

This short article is for those of you who listen to your financial advisor when he or she tells you that gold is 'risky'.



For years many of you have heard me tell you that gold is underpriced, and that it should be included in every savings portfolio. I have predicted this since the early 1960's, when gold was \$35/oz. I have stuck with my predictions through thick and thin, as I understand supply and demand.

The conclusion is easy to reach. The worldwide gold supply is increasing by 1.5% per year. It is inelastic. Gold is hard to find, and difficult and costly to extract. As long as money supply in the country in which you reside is increasing by more than 1.5% per year, (currently rising by 12% per year in Canada and the USA), gold will rise! It's a 'slam-dunk'! A 'no-brainer'!

Problem is most of you won't believe me until you read about it in the papers, or see it on the nightly news. When that happens we are usually near a temporary top, and the price then slides back down for a spell, and everybody goes back to sleep again.

Don't listen to your 'advisor' who tells you that gold is 'risky'! Gold is the only commodity that for 5,000 years has not been 'risky'!

The price of gold was artificially depressed between 1980 and 2001, by the world's Central Banks, aided by several large gold mining companies (Barrick and Ashanti

among others). This has been well documented in the recent full page advt in the Wall St. Journal. To see a copy of this advt, visit www.gata.org. Gold most likely would have started to rise during Y2K, but the central banks sold many millions of ounces of gold that year and into 2000, in a deliberate attempt to keep the price from rising. Finally in 2001, the Bank of England after selling 50 tonnes of gold at 260.00 an ounce, had to throw in the towel, and gold has been rising ever since. Notwithstanding the fact that the world's central banks still try to suppress the price by selling about 400 tonnes of gold per year! The US gold supply that is supposedly held at Fort Knox, has not been audited since 1953! Most of that gold has likely been sold as well.

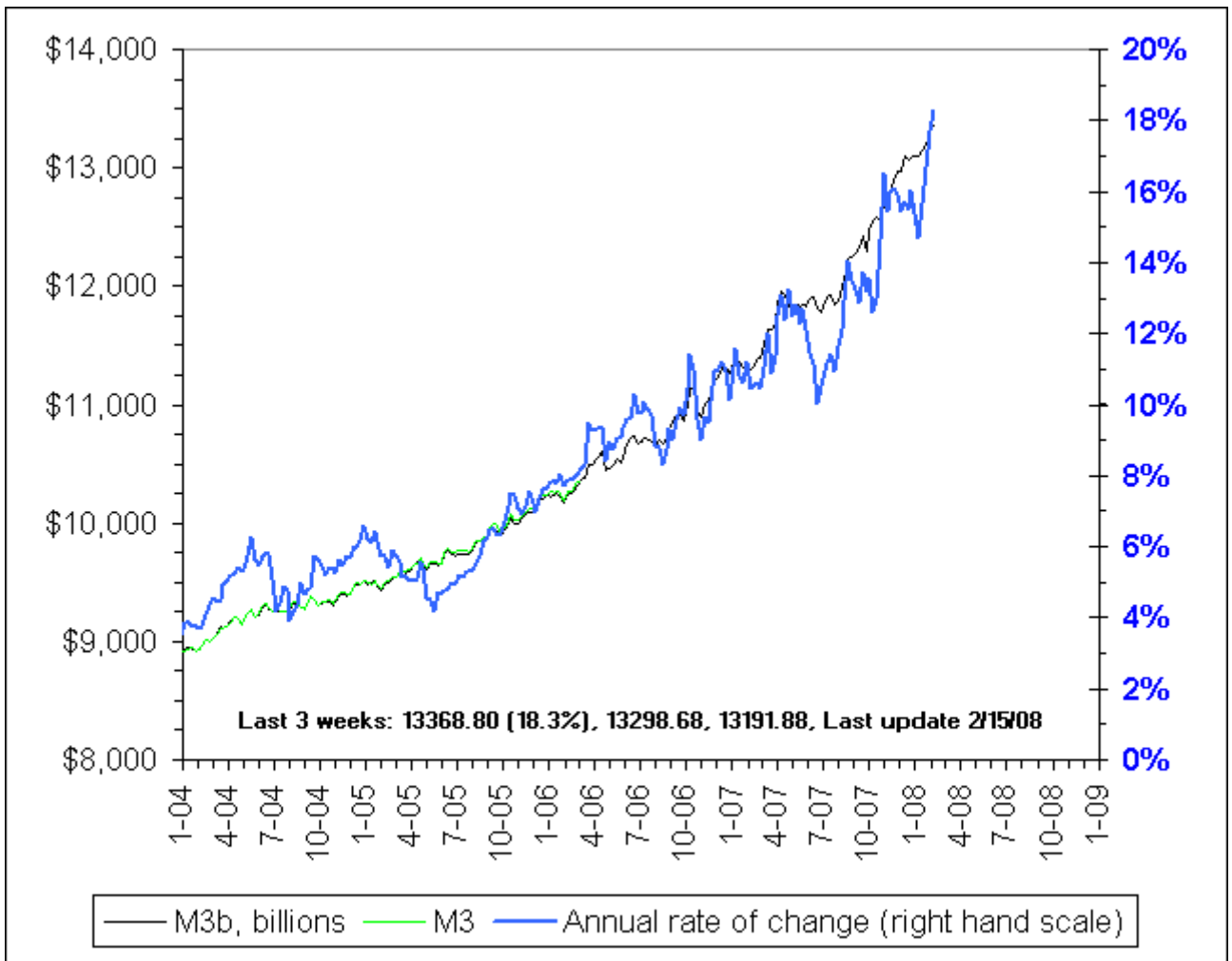


This artificial price suppression still goes on today, but the central banks are running out of gold, and gold miner Barrick the main supplier of gold to the central banks during the attempt to hold the gold price down, is now 'short' 5 billion dollars worth of gold, and is frantically trying to cover its 'short position'.

