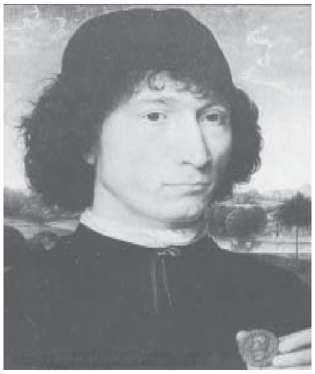


THE MONEYCHANGER

Get the internet version of this newsletter and see everything in color. It's beautiful. Enjoy!

VOL. 30, NO. 4 APRIL, 2012

INFORMATION DEADLINE, APRIL 20, 2012 a.d.

A Moneychanger Interview:

CHRIS POWELL

Of the Gold Anti-Trust Action Committee

The Gold Anti-Trust Action Committee was organized in the fall of 1998 to expose, oppose, and litigate against collusion to control the price and supply of gold and related financial instruments. Founders were Bill Murphy, an Internet financial commentator (LeMetropoleCafe.com), and Chris Powell, a Connecticut newspaper editor. The committee was formally incorporated in Delaware in January 1999 with Murphy as chairman and Powell as secretary and treasurer.

GATA has been involved in several lawsuits alleging collusion in the gold market. Using the U.S. Freedom of Information Act (FOIA), throughout 2008 and 2009 GATA sought access to the Federal Reserve's gold-related records, eliciting an admission from the Fed that it has gold swap arrangements with foreign banks and insists on keeping them secret.

GATA's Internet site is www.GATA.org, and as a 501(c)(3) organization donations to GATA are tax deductible.

Powell is managing editor of the Journal Inquirer, a daily newspaper in Manchester, Connecticut, where he has worked since graduating from high school in 1967, and secretary/treasurer of the Gold Anti-Trust Action Committee Inc. (GATA) which he co-founded in 1999 to expose and oppose the rigging of the gold market by Western central banks. He writes a political column published in newspapers throughout Connecticut and the Providence Journal in Rhode Island and edits the GATA Dispatch, that organization's daily electronic newsletter.

MONEYCHANGER How did you help found the Gold Anti-Trust Action Committee (GATA)?

POWELL It was totally accidental. In the summer of 1998 I was looking for contrarian investment options, but didn't really follow economic issues closely. I replied to a *Wall Street Journal* ad that promised free trial subscriptions to a dozen financial newsletters for ten or twenty bucks.

One of those was Jim Blanchard's *Gold Newsletter*. I noticed he was saying that gold at $270 back then was very low, and I remembered something about buying low and selling high, so I started paying attention to the gold market through *Gold Newsletter* and the Internet.

I quickly landed on Bill Murphy's new Internet site, Le Metropole Café at www.lemetropoleCafé.com, a financial commentary about the gold and silver markets, so I signed up as a member there. A former futures trader, Bill was constantly complaining about collusion in the gold and silver futures markets by the same investment banks. Morgan Chase and Goldman Sachs, particularly, always seemed to be selling in huge quantities at strategic price points.

This happened so often that Bill was morally convinced that collusion was involved and he started complaining about it virtually every day at Le Metropole Café. And as a reader and subscriber, I found this interesting for two reasons. First, I was following the monetary metals markets now but as a novice. Second, at the newspaper where I had been employed for the last several centuries, we had to undertake various antitrust actions against larger papers.

So because of my newspaper work on an independent family-owned paper, I had some experience with an antitrust law. Between

see CHRIS POWELL page 2

ALSO ON THE INSIDE

CHRIS POWELL page 1

that mere layman's experience and taking American history and American constitutional law history in college, I had a little more than average familiarity with antitrust laws. When Bill kept writing day after day about collusion in the gold and silver markets to suppress the price, I got bored with it pretty fast.

Finally I emailed him and said, "Look, there's a lot of circumstantial evidence to support what you're saying, but you're missing something. If it really is happening, it's against the Sherman Act and the Clayton Act and 50 state antitrust acts. Don't merely complain about it everyday, but get gold and silver investors to form a committee and engage an antitrust law firm to sue them on a contingency basis and seek triple damages under antitrust laws. If anybody wants to form such a committee with such a purpose," I wrote to him, I'd pledge $500.00 to it." He thought he was a good idea, so that's how things got started.

Where did this idea arise that it's government's responsibility to keep prices low when they want to rise? Or high when they want to fall? That completely abolishes any notion of a free market.

MONEYCHANGER To prove a crime, the prosecution must show a motive, a means, and an opportunity. While I don't doubt the large bullion banks have the means through their huge market presence, what is their motive? It's not enough to make dark hints that they're making huge profits. They're in business to profit. What was their motive?

POWELL At first, Franklin, we thought this was the traditional antitrust scheme, no more than big players pushing the market around to milk profits ordinary investors couldn't make. After a year or two we realized that much more was involved -- that gold price manipulation really was *government* policy, and the bullion banks were almost certainly acting in the futures market as agents of the U.S. Government and western central banks. We compiled lots of evidence over the years and learned things about basic history that were public record but previously unknown to us, like the London Gold Pool.

MONEYCHANGER A scheme that governments launched in 1961 after gold had escaped the official price in 1960.

POWELL We were simply ignorant of the history, although controlling gold's price has been a government objective for millions of years.

MONEYCHANGER *[Laughter].*

POWELL Even though it's an open secret, it isn't taught in economic courses. It used to be acknowledged public policy. When we started GATA, it took us a year or two to realize, oh, wait a minute, there is a whole long history of this price suppression scheme, public history, that's not disputable and is accessible to anybody who wants to look it up, plus there's a lot of evidence that this policy is being continued surreptitiously.

MONEYCHANGER Wait, let me address "surreptitiously" first. Under the 1930s New Deal a secret slush fund was set up, the Exchange Stabilization Fund (ESF). I call it "secret" because it is operated by the Treasury secretary but is never openly audited.

POWELL The 1935 Gold Reserve Act set it up and it answers to no one but the president.

MONEYCHANGER And its stated purpose is to intervene in currency and gold markets?

POWELL Right. We found out about the Gold Reserve Act and the ESF in our lawyers' office in Philadelphia in 1999. They looked up the Gold Reserve Act and they found that it authorized the ESF to trade in gold and what were then called "hypothecations in gold." Our law firm very quickly told us that the government was pretty well covered here -- immune.

MONEYCHANGER Exactly. But what's so pernicious is that the U.S. government has been manipulating markets, certainly currency and gold and silver, since the 1930s. None of this is new, and it's universally accepted as morally fine. Roosevelt personally supervised the silver manipulation and Morgenthau, his treasury secretary, kept detailed notes and a book was later written about it. [Allen Seymour Everest, *Morgenthau, the New Deal,& Silver: A Story of Pressure Politics* (New York: Columbia University, King's Crown Press, 1950). Republished 1973 by Da Capo Press, New York.]

The lengths Roosevelt employed –trying to *raise* silver's price – were astonishing. He nearly single-handedly crippled China's economy and forced them off the silver standard. His manipulations accumulated in the U.S. an enormous 1.067 billion ounce plus stockpile of silver.

POWELL I don't know about that, but Charlie Savoie found a statement President Johnson issued back in 1965 when silver was taken out of US coinage. He explicitly warned the markets that the U.S. government would use its silver stockpile to intervene in the market as necessary to keep the price down and prevent anybody from profiting by speculating in silver.

In 1965 the US president said, "Look, we're gonna rig the silver market in case any of you ever think you can take it away from us."

MONEYCHANGER So US government price rigging, even though primarily limited to the gold and silver currency markets, has a very long history.

POWELL Certainly, and I am simply astounded, Franklin, that GATA meets such emphatic hostility and refusal to examine the evidence when this monetary metals market manipulation is such a long established fact of history.

MONEYCHANGER And it's public knowledge.

POWELL It's on record. You can read about the London Gold Pool and its breakdown in old *New York Times* issues.

