

# **Super Gold Bull:** Preparing for the End, or Just the Beginning?



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<ul style="list-style-type: none"><li>- Domestic and International Storage</li><li>- Bullion &amp; Semi-rare</li><li>- Since 1972</li></ul>	
Precious Metal Brokerage	

<b>MWMM</b>	McAlvany Wealth Management
<ul style="list-style-type: none"><li>- Discretionary Based</li><li>- Portfolio Management</li></ul>	
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### Why Gold




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### Why Silver



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### Storage



[Gold in Switzerland](#)  
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### The Secret World of Gold, Part I, II & III


The Secret World of Gold (Full Documentary)



00:00 / 42:33

### Why is Gold and Silver Pulling Back? What's Next?

Why is Gold and Silver pulling back? Whats next?



McAlvany Financial Group

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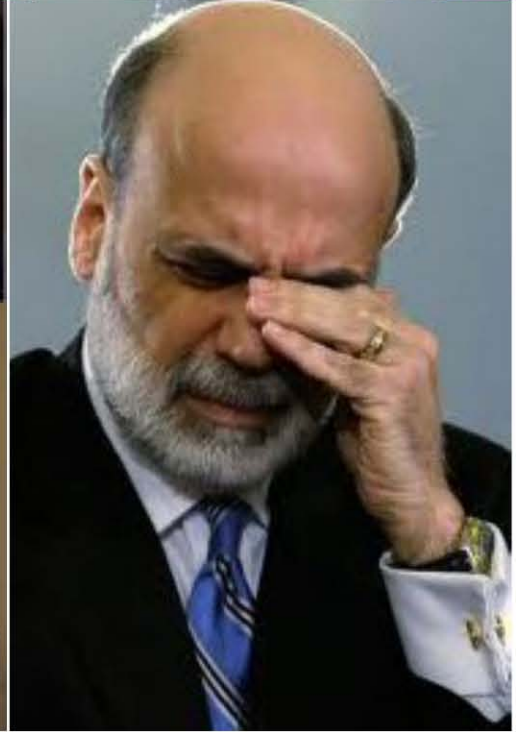
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Inflation is Much Worse  
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**CNBC** Interview with David McAlvany  
Gold most likely hit \$3,000  
[Watch NOW!](#)



# Fed Policy-CB Policy Criticality “All is well” (till yesterday)



Markets hanging on every word . . .

- Recovery narrative = a False narrative
- Each year since 2008 growth has been overestimated

Dual mandate:

1. price stability
2. employment

Focus today on economic growth & improvement  
in employment with a variety of tools employed:

- yield curve manipulation
- credit creation
- asset monetization, theoretically limited by 2.5% inflation

# Fed Policy-CB Policy Criticality ... "All is well"



Self grading – a great success. . .

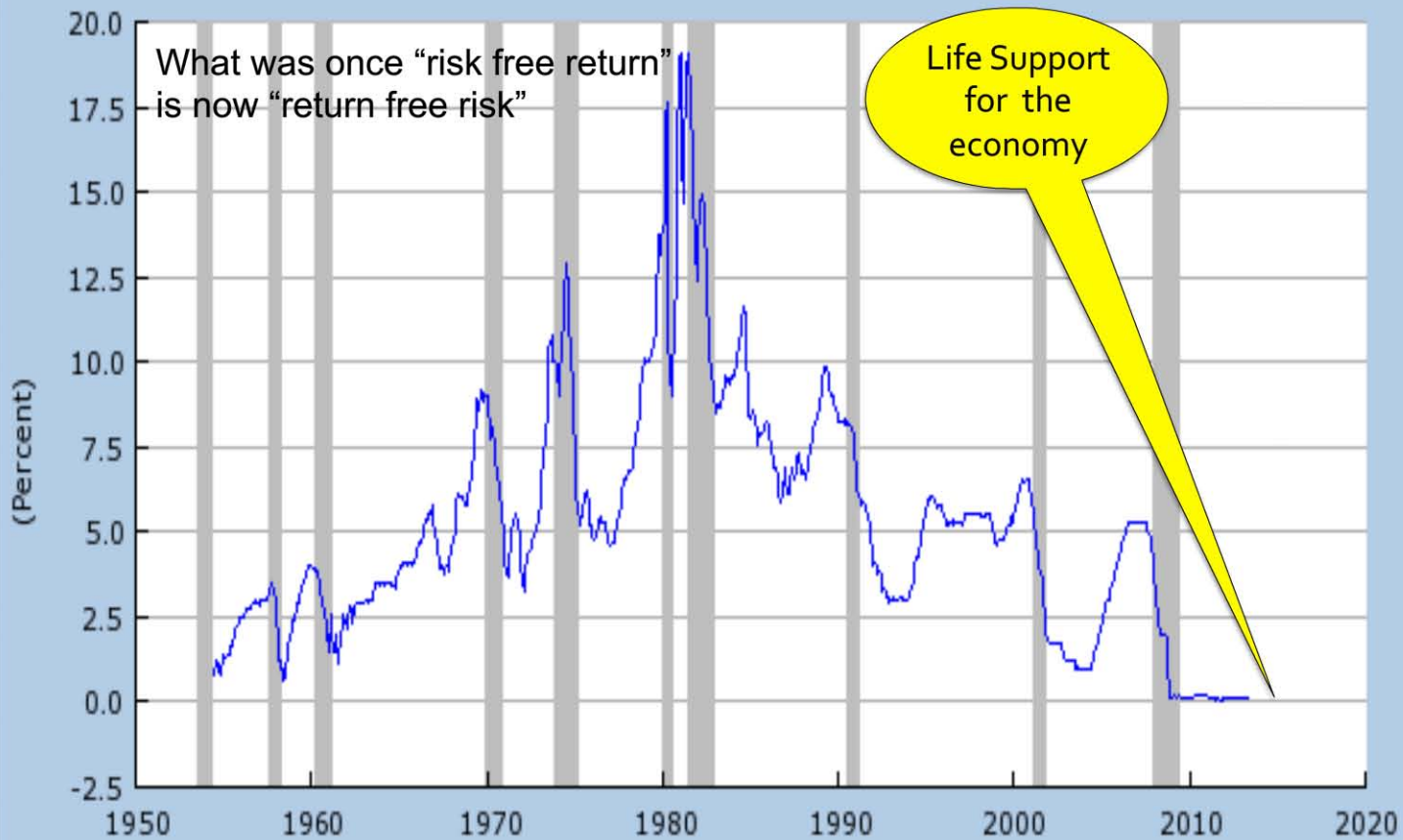
- Employment rates are improving
- Real estate is "recovering"
- Stage is set for a wealth effect consumer centric spending spree
- ..... and SO THE NARRATIVE continues!

**Bottom line:**

- Currency levers are being pulled to capture a larger % of global GDP
- Currency wars are the true CB narrative

Fed Funds rate illustrates life support

Effective Federal Funds Rate (FEDFUNDS)  
Source: Board of Governors of the Federal Reserve System



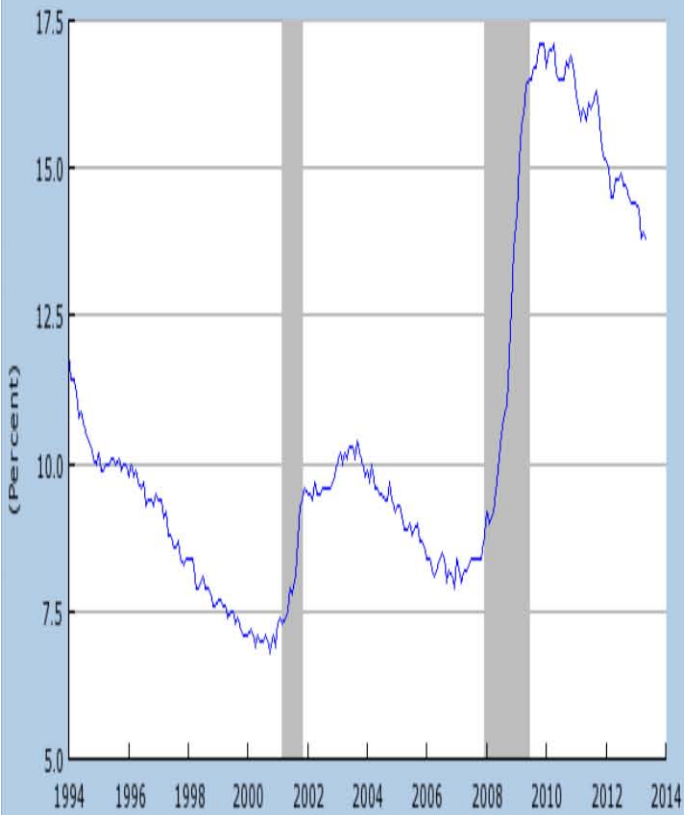
Shaded areas indicate US recessions.  
2013 research.stlouisfed.org





Total unemployed, plus all marginally attached workers plus total employed part time for economic reasons (U6RATE)

