

Gold Fundamentals 2

Gold belongs in every investor's portfolio. It is totally unique among financial assets, a physical metal commanding timeless and universal intrinsic value. It is a rock of stability in a chaotic world, a stark contrast to the complex web of mere promises to pay that is our modern faith-based financial system. Without gold, true diversification and protection from systemic risk is impossible.

Gold's fundamentals are dazzlingly bullish. Like everything else on the planet that is freely bought and sold, gold's price today and in the future is a direct function of its supply and demand. As long as its global demand exceeds its global supply on balance, gold's price will continue powering higher in its secular bull. While it has already come far from its humble beginnings in the \$250s in April 2001, it has a long way to run yet.

When I first started recommending physical gold coins to our subscribers in May 2001 in the \$260s, gold was widely derided as an anachronistic relic. Not surprisingly after *nearly quadrupling* in the years since, it has earned vastly more respect today. Still, most mainstream investors have yet to understand gold's bullish fundamentals so unfortunately they are missing out on the vast opportunities to come.

It is for these gold neophytes I am penning this essay. I will explore gold's key fundamental drivers, both from the supply and demand sides. After you digest this high-level overview of gold's fundamentals, you'll have a much better idea of whether you should add some gold to your own investment portfolio. In order to streamline the enormous body of research underlying this effort, I've divided this essay into sections.

Supply - Mined Supply. Ultimately all gold is painstakingly chiseled from the bowels of the earth. But even with the best modern mining technology, this rare metal is still exceedingly hard to produce. Today's gold miners face nearly insurmountable [challenges](#) on a myriad of fronts. It is really a wonder that any gold is produced at all when you consider just how difficult it is to bring new supplies to market.

First explorers have to *find* gold deposits. This isn't easy. Not only is gold very scarce in the natural world, but prospectors have been scouring the planet for millennia looking for it. Most of the low-hanging-fruit gold deposits have probably already been found. It costs millions to explore, with very high odds of failure. And if a promising ore target is found, tens of millions more must be spent to drill and sample it to determine if it is economically viable. This risky exploration and proofing process takes years.

And once a deposit looks economically viable, the real fun begins. Miners must spend years more developing a mining plan and having it approved by various

government authorities. At any stage in this long arduous journey, the government can torpedo the whole project resulting in a total loss. Unlike most businesses, mines cannot be moved when problems arise. So gold miners are totally at the mercy of corrupt bureaucrats. Extortion is common and even outright nationalization is a very real threat in many parts of the world. Radical fringe environmentalists constantly try to derail mining projects too.

After the government permits are obtained, construction must begin. This costs hundreds of millions, sometimes well over a billion, in today's environment. Since gold mining is so risky the banks are often unwilling to loan money to miners, and if they do they demand onerous terms. So the companies have to issue shares in the equity markets to finance these projects. While financing was already difficult to obtain before the credit crisis and stock panic, many miners today are finding it impossible to come by now. Without financing, mines cannot be built.

Even if a miner somehow overcomes the long odds and brings its mine into production, often a decade after the deposit was first found, more challenges await. Even with extensive drilling before mining, the geology of the ore can vary dramatically from plan. This results in lower production, higher costs, and lower profits. Since gold is often only found in hostile climates today, bad weather can interfere with production in a variety of ways. Friendly governments can be usurped by unfriendly ones, raising the risks of crushing taxes or even confiscation.

For these reasons and many more, global gold production is actually *falling* despite the relatively high gold prices. Annual gold mined today, which is 70% of the world's supply, is running over 4% *lower* than when this bull began in 2001! Global reserves are also shrinking, despite vast sums being spent on exploration. My business partner Scott Wright recently wrote an excellent essay, with charts, on worldwide [gold production and reserves](#) if you want to dig deeper. Despite this powerful gold bull, miners are falling farther behind.

With mined gold supply heavily constrained despite the best efforts of the world's elite miners and the strong gold-price incentives to produce, *any* demand growth cannot be satiated with mined gold. And even if gold mining somehow becomes easier (geopolitics are less hostile, for example), it will still take the better part of *a decade* before new supplies can be brought online. This is incredibly bullish for gold!

