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DOW JONES SOARS – GOLD FLOUNDERS

We certainly live in interesting times. As we approach the end of February, just where Gold and the Dow Jones Industrial will close for the month will set the tone for March. Gold has been unable to simply exceed the December high at 1769.40. In order for gold to remain in a position to make a March high, it must close **ABOVE** the December high. At the very least, gold **MUST** close February at least **ABOVE** 1756.00. Failing to do that, will leave gold simply neural near-term. A month-end closing **BELOW** 1673.00 will warn that gold is turning bearish near-term once again. The long-term still appears that the major high in gold is due probably in 2017.

The meltdown in the Sovereign Debt Crisis appears to be lining up with the Economic Confidence Model turning point 2017.75. This does not negate short-term debt crisis events. We still see Europe in troubly going into 2014, and this will migrate then to Japan most likely going into 2015.75. However, the real meltdown is when we are looking at the United States. There is no indication of hyperinflation ahead. That is ONLY possible in a peripheral economy and never the core economy. When the core economy collapses in a debt crisis, it does so without historically resulting in hyperinflation. The value of money in Rome fell under inflation to about 1/50th of its former value thanks to debasement. So it does not require hyperinflation as seen in Germany during the 1920s for it was not the core economy.

In the Dow Jones Industrials, we have exceeded both the highs of 2010 and 2011. A monthly closing **ABOVE** 12842.00 will signal a breakout to the upside where we should retest the 2007 high. US shares are highly undervalues as we have laid out in our **2012 Special Report of World Share Markets**. This remains coupled with the further confusion over the European situation and the best place to hide in dollars is stocks for right now, with good dividends paying 5-8%.