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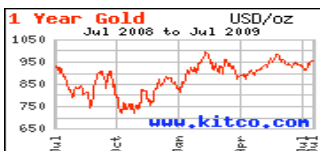
July 2009



pouring first gold at
Crescent Gold's Laverton Mine

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Jul 24, 2009 10:12 NY Time		
▲ GOLD	951.50	+3.50
▲ SILVER	13.75	+0.05
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GOLD USUALLY SHOWS A DULL SUMMER BUT THIS TIME IT MAY BECOME A HOT ONE

AFTER GOLD WAS KNOCKED DOWN TO THE \$910 LEVEL, IT IS LIFTING ITS HEAD UP AGAIN. WILL IT GET BACK ON ITS FEET AND BE READY TO RUN? OR WILL IT TAKE A GOOD SUMMER REST AND START ALL FRESH IN SEPTEMBER?

As you know, the markets usually take a break too in the summer months. The old saying “sell in May and go away” finds its origin in it. However, I am not an easy believer of those dogmas. The market will do what it wants, regardless of time and season.

As I mentioned last time, the short term movements in the gold price seem to be pegged to the changes in the value changes of the U.S. dollar versus other currencies and the oil price; the daily explanation from the news media commentators could drive you crazy and diminish your appetite to read it every day. I wonder how frustrated those journalists must be. It is all about nothing, it can rain and the sun can shine. I am totally missing some eye for the fundamentals of the gold markets itself and the longer term picture thereof. That is why I think that one day, gold will surprise a lot of people. I could even be one day soon, summer holiday or not.

In the meantime, gold is showing its vitality again. After the recent retreat to the \$910 level, it is getting back up and looking good at \$944. The gold bugs, and yes, I am one of them, feel more confident that their views will prove to be right. All the comments about record gold prices and warnings of too high new price levels are beside any historical point. It is an old reasoning by now but I think it deserves to be mentioned again. In January 1980 we had a record high of \$850 per ounce of gold. Should we adjust that price the same way as we adjust the costs of living and salary levels, gold should be trading now over \$2,240 per ounce. Doesn't it look cheap at \$944 then? ▶



► EDITORIAL COMMENT

Now, I hear you saying that gold should have a real move if it wants to get back to that level. Yes, true, but let us look at it from another angle, maybe a more sensible and optically more understandable reasoning. Look at the chart here. It shows the gold price in inflation-adjusted terms. It clearly shows where gold was and where it is today. So, which record highs are we talking about?


The next question is “which scenario would gold need to indeed get to real new record prices or at least closer to it?” Well, I think the current world situation provides the basic ingredients for the scenario that gold needs. Just think of the consequences that the environment of crises has to governments. Where they preferred to be actively stimulating corporate life (to subsequently tax them with a smiling face), they now are faced with the need to think like an entrepreneur themselves.

Whoever thought it would come so far that renowned and successful corporations (remember they were called “blue chips” not too long ago?) now would need huge injections of capital from their governments? The governments, and we are not talking about the US government and General Motors here, just have no choice but to jump in and support their former flagships. But will that really lead to a recovery of economic growth? Not really, it merely leads to what I call “a band-aided economy”. And badly enough, the band-aids were paid for with borrowed money and created money. Hence, government will see their debts rise to idiotic levels, will feel the pain of lower tax income, will have to transform into actively participants in the entrepreneurial tax, will have to fight a further decline of the dollar, will contribute to inflationary pressures and some more implications like that. **Poor Barack Obama!** He is facing an enormous challenge! Saying “Yes, we can” is a good beginning but I am afraid that we may be able to see his hair turn grey.....

This scenario is not particularly a nice one, the economic and political powers in this world will continue to shift and we all will have to adapt to those changes. Whether we like it or not, one of the consequences could very well be that the value of money will further evaporate. In these circumstances, you as an investor should also shift your gears. Approach the usual optimism about the regular stock markets with scepticism, there is no reason that you should do well there. Allow gold into your spectrum of attention.