Supply - Central Bank Sales. Over centuries, central banks have accumulated vast hoards of gold bullion. Some of this was purchased righteously, but much was obtained via plunder and [confiscation](#). Central banks as a group are the largest participants in the gold market. Thus they have become something of a bogeyman in the gold world. Many investors live in constant fear of future central-bank gold sales.

Seven years ago when gold was under \$300 central banks made me anxious too. But they don't any longer. Despite the mystical aura of dread surrounding them, they are merely gold investors like me. While their collective scale is very large, these behemoths are run by mere mortals who cannot see the future either. Whether buying or selling gold, central banks operate within the same market constraints as the rest of us.

In the entire history of the world, analysts estimate that about 162,500 metric tons of gold have been mined. Incidentally gold is so dense that a metric ton of it will fit in a solid cube less than 15 inches square. Thus all the gold ever mined anywhere would fit in a cube less than 67 feet per side! Of this global above-ground gold supply, as of Q3 2008 the world's central banks held 29,784t. Thus the CBs control just 18% of the world's total above-ground gold. Investors control a far-greater 82%.

Since this gold bull began in 2001, mined production has averaged about 2,500t per year. So if the world's central banks decided to sell all their gold today, it would be like 12 years of production hitting the markets all at once. The gold price would utterly crash in such a scenario, it would be apocalyptic. Thankfully it will never happen for a wide array of reasons. First, 107 sovereign countries own this gold and they are never all going to agree on anything, let alone a coordinated gold dump.

Of this 29,784t of official gold holdings, 8,134t (27%) belongs to the United States. Many gold conspiracy theorists believe a big fraction of this gold has *already been stealthily sold* into the marketplace. This is very bullish if true since it reduces the threat of future sales. Even if the US still holds this gold though, the US dollar would probably collapse if an announcement was made that the US was dumping its gold reserves. It is extremely unlikely. 10,911t (37%) of this CB gold is held in the Eurozone, and this gold is a very high percentage of these countries' total foreign-exchange reserves (58% in aggregate).

So European CBs *have* been selling gold aggressively to diversify since at least 1999. That year they met and formed what was later called the Central Bank Gold Agreement. They agreed to limit their collective gold sales to 400t annually over 5 years. In March 2004 in CBGA 2, this agreement was extended and expanded to a 500t-per-year maximum for another 5 years. While these targets haven't always been hit in a given CBGA year (ending September), they are a good proxy for European CB sales as a whole.

Since 2000, European CBs alone have sold between 400t to 500t of gold annually. These are indeed big numbers, adding 16% to 20% to the global mined supply. Without these sales, gold's price would have gone much higher. But even with them, gold *has still nearly quadrupled* since early 2001! This means even heavy sustained CB selling is not big enough to offset the growing

investment demand for gold. So far in this secular gold bull, despite the CBs' giant selling campaigns, gold has still powered higher.

Central banks are not an apocalyptic threat for gold. Every year European CBs sell gold, which makes their "market share" of total above-ground gold dwindle. And every year more gold is mined, further reducing CBs' relative footprint in the gold world. Thus with each passing year, with every tonne of CB gold sold, central-bank impact and relevance in the gold market gradually fades. They are nowhere near as big of threat today as they were in 2001 and with each passing year their positions continue to weaken.

And not all central banks are sellers. 10,739t (36%) of CB gold is held outside of the US and Europe. These Asian central banks will probably increasingly *buy* physical gold bullion. While western CBs' gold holdings generally represent 50% to 75% of each country's total forex reserves, in Asia gold is just a few percent. Japan's 765t of gold are just 2.1% of its forex reserves. China's 600t are merely 0.9%. Russia's 473t are only 2.1%. And India's 358t account for a paltry 3.1%. These growing Asian giants need *to diversify into gold*, not out of it like the Western CBs. They will *add to* overall global investment demand.

The International Monetary Fund holds 3,217t (11% of official gold). Potential IMF gold sales are a perennial threat trotted out every few years to scare gold investors. Even back in 2001 IMF sales were discussed often, yet big IMF selling has still not come to pass in the 7 years since. Even if the IMF can get permission from its 185 member countries to sell gold, which is very unlikely for political reasons, the IMF gold cannot stop this secular gold bull. Bring it on, the Asian CBs would love to own the IMF gold.