The reason these central banks don't want gold to rise, is because they don't want you to know that your paper money and digital money is steadily losing its value.

South Africa, for many years the #1 gold producing country in the world, has just slipped into second place, behind China. The country is experiencing power supply problems that will take years to correct. Environmentalists in S.A. had blocked efforts to build new power plants, and now the country is running short of power, and the gold mines are having to cut production of gold and platinum as a result.

The biggest rise in the gold price is still ahead of us, due to the massive amounts of monetary inflation that is going on **right now**, to save the banking industry from collapsing. An estimated \$500 billion dollars of new 'money' will be the minimum that is going to be required. Since most of the central banks are owned by the banking system, you can bet that this process is going to continue (inflating the money supply).



This money chart courtesy of John Williams www.nowandfutures.com shows the increase in money in the US to be 18.3% per year! Now that is inflation!

Those of you with money in the bank are sliding backwards, every day of the week! Figure it out for yourselves. The bank pays you let's say 4% per year. At the end of the year you pay the government 1% of that in taxes. So you think you are ahead by 3%? The official rate of price inflation is about 4% per year. However the **actual rate of price inflation** in Canada and the USA is about 8%, and it is rising! Think of petroleum, natural gas, heating oil, wheat, corn, medical costs, education etc. With the rising price of corn and wheat comes higher prices for all kinds of meat products, as cattle eat grains! So at the end of the year, **unless you are earning at least 10% per year** with your money, to cover the rate of price inflation and taxes, you are sliding backwards! Facts are facts!

The people in Zimbabwe never thought it could happen to them! The former Rhodesia was once a reliable exporter of delicious foods. In the year 2000, Robert Mugabe the current dictator, took all of the mostly white-owned farms and 'distributed'

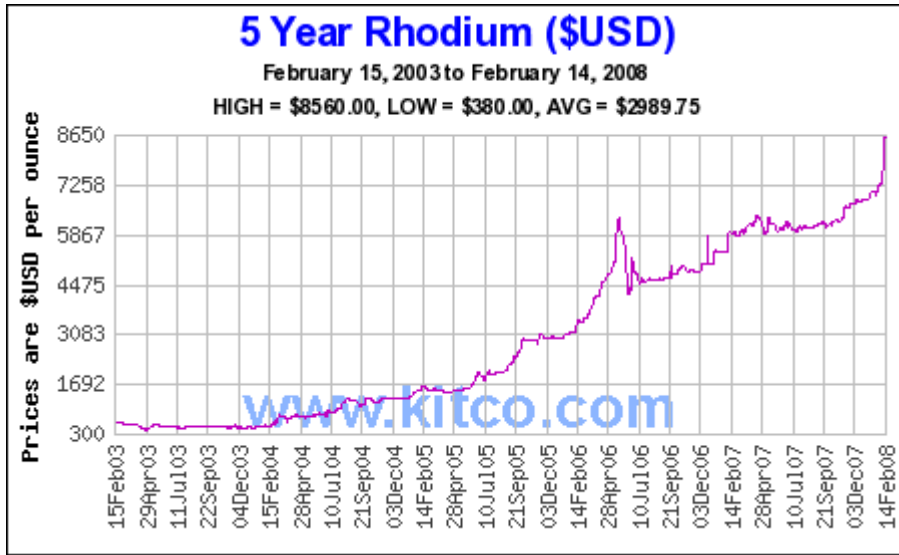
them to people he selected. Since then, he has steadily increased the money supply and the country is now dependant on imports, while store shelves are mostly empty. Many of the farms are in ruins. The rate of price inflation for December 2007 was +66,000%!

I urge you to read an article on my website titled: "Everybody wants IT". This article explains money in easy to understand language. What it is, and where it is headed. Then distribute that article among your friends, along with this article.

Take a look at this 5 year gold chart. It shows that gold has been rising at 30% per year for the past 5 years!



Now for those of you who are saying: “It cannot go much higher”, take a look at this next chart. It is the 5 year chart of Rhodium. This industrial commodity was trading at around \$400.00 an ounce five years ago, it is now trading at \$8,800 an ounce!



This next chart is the daily platinum chart. Platinum just rose above \$2,000.00 for the first time ever.



Thieves in the USA are now stealing catalytic converters for the platinum that is in them.



Finally I present to you the most fantastic investment opportunity of the next ten years.
SILVER!

Since 1965 when I first began to realize the potential of silver, the world has used up the 2.5 billion ounces of silver that was then the 'Strategic Silver Stockpile' of the US government. By 'used up' I mean 'gone! Tiny pieces of silver in every computer, cell phone, TV set, refrigerator, automobile, satellite etc. Not enough silver in each item, to make recovery economic. The world's silver mines are now falling behind in supplying the world's silver needs, especially since the uses for silver continue to increase. Most of the 'easy to find' silver has been found, and it is becoming more difficult and more costly to mine silver. Silver is becoming scarce, and mining costs are rising along with the cost of everything else. If one of the world's 602 billionaires decided on buying 1 billion dollars worth of gold, he or she could do that and gold would likely rise by about \$10.00 an ounce during the transaction.

If a billionaire wanted to buy a billion dollars worth of silver, he or she would drive the price up to over \$50.00 an ounce, before he could finish his purchase. There are no stockpiles of silver!

When I began to be interested in silver, the price was 1.29 per ounce, and today the price is nearing 18.00. I expect to see silver trading at over **\$100 an ounce** before the current bull market runs its course, in about 10 years from now. By then silver will be expensive enough to make recovery worthwhile, and by then some mines that are not profitable today, will be profitable then. **Do as I do, buy silver!**

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Peter Degraaf

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