

# Golden Shoots

written by Egon von Greyerz | June 19, 2009

## No green shoots

There are no green shoots. Every single piece of economic and market news we observe confirms our view that the current optimism in the world economy is purely based on sentiment and not on facts.

The current corrective rallies in world stockmarkets were forecast by us in our January Newsletter. Corrective rallies create false optimism and hope. This is what we are seeing currently.

So, what indicators are telling us that things are going to get a lot worse:

- Unemployment is increasing rapidly in all countries
- Government deficits are rising at an accelerating pace
- Many local governments, counties and cities are virtually bankrupt
- Household finances are worsening rapidly
- Bank balance sheets are as leveraged and as unsound today as when the crisis started
- Banks are not recognising that a major part of consumer loans will never be repaid
- Company failures are rising fast
- Housing market is continuing to deteriorate in most countries and especially in the USA, UK and Spain
- Commercial real estate is in a precarious state. Banks are not writing down their loan books to market values
- US 30 year treasury bond rates are in a strong uptrend indicating the world is becoming increasingly unwilling to finance the excesses of a bankrupt US government

## So what are the golden shoots?

Gold has been consolidating for the last four months and is now ready for the next major move up.

We have some very strong technical indicators which tell us that the consolidation in gold will finish at the latest next week and thereafter we will see gold going up strongly in July and for the next few months until the next consolidation in late autumn.

Our proprietary cycle work which predicts this move is confirmed by some of the individuals who we respect the most in this field namely Jim Sinclair, Martin Armstrong, R.E. McMaster and David Nichols. The fact that several top experts arrive at the same conclusion using different methods makes the probability of this move very high.

We would expect gold to reach \$1,500 at least in 2009 and over \$5,000 in the next few years.

So now is the last major opportunity to acquire gold under \$1,000 in order to protect yourself against capital destruction by money printing governments worldwide.