At any rate, the key thing to remember about central-bank gold sales is they have been large and constant since gold was in the \$250s. Yet even with this supply headwind, gold still nearly quadrupled to just over \$1000 by early 2008! Even the worst that central banks could throw at gold wasn't enough to seriously retard its secular bull. And with each tonne they sell, their relative share of above-ground gold (along with their relevance) dwindles. CB gold is finite. It is central banks that are the anachronism, not gold.

Demand - Investment Demand. With mined supply shrinking and central bank hoards dwindling, gold supplies are very constrained. And no matter how high the gold price goes, mining is not going to get much easier and in fact will probably continue to get more difficult. And central banks are not going to be able to conjure up more gold out of thin air like they do with their fiat paper currencies. With flat-to-shrinking supplies, demand is the wildcard that will drive gold prices in the coming decade.

Unlike all other commodities which are primarily used for industrial purposes, almost all gold demand is investment-driven. Gold's intrinsic value has persisted

for millennia, outliving every government, currency, and nation the world has ever seen. Gold is not a faith-based promise to pay like every other financial asset. Its innate value makes it easily negotiable, for anything anywhere, no matter what happens. Physical gold bullion should be the foundation of every investor's portfolio.

All the demand categories below are subcategories of investment demand. For a broad array of reasons today, all kinds of investors all over the world are increasingly interested in gold investing. And in the financial world, the higher the price of anything goes the more people become interested in it. Performance and returns attract in capital, which creates a virtuous circle driving even higher prices. So a secular gold bull gradually becomes a self-fulfilling prophecy until supply once again eclipses demand.

Demand - Monetary Inflation. Inflation is always and exclusively [purely monetary](#) in nature. When central banks create fiat money out of thin air, it eventually filters into the real economy to compete for finite goods and services. Relatively more money bidding on relatively less goods and services means higher general prices. Inflation is devastating for investors, an immoral stealth tax levied by corrupt governments. Gold is the only financial asset that thrives in inflationary times.

And boy are we seeing inflation today! The socialistic financial-market bailouts, which now exceed \$8 *trillion* in the US alone according to Bloomberg, are the biggest single inflationary event the world has ever witnessed. During the [Great Stock Panic of 2008](#), within a matter of months Washington and the Fed inflated, spent, or guaranteed the equivalent of 55% of the entire GDP (all goods and services produced annually) in the whole United States of America!

This near-hyper inflation alone is exceedingly bullish for gold. But unfortunately central banks relentlessly inflating their money supplies is not an isolated event reserved for crises. They are *always* doing it! Since January 1980, the US Federal Reserve has grown MZM money by an astounding 10.4x! There are *an order of magnitude* more dollars floating around the world today than 3 decades ago. This equates to an 8.7% compound annual growth rate over 28 years.

This wouldn't be a big deal if the underlying economy grew by 8.7% a year as well. If the pool of goods and services on which to spend money grows as fast as the money supply, there is no inflation. But obviously this is not the case. Since January 1980 US nominal GDP has only grown by 5.3x, only about *half as much* as the money supply. And the Fed is not alone here, all over the world broad money supplies in first-world nations generally average growth rates of around 7% annually.

At 7% annual growth rates globally, there is 6.6x more paper money in circulation today than there was in early 1980 at the top of the last secular gold bull. Yet

over centuries, new mining has only added 1% to 2% to the aboveground gold supply annually. At 1.5% gold growth through mining each year, today's gold supply is only 1.5x as big as 3 decades ago compared to 6.6x for money. Divide this out and there are 4.4x as many fiat-currency units (dollars, euros, everything) potentially chasing each ounce of gold today than at the end of the last gold bull!

If you multiply the famous \$850 nominal high of January 1980 by this 4.4x outpacing of gold growth by monetary inflation, it yields a conservative end-of-bull target approaching \$4000 per ounce. If you adjust by the lowballed Consumer Price Index instead, the [real gold high](#) in January 1980 in today's dollars ran up around \$2400. Either way, today's gold bull has a long way to run before it reflects *today's* inflation, let alone future inflation. Central banks' only real ability is to inflate, inflate, inflate into infinity.