Source: U.S. Department of Labor: Bureau of Labor Statistics

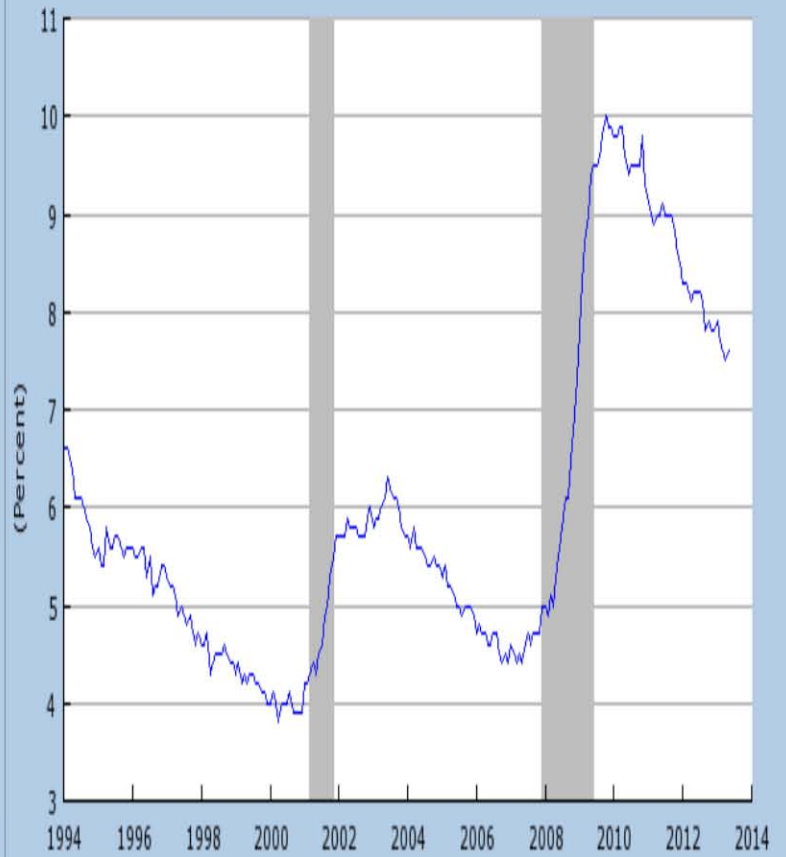


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Civilian Unemployment Rate (UNRATE)

Source: U.S. Department of Labor: Bureau of Labor Statistics

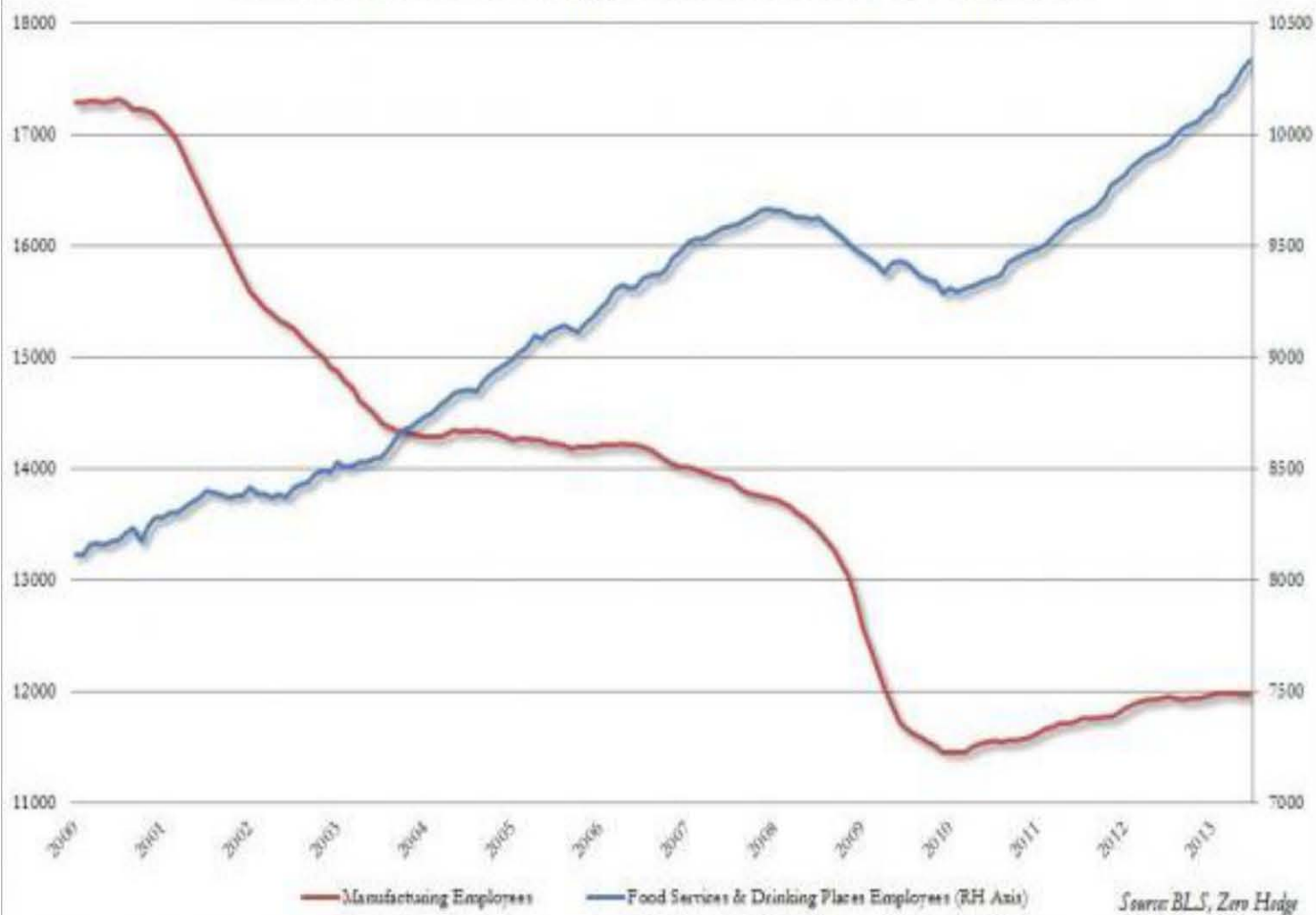


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## Restaurant and Bar Employees vs Manufacturing Employees



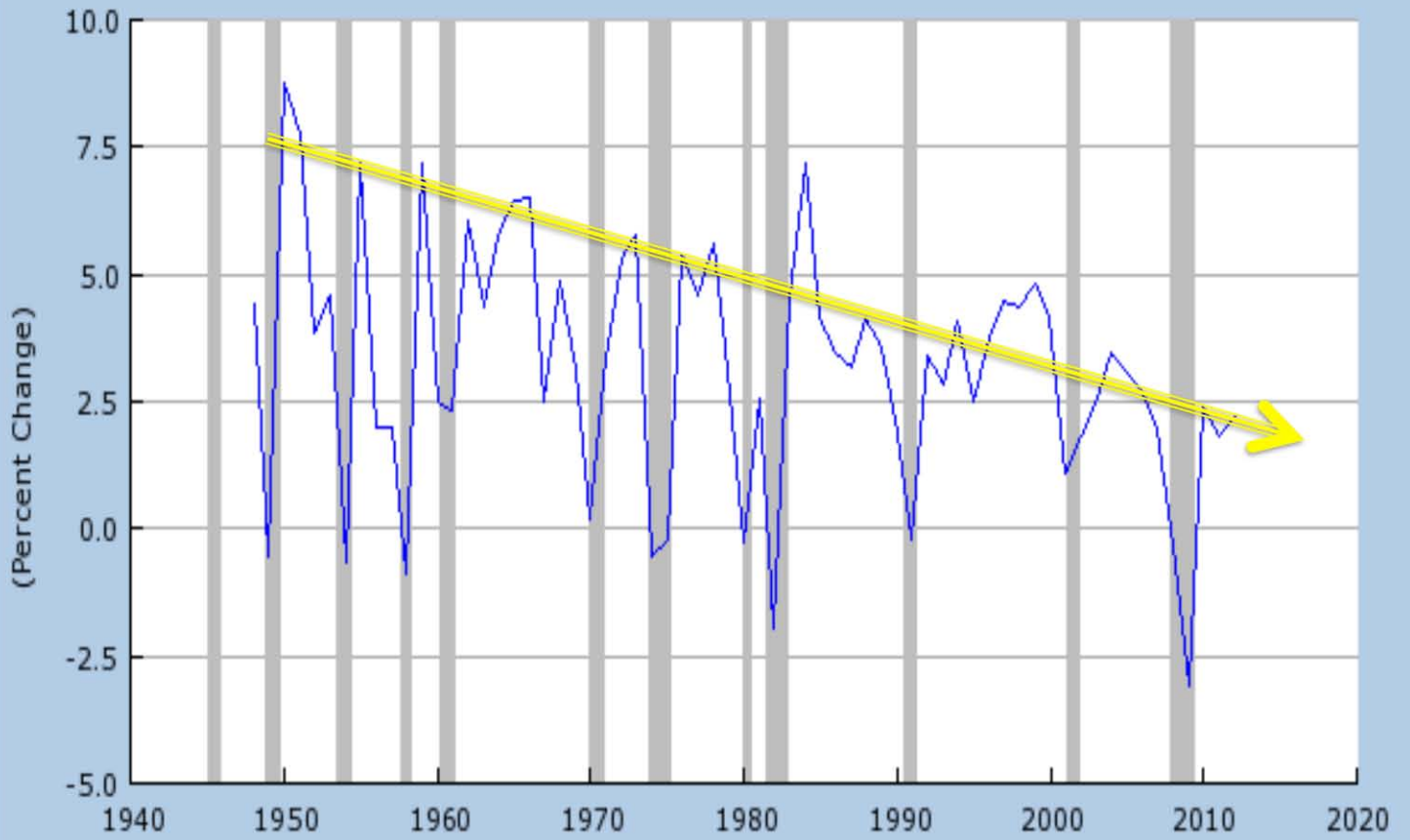
Civilian Employment-Population Ratio (EMRATIO)  
Source: U.S. Department of Labor: Bureau of Labor Statistics



