

## 1½ POSITIONS ON: ½ TO GO



**October 27, 2008**

### **GOLD**

In brief, Saturday's interim report expressed the view that, while gold's decline may not be complete, a 100% position in silver should be established.

The reason was that I did not feel comfortable having absolutely nothing in the precious metals. Further, while gold normally represents 50% of one's entire liquid wealth when fully invested in the metal, a 100% silver position only relates to whatever one assigns to silver metal investment. I have stated in the past that such a position may represent as much as 5% of one's non-fixed asset wealth. I maintain this stance.

So, in my view, the following 5-day gold chart supports Saturday's position that gold may yet again move into the \$650 - \$700 zone, as forecast all the way down, though this time it may do so on a closing basis as well.

From the October 25, 2008 interim report:

**"Strategy:**

**Gold has already dropped into the \$650 - \$700 zone. I am not convinced that it has completely bottomed, though I am sufficiently confident that...** (See SILVER on next page.)



## **SILVER**

**“Strategy:**

**“GO 100% LONG SILVER.**

**“With silver having closed a shade less than 60 cents off of the lows Friday, investors may be able to benefit from some minor backing and filling at the beginning of the week to go long.”**



Silver did indeed slide to as low as \$8.75, before settling a hair under \$9.00. So, we are 100% long silver, as per the recommendation reprinted above the 5-day silver chart that precedes this paragraph. To reiterate, the endgame is to revert to a 100% long gold position, while building our silver position to 200% long.

In the short term, my aim was and is to build a 200% long silver investment, to go along with a 100% short position in the VIX.

For the short term, then, we have 1½ positions, with a ½ to go.

Sid Klein

**LEGAL NOTICE:** This market letter is the work product and intellectual property of Mr. Sidney Klein. It arises out of his training and profession as an international expert on financial equities. It is a private correspondence from Mr. Klein to his subscribers. Any person who copies or otherwise disseminates this letter becomes subject to international criminal and/or civil prosecution under the Universal Copyright Convention and the Berne Convention for the Protection of Literary and Artistic Works. Nearly all countries in the world have signed both of these Conventions and have pledged to enforce them through their own legal systems. In addition,

Interpol may be called upon to assist in the international enforcement of these Conventions through its processes of arrest and extradition. If you are the *recipient* of a copy of this market letter, whether through the internet or by facsimile, you should immediately report to Mr. Klein the name of the person or entity who sent it to you. Send your email to [sidklein@sidklein.com](mailto:sidklein@sidklein.com).

**DISCLAIMER:** This market letter is intended to assist in the dissemination of information to private subscribers. The information contained herein represents Mr. Klein's best efforts in good faith to advance knowledge to his clientele, but there can be no implied guarantee as to its accuracy or completeness. The information is given as of the date appearing on this market letter, and Mr. Klein assumes no obligation to update the information or advise on further developments relating to the information provided herein. No solicitation to buy or sell securities is intended, and none should be inferred. Investments are inherently risky, but investment risk itself is a function of individual preferences. Thus any opinions, recommendations, or judgments expressed in this market letter are of necessity abstract and general. They must be modified, accepted, or rejected by individual subscriber/investors whose risk averseness cannot be known to Mr. Klein.