So monetary inflation is not going away. If anything it will only accelerate. In a fragile debt-based highly-leveraged global financial system, inflate or die is a literal truth. If central banks don't keep inflating at ever-expanding rates, the whole worldwide system will implode. This perpetual accelerating fiat-paper inflation is unbelievably bullish for gold. As investors worldwide become more aware of the incredible monetary inflation around them, their appetite for gold investment will only grow.

Demand - Negative Real Interest Rates. When central banks are running their printing presses overtime and inflating like mad, nominal interest rates (yields on bonds) can slide below the rate of inflation. When this happens real inflation-adjusted interest rates go negative. In other words, merely by owning the best elite bonds like US Treasuries bond investors actually *lose* real purchasing power year after year! Naturally bond investors aren't in the game to lose money, so negative real rates infuriate them.

Unfortunately just like the old Soviet Politburo, today's central banks actively manipulate short-term interest rates. As we've seen in recent months, central banks can drive nominal interest rates down to zero if they desire. This abominable power is unbelievably destructive to free markets. It destroys the necessary natural balance between savers (investors) and debtors. And when capital transactions are no longer mutually beneficial to both parties, investors gradually start to walk away.

Thus negative real rates slowly strangle the life out of the bond markets. Bond investors, tired of being punished by the central banks for their act of saving and forced to subsidize debtors, gradually withdraw their capital. It is foolish to invest in a realm where you are guaranteed to lose real purchasing power for investing your scarce capital. Some fraction of this bond flight capital seeks refuge in gold. While gold doesn't pay a yield, over millennia it has never failed to at very least keep pace with monetary inflation and preserve purchasing power.

And in today's crazy environment of near-zero nominal yields on even US Treasury debt, mainstream bond investors' traditional argument against gold is rendered moot. In normal times of positive real rates, the way the markets would always work without central-bank interference, bond investors object to gold because it pays no yield. Well, today bonds pay virtually no nominal yields either! And after inflation their real yields are terribly negative. This makes gold very attractive to mainstream debt investors.

Thus negative real rates, inflation exceeding nominal bond yields, is the most bullish possible monetary environment for gold. A couple weeks ago I wrote an essay on [real rates and gold](#) that includes long-term charts if you want to dig deeper into this crucial truth. Until the goofy Fed raises interest rates radically, say to 6%+, real rates will remain too low or negative and very bullish for gold. And as you know, there isn't a snowball's chance in hell that the cowardly Fed will push rates to 6%+ for many years to come, if ever.

Demand - Secular Dollar Bear. The central banks' artificially-low interest-rate policies to subsidize debtors and punish savers wreak terrible collateral damage on currencies. The global currency markets are often driven by yield. If one first-world country's bonds are yielding 2% while another's are yielding 4%, currency investors and speculators will naturally gravitate to the higher yields. So today's ludicrously-low US interest rates are ravaging the already-weak US dollar.

Once the world's reserve currency, the mighty US dollar has been in a secular bear since mid-2001. As measured by the flagship US Dollar Index (a basket of major currencies), the dollar carved a series of new *all-time* lows in spring 2008. The [long-term dollar charts](#) show just how weak this currency has been, down 41.0% at worst in its secular bear to date. And this was all well before Ben Bernanke panicked and forced US interest rates to all-time lows near zero!

Today's deeply negative real-rate environment will only strengthen and prolong the secular dollar bear. As the [long-term USDx charts](#) clearly reveal, the US dollar is always weak in a secular sense when real rates are too low or negative. A weaker dollar drives all kinds of investment interest in gold, from two major constituencies. Since gold is ultimately another currency, the only hard one on the planet, futures traders buy gold aggressively when the dollar sells off. A continuing dollar bear will drive major futures buying in gold.

Even more importantly, large foreign investors including central banks have far-too-much dollar exposure relative to their overall portfolios. This great overallocation was fine when the US dollar was in a secular bull in the 1990s. But these investors have already lost a fortune in the 2000s dollar bear and they will lose a lot more if this bear continues and they don't diversify out of their overweight dollar holdings. While they will buy a lot of euros with their dollar sales, some major fraction will flow into gold.

