Investment Intelligence Research

Global Financial and Investment Surveillance™

Epic Times Unfolding for Gold & Silver... Could '2015' be the Start of a Re-Run of 1976 - 1979, only Longer and Stronger?

China cuts rates again and considers launching QE: Increasingly Bullish for Gold as well as for Equities, as Shanghai Stocks Soar

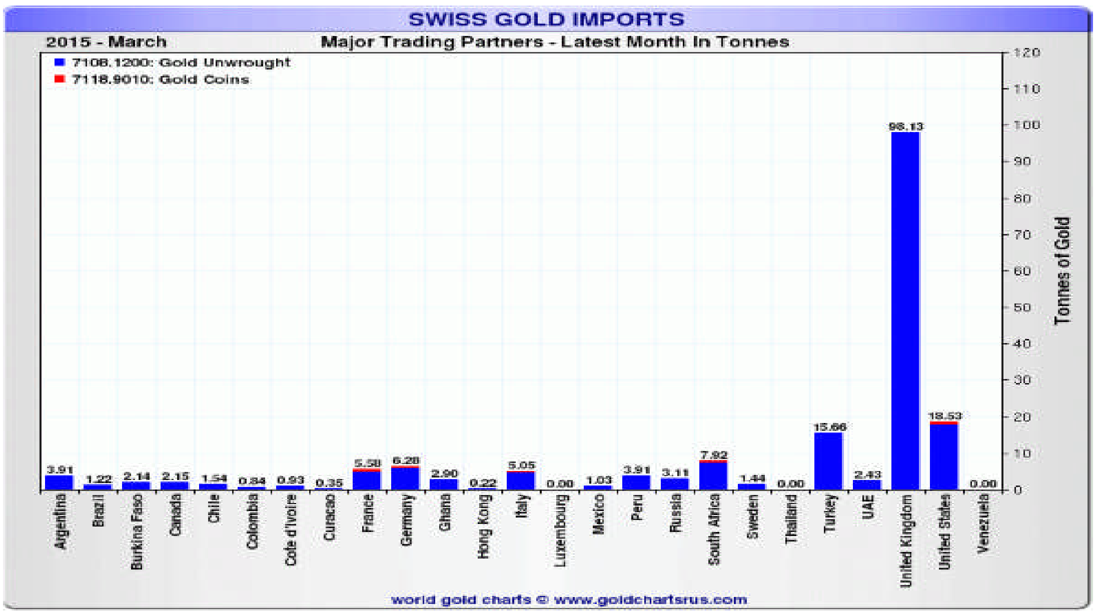
Breaking News - Silver set to gain 40% by year end – Market Watch

http://www.marketwatch.com/story/chinas-slowdown-hurts-now-but-silver-could-see-a-40-spike-by-year-end-2015-05-11 Precious metals poised for massive breakout from two month consolidation

Another overnite despair plunge reverses sharply as markets sell off

Tesla's solar wall could spur China's solar ambitions & solar growth worldwide could be major driver for next massive Silver Bull Market

China Establishing Yuan-Denominated Gold Fix in Real Bid To Upend London Benchmark: China's total Gold Reserves could be as much as 5,000 tons as Gold continues to flow East with both China and India relentlessly Importing Massive Quantities of Gold from Switzerland



U.K. exports of bullion to Switzerland increase 6 fold to a very large 97 tonnes
Gold exports from Switzerland to both China and India doubled in March

GoldCore *04/27/2015 - 07:14*

While sentiment is blind towards gold in the West and abysmal even as gold languishes at record lows adjusted for inflation: How can that be? Since:

Asian demand remains insatiable and is likely to further increase even more with the unfolding stock market mania and new wealth creation.

Suddenly, yet another Billion Dollar Buy lifts Gold and Silver From a brink of despair sell off that reverses sharply higher

As Gold appears poised to break back up above $1,200 once again as Metals coil: Here is some background ascribing to an emerging bull market theory: Gold surged above $1,200 an ounce in late April in its best day since January, amid market intrigue surrounding a deal between Venezuela and Citigroup to swap $1 billion in cash for part of the country's gold reserves. This effectively may have removed a potential overhang from the market and sparked significant short covering and new buying interest as an expression of confidence in Gold and its collateral value at current prices. However, some Gold hedging may have resulted in the abrupt end of month sharp selloff.

Classic Earliest Signs and Periodic Stirrings of an unfolding Bull Market in GOLD AND SILVER

In any unfolding bull market, there are a lot of downside stabs at is tests and re-tests its lows and tests again, which could explain recent volatility. And while this does not preclude the possibility of even further downside to come and possibly even a washout move, it does not have to happen and there have been some encouraging signs of late including some prior turns that will help show how an upturn could occur out of nowhere, without warning. Add to that the fact that we are seeing periodic impulse waves to the upside develop, this does tend to support quite strongly the notion that an unfolding bull market Is near at hand.

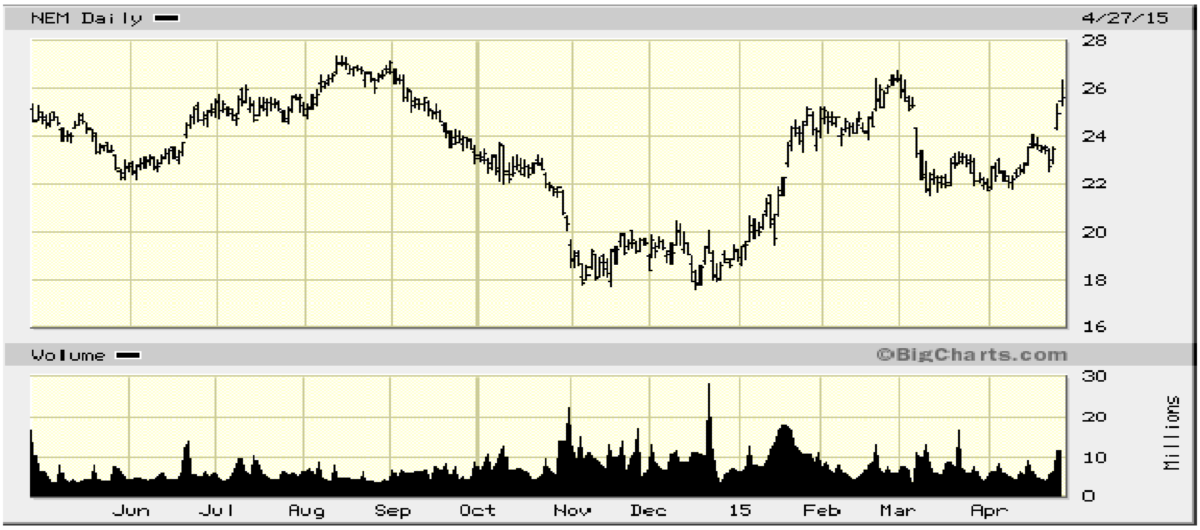
It takes an extended period for the tide to turn and not everything bottoms at the same time. In fact, as noted below in these first two charts: Just as there are tremors ahead of an earthquake, often the earliest and most bullish stocks can not only move up very early, but sometimes dramatically ahead of the rest of the pack as appears to be the case among a handful of recent performers and in particular the stocks of Entree Gold (NYSE EGI) and Newmont Mining (NYSE NEM) below and both of these are beginning to look like a template for what could lie ahead for Gold and Silver indices. Below we elaborate further on our 1979 type scenario that over recent days has gained considerable momentum as Bonds have sold off very sharply and long term rates have risen almost 50%. This presents a new dynamic to deal with, which is essentially: Will the Bond market rout continue and possibly power the metals substantially higher or could Bonds do an about turn here off what could still become a 3 wave correction before soaring to new all-time highs and new lows in rates and what could be the implications for precious metals which at first glance could also be very bullish?

Contrarily, it could also impact them negatively since previous rallies have contained metals and has been bullish for the US Dollar, which soared to new decade highs in recent months.

However, should 30 year Bonds break down substantially, it could change everything and become another 1979 or even a 1987 type scenario, wherein both bonds and the US Dollar could go into a death spiral decline, this time possibly accentuated by the quadrillion sized derivative equivalent of the epic portfolio insurance massacre back in '87, except for Bonds.

We have been counting down the days towards a possible major low point reversal in the metals with the idea that the sooner we turn the more bullish the rest of this year could be for Precious Metals and this chart in particular crystallized our thinking that an imminent reversal in Gold and Silver could in a way resemble the above chart of Entree Gold's spectacular reversal and breakout to the upside a few weeks ago. The only thing we cannot know for sure right now is just how much of a retest of recent lows in Gold Silver Platinum and Palladium could ensue, before this sector stages a reversal and truly begins to take off in a similar way to what Entree Gold has so far demonstrated and we certainly felt that a sudden upside rebound of consequence could literally unfold at any time and the main point of this report is to be prepared to be ready to move aggressively into precious metals ETF'S, derivatives and other vehicles the moment such a turnaround becomes evident. It appeared to us Friday April 24, that Silver made an early stand and in recovering most of its losses going into the close, certainly strongly hinted a turnaround might be close since it was displaying a notable reluctance to go any lower and the same action occurred on March 6 2009 with stock indices cutting their losses going into the close ahead of what became one of the most incredible turnarounds and recovery ever seen. While Friday's down move was disappointing, closing down near the lows of the week, the overnight action was increasingly encouraging as we reported with an emphasis on buying dips as Silver and Gold continued to firm up. We were also encouraged by Silver leading the way higher during the session and especially by its impressive strength in the post open early going Monday as prices began to move solidly higher in one of the most impressive up moves seen in some time. This absolutely supports our additional observances mentioned below of the tendency over the past few months to mount increasingly powerful upward impulse waves followed by what really appears to have been more corrective activity thereafter, albeit frustrating and yet essentially prepping or pre-charging the market to create the right sort of coiled spring type dynamics needed to launch what could soon become the kind of epic moves we foresee over the coming months as a new 7 year bull market we envisage could be unfolding fairly soon. While we could still experience increased volatility into quarter's end and cannot rule out a further decline into a possible retest of the 4 year high anniversary low for Silver that came in May 1, the fact we've seen this strong of a move ahead of time, gives us some encouragement that the lows may in fact be in or a lot closer to being confirmed, which is now what concerns us most from this point forward. A gap up in Gold and Silver derivatives going into mid May highlighted in the set of four charts below could go a long way towards confirming a new bull market is under way and is one key development we are looking for.

Notwithstanding, we believe we've potentially reached an inflection point where markets are beginning to reflect forthcoming inflation that will come from behind with a vengeance later on this year and into 2016 and once it takes hold, there will be very little the Fed can do, other than possibly be forced to raise interest rates very much as it had to do back in 1979.



The Chart of Newmont helped turn the Gold sector higher in recent weeks and has stood out with an upward gap move higher that appears to have left a multi month 'Island Bottom' of consequence that portends a very strong upward breakout ahead and is potentially setting up an exceptionally bullish scenario, not only for Newmont, but also for the entire sector. Should this unfold as lengthy major Island bottoms have a tendency to preempt, and can often be defined as the hallmarks o emerging epic bull market moves that can go a very long way higher and as noted elsewhere in this report, Gold and Silver stocks finally appear to be pricing in better times and potentially higher prices ahead for precious metals.

Stagnating Economy resembling Late 1970's Could Mean Epic Times for Precious Metals

While stagflation and a potential re-run of the late 1970's is a developing theme we've been developing since emergence of recent successively divergent lows and somewhat improving action in Gold & Silver, against a backdrop of increasing volatility and divergent highs in stocks: Epic times could be approaching for Precious Metals and in light of the potential that could lie ahead for this sector over the coming months... We will first summarize on some of the constructively interesting developments that have begun to unfold over recent days, weeks and months in the Precious Metals markets and what they could now mean for them.

Firstly: 2015 started well with January recording 8% and 10% gains respectively for Gold and Silver, but this was quickly dampened with the plunge to retest late 2014 lows in February and on into March. We had targeted March 15, "The Ides of March", as a possible bottom date and although it was initially hard to determine if those first extreme lows would hold, the sudden and dramatic appearance of a $1.2 Billion bid by smart money players, quote: "Spike in Gold due to $1.2 Billion bid, someone has been splashing the cash", as reported, helped to explain how and why the Gold and Silver markets reversed so dramatically and definitively, arresting the downside momentum cold and stemming the tide ultra-convincingly, to the extent that in just minutes, actually produced the first decent and one of the most vigorous rebounds we'd seen in some time and in a way, was a kind of mirror image and almost exact opposite of the final attempt to make it to the $50 peak back on May 1 2011. At that time, Silver falling just short and then failing as the market suddenly went notably weak, marking the beginning of the end of a super bull, decade long run, with the market then getting progressively weaker over the ensuing days. And virtually ever since, save a few sparse and periodic rallies: The first and only really strong rallies of real note was the first big rebound following the initial sharp drop, which turned out to be a failed retest of the highs and later the August 2013 up move when Silver rose some 22% in one month and now more recently, the somewhat encouraging and gradually strengthening divergences that have given rise to the recent rallies and a potential better footing and possible foundation for a more sustainable recovery and unfolding possibility of a new secular up move continuation. So, the initial flurry on March 16 2015 that came out of nowhere off a despair type of early sell off, we felt was not just particularly important, but potentially extremely significant, as probably major investors or mega traders were more than likely covering shorts and or potentially reversing and going long and making an anticipatory big play ahead of the upcoming FOMC meeting they surmised might well be more favorable for Gold.

Furthermore, recent Commitments of Traders reports also indicated commercials have been going increasingly long and speculators adding shorts, thereby creating a classic reversal situational play. And, in one other potentially favorable development: The fact that January started as strongly as it did and finished the quarter on the upswing also brought to mind the old Wall Street adage: As January goes, so too often goes the year later on and so on…

Look at the power behind these Impulse moves to the upside

Gold Spikes On Sudden $1.2 Billion Bid **03/17/2015 09:53 -0400**

Silver also surged...