MONEYCHANGER Oh, goodness, all this stuff is on Wikipedia. *[Laughter].* You don't need

see **CHRIS POWELL** page 3

THE MONEYCHANGER, *is owned by Little Mountain Corporation.* ***The Moneychanger*** *is privately circulated newspaper published monthly. ISSN 0899-1391. Our goal is to help Christians prosper with their principles intact in an age of monetary & moral chaos. We derive information from sources we believe to be accurate, but cannot guarantee accuracy. We may have positions in investments we recommend. We cannot and do not guarantee the profitability of any investment. All recommendations are made subject to the reader's own prudence, research, and judgment. Permission to reprint granted provided quotations are not used out of context and full subscription information is given. Common law copyright 2012. Price: 12 issues, 14 silver dollars (371.25 grains fine silver, Std. of 1792), or $22 in US 90% silver coin, or other gold or silver equivalent; F$149 if you have nothing but paper "money". Single copies, $3 in silver, F$10 in paper.Franklin Sanders, S.P., P.O. Box 178, Westpoint,TN. 38486, phone (931) 766-6066 or 888-218-9226; fax # (931) 766-1128; e-mail <franklin@the-moneychanger.com & web site <http://www.the-moneychanger.com>*

CHRIS POWELL from page 2

to invade anybody's basement archives to find it.

Powell Yet when you suggest that governments may still be tampering with the monetary metals markets today because they used to do it all the time, they treat you as if you came from Mars.

Moneychanger *[Laughter].* Silver & gold aren't the only manipulated markets. Others are openly manipulated. What about the strategic oil reserve? They release oil from that. . . .

Powell . . . quite frankly to knock the price down.

Moneychanger But wait! Where did this idea arise that it's government's responsibility to keep prices low when they want to rise? Or high when they want to fall? That presupposition alone completely abolishes any notion of a free market. If the public actually believes that, then free markets are long gone.

Powell There's not much appreciation for free markets anymore. I'm afraid that the basic competitive economy that built this country is half way down the toilet and picking up speed.

Moneychanger What specifically was the government's motive in 1994 and 1995 to keep gold down?

Powell There was an academic paper written in 1988 by Larry Summers and Robert Barsky. (see www.gata.org/files/gibson.pdf) . . .

Moneychanger Larry Summers, former treasury deputy secretary and secretary?

Powell Yes, and President of Harvard and lately chairman of the Council of Economic Advisers to Obama. Summers and Barsky's paper was published in *The Journal of Political Economy* in June of '88. It showed a long historic inverse relationship between gold's price and real interest rates. If real interest rates were high, gold's price would tend to be low. If real interest rates were low or negative, gold would be high. The essence is that gold is a determinant of interest rates.

It's also a determinant of currencies' and government bond values. Naturally, if governments want a strong ability to borrow and spend because that heaps up power for the government, they would also want a low gold price.

Moneychanger I'm thinking of a balance scale with two pans. On one pan is gold, and on the other interest rates. If the gold side drops, then the interest rate side will rise, and *vice-versa*?

Powell Basically Summers and Barsky implied that government could achieve the desired low interest rates *if* it can control gold's price. Otherwise gold's rising price gives their game away.

What is the motive for rigging the gold price? Simply that gold determines all these other prices that are of much greater interest to governments.

Governments want their currencies to be usually reasonably strong. They want to be able to borrow at low interest rates. They want low interest rates throughout the economy generally because they believe that facilitates growth. If gold's price is rising, that signals currencies devaluing, and as currencies devalue, interest rates go up. Governments don't really care so much about gold in itself, but about gold as a determinant of other prices they really care about, which are interest rates, currency and the value of government bonds.

Moneychanger So if you as treasury secretary or undersecretary intended to issue a flood of paper money or you cherished the goofy theory that you could maintain prosperity forever by printing money and keeping interest rates low, you must suppress the gold price from the git-go, otherwise it blows the whistle and ends the game before it starts.

Powell Right. Also giving away the game is awareness of the price of suppression. If the market generally realizes that gold's price is rigged and giving off inaccurate signals, then government can lose control as well. That deception is really their whole objective. We need to show people that the gold and silver prices showing up on computer screens everyday are not market prices at all but holograms generated by the government to mislead people.

Moneychanger *[Laughter].*

Powell And if people realize that they are getting false data, then the scheme falls apart because people won't play in that ballpark anymore.

Moneychanger This establishes that the government had a motive to manipulate gold. But why manipulate silver, too?

Powell Silver is a monetary metal, immensely more popular as a monetary metal through history than gold. In some languages, silver is the synonym for money. It would hardly make sense for the government to rig one monetary metal and not the other. Keep gold down while silver is rising to the moon, and people will wonder what's happening. They'll think, "Oh, wait a minute, there's something acting on gold that's not acting on silver," and that would raise questions. To keep gold down they have to keep silver down.

How are they doing it with silver? With large derivative positions – paper silver -- because there is no great silver stockpile out there like gold reserves . There may be some great mysterious silver stockpile, but we don't know where it is, while we are able to keep track to some extent of gold and silver derivatives being issued by the big American banks and HSBC.

It's just a little harder to explain to people because the governments don't have big silver reserves anymore, as they claim to have big gold reserves. Rather than flooding the market with physical silver, they flood it with paper silver.

Moneychanger Since you've mentioned the gold reserves, doesn't your work imply that government claims about gold reserves are, if not false, at least questionable?

Powell Absolutely. We've made many inquires to official sources about gold reserves over the years. Ask the right questions and you get refusals to answer.

Moneychanger *[Laughter].*

Powell But sometimes the right questions bring interesting answers. For example, over the last few years in GATA's Freedom of Information Act (FOIA) litigation against the Fed, a Federal Reserve board member, Kevin Warsh, who was acting as a hearing officer on our request, admitted that the Fed has secret gold swap arrangements with foreign banks, and that the Fed feels that the documents detailing these arrangements must remain a secret at all costs.

That was a huge disclosure, made because we filed a FOIA request at the Fed and subsequently took it to court. We won some of what we asked for but not most. The court found that at least one document had been illegally withheld from us and determined that we'd won the case and ordered the Fed to pay us court costs of $2,870.00 and to release that particular document to us. See www.gata.org/node/9917. And that particular document was of great interest. See www.gata.org/node/9559

However, the greatest thing to come out that FOIA case probably was the Feds' own admission that the Fed has secret gold swap arrangements with foreign banks. Why arrange gold swaps unless you intend to tamper in the gold market?

Moneychanger What a swap is and why does their existence show that the Fed is manipulating the gold market?

Powell Swaps vary, but the kind we suspect here runs like this. Say the United States decides that to keep gold's price down next month, it needs to sell 50 tons of gold

see **CHRIS POWELL** page 4

CHRIS POWELL from page 3

in the London market, the world's primary physical gold market. Yet the United States doesn't want to ship gold over there and doing the selling directly. That'll give the game away if the world sees (as it did with the London Gold Pool) that official selling is rigging the market.

Instead the Federal Reserve, the Treasury Department, or the ESF calls up the German central bank, the Bundesbank, and says, we need 50 tons sold in London next month. Would you please do that from your reserves kept in London? (The Bundesbank has admitted they're there.) In exchange for your selling that 50 tons on our behalf, we will give you title to 50 tons here in the United States at West Point, the New York Fed, or Fort Knox.

So the Bundesbank and the U.S. Fed or government would swap gold, 50 tons here for 50 tons there, and on behalf of the U.S. Government, the Bundesbank would sell it in London.

I pick on the Bundesbank because in the last year or so, our journalist friend Lars Schall has interrogated the Bundesbank about the location and disposition of its gold reserves. While trying not to disclose anything to Schall, the Bundesbank acknowledged that a lot of Germany's gold is kept outside Germany, in what the Bundesbank called gold trading centers. Why? So the Bundesbank could undertake its "strategic gold activities". Well, that's a pretty clear admission that the Bundesbank is working in the gold market. No, it's a confession. Schall asked the Bundesbank directly, "Do you have gold swap arrangements with the United States?" And the Bundesbank said that it couldn't answer the question. It was too "strategic." See www.gata.org/node/9363 So we have these admissions from two central banks that admit secret and surreptitious gold swap arrangements,

This stuff is lying all over the place in plain sight. If you ask the right questions, you quickly get interesting answers or refusals to answer, which are pretty much confirmations.

MONEYCHANGER Yet even though you've built a case based on facts -- and I'll jump ahead and say that GATA has way more than proved the case over the last years – the media generally ignore the issue. They accept everything the government says at face value, aiding the cover up.

