

'NZ Gold Market Commentary For Sunday 6th July 2008

'The best laid plans of mice and men'. Unfortunately, our good intentions for a weekly market update have proved a little ambitious so far but, at NZ Gold, we are determined to do rather better from now on!

Part of the difficulty, since the very savage correction in the precious metals earlier in the year, has been the moribund state of the market. For example our new archive, that can be accessed at the end of this update, notes gold at **US916.20** & silver at **US\$17.84** at close on Friday 18th April. We commented then that the market was doing little to 'excite gold bugs' and subsequently we have seen more of the same 'knock-down' followed by modest recovery. At close on Friday July 4th gold stood at **US\$934.00** & silver **US\$18.12** per ounce.

Yet we wonder 'if something is not afoot'. The sheer magnitude of debts that need repudiating is a collective insanity that must either be honestly liquidated or, much more likely in our view, dishonestly inflated away. Nothing has altered and no amount of 'wishful thinking' by politicians will magic us to a new Shangri La..

We again remind ourselves of comments in our update from Sunday 2nd March 2008 - '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"*.

At NZ Gold we cannot know where the metals will go next. Is the bull market still alive? - we cannot be sure! Yet we reflect that this is the traditionally weak time of year for the metals and we also take time to ponder the fact that inflation is entering into the consciousness of 'Joe Public' with real savagery. Where will he go to protect the purchasing power of his savings if - ultimately - not to gold & silver?

Alas, our modest thoughts can only be offered from the 'cheap seats' high up in the arena. Yet, down below, we see the precious metals bull still standing. The matador, who bloodied him so savagely a while back, still presents a picture of aloof confidence - but something in his demeanor suggests fear. Faintly, almost imperceptibly, we sense the beast lowering his head. Like scimitars his horns spell danger. A hoof, measured, controlled, scrapes dust from the arena floor and a cloud begins to arise. Vast gulps of air are drawn into the muscled but bloodied frame - the struggled breathing of a dying beast - **or the preparations of a mighty animal intent on delivering a devastating charge?**

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.