Gold, as it can be judged from the erratic behaviour of the price, may be confusing us from time to time but as I have said many times, the underlying strength of the market can be clearly recognized; I know that not everyone is seeing it that way but I am convinced that gold will reiterate its historic function as the undoubted long-term store of value, the most precious of metals. Whereas nobody has been able to explain to me what exactly the mythical powers of gold are, gold will not let us down! Gold may make this a hot summer. **Gold and related investments could turn out to be the best insurance premiums you have ever paid!**

 I am very happy that I could tempt **Sara B. Patterson** to give continuation to her presence in the **CONTRIBUTED ARTICLES** with her remarkable writing. So, again an article in her “**Poke the Bear**” column. This time, a different subject but the same wit, intelligence, originality and her specific style in “**Let Them Eat Crab Cake**”. Those of you who have been following **GOLDVIEW** in the last few years will recognize the other two writers. Both “**Traderrog**” **Roger Wiegand** and more specifically **Julian D.W. Phillips** have given their views on gold and the gold markets several times. At this particular time, I found it worthwhile to include their recent articles, respectively “**Gold Prepares for the Big One**” and “**Is it Time to Be Buying Gold and Gold Shares?**” in this issue. In line with my Editorial Comment, both articles should have your vivid interest.

 Reflecting my recent decision to widen my perspective from Canadian based and/or listed companies to primarily gold companies from all over the world (globalization is knocking on the door here.....), I introduce here the format of **HIGHLIGHTED COMPANIES**. It enables me to bring international companies to your attention that I have known, come across, discovered and find interesting enough to signal. Just reflect in a nutshell what the companies are about, not an analysis, not a recommendation, not a presentation but merely a strictly personal impression. Read about these three companies: **New Gold, Crescent Gold** and **Andean Resources** with activities in the **UNITED STATES, MEXICO, AUSTRALIA, ARGENTINA, BRAZIL, CANADA** and **CHILE**.

Gold price, inflation-adjusted



Source: Datastream, Bloomberg

Henk J. Krasenberg

HIGHLIGHTED COMPANIES



NYSE AMEX-NGD, TSX-NGD C\$ 3.12, shares outstanding 355.7 million, fully diluted 438.5 million

A company that has the **vision to become a million ounce, low cost gold producer**, is not something that you come across daily. And certainly not, when you also look whether they have the potential to make it happen. New Gold Inc. is a company that really stands out of the crowd and seems to be on its way to achieve the goals set. Although it has been around as a company for many years (I have been following their New Afton project since 2003), the last few years have brought quite some **dramatic changes and improvements**. Especially last year and already also this year so far, the spectrum of the company has been expanding significantly. In June 2008, a three-way business combination with **Metallica Resources Inc.** and **Peak Gold Ltd.** was completed which, translated into ounces, brought **gold production of 202,689 ounces and operating cash flow of \$17 million** to the company in the 9 month period since completion of the three-way merger. Just recently, in June 2009, a business combination with **Western Goldfields Inc.** was completed which will add the output of the Mesquite Mine to the company's gold production.

A most impressive Board of Directors and Management, led by Executive Chairman Randall Oliphant and Chief Executive Officer Robert Gallagher, will steer the company further on the path to the 1 million ounce gold production target. For this year, **production is estimated to wind up between 330,000 and 360,000 ounces at an estimated cash cost of \$490-510 per ounce**, coming from the **Mesquite Mine in the UNITED STATES, the Cerro San Pedro Mine in MEXICO and the Peak Mine in AUSTRALIA**. In the company pipeline of projects are the New Afton in **CANADA**, the El Morro in **CHILE**, the Amapari in **BRAZIL** and three exploration projects in the United States, Canada and Chile.



I find the more recent development of Newgold not only interesting and impressive, but also promising. It is obvious that there is more than a vision. The Directors and Management, who nearly all have had careers in several major mining companies, are dedicated to achieve the objectives. They don't only know how to bring a mine to production and how to run a producing mine but apparently, they also know how to build bridges to other mining companies and convince them of the desirability to amalgamate with New Gold. Consummating mergers and acquisitions in a smooth and effective manner is a task that requires specific skills and human qualities. New Gold has shown to have those qualities. So what is next? An ambitious program to grow internally through continuous improvement of the existing operations by increasing the production and decreasing the cash costs over the next five years, the development of the New Afton Project and, not surprisingly, growing externally through additional mergers and acquisitions. Another strong point that I see, is the keen financial management policies, keeping the company in a solid financial and liquid position.

