

# *Gold is Ready to Break Important Records*

By, James Turk

GoldMoney

April 22<sup>nd</sup>, 2007

Gold's record high was reached when it popped above \$850 in January 1980. That fact is well known. What is less well known is that gold traded at that price for only a few seconds and that a sharp price drop occurred after this peak, which clearly marks the January 1980 high to be a classic 'blow-off' top.

The day it reached that record price, gold actually closed far below at \$825.50, which is its all-time closing high. The next day gold literally collapsed, closing at \$682.

In fact, gold has closed above \$800 on only 3 days - the day of the blow-off peak and the 2 days before. In its entire history, gold has closed in the \$700s on only 12 days, of which 3 were in May 2006.

It is even more startling to look at gold's weekly closes. In its entire history, only once has gold closed the end of a week above \$800. What's even more surprising is that only once has gold had a weekly close in the \$700s, and that one occurred in May 2006.

I consider the weekly closing price of any asset to be most important. Within any week prices can be easily buffeted up and down by day traders and scalpers, unwilling to make a long-term commitment with their money. While these traders make a useful contribution to a market by providing liquidity, the distortion in prices caused by their buying and selling when they put their money into action may mask the true underlying value of an asset as well as add volatility that may shake-out weak hands. It is important to note that these short-term traders will rarely carry a position over a weekend when the markets are closed and they are unable to change their position until Monday's open. So because this 'hot' money is out of the market by the end of the week, the weekly closing price becomes an important measure of overall supply and demand.

Gold closed this past week at \$692, its fourth highest ever weekly close. Can an all-time weekly closing high be far behind? I don't think so. I think one is right around the corner.

Gold is in a major bull market. The fundamental factors that are driving it higher remain very bullish. Gold's technical factors also continue to be very bullish. But why do I think the \$715 area at which gold topped last May will not stop gold this time around?

No one of course knows the future, so I might be proven wrong. But I am sticking my neck out by saying that I expect gold to blow through \$715 this time. I include the words "this time" on purpose.

I first identified the \$715 level to be an important resistance point even before gold reached that price in May 2006. In my April 16, 2006 alert I said: "Gold hurdled over barriers 1-3, and barrier #4 waits above at \$715." A month later gold was then subsequently turned back from that \$715 level. I reproduce below the same chart from that April 2006 alert, updated to the present.

What's clear from the above chart is that gold is again rapidly approaching the \$715 level and its May 2006 weekly high close. Importantly, gold is in a very strong technical position.

These points are of course also well known to the gold cartel, which for several years has been preventing gold from trading in a free and unfettered market, as has been so capably and repeatedly demonstrated by the Gold-Anti Trust Action Committee. Given the importance of the \$715 level, it is therefore no wonder that the gold cartel's efforts to cap the gold price in recent weeks have become more frantic and therefore so obvious, for example, the surges in Comex open interest on only a relatively small price rise, the late-in-the-day sell-offs after the physical gold market in London closes, and the blatant attempts to 'paint-the-tape' in the thin trading conditions after New York closes and before London opens. But don't worry here too much about the gold cartel.

The gold cartel is no doubt a nemesis, but it is not all powerful. It cannot forever hold back the flood of people rushing out of the dollar and other fiat currency into the safety and security of real, physical gold.

Consequently, I expect the gold cartel to retreat here, only to continue its capping efforts at a higher gold price. What price will that be? I expect that the gold cartel will probably retreat to around \$750 per ounce, i.e., above \$24 per goldgram. But it could end up being a lot higher.

In any case, get ready. It looks to me that over the coming weeks, gold is about to set some important new records.

**James Turk** founded GoldMoney – a digital gold based payment system in 2001. He has written the *Freemarket Gold & Money Report*, an investment newsletter, since 1987. More information is available at [www.GoldMoney.com](http://www.GoldMoney.com).