Precious Metals' futures suddenly exploded higher on heavy volume... The surge in gold saw approximately $1.2 billion notional traded...

While this bullish news initially failed to generate strong follow through to the upside one might have expected off such an extraordinary move, as soon afterwards this first rally attempt became somewhat dampened. Upon learning about the $1.2 Billion turnaround the following day Tuesday, we subsequently focused on buying into the dips, being alert and prepared ahead of time for upside breakouts as well. By Wednesday, we noted that even though precious metals were initially trending lower, in contrast, some very reliable leading indicators and notable positive developing divergences began to become evident, indicating the potential for a surprise up-move. And that made sense ahead of the Fed meeting as we had noted previously that prior to a positive Fed announcement and near $50 up move, that the markets traded higher into the event as was starting to happen ahead of Wednesday's FOMC. At the very least, we expected the Fed make some mention of a too strong Dollar.

Way better than that, the Fed's bombshell announcement indicating considerable economic underperformance effectively set the stage for a sudden and dramatic devaluation of the Dollar. Markets erupted accordingly and following an expected retest of the 100.50 index highs, this appears to have marked a seminal turning point for now, resulting in a very swift $80 up-move thereafter in Gold and near $2 up-move in Silver. However, once again, these up moves turned out to be short lived causing us to exit and re-short ahead of a possible retest of the March lows as the US Dollar moved back up to retest its highs for the year.

The question then became: Could we build on what had been quite constructive activity since the middle of March and emulate the normally strong seasonal performance below for the remainder of the year and beyond? Not quite at least at the outset as we once again sank into a dismal mid to late April decline with the markets unable to overcome further downward pressure from manipulations forced to succumb to yet again and that was despite improving supply demand fundamentals and sentiment and newly upgraded projections from Bank of America & Standard Chartered for $1,320 Gold in later in 2015.

Notwithstanding, the March 18 liftoff in precious metals still stood out in a similar way to the November lows of last year as notably stronger and more sustained than recent rallies and was particularly fervent in the course of the moves.

The five to six sharp rallies or potential impulse waves to the upside over the past 5 months or so have lent a more constructive tone to the metals markets however the continuing manipulation and pounding back down from each high point has been troubling and could be particularly so again, if Gold and Silver succumb to yet another correction off this most recent advance. In that event, it could mean some sort of a crescendo bottom in May and even through June and July as per the above seasonal chart is something we cannot rule out and have to be prepared for. We intend to be there to see it through and at the ready to take maximum advantage of whatever the markets throw our way. For details on how to avail of these services and to obtain a FREE trial to our 24/7 Global Surveillance and Alert Service please see details at the end of this report. But be ready because it not only could be a testing time, but out of that could come some very fruitful opportunities and also this time either confirmation of a bottom or some kind of new bottom formation from a different new price level.

In spite of the frustrations, volatility and difficulties with market behavior such as closing on near the high of the day and then opening sharply lower, or the opposite closing on the low and often that turns out to be the actual low, we don't let it get to us and are there to counteract as best we can and have been able to do so in most instances throughout.

The recent sharp pullbacks and subsequent attempts at resumption of the uptrend have also been particularly noteworthy and are nevertheless symptomatic of early stage emerging bull market behavior, in that, almost every time, just when Gold and Silver looked like they were about to get smashed, the markets turned around overnight and were positive by Wall Street's open later that morning such as on Wednesday April 1 and again just over a week later on Friday April 10. What we also observed was a marked deceleration in the rate of descent of the decline over recent months and an inability to break Gold lower, even though Silver had declined somewhat more. The sharp turnarounds have been quite constructive and this entire liftoff has reminded in many ways the liftoff in stocks from March 6 through

March 9 of 2009 and the ensuing days, as the markets gathered increasing strength and continued to get stronger against all odds and in spite of periodic sharp pullbacks.

We have seen some attempts at this, but have yet to see a sustained up move that really carries some weight and that is what we're waiting for: Confirmation of a run to the upside.

Also on the positive side, there have been a number of increasingly positive divergences emerging near bottoms, which back in March 2009 gave us the clue markets were through going down and intent on heading higher, not the least of which was the overwhelmingly record low sentiment and calls for new lows down to 4,000 Dow and the breaking of 12 year lows in the S&P, in spite of which, the markets still managed to defy gravity and move higher. The situation has been reminiscent of late with calls for new lows in Gold and Silver that have defied the odds and managed to rebound each time and rally against a similar extremely negative backdrop of similar dismal calls and near record low market sentiment.

In actuality, this is how bull markets are born. This is what we have to overcome. Bull markets are born out of despair and the last of the holders throwing in the towel, because after all of this, it becomes so hard be able to see the markets have any hope of recovery.

Thus, in just the same way as the March 2009 near Century long despair or depression lows type of bottom, gave rise to what was to become one of the greatest bull markets ever, that very few people were able to foresee, because things were so bad at the time economically:

Out of that hopeless economy grew a bull market so strong, it actually has eclipsed even the 1990's bull by quite a number or measures and in other ways has emulated the simply tremendous bull market from 1932 to 1937 that defied all odds up almost five fold, while the world was still in the grips of The Great Depression. So it is vitally important to keep in mind the very strong likelihood that a similarly extraordinary if not record bull market, could await the precious metals sector coming off similar depression type lows today and we believe we could be witnessing the unfolding days of such an historic bull market right now.

With due respect for obvious caveats that while there is always a chance, our growing expectations could still be tempered, nevertheless the recent constructive action we see, is part of a larger bottoming process in any case. This is the reason why we are writing this here and now at the end of April 2015, specifically because as in the case of the 2009 lows and a number of similar previous lows: If the lows really are in this time, the upside could be a runaway move higher and markets might never look back. While a spike down in Gold and Silver is still possible, it doesn't have to happen and may well not given the state of the economy and the deteriorating geopolitical and jobless situation worldwide: There is more reason for metals to rally today, than at any time over the past four years and they are doing precisely that and as long as that continues, we want to go with them all the way and at maximum position long until each of such trends reverse. And whether that reversal or sudden down move is today or at any time, our disciplines take us out and position us short and ready to reverse to the upside at the next infection point. In spite of everything written here, our disciplines will not allow us to be exposed to the long side if the risk of further downside action reappears or reassert itself. As long as market manipulation risk is there, it is something we are constantly and acutely aware of, as extreme downside could still exist…

That has been the premise that has guided us in being able to call all of these recent rallies and subsequent down moves with the idea of trading each bottom as if it is the real one until proven otherwise and acting accordingly to exit and reverse if necessary at that point.
Avoiding being caught in a downdraft or being positioned correctly short helps to prepare us mentally to be ready to reverse and go long for the next up leg is something we emphasize.

While the Gold and Silver up move from the main mid-March lows had some of the elements of a potential runaway upside market developing along with the subsequent secondary rallies since including the latest end of April rally, we need to clear upside resistance to truly initiate the next up leg. The further we move to the upside, the stronger the market can get and that is really the next phase of the confirmation process we are looking for. Once Gold clears $1,220 and Silver $17.25, the metals have a better chance of embarking on a major rally to the upside and potentially initiating the beginning of a potential 7 year bull market.

A Lookalike Scenario in Stocks 33 Years Ago

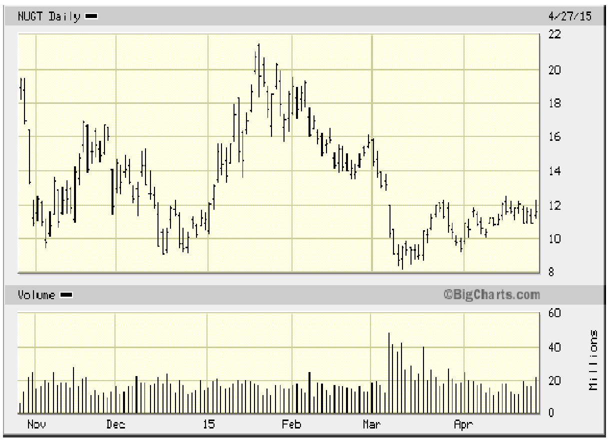
Perhaps one of the best examples of a runaway liftoff was hallmarked by the August 09 - 13, 1982 lows in the Dow, that against a backdrop of a near repeat and actual lower number for the Dow 769.39 than the now famous magazine headline three years earlier proclaiming "The Death of Equities" at 833 of Aug 13, 1979, it ultimately with great fanfare heralded the beginning of the biggest bull market of all time that is still ongoing today.

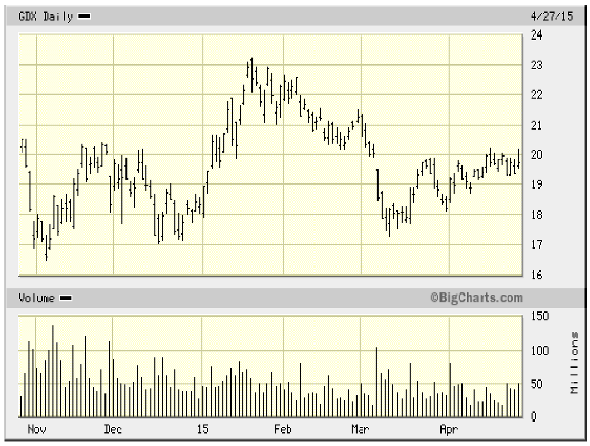
Given all of the negativity surrounding Gold and Silver and the extreme off the charts all time low sentiment readings recently registered, it could be argued a similar situation exists with Gold and Silver today. And that's the point: There are some surprising similarities with the 5 months preceding the August 1982 lows where the Dow in actuality made three successive lower lows over that time vs the S&P before erupting out of that bottom and rallying all the way from 768 to 1,290 before its first real pullback. Meanwhile there was notably positive divergence in other indices and a massively negative sentiment backdrop.

This gave the big clue that the bottom was in fact not only in the making, but was about to become truly epic, even in century long terms... With that in mind, comes the intriguing prospect that were anything remotely similar to occur in precious metals today: The first up-move in Gold and Silver alone could be a near doubling in price from here. It is also interesting to note as we explain further on in this report, that in spite of the apparent anxiety of Gold quadrupling and Silver rising tenfold in late 1979, Equities rallied strongly regardless, which as we also explain later on is not necessarily a reason to be too negative on stocks at the present time, as a weaker US Dollar could actually be very bullish, though Nasdaq 5,000 does need to be watched carefully signs of a possible double top forming, not unlike the S&P during the last decade prior to the 2007- 2009 downturn, especially with some emerging divergences that are already showing up and also the eerie similarity with Silver peaking at the $50 double top that over the past four years has thus far decimated prices down to the near $15 level at the end of November. Interestingly, in just the same way Silver tends to become the leader and proportionately stronger than Gold in Precious Metals bull markets, so too the Nasdaq tends to outperform the S&P 500 and Dow, often times quite considerably. Although no-one ever talks about it these days because the Nasdaq was a newly emerging market back then, by the Summer of 1982, the Nasdaq had already almost doubled off its lows coincident with The Death of Equities headline below and had already doubled off of its 1974 lows, but nobody was paying attention to that in 1982.

However, we'd like to point out that these kinds of divergences tend to be once in a decade type occurrences, such that we have not seen a similarly strong positive type of setup for the Precious Metals sector since 2008 and possibly since as far back as the October 1999 through the December 2001 time frame, immediately prior to a 7 fold run up in Gold and 10+ fold move in Silver. So, that is why we feel that 2015 could be an epic turnaround year for precious metals, in what could become an impressive lift-off year and in due time unfold into what could be a 7 year bull market.

Note how both triple levered NUGT and more conservative GDX & GLD while recording near record high volume reversals at turning points, also diverged positively with GLD double bottoming on a monthly, quarterly and potentially double yearly basis: Often a key requirement to the formation of epic long term reversals, with multi-year and multi-decade tops or bottoms with greater weight.