POWELL It's funny. We can sometimes get into the mainstream financial media with our complaint, sometimes substantially, but even those news organizations that acknowledge our complaint simply will not question any central bank.

Here's a wonderful example. The Fed board member who handled our FOIA internal appeal, Kevin Warsh, had recently resigned from the Fed when he wrote a *Wall Street Journal* editorial page essay on 6 December 2011 about "financial repression." www.gata.org/node/10839. "Financial repression" is generally understood to mean government coercing investors to lend money to the government at negative interest rates.

The manipulation hasn't ended: it's not even forthrightly admitted. I think it can continue indefinitely, as long as people are stupid enough to buy pieces of paper or electronic entries and believe they own gold or silver.

Fresh from the Fed, Warsh wrote in the *Wall Street Journal* that government policymakers increasingly are trying to suppress prices they don't like. Here is a man who has just retired from the Fed's Board of Governors writing an essay in the *Wall Street Journal* about financial repression, but the *Wall Street Journal* reporters never asked him, "Which prices are being suppressed and how do you know?"

I pointed these questions out to these reporters. At least one of them acknowledged that he got my e-mail because he wanted me to find the essay for him. He couldn't look it up in his own paper.

Since the *Journal* reporters wouldn't do anything with it, I tracked Warsh down myself. He is now serving as a fellow with the Hoover Institution at Stanford. The publicist office there gave me Warsh's e-mail address. So I wrote to him explaining who I was and that he might remember me because I was on the Gold Anti-Trust Action Committee, and he had handled our FOIA complaint, and I wanted to ask about his financial repression essay in the *Wall Street Journal*. Would he consent to give me an interview about that?

A couple weeks passed, and I didn't hear from him, but then I did hear from him. Very cordially he wrote back and said he was sorry that he hadn't gotten back to me faster. While he didn't answer my request for an interview, he said he was going to make his first public comments since leaving the Fed in a speech at Stanford in a couple of weeks, and that he would arrange with a Stanford Institution publicist for me to watch the speech live on the Internet.

Sure enough, they contacted me and gave me the link to Stanford Internet site and I watched it. He really didn't say very much, nothing more than was in his essay.

Then I wrote up a little news story about his Stanford speech and about him as the Fed board member who had disclosed the Feds' gold swap arrangements with foreign banks in the FOIA litigation against the Fed. I sent him that little story inviting him to let me know if there was anything wrong with it but I didn't hear from him. So at least I know I gave Warsh the opportunity to correct my interpretation of his remarks about financial repression and the Fed's gold swap arrangements with foreign banks. Just as he declined to give me an interview, he declined to correct them.

MONEYCHANGER Take the implication of financial repression just a little bit farther. The free market economic system's chief motive power is *price*, because price transmits all the information the market needs: what do people want more of, and what less of? If government is suppressing prices across markets (and I'm convinced that they're doing in the stock market through the Plunge Protection Team, the President's Working Group on Financial Markets), what is left? That's the death of free markets.

POWELL Franklin, in my little GATA conference in Washington four years ago this month I said that this intervention, this market rigging, was now so pervasive that it went far beyond the monetary metals. Because of it, we don't know the real market price of anything any more. One intervention necessitates another and another and another to prevent the rigging from falling apart. I don't think we even know what the market price of toothpaste is.

MONEYCHANGER But you're describing a socialist economic system.

see **CHRIS POWELL** page 5

CHRIS POWELL from page 4

Powell Some would call it Italian fascism, but either way, it's a totalitarian system, left wing or right.

Moneychanger Which raises another question: If gold and silver are manipulated, why invest in them? I'm asked this question constantly with the comment, "there's no point in investing in them because `they' will keep metals from rising."

Powell I'm not an investment advisor, but there is an answer. First is simply the last ten years' chart of the monetary metals. If you want to argue against those rising charts, go ahead, be my guest.

Secondly, and more forward-looking, GATA's work points to monstrous naked short positions in the monetary metals. Most of the gold and silver that the world thinks it owns probably doesn't exist.

Gold and silver paper has been sold in amounts far exceeding the metal available to cover it. Eventually, this naked short position will be discovered and result in a short squeeze of biblical proportions, to use the current cliché. Those holding physical metal will have something a lot rarer than people now think it is.

On the other hand, that doesn't guarantee that people who accurately perceive what's happening will be allowed to profit from their perception. I can't promise anybody that the government will let you keep your gold and silver when there's a monster revaluation. The laws that authorize the minting of American eagle gold and silver coins describe them as numismatic, presumably because numismatic coins were exempt from the 1933 confiscation. But GATA's correspondence with the treasury department shows treasury claiming the president's power in an emergency to seize or freeze any financial asset: gold, silver, and everything else.

Moneychanger So if they want your Toyota, they can take that?

Powell Of course. That's in the confiscation section at www.gata.org. I don't really expect them to do that, but the treasury claims power under the Emergency Economic Powers Act and the Trading with the Enemy Act to seize or freeze any financial asset whenever the president proclaims an emergency.

So if the naked short position is exposed, 80% of the gold and silver people think they own vanishes in a flash because it's no more than unbacked paper. What happens next?

Maybe some people have their gold and silver in the right places, and may be allowed to keep it. Maybe there will be confiscatory new capital gains taxes imposed on it. Or maybe it will be left alone.

The rationale that existed for confiscation in 1933 certainly does not exist today. Back then, gold coinage constituted a huge portion of the US money stock and bank reserves. At that time it was being hoarded because banks were collapsing and people needed money and that was the only money they had. They put it under their beds.

That's the not the case today. Gold isn't part of the daily money supply and there's no shortage of money today. The government can inject infinite amounts of money into the economy without the help of gold and silver. Of course that doesn't mean that the government will be rational.

Moneychanger *[Laughter]*. What reason do we have to hope that they would ever be rational?

Powell I don't know. So many political ramifications are at work here, I don't know what will happen. This issue touches on all the power in the world, and I don't know how the U.S. Government will react, or the UK Government, or Russia, or China.

I can infer that since China is encouraging its people to own gold that it is not anticipating confiscation because that would rile too many people up. I can infer that because Russia has been building up gold reserves, it thinks gold's future is pretty good. I can infer that since the Chinese government's own media has made references to the gold price suppression scheme, China knows very well what's up and is hedging dollar exposure by buying as much gold as it can. But I don't know what those governments will do in extreme situations. I don't know what my own government will do, but I don't expect confiscation.

Why invest in gold? It's got a history and it's real.

Moneychanger Doesn't the last 11 years' history imply that manipulate as they will, governments cannot succeed in changing a market's primary trend?

Powell Yes, but the manipulation hasn't ended; it's not even forthrightly admitted. I think it can continue indefinitely, as long as people are stupid enough to buy pieces of paper or electronic entries and believe they own gold or silver.

Moneychanger Which means the Exchange Trade Funds (ETFs) like SLV and GLD?

Powell Yes, and any certificate asserting a claim to metal kept somewhere in a banking system that is subject to instant expropriation by the government.

Moneychanger Then you mean the futures markets warehouses ,too?

Powell The treasury department says they'll seize or freeze anything they want in an emergency.

Moneychanger I wonder whether and silver or gold really is there or not.

Powell It's a fair question. For years I have heard people recounting how difficult it is to retrieve metal they thought they owned out of bullion banks and even out of COMEX depositories. When anybody comes to take metal away, a lot of discouragement cranks up.

Moneychanger Chris, how my readers can support GATA?

Powell They can go to our Internet site: www.gata.org. It costs nothing to get on our e-mail dispatch list. In the right column of the homepage there is a little window where you can type your e-mail address and sign up for our e-mail dispatches. People who don't want several dispatches a day in their e-mail box can adjust a little mechanism to receive only the daily summary dispatch.

If they like our work and want to encourage it, they can go to the left column of our Internet site, where it says "how to help." That opens a credit card donation mechanism. They can donate by credit card, check, or GoldMoney, where we have an account. We are recognized by the Internal Revenue Service as a Section 501(c)(3) organization, so their donations will be tax-deductible.