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Real Gross Domestic Product, 1 Decimal (GDPC1)  
Source: U.S. Department of Commerce: Bureau of Economic Analysis



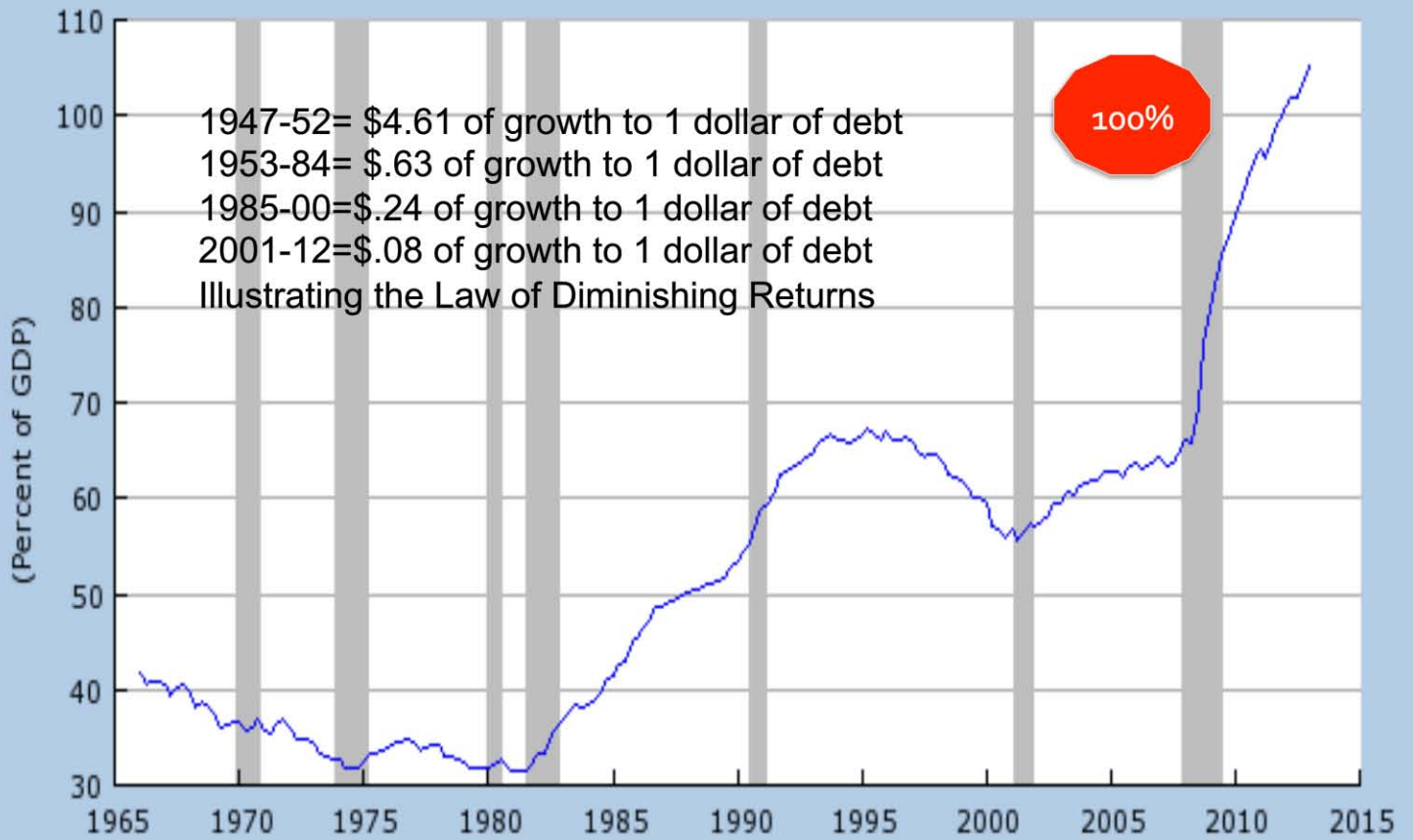
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# Fiscal Issues

1. National debt at 17.15 trillion
2. Mandatory programs ex defense= 81% of total receipts. These programs (S.S., Medicare, and Medicaid) are demographically set to balloon.
3. Real cost of "Obama care" – unknown. Key elements postponed till after the midterm elections!
4. Assumptions from the White house – 55% decrease in the deficit over 5 years . . .basis an increase in revenues- basis a robust recovery+ rising individual and corporate taxes .
5. Real disposable income fell at a 9.21% annualized rate in the last GDP report (good basis for recovery in consumer spending).
6. FED is monetizing the deficit and artificially suppressing Mortgage rates adding to the recovery narrative . . .at what cost?
7. Post bubble "aversion to spending" as Stephen Roach describes it.
8. Government will continue to "prop up aggregate demand" classic Keynesianism

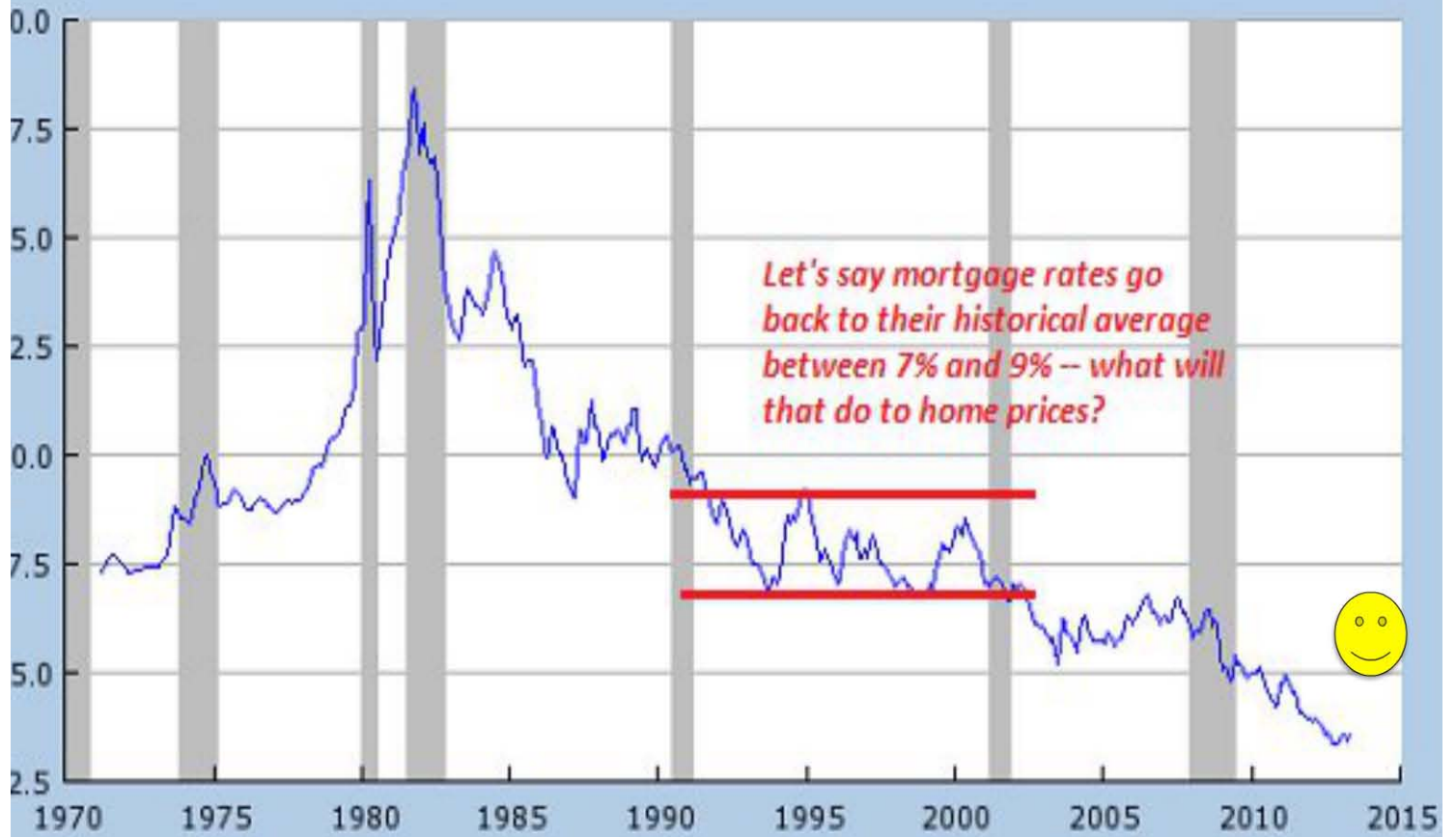
Federal Debt: Total Public Debt as Percent of Gross Domestic Product (GFDEGDQ188S)  
Source: Federal Reserve Bank of St. Louis, The White House: Office of Management and Budget