In comparison to several of the peer group companies, New Gold ranks 5th in market cap, 3rd in M&I resources, 5th in 2010 production consensus, 9th in cash costs and 8th in P/NAV ratios. To me it looks that these rankings could considerable improve over the next few years. The other companies are not sitting still either but I value the dedication and capacity to grow and management capabilities of the New Gold people higher than some of their peers.



www.newgold.com

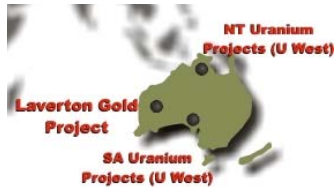


ASX-CRE, TSX-CRA, FFT-CRE5 A\$ 0.135, shares outstanding 590.9 million, fully diluted 623.8 million

Crescent Gold poured its first gold (see the picture on the front page) in March 2007 at its **Laverton Gold Project**, 250km north-east of Kalgoorlie, **WESTERN AUSTRALIA**. Crescent's tenements cover more than 1,000km² close to several large scale gold mines including Barrick's Wallaby and AngloGold Ashanti's Sunrise Dam projects. Production came from its original 1.0mtpa plant using low grade heap leach material, while in the process of expanding its mill to 1.5mtpa. The pouring of the second gold in the same month coincided with the announcement of a private placement to the Deutsche Bank for A\$120 million, giving DB a 55% voting interest. This influx of capital enabled the company to complete its plant facilities and to

HIGHLIGHTED COMPANIES

► establish its targeted annual production base of 80,000-90,000 ounces of gold. However, technical difficulties led to highly irregular production results, eventually leading to the **decision in July 2008 to temporarily suspend mining and milling operations** at Laverton in order to fully concentrate on solving the problems and conduct additional exploration programs. Looking back, this seems to have been the decision that brought sense back to the management of the company. Too many efforts were started up and subsequently altered and/or stopped, both at the Laverton project as well with the plans to spin off the company's uranium projects into subsidiary Uranium West. A lot of the invested and spent capital did not come to bear fruit. Having technical facilities that are not functioning well enough can turn out to be a detrimental nuisance and a leak where all the positive qualities can get lost.



However, **the fundamental and potential prospects of the Laverton Gold Project are unmistakably there**. Over the last 12 months, management has been working hard and seem on its way to get the company going into the direction of a better future as a gold producer. In February 2009, Crescent announced to have signed a MOU with Barrick in respect to the purchase of Crescent's gold by Barrick for the purpose of processing through Barrick's Granny Smith Mill at Laverton while Crescent's own Barnicoat Mill will remain on care and maintenance status. Last month, on June 15, the announcement came that an **Ore Purchase Agreement was signed between Crescent Gold and subsidiaries of Barrick following which the treatment of Crescent ore is scheduled to commence during the fourth quarter of 2009. A new phase has begun for Crescent Gold which will be shipping an estimated 1.8 million tonnes of ore to the Barrick plant. Crescent Gold can finally be on its way to really become a mid-tier gold producer.**



www.crescentgold.com



ASX-AND, TSX-AND A\$ 1.92, shares outstanding 461.3 million, fully diluted 480.8 million