The biggest buyers of gold to protect themselves from the ongoing dollar bear will be the Asian central banks. As mentioned above, they now have trivial fractions of their total forex reserves deployed in gold. Yet they have trillions of dollars worth of exposure in US dollars and US Treasuries, from 50% to 80% of their total reserves in falling US dollars! Asian CB diversification out of dollars into gold is mind-blowingly bullish for this metal.

At \$800 per ounce, the 2500t of new gold mined each year is only worth \$64b. If Asian central banks gradually move \$1t (not even half of their US dollar reserves today) into gold in the coming decade, it would represent buying equivalent to almost *16 years* of total world gold production! So the secular dollar bear, exacerbated by the Fed's asinine 1970s-style negative-real-rate policy, is highly likely to spawn big CB gold buying out of Asia for diversification reasons. The ongoing dollar bear is very bullish for gold investment demand growth.

Demand - Secular Stock Bear. Bond investors, futures traders, and Asian central banks are not the only giant pools of capital that have huge incentives to invest heavily in gold today. So do stock investors. As I started warning about [back in 2001](#), after the giant secular bull that peaked in early 2000 the US stock markets were due for a 17-year secular bear. This means 17 years of grinding sideways on balance, never heading too far above the 2000 highs over this entire multi-decade span.

These secular bears that occur after secular bulls are part of a great valuation-driven cycle in the stock markets that I call the Long Valuation Waves. The LVWs are the single most important force for long-term stock investors to understand, so please [read my essay](#) on them if you are not familiar. Since 2001 this analysis has proved dead right, even though most investors and analysts scoffed at it. I even used LVWs to warn about the S&P 500 getting cut in half back [in January 2008](#) well before the recent stock panic.

Because we are indisputably in the secular-bear stage of our current LVW, the stock markets are likely to grind sideways for another 8 years or so. The last time a 17-year secular-bear hit the US stock markets, between 1966 and 1982, stock investors were flat on paper but they absorbed tremendous [real losses after inflation](#). Realize that big 100% [cyclical stock bulls](#) are still possible and probable within these secular bears, but when all is said and done stocks will have merely ground sideways for nearly two decades.

As stock investors come to grip with this ugly reality, they will get more and more discouraged about general stocks. Kind of like negative real rates' impact on bond-investor psychology, stock investors are going to increasingly realize how silly it is to stay heavily deployed in flat-trending stocks and suffer heavy real losses. Some fraction of these beleaguered stock investors will turn to gold for deliverance.

Between March 2000 and November 2008, the flagship S&P 500 US stock index lost a sickening 50.7%. Yet over this same span to the very day, gold soared 161.0% higher! Wouldn't you have much rather been in gold since then, like we contrarians have? And if you instead optimize this span for the secular gold bull rather than the secular stock bear, it looks even better. From April 2001 to March 2008, gold soared 291.7% higher. Over this identical 7-year span the SPX was merely up 11.4%.

As mainstream stock investors start to better understand gold's fundamentals, more and more of their massive pool of capital is going to flood into gold. Indeed this is already happening through the new gold ETFs. These exchange-traded funds act as a conduit between stock-market capital and the physical gold market. In fact, the [GLD gold ETF](#) in the US (the world's largest by far) has grown its holdings from nothing to 775t held in trust on behalf of US stock investors *in just 4 years!* This single ETF now holds more gold than all but 6 of the world's biggest central banks!

Demand - Secular Commodities Bull. During the secular stock bull from 1982 to 2000, capital was increasingly seduced into the stock markets to chase the phenomenal returns. This led other sectors to be starved for investment, particularly commodities. Thus global commodities-producing infrastructure was largely left rusting for the better part of two decades even while worldwide economic activity ramped up dramatically. This chronic underinvestment in supply and delivery infrastructure led to this decade's [great commodities bull](#).

Despite the brutally fast and large correction in commodities since July that was greatly exacerbated by the stock panic, these secular commodities bulls aren't over. They tend to run 17 years on balance in history, with inverse phases to the stock LVWs. When stock markets are in secular bulls, commodities are in secular bears. And when stocks are in secular bears like today, commodities are in secular bulls.

