

# C A C H É METALS

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INTERNATIONAL BULLION SERVICES

**Week in review: Nov 23-27**

We continue the rally (with a hiccup)

## **GOLD**

Another week of trading means another week where we talk of gold setting records high. Gold opened the week at \$1162.75. The US dollar continues its downward spiral as the selling pressure has not subsided. With this being a short week for trading (US thanksgiving holiday) many traders were looking to square their books. This may not have been the complete story as gold rallied Wednesday after Tuesday's pullback. Along with the short week, comes cramming of a week's worth of economic data into three trading days. Gold climbed to the highest price ever \$1195, capping the longest rally ever in 27 years, as the dollar slump deepened on a report that India's central bank may add to last months 200 metric-ton purchase.

**David Lee**, a trader at Heraeus Precious Metals Management in New York was quoted as saying "There is a lot of central-bank buying, hedge-fund buying and gold is obviously getting to \$1,200 an ounce before the end of the year."

On the eve of November 25th, the Thanksgiving Holiday in the U.S. and the Eid Holiday in the Middle East, Dubai World shocked the markets by saying that its property developer Nakheel has requested to delay its Dec 14 debt payments. Dubai World is not technically owned by the Dubai government, but with liabilities of US\$59 billion, it is a significant amount of the total estimated US\$80-100 billion in Dubai's liabilities. This has led to global panic as stock markets around the world are sharply lower. Gold took it on the chin as it fell off sharply to \$1137.60 /oz. A major risk like the Dubai news is one of the few things that can trigger a bottom in the U.S. dollar. The greenback's safe haven status overrides U.S. fundamentals, leaving traders normally to sell first and ask questions later; very rarely do they wait to see how it will pan out. What is more worrisome is the fact that this may be indicative of the health of the entire property sector in the Middle East.

Gold made a strong case for itself rallying back to the \$1178, as we went to press, as solid buying seems to always emerge on dips. Let's keep in mind most New York traders are out for

the long weekend. Monday will be a very big day not just for metals, but for equity markets around the world.

Look for support to come in at our lows of today (Friday Nov 27) \$1137, followed by \$1130, \$1123. Resistance sits at \$1188, \$1195 (All time highs), and \$1200 a measured move to where we think we could be (maybe higher) before the years end.

## **SILVER**

Like gold, silver followed suit (although in a lesser manner), starting the week trading higher to \$18.95 the highest this year so far. It fell back to lows of \$18.34, rallied once again only to fall back to \$18.45. We are witnessing, strong bids emerge as silver comes off. Any time there is a sell off, buyers jump in off these dips pushing the price back up. With the gold-silver ratio still trading in a range of 60-64, we still feel silver is well under-valued compared to gold. Eagerly we anticipate silvers next major move up. We still consider the gold-silver ratio at its mean of 50 not to be out of the question.

Like gold, silver took a massive tumble (see gold for reason why), as it kicked off its dancing shoes and got off the floor. We saw a low of \$17.68, which didn't last long as buyers again emerged. It rallied back to \$18.50 on the heels of the Dow Jones fighting back as well. Even with the suspension of sales of the popular one ounce American Eagle Silver coins, it didn't have much of an effect on the price of silver.

This pull back from the fall out of the Dubai debacle could be just what the market needed after trading 15 out of 18 days higher. Silver was looking tired up at the \$18.95 level. We probably have seen a number of funds exit positions, keeping in mind New York is still on its Thanksgiving holidays. Monday could be another big day for the metals as it will resume a full week for trading.

Look for support to come in at the lows of Friday Nov 27, \$17.68, \$17.80, \$18.05  
Resistance comes in at \$18.60, \$18.75, \$18.95.

## **PGMs**

Johnson Matthey released its 2009 Platinum interim review, which can normally be a market mover. Well the market moved. Platinum gained more than 1 percent Monday, rising to its strongest level since September of 2008. Platinum jumped to \$1464.50. With investment demand leading the way, platinum could see a significant rise in price if the auto sector continues to recover. Palladium will follow the lead of platinum as investors continue to shed the U. S dollar for alternative investments.

Trading Department - Cache Metals Inc.  
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