

# Those Rich Guys and Their Precious Metals

By [The Mogambo Guru](#)

12/12/05 You'd have to be living under a rock (or not reading the DR) to not hear the buzz going on in the precious metals market. And, according to the Mogambo, that buzz is going to just keep getting louder.

To show you a living, breathing beautiful benefit of having silver as money, Bernard von NotHaus of the Liberty Dollar organization, announces that because silver has gone up so high in price, the base has doubled.

In essence, if you had a Liberty Dollar silver ounce with "\$10" on it, representing a suggested buying power of 10 bucks, the very next day you would instead have a silver Liberty Dollar with "\$20" engraved on it! You doubled your buying power when conducting business in Liberty Dollars!

He also said, "But wait! I contend we do not have inflation." He sees me rising up in my seat to come up there and slap his face for saying something so stupid, so he hurriedly goes on to laughingly explain, "I can remember over 50 years ago that I could buy four gallons of gasoline for a dollar. At that time the dollar was backed by silver. And that same amount of silver will still buy four gallons of gas today! That just proves silver money holds its value." Hahaha! Exactly right! Now I feel foolish for doubting him!

## **Suppressing Silver and Gold: Raising Margins**

Speaking of precious metals, something weird, I mean really weird, is happening, as a reader of George Ure's UrbanSurvival.com site notes when he writes, "Just a quick note for you and your peoples. Last night the COMEX gods gave a small notice of margins being raised in our precious metals. Margins as of tonight will be 33% higher in gold, from \$1,350 to \$2,025. Silver will be raised to \$2,363 from \$2,025."

What in the hell this could mean? I have no idea, and I am petrified that someone would ask me what this means. Just in time, the reader saves my bacon and explains, "Whenever this happens, the markets for the precious metals correct (go down). For the conspiracy theorist (me and you), it's the only way the big boys can slow down the demand. I know you don't give advice, but being a stock and commodities broker for 15 years, this little tidbit is a money saver. Get ready to buy physical gold and silver at discount prices from today's price."

And speaking of weird, the chart of gold lease rates is really weird and dramatic!

Tom Griess, proprietor of the TheChartstore.com, made an appearance at FinancialSense.com by posting his essay "Gold vs. U.S. Dollar Index," which clearly shows that the dollar has completely divorced itself from gold. His chart shows that whenever the dollar got out of line with gold, it was the dollar that corrected, not gold. In short, my bet, based on this chart alone, is

that the dollar is going to take a big, big dive pretty soon, which is only appropriate for a currency as worthless as the U.S. dollar.

In case you were absent from class the day they went over this, if the dollar goes down, then either the price of gold must rise, or everybody else on the planet must agree that the price of gold should be down for them, too. It's a mathematical imperative. Word to the wise: not everyone in the world is as stupid as we Americans.

He finished his essay with exactly what I have been saying, "History wants to tell you a story." Hahaha! Perfect!

### **Suppressing Silver and Gold: Gold Manipulation**

The best part – and this is why you should be buying gold – is that the price of gold is being held down by governments because it reflects so bad on them, giving you a bargain, as Alex Wallenwein explains in his "Euro Vs. Dollar Currency War Monitor." He writes, "Gold is 'manipulated' for sure, but that's a very broad term. The U.S. would generally like to keep it down. Europe wants it to rise, but slowly, very, very slowly. The Chinese like it cheap – and so do the Arabs. It allows them to buy more of it for less money.

"In the end, what is really happening? Europe and the U.S. are wasting their precious resources and general confidence-capital to try and keep its price under wraps, somewhat at least – and the Chinese and Arabs are the real beneficiaries.

"Those two blocs just love gold manipulation – and they have no interest in ending it. The Arabs have benefited from it for the longest. They've been using expensive dollars to buy cheap gold for decades now. Then come the other Asians. They still have a cultural affinity for it that has not quite been bred out of them – yet. But during the 1990s Asian Contagion currency crisis, they all dutifully sold their gold to their governments and bought U.S. treasuries instead, except for the mainland Chinese. They were anecdotally reported to be buying it wherever anyone was willing to sell it: In Africa, in Europe, in the Middle East. You name it, they were there, crawling all over the place, hungry for that yellow stuff."

Now, this looks like somebody. I am not saying who, but somebody is gearing up to declare their money to be on a gold standard, so that their currency would have instant, permanent value. And how do you say, "How can I serve you, master?" in Chinese? Well, alert reader Ford C. says it is, phonetically, "Lei yiu mut yeh low see." The way things are going our children and our grandchildren may find that phrase very handy.

But we are not here to bandy Chinese supplications about, but to listen to me run my big fat mouth about gold being suppressed. How much is the price of gold being held down? Steve Sjuggerud writes that adjusted for inflation, gold was above \$1,400 an ounce in 1980. But notice that gold is still only selling at about a third of that! "We're in a bull market in gold," he writes. "It's a secular bull market, which is just a fancy way of saying the general uptrend will stay in place for many years. And we're only near the beginning."

Well, what about silver, for which I have been pounding the table as the freaking Buy Of The Mogambo Century (BOTMC)? Well, Jason Hommel of the SilverStockReport.com writes, "About 95% of the gold ever mined in human history still exists in above ground, refined form. In contrast, about 95% of the silver ever mined has been consumed by electronics and jewelry. A silver ring or silver necklace, for example, costs about \$50/oz. to \$100/oz., and thus, the silver is not recoverable, nor recyclable at a profit to the silver jewelry buyer until we exceed those prices. So, gold is going to skyrocket in price, due to the central banking change from selling to buying, (but) silver is going to skyrocket in price much more than gold, due to the silver shortage."

And it is not just eastern nations and foreign nationals that are buying gold. Robert M. went to Boca Raton and reports that the herding behavior has started showing up in precious metals, and the coin shop he visited was sold out of Platinum Eagles. The lady running the coin shop says, "There has been rip-roaring business there in Palm Beach County. Those rich guys have been coming in and buying physical precious metals."

Regards,

The Mogambo Guru  
for The Daily Reckoning

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P.S. You don't have to be a "rich guy" to invest in gold...our friends at EverBank have a smart new way to invest in the gold market – their MarketSafe Gold Bullion CD. Yields on all MarketSafe CDs are tied to the upside performance of a specific investment market. As a result, the earnings potential of the MarketSafe CDs is much higher than that of any traditional CD or fixed-rate bond.

Mogambo Sez: Things are getting more and more scary every day, and that is why you should be accumulating more gold and silver and oil stocks every day, too. That's what the intelligent people in the past all did when things got like this, and it worked out really well for them, too. Things worked out pretty badly for those who didn't, however.