Secular bull markets can't end until global supply growth exceeds global demand growth. This has yet to happen in nearly all major commodities. No matter how high prices go, as gold mined production illustrates, commodities producers just can't adjust fast enough to meet demand trends. It takes years to over a decade to find new supplies of raw materials and bring them to market. This inherent inelasticity of commodities supplies is what makes commodities bull markets so exciting and exceedingly profitable.

On top of today's demand, half the world (primarily Asia and Africa) is now industrializing. Billions of people are working incredibly hard to increase the standards of living for their families. And as standards of living rise, absolute commodities consumption will skyrocket. Sure, the average Chinese or Indian is never likely to consume as much per-capita as we Americans are blessed to do today. But since they are starting from such low levels, and since there are

billions of Asians, even if they ultimately get to 1/5th the per-capita levels of US consumption of major commodities then aggregate global demand will explode.

As this commodities bull powers higher worldwide, gold will get increasing attention from investors. While gold is not the king of commodities like oil, gold is the easiest and most logical way to invest in commodities. It is easily bought and sold, extremely valuable for its volume and weight, completely portable, and very easy to store. So as the global commodities bull reemerges from [this severe correction](#) and powers higher, untold hundreds of millions of investors worldwide will start adding gold to their portfolios.

Demand - Rise of the Asian Consumer. We've already discussed Asian central banks needing to diversify their dollar-dominated forex reserves into gold. But another huge source of future investment demand is going to be from average Asian consumers. Unlike Americans and increasingly Europeans, Asians have a deep cultural affinity for gold. They have always respected it and want to own it even when it is not performing well. They understand from painful historical experience how physical gold protects them from corrupt governments, paper currencies, and unforeseen financial disruptions.

As the industrialization of Asia (and Africa) makes consumers more affluent, they will demand much more gold investment. Asians tend to be big savers (investors) even in lean times, and as their incomes grow they will have larger surpluses available to invest after living expenses. There is no doubt a big fraction of these surpluses will buy gold. While each Asian won't be able to afford much by Western investors' standards, with billions of them the aggregate increase in gold demand will still be stunning.

And Asian stock markets weren't immune to the recent stock panic. In fact, they fell more violently than the US markets in many cases. Gold denominated in other currencies did far better in the global stock panic than it did denominated in US dollars, approaching all-time highs in some cases. So the new Asian investing class, terribly shaken by the stock-market carnage, is now more likely than ever to diversify some of its capital into gold.

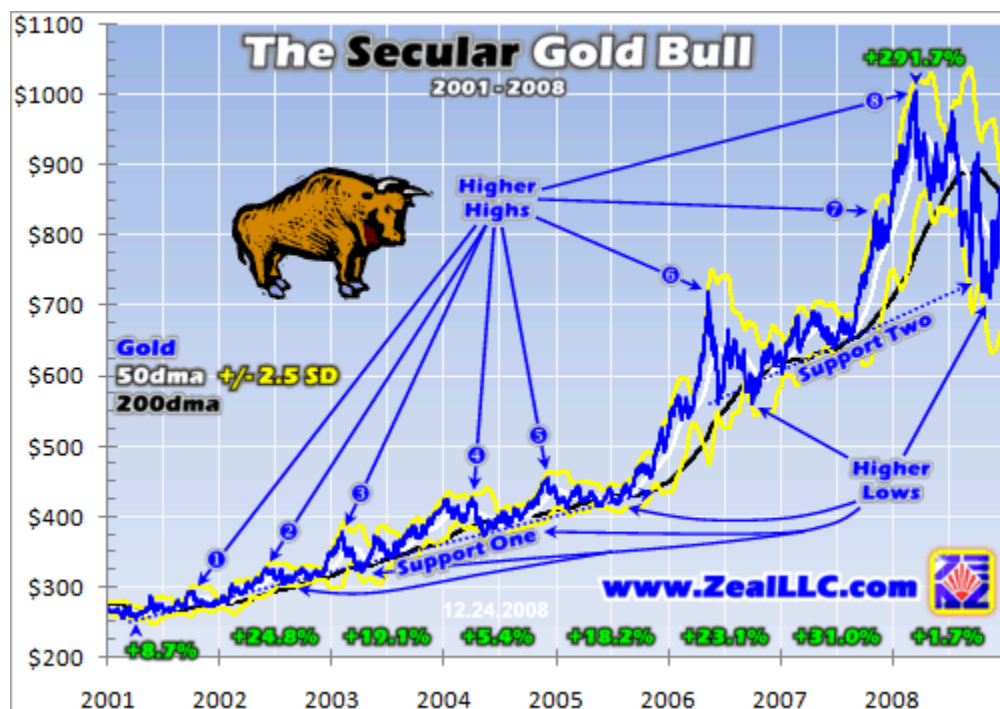
Over the coming decade, the rise of the Asian consumer/investor could be more bullish for gold investment demand than all the other demand factors *combined*. Asian investment demand barely existed during the 1970s gold bull, yet that bull was still huge. Imagine how big today's will ultimately prove with Asia finally on board.