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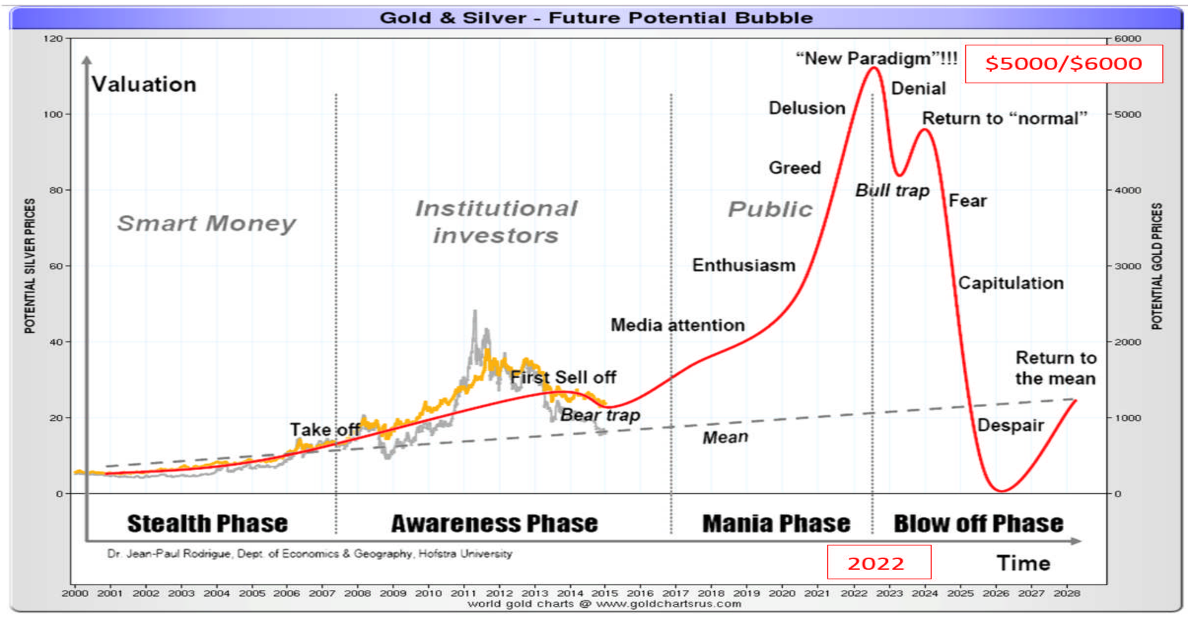
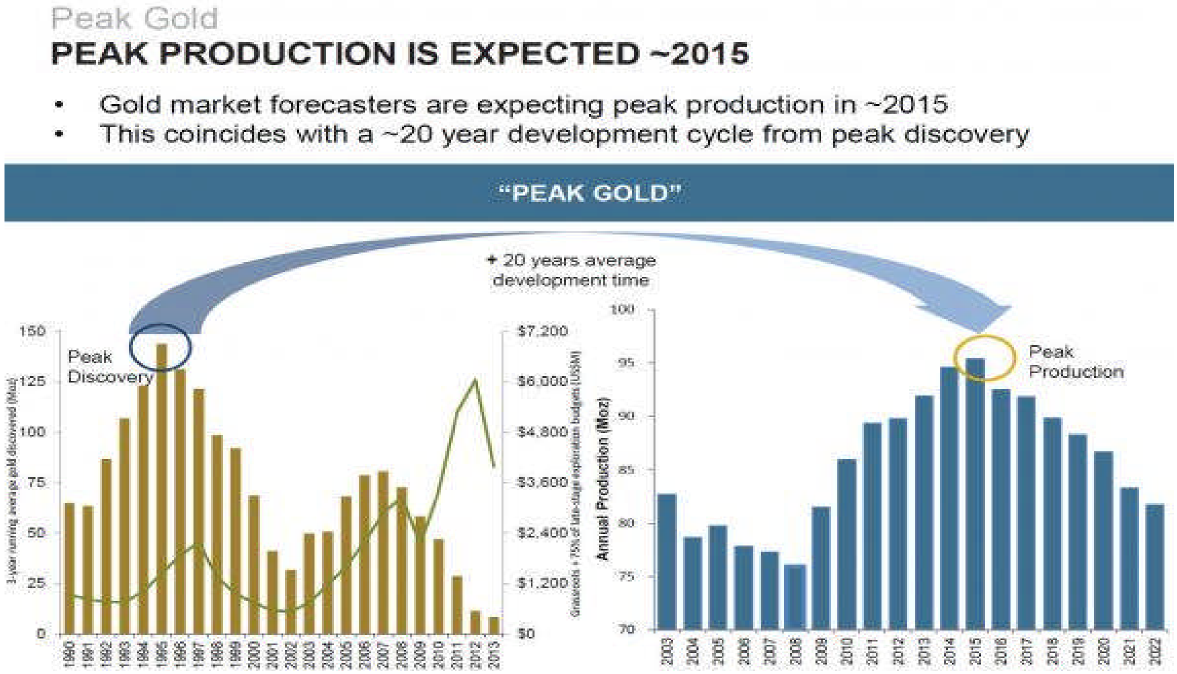
Could '2015' be the Start of a Re-Run of 1976 - 1979, only Longer and Stronger?

With developing multi-year lows, while coming off a bear market that has been nearly four years in the making, the logical next phase of the secular bull market could be 2015 potentially shaping up as a turnaround year, perhaps resembling 1976, ahead of what was to become an eight fold gain in Gold and dozen fold gain in Silver over the ensuing four years: However, in a rare turn of truncated events, exists the distinct possibility that time frames could actually compact, or even accelerate a surprise up-move in Gold that could be more like 1979, if everything comes to a head.



Now, a four-fold advance for Gold and a ten-fold advance for Silver such as occurred in the space of a single year, back in 1979, might seem like pie in the sky, nevertheless, it did happen before and could easily happen again, in just the same way that other historic moves have been eclipsed over time. In fact, when one considers that most of the up-move in 1979, took place over a lot less than a year, as it turns out, such was the awesome power of the up-move driving the precious metals sector that really didn't begin to take hold until the second half of that year, going into the fall... And, while it might seem unlikely, given the relentless beating that Gold and Silver have taken, there are numerous historical parallels that would indicate, that an exceedingly powerful up-move, or at least the start of one, is long overdue and therefore could be just around the corner, or at worst could take hold sometime later this year, perhaps in a similar rerun of 1979, though not necessarily to such a dramatic extent. Still it, is interesting to reflect upon the fact that, for a growing number countries and currencies alike, their 1979 has already come, such as in Argentina, Venezuela, Iran and Syria as well as Russia, Belarus and Ukraine, where Gold has already soared hundreds of percent higher and as indicated by the charts well below, appears to have already begun for most of the major currencies as well that have also been hobbled by the recent US Dollar strength. The one overriding factor that might provoke an emulation of a 1979 type up-move by some sort of unforeseen event, possibly even cataclysmic, causing a worldwide panic into Gold. Such an event provoking buying on such a massive scale, with all=time record short positions, a tightening gold supply and all time record low sentiment a la stocks in 2009, could be a powerful elixir wherein it might be hard to put shorter term limits on any upside move.

While the Dollar and US stocks may appear invincible for now, don't be fooled... Better, try to think how you or the smart money might be viewing Gold and Silver as form of safety or hedge: If you managed to make a killing on stocks in the past few years in a bull market whose better days may be waning and time may also soon run out, the time to be prepared is now, not after a sudden and unexpected move will leave you scrambling to get out and get into Gold. Remember, back in 2000, you couldn't convince anyone to even look at Gold, let alone buy it: And, yet those who took advantage of record low prices at the time, not only saved themselves from losing up to 90% or even all of their money in stocks, but ended up making up to seven times their money in Gold and 10 times their money in Silver, or potential multiples of that, if they were fortunate to partake of the best performing stocks or leveraged trading. Given the potential magnitude of the next up cycles in Gold and Silver and the overwhelming fundamentals that will likely drive it, including the likely peaking of supply and a continuing downtrend of discovery to production and combine all this with increasing demand from China, India and other emerging nations along with increasing investment demand from the West and more solid upside, it could all look set to go:



The only negative for now looks like a continuation of the suppressing and manipulative tactics that have been depressing Gold and Silver with an intensity rarely seen before and may still be an overriding force to contend with. So we have to respect market dynamics and take advantage of buying opportunities as they occur, while not ruling out the possibility that prices could still move lower in one or two further downside moves or retests of recent lows, in spite of more constructive action of late, in what appears to have been some better rallying attempts over recent months.

There is also the possibility if not probability of increasing volatility provoking moves that might be unprecedented, both up and down over coming months, in the event that some sort of washout move ensues, something that still cannot be ruled out and is really the reason for writing this now. It is an epic unfolding time to be prepared to take advantage of whatever the market presents.

Therefore, the need to be almost ready for anything may not be a strong enough statement. To dismiss the possibility of a 1979 type Deja Vu move happening all over again could be a big mistake as could not ruling out the possibility of something even worse or even more unexpected, would be foolhardy indeed, but such are the ways of markets where equity markets could go parabolic to convincing those latecomers that the good times will last forever, because it's different this time and the Fed is behind it and nothing can go wrong. Nothing could be further from the truth, because this time, if the Fed can't save us, nothing can and therefore a fracturing of confidence, could be equally devastating, it'd be hard to imagine how fast stocks might fall after such a relentless uptrend. Experience has shown, that defined uptrend lines, such as those now in place since 2009 have a way of either going parabolic and then reversing badly or breaking down also.

Over the past few weeks, a number of the major players announced they had sold their Apple stock and some other high tech stocks also. While Apple continued to soar awhile, it put in a weekly Doji top formation and reversal. Since Apple (NYSE: AAPL) has led the rally for almost the last two years, this may not a good sign for stocks as a breakdown in Apple could lead to a real sell off. On the other hand a breakout to new highs could change everything back to the positive just as easily and quickly and how Gold and Silver performs in that environment is really what we're addressing.

For the smart money and old timers on Wall Street who were around in 1987 or 2000 and even 2007 and have seen this movie before, they may already be switching out of high flying stocks into Gold and Silver and in another stealth trade that has already come to pass, that powerfully illustrates that it is not necessarily what you make, but what you can save by switching into a lot safer asset, the Chinese recently sold $76.9 Billion right at the top of the US Dollar and Bond's run-up and are and continue to be the World's largest buyers of Gold by far. It is just plain amazing that no-one is getting the memo on this, while the elephant in the room is China, buying up all the Gold, Silver and other resources in the World it can get its hands on even as the Yuan now falters...

The other trade that for a while now seemed plausible to us over the past couple of years as a safety trade for major oil producing countries such as Saudi Arabia and Russia was to be taking advantage of the widening price differential between oil and gold by switching out of then expensive crude and into Gold, just as it turns out Russia have been doing. While they probably wish they had bought a lot more, given the dramatic drop in Oil prices that has since occurred, they did better than ok because, in a way they're already 100% ahead and were also hedged, to the point if they hadn't, things would be even worse. Still given their moves and the deteriorating situation in the World, the prospect of a repeat of the 1979 - 80 nuclear fear factor also looms large, potentially compounded this past week as renewed fears over Iran's true intentions are still questioned with the whole of the Mid East a potential powder keg that still lies ahead at some point.

As we detail and reinforce later in this report, it seems increasingly like Deja Vu all over again. when Gold was last majorly out of favor in 2000 and stocks could seemingly do no wrong, with Microsoft, Yahoo, Cisco and Intel at stratospheric all time highs. Smart money back then, that had the sense to switch into Gold, were not only able to lock in their gains, they saved themselves from being utterly decimated by the bear market that was looming, just around the corner and to some extent, this past March has played out somewhat similarly, with the Nasdaq twice seeking out a couple of potential double top closes just above 5,000 and thus far failing to hold. Back in 2000. not only would that have saved them up to 90% in losses or worse, it bagged them seven fold gains thereafter and possibly even up to 20 fold gains or more in some of Gold and Silver's biggest winners. And, as indicated in the Chart well below: **Gold stock bull markets:** The first five months: Many of the very earliest stage emerging names are already well off their lows, having in some cases rallied more than 100% recent months with even the major Gold stock indices rallying up to 35% off their lows. In fact, the divergence even among the majors has been eye opening and dramatic: While some majors were decimated, two of the strongest: Randgold and Royal Gold almost look like there never was a bear market, suffering not much more than a normal corrective action. Clearly, they appear to be pricing in better times ahead versus worsening scenario, before they bottomed out. However, in spite of the recent bottoming action in Gold and Silver late last fall and more impressive performance of late , another retest of the downside cannot be ruled out, but at least some comfort might be gained from this, as experience has shown that following rallies already seen, ultimately even larger rallies can be expected, potentially with much larger moves.

And that is the premise of this special report as the precious metals markets retest the lows made at the end of 2014, noticeable divergences are developing in the strengthening of leading Gold and Silver stocks also suggests that the worst has already been priced in and thus could be a prelude to either a gradual bottoming out or possibly a sudden and rapid advance to the upside that might be difficult to chase after and could leave many Gold and Silver investment wannabes on the sidelines, lamenting not having taken advantage of some record low prices recently offered and evaporating overnight. On a highly promising technical note, there have been numerous outside days and weeks recently with GLD, GDX and levered derivatives putting in upward daily reversals.

Outside days or weeks, where the highs and lows exceed the previous day or week are generally regarded as reliable indicators of turning points, especially weekly and monthly outside periods. So, it is with considerable anticipation to see how mid-March plays out and whether we get off to a strong start, by building on January's emerging rallies and validate this stronger technical action.
Sometimes, outside periods trade back into the mid-range and other times, the market can just take off an never look back, so be prepared for this, but more importantly higher price action.

Seminal Events and New Exchanges can be very bullish for markets

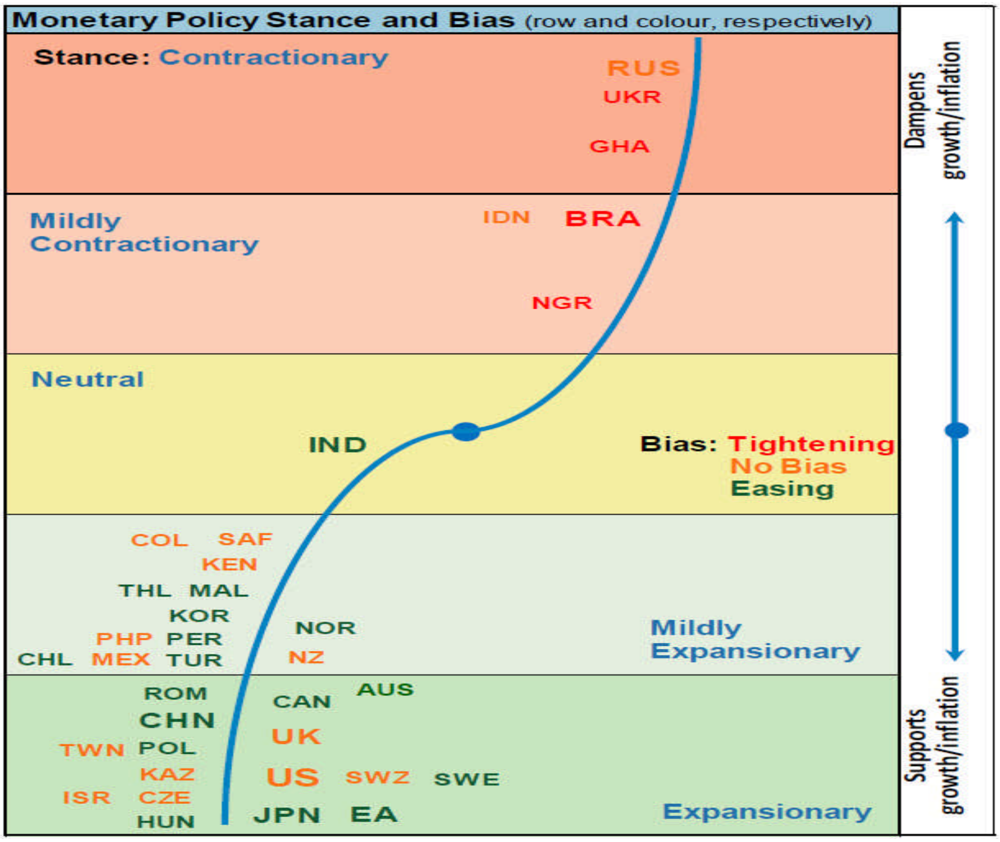
Such is the nature of markets. Sometimes they can move very suddenly and dramatically, without any warning just as recently demonstrated coincidentally with Gold and Silver's bottoming action. Also when the Swiss National Bank totally out of the blue, abruptly terminated its policy of pegging the Swiss Franc to the Euro and succeeded in rocking the financial World with the largest move in any currency or market of all time. The fallout is still ongoing, as those who were caught short were decimated and those who were unprepared, missed out on huge up-moves in Gold and Silver: Interestingly enough, Gold and Silver could be major beneficiaries from the positive fallout still to come, because it was the sudden Swiss National Bank action three years ago that in a way triggered the correction in Gold and exacerbated an already unfolding pullback in Silver, thus it stands to reason that in the same way Gold and Silver bottomed right after the Swiss Bank's shock announcement and rallied very substantially thereafter, the new monetary environment, including the stimulus in the Eurozone could prove to be exceptionally positive for Gold and Silver and the surprises could be more on the upside such as is more symptomatic of early and unfolding bull market activity.

