

"...Let us run with patience the race that is set before us." Hebrews 12:1

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EXCERPTS ONLY

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INFLATION MARKETS

02/02/09 - Outlook 2009 (1-12 mos.):

Gold & Silver are expected to remain in a wide range of consolidation through much - or all - of 2009. The first thing that would validate this scenario would be an intermediate high in the first half of **March 2009**.

One of the factors influencing this is a very consistent 30 - 32 week cycle in both metals. The accompanying chart highlights the latest 6 phases of this cycle, which combined to form a 30 - 32 week low-low-low-low-high-low Cycle Sequence.

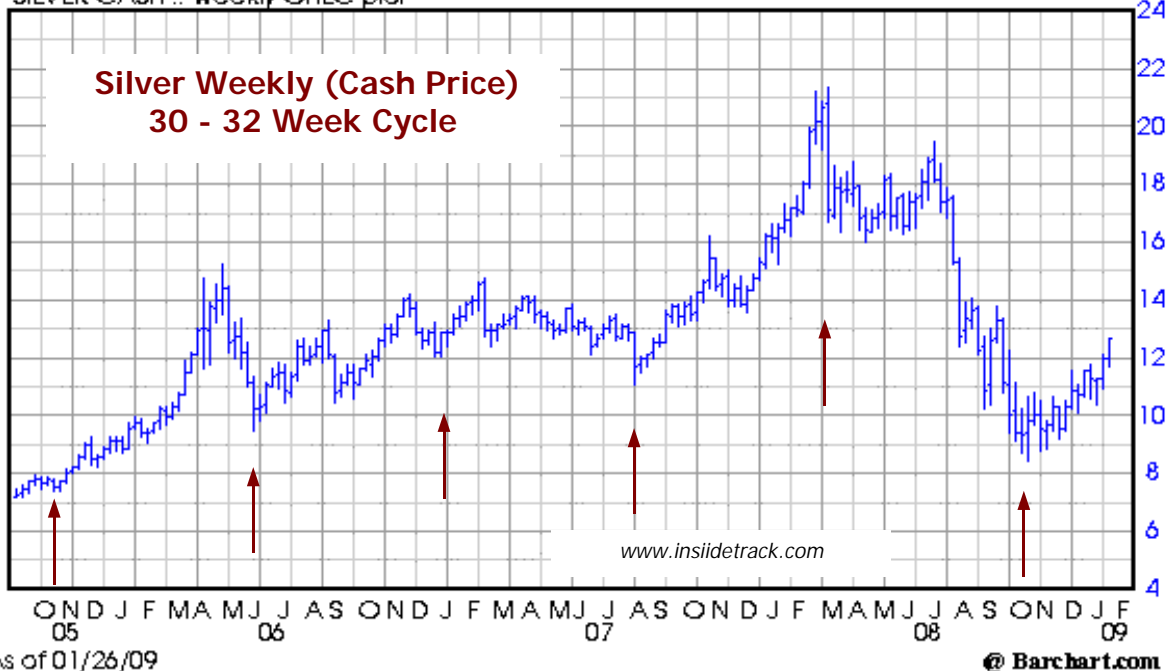
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The Marathon (Big Picture)

(Overview for longer-term investors.)

02-02-09 - GOLD & SILVER - Long-term uptrends in Gold & Silver could resume in the second quarter of 2009. Consolidation likely into mid-2009.

SILVER CASH .. weekly OHLC plot



Since the latest phase was a 32-week decline (31 weeks in Gold), the next phase is more likely to be a low... in **June 2009**. This is also the 3-year anniversary of the June 2006 bottom.

In between now and then, it would not be surprising to see a rally for .618 of this cycle - into the first half of **March 2009** - and then a sharper decline into June.

There are other Golden-Ratio relationships that support this scenario.

A rally into **March 2009** would complete a rebound that is 1.618 times the duration of the previous rebound (May - July 2008) and .618 times the duration of the advance that preceded that one (August 2007 - March 2008).

This is reinforced by the fact that **March 2009** represents the 1-year/360-degree anniversary of the March 2008 peak.

Looking out a little further, cycles portend another important low in **January 2010**.

This would be the next phase of the 30 - 32 week cycle AND an overlapping 61 - 63 week low-low-low Cycle Progression... that should prompt another low.

From a price perspective, Gold & Silver tested key 1-2 year support levels when Silver tested its major '4th wave of lesser degree' (the June 2006 low of 950.0/SI) and Gold tested a 70-week level of *resistance turned into support* (the May 2006 - Sept. 2007 resistance at 690 - 720/GC). These should hold for now.

On a near-term basis, Gold & Silver were perceived - in early-December - to be 'tracing out multi-month bottoms' that could see a higher low on Dec. 2/3rd and then a rally into late-December. They declined into Dec. 5th and then surged into Dec. 29th, fulfilling this outlook.

In early-January, Gold & Silver signaled the onset of a new advance that was expected to carry them higher into late-January and which should be capped off by Gold reversing its weekly trend up (Silver had already triggered this lagging/confirming indicator in December).

The metals have fulfilled this and - based on multiple factors - could see a 1-2 week correction in the middle part of February. [See *Weekly Re-Lay & IT Updates* for additional, near-term analysis and/or trading strategies.] *IT*

02/27/09 - Outlook 2009 (1-12 months):

Gold & Silver surged into the mid-point (16 weeks) of Silver's 30-32 week cycle... This 30 - 32 week low-low-low-low-high-low Cycle Sequence is still expected to produce a low in **June 2009**, which is also the 3-year anniversary of the June 2006 bottom. The February INSIIDE Track provides more details on this outlook for Gold & Silver.

Looking out a little further, cycles portend another important low in **January 2010**.

This would be the next phase of the 30 - 32 week cycle AND an overlapping 61 - 63 week low-low-low Cycle Progression... that should prompt another low.

If I was to paint the ideal scenario, it would be that Gold sets ascending lows in June 2009 and January 2010... and then enters a more pronounced advance from that point forward. This would dovetail with the outlook for the US Dollar, which is likely to see a terminal decline from **2010 - 2013**.

From a price perspective, Gold & Silver tested key 1-2 year support levels when Silver tested its major '4th wave of lesser degree' (the

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June 2006 low of 950.0/SI) and Gold tested a 70-week level of *resistance turned into support* (the May 2006 - Sept. 2007 resistance at 690 - 720/GC), in October.

Now that both metals have turned their intra-year trends up, the October lows are becoming a more important level of support that might not be tested again.

Platinum & Copper are giving signs that major bottoms are taking hold. Platinum reached its major downside objective - at 756 - 775.0/PL - in October and has rallied ever since.

Copper is still testing a MAJOR level of '*resistance turned into support*' - a range that produced at least 7 peaks since 1974 - at 140.00-160.00/HG. It is expected to see a rebound into May 2009.

The CRB CCI Index has held support after retracing .618 of its overall 2001 - 2007 advance. It could be setting the stage for a major bottom, but it would take several months to confirm this.
IT www.insiidetrack.com

INSIIDE Track & Weekly Re-Lay publications will continue to monitor analysis that a Major bottom - in Gold & Silver - was set in October 2008 and that a new bull market is underway. An initial high now - in early-March - would further validate this.

The 30 - 32 week cycle portends ascending bottoms (pullback lows in a developing 3-5 year advance) in June 2009 & January 2010, which would also validate this overall scenario.

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