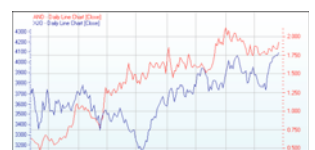
Andean Resources is good example how international you can get as an exploration company. An Australian company with a dual-listing at the ASX and TSX, a project base in Patagonia, ARGENTINA, a significant international financing just completed by a Canadian brokers syndicate and the very recent appointment of Canadian mining veteran Louis Gignac (the man who made Cambior!) as new Chairman. The company's flagship project is its 100% owned **Cerro Negro epithermal gold deposit**, with the Vein Zone and Eureka as the two major areas, in the Santa Cruz province, which was acquired from MIM Limited in early 2004. In October 2008, its fifth drilling season began with over 30,000m expansion and infill drilling scheduled for the fiscal year. According to the pre-feasibility study from October 2008, the **Cerro Negro has potentially robust economics** and a feasibility study is now being done with the objective to reduce the initial capital investment of approximately \$280 million and is scheduled to be completed in the fourth quarter of 2009. An indicated gold and silver resource (NI 43-101 compatible) of **1.4 million contained ounces of gold and 20.8 million contained ounces of silver are waiting to be mined**, most likely primarily by underground mining methods. Also the permitting procedures are in process and expected to be completed during the fourth quarter.



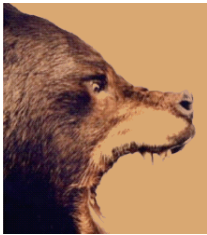
The appointment of Mr Gignac coincided with the completion of a bought deal financing which raised C\$90 million which will enable the company to take another step towards the production stage over the next few years. As Wayne Hubert, President and CEO, commented, "**The**

appointment of Louis Gignac represents a turning point for Andean....."

I could not have said it better. When I was reading the news, I was surprised to see the name again and my memories of Cambior came back; that company at one time was the darling of the investment community, in Canada and far outside of it, as it was guided through a very successful development from exploration into a recognized gold producer. I am sure his presence at Andean will have a strong impact and the management can be complimented for bringing him on board. Together with the other ingredients, in particular the thorough exploration programs from the past (that include involvement of Pegasus and MIM!), the proven ability to finance and the strong financial backing from the Canadian, US and Australian financial communities, it makes Andean Resources an interesting company. The transition into a solid gold producer seems to be the logical next step!



www.andean.com.au



POKE THE BEAR
 (resource investment commentary with teeth)
 by
Sara Patterson

Let Them Eat Crab Cake

Last year, but some horrible trick of the internet, I wound up on an email list for a posh local caterer, a company known for delivering wallet-crushing blows in the form of organic artichoke crostini. And as the increasingly unemployed world turned its back on organic artichokes sometime in November, the owner seemed to have had some sort of psychotic break, hammering out a now-infamous manifesto that she then emailed to the company's entire list.

It began with "in this economy, it calms me to iron my rare silk shantung napkins" and ended, in a feverish shriek, with "we will only use the finest blue crabclaw in our crab cakes or we will go down trying!" Clearly imitation crab means that the terrorists—or Madoff, or AIG—have won.

The natural resource sector, however, if you'll pardon the horrific pun, has been thriving on crabbiness, even before the tragic demise of overpriced crostini. We soothe ourselves by smoothing the familiar linens of worst-case scenarios and "if that, then this," and we vow to buy into only the finest catch of gilded pessimism—or go down trying.

And it's comforting, at the end of the day, to feel as if we know where the bottom is, even if no one, save for raving catering managers and the similarly insane, is feeling around for it with tippy-toes. But in looking for the next sharp descent, in predicting and planning for downfall and destruction, we forget that ours is a sector of unmatched resiliency and indomitable growth. We fixate on the fact that we need soothing, rather than realizing that we are doing so by pressing premium silk.

Take, for example, this week's initial smattering of news and commentary. The predominant headlines centered on the projected 44 percent decrease in India's June gold import and the yawningly static fizzle of the day's gold price. The pessimists tromped dutifully over to the "gold is flat" side of things, while the optimists pointed with Cramer-esque excitement to signs that gold is about to "explode." This leaves us nowhere. Whether we are ironing our shantung napkins or giving up and ordering Krab-with-a-K in bulk, we're still fixated on some hypothetical point in the future, even when the present has still not completely unfolded.

When we dissect the sector's news each new week, we must, difficult though it may be, wait for all of the actual news. At a highly caffeinated point in history in which everyone expects everything 5 minutes ago and no one is interested in anything short of a soaring triumph or a blazing apocalypse—take your pick—we've all gotten terribly bad at reading comprehension.