What we are saying is, it is time to be prepared, because the similarities to the 1970's are self-evident in the economic statistics of late showing a world economy that is in stagnation and is requiring massive amounts of stimulus just to eke out the kind of meagre GDP performances that have now plagued the Eurozone, the largest economic block by some measures for the past 7 years, has simply not measured up in spite of the massive amounts of stimulus the has been applied, GDP growth has been lagging the growth in debt by a very troubling and increasingly very widening margin to the point that almost the entire World has taken on so much additional debt since 2007, it almost boggles the mind... See chart below of the top 40 debt-ridden countries.

And this is a major problem, because it is like a millstone around the neck of not only all of the major economies, but smaller ones too, that cumulatively add up to further compound the drag on World growth, hence: Not just 1970's type Stagflation, this is stagflation on steroids with most of the World's central bankers in collective easing mode, trying to lift a Global economy dogged by magnified Deja Vu problems of the 70's, out of the doldrums now throwing money and stimulus at the problem in ways that in times past would have been hard to imagine. It's truly amazing how the inflation fighting Feds of times past have done a 180 and are now all out anti deflationary, with as many as 20 Central Banks this year alone all lowering rates simultaneously and stimulating.

Global Central Bank Easing Quadruples In 2015

Thanks to global disinflationary pressures driven by the savings glut, an oil glut, and universally high (peak) debt levels (crushing the transmission mechanisms of textbook economists), central planners have gone into maximum ease mode in 2015. **From a 'balanced' 10 easing, 9 tightening bias (~1:1) in December, Morgan Stanley illustrates in the following chart there are now 16 central banks easing and only 4 with a tightening bias (4:1)**



Source: Morgan Stanley

With so many central planners piling up in the lower left corner... and global growth expectations crashing... when oh when does the world wake up to smoke and mirrors they have been witnessing and at some point down the road **lose faith in central bank omnipotence?**

The very same ills that sent Gold 8 fold higher and Silver 10 fold higher in the late 1970's are not only back, they're back with a vengeance, to the power of 10 and on top of that, all of this debt and worldwide interest rates being so dynamically and dramatically leveraged, with what is now upwards of a quadrillion dollars of derivatives, is a looming time bomb lurking out there, that one fine day, will go off just like the Swiss Franc bombshell did. Unfortunately, when that day comes, it will most probably be with far greater implications that could literally bankrupt the entire world overnight in an uncontrollable chain reaction event: Not unlike the same kind of dynamics that caused the '87 crash, only this time it will be the interest rate markets that potentially might be the catalyst.

The Biggest Problem Facing The World Today

At least 9 countries have debt/GDP above 300%, and that a whopping 39% countries have debt-to-GDP of over 100%!

Rank	Country	Debt-To-GDP Ratio %
1	Japan	400%
2	Ireland	390%
3	Singapore	382%
4	Portugal	358%
5	Belgium	327%
6	Netherlands	325%
7	Greece	317%
8	Spain	313%
9	Denmark	302%
10	Sweden	290%
11	France	280%
12	Italy	259%
13	United Kingdom	252%
14	Norway	244%
15	Finland	238%
16	United States	233%
17	South Korea	231%
18	Hungary	225%
19	Austria	225%
20	Malaysia	222%
21	Canada	221%
22	China	217%
23	Australia	213%
24	Germany	188%
25	Thailand	187%
26	Israel	178%
27	Slovakia	151%
28	Vietnam	146%
29	Morocco	136%
30	Chile	136%
31	Poland	134%
32	South Africa	133%
33	Czech Republic	128%
34	Brazil	128%
35	India	120%
36	Philippines	116%
37	Egypt	106%
38	Turkey	104%
39	Romania	104%
40	Indonesia	88%

Source: McKinsey, Zero Hedge

The problem today is interest rates are so low and debts are so large, that the slightest up move in rates will begin to cause earth tremors, because a quarter point rise, will actually be the equivalent of a 100% up move in rates and obviously, several percentage point up moves could be catastrophic, because interest payments would rise exponentially and the same kind of "Interest Rate Portfolio Insurance" in the form of a quadrillion dollars in derivatives, could be a similar negative catalyst to the "Stock Portfolio Insurance Phenomenon" that didn't work in 1987, could spiral out of control in ways that might be unimaginable, causing interest rates to spike just like they did to a record 21% in 1979! And, this time around a move just 6% could render most governments net negative in revenues, whereas a spike to 1979 levels could create a worldwide fallout that might be hard to comprehend, especially if it were accompanied by crashing currencies and panic buying of Gold at will, not just by traditional Gold investors, but it could be every man for himself including Billionaires and even countries defending their currencies as seen.

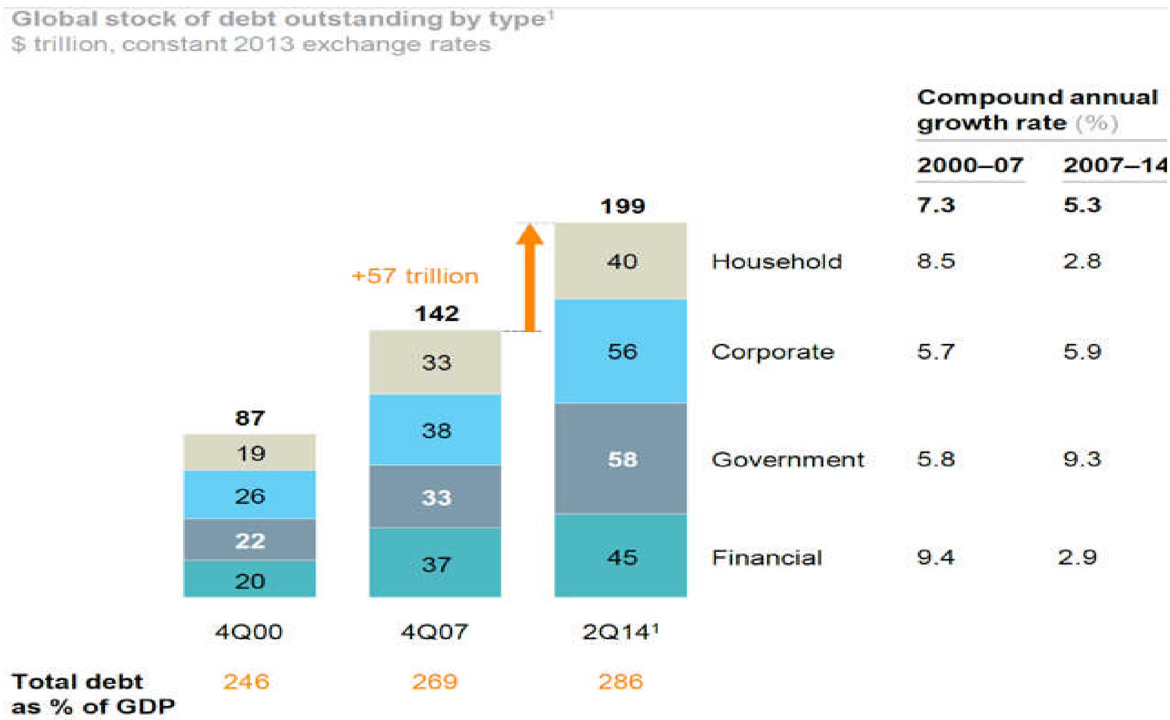
With that in mind and everything that happened in the dress rehearsal 8 fold run up from 1976 - 79, ahead of the big one that lies ahead we borrow a title from Seeking Alpha:

Investors Have No Choice But To Own Gold

After This Latest McKinsey Chart below and these shocking revelations from Hebba Investments LLC

- Global debt levels continue to rise despite record-low interest rates.
- Debt is also growing as a percentage of GDP which signals that economic growth is lagging behind debt growth.
- Based on most recent numbers, the world is taking on the equivalent market cap of every S&P 500 company every 2.5 years.
- This is not sustainable and wise investors should seek out investments that are not correlated with public and private debt.
- Gold is the easiest and most obvious of these investments and investors should use short-term weakness to increase gold positions.

Global Outstanding Debt

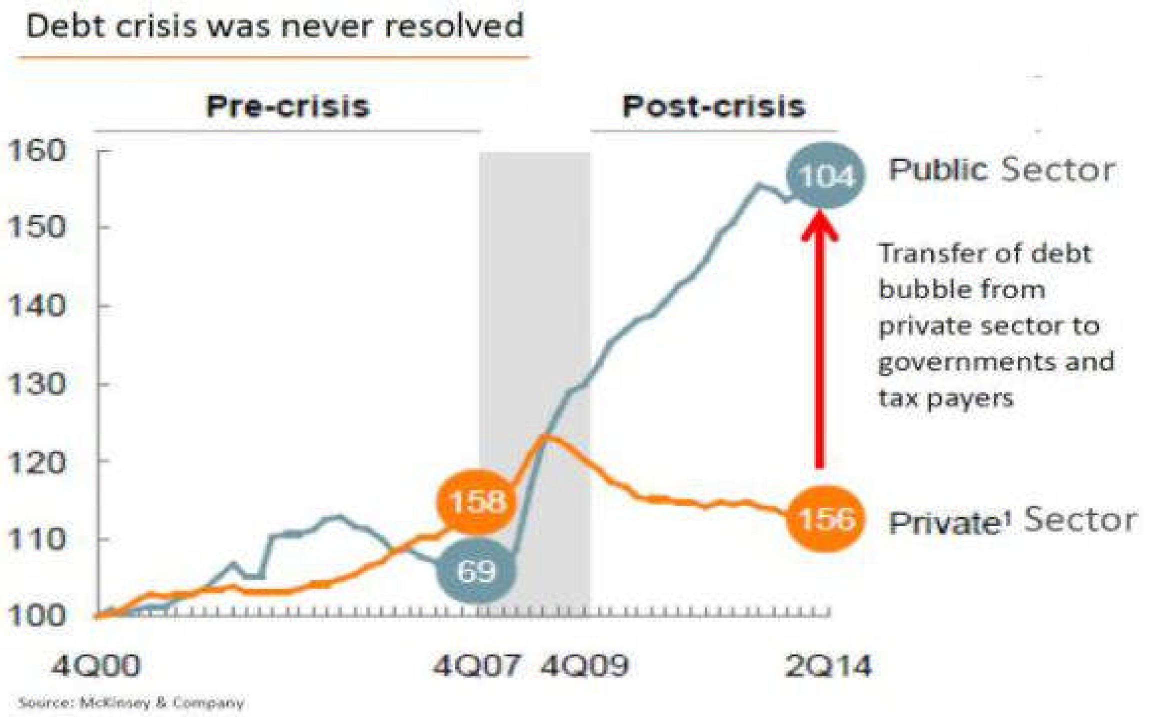


Source: [McKinsey Global Institute]

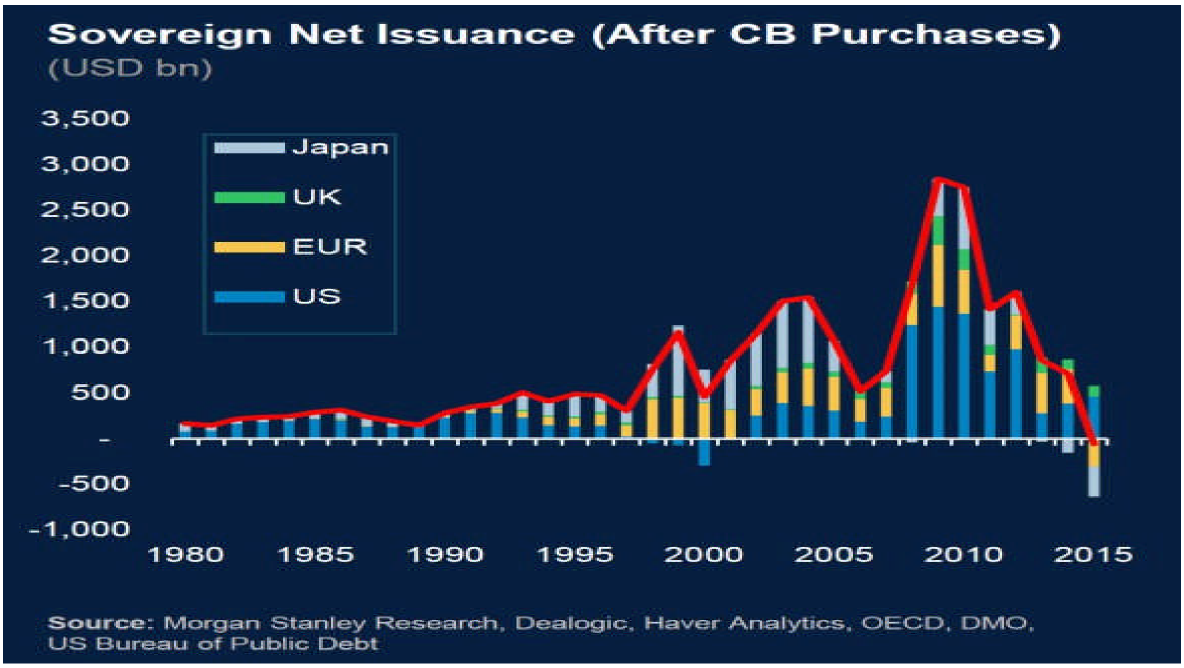
Global Debt Grown by $57 tr Since 2007: Government Borrowing = Debtors Prison for Consumers

