



Gold This Week

Close Of Trading: April 24, 2009
Updated Weekly

Daily Updates

Weekly Updates

Friday, April 10 is the Good Friday Holiday - most world markets closed

[Gold Last Week](#) (Plus Archives)

In any discussion of the future of Gold, or of the price of Gold, the first thing that must be realized is that Gold is a POLITICAL metal. In the true meaning of the word, its price is "governed".

This is so for the very simple reason that Gold in its historical role as a currency is fundamentally incompatible with the modern worldwide financial system.

*Up until August 15, 1971, there has never in history been an era when **no** paper currency was linked to Gold. The history of money is replete with instances of coin clipping, printing, debt defaults, and the other attendant ills of currency debasement. In all other eras of history, people could always escape to other currencies, whose Gold backing remained intact. But since 1971, there is NO escape because NO paper currency has any link to Gold.*

All of the economic, monetary, and financial upheaval since 1971 is a direct result of this fact.

The global paper currency system is very young. It depends for its continued functioning on the BELIEF that the debt upon which it is based will, someday, be repaid. The one thing, above all others, that could shake that faith, and therefore the foundations of the modern financial system itself, is a rise (especially a sharp rise) in the U.S. Dollar price of Gold.

With 25, 50, and 200 day Moving Averages



Spot Future Data: April 20 - 24, 2009

Date,Time,Open,High,Low,Close,Volume,Open Interest

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04/20/2009,1600,877.200,888.000,877.200,887.500,81417,336376
04/21/2009,1600,892.500,895.000,882.300,882.700,83652,339226
04/22/2009,1600,888.200,894.000,885.800,892.500,69009,336402
04/23/2009,1600,894.000,908.800,893.400,906.600,98467,344626
04/24/2009,1600,909.200,915.000,907.200,914.100,69392,0
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Download [gold96.zip](#) (75 Kb) Gold since the top of the last bull market

More than thirteen years of daily spot future Comex Gold data: January 2, 1996 to April 24, 2009

Zip file INCLUDES a weekly bar chart - 672 x 472

The Value Of Money

No we are not talking about the fact that one can buy item A for \$100 or item B for \$1000. We are talking about something far more fundamental. We can start by making a few basic observations. First, money can perform its function only in a situation where property rights are recognised and scrupulously upheld. There are two types of economic transactions - direct exchange or barter or indirect exchange with the use of money as the MEDIUM of exchange. Please note the term common to both types of transaction - the term exchange. By definition, an exchange presupposes three states of affairs. First, that each potential party to the exchange OWNS the good, service or sum of money put into the market. Second, both parties to the exchange can without let or hindrance of any kind

choose to exchange or refrain from exchanging. Third, that when the two parties DO choose to exchange, each party values the goods received MORE THAN the goods offered in exchange.

The value of money lies in the fact that it makes the process of exchange almost infinitely easier and more efficient than would be the case if there was no medium of exchange. By doing this, it enhances to the maximum the institution of private property, a principle without which no free or prosperous civilisation can come into existence, let alone grow. Before one can exchange, one must have something to exchange. Before one has something to exchange, one must employ the effort, energy, knowledge and most important time necessary to produce it. The triumvirate - life, liberty and property are indissoluble. To understand the true importance of property, only one simple question is required: *"Who owns my life?"*

In reason if not always in reality - slavery has a long and sordid history - there is only one answer to that question. And there was a time not so many years ago when, at least in certain parts of the world, the right to life, liberty and property was actually upheld. The nations which upheld it had certain features in common. There was no (or extremely minimal by modern standards) income tax. There was no "welfare state". Government and its bureaucracies were small and, in the main, were instituted to defend the lives and freedom of their citizens. The extent to which these features held fast varied from nation to nation. But there was one feature which did NOT vary at all. All free nations before the outset of WWI were based on SOUND money.

Sound money - Gold (or Silver) has one vital attribute. Like other economic goods or the time, energy and effort needed to create them, money if it is sound cannot be "created" out of thin air. The value of - sound - money lies in the fact that no free nation can stand on anything else. Nor can any prosperity or any viable provision for the always uncertain future. And today, as prosperity is being destroyed and as the future becomes an ever more daunting prospect that few want to look at too closely, the value of money is being displayed as never before in our lifetimes. It is being displayed by the fate of what has taken its place.

