



**From the Desk of Nick Nicolaas – (FDNN)**  
**Alert #48**

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## **“WHEN EVERYBODY HAS GOT THE BLUES”**

Dear Friends:

Yes, when everybody has got the blues then - - - you have to start looking at the positives.

This has not been a great time for the Juniors. For the past two years although commodity prices have steadily gone up, commodities were not a sexy item as far as the general public was concerned - - - but now the general public are starting to realize that commodities may very well be sexy.

Today there is lots of negative speculation by people that do not understand the fundamentals i.e. “Commodities Are Getting Scarce”. For example, China is signing agreements all over the place to secure supply.

On April 30, 2005 we wrote “In May, First Buy Gold Then Go Away” and anyone who did so ended several 100’s of dollars to the good.

Right after the April 2006 Denver Gold Show, on May 7, 2006, when people were blinded by their Bullishness, we wrote “This May be in cash but do not go away”. We warned that a correction in Gold was imminent and on queue it did correct.

In August of 2007 Gold started to take off again and we expected the Juniors to go with it but low and behold - - - the Juniors went sideways and down instead.

HERE COMES THE MAJOR POINT - - - People are now blinded by their Bearishness. In May 2006 everyone was salivating at the Bull ahead. This time the psychology is different – and this has created a unique buying

opportunity. Many money managers are also blinded by their bearishness and sitting on their hands (wallets) right now. Make no mistake about it - - - they are WRONG - - - Yes, DEAD WRONG!

The trend in the Commodities is still our friend and is firmly in place for the long term. In the near-term, there could be serious spikes downwards - - - but the astute investor is looking at these spikes as further buying opportunities. Importantly, please do not sell your positions now. Just sit with what you have because - - - this is not the time to sell, but to grasp the extraordinary buying opportunities presenting themselves to us. By Christmas we should all be happy campers.

It might be July before the Funds start getting in so sharpen your pencils friends and pick your spots. There is very little downside now and - - - "you have to be in it to win it".

### **Stop the blues then - - - start looking at the positives!!**

One caveat, oil looks vulnerable to a correction. For the near-term the price of oil may have peaked because: 1) the high price of diesel and gasoline are making consumers and manufacturers much more prudent as to the use of the product; and 2) speculation by institutional investors

who have added and abated the surge of oil prices (these speculators are now under scrutiny by legislators worldwide); and 3) the capacity to store oil is not infinite and seems have come to a peak (there is a dearth of tankers around the world because they have been used to store oil). Therefore, it seems prudent to take some money off the table here (London: George Soros warning "Speculators are largely responsible for driving crude prices to their peaks in recent weeks and the record oil price now looks like a bubble").

Stay Tuned!!!

Regards,

*Nick L. Nicolaas*



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