By Anthony B. Sanders

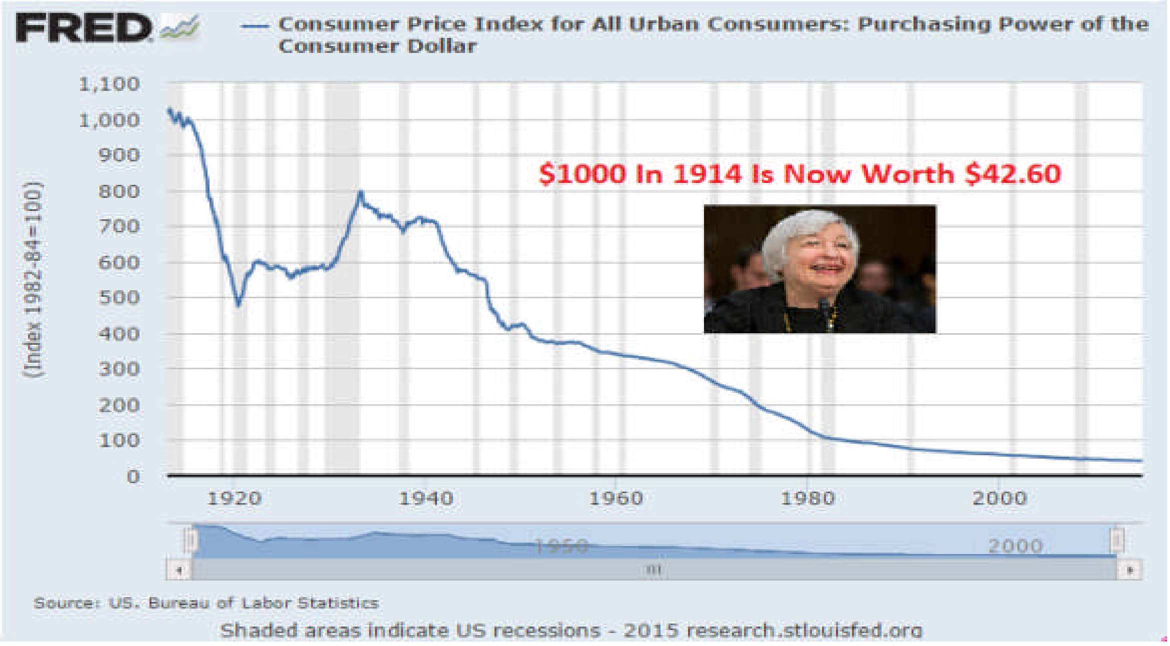
Now that the Greece default crisis is on temporary hold (they will be back again), it is time to turn our focus to the GLOBAL debt market. Since the subprime mortgage crisis and Lehman failure, **global debt has grown by $57 trillion** since 2007, raising the ratio of debt to GDP by 17 percentage points. Another chart from McKinsey & Company shows the relative rise of PUBLIC SECTOR debt relative to HOUSEHOLD debt. That is, governments borrowing money on YOUR BEHALF.



Couple this chart with the fact that Central Banks are monetizing 100 percent of sovereign debt.



102 Fed Years = Purchasing Power of the US Dollar has fallen from $1,000 in 1914 to $42.60 today



More interesting observations from Hebba Investments LLC

Taking on new debt by itself isn't necessarily unsustainable if productivity and growth are increasing at a faster rate than the debt load.

The problem is: Debt is growing faster than worldwide GDP and the GDP numbers are questionable at best and may have been inflated.

Global debt rose from 269% of world GDP to 286% over the last 7 years, meaning the world's debt increased faster than its production.

This is simply not sustainable as no economy can grow its debt faster than its productivity - something has to give.

What Happens Next

With debt growing at a faster rate than GDP, eventually the money won't be there to service the debt load and defaults will ensue and be related to a single default, but rather a chain reaction caused by breakdowns in confidence that would occur across many markets...

As the table above shows, the growth in debt despite all time low interest rates means that investors are very confident in ability of the indebted to pay back their debts OR in the ability of investors to sell these debts to others (i.e. the greater fool theory). That must be the case otherwise we wouldn't be seeing growing debt levels while interest rates are falling around the world.

The scary thing is one default can set off a domino effect across markets and cause investors to flee all types of debt - in a massively over indebted world that would be very bad. interest rates would rise as investors seek more return to compensate for their risk, leading to to higher debt levels and even lower growth rates as debtors must now portion off a larger portion of revenues to service debts. This is already creating a huge economic drag across most all of the world's indebted economies, with Greece being a prime example of this.

Investors who think they can escape a debt crisis purchasing stocks may find their whole investment thesis completely obliterated. These "safe" companies will find that their revenues will also tumble as they were the second and third order beneficiaries of expanding debt spending. The world has been spending beyond its means, as evidenced by growing debt loads as a percentage of GDP, and when that confidence in the debt ends, not only will interest rates rise, but global growth will plummet as many projects will no longer be funded by belt tightening debtors and governments This will only accelerate investor worries about their debt holdings - a vicious cycle.

What Does This Have To Do With Gold?

Now, we come to gold. It should be obvious now that globally we are massively over leveraged with debts which are not sustainable as debt growth now dwarfs economic growth despite record low interest rates. When this reality sets in with investors, we will start to see money leave debt instruments and move to assets that are unrelated or negatively correlated to debt - the ultimate one being "cash."

Investors need to remember that not all "cash" is created equal. Over indebted governments and their currencies are only as strong as the confidence in their ability to pay back their debts without inflation. Thus investors may start moving assets into a number of "cash" type assets, but will eventually flock to the ones that have the greatest liquidity and the greatest ability to maintain purchasing power.

We are seeing this as the traditionally negative relationship between gold and the US Dollar has evaporated over the past few months.

We think the US Dollar is not as safe as investors believe (and certainly not as safe as gold), but this is a discussion for another day. The take-away here is that the recent strong positive correlation between gold and the US Dollar may be the result of investors starting to question the increasing global debt load. Investors will seek assets that can perform well when there is panic or even defaults in the debt market - gold is clearly one of the few assets historically that has done very well when debts have performed poorly.

Conclusion for Gold Investors

Contrary to what some analysts have been suggesting, the world has not been de-leveraging since the financial crisis, and in fact has been growing its debt loads. Not only is total debt growing, it is growing at a faster pace than global growth, and it is doing so despite the strong tailwind of all-time low interest rates. Everything about this is not sustainable and at some point we will start to see defaults - which will cause panic in debt markets and interest rates to rise. Thus wise investors will be seeking investments that do well when debt instruments do poorly, and that will lead them to gold. So while investors and fast-money traders in the gold market are focusing on frivolous short-term things like the recent US jobs report and the latest omission from the Fed minutes, they are clearly missing the forest for the trees as unsustainable global debt loads are a ticking time bomb.

Finally, we think the real opportunities will be in the gold explorers, as their valuations are much lower than the miners and the fact of the matter is that these gold miners will be looking to expand reserves and buying out the quality explorers, so we'd suggest investors be aggressively investing in these quality explorers. Successful investors must think multiple steps ahead of the crowd, and to do that they have to see the true value in the data. The recent McKinsey report proves that the world is increasingly leveraging itself despite record-low interest rates and this is unsustainable - it is a crisis that is obvious and growing right in front of our eyes.

Now is the time that investors should be buying assets that are uncorrelated to the debt markets - gold is the asset that has historically performed well when we have debt market panics. Investors shouldn't miss the forest for the trees here and get caught up in short-term price moves - there is a debt-crisis brewing and investors better be prepared with some gold investments. With much thanks to Hebba.

Virtually all first world nations including China are heavily indebted. Even though the US is leading economically for now, it will never pay down its enormous debt burden, which within a few years is expected to surpass $20 Trillion. 16 Central Banks continue to ease as all of these nations increase money printing stimulus measures and with and increase in Central Bank buying, gold shortages can be expected.

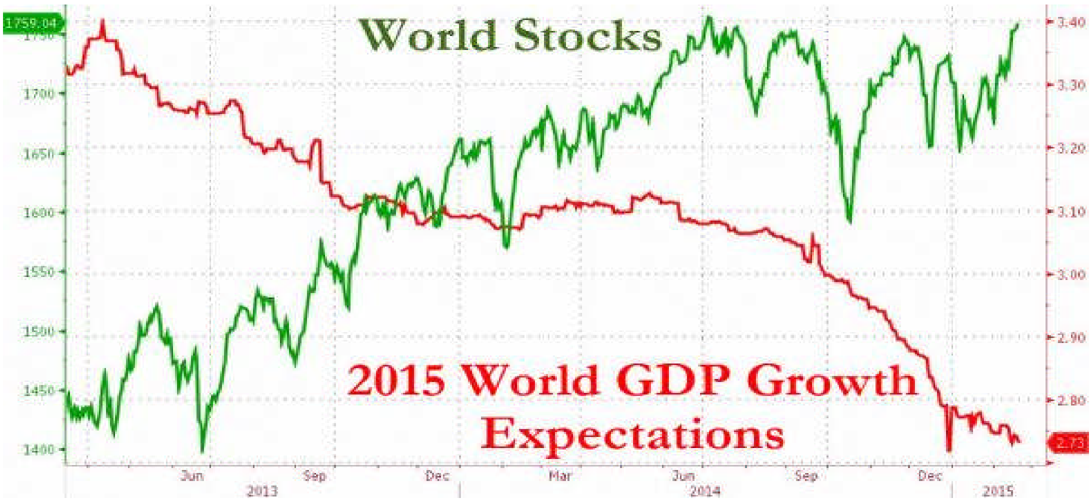
While fallout from the Swiss Franc is likely to be virtuous for Gold & Silver, it's unlikely to be for the financial system, still potentially in a slow motion unravelling. Consider this: As alluded to in this report, the upwards of a 1,000 Trillion or Quadrillion dollars, is a ticking time bomb and the long slow burning fuse may just have been lit as the Swiss Franc initially rocked the World with its near 40% intra day move. Trillions bet on the Swiss Franc disappeared in an instant and worse fallout will likely come in time with skeletons hiding in the closet and rogue traders trying to cover losses. Problem is all these transactions are interconnected with Banks. So many were exposed, it is hard to fathom what the eventual outcome will be. Eg: Deutsche Bank has derivatives 20 times the size of the German economy. This could bring the system down...

So how or why all this could come to a head and how might it actually play out in ways we are totally unprepared for? Harking back to another life changing event of yesteryear, the run up to The Epic Crash of '87 has some interesting parallels running with today in the way markets are behaving and the growing complacency that abounds. Steady as she goes, fueled by the Fed and now 16 central banks around the World, liquidity is overflowing and markets are being propped up and powered ever higher, not just by today's actions, but essentially by a totally and utterly unprecedented 7 plus years of Fed intervention and stimulus on a cumulative scale superseding all Fed actions combined since inception x several centuries. Just the other day on Fox News Sunday Morning Futures, Philadelphia Fed Chairman Charles Plosser, pretty much said: We are in uncharted territory and we don't know what's going to happen. Well evidently former Fed Chairman Alan Greenspan does, having presided over "The Crash of 87" and actually managing to save the World from a then even worse fate, had this to say:

"This Won't End Well"

Alan Greenspan Warns:

There Will Be a “Significant Market Event... Something Big Is Going To Happen"



"X" continues to mark the spot of the death of global investor rationality... And the then start of monetary manipulation on a guarantuan scale including the surrpression of Gold

The signals are clear: *the world has already entered a downturn in economic activity*

Therefore we can expect accelerated money-printing and the imposition of more negative interest rates in a forlorn attempt to avert economic reality.

1929: Please don't influence me with idle stock tips and economic developments: I saw the economy moving one way and the stock market moving the other and I had to decide which was right, therefore logically I chose the economy, so I bought Gold and Gold stocks and heavily shorted the market - Jesse Livermore - Legendary Investor

U.S. Debts have gotten so gigantic that there has to be some monetary depreciation. ***Specifically he said: This era of quantitative easing and zero-interest rate policies by the Fed… Cannot be exited this without some significant market event… By that I interpret it being either a stock market crash or a prolonged recession, which would then engender another round of monetary reflation by the Fed. Something so big is going to happen, that we can't get out of this era of money printing without some repercussions – and pretty severe ones – that Gold will benefit from and take it "measurably higher".***

The end has to come at some point... In any market that is so one sided, that is accelerating so rapidly, that trend will end… ***most likely in a fairly violent fashion."***

The price of Gold will go "measurably higher".
The signals are clear: *The world has already entered a downturn in economic activity. Therefore we can expect accelerated money-printing and the imposition of more negative interest rates in a forlorn attempt to avert economic reality.*

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While that time is yet to come: When it comes and dynamics are in place a divergent move to the upside in Gold will likely lead to downturn in stocks & bonds

In our view...

