 2 9777 8600 Brazil 5511 3048 4500 Europe 44 20 7330 7500 Germany 49 69 9204 1210 Hong Kong 852 2977 6000
 Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000 Copyright 2009 Bloomberg Finance L.P. 6793-415-0 27-Feb-09 17:18:52

We were 200% long and then cut that position in half after a 40% run-up. Now we're long forever, or until otherwise notified, whichever comes first.

Silver may continue with what could be a shallow correction to \$12.00, before advancing to \$16.00. It is moot, in any event. Either way, a major cycle low was made and we caught it perfectly, again. As I express in the preceding paragraph, if it ain't broke, don't fix it.

ASSET ALLOCATION (The Song Remains the Same)

25% Yen and Swiss Franc each, 50% gold (or 40% gold + 10% silver).

Sid Klein