Supply and Demand - Technical Proof. There are many other secondary factors likely to increase global gold investment demand. The Information Age is an example. During the 1970s gold bull, Wall Street hated gold just like it does today. So back then many investors couldn't learn about gold because the mainstream media monopolized information flow. Lack of widely-available good

analysis on gold retarded that famous gold bull, which was still very large (+2,332%!).

But thanks to the Internet, the mainstream media's stranglehold on information has been shattered. Today anyone anywhere can easily learn about gold fundamentals. This is very bullish for gold. Thanks to the Internet, today any investor can order physical gold coins in a matter of minutes that will be delivered to his doorstep a few days later. Thanks to computers, today stock investors who wouldn't bother with gold coins in a million years can buy a gold ETF in seconds to add gold exposure to their portfolios. We live in a wondrous era!

Ultimately though, the proof of this gold bull is in its secular chart. The path gold has carved here is the aggregate result of every ounce of gold bought or sold on this planet since 2001. Every central bank sale is reflected here. Every gold investment made by individuals and institutions is reflected here. Every sale of gold, whether to fund a kid's college education, buy a house, or whatever, is reflected here. This chart is the distillation of *all* global supply and demand for gold. And its message is crystal clear.



Since early 2001, gold has nearly quadrupled at best. It has relentlessly carved higher highs and higher lows on a secular basis. Its dollar price has increased every single year (the green numbers on the bottom show the amounts). The only way such results are possible is if global demand growth has indeed exceeded supply growth since 2001. I challenge you to find another investment that can even approach such performance in the incredibly chaotic markets we've witnessed over the last 7 years. Gold is already in an elite class of its own.

At Zeal we've been long physical gold since it traded in the \$260s in May 2001. Our subscribers have already made fortunes in the 7 years since heeding our analysis and recommendations. So we are certainly not new to this gold party, we were buying gold and gold stocks back in the early 2000s when it was considered lunacy to do so. We are true contrarians who have been battle-tested, and prevailed, in this challenging financial decade.

We are going to work hard to continue excelling in the next decade, capitalizing on the ongoing gold and general-commodities secular bulls. We publish acclaimed [weekly](#) and [monthly newsletters](#) that detail our market analysis on an ongoing basis and the real-world trades we are making based on it. [Subscribe today!](#)

We also just finished a deep new 36-page [fundamental report](#) on our 12 favorite gold stocks, the result of hundreds of hours of research looking at all the world's publicly-traded primary gold producers. As gold powers higher, gold stocks should continue to leverage its gains. [Buy our new report now](#) while these stocks remain at bargain [panic-driven prices!](#)

The bottom line is gold's fundamentals are more bullish today than ever. Despite relatively high prices, mined supply is shrinking. Central banks' relative power in this market is waning dramatically. And thanks to both natural market forces and artificial manipulation contrivances, global investment demand for gold is likely to grow tremendously from today's levels. This secular gold bull is far from over friends!

Adam Hamilton, CPA

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So how can you profit from this information? We publish an acclaimed monthly newsletter, [Zeal Intelligence](#), that details exactly what we are doing in terms of actual stock and options trading based on all the lessons we have learned in our market research. Please consider joining us each month for tactical trading details and more in our premium Zeal Intelligence service at ... www.zeallc.com/subscribe.htm

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Thoughts, comments, or flames? Fire away at zelotes@zeallc.com. Due to my staggering and perpetually increasing e-mail load, I regret that I am not able to respond to comments personally. I will read all messages though and really appreciate your feedback!

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