



Gold Corporation
(trading as The Perth Mint)
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310 Hay Street, East Perth,
Western Australia, 6004,
Australia

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](#).

accords with what we are experiencing. Edel thought that good demand may return if prices went “as far back as \$1550”, at which point, “given that physical demand has been so underwhelming of late, its return (when that happens) could well trigger a greater reaction from leveraged players.”

[The Fundamental View](#) is more pessimistic, saying that if the \$1,535 “level is breached on a closing basis, or if it falls significantly through that level, then the next potential stopping point for gold could be at the \$1,300.00 level.” That is not out of the ballpark as \$1,300 is just on the bottom range of gold’s 10 year log trendline.

He says that “the inverse head and shoulder pattern is still in play but is admittedly looking uglier and less proportional as each day passes. Although I feel it is unlikely to play out, gold cannot fall below \$1,535 if we are to keep that pattern in play.”

But he notes that the death cross - when the 50 day moving average falls under the 200 day moving average, which it did mid-April - “usually implies that the trend has officially reversed indicating that further declines are very likely. Not until the 50 day cross back above the 200 day in what is known as the golden cross, will I be going heavily long.”

[Sunshine Profits](#) disagree, concluding that since “the situation in the general stock market is mixed for the long term and a bullish scenario seems a bit more likely than the bearish one for crude oil” it means that gold “seem to be a bit more bullish than not at this time.”

BLOG WATCH 11 MAY 2012

PREDICTIONS

[Barclays Capital](#): “for the full year of 2012 at \$1,716, but we would expect prices from the lows that they've reached at the moment to breach back to \$1,700 and head back toward \$1,800”

[Goldman Sachs](#): “stood by its forecast for a rally in gold this year, saying that the precious metal will advance to \$1,840 an ounce over six months”

GOLD NOT CHEAP ENOUGH

As a follow up to our [9th May](#) Blog Watch where we reported on the demand situation The Perth Mint was (or was not) experiencing, Commodity Online [report](#) Edel Tully (UBS) as saying that they saw “some physical buying on Tuesday, but the response wasn't heavy, suggesting buyers may want even lower prices.” That



DON'T FIGHT THE ALGORITHM

Michael Kosares (Centennial Precious Metals) feels the algorithms have taken over, saying *“counter-intuitive forces are at work in the gold market”* because gold is not moving higher when in his view it should because *“Europe is moving toward dissolution [which means] we are talking about the beginning phases of a major currency, and perhaps economic, collapse.”*

The reason it is not is because *“we are increasingly giving over our thought processes in the investment market-place to external trends governed by computers and automaton traders who have nearly unlimited capital reserves they can throw in the direction their algorithmic software is telling them. Thus if the algorithm says that gold goes down when the dollar goes up and that the dollar goes up when the euro goes down, then that is the reality under which we all must live – no matter what our intuitions, or intellects, might be telling us. It used to be ‘don’t fight the tape.’ Now it’s ‘don’t fight the algorithm.’”*

INDIAN JEWELLERY MARKET

The Economist has an [article](#) on a move by large Indian business to set up jewellery chains in competition with the traditional local small jeweller. The reason? The jewellery business turns *“over about \$25 billion a year, with gold accounting for four-fifths of that.”*

However the jewellery chains are at a disadvantage, because Indians see jewellery *“as an investment. So, for gold purchases, customers expect to haggle furiously over prices: sellers down at the bazaar will bargain, whereas the new chains have fixed prices.”*

A second problem for them is that *“as high-profile, listed companies they are forced to invoice and declare all their sales, and to obey a recent law obliging them to record the tax number of customers spending more than \$9,300 in cash on jewellery”* which means *“they also miss out on another Indian “tradition”—laundering undeclared income by converting it to gold.”*

While we are on the Indian market, there was a [report](#) that *“a technocrat-turned-public interest litigant Raghunath Shankar Kelkar has challenged the Reserve Bank of India’s (RBI) move to deposit 265.49 tonnes of gold out of its total stock of 557.75 tonnes abroad by filing a public interest litigation (PIL) in the Bombay High Court and demanded that the precious metal be brought back into the country.”*

Apparently section 33(5) of Reserve Bank of India (RBI) Act requires 85 per cent of the country’s gold reserves have to be stored in India. The 265 tonnes held abroad were with the Bank of England and the Bank for International Settlements.

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