Let's humor our 4th-grade teachers for a moment, and truly catalog and comprehend the events of the sector, rather than establishing a categorization for our market mood swing of the week and then scanning the newsfeed to reinforce it.

For starters, there have been significant developments among the majors, including increased projected outputs, new or newly resumed projects, and a smattering of joint ventures and financings. Positive signs of a steadily evolving sector, to be sure, but even if the majors all put out news releases announcing that they had decided to dedicate a portion of each property to reconstructed cave paintings, it would be a step in the right direction. Because this, if you hadn't noticed, is June. And after that comes July. Remember when those two months comprised the phenomenon referred to as the Summer Doldrums, when no one did much of anything and everyone was too busy sipping mai tais to be bothered about the spot price? Me neither.

Of course, it's hard to think about what this brave new world of actual substantial summer news releases means with headlines like "Gold falls for first time in five days" staring you in the face. Oh five-day gold rush, we hardly knew ye. No matter that dissecting a one-week gold chart and basing any sort of forecast on it is akin to picking stocks based on which symbols spell out "Billy Jean is Not My Lover."

Tributes to the late King of Pop aside (though one could probably craft a brilliant parallel between the lyrics to "Thriller" and the business-section headlines between October and December 2008), the point is that dissecting natural resource sector news each week requires just that—dissection. Reading only the bolded headlines, listening only to the loudest voices, and repeating the opinions of others rather than forming one's own are actions that will spin the brightest of gold bugs into a sodden cocoon.

There are significant events unfolding in this sector, even in these once-sleepy months, and none of them are particularly mysterious. Look to these events—these actual, humble, concrete and tangible events—rather than the second-by-second spot prices and the cloudy crystal balls, and the natural resource sector becomes what it should always be; a coherent string of linear developments, rather than an intractable mist of prophecies and predictions. It is the difference between paging through a good old-fashioned newspaper and following CNN on Twitter. The former will tell you how to dress for today's weather; the latter will tell you what Jon & Kate Plus 8 wore to their divorce proceedings. And personally, I'd rather know when to bring a jacket.

Follow the action in the majors; watch it trickle down to the juniors. Keep an eye on global physical gold demand, not just the fickle shifts in individual imports. And for goodness' sake quit stalking the daily gold price before it slaps you with a restraining order. True, there was a time when such minute analysis was everyone's daily bread. But these days, perhaps, it is better to let them eat crab cake. Or krab cake, as it were.

Sara Patterson

this article appeared earlier on Kico – Sara Patterson can be followed at pokethebearblog.blogspot.com

GOLD PREPARES FOR THE BIG ONE

by
Roger Wiegand



Longer term charts tell the tale and block out daily trading noise. This weekly chart with a hugely bullish, inverted head and shoulders forecasts a major gold buying event later this year. This would be consistent with our forecasts of smashed stock markets after Labor Day 2009. We cannot tell for certain how high the Dow and the S&P 500 might recover between now and September 15th. We do know this: Numerous information, technical interpretations, and other data signal a largely broken fall, 2009 stock market and a corresponding rally in precious metals. This is our prediction.

We've all been patiently waiting for gold to breakout through strong resistance levels between \$1,007 and \$1,032. When the price has closed firmly and decisively over \$1,032.50, we should expect \$1,050, \$1,150, \$1,250-\$1,260 and a potential for \$1,375. These have been our previous gold price support and resistance forecasts expected for the December, 2009 futures contract highs.

It is very important to understand that once these higher numbers are achieved, it is not the end of this gold rally.



Rather, once new loftier highs are posted and reasonably held, we should see a new and higher sequence of buying. Our very old gold high forecast of years ago was \$2,960. As of today, we hold on that forecast for a minimum but are in fact expecting prices way beyond this figure.

As markets move forward and post higher highs in certain commodities and especially gold and silver, we can technically determine what's next. Somewhere along the trading trail in the next few months, precious metals shares will breakaway from the influence and attachment of other stock markets. We are not there yet but we have seen some tiny signals telling us this is coming.