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30-Year Conventional Mortgage Rate (MORTG)  
Source: Board of Governors of the Federal Reserve System

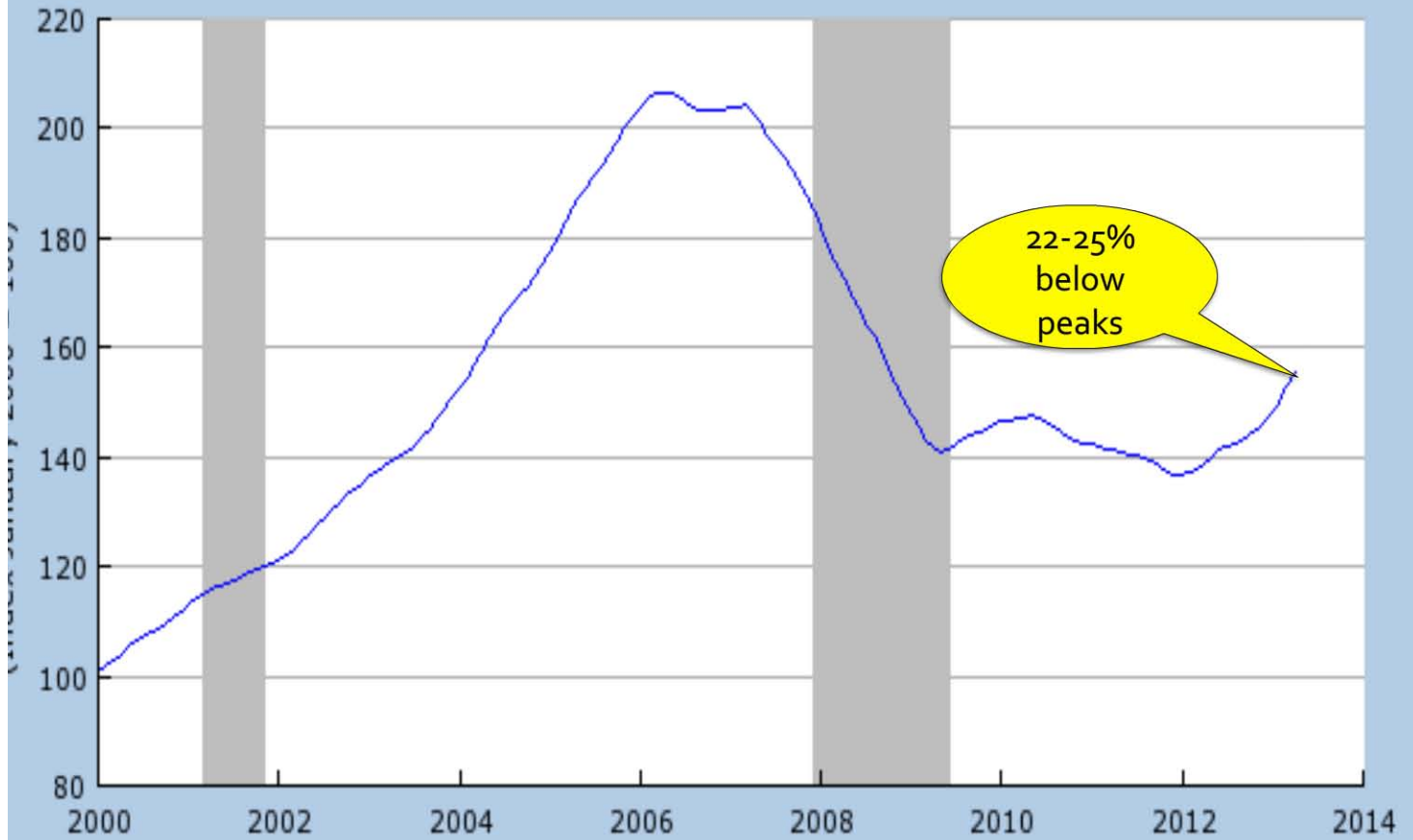


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# S&P Case-Shiller 20-City Home Price Index (SPCS20RSA)

Source: Standard and Poor's



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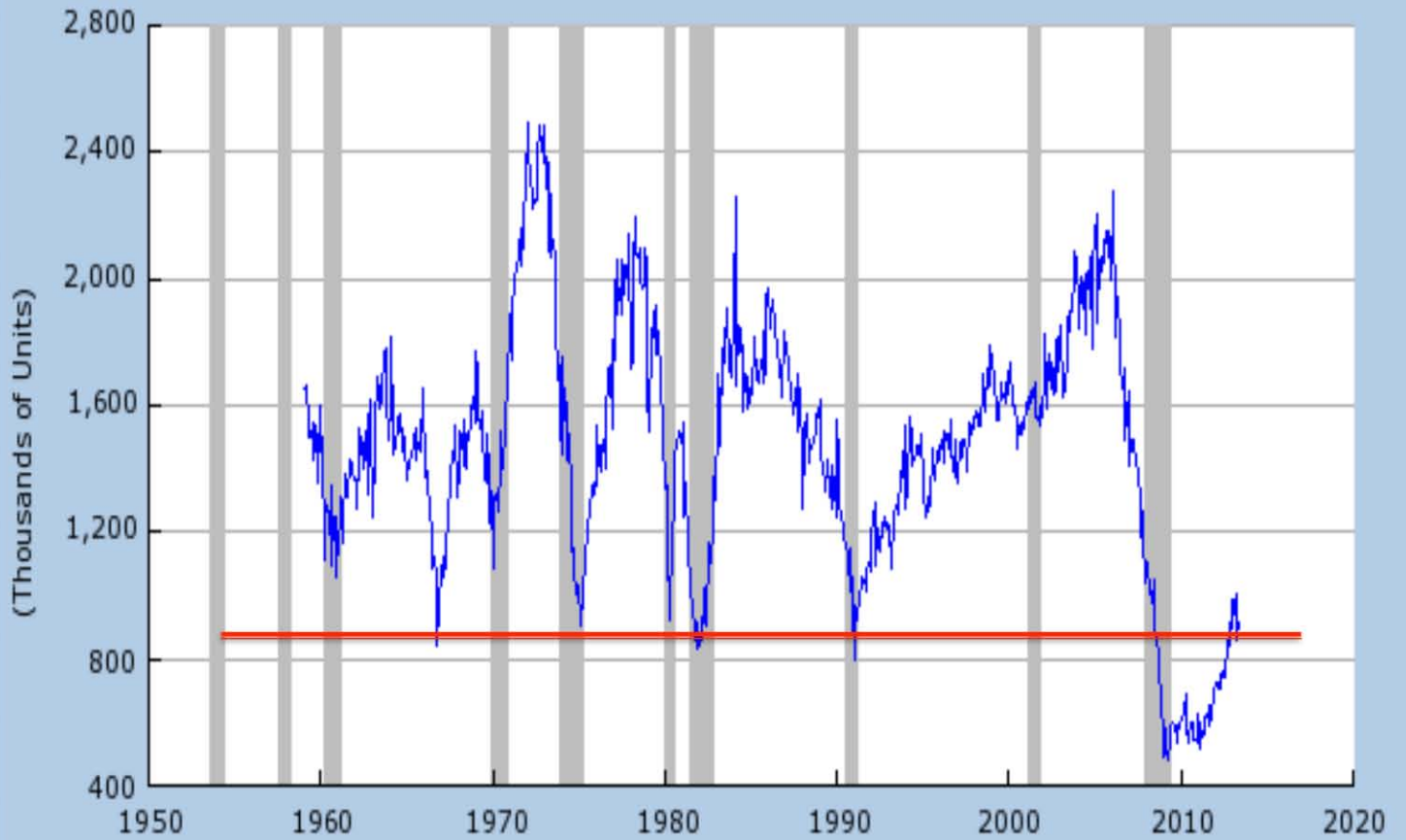
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# Housing Starts: Total: New Privately Owned Housing Units Started (HOUST)

