

TURNING POINTS: Con't



November 13, 2008

NEW YORK/SILVER

From the October 25, 2008 letter:

"(New York) Is groping for its own lows, which will experience a higher (?) test before the year is out.

October was the print low for the Dow and it is conceivable that the higher low previously contemplated has indeed been seen. This is particularly so given the fact that the VIX appeared yesterday to be completing a lower high en route to 70, a level from which it did reverse today.

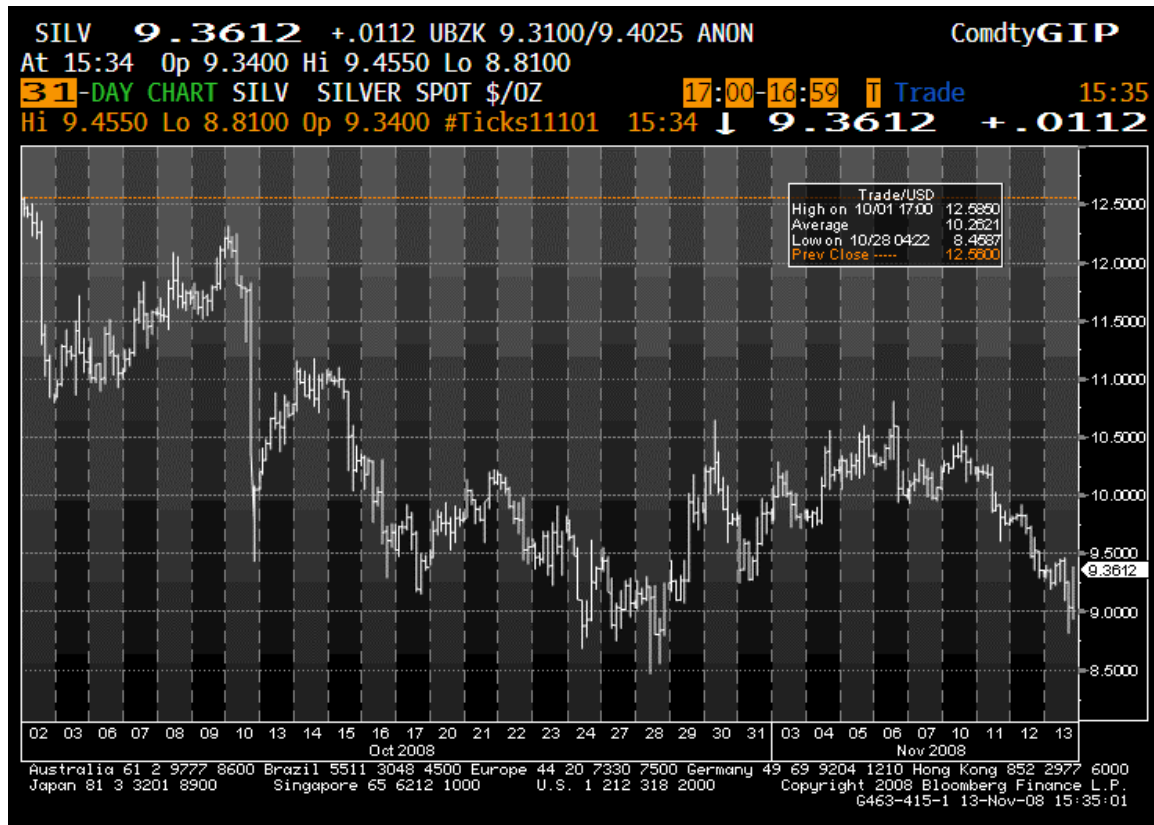
And from the November 9, 2008 SKC report:

"When the Dow broke under 8000, I wrote that the index was hitting its low, with a probable higher re-test of the low before yearend. The hedge funds had to prepare for the liquidations, and the ensuing bargains would bring in the those buyers who are not hemmed in by seasonality, and are thereby free to act according to what should ideally be able what governs us all: the ability to take advantage of prices at those times that prices are dictating action."

Con't:

"Sometimes, the high or low in question is in November, or December, which is a secondary opportunity, borne merely of the lack of selling or buying pressure, as

the case may be. But the peak buying or selling was seen, hence the already experienced price extremes, in the case of either higher lows or lower peaks."



Strategy:

I do not know whether or not the basing phase is complete, but it matters little insofar as how to be positioned strategically. Dow 9000 was broken and with the year-old target achieved there is no need to be greedy. My lack of conviction leaves me unprepared to go long gold but, in deference for the increasing weight of positive technical evidence in favour of assets heretofore shunned through this panicked global liquidation phase, I am now moving from 100% to 200% long silver, basis tomorrow's average price. The chart above illustrates the perfection with which the initial (100%) position was established. Coupled with a short VIX position from 75, we are well positioned for a rebound in asset prices.

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