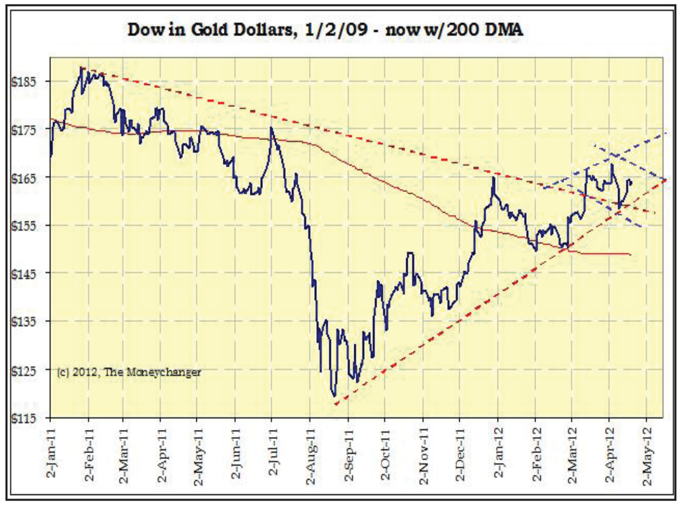
Moneychanger You, Bill Murphy and GATA have done an invaluable service to all investors, not just gold and silver investors. Having sparred with the government a while myself, I am astonished how much secret data you've pried out of them. And winning a freedom of information act lawsuit is astounding. But also there are the minds that you have brought together, Chris, and Bill Murphy, and the discoveries they've made for the public. It's all invaluable. Thank you. *End of interview.*

I encourage every Moneychanger reader to blow the dust off your credit cards and let the moths out of your wallets and contribute to the Gold Anti-Trust Action Committee. They have already profited you more than you know.

– F. Sanders

CURRENT MARKET PROJECTIONS

DEAD, DEAD BUT THEN COMES THE EXPLOSION



Never mind appearances, we have not reached Central Bank Schlaraffenland where markets never move, currencies never drop no matter how much money they print, interest rates always stay low, and every investor gets rich. Ben Bernanke & Alan Greenspan notwithstanding, it doesn't exist. Currencies, stocks, & metals have gone dead in the water for the last few weeks, but when they do move you'd better get out of the way.

DOW IN GOLD DOLLARS

The Dow in Gold Dollars' long bear market has taken it from G$925.42 (44.767 oz) in August 1999 to G$164.02 (7.935 oz) 20 April 2012. During that fall it has several times climbed above its 200 day moving average (DMA). That's normal. A bear market spends most of its time below that average, except for occasional upward corrections. It spent all of 2008 and most of 2009 under the 200 DMA, then climbed up to dance over and under it for a while. In August 2011 the DiG$ fell off a cliff, then in December climbed above it and has remained there till now.

Which means its days are numbered. On the chart, "Dow in Gold Dollars," you can see that the struggling DiG$ has traced out a diamond top. Once it breaks G$150 (7.256 oz) it will plunge.

But wait! What if it moves higher? If it moved substantially higher, say, above G$200 (9.675 oz) we might question whether the bear market had ended, but there's little reason to expect that. The DiG$ is bumping against the long term downtrend line, and has no more than reached resistance from last summer. The DiG$ will turn down soon, which means that stocks will drop hard while gold rises or remains steady.

Take advantage of the present high stock prices to sell stocks and put the proceeds into silver & gold – especially if your stocks are in an IRA. For a precious metals IRA trustee, move your IRA to Sterling Trust, (800) 955-3434.

STOCKS

Glance across the spectrum of stock indices – Dow Jones Industrial Average, S&P500, Wilshire 5000, Russell 3000, Nasdaq Composite, Nasdaq 100 – and a like pattern emerges: long narrowing rising wedge (a bearish formation) with a breakdown that has not yet followed through downside with a great cliff-drop. The DJIA shows a well defined head and shoulders top forming, now completing the right shoulder. (S&P500 looks much the same.) If this is a head and shoulders top and not a consolidation, then once it violates the neckline the Dow will drop the 600 point height of the head, down to 12,100, about where the 200 DMA now stands.

Naturally the Regime in Power hath election year incentive to prop up stocks and doctor economic statistics. Yet lavish all the make-up you will on a corpse, it will never get up and dance. So far the Fed and the government have successfully (?) blocked the only event that can lay a foundation for recovery: let the bankrupt die. Purge the system of bad investments, and start again. Banks are still loaded with bad paper, housing cannot recover except in spots, municipalities and states can't pay pensions, & who knows what other corpses stand in the closet?

Election or not, all this will send stock prices lower. Much lower.

GOLD

Take a deep breath & recall that gold remains in a bull market, so eventually every correction will resolve with an upside breakout. As the article on page 11 points out, that resolution for gold is drawing nigh.

Buttressing that conclusion is gold's current chart. I have drawn dashed red lines around the falling wedge forming since the March high. Gold could touch $1,575 and still remain within this wedge. Remember that wedges, rising or falling, always break out *opposite* to the direction they point.

To clinch any breakout, gold must close above $1,682. Only a close lower than $1,575 would take gold to lower numbers.

The physical silver & gold markets have been about as dead for the last month as I have seen them during this bull market, which is an encouraging sign. Dead markets have run out of people changing their minds – no new buyers, no new sellers at these price levels. Yet at nearby levels higher and lower lurk many buyers, though human nature's perversity decrees that the majority of investors never buy anything but a rising market. They thought gold was a great buy at $1,850, but have no enthusiasm at $1,650, although it's the self-same bull market.

All this has driven down premiums on Austrian 100 corona, Mexican 50 pesos, and Krugerrand gold coins, making them your most price-favorable buy right now.

One little encouragement: buy gold now. Stop waiting, because lower prices aren't coming. Buy it now.

SILVER

Like gold's chart, silver's shows a rising wedge with its bullish promise. Solid blue trendlines mark this wedge on the chart. You'll also see a dashed green line marking silver's recent bottoms rising gradually above 3100¢. If silver breaks that dashed line, the wedge's bottom boundary would catch it around 3000¢.

Up above silver must conquer resistance at 3250¢, and then move out smartly to conquer that 300 DMA now at 3522¢. On this chart you can see silver's waltz over and under that 300 DMA. The coming surge over that 300 DMA should be the last.

Clearly, I do not understand either the power of marketing or human nature. At wholesale US 90% silver coin sells for 40¢ an ounce under spot silver while one ounce rounds cost 65¢ or more over, and silver American Eagles cost 230¢ more than spot. I tell investors that, I point out the greater utility of US 90% silver coin because of its greater divisibility (14 dimes to the ounce, more transactions possible, yet before my wondering eyes people still buy the silver American Eagles, although 30+ years experience assures me that by the time silver peaks, all of that premium will have disappeared.

Well, even that isn't so bad. As long as they're buying silver, they're doing themselves a favor, I reckon.

CURRENCIES

All currencies, the US dollar, the yen, the euro, are steadily moving toward the intrinsic value of the electrons that define them. That's the long term trend. In the short term the dollar acted Friday as if it wants to drop. The euro is neutral but looking shabby, and the Japanese Nice Government Men are pushing the yen down to support their export efforts. Every *fiat* currency is doomed.

Charts in this article are courtesy of StockCharts.com.

