

# Inevitability!

## Gold 3500 & Dow 4000



February 6, 2011

### **GOLD**

Statistics indicate China having imported 209 tonnes of gold during the January - October period of 2010, as compared to 333 tonnes being imported by Indians for the entire year.

Traders in Hong Kong and London have been described as intellectually overwhelmed by the order size coming out of China, which is estimated to have purchased 200 tonnes during the 4th quarter.

This is all rather dramatic, particularly since it is Indians who are known to have hoarded gold throughout the ages. Having noted that, we may further analyze that Chinese were banned for 53 years from owning gold (until 2003).

So, as I have noted throughout the decade (online, since 2001) that there is a dramatic shift of wealth and power underway from West to East, and the preceding paragraph underscored this fact, as we all know that the "Communists", all 1.3 billion of them, have a lot of catching up to do (to India).

Separately (sort of), gold speculation is at a 5-year high, while the overwhelming physical demand is concurrently suggesting a low coming into place.

Finally, forward rates reflect the spike in physical demand, as well as the existence of lesser lending in the marketplace.

The latter 2 paragraphs underscore the appropriateness of the conclusion of the SKGS reports of recent past: When entering a Wave-3 explosion, EVERYONE GETS TO BE RIGHT!

In 2010, I correctly forecast an advance toward 1500 (we fell inconsequentially short, inconsequential in terms of strategy), as part of a greater Wave-3 explosion toward \$3500...which I do NOT at all see as the end, by the way.

I will not venture to guess just how far we will go this year in achieving my gold price target. These reports are about financial success, not academic exercises.

The 2-year gold chart at the bottom of this section does not reflect any wave counts; I will aim to reflect one using longer term charts soon. Investors will find it instructive since I have proven that corrections have been occurring within up-trends (please note the first 3 paragraphs of this section), as I have been hammering home for a few years now! (I have been using the silver charts to help prove that point.) Please note the 2nd-to-last paragraph of this section!

December 6, 2010

"The technical arguments included the analysis that, in the context of the preceding, the powerful uptrend was being defined by the 200-day moving average, from which it would be getting ever closer to breaking away from, as gold accelerates toward 3500..."

January 7, 2011

"Those who simply note the extent of gold's advance and relate it too closely to the moves in the broader indices will be fooled once the correction in equity prices commences in earnest. (We are getting ever-closer to that de-coupling!)

"The point of total decoupling, which I have long since forecast, will leave investors behind, especially those who will be waiting for the completion of the correction in the general stock market to be fully invested in gold and silver equities."

"SKGS has identified virtually every intermediate turn in goldandsilver since 2002. (If this link does not work on your computer in PDF format, simply type the following into your browser or view it on the homepage, [www.sidklein.com](http://www.sidklein.com).)



December 6, 2010

"Among the arguments was that corrections are so powerful that they are disguised by actually moving higher during those corrections, as eager long term buyers (such as Easterners) absorb whatever gold that silly Westerners are dumb enough to let go."

"2011 belongs to the mega-bulls, and readers will still more clearly appreciate why I have advised investors to maintain 50% of all liquid wealth in this one true currency."

## ASSET ALLOCATION

The breakdown remains:

- 50% gold
- 25% Swiss Franc

25% US Dollar

To my knowledge, for consistent and rarely altered risk-adjusted returns, no service anywhere on earth has provided the performance offered in these pages.

The keys are "risk-adjusted" and the best mix for currency denomination among the different asset classes and markets with which you, the investor are involved.

Sid Klein