THE PERTH MINT AUSTRALIA | TREASURY

Gold Corporation
(trading as The Perth Mint)
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A statutory authority under the *Gold Corporation Act (1987)* of Western Australia

Founded in 1899, the Perth Mint is an integrated precious metal operation refining circa 10% of world gold production; servicing investors with legal tender bullion coins and bars and the Perth Mint Depository custodial facility; providing collectors with innovative and high quality numismatic coins; supplying mints with precious metal blanks; and operating a leading Perth tourist attraction.

BLOG WATCH 7 MAY 2012

PREDICTIONS

Peter Krauth: "gold will reach $2,200/oz. in 2012 … longer term … gold prices will eventually hit $5,000/oz in a 'superspike' "

Deutsche Bank: "Gold prices to reach $1,600 an ounce in the second quarter and $1,800 in third … to touch $2,100/ounce in the fourth quarter of this year"

Royal Bank of Scotland: "cut its gold forecast for this year by 1%, to $1,725 a troy ounce … increased its silver price forecast for 2012 by 3% to $33.00/oz"

TECHNICAL ANALYSIS

Technical analyst Brian Bloom has an article utilising Fibonacci semicircle arrays and point and figure charts to conclude that *"the charts are suggesting that the uncertainties in the gold market will be resolved this coming week."*

He says that *"the Point and Figure chart is in a clear bear trend … forecasting that the break will be to the downside and that the first stop on the way down to $1109, will be $1550."* His Fibonacci analysis is less clear on the direction, indicating that *"if the bulls prevail, then, at any price above $1700 we will see the gold price rising strongly. By contrast, failure to rise this coming week will probably see the gold price fall strongly"* to $1575.

If gold breaks up above $1700 this week as Brian suggest, Ed Carlson's analysis would say to be careful as it may just be a sucker's rally. Applying George Lindsay's Standard Time Spans, he is *"expecting one final run-up, a sucker's rally, before gold has its 'Thelma and Louise' moment"* and forecasting a bottom in gold around the 3rd of July 2012.

Continuing the gloomy picture, Market Watch reports Marc Faber at the Altegris Strategic Investment Conference as saying that *"gold prices could test the $1,400- to $1,500-an-ounce level sooner than not."*

PESSIMISTIC GOLD TRADERS

If the above is a bit depressing, then consider Mark Hulbert's analysis at Market Watch of *"the average recommended gold market exposure among a subset of the shortest-term gold market timers tracked by the Hulbert Financial Digest."* Sentiment has shifted from 16.7% two months ago to minus 14.8% today, *"which means that the average* *gold timer is now allocating about a seventh of his gold-oriented portfolio to shorting the market."*

Historically, this level of negativity means "*gold traders today are just as pessimistic about gold's prospects as they were when gold was trading for more than $700 less [$900 an ounce]."* Mark sees several more weeks before *"gold to begin to respond to these positive sentiment conditions."*

THREE GOLD SCENARIOS

MoneyWeek reports on three scenarios for gold developed by Capital Economics:

Scenario #1: $2,200. This is their favoured scenario, in which *"Europe experiences a 'relatively orderly' break-up, with one or more small countries leaving the eurozone. As a result, the Federal Reserve would keep monetary policy ultra-loose (even if it avoids more quantitative easing), and gold would rise to $2,200."*

Scenario #2: $5,000. This is their disaster scenario, where a *" 'a chaotic break-up of the euro' … could well result in a Lehman-style financial crisis. Throw in a military conflict between the West and Iran, and you could see the gold price spike to 'as high as $5,000'."* Capital Economics only assign a 10% probability to this outcome.

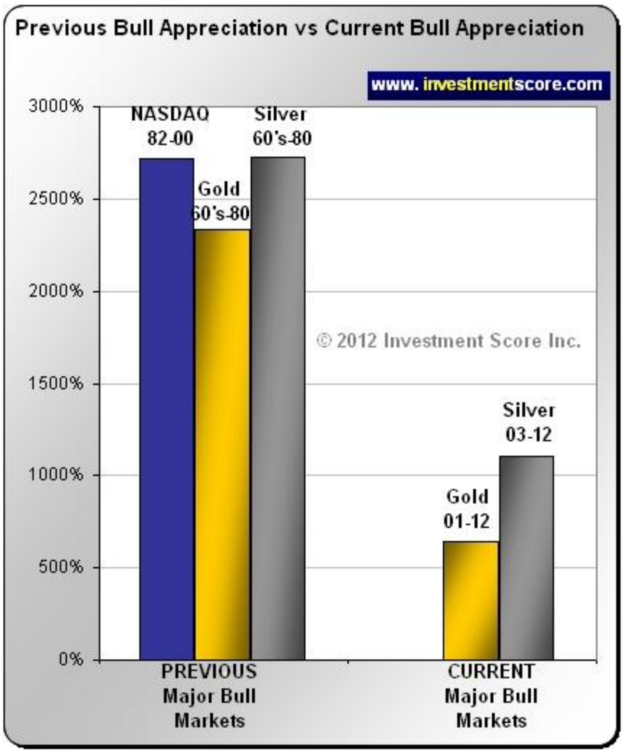
Scenario #3: $1,000. This is their (economically) optimistic view, seeing the global economy continuing to recover. *"As a result, the Fed starts to tighten monetary policy earlier than expected. In this case, Jessop reckons that 'the downside for gold should still be limited by strong and rising demand from emerging economies, and we would not expect to see a return to the November 2008 lows [of $710 an ounce].' But $1,000 an ounce would be a possibility."*

IS THE BULL MARKET OVER?

The answer is NO, according to investmentscore.com. In this article they compare the current precious metal bull markets to the 1970s bullion markets, as demonstrated in their chart on the following page. They say that the *"basic price performance of the precious metals market simply does not match that of other bull markets. … When we compare the price appreciation in the current bull market to other bull markets we can clearly see that there is a lot of room for further upside."*

Bill Haynes (CMI) agrees, saying that we are only in the second leg of a bull market with the third still to come. His stages are:

- First leg: *"prices rise will little to no attention. That was 2001 to somewhere between 2009 and now."*
- Second leg: *"prices rise with much publicity and attention, but average investors remain on the sidelines, as does Wall Street."*
- Third and final leg: *"everyone piles in … Wall Street has to become a gold bull … finally, the man on the street buys, as in the 2000 dot.com boom and the housing boom."*



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