-- F. Sanders

BULLION PRICE UPDATE

AftMkt	Friday		20-Apr-12		DiG$
Gold:	1,642.30	DJIA	13,029.26	65.16	$164.00
Silver:	31.64	S&P	1,378.53	1.61	
Ratio:	51.914		DJIA/GOLD:	7.93	oz.
Plat	1,577.4	FINE	WHOLE-	WHOLE-	PREMIUM
Palldm	675	METAL	SALE	SALE	OVER
DJIA/Ag	411.86	CONTENT	BUY	SELL	CONTENT
AUSTRIA 100 cor.		0.9802	1,593.75	1,608.75	-0.1%
20 corona		0.1958	317.55	323.15	0.5%
4 ducat		0.4438	721.55	761.65	4.5%
1 ducat		0.1106	179.80	187.10	3.0%
BRITAIN sov'rn		0.2354	386.60	393.60	1.8%
CANADA Mpl Leaf		1	1652.25	1672.25	1.8%
1/10 ML		0.1	162.60	177.35	8.0%
FRANCE 20 francs		0.1867	306.60	313.60	2.3%
SWITZ 20 francs		0.1867	306.60	313.60	2.3%
MEXICO 50 peso		1.2057	1960.25	1977.25	-0.1%
20 peso		0.4823	783.35	795.10	0.4%
10 peso		0.2411	391.60	398.95	0.8%
5 peso		0.1206	195.90	201.05	1.5%
2.5 peso		0.0603	98.70	102.00	3.0%
2 peso		0.0482	78.90	81.55	3.0%
S.AFRICA K'rand		1	1648.75	1664.75	1.4%
1/2 Krugerrand		0.5	821.15	845.80	3.0%
1/4 Krugerrand		0.25	410.60	422.90	3.0%
1/10 Krugerrand		0.1	164.25	172.45	5.0%
Two Rand		0.2354	382.76	390.60	1.0%
USA $20 gold pieces, pre-1935:					
St. Gaudens MS62		0.9676	1,650	1,710	7.6%
Liberty MS62		0.9675	1,650	1,710	7.6%
St. Gaudens MS61		0.9675	1,640	1,700	7.0%
Liberty MS61		0.9675	1,640	1,700	7.0%
rawSt. G. MS60		0.9676	1,635	1,695	6.7%
rawLib. MS60		0.9675	1,625	1,685	6.0%
St.G XF		0.9675	1,605	1,665	4.8%
Liberty XF		0.9675	1,595	1,655	4.2%
USA Buffalo		1	1683.25	1694.25	3.2%
USA American Eagle, post-1985:					
Amer. Eagle		1	1680.25	1702.25	3.7%
1/2 Amer. Eagle		0.5	829.35	862.20	5.0%
1/4 Amer. Eagle		0.25	418.80	435.20	6.0%
1/10 Amer. Eagle		0.1	174.00	180.65	10.0%
GOLD BULLION		*1*	*1648*	*1659*	*1.0%*

	FINE METAL CONTENT	WHOLE-SALE BUY	WHOLE-SALE SELL	PREMIUM OVER CONTENT
PLATINUM Englhard	1	1,587	1,627	3.2%
Noble	1	1,617	1,672	6.0%
Koala	1	1,577	1,617	2.5%
Maple Leaf	1	1597.4	1647.4	4.4%
Amer. Eagle	1	1637.4	1687.4	7.0%
**				
SILVER, US COIN:				
90% coin,$1000bag	715	22,047	22,297	-1.4%
40% 1/2s,$1000bag	295	8,860	9,035	-3.2%
Dollars,$1000 bag	765	26,970	29,000	19.8%
Silver Am.Eg.	1	33.24	33.94	7.3%
SILVER BARS & COINS, .999 FINE:				
Engelhard/plastic	100	3,133.50	3,173.50	0.3%
Miscellaneous	100	3,138.50	3,208.50	1.4%
Eng. or JM	10	318.85	322.85	2.1%
Misc. rounds	1	31.39	32.29	2.1%
Can. Maple Leaf	1	32.14	34.04	7.6%
**				

PLEASE READ THIS FIRST!

1. All prices are wholesale. Add 3.5%-2.5% commission plus shipping when applicable.
2. Not all the gold coins listed are always available, e.g., Austrians, fractional Krugerrands, Mexicans.
3. Fractional gold Maple Leaves are available & priced as American Eagle fractionals.
4. Small quantities subject to surcharge.
5. US$20s MS-61or better are PCGSorNGC (our choice) certified ("slabbed"); MS-60 & below are not slabbed.

Dear Readers,

Every plant has its year. Some years strawberries taste like they were imported from heaven, some years like cardboard. Some years tomatoes produce like they expected to be world's last tomato, and other years just a few stingy little golfballs.

Flowering trees and bushes are no different, and this year was magnificent for redbuds and dogwoods. I don't know if it was the long cool spring, but the redbuds were covered up with flowers. Then came the dogwoods, a little early but ablaze with blooms. On their heels came the wild azaleas, which around here they call "honeysuckle bush." Unlike their tame and tasteless cousins, they breathe out a glorious savor. Now the rambling roses are filling the air. What a spring.

BURIED TREASURE

Some treasures remain hidden on a farm, buried, waiting to be discovered. Like clover. Plant it six pounds to the acre, and nothing comes up. Then the weather is just right and two or three years later it flames up.

At the back door of the office early one morning, Liberty came up the driveway toward me with something green in her hand. She always goes out for a walk or run in the morning, so I had no idea what she was up to.

"Here, taste this," she said, and handed me four huge, long asparagus spears.

"Where in the world did these come from?" I asked. There wasn't a shred of asparagus on the place that I knew of.

"Oh, where the greenhouse used to be. Mama and I planted them out there five or six years ago, and here they are."

A more improbable story have I never heard. You harvest only the young shoots of asparagus in the spring, and then leave it to grow into a huge furry bush. I hadn't ever seen those bushes, but nevertheless, that asparagus had been flourishing there all this time, waiting to feed us that morning.

MORE BURIED TREASURE: KEYLINE PLOWING

Last year Justin hired Brian Bankston keyline plow our fields. Brian studied in Australia where farmer and engineer P.A. Yeomans invented keylining back in the early 1950s. Here it's not widely known or employed.

A keyline plowshare is about 24 inches tall and looks like a boot, a very flat boot. It doesn't as much plow the soil as it slices it, but very deep down. After it's done you only see lines through the pasture as if a very skinny but very busy mole had passed through.

Keyline plowing takes into effect the contours of the field. Its object is to catch water and divert it deep into the soil instead of letting it run off.

Yeomans claimed that he could add six inches of topsoil a year with keyline plowing, but if you tell a county agent or chemical farmer that they'll laugh you out of the Co-op. Same goes for management intensive grazers, who'll say you can't add more than one inch in ten years.

Last year our soil was so densely compacted that Brian could only plow six inches deep. This year he went down twelve inches. Now Brian is an enthusiast, I confess, and you'd probably have to be pretty enthusiastic to travel around the country hauling that big plough and a wife and baby. But after he ploughed, here's what he reported.

Last year there were feeder roots at six inches, this year at twelve inches, and the top twelve inches of soil looks like chocolate cake.

Even discounting Brian's enthusiasm, I could see the difference without any digging. Clover is coming up in long rows throughout our fields where Brian keylined last year. Cool season grasses are thick and 15 inches and taller. The cows and sheep think they've died and gone to heaven. Our keylined fields are all coming up grass and clover, not wildflowers and buttercup. They are gorgeous.

Sure, keylining is not cheap, but how expensive is lime and fertilizer? And what will any soil grow without water? Once those pathways are cut into the soil and the topsoil regenerates to 18 inches, it will last a long time with very little further effort.

We also put in compost tea with the keylining. Compost tea is chock full of microorganisms that live at the interface of root and soil, where the REAL action is. They live symbiotically with the plant and make available to the roots minerals locked in the soil. Literally they are the life of the soil and it takes very little fertilizer or herbicides or pesticides to kill them. When they're gone, so is the life from your soil.

Looking out over these green pastures with these fat and happy animals, I'm beginning to think maybe we are not so crazy after all. And I grasp & share Brian's enthusiasm

THAT'S NOT ALL

Back in November we bought a farm at an auction, only about 10 minutes from here. Already this spring it surprised us this spring when acres of daffodils and irises came up. Now it's surprising us again

It's 172 acres and we got it for a good price because the last owner was so distracted the last five years of his life that he let it grow up in thickets. Costs a lot to clear that, and can't be done but by a bulldozer. After that you have to come back with a heavy cutting disk to cut up all the roots, and that leaves it looking like a World War I battlefield. No matter -- all those sticks and stobs will have vanished in a year's time. After the cutting disk a harrow or lighter disk smoothes it out, then you plant grass.

When we bought this place, we really weren't too sure what we were getting. You literally couldn't see because of the thickets. A little was clear near the road and the barn, but the rest was trackless thickets.

So we called The Artist, Happy Wisdom. I say "Artist" because nobody can handle a bulldozer like he can. Not only does he barely scrape the surface and leave the topsoil, but he also has an eye for what to leave and what to take out, and pushes up the brush piles to stop erosion and fill ditches.

Happy started at the front and worked back, and back, and back. He found a pond we didn't know we had. He left big trees in the draws so cattle would have shade. He found a *second* pond we didn't know about. The land is up and down, 100 foot hills and vales folded onto each other. Oh, my goodness – it is *magical.* Happy has cleared about 65 acres now.

