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PRECIOUS METALS

Following up on the interim update hereunder, the other half of the longer term near-strike SLV calls were sold for an approximate 10% loss.

With volume waning as the SLV moved toward the apex of its chart, technical analysis dictated that the sale was warranted, despite the fact that the intermediate and longer term pictures have become extremely bullish, as evidenced by a series of indicators, most especially the COT (Commitment of Traders) reports.

I simply didn't feel that living through the short term pain made any sense, given the coming stock market hit, even if the risk on the SLV is only down to $28, or so.

However, **gold** may be bottoming today (see chart on P.2), with CNBC commentators unanimously on the bear side, citing inflation concerns; the latter, of course, has NOTHING to do with anything!

December 8, 2011
"Yesterday, the major European indices suffered "outside days." Indicators are way overbought and there is major downside risk.

"Half of the recently purchased silver calls should be sold at about breakeven to reduce exposure, even if one assumes that silver and the Dow are about to embark on a major trend of negative correlation."

DOW

The stock market indicators are set up for serious pain and are a down day away from confirming so.

Any chance for either the Euro or Shanghai bouncing came and went yesterday.

ASSET ALLOCATION

As a percent of all liquid wealth, the best overall mix remains:

50% gold
25% Swiss Franc
25% Dollar

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