Should gold be inflation adjusted today to its proper price, gold would exceed \$2,250 in our view. If we say our minimum is \$2,960, these two correlated prices are not all that far apart. What I want to figure out next is; where is gold going after \$2,960? This can be determined when other related new market prices and technicals are established in crude oil, credit, silver, and grains.

When gold goes on a rocket-rally, silver being more volatile will amaze on the upside. There should be no surprise that silver has some futures trading limit-up days in the months ahead. Despite worries by some silver analysts (including us) that silver might smother under the weight of dying commercial depression effects, we say silver changes itself from a mostly industrial metal into a newly recognized currency. We have seen some smaller, sympathetic communities using silver "rounds" or commemorative coins for local trading and commerce. ▶

► GOLD PREPARES FOR THE BIG ONE

They are not real currency but those trading them for local services and goods clearly understand their intrinsic value. Meanwhile, the failed California state government who cannot control their drunken spending is preparing to dive into total failure July 15th and issue script or “play money” as they are plumb out of cash and credit.

Adios California; Arnold can run to the Prez and Timmy for a nice credit-bond guarantee. The New York Banksters will give them the money as they get an ironclad repayment note voucher from the Federal Reserve and US Treasury. How can us broken taxpayers get such a payment? Not a chance.

We received a notice today from our broker advising some nonsensical senate subcommittee released a negative report regarding excessive speculation in wheat. You really do not want to know our opinion on this one except to say it's probably the product of some bureaurat pinheads casting dispersions on traders with little, or no knowledge of what they are talking about. It's just more useless bad information. Markets should be left alone. If these dolts cannot monitor the Federal Reserve and Treasury's antics on derivatives, credit, bonds, mortgages and the stock markets, what makes them think they know squat about wheat?

*One of these days
precious metals
shares will disregard
all broken markets
and rocket really.
Not yet.*

Wheat traders have been doing quite nicely since the 1740's when the first historical commodity records were kept. Markets and trading are about price discovery. They do not need childish meddling by people with no experience. This is dangerous to the global food supply and inherently disruptive. For another example on this look what Enron did when government fools changed the trading rules *just for them* so they could originate their own little special trading platform.

Here is a new forecast: Chopper Ben's term expires in January, 2010. After the fall markets' crash, we think Benny loses his job and becomes an administration scapegoat for all of their instigated problems. It really doesn't matter as they will replace him with another similar yes-man taking his orders directly from the banksters.

Markets are nearing a peak in precious metals shares that generally follow primary stock indexes. As the current stock market peaking descends into the tardy *Sell in May*, PM shares normally follow. With each cycle we think gold and silver shares might sell less *posting higher lows*. This could be decided on the shorter term by how low our S&P's trade. We expect 800 to 850 with 800 being more probable. One of these days PM shares will disregard all broken markets and rocket rally. Not yet.

Do not get tangled-up in daily noise. Keep studying the larger view and buy precious metals after each profit-taking correction. Headwinds are building into an economic hurricane. Take care of business right now. My dire fall prediction might surprise us and arrive earlier. Time is short. By the way, we bought more silver today.

Personally, I can see unbelievable opportunities to trade that we would never see again for many years. Turn these problems into opportunities. Those on the right side of the trade might get rich. Those on the other side are just victims. Stay Alert.

Roger Wiegand

–*Traderrog*

Roger Wiegand is the Editor and Publisher of *Trader Tracks Stocks*, and *Trader Tracks Futures and Commodities*, both electronic newsletter publications for active traders. A native of Michigan, Roger has a background in graphics, writing, and editing as well as sales, marketing, and commercial printing. He has had an interest in precious metals and futures since the commodity rallies of the late 1970' and early 1980's. Roger is a voracious reader reviewing several domestic and foreign newspapers and wire services daily for economic, political, and monetary news.