And we called my old bee buddy, Randall Staggs, to work his magic with his cutting disk, and he has. He'll come back and smooth it out and plant millet for summer grass. In the fall he'll come back and plant clover and cool season grasses like orchard grass or maybe one of those new endophyte-friendly fescues that don't fever your cows.

At the front of this place stands a double wide, a modular house. Don't sneer yet: it's about 2,000 square feet with three bedrooms and two baths. We fixed that up as bait to get our youngest son, Zachariah, and his wife, Victoria, to move back from Washington State.

SILVER PIGS

We have a heritage white-with-big-black-spots pig breed, Gloucester Old Spots that we're none too fond of, but we also have a terrific black Mule Foot boar named Turnip Green – discreet, well mannered, & very effective. (A Mule Toot is a kosher pig because its hoof is not cloven.) Last few months we've kept most of our pigs on the Shoe's eleven wooded acres.

Exiting the driveway a few days ago, I had to do a double take: *silver spotted pigs.* Yes, piglets with silver fur and black spots. Y'all remember the Tennessee Red Leopard pigs we've raised, red with small black spots? I reckon these are Tennessee Silver Spots. And some of them – I don't know if they came from the same litter – are black with white feet. One thing is certain: the Silver Spots came out of Turnip Green, because they're all mule-footed.

Enjoy your spring,

Franklin

HAVE THE GOLD & SILVER BULLS BLOWN OFF? THEN IS NOT NOW

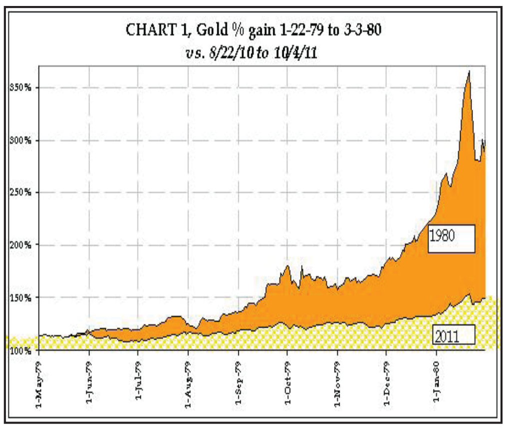
Over & over croakers keep chanting that the gold bull market has ended. I understand that the rise into September 2011 was huge, but it doesn't qualify as a "blow-off top."

Blow off tops are those straight up ("hyperbolic") rises that occur at the end of a move or, in much more exaggerated form, at the end of a bull market. They give, in fact, the infallible sign that a bull market has ended. But most rallies end in some sort of blow off top, so whether a market has undergone its *final* blow off is a matter of degree. Consider this:

• At the 1980 peak, gold had risen to 3.65 times (365% of) its level a year before.

• At the 2011 peak, gold had risen to 1.54 times (154% of) its year before level.

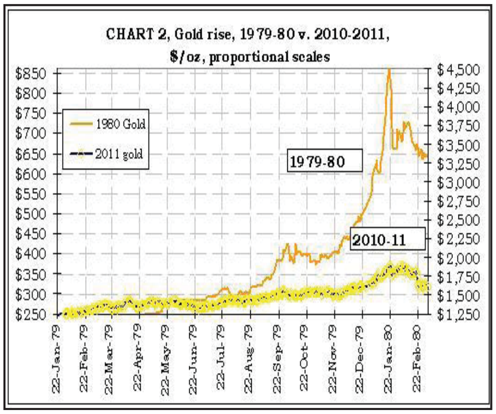
• At the 1980 peak, silver had risen to 7.78 times (778% of) its year before level.



• At the 2011 peak, silver had risen to 2.61 times (261% of) its year before level.

Stout as these 2011 rises were, they don't reach the magnitude of the 1980 gains.

To make this easier to grasp, look at "CHART 1, Gold % gain 1-22-79 to 3-3-80 vs. 8/22/10 to 10/4/11" and you can see percentage wise how the 1980 rise overshadows the 2011 move. "CHART 2, Gold rise, 1979-80 v. 2010-2011, $/oz, proportional scales" compares the rises in dollar terms, the 1980 market on the left scale and the 2011 on the right. To equal 1980 gold's rise to $850, in 2011 it would have shot nearly to $4,500

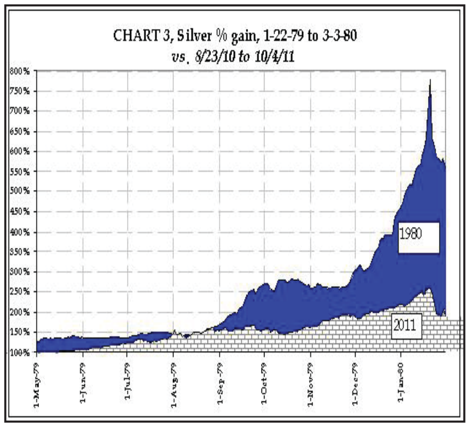


an ounce.

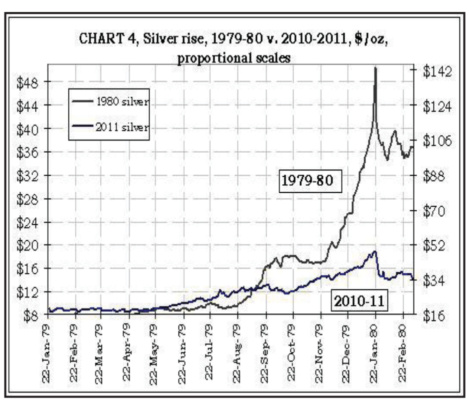
Now look at "CHART 3, Silver % gain, 1-22-79 to 3-3-80 vs. 8/23/10 to 10/4/11". In percentage terms silver's 2010-2011 performance doesn't approach its 1979-80 track. On "CHART 4, Silver rise, 1979-80 v. 2010-2011, $/oz, proportional scales" you can see that silver's 1980 rise to $50/oz would only have been matched by a rise in 2011 to $144.79. Nowhere clos

MORE EVIDENCE THEN IS NOT NOW

Look at the chart, "CHART 5, Gold Bull Market 1-1-67 –



12/31/80." Now at the outset I confess that this chart only inadequately compares past & present, because not every bull market unfolds along precisely the same path. However, it is useful to paint a *general* milestone for where gold now stands on its long bull market climb. You see the box, "April



2012: You are HERE." It points toward early-1979. Here's how I reached that point:

• Gold has risen from $252 in 2001 to $1,888.70 in August 2011, a 7.49-fold increase.

• Gold's 1960 – 80 bull

market began at an official price of $35.00. From about 1960 forward gold was trying to rise, but was suppressed by government manipulation. I've arbitrarily used 1967 as the bull market starting date here because that's when the London Gold Pool [LGP] began crumbling and the gold price escaped government control. In fact, the bull market began in November 1960. (The eight nation LGP was founded in November 1961 as a response to a year-earlier run on gold that briefly boosted it above the $35 official price to $40. Its purpose was to suppress gold's price. Pressure from US inflation – remember Vietnam War spending & the War on Poverty -- began tearing down the LGP in 1965. In 1967 France withdrew and the British devalued the pound, and by 1968 the LGP was dead.)

• Multiplying $35 x 7.49 equals $262.15, roughly gold's price in early 1979.

• The peak reached on 7 February 1979 at $257 also roughly corresponds to the high close 22 August 2011 at $1,888.70. That means it marks only the first leg up of the bull market's big third leg up.

WHOA! WHOA! This does NOT mean that I expect the bull market to last no more than another year. In fact, I expect gold's primary uptrend to last another 3 years or more. I am only trying to point out that in *price*, gold has much, much further to rise, and is not near a blow-off top yet. This says nothing about *time.*

ALSO, from that $257 mark, gold continued to rise to $850, a 3.307-fold increase. Apply that same measure – just for rough gauging's sake – to today's market. Multiply $1,888.70 times 3.307 and you reach $6,246.57 for a peak price.

Note carefully, that is NOT my prediction, only a comparison. IF today's gold bull market stands roughly where the 1970s bull market unfolding stood in 1979, and IF gold rises by the same factor now that it rose by in 1979, then it would reach $6,246.67. (And IF frogs had wings they wouldn't bump their little bottoms when they jump, so don't take this for gospel.)

