

eGOLI Report

Volume 1 Issue 05

22 June 2009

Another great opportunity to buy gold...

By David Levenstein - [South African Gold Coin Exchange](#)

With gold prices pulling back toward \$900 an ounce, there's never been a better time to buy. With investment demand hitting record highs and global supplies tightening, this bull market in gold is far from over. And when the gold prices do break through \$1000 an ounce I expect a parabolic rise in the gold price. While there is still a lot of speculation on exactly how high gold prices will go by the end of the bull market one thing for sure; gold prices will increase over the next several months.

As an investor, you should be aware that one of the reasons for investing in gold is to protect your wealth in times of economic uncertainty and not for turning a small amount of money into a fortune overnight. This will not happen. The key is patience and a long-term view. Although spikes in the price do happen from time to time, the smart investor will always look long-term and not get shaken by these short-term drops in the price.

History has shown that gold has always served as a value preserver when everything else is at risk. Gold has an inherent value due to its rarity and universal demand. Today, perhaps more than any other time since the 1930s, it is essential that you take steps to safeguard everything you've worked for. Gold is an ever-popular method of stabilizing the assets you've accumulated.

In a recent interview, John Embry, Sprott Asset Management's chief investment strategist, stated that he anticipates \$1,500 gold by the end of the year—but also the beginning of worldwide hyperinflation that may take many Americans by surprise. When he was asked what he believes will push the gold price higher, he replied, "the realization that the U.S. is broke." He went on to say, "Well, 90% of the people don't have a clue what's going on. The U.S. budget deficit is going to be 13% of GDP. That's unheard of for the world's reserve currency. There's no way you get out of that easily."

Investment in the SPDR Gold Trust the biggest exchange-traded fund backed by bullion, has remained unchanged at 1,132.15 metric tons since June 5. And gold held in ETF Securities Ltd's exchange-traded commodities rose to a record 7.681 million ounces on June 12, from 7.671 million ounces the day before.

However, buying and owning gold does not come without its own potential pitfalls. With so many choices available to you in today's market, making the correct one is anything but straightforward. Often I am asked about owning gold shares instead of gold bullion. To answer this question you have to decide if you want to invest in gold to 1) profit from the rapidly increasing price of gold or 2) as a way to preserve your wealth during these times of economic, political, and currency-based crises. Or perhaps it is a bit of both 1) and 2).

In any event, in my report about gold portfolios, I outlined several different ways that offer easy-to-manage and well-diversified approaches to investing in gold. But, get-

ting back to gold versus gold shares I would like to reiterate once again that gold shares give you no interest in gold whatsoever, just an interest in the company that mines and refines it. Subject to market fluctuations like any other company, gold producers' share prices will experience gains and losses out of proportion to the price of gold and will be further affected by such things as management decisions.

If your true goal is to preserve your net worth, and you don't want to spend your days analyzing company performance and trying to understand why the price was so much more volatile than the price of gold, then stay away from gold shares and stick with bullion or gold coins.

Technicals



The above chart shows that gold is trading sideways between support of \$875/\$900 and resistance of \$990/\$1000. While it is impossible to predict exact timing in the markets, it would appear, however, that gold could continue to trade sideways until sometime in August. After that it may trade upwards again for another re-test of \$1000.

If you would like to speak to a broker for more information about Investing in gold, or how to structure a gold coin portfolio contact 011 784 8551 or email online@sagoldcoin.com