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September 13-16, 2009

Denver Gold Forum

Denver, Co., USA

www.denvergold.org

IS IT TIME TO BE BUYING GOLD AND GOLD SHARES?

by

Julian D.W. Phillips



As we thought it would, gold has fallen back to the low \$900's and begun rising again. Should we be buying? If only life was so simple and we could say to you buy at this price and sell at that price. If we did you can be sure the price would not quite reach the height nor reach the low price. It would almost reach there or overshoot leaving you wrong footed, as most people are. So what do we do?

Perhaps it is about "feel", but 'feel' comes from understanding and from paying attention. In turn this comes from understanding a far from simple formula when it comes to gold and silver. These markets react to monetary issue, to confidence factors and the broad macro-economic events. They react to macro-economic and monetary uncertainty. Measuring this accurately is only part of the story. One has to measure the different types of investors and their perceptions of when to buy and

sell. Now sum all this up with the correct weightings and you then add the usual demand and supply factors that one traditionally uses in metals markets

Currently the market is under the complete control of short-term traders on COMEX. They took the price up from the low \$900's to \$985+ and have taken it back down. And very nice indeed, as they may have made \$100 plus provided they picked the bottom and the top? Most don't pick the top or bottom, even if they have done it once or possibly twice before. We are told that only 52% of trades succeed. We at **Gold Forecaster** believe the greatest investment success is made by investors who play the longer term and buy and sell only the major moves [30 – 50% price moves]. They're in it for the longer term, usually. That's why people have trusted their Pension Funds more than playing the market by themselves. Pension Funds have to play for the long-term because they have long-term obligations. But in this scene we're watching the ebb and flow of short-term traders driven solely by the Technical picture, both of the precious metals and the U.S. \$. But now that the prices have run both up and down they are left following the U.S. \$. This is hard on traders, because both the € and the \$ are weak, so why measure one against the other?



However, it will soon be time for the long-term holders of gold to make their move. Currently they are not heavy sellers so don't expect the gold price trend to change. As buyers they are currently slowly accumulating and there have been recent sellers, but not in such volumes as to make the gold price rise or fall. They are biding their time for news that will trigger more purchases. Once you see a 10 tonne move, either way, in the holdings of the gold Exchange Traded Funds then you will see their influence come to bear. Which way will they go?

It will take a forceful trigger to get the precious metal markets to move significantly one way or the other. We will have to wait for this market to tell us because it could go either way.

The Geithner/ Bernanke duo are expressing confidence in the progress of the bank saving and credit easing measures they have put in place. They believe that the U.S. will recover quicker than Europe. We believe that China will recover quicker than both. The demands that China will have, are more pertinent to gold and silver than those of the U.S. and Europe. Gold and silver will react more quickly to the recovery in China than elsewhere. This is because the rise of China is unsettling for world investors who see the strains continuing to affect their investments in the future. Communist leader calls for the buying of more gold by China are not the same as government calls, but do tell us the way the gold tide is going there! The strains China will place on the \$ and the € are already a matter of public debate. Remember it is not economic recovery that will cause gold to fall but the increasing of confidence in the global currency and monetary systems, if it comes? The stresses felt from July 2007 will return, unless convincing systemic reform is instituted.


So a further gold price rise looks as though it is already up wind of us. When will this kick in? The question now is, not one of trend, but of immediacy. We think we are moving to a point where the gold price may hang around \$900 but then, where and when. That's if all remains quiet on the currency / monetary front it could take a while still. Being so near to the bottom now and in a world where dramas can appear almost overnight we prefer to be in the right position now and have to wait a little bit for the rise to begin, rather than be out and have to buy on the rise. That rise may well be quicker than we expect. With the short-term traders bringing the gold and silver prices back down to where they last took off from, they are ready to open new positions. You can be sure that at the first sign of volume purchases of the shares of the gold Exchange Traded Funds the short-term traders will storm in again accelerating the rise and heightening it. To answer the big question 'when' we have to look at the old and new sources of demand.....Subscribers-only


Having said that, it is crystal clear that when the gold and silver prices take off they will do so rapidly, so we can be caught off-guard easily. This time it may well go further up the price ladder than ever before?