Matter of fact, I believe that because this gold market started at a much higher level than the 1960's bull, and because it is unfolding at a higher degree of maturity, it should far *exceed* the last bull market's performance.

But that's only my opinion.

-- F. Sanders

THE GOLD SILVER RATIO: WHAT NOW?

SELDOM have I sweat blood over anything as I have over the gold/silver ratio and our gold/silver swapping strategy. In 2004 the market cheated us out of a trade by reversing at 51, just above my 50 target. In 2006 we caught the very low at 43.63, then late in 2010 I held to my 47 target and did the swaps from silver to gold, only to watch the market plunge down to a 32.02 low.

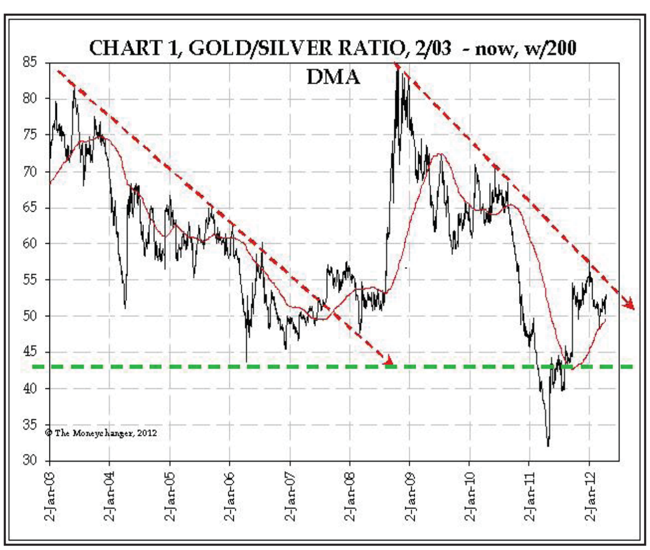
I wanted to reverse the swap on the ratio's upswing to 57.5, but that ratio was hit in overnight trading when we were closed, and hasn't reached that level again. Now this gold silver downward correction – and gold/silver ratio upward correction – has reached old age, and I have to face it: the ratio may have peaked already. What do we do?

Look at the first chart, "Chart 1, GOLD/SILVER RATIO, 2/03 – now, w/ 200 DMA," and you'll see why I am a bit punch drunk. In June 2003 the ratio hit 82. We were swapping gold for silver all the way from 68 up to 82, but we missed (as I said) the swap back into gold in 2004 because the ratio never reached our 50 target.

Didn't matter, it turned out for the best anyway, since the ratio kept on falling, to the bottom in 2006 which we caught dead on, swapping back into gold at 43.6. Great gains in ounces.

But something happened on the way to the next swap, namely, 2008. Instead of continuing down, the ratio changed directions and made a double top.

At the 2008 gold & silver peak the ratio only dropped to 47.677, not enough to trigger a sensible trade. Because the ratio had made several false upside breakouts before, I didn't properly respect the 2007 breakout above the downtrend line. Turned out that 47.677 low was the ratio's final kiss good-bye before it skyrocketed to 84 in October 2008. Ouch.



No matter. We waited it out in silver, and even swapped more gold into silver as the ratio made new highs.

Experience had made me too trigger happy, and I was not expecting this move in the ratio to be The Big One Down. I erred, we swapped at 47 expecting not lower than 42, and the ratio sank to 32.

Once again, trading for silver at a realized ratio of 50 or 51 when you had bought it at 75 or 80 wasn't what you'd call a loss. Not as big a gain as possible, but only clairvoyants & fortune-tellers nab the whole move.

Besides, we've been in gold for the last 8 months to a year, and that entire time it has outperformed silver. Not so bad, and it weighs less, too.

NEXT TRADE, NOT THE LAST

If you keep on looking at the last trade – the poor one –- trying to fix it you will always lose. Deal with the market as it is, not what you wish it to be. Count your losses, learn the lesson, and trade from where you are. So where is the ratio now?

Crucial question: Did the ratio's reaction peak at 57.5, or will it make one final push up?

AGAINST ANOTHER UP LEG:

• Ratio hit the downtrend line from the 2008 top, and reversed

• Ratio (See Chart 2) has broken the red dashed uptrend line

• Ratio has moved back to its 200 day moving average

• 57.5 is established support/resistance on the chart.

• When the ratio does drop, long-established support above 42 will be its target, in other words, about 20% lower.

IN FAVOR OF ANOTHER UPLEG

• Silver needs longer to recover after a peak than gold, and gold is nearing the end of its recovery while silver is not. Silver might remain flat while gold rises.

• Silver tracks stocks against gold, and stocks appear set to fall against gold. If that drags down silver, then the ratio would rise.

• A European financial explosion could send gold up and silver down, driving the ratio up, maybe past 57:5 to 60.

As you can see, the arguments against the ratio rising are all technical and accomplished. The arguments for the ratio rising further are all fundamental and speculative. That doesn't argue strongly for a higher ratio.

WHAT'S THE STRATEGY?

Our strategy from the beginning of this bull market has been to own more silver than gold, swapping silver for gold at ratio lows and gold for silver at ratio highs along the way to increase ounces. What's the basis for the strategy? That the ratio always has returned to lower than 16:1 at the bull market peak in metals.

What does our strategy require? That at ratio highs, we swap gold for silver. If the ratio has already peaked, then we need to swap back into silver, and never mind that we achieve only a little gain on this last swap or no gain at all. If we wait until the ratio breaks down, it will reach 42 very quickly, on its way to breaking through 32.

Yet in spite of all this ratiocination, I hesitate, perhaps because hesitation at some points past was the best course. So here's what I recommend for gold/silver swappers:

• In any event, swap gold for silver if the ratio hits 50:1.

• If you choose to wait for a higher ratio, swap gold for silver at 55:1. If the ratio rises higher, swap more gold for silver.

• If you don't want to wait for a higher ratio, swap gold for silver now.

Personally, I am inclined to wait for a higher ratio, but as you can see I can give no reason stronger than intuition for doing so. Intuition doesn't weigh much, except on your mind.

One last point. We don't want to end up holding the bag. At market peaks, the small silver market becomes illiquid compared to the gold market. I know, I've been there several times. THEREFORE, around 20:1 we will swap silver for gold, and ride out the balance of the bull market - the blow-off -- in gold.

-- F. Sanders

HOW LONG DO SILVER & GOLD CORRECTIONS LAST?

The past certainly is not an infallible guide to the future, but when you are a stranger in a strange land, even a drunken guide is better than none at all. With that warning, let's look at how long silver & gold corrections have lasted in the last 11 years of this bull market, then project that past performance into future. We'll look first at how long – from peak to bottom – it took the metal to reach its final correction low. Then we'll see how long it took for the metal to rise above that foregoing peak. That rise above the last peak is the *finally* confirms that the correction has ended and a new rally begun.

GOLD: TIME TO BOTTOM

For gold to bottom in past corrections it needed

In 2004, 129 days (18 weeks)
In 2006, 146 days, (21 weeks)
In 2008, 240 days, (34 weeks)

During this 2011- 2012 correction, gold's low so far occurred on 29 Dec 2011, 129 days after the peak. Ahh, 129 days just like 2004, which was also (I speculate) the top of the first wave up of Big Wave 1 up, as this was the first wave up of Big Wave 3.

But suppose the time to bottom took as long as 2008. That 240 days already passed on 18 April 2012 (from gold's 22 August 2011 bottom).

Seems awfully plain, then, that gold bottomed on 29 December 2011 and lower prices will never again appear.

GOLD: TO EXCEED THE LAST PEAK

After a bull market makes a big peak, it enters a long correction before it eventually exceeds that old peak. For gold, how long has that recovery lasted?

In 2004, 291 days (42 weeks or 10 months)
In 2006, 496 days (71 weeks or 17 months)
In 2008, 542 days (77 weeks or 18 months)

A right long time is the answer. Let's apply those times to the correction that began in 2011 and runneth yet in 2012:

22 August 2011 + 2004's 291 days = 8 June 2012
22 August 2011 + 2006's 496 days = 30 December 2012
22 August 2011 + 2008's 542 days = 14 February 2013

If gold is repeating a pattern similar to 2004 and not 2008, which to be expected because 2008 was correcting top of Big Wave 1 up and should therefore be shorter, then not only have we seen the lows, but a rally above last high close ($1,888.70) should appear by early June. Remember also that gold now is in its third big leg up, and events move faster in third legs.

