

TITLE: Gold prices at \$10,000?

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www.SKoptionstrading.com

Forecasts for gold prices vary dramatically from \$500/oz to as high as \$15,000/oz and some go even higher, so we tracked back to when we started this web site and dug up our original forecast for gold prices found in an article entitled "Reasons to invest in Gold" posted on June 19th, 2006, four years ago when gold was trading at \$562.30/oz. This is what we wrote back then:



Gold is money. Gold is a true store of wealth and has been used as such for thousands of years when other currencies have come and gone. Gold is now in the ascendancy along with gold producers, mining and exploration companies.

The reasons for this gold price increase are as follows:

- No new large discoveries of gold deposits dampening supply

- Lack of previous investment for gold exploration
- It takes up to 10 years to bring a new mine to production
- Falling gold production worldwide adding to its scarcity
- Gold EFTs take gold off the market thus reducing supply
- In the last Bull Run 70s to 80s gold prices increased 20 fold
- Metrics: DJIA vs. Gold, about 19ozs buys the dow jones, it has been 1:1 in the past and could be again in the future. Assuming the dow jones remains above 10,000 then the gold price could hit \$10,000
- Gold at its previous high of \$850 adjusted for inflation puts the gold price at \$2000 plus
- Geopolitical uncertainty, a nuclear Iran creates world tension which pushes up the price of gold
- A Dictatorial South America imposing restrictions such as increased taxation and nationalisation will deter investment and reduce gold production
- India is growing and the sleeping dragon of China has awoken, their hunger for gold will drive gold prices higher
- Internet: information travels around the world in a nano-second, reactions to news, true or false, will add to the volatility of the gold price
- Web trading: increasing everyday, resulting in the trends being more exaggerated than ever before
- The mania that I traded in during the last Bull market will be nothing compared to the coming Gold price explosion and maniacal actions of traders and everyday people in the precious metals sector.

We predict gold prices of \$10,000 in 5 years

So, as you can see we are now 4 years into that prediction and gold prices stand at \$1200/oz as we write. For this prediction to get anywhere near close we would need to see gold at \$2000 plus by the end of the year and the maniacal phase to kick in with a vengeance next year. We will stick with the target of \$10,000/oz for gold, although a performance of parabolic proportions will be required for gold prices to get to our target in the next eighteen months, but that is what we said and there you have it.

Have a good one.

Got a comment then please add it to this article, all opinions are welcome and very much appreciated by both our readership and the team here.

The latest trade from our options team was slightly more sophisticated in that we shorted a PUT as follows:

On Friday 7th May our premium options trading service **OPTIONTRADER** opened a speculative short term trade on GLD Puts, signalling to short sell the \$105 May-10 Puts series at \$0.09.

On Tuesday the 11th May we bought back the puts for just \$0.05, making a 44.44% profit in just 4 days.



Recently our premium options trading service **OPTIONTRADER** has been putting in a great performance, the last 16 trades with an average gain of 42.73% per trade, in an average of just under 38 days per trade. Click here to sign up or find out more.

Silver-prices.net have been rather fortunate to close both the \$15.00 and the \$16.00 options trade on Silver Wheaton Corporation, with both returning a little over 100% profit.

To stay updated on our market commentary, which gold stocks we are buying and why, please subscribe to **The Gold Prices Newsletter**, completely FREE of charge. Simply click here and enter your email address. (**Winners of the GoldDrivers Stock Picking Competition 2007**)

For those readers who are also interested in the silver bull market that is currently unfolding, you may want to subscribe to our **Free Silver Prices Newsletter**.

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