Julian Phillips' history in the financial world goes back to 1970. Julian moved to South Africa, where he was appointed a Macro economist for the Electricity Supply Commission, before joining Chase Manhattan and Hill Samuel, specialising in gold. He moved to Capetown, establishing the Fund Management dept of the Board of Executors. Julian returned to the 'Gold World' a few years ago and established "*Gold - Authentic Money*" and now contributing to "*Global Watch - The Gold Forecaster*"
www.goldforecaster.com


G O L D N U G G E T S





 *Swiss banks are running out of space to store all the gold bullion that they hold in their vaults for investors and institutions. Gold storage makes high demands on security which is what is making the gold holding task more difficult.*

 *Reuters has asked several gold analysts for their gold predictions for 2009 and 2010. Everybody of the over 40 sources remained on the safe side. For 2009, the mean projected gold price came to \$937 with the median price at \$930 per ounce. For 2010, the comparable prices were respectively *990 and \$975.*


 *The volume of gold jewellery sales in Saudi Arabia has fallen as much as 30% in the first six months of the year, as economic crisis and high gold prices deter buyers, gold retailers said. 'The economic crisis is also making people think twice before they spend'.*


 *Russia's gold and foreign exchange reserves fell to \$398.1 billion on July 17 from a revised \$400.9 billion the previous week. One year ago, the reserves amounted to \$588.3 billion. The previous week's figure had originally been reported as \$400.7 billion. Russia holds the world's largest reserves. The reserves include monetary gold, special drawing rights, reserve position at the IMF and foreign exchange.*


 *Gold coins are the hottest commodities on sale in India these days. While banks are competing with each other to open counters in their branches to sell gold coins, the postal department in association with brokerage firm Reliance Money and the World Gold Council (WGC) has been introducing novel schemes to sell coins through post offices.*


 *Sales and suspension of gold and silver coin or bullion coin sales by the U.S. Mint are becoming a regular part of doing business as overloaded refiners and mint facilities struggle to meet continuing high demand.*


 *South African based Standard Bank has launched a gold-linked investment product developed with China CITIC Bank. This is the first such product to be released by a Chinese commercial bank since the global financial crisis. The instrument, linked to the spot price of gold in London, will target Beijing individuals before being rolled out in the rest of China.*

 *The Zimbabwe Chamber of Mines projects that about five tonnes of gold will be produced this year. An official with the Chamber of Mines told Business Chronicle that this would compare favourably to the 3,5 tonnes delivered last year. This, he said, was a result of favourable conditions unveiled in the mining sector early this year.*

 *The National Union of Mineworkers (NUM) -- South Africa's biggest union -- said gold employers raised their offer to between 9 and 10.5 percent from the last proposal of an increase of between 8 and 10 percent. The employers have also offered to raise the minimum wage to 4,000 rand, the union said. "We are going to consult our members and then revert back to (the employers)," NUM spokesman Lesiba Seshoka told Reuters. The union is demanding a 15 percent wage hike, nearly double South Africa's last measured inflation of 8 percent. Asked whether a strike could still happen, he said "I cannot rule out that possibility."*

 *Following on from the World Gold Council's 2006 US-based research report, Gold as a Strategic Asset, this new paper takes a holistic approach to seeking answers to some key questions of specific concern to the UK investment community: How would gold's attributes, when combined, contribute to the performance of a typical UK portfolio? Is it optimal for a UK based investor to have a strategic or benchmark allocation to gold?*

 *The world's largest gold ETF, the SPDR Gold Shares (NYSE-GLD), holds over 1,000 tonnes of physical gold. GLD's largest shareholder, until recently, was noted hedge fund manager David Einhorn's Greenlight Capital hedge fund. This month, it was learnt that he had sold all of his GLD holdings in favour of physical bullion. How much? About 4.2 million shares of GLD, or roughly \$390 million.*

 *For the first time in almost a century, gold bars can once again be bought in South Africa as an investment. "South Africans were for a long time unable to share in the country's gold wealth. The only possibility was to invest in gold companies or in Krugerrands, or to buy Mandela coins or jewellery, said Bernard Stern, chief executive of Metal Concentrators.*

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