To anyone who truly understands money, the antics of the world's governments and central bankers today would be comical were it not for the tragic legacy they hold for the future. Having destroyed any semblance of a rational price system, they are now pretending that the "valuations" of assets which are in reality valueless can be maintained by creating "money" out of thin air. Having debauched the money, they have now all but eliminated any reward for holding money while exhorting their citizenry to get off their backs and start borrowing more of it. While watching unemployment skyrocket and tent cities spring up in their midst, they maintain that the path to prosperity is to consume what has not been produced.

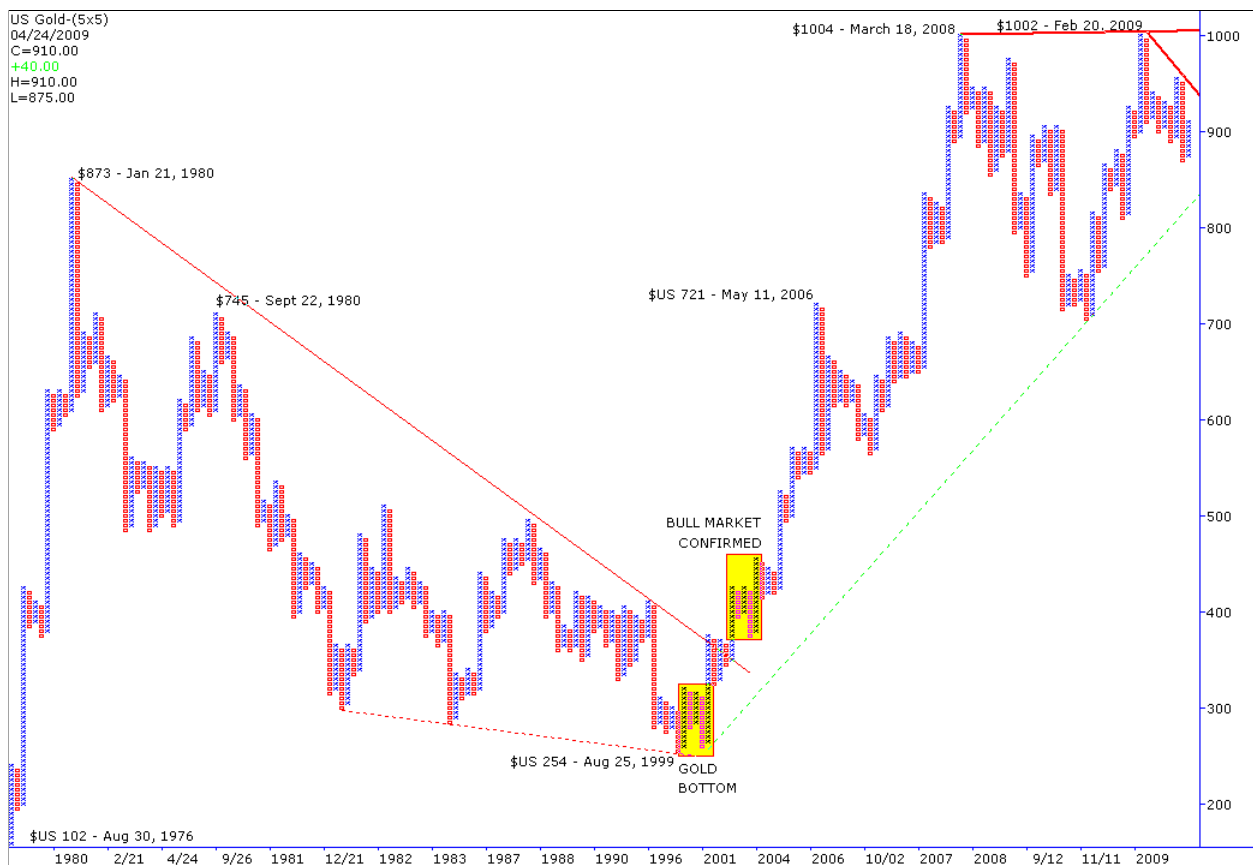
And what is the ONE item of discussion and debate which they refuse to even contemplate, let alone address? It is of course the nature of the "money" which they are "borrowing into existence". Their contempt for the VALUE of money is shown by every new regulation they pass for its redistribution. And of course, it is shown by every new \$TRILLION they conjure in an increasingly doomed attempt to prolong their power to control what people use as their medium of EXCHANGE! It is a sad fact today that most people see themselves as being dependent on government, when in reality the situation is in exact reverse. Government produces NOTHING.

