

# INDIA BUYS GOLD – UK BUYS BANKS

written by Egon von Greyerz | November 3, 2009

India, like China, understands the virtues of gold. This is why they have snapped up 200 tons of gold from the IMF at around \$1,045 per ounce or \$6.7 billion. The UK does not understand gold, that is why Gordon Brown sold most of the nation's gold in 1999 at virtually the low of \$250.

Instead the UK has today spent \$51 billion on propping up bankrupt banks. Royal Bank of Scotland received another \$41 billion today making it the costliest bailout worldwide with a total of \$75 billion. Lloyds Bank received another \$10 billion. The US is of course also spending printed money on rescuing bank creditors with 115 bank failures so far in 2009.

So who is likely to make the best return on their investment, India with their gold or the UK or US with their bankrupt banks. We certainly know who we will put our money on.

On 22 October we forecast in our report "Final Warning" that starting in November we are likely to see major changes in markets and in the economy. We have barely entered November and gold is already making a new all time high at \$1,081. It is interesting that it is happening right after IMF has disposed of half of the planned gold sales. The same event in the 1970's was the catalyst for the acceleration of the gold price.

But this is just the beginning as we have been discussing in our reports. We would suggest that investors don't follow the example of the UK and US and throw good money after bad but instead do like India and protect themselves by buying gold.

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