

## NZ Gold market commentary for Sunday 25th April 2008

Our last market update covered the close on Friday April 4th when gold was quoted at US\$913.70 per ounce and silver at US\$17.74 per ounce. On Friday April 18th gold had improved very marginally to US\$916.20 and silver US\$17.84 - hardly the sort of movement to excite 'gold bugs'. Yet things got worse with gold descending to US\$886.00 and silver US\$16.84 on Friday April 25th. At the time of preparing this commentary for Sunday May 11th we noted gold quoted at US\$884.00 and silver at US\$16.79.

At NZ Gold we cannot predict what will happen next with the precious metals. Clearly there will be some feeling a little 'shell-shocked' by recent action. Yet we remain very comfortable with our view that gold and silver offer an essential antidote to the wealth confiscating machinations of politicians, central bankers, and the corporate elite. Put simply the precious metals are the genuine 'capitalists revenge' against the cabal of national socialists whose hegemony appears to be growing daily. Above everything gold and silver are repositories of honesty - ruthlessly exposing the boasting and absurdity of the lumini that lead us. This is well illustrated in an article (21st April 2008) by Bill Bonner at the contrarian website [www.dailyreckoning.com](http://www.dailyreckoning.com) where he reflects on 'the typical British workingman's earnings:

"A century later, in 1971, to be exact, his earnings had risen to the equivalent of 49 ounces of gold per year - or about 23,000 pounds sterling at today's rate". Mr Bonner then calmly delivers the damning indictment: ("Readers who are good at math will already be asking questions. The average wage in Britain today is only £23,177. In terms of gold, wages have gone nowhere for the last 37 years"). Perhaps we Poms should be grateful, since Mr Bonner goes on to explain that the average American workingman has seen his income - measured in gold ounces - roughly halve since 1971. Small wonder then that the two-income, home equity releasing, credit card maxing family has become so ubiquitous on both sides of the Atlantic. Somehow we imagine the figures for New Zealand would be no better!

At NZ Gold we think the studying of such long-term phenomena as described above should help gold and silver investors to put price volatility into a better perspective. We also find it useful to return to our core principles as 'historians and logisticians'. Emotions - in a falling precious metals market - may make us inclined to 'panic sell'. Yet history and logic tell us that the destination to which we appear headed is called hyperinflation and this augers well for the precious metals long-term. Current action in gold and silver remind us never to buy with borrowed money and to keep in mind the warning from our Sunday 2nd March 2008 update - 'Why those who 'hold gold' are not so bold?' Despite recent actions in the precious metals markets the price of gold, and especially silver, cannot be relied upon to move up in a straight line. On the contrary, since we became interested in the precious metals we have witnessed periods of sharp correction and sideways drift".

We conclude by again offering our readers the following unbelievable figures from Weimar Germany - a reminder of what can happen when a country tries to dishonestly repudiate its debts through inflation. For NZ Gold events - in that most sophisticated and cultured of countries - offer the most compelling reminder of why gold and silver should be held as long term financial insurance?

One egg pre 1914 - 29 pfennig.  
One egg mid 1923 - 1,200 marks.  
One egg Nov. 1923 - 428 billion marks.  
One kilo butter pre 1914 - 2.70 marks.  
One kilo butter mid 1923 - 26,000 marks.  
One kilo butter Nov. 1923 - 6 trillion marks  
One kilo beef pre 1914 - 1.75 marks.  
One kilo beef mid 1923 - 18,800 marks.  
One kilo beef Nov. 1923 - 5.6 trillion marks.  
One gold ounce 1919 - 170 marks.  
One gold ounce 1923 - 87 trillion marks.