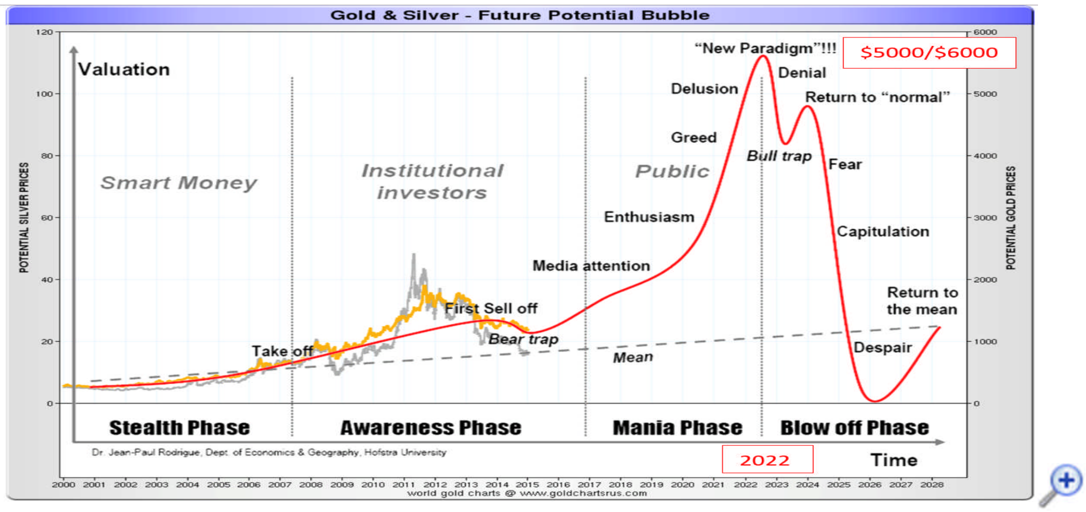
A measured move of at least $1,000 in Gold could lie immediately ahead

While we have to consider the possibility of further downside in Gold and Silver, possibly even an extreme downside move, as well as even further upside in equity markets, we are confident that the ultimate outcome. from whatever levels Gold and Silver finally bottom at, base out, and move up from and we will do our best to guide you towards ensuring that our alerts can call the turns, (as per some of our recent as well as longer term important market calls), should you choose to follow our services: That once the initial resistance levels just above current market levels and upwards toward the highs of this year are overcome, we feel beyond this, a measured move of at least $1,000 could lie ahead for Gold and a commensurate move in Silver, in all likelihood, ultimately towards substantial new all-time highs. This will essentially become the first wave of a new Gold and Silver Impulse move as they resume their secular bull markets in a new 7 year cycle of commodities up and US Dollar down type of unfolding theme, much as occurred for most of the past decade from the outset in 2001. In this special report, we've tried to collect and present for your benefit, as many of the compelling reasons we can muster as to why Gold & Silver's time may be near, having endured a multi-year bear market of epic proportions for most Gold equities, that up until recently had priced in the worst case scenario. However, now, gradually and in some cases quite clearly gold equities are appear to be beginning to price in a recovery, which is one of the key requirements needed to preempt a rebound and confirm requisite buy signals that will ultimately lead to awesome potential upside as may be hard to fathom for most observers at this time, but in time may play out according to these charts below:

Excerpts from a deftly articulated and compelling argument by Dan Popescu, for a resumption of the secular bull market, very much fits with our thinking & cyclical work which suggests a Gold liftoff from 2015.

His main hypothesis and the one we prefer, is the beginning of the mania phase described by the bubble model below. He still believes the most probable path is that the next phase of this major secular bull market in gold and silver would begin in 2015 to 2017 and would end at the latest by 2022. Those dates are approximations with a wide margin for error. He doesn't expect a progressive move, but something much more dramatic in the form of a quantum leap higher, for moves in time of at least $500 per day on a scale similar to that seen in the ‘70s when gold moved from $100 to $850 in a similar kind of mania as it soared towards its all time highs.

He believes the current bear phase has been a bear trap similar to the one shown in the graph below and very much the same as the one in the mid 1970's that convinced almost everyone the bear market was over following the heady gains of the early 1070's not dissimilar to today's The main cause of this mania phase is the collapse of the present dollar-based international monetary system, which will end present currency wars with a reset meantime, the prospect of an 8 fold rise in Gold and 10 fold or more rise in Silver is not only a distinct possibility, but in all likelihood could play out on very similar lines as occurred in the late 70's run up to the 1980 peak.



The year 2015 has started with several conflicts, which all are bullish for gold, and all can degenerate in a major crisis, pushing gold well above $2,000.

He also believes we're very close to the end of this Fed-created bull market in U.S. stocks although we are less negative, we believe the US Dollar will hit a cyclical high in 2015 and its forthcoming weakness will actually helped both stocks and Gold as it did from 2005 through 2007. concur with his belief the US dollar is on its way to a major bull run like in the ‘80s. We both also concur U.S. Treasuries are in a historical bubble that may have ended.

Five Reasons to Buy Gold in 2015

1. The most important reason to buy gold in 2015 or any time, for that matter, is diversification and as an insurance against uncertainty. I was always told to have 5% to 10% in gold and pray I will never need it. In these dangerous times we live in and with the risk of a major event like a war, revolution or financial collapse, it is wise and prudent to have some of the gold and silver outside of the banking system.

2. Gold is now at a very low level and oversold. I don't expect gold to go below $1,000. In the case of a sideways market, gold will move between $1,100 and $1,500... If gold does not soar in 2015, it could still move way higher.

3. Central banks are and will continue to buy gold and I even expect them to accelerate their buying, competing for a limited amount of gold and pushing the price up. Silver will follow gold as poor man's gold. Central banks have been in currency wars since 2008 and they will end badly. Both Russia and China are using gold in their currency wars. A reset of the current monetary system will push gold easily to $5,000. An announcement by China of its gold reserves could get gold to test $1,900, and even $2,000, in 2015.

4. I often hear that there is no risk of hyperinflation but of deflation, therefore a negative for gold. What people ignore is that a deflationary environment is catastrophic to the banking system and excellent for gold. In a collapse of the banks, gold and silver will circulate since they are the most marketable real assets.

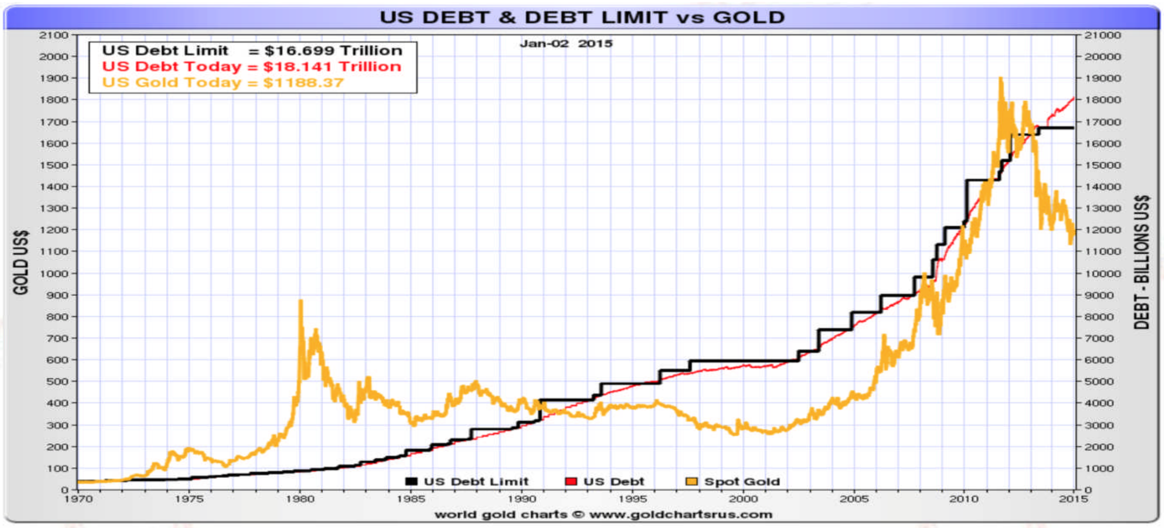
5. In the case of hyperinflation, which is also a high probability and can come after a short period of deflation, gold will outperform or, at least, maintain its value in real terms. In this case, $10,000 in nominal US dollars is not absurd.

Ten Banks, Including JPM, Goldman, Deutsche, Barclays, SocGen And UBS, Probed For Gold Rigging

This could also be supportive of a potential bottom in Gold and Silver, now that the cartel may finally be getting some heat and could risk the kinds of multi-billion dollar fines they have already paid for other violations. Also under scrutiny are Bank of Nova Scotia, Credit Suisse Group AG, Standard Bank Group among others. Perhaps this time, something more tangible will happen to finally put an end to these stealth market practices.

All these reasons are in some way connected to the collapse of the present monetary system due to an exorbitant global debt, but especially of the United States and the European Union. Will it start this year or next? It is difficult to predict, but the recent events make me doubt the central bankers know what they are doing. We have seen this week (mid-January) that central banks don't necessarily coordinate and don't know what they are doing. The Swiss National Bank reversed the peg of the Swiss franc to the euro after strongly defending it not long ago in a fight against the supporters of the Swiss gold initiative. The Swiss didn't consult nor took into consideration other countries no more than the Fed did in its QEs. The unpegging of the franc was a cataclysmic event that caught everyone by surprise. It was, in my opinion, the first of a series of black swans of 2015. Statements as "we are in uncharted territory" and "we learn by doing" make me take precautionary action by buying real assets and, more specifically, the most liquid: gold and silver.

There is no other way of liquidating exorbitant global debt, except by default or hyperinflation. What do you think governments will prefer? In both cases, gold and silver will at least maintain their value in real terms.



***"In effect, there is nothing inherently wrong with fiat money, provided we get perfect authority and god-like intelligence for kings."* Aristotle (≈2,400 years ago)**

***"Yes... Remember what we're looking at. Gold is a currency. It is still, by all evidence, a premier currency. No fiat currency, including the dollar, can match it."* Alan Greenspan (2014)**

Thus, it's beginning to look a lot like silver and gold are increasingly poised for a massive upside explosion at some point in the fairly near future. China has been ratcheting up imports of gold...

The final two weeks of January were 70 tons and 71 tons. Should this be their new run rate, they will be importing 40% more gold annually than the world produces. Why? And, why are they ramping up imports just now? Could they know something is about to happen and want everything they can get their hands on as fast as they can. To put this in perspective, in just two weeks, China has imported six times more gold than the COMEX even claims to have as deliverable inventory! COMEX will very shortly be relegated into irrelevance as they simply do not have the product available for delivery. A "two tier market" will result and it is very possible to see large down days on the COMEX and huge up days in physical metal as traders begin to understand the true dichotomy between paper gold and physical gold. (Excerpts from the Holter report) - With Thanks.

The reason gold and silver sold off going into the end of January was partly the usual post Fed inspired sell-off as well as artificially instigated by a raising of the margin requirements for silver by the CME **"CME Hikes Silver Margins By 11%"** not because of a lower priced silver but perhaps in fear of the fact that gold and silver have the two largest short positions in history and in danger or becoming the mother of all short squeezes. Meanwhile over the past few weeks the commercials have ignored all this and continued to add to their short positions by taking all the additional rope there is to potentially hang themselves, even as Gold and Silver has trended higher. While we do not want to underestimate the power of the commercials over the markets and they may yet succeed in breaking the markets one more time, bull markets tend to be born by too many players short or on the wrong side of the markets just as in the same way when too many players are long at the top, complacent and super-bullish. What helped Gold and Silver out of their abyss in late November was the opposite, massive negative bearishness that was off the charts and hitting all time extremes. This is normally how bull markets are born out of despair, in just the same was as equities rose from the ashes in 2009. And one major new and unprecedented development that has recently emerged has to be fundamentally very bullish for Gold is the fact that Central Banks are now actually charging money to be held on deposit and this has to for the first time ever make Gold and Silver uniquely attractive, not only as a hedge, but as a cheaper means of investment than cash money itself. This is being massively overlooked as institutions are reconsidering options.

Then there is the other more stunning, recent fundamentally super bullish development for precious metals: Why did the CME suddenly raise the daily limits on price movements to hundreds of dollars for gold and multiple dollars for silver? Such a totally unprecedented move of such magnitude seems puzzling and boggles the mind: But know this: Based on emerging long term buy signals that are now developing, the next few months could see some truly spectacular up moves in Gold and Silver that might even see new all time highs in metals in due time.

When it comes to markets: What everyone knows isn't worth knowing and when talk of deflation is mainstream it's already dead or dying - The same hysteria existed about inflation following the peak in 1980 and has been the war worldwide that feds have waged ever since to the point ECB's Trichet by his ineptitude succeeded in driving Europe into the ground over the past decade. Now the Feds of the world are beginning to wage a full scale war in the exact opposite sense against deflation that is likely to last years, if not even decades and it has already well and truly begun in earnest and we believe the turning point was the lows in Silver and Gold at the end of November and now the momentum is intensifying as the Feds are more than likely stoking the fires behind the scenes to lift the world out of this deflationary spiral. That could be one of the contributing factors behind the sudden upward price explosion in oil and energy products over the past few days and the grains just starting to rebound and any day now, possibly today, the US Dollar may succumb to the looming pressures of this action in a similar way to oil over the past few days only in reverse, so be ready to be long currencies and short the US Dollar soon. And as a consequence of this behind the scenes activity, US equities already are beginning to benefit from the reflationary effects that are a form of stealth QE that is still going on behind the scenes as rollovers are being reinvested - Expect an upward burst to possible multiple new all time highs soon in US Equities. We actually see this year as very similar to 1979, a year in which Gold soared 400% and Silver by a stunning 1,000% along with interest rates that rose from near 1% to 21% over the period of just about one year, following the same kind of multi-year monetary easing policy that the Fed instigated following the market crash in late 1974 and 100% market rebound the following year. We see the US Dollar topping out over the next few months and interest rates beginning to rise in a similar way as in early 1979. How high they may go remains to be seen, but it may not necessarily be that negative for equities, in fact it could be very positive. In spite of the fact that it could be argued that an increasing number of stocks are now in corrections or even bear market type declines the market indices are close to all time record highs and the NYSE advance decline index has actually recently been hitting all-time highs. This implies we could still be a long way off from a correction or bear market unless something totally unexpected were to come out of the nowhere and severely impact stock prices. interestingly, if equity indices do in fact advance to new all-time record highs and especially if the Nasdaq were to eclipse its all time high, along with continuing outperformance by advance decline indices and strong internals, we would technically be at a potentially stronger point than that of a year ago or six months ago when indices were successively hitting all time highs and that was before the October correction and what has happened since which has been one of the most powerful advances and buying stampedes of all time. In spite of the many appearances of a weak economy and other negative influences, there are many positives that continue to buoy stock prices and these trends are likely to continue for some time to come and just as in 1979, the sudden rise in Gold, Silver and interest rates didn't crater the markets, instead they actually flourished and actually had a relatively strong year for the major indices and a particularly strong year for the Nasdaq.