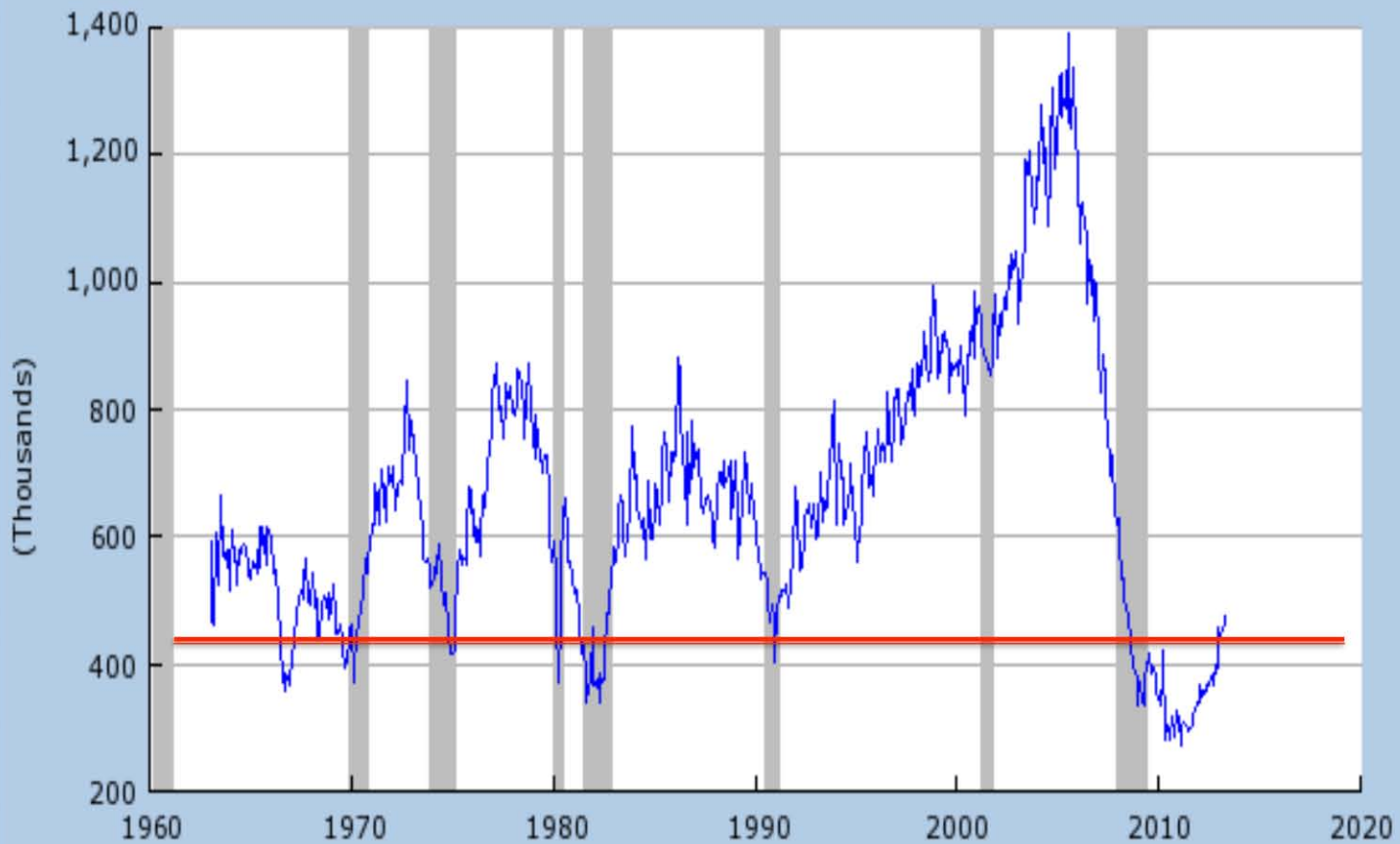
Source: U.S. Department of Commerce: Census Bureau



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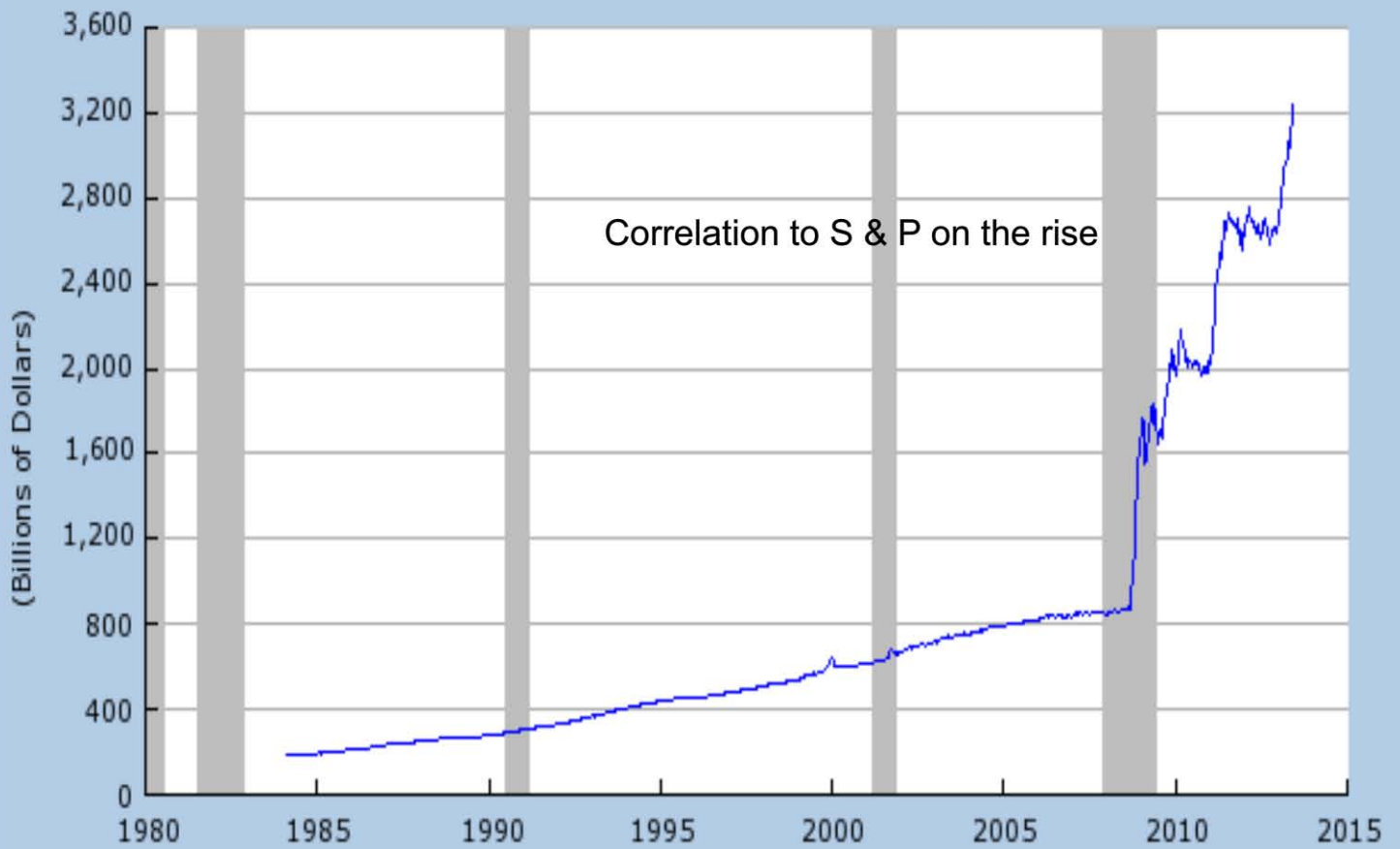
New One Family Houses Sold: United States (HSN1F)  
Source: U.S. Department of Commerce: Census Bureau



