CACHÉ
METALS
INTERNATIONAL BULLION SERVICES

Week in review: Nov 9 - Nov 13

The Gold rush continues;

Gold

Gold continues on frantic pace as we saw it touch all time highs of $1123.20. After a mild counter trend rally over the past several weeks, the dollar once again finds itself near yearly lows against most major currencies as the new trading week begins. The currency market continues to like risk pushing the greenback lower against the euro. Gold opened the week up at $1109 as the G-20 nations vowed to continue economic stimulus efforts, this carried gold to $1111. There was no major economic news due out this week and Wednesday saw gold take a $10 jump to $1118.75 (former highs), with the Dow and the S&P keeping the gains intact we are seeing the metal well bid as it approaches the former all time highs of $1101. With continued dollar weakness we should see the metals rally. How far can the dollar fall you ask? In our opinion we could see the dollar fall another 5-7% against the Euro (Gold and the Euro dollar move in tandem), reason being that the outlook for the U.S. economy is not going to change on a dime and we don't see the interest rates rising any time soon. The jobless rate in the U.S. has exceeded 10 percent, and the fact that more companies are announcing layoffs means that unemployment may not have reached its peak. The difficult economic environment foreshadows a weak holiday shopping season that in turn could lead to more layoffs. Many retailers are banking on spending in November and December to stem their losses. This metals move has been so strong the risk continues to remain on the top side. A close below $1080 could bring in more selling and long liquidation. London has been a buyer everyday for over a week -- there's nothing to suggest it isn't going higher, **although there will be corrections.**

Expectations that emerging market central banks are diversifying into gold to curb currency risk, have provided gold with renewed upside momentum since the Reserve Bank of India bought 200 tonnes of gold for sale by the International Monetary Fund last week.
Thursday saw gold take a dip as somewhat positive continuing jobless claims and initial jobless claims were a little better than expected (personally we think they are terrible regardless), does anybody feel any better that the Initial jobless claims went from 514K to 512K? I am certain the US citizens were not putting on their party hats; they were out looking for a job. Although the 500k level is psychologically important it may actually be nothing to dance over once they get there. Gold was holding steadier during Friday's European trading, as again London traders

bought the metal up to $1110.60. New York opened and brought in heavy selling as end of the week profit taking and position squaring took the metal to an intra day low of $1103. Gold fixed at $1104 and that's when the buying started as the metal became well bid. The Dow broke to new highs which propelled gold to move higher off of its intra day lows.

We now see support for gold at $1080, $1101, with resistance coming in at $1118, and the all time highs achieved this past week of $1123.

Silver

Silver continues to be the talk of the party. It has really lagged behind gold in the recent run up. The grey metal remains well below its 2009 high of $18.09 and struggling as I write. The metal seems to not want to participate in the dance. It's like that date you have for the prom……. and she doesn't want to dance with you. This is a big change from recent rallies where silver has been the more dominant one. The fact that the grey metal has held back suggest that the precious metals could well be in for a pullback. Investors may also be looking at a reason for silver to rally and they can't seem to find one.

Supply and demand is very pertinent for silver whereas for gold its investor demand. The current market conditions indicate that gold has become overpriced and silver has become underpriced, suggesting there will be a shift in assets from gold to silver, the biggest play has been the gold silver ratio. Since 1970, the ratio of the number of ounces of silver you could buy with one ounce of gold has run as high as 80:1 and as low as 20:1, with a mean of 54:1. Today's ratio is moderately higher than 54:1; in fact, the ratio is nearing 64:1, suggesting that there will be a correction in either the price of gold, or silver will advance to make up the deficit.

Silver for the week had a range of $17.04 to $17.77, with the low being made Friday after a gold sell off. Judging by a chart picture and the fund position silver is in a great spot to play catch up. As long as there is not a deep correction in Equities we shall hopefully continue to see silver climb higher albeit at a slower pace than its partner gold.

Look for Support now at Friday's low of $17.04, followed by $17.15. Resistance comes in at $17.45, $17.77 and $18.09 remains the major target.

PGM'S

Platinum group metals remain strong; they to do not seem to be keeping up with gold's performance. With the lift in equities that has lifted the industrious metals as well. If the vehicle sales at least maintain their brisk rate, we shall see if investor demand can push the PGM'S higher.

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