

# KWN interview with EvG Jan 23, 2012

written by GoldSwitzerland | January 26, 2012

Eric King of King World News again had a brief telephone interview with Egon von Greyerz posted on the KWN blog on January 23.

## Von Greyerz – Gold Breaking Out, Will Hit New All-Time Highs

**The full interview before the not unexpected Fed announcement of Jan 25, 2012:**

With gold attacking the critical \$1,680 level and silver remaining strong above \$32, today King World News interviewed the man who told clients in 2002, when gold was \$300, to put up to 50% of their assets into physical gold. Egon von Greyerz is founder and managing partner at Matterhorn Asset Management out of Switzerland. When asked about the recent action in gold, von Greyerz said, "Sometimes we get lucky with our calls. I called the bottom of gold when we talked around the end of December. When we spoke last week I said it looks to me like silver is going to break out here and this is exactly what is happening. This is very good action and it's as we expected."

Egon von Greyerz continues:

"Silver is leading and the gold/silver ratio is coming down quite rapidly. I think we will see a strong fall in the gold/silver ratio. This just means silver will continue to go up faster than gold. When looking at gold, on a closing basis, it has already broken out. We might see some sideways action around these levels, but gold is breaking out and is on its way to new highs in my view.

Silver has a little way to go before it breaks out, that's around the \$37 level (the breakout). But, again, the action in silver is very good and I think we could go higher quite quickly. So, overall, very good action and I think it will continue...

"I think the next few months we will see very strong action and I could see a rapid move back to the highs of \$50 and then through that level, to new highs, after a bit of consolidation. So gold and silver are going to move very quickly to the upside.

This is more of a dollar move right now. If you look at gold in other currencies, it is more or less going sideways here. So the fall of the dollar is helping with this move. For gold to rise against all currencies at once is unusual, but longer-term gold will continue to rise against all of the currencies."

When asked about the mining shares, von Greyerz stated, "They have bottomed and as we both know they are substantially undervalued. I see major moves taking place in the mining shares. A lot of this action in gold is linked to QE. The ECB is printing money now by lending, banks in Europe, massive

amounts of money. They lent, just before Christmas, 500 billion euros and they are continuing to lend major amounts.

Without this lending the banks will not survive, especially the French and the Spanish banks. Just last week they had about 15 billion from the ECB. So, the ECB lends them money and this is a different form of QE.

By lending the banks money, what do the banks do with the money? Well, they borrow the money for nothing or at 1% and give the ECB toxic debt, in return, as security. Then they buy government bonds for the money they get. So the ECB gets the money back again. It's just incredible, it's a form of a Ponzi Scheme, combined with money printing.

The banks are improving their balance sheets and the ECB just keeps printing money. This is what gold is reacting to. We also know the Fed is doing a similar thing with their currency swaps. So QE is there and will accelerate. Without that the banking system, as I've said, will not survive."

[Click here](#) to read the von Greyerz interview on the KWN Blog with direct links to other very interesting and recent interviews with leading experts in the financial business community