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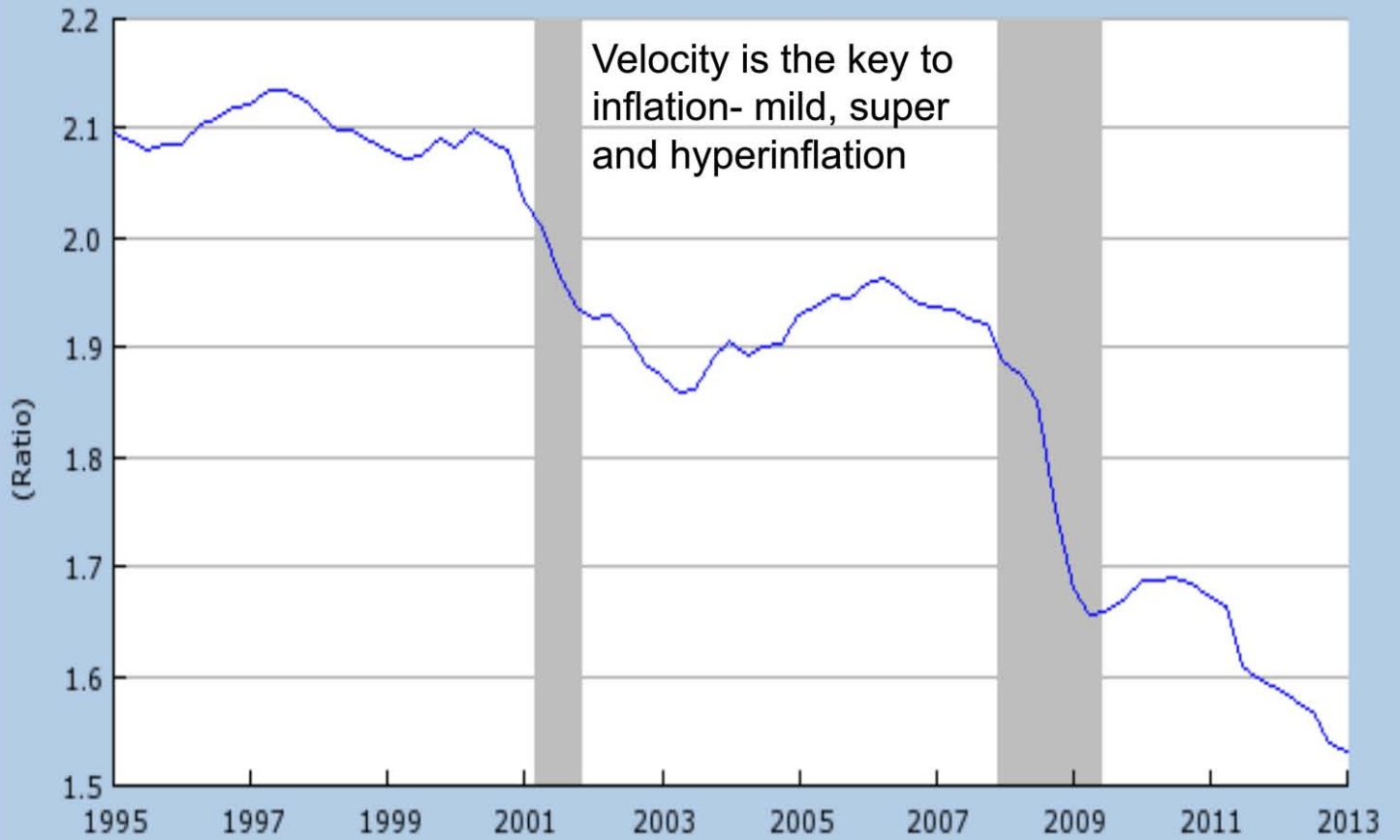
St. Louis Adjusted Monetary Base (BASE)  
Source: Federal Reserve Bank of St. Louis



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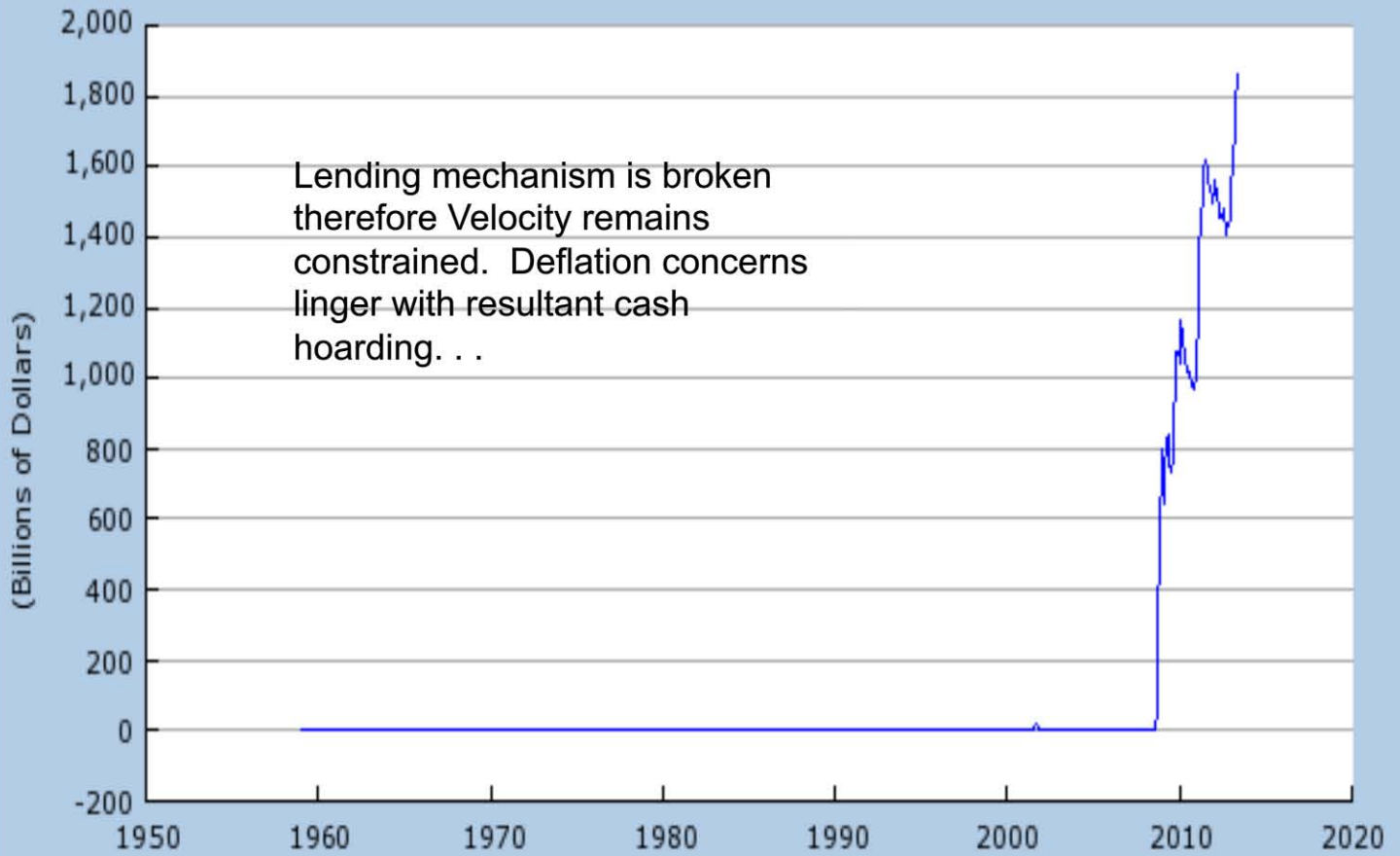
Velocity of M2 Money Stock (M2V)  
Source: Federal Reserve Bank of St. Louis



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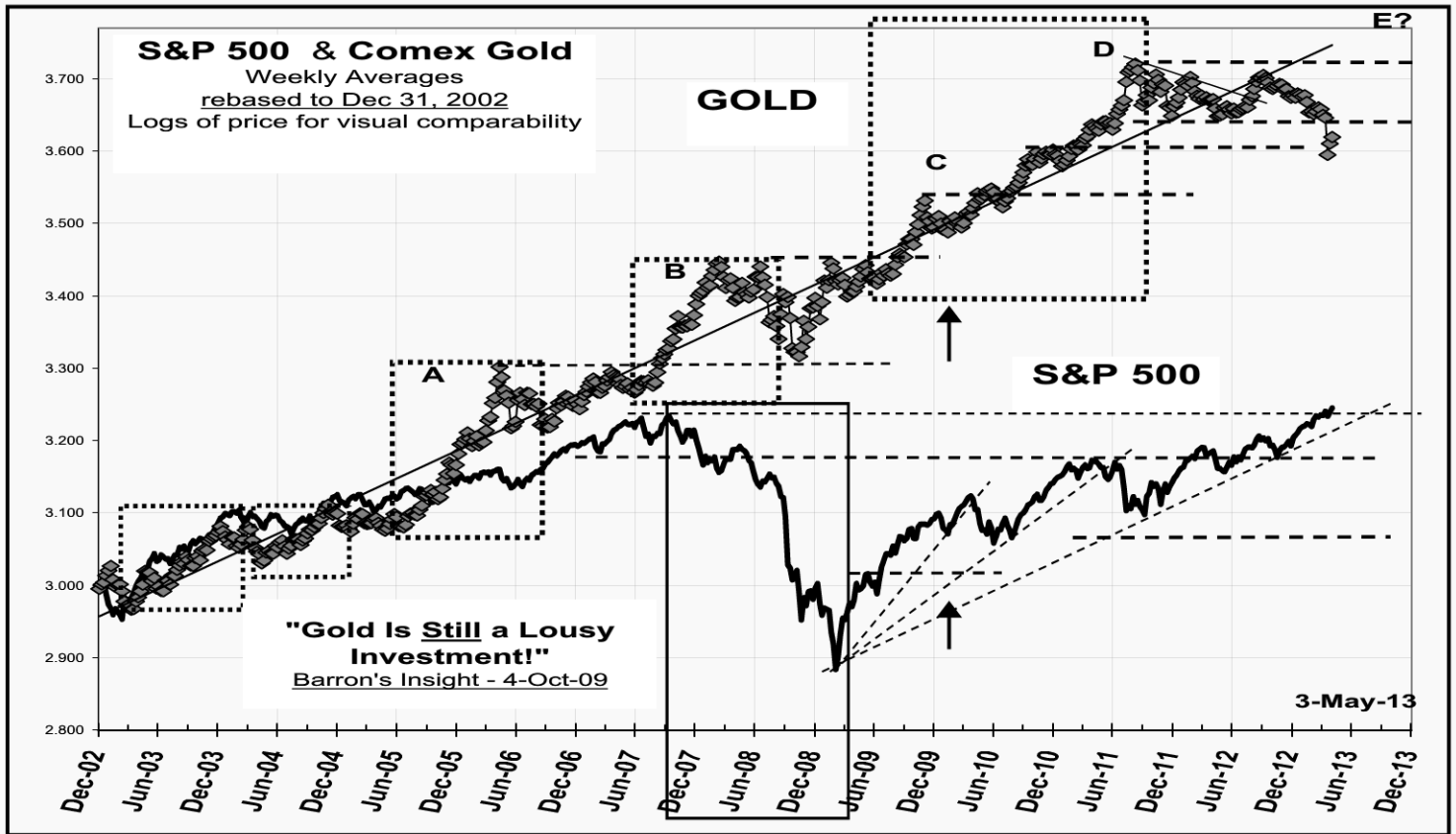
Excess Reserves of Depository Institutions (EXCRESNS)  
Source: Board of Governors of the Federal Reserve System