The hitch in swallowing that June 2012 recovery date is that June and July usually post seasonal lows for gold, so that seasonality might push gold's recovery out into August or September. On the other hand, Spain and the euro are working their hardest to blow up and precipitate another world wide financial crisis, which might send gold higher. I say "might" because in 2008 the US financial crisis pushed *down* everything but US dollars – stocks, gold, and silver. On the other hand, nearly four years have passed, and the sorry saga of failed government bailouts had perhaps educated many more investors. Last summer as the Greek euro crisis unfolded, investors were running into gold. Who can predict which direction markets will run when a Spanish euro crisis erupts?

SILVER: TO A BOTTOM

As a much smaller market, silver is always vastly more volatile than gold, so it is faster to reach a bottom and slower to exceed its old peak.

How long did it take silver to reach a bottom in past corrections?

In 2004, 35 days (5 weeks)

see **SILVER & GOLD CORRECTIONS** pg.12

LISTEN TO THE FAT LADY SING

	4-Jan-00	20-Apr-12	% chg frm 1/00	All-time or Last High	Date of High	% change From High	LATEST LOW close	LATEST HIGH Close
DJIA	10,997.93	**13,029.26**	18.47%	14,164.53	9-Oct-07	-8.01%	6,547.05	13,252.76
DUA	278.51	**460.75**	65.43%	552.74	20-Feb-08	-16.64%	290.68	467.12
DTA	2,862.17	**5,234.25**	82.88%	5,400.28	15-May-08	-3.07%	2,146.89	5,368.93
S&P500	1,471.21	**1,378.53**	-6.30%	1,559.55	20-Feb-07	-11.61%	676.53	**1,416.51**
NasdaqCom	3,901.69	**300.45**	-92.30%	5,048.62	10-Mar-00	-94.05%	1268.64	**3,122.57**
Nasdaq100	3,755.74	**2,676.04**	-28.75%	4,704.73	27-Mar-00	-43.12%	1043.87	**2,782.12**
US$ Index	100.41	**79.14**	-21.18%	121.02	2-Jul-01	-34.60%	70.70	121.02
DiSoz	2,061.47	**411.75**	-80.03%	2,566.04	7-Jun-01	-83.95%	251.66	2,042.43
DiG$	$ 804.20	**$ 164.02**	-79.60%	925.42	25-Aug-99	-82.28%	$ 119.32	$ 164.94
Gold	282.70	**1,642.10**	480.86%	1,003.20	18-Mar-08	63.69%	704.90	1,888.70
Silver	5.34	**31.644**	492.58%	20.680	5-Mar-08	53.02%	8.800	48.584
Gld/Slvr	52.94	**51.893**	-1.98%	84.330	17-Oct-08	-38.46%	31.996	84.329
Platinum	413.70	**1,574.40**	280.57%	2,167.80	21-Feb-08	-27.37%	416.00	2,167.80
Palladium	441.90	**675.00**	52.75%	1,082.80	5-Feb-01	-37.66%	148.50	857.25

* **Bold face** *items in "Latest Low" and "Latest High" are new from last mo* NOTE: DJIA last hi 3/15/12
**"Latest" high or low means "last significant," not the very last in time. NOTE: DTA last hi 2/3/12, lower than 7/2
*** "DiG$" is the DJIA exprest in **gold** dollars. ****DiSoz is the DJIA valued in silver oun NOTE: DUA last hi 12/29/1

SILVER & GOLD CORRECTIONS page 11

In 2006, 33 days, (5 weeks)
In 2008, 253 days, (36 weeks)

In this present correction silver's low so far came on 29 Dec 2011 = 244 days, roughly equal to 2008. Implies we saw the bottom then, since even 2008's 253 days would stretch only to 7 January 2012.

There's another knot: silver & gold peaked four months out of synch in 2011. In the past, they've usually peaked the same or nearly the same day, although once they peaked a month apart. Four months' spread hasn't occurred before.

As a rally begins silver often – indeed, usually – lags gold. Silver acts like small cap stocks against blue chip stocks, participating later in the rise. Thus we can expect silver to recover much slower than gold.

Whoops -- here's one more knot: against gold silver tracks the same direction as stocks. The Dow in Gold Dollars (the Dow Jones Industrial Average measured in gold), which has been my most reliable indicator, has been rolling over downside since mid-March. That and stocks' internal technical condition whispers pretty loudly that stocks are about to drop. That would drag silver down against gold.

SILVER: TO EXCEED THE LAST PEAK

How much time has silver needed after a correction to exceed the last peak?

In 2004, 601 days (86 weeks or 20 months)
In 2006, 538 days (77 weeks or 18 months)
In 2008, 925 days (132 weeks or 31 months)

From silver's 29 April 2011 peak, how would these periods look applied to 2011-2012?

29 April 2011 + 2004's 601 days = 20 December 2012
29 April 2011 + 2006's 538 days = 18 October 2012
29 April 2011 + 2008's 925 days = 9 November 2013

Why is 2008 style correction least likely? Because the world in 2008 was suffering a once in a century financial panic. Could happen again, thanks to Europe, but it will take that sort of discontinuous to extend the correction that long.

Otherwise, silver should exceed its April 2011 $48.584 high sometime in the fall.

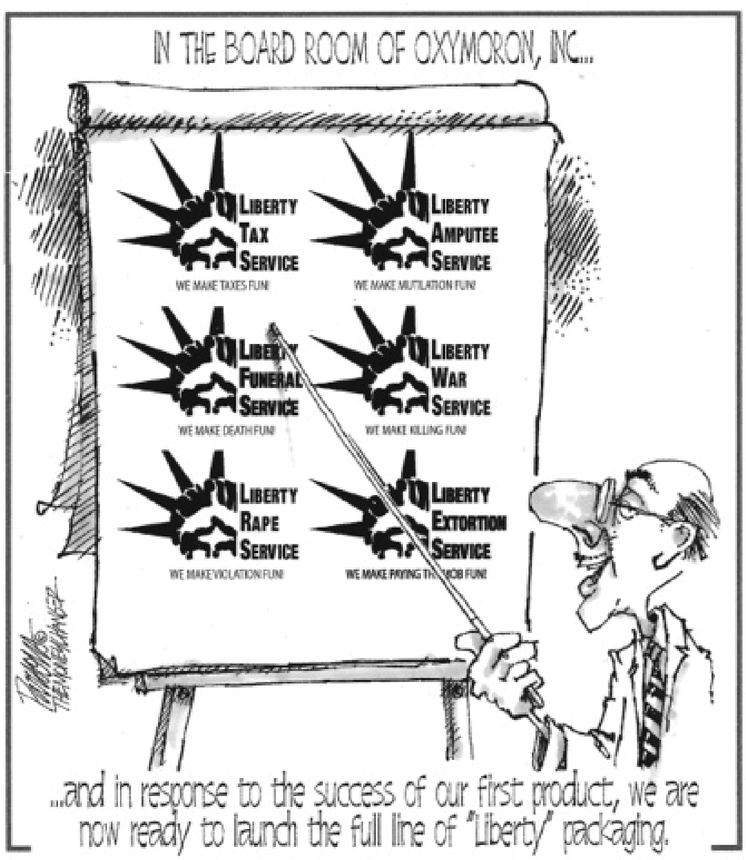
TAKE THIS HOME

Long and short of this meditation is, *we can now buy gold and silver with great confidence that the low is behind us and the recovery to new highs not far distant ahead.* Lower prices are NOT coming.

While that downside danger may have pretty well disappeared, upside progress may be frustratingly slow going for the next 2 – 8 months. Gold should move to a new high above August 2011 sometime after the next 60 days, and silver by the fall.

Stop waiting, start buying.

-- *F. Sanders*



P.O. Box 178
WESTPOINT, TN. 38486

Address Correction Requested

FIRST CLASS MAIL

VOL. 30, NO 4. APRIL 2012