Few people may be aware that from November 1978 through February 1980, during which time interest rates rose to 21% and Gold and Silver soared four fold and tenfold respectively, stocks actually also rose with the Dow gaining around 10% and the Nasdaq actually quite amazingly gained almost 40% over the same period. We would not rule out something similar happening over the next year as there are compelling reasons as to why, which would include the fact that 3rd year election cycle years are usually very positive and historically have risen as much as 40% and secondly, the 5th year of every decade is usually the strongest and has been the case for the past 135 years. On top of this you have to keep in mind the fact that in a similar way to the late 1970's the Fed has maintained an increasingly easy money policy over the past nearly 7 years, which is unprecedented and by introducing even further three Quantitative Easing programs of increasing magnitude, the cumulative implications of all of this have yet to be felt along with China's continuing mega stimulus programs and now with the rest of the world following suit there could still be a lot more upside in this market. For example: The reflation of the late 1970's ultimately became the building blocks of the 1980's bull market and the stimulus following the Crash of 1987 and early 1990's following the S&L bailout laid the groundwork for the 1990's bull market. The Fed only started raising interest rates in 1994 and the market topped out six years later. So while another market downturn cannot be ruled out and we expect one later this year in the 3rd - 4th quarter and possibly one that is quite severe, that could be a short term reaction to sharply rising interest rates, we appear to be a ways off still and corrections will likely be short lived as per recent.

So, the upside explosion potential for Gold and Silver is more credible when we start factoring in the possibility of a re-run of 1979, but also when comparing what has been almost a four year bear market in Silver and three and a quarter years in Gold, longer than the Great Depression bear market crash. It's worth noting that the Dow rose almost 5 fold in the ensuing years from 1932, even as The Great Depression was deepening and in the same sort of way, Gold and Silver could begin to react ahead of time to a worsening financial scene in the years ahead, that may take some time to play out. On another level, if some kind of out of the blue event transpires, similar to what just occurred with the Swiss Franc, this could be one of the catalysts that could send Gold and Silver soaring, unexpectedly for most and could create a mad scramble for Gold and Silver assets worldwide, which are now becoming in very short supply as the market tightens. A simple event such as an announcement from India that they just purchased 200 tons or so could be enough to send Gold up several hundred Dollars, literally overnight or the worsening situation in Ukraine and even a possible invasion or worse could have a similar impact. The market certainly has the look and feel of an emerging bull and the behavior of this most recent rally over the past two months especially regarding some of the major and now leading Gold stocks, looks distinctly more bullish than anytime past.

The 40% sudden upward spike in the Swiss Franc has already gone down in history as one of the most acute market moves of all time and following this correction back down towards a dollar, expect another strong upward move soon, when the US Dollar finally succumbs, although there could be a retest of US Dollar highs following a shorter term rally in Currencies we are expecting. Given what occurred in the Swiss Franc and taking into account what the CME recently put in place in terms of dramatically expanded daily limits, for the same thing to happen in Gold and Silver as in the Swiss, which it very well could literally occur at any time, without warning, would take Gold to $1,800 in a day and Silver to upwards of $25 and possibly higher even to $30. What people don't yet fully understand is the cumulative effect and longer term implications of nearly 7 years of central bank intervention is welling up like a swell of water behind a dam about to burst and what could ultimately be brought to to bear on world markets and what is really going on behind the scenes is not deflation but an inflationary plague that is ongoing and decimating peoples buying power and behind it is coming an inflationary tsunami, the likes of which the world has never known has yet to impact us exponentially and most likely now, sooner rather than later, but eventually it is inevitable, because Central Banks will continue to print.

Curiously we are almost at the exact same point in the time-line that led to the Weimar Republic hyperinflation in Germany in the 1920's when inflation went from below 2% for six years straight then in the 7th year soared to 10% and 100% in the eighth, then a thousand percent and then a million per cent and so on - There will come a time when the ineptitude of the central banks of the 2000 era in their continuing efforts to contain inflation and scramble to sell gold for ever decreasing dollars, instead of doing the opposite and gaining what effectively would have become a seven fold winner, simply boggles the mind. You can't make this stuff up: They actually did it and now they are repeating the same process all over again as they try to finish the job by emptying their vaults of all remaining gold over the past three years, meanwhile China, Russia and many emerging nations and the smarter money players have been gladly taking it off their hands and will likely take the rest soon along with the 450% increase in gold imports from an increasingly wealthy India, that will likely overwhelm all supplies of Gold. All of this brings to mind a deja vu reminiscence of the 2000 era when there was virtually zero interest in Gold, just as the Bank of England was effectively making the bottom with its Billion pound sale of Gold at $255 per ounce. The same mentality exists today sentiment wise, while stocks are universally adored at all time record valuations. In the same way as the contrarians were in sync in 2000 and saw Gold and Silver ast opportunistic, it is a fact that the only way any of those mightily overvalued companies like Yahoo at #135 Billion could have locked in their values, was through buying Gold or Gold mining companies. And history shows that a company of such a high valuation back then could have acquired most of the World's mining producers around that time and had any of the leading contenders at that time been able to do that, theoretically, they could have become the World's most valuable company at more than $1 Trillion by the peak of Gold in 2011, judging by the unprecedented 16 fold rise in the HUI Gold index in just over a decade and ten to twenty fold rises or more in many of the top performing Gold entities. This is what sovereign wealth funds are starting to do today, ie invest and re-invest in beaten down Gold issues and what companies like Apple should be considering today, to diversify and protect at least some of the wealth they have accumulated. When the real trouble begins, Billionaires will increasingly take the same view and look to protect their wealth through investing in Gold and Silver, but it will be those leading Billionaires who got rich on the first and second up waves in Gold and who have dedicated themselves to staying with who will truly win big.

The World today is a very different place. Back in 2000, China's gold buying was not even on the map: Thus it is even more amazing today, that investors are overlooking China's massive Gold buying binge which is increasing exponentially and more importantly, why they are buying and how they may see this as a hedge against their mega investment in US Bonds may well be a prerequisite. Right now, when viewed in this context, China's thus far 2000 ton gold hedge has in a way cost them nothing. Versus the recently declining Yuan they are starting to get ahead of the curve and the actual cost of buying is almost like they already got most of it for free from mega profits they've made on US Bonds at upwards of half a trillion. Still they are compelled to hedge that position as there are selling restrictions related, that could prevent them from liquidating their entire Bond holdings at will, being required to do so only over an extended period of time. However, they apparently are getting some of their position reduced and rather adroitly, from recent all time highs at that in both Bonds and the Dollar: What a trade! According to recent reports that because of China's secrecy, may be hard to verify exactly, China just dumped some $79 Billion in US Bonds. Nice trade! Maybe that's one of the reasons why Bonds took a nosedive in February, helping to propel stocks higher...

Even though they may have sold some, they still have Trillion plus holdings, so they have no choice, they have to hedge that position: And, they may have to buy hundreds of billions of Dollars worth of Gold and Silver to effectively hedge their holdings. So far in 2014 may only have spent $100 billion or so on Gold and potentially have another $400 Billion to go to complete hedging themselves against armageddon, while bolstering their own currency, which after decades of strength is now coming under pressure as Chinese money increasingly moves overseas and into precious metals and this is without the greater populace of 1.3 Billion beginning to follow their own government's lead and begin to buy Gold en masse on a scale never ever witnessed before, as already growing numbers of populations around the World, whose currencies are falling and buying power is becoming increasingly decimated over the past 15 years. Even though Gold rose in Chines Yuan over the same period, in contrast, there may not have been the same degree of alarm or urgency to buy Gold in China as much as now, because, over the past 10 years, the Chinese Yuan has risen almost 50% and the Chinese have been mesmerized by their rate of stunning growth and their currency's strength. Nevertheless, while China's earlier Gold purchases were extraordinarily prescient versus their Western Central Bank counterparts, over the latter period of time, as Gold has declined, the Chinese government had the luxury of buying cheaper Gold with an appreciating currency. However, that began to change exactly one year ago as the Yuan has fallen back and Gold and Silver have really been consolidating recently appreciating and no doubt starting to drive increasing purchases of Gold by their wealthiest as well as the middle class and is one way Chinese can move funds both onshore and offshore into something they know is rock solid. The Chinese are probably now intent on weakening the Yuan and an outright devaluation cannot be ruled out, given how much the Yuan has strengthened against a weakening Yen and Euro. Such a move could be a game changer for the Gold market, as public demand for Gold would skyrocket on possible panic buying. For several years now the elephant in the room has been buying up gobs of Gold from everyone and nobody noticed or are apathetic to it all just as they were in 2000. But with a mega-whale behind the market, making increasing waves and starting to draw in others, the situation is reaching a critical mass inflection point when all hell could break loose, just as in the Swiss Franc, where all of a sudden the pressure was just too much to bear. Therefore, if China continues to buy at its current accelerating pace, which seems ever more likely, and their public also joins in, it will effectively begin to corner the Gold and Silver markets like the Hunt brothers did in 1980, but with that elephant still in the room, on a scale that could be almost unimaginable, not only many multiples than previous, but if it were to draw in some of the 432 Billionaires in China and 2,000 Billionaires around the World, then the Tsunami of Gold & Silver buying that might follow, could truly be beyond imagination, given the precarious state of the World and quadrillion in derivatives that could spiral out of control.

The only hope of preserving wealth, capital and buying power for Billionaires and us all, may one day be by owning Gold. As already glaring illustrated by the Yen, Euros, Pounds, Rubles, Pesos et al and even the US Dollar in the chart below of Gold vs all major currencies, the writing is on the wall and just as with the Swiss Franc scenario, could come without warning, at any time.

China is still in a race to own finite resources around the world and has already shown they have won the game with rare earth metals, successfully cornering that market so effectively thus far. The chart below shows a developing almost parabolic up curve in their Gold ownership. The are the Worldwide whale that is methodically setting out to do just that. Corner the market. This time around, it won't just be Billionaires trying to corner the market, whole countries will when the mania begins. Numbers are so miniscule now, such that a relatively small increase from 1% of total investments to 2% gold investments worldwide, could totally overwhelm global mine output by multiples and put serious constraints on supply and would probably result in a developing mania of considerable consequence as prices begin to explode extremely sharply higher. An increase to 3%, while still diminutive could be off the charts and yet in the last two Gold booms, Gold companies as a percentage of the S&P 500 rose to double digits and even spiked up towards 1/3 of the index, so there is a long, long way to go before that happens again. If India gets in the race against China, Russia and many of its emerging counterparts, it will be game over for Gold. Equaling or exceeding China's buying power, could have spectacular impact.

Regarding the 450% increase in gold imports to India, large is it may be, with the Indian stock market at all time highs in one of the strongest performances of 2014, as India's overall GDP and growth in wealth, is about to explode in the coming years and no nation or populace on this Earth loves gold more than India. They're obsessed with it at all levels and the experience of recent years where the rupee got temporarily routed in a similar way to the Ruble, has only endeared Indians even more to wealth preservation, staying power and empowering lure of gold.

Gold and Silver just had their best month in years rising 8% and 10% respectively and were the world's leading asset gainers. As the old saying goes, as January goes, so goes the year...
Moves as dramatic as this for January are more often than not a harbinger of things to come. Starting the year on such a strongly upbeat note, could bode exceedingly well for metals. It is also interesting to take note of the chart below which shows the history of Gold over the past 10 years versus major currencies and how there was essentially only one bad down year.

