

# The Strategic Global Investors Newsletter™

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## Overview

It has been long time since I wrote my last newsletter. From time to time I wrote commentaries on precious metals. Effective this quarter I will write a very short commentary on precious metals and various issues.

## Precious metals

The one following my writing for long time know that I followed and invested in precious metals and mining stocks for a very long period of time dated back to the 1970's. In fact after gold reached the \$300 mark, I predicted correctly that gold was going to increase in value to \$500, \$750, \$1,000 and then the last forecast was \$1,300 to \$1,500. My last forecast of silver reaching \$23-\$25 and ounce has been correct as well. This record of correct forecasting has been successful since the 1975. Now the tough question is where the precious metals will trade.

Since you have availability to various tools of research I am not showing various charts or detail commentary. I will attach to this e-mail two good papers that you can use.

The most important **short-term** forecast that I have today is that I think price of gold and silver will correct soon. How soon? I think in the next 90 days. The correction should be around 10% to 15% from current prices of gold of about

\$1,360 and Silver of about \$24.75. Why? For three main reasons: Prices have run up for a long time (now about 10 years), there is a global pessimism about the U.S. dollar. And finally everyone is bullish on gold, which is a signal to sell.

Everyone hate the dollar, and in Europe a lot of people hate the Euro as well. We know exactly why prices have run for such a long period of time. Extremely high expenditure of the government, and the Federal Reserve unlimited printing press. And finally most of the economists working for the government are Keynesian, thus working with outdated economic tools. This has created expectation for inflation in a deflationary environment. And here again in the past two years I was discussing with friends the case for staginflation.

After that correction we should resume the current trend upward. I believe by end 2011 we should have a price of \$1,500-\$1,600 per ounce of gold and about \$30 per ounce of silver. In reference to platinum at current price of about \$1,700 per ounce, I am still bullish and I will keep the position on platinum until reach around \$1,900-\$2,000 per ounce.

Here I made two distinction. One if for gold coins and gold bullion. If you stored your physical gold, then you should hold

it as a store of value and as an "Insurance" against currency and worldwide turmoil. If you trade gold and silver or gold and silver stocks than you can take a profit and buy it again after the correction.

### **Currencies:**

I also believe that the U.S. dollar will rally in the short-term and then after the

rally will resume its downtrend against CAD, AUD, BRL, and NOK. I am bearish on the Euro, and believe that its real value exchange rates with the US dollar is around \$1.10 per i Euro. So now you can sell Euro and Buy dollars.

Have a good investing.

***Dario A. Bianchi***

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