Lending mechanism is broken  
therefore Velocity remains  
constrained. Deflation concerns  
linger with resultant cash  
hoarding. . .



# Gold and other assets



# Gold - Spot Price (EOD) (\$GOLD) CME

(c) 2013 DecisionPoint.com

Weekly  
EMA(17) 1406.16  
EMA(43) 1520.32

1212.70 -19.40 -1.6% 7/5/13





# Production Costs: \$1200-\$1400/ oz.

**Figure 1: Gold prices have tumbled towards marginal cash costs**

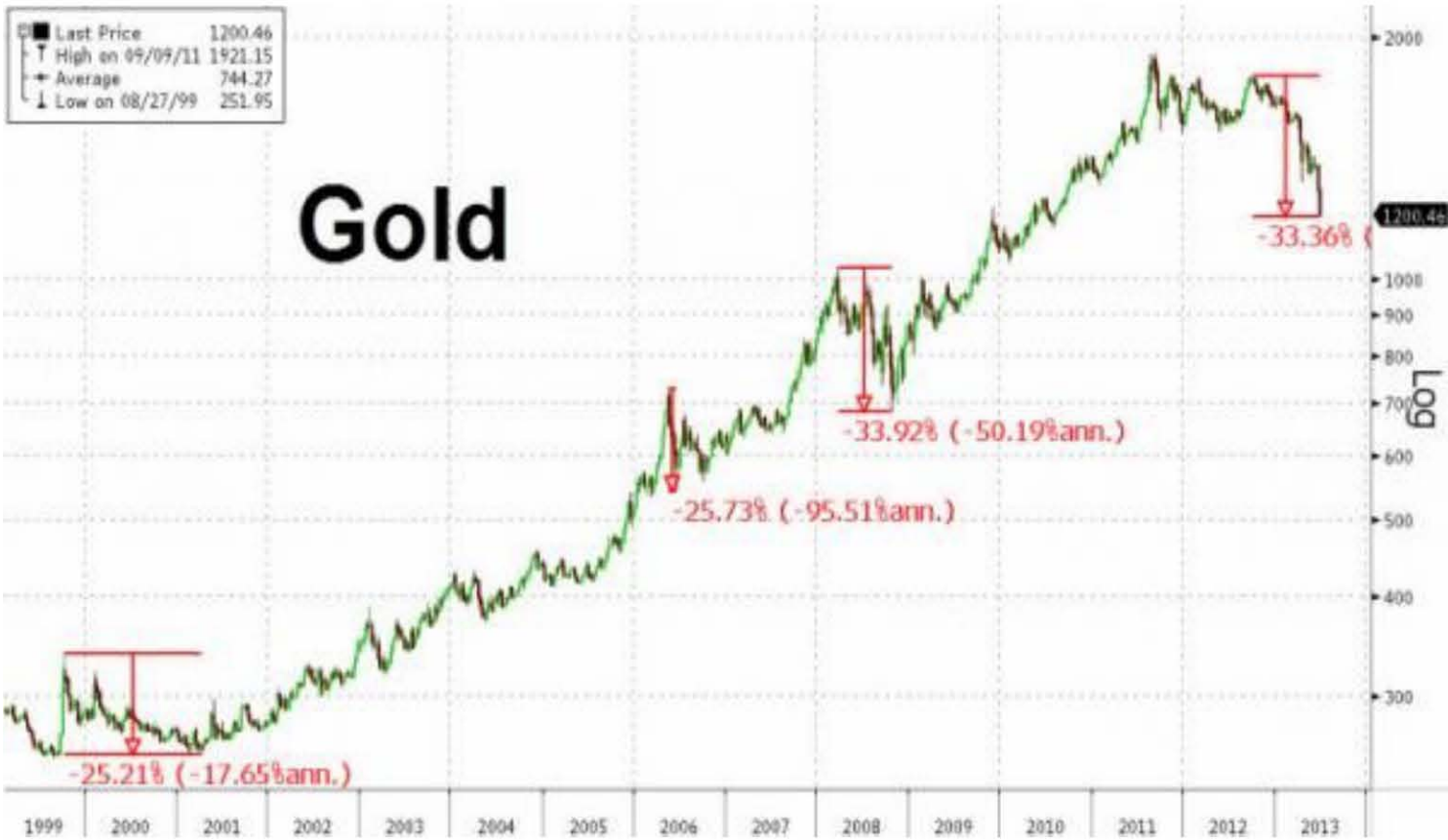


Source: Company reports, Bloomberg, Barclays Research

# Cyclical/ Countertrend Declines

■ Last Price 1200.46  
↑ High on 09/09/11 1921.15  
→ Average 744.27  
↓ Low on 08/27/99 251.95

## Gold



# Silver: \$15, \$150? Or both?



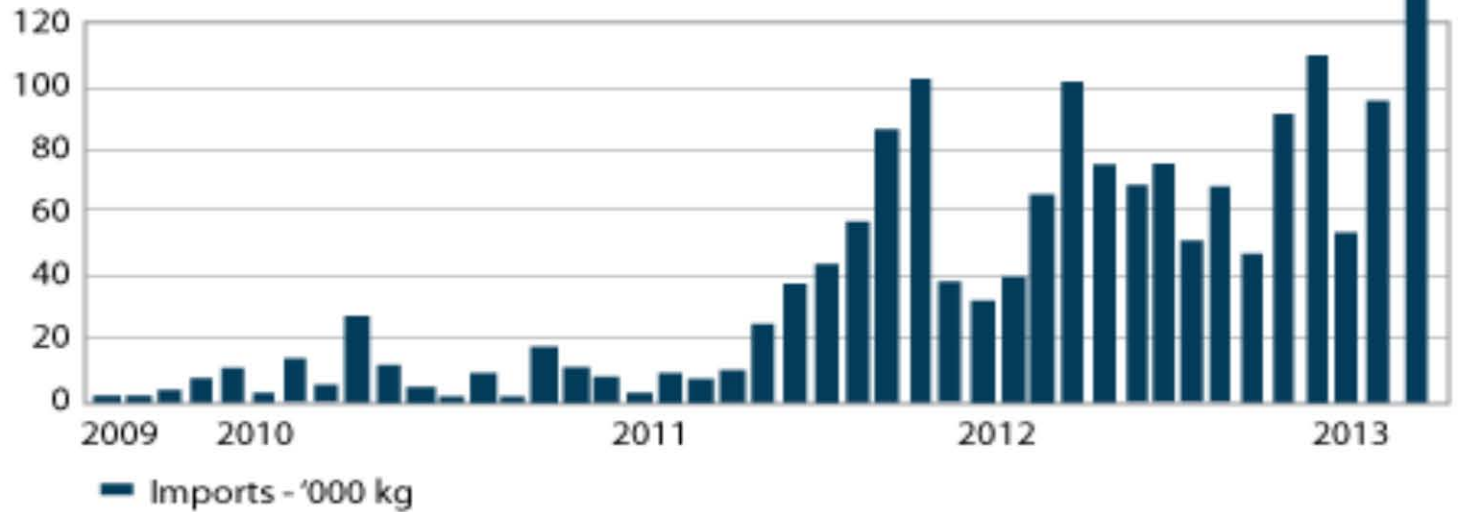
# INSTIGATED DECLINE TO AVOID DELIVERY PROBLEMS

- COMEX
  - LME
  - SCOTIA MOCATTA
  - JPM
  - ALL WITH MASSIVELY REDUCED STOCKS OF GOLD WITHIN A SHORT PERIOD OF TIME- APRIL CONTRACT WITH AN APRIL 25<sup>TH</sup> EXPIRY, MAY HAVE PRECIPITATED THE NEED FOR LOWER PRICES AND REDUCED INVESTOR INTEREST...
-