Slowly but surely, more and more people all over the world are coming to realise that, having blocked off almost all the avenues which remain towards the production of WEALTH, about all governments are producing these days is "money". From that, it is but a short step to the realisation that the ONLY thing that gives this fiat money any facility at all is the government's power to force its acceptance and to ban anything else from being used as a medium of exchange. From that, it is a short step to the realisation that every new unit of "money" forced on us is impoverishing us still further.

There is only one cure for what currently ails the world's economies. That is the re-introduction of two things. The first is a proper respect for money. The second is a money worthy of respect. In all of history, only Gold has earned that respect. And, having earned it, it has never faltered in providing a sound money. The issue is as basic and as important as it has always been. You can't have a free country without a sound money.

Ultimately, there will never be a free and prosperous commonwealth until the principle of the separation of money and state has achieved the same status as has the separation of church and state. The government, in principle, has no business in meddling in either. And it is a moot point as to which form of meddling has resulted in greater human tragedies and disasters in history.

The \$US 5 x 5 Gold Point And Figure Chart:



A new low was hit on the chart when spot future Gold closed in New York at \$US 705 on November 13 last year. This pushed the chart two "Xs" below the \$US 715 support level established in late October and equalled early in November. Then came the first big turnaround - and upturn on the chart - of November 14. The region between \$US 700-720 firmed as SOLID support for Gold. That support "zone" was emphatically confirmed as Gold rose by just over \$US 110 between November 13 and November 28 last year.

On February 20, as you know, Gold made it all the way back to its previous all time highs. But it did NOT break through the \$US 1000 barrier. Since then, Gold retreated to just below the \$US 900 level in three moves down. What is being traced out on this chart is a gigantic "reverse" head and shoulders formation. The trading range between \$US 900 and \$US 1000 shown on shorter-term charts was broken to the downside with \$US Gold closing below \$US 870 on April 17 but has been re-established this week with Gold closing comfortably back above the \$US 900 level.

We began the table below in 2007 and have extended it into 2009, even though Gold in all four currencies in the table remain well above their 2006 highs. The all time highs for Gold which occurred in 2008 have remained intact in US Dollars and in Yen.

But in terms of the Euro and especially the Aussie Dollar, the situation is very different. Gold hit new all time highs in both currencies on January 30 with situation being duplicated by Gold in terms of MANY other currencies. On February 20, those highs were taken out when Gold hit \$US 1000. With Gold now more than \$US 100 below that level, and with several currencies having risen against the US Dollar since then, Gold is off substantially. But as before, the only thing we still await is for that \$US 1000 level to be broken through on the upside.

Gold In Four Major Currencies Since The 2006 High						
On the \$US 5 x 5 P&F chart (see above), the May 2006 high is VERY significant.						
It led to the correction which anchors the uptrend line on the chart.						
Currency	2006 High	Date	All Time High	Date	Up/Down	Percent
US Dollar	721.50	May 11	1004.30	March 18 (08)	+282.80	+39.20%
Euro	560.20	May 11	796.00	Feb 20 (09)	+235.80	+42.09%
Aus. Dollar	928.60	May 11	1571.60	Feb 20 (09)	+643.00	+69.24%
Jap. Yen	79285	May 11	103233	July 17 (08)	+23948	+30.20%

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[Index](#) | [Gold Bull Market](#) | [Aus XGD Index](#) | [Gold Stocks](#) | [Gold/\\$US Index](#) | [Lease Rates](#) | [From 1975](#)