Gold Price % Annual Change Monday, January 12, 2015

	USD	AUD	CAD	CHF	CNY	EUR	GBP	INR	JPY
2006	23.0%	12.6%	23.0%	14.2%	18.7%	10.6%	8.3%	20.8%	24.4%
2007	30.9%	18.3%	12.1%	21.7%	23.3%	18.4%	29.2%	16.5%	22.9%
2008	5.6%	31.3%	30.1%	-0.1%	-2.4%	10.5%	43.2%	28.8%	-14.4%
2009	23.4%	-3.0%	5.9%	20.1%	23.6%	20.7%	12.7%	19.3%	26.8%
2010	27.1%	13.3%	21.3%	15.4%	22.8%	37.1%	31.4%	22.3%	11.4%
2011	10.1%	10.2%	13.5%	11.2%	5.9%	14.2%	10.5%	31.1%	4.5%
2012	7.0%	5.4%	4.3%	4.2%	6.2%	4.9%	2.2%	10.3%	20.7%
2013	-28.3%	-16.2%	-23.0%	-30.1%	-30.2%	-31.2%	-29.4%	-18.7%	-12.8%
2014	-1.5%	7.7%	7.9%	9.9%	1.2%	12.1%	5.0%	0.8%	12.3%
2015	4.1%	4.3%	7.3%	6.3%	4.2%	6.5%	7.0%	2.4%	2.7%
Average	10.2%	8.4%	10.2%	7.3%	7.3%	10.4%	12.0%	13.3%	9.9%

goldprice.org

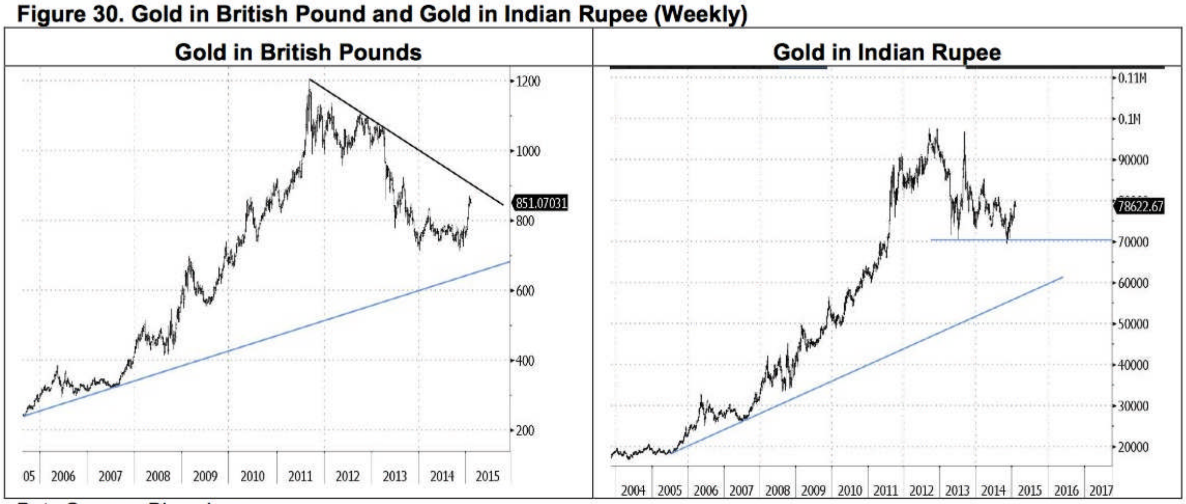
Amazing how strong Gold has been against all currencies throughout including the US Dollar in 2015 underscoring the insanity of Central Banks policy to sell Gold for Currencies since 2000 and still exists right up to today with the clandestine tactics and shorting that has been employed to suppress the price of Gold and Silver. Which currency wil be next? All of them!?

Improving situation in Europe with a potential half trillion windfall surplus from lower energy prices could be one reason the Euro may be about to begin a very substantial upside move while despite a very strong US Dollar, opposite case continues in the US with prospects of a widening deficit, Obamacare blowout cost overruns and a $50 Billion per month trade deficit.

Figure 29. Gold in Euros and Japanese Yen (Weekly)

Data Source: Bloomberg

Figure 30. Gold in British Pound and Gold in Indian Rupee (Weekly)



Data Source: Bloomberg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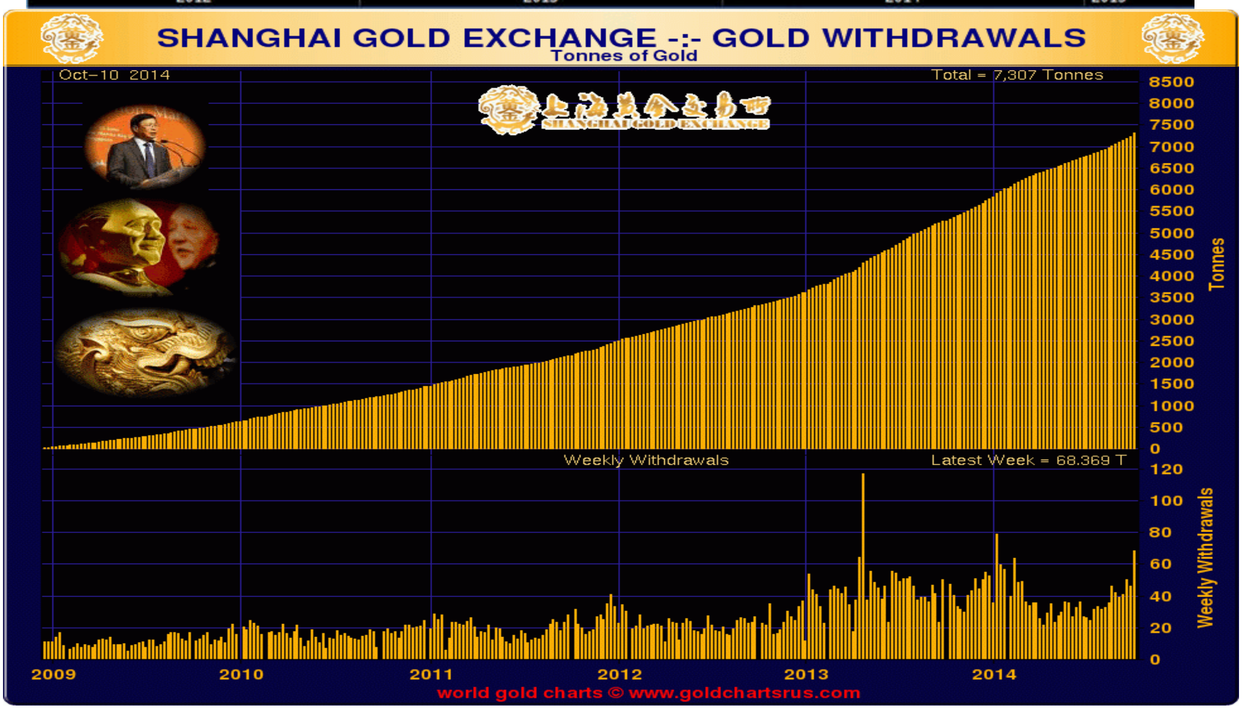
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Oct-10 2014
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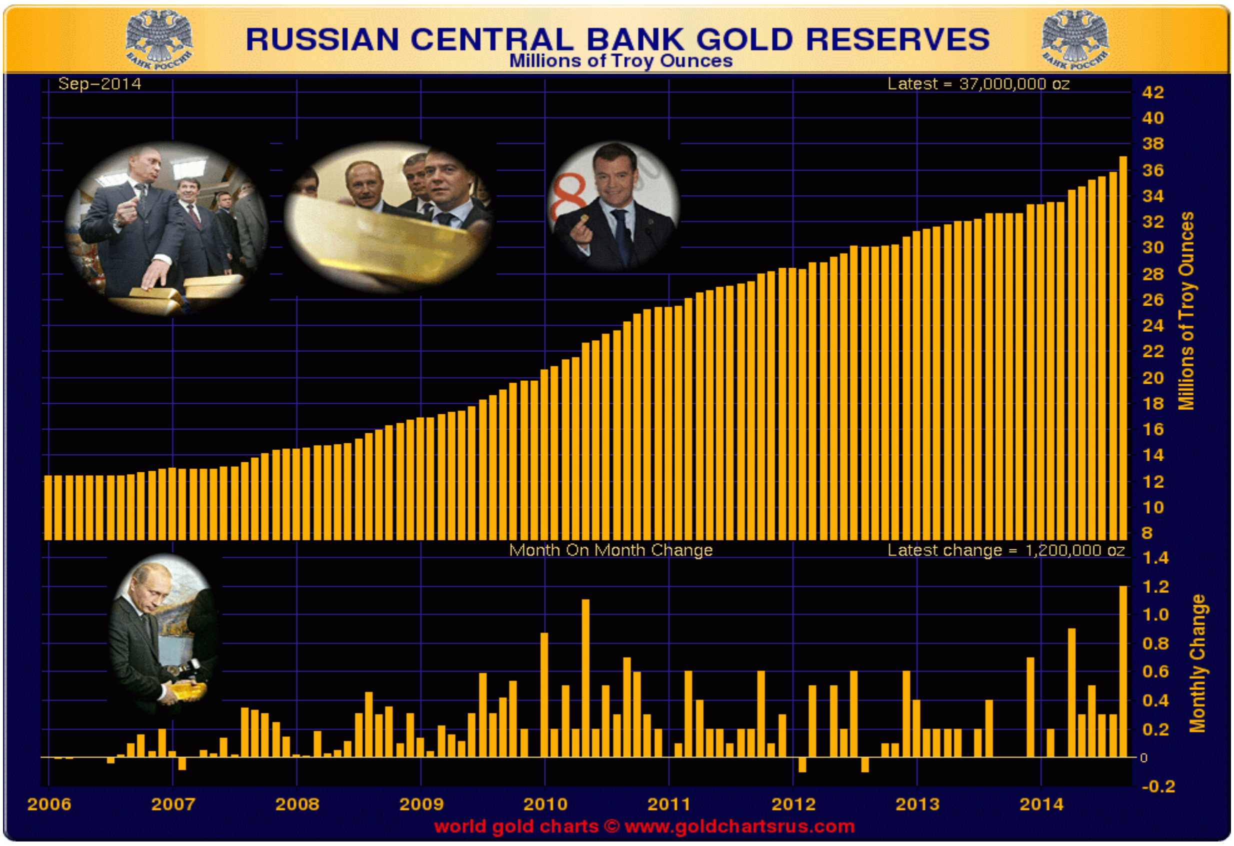
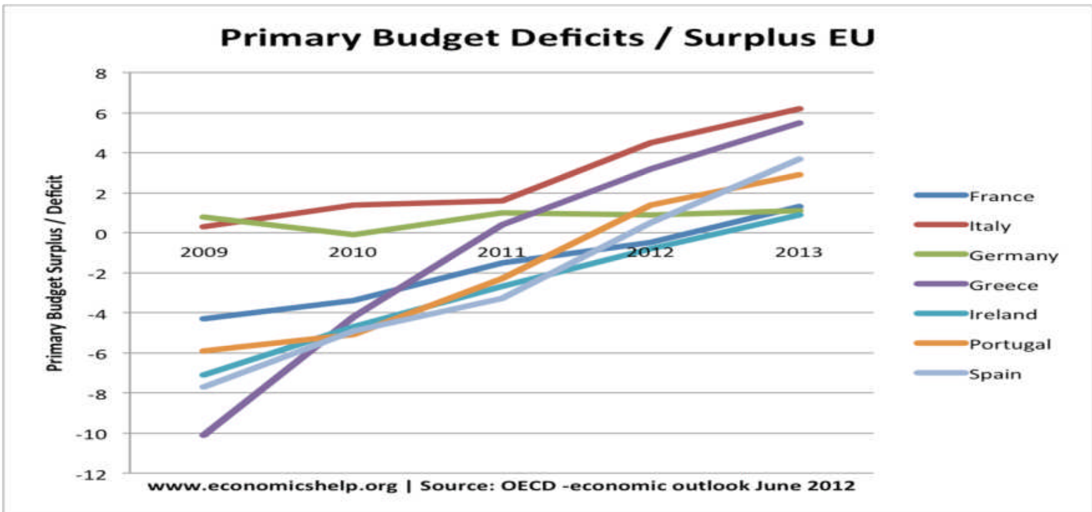
world gold charts © www.goldchartsrus.com





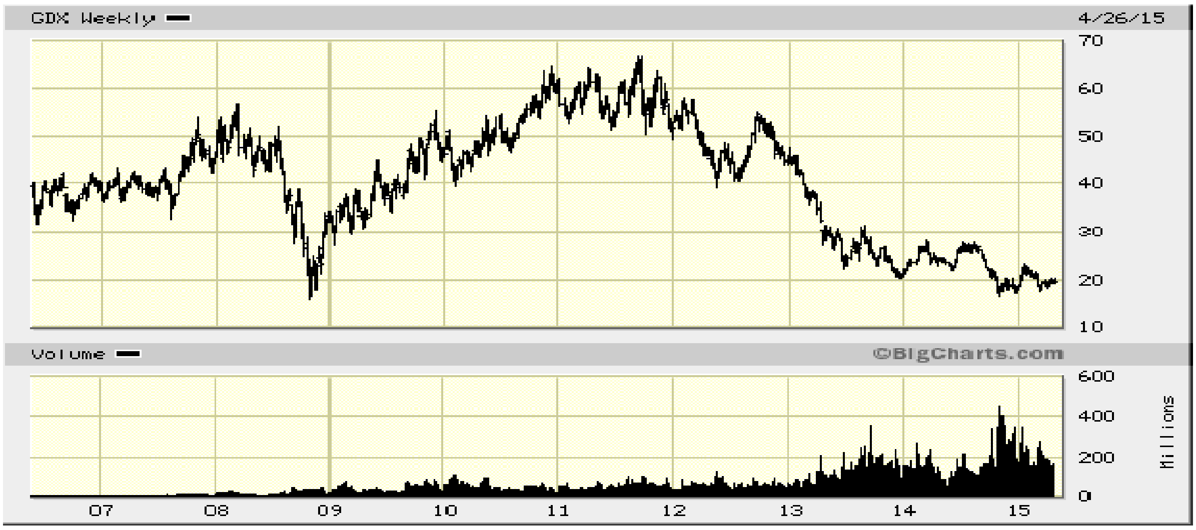
The opposing view - Deja Vu 2000 & 2007 - Equities could be beginning a downturn

"Equities Will Be Devastated" Crispin Odey Warns, Looming Recession Will Be "Remembered For 100 Years"

"I think equity markets will get devastated," warns famed $12bn AUM hedge fund manager Crispin Odey in his latest letter to investors. Having been one of the biggest bulls of this particular central bank artificial-bull cycle, his dramatic bearish tilt (as we discussed what he thinks are the biggest risks under-priced by the market previously), is notable. Finally, Odey fears major economies are **entering a recession that will be "remembered in a hundred years,"** adding that the **"bearish opportunity" to short stocks looks as great as it was in 2007-2009**.

We don't agree, at least not yet - We believe a secondary reflation has begun similar to that of late 2011, when we first published our "Reflation or Bust" report, calling for a major move upwards in Equities worldwide that has since come to pass. If the US Dollar begins to weaken asset prices should continue to appreciate and stocks should be revalued progressively higher as the Dollar weakens, at least for a time and interest rates could continue to rise as inflation creeps back into the economy. The premise of our "Reflation" report called for a major up-move into the third quarter of 2015. We are now in the final up-phase of what could be a very strong blow-off.

Ultimately stocks and interest rates which can initially move up together, will at some point diverge and that is when we will probably get the mother of all corrections.



Gold potentially lifting off a la 2000 & 2008 except this time on massively bullish rising volumes

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