# Backing Up the Truck

## Chinese gold imports from Hong Kong

MARCH 223.5 METRIC TONS



Source: Hong Kong Census & Statistics Dept., Reuters

[WWW.AGORAFINANCIAL.COM](http://WWW.AGORAFINANCIAL.COM)

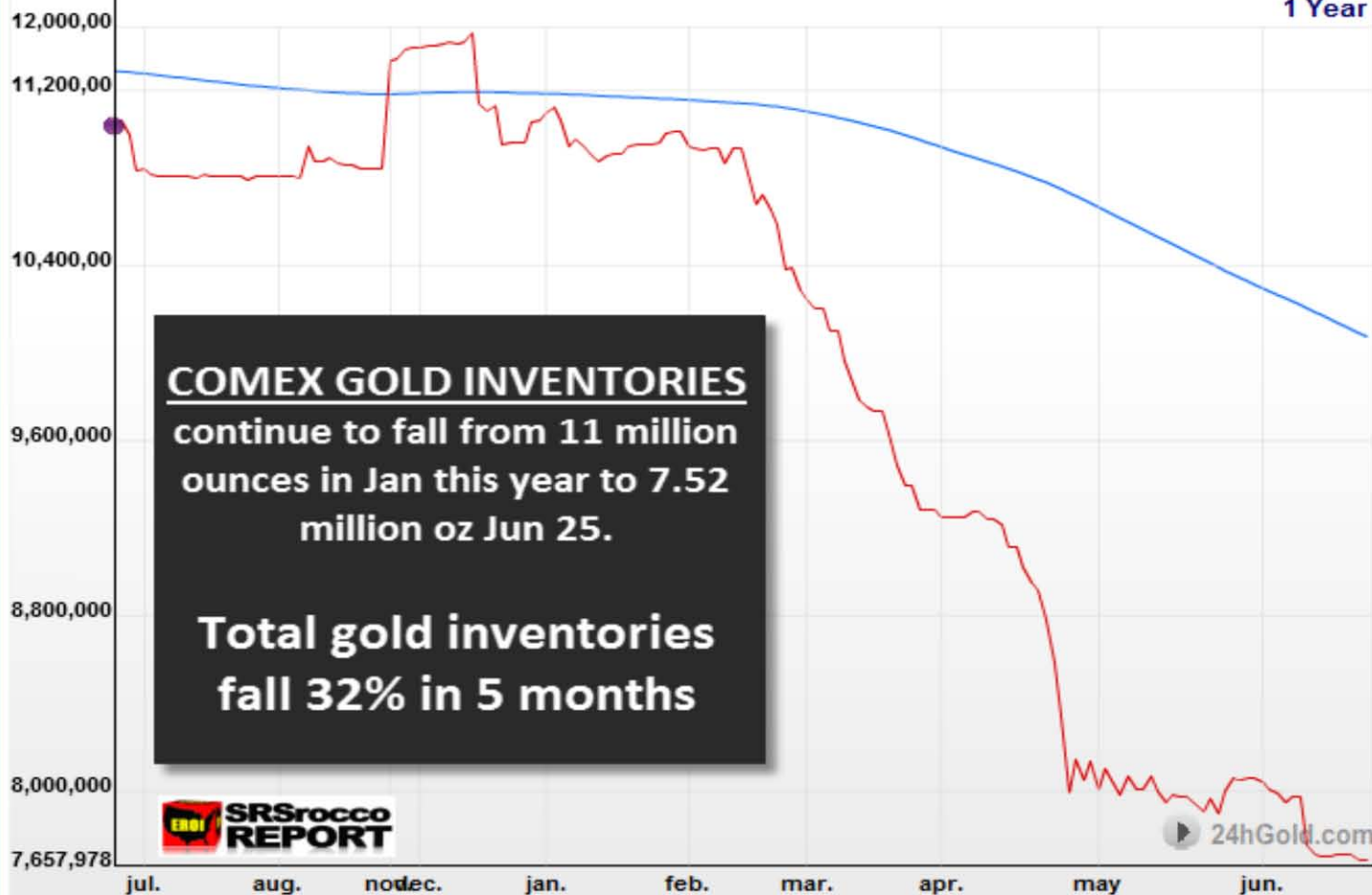
COMEX WAREHOUSE GOLD INVENTORIES

jun. 24, 2013 at 12:00 AM

7.68M

Quote: 12/06/26 12:00 AM Open: 11033610 High: 11033610 Low: 11033610 Close: 11033610

1 Year

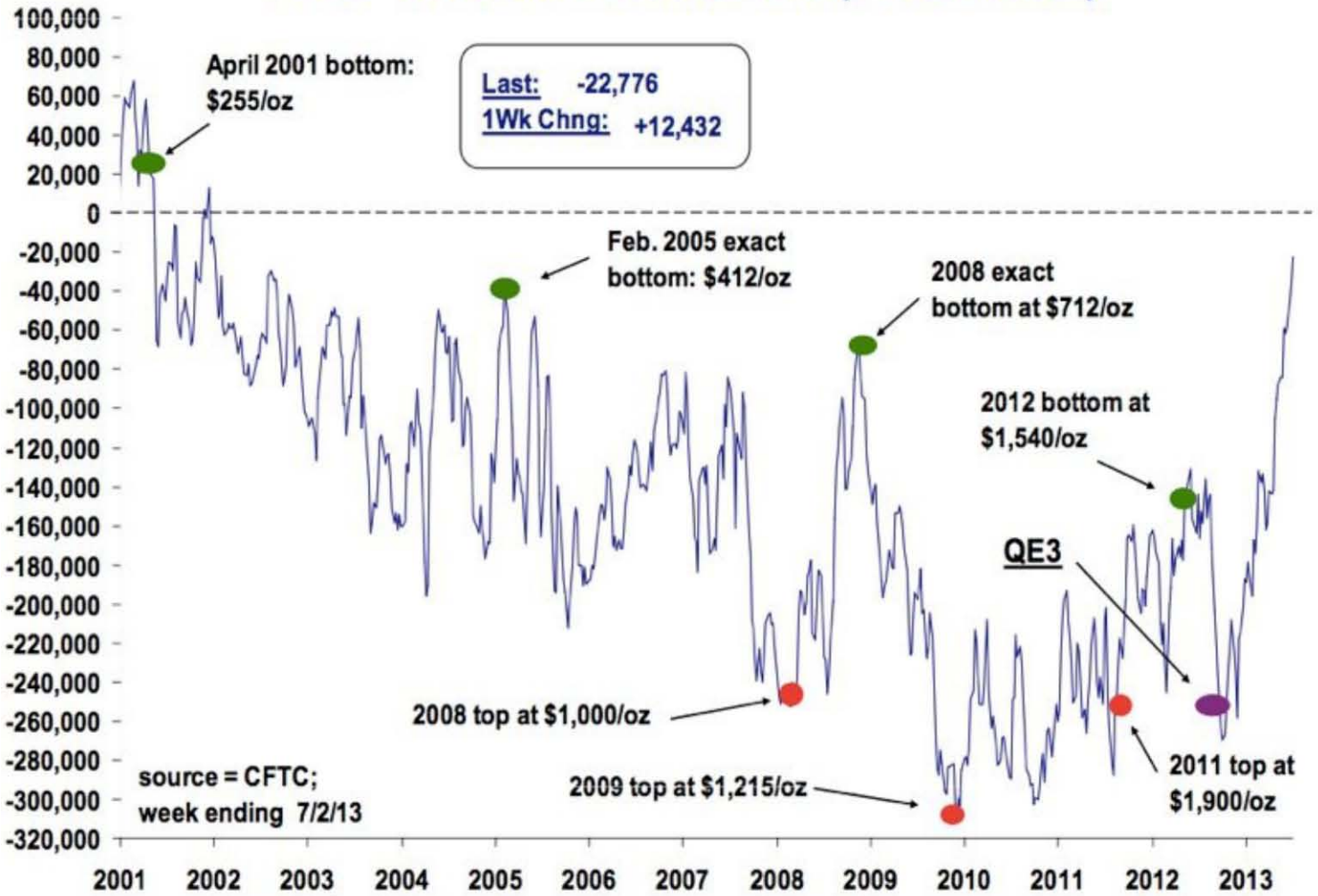


**COMEX GOLD INVENTORIES**  
continue to fall from 11 million  
ounces in Jan this year to 7.52  
million oz Jun 25.  
  
**Total gold inventories**  
**fall 32% in 5 months**



24hGold.com

# Gold - Net Commercial Position (# of contracts)





Dow Jones Industrial Average/Gold - Spot Price (EOD) (\$INDU:\$GOLD) INDU/CME

Weekly 12.28 +0.86 +7.6% 6/26/13

EMA(50) 9.20  
EMA(200) 9.33

Volume 3,638  
EMA(50) 4,254





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## GOLD BULLION BARS



# SILVER BULLION BARS



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