



**The Week in Review**

1. This week's news was overshadowed by the announcement of facebook's IPO. The media circus pushed more important matters, such as Greece and Israeli/Iranian hostilities to the back burner.
2. January's jobs data came out today and the number was remarkably better than expected. Many media pundits, usually quick to talk up good news, were saying that the data was "too good". Unemployment dropped to 8.3 percent and the US economy created 243,000 new jobs (counting revisions to previously released data). The Obama administration was quick to come out and downplay what many view as a serious problem with the data, the labor participation rate. According to the Obama administration the 63.7 percent labor participation rate, the lowest since May 1983 and reflecting 1.25 million fewer people in the workforce in December, is a result of the recent census data creating an increase in the population figure that is used in the calculation. If the 1.25 million figure truly does reflect workers who have given up trying to find jobs, then the fall in unemployment is drastically overstated since those individuals are not counted in the unemployment calculation.
3. Lawmakers from 13 states are seeking approval from their state governments to either issue their own alternative currency or at least explore such a move as an option. Glen Bradley, North Carolina Republican Representative, said "In the event of hyperinflation, depression, or other economic calamity related to the breakdown of the Federal Reserve System...the State's governmental finances and private economy will be thrown into chaos." Only 3 states had put forward such proposals just three years ago. The US Constitution bans states from printing their own paper money or issuing their own currency, but does allow states to make "gold and silver Coin a Tender in Payment of Debts." That means 13 states are considering issuing gold and silver coins in some fashion as currency.
4. Tensions continue to arise in the Middle East as rumors of an attack on Iran by Israel began circulating this week. Iran added further pressure to the already increased tensions by successfully launching its first satellite into orbit this week.
5. In China, the pace of real estate investment appears to be slowing dramatically. Real estate investment makes up roughly 13 percent of China's economy, and if it slows enough, may lead to a "hard landing" for China's economy, which could have devastating effects on the other struggling economies around the globe.
6. Europe continues to struggle with the Greek debt problem. Latest figures show that Eurozone governments might have to provide 15 billion euros more than previously expected through the second bailout program for the beleaguered country. Following the revelation that more funds may be required, Luxembourg Prime Minister Jean-Claude Juncker, who leads the Eurozone finance ministers said "There will be no Eurogroup meeting on Monday February 6, 2012. A Eurogroup meeting may be scheduled later in the week."

7. Crude oil was at \$97 a barrel, pushed down slightly by a rise in inventories that was greater than expected.
8. The euro waffled back and forth this week against the dollar, apparently moving purely on headlines that Greece was “hours away” from a deal with its bondholders. Those headlines appeared all week and yet, there still appears to be no resolution forthcoming. The yen spiked higher against the dollar this week.

### Friday to Friday Close

	January 27 <sup>th</sup>	February 3 <sup>rd</sup>	Net Change
Gold	\$1732.00	\$1738.00	6.00 + 0.35%
Silver	\$ 33.80	\$ 33.75	(0.05) – 0.15%
Platinum	\$1620.00	\$1630.00	10.00 + 0.62%
Palladium	\$ 687.00	\$ 708.00	21.00 + 3.06%
Dow Jones	12660.46	12838.62*	178.16 + 1.41%

### Month End to Month End Close

	December 30 <sup>th</sup>	January 31 <sup>st</sup>	Net Change
Gold	\$1566.00	\$1737.00	171.00 + 10.92%
Silver	\$ 27.90	\$ 33.25	5.35 + 19.18%
Platinum	\$1400.00	\$1600.00	200.00 + 14.29%
Palladium	\$ 655.00	\$ 686.00	31.00 + 4.73%
Dow Jones	12217.56	12632.91	415.35 + 3.40%

### Previous year Comparisons

	Feb. 4 <sup>th</sup> 2011	Feb 3 <sup>rd</sup> 2012	Net Change
Gold	\$1349.00	\$1738.00	389.00 + 28.84%
Silver	\$ 29.06	\$ 33.75	4.69 + 16.14%
Platinum	\$1845.00	\$1630.00	(215.00) – 11.65%
Palladium	\$ 816.00	\$ 708.00	(108.00) – 13.24%
Dow Jones	12092.15	12838.62*	746.47 + 6.17%

\* Current at time of writing

Here are your Short Term Support and Resistance Levels for the upcoming week.

	Gold	Silver
Support	1730/1700/1680	33.30/33.00/32.50
Resistance	1770/1800/1825	34.40/35.00/35.50

	Platinum	Palladium
Support	1600/1580/1550	700/680/650
Resistance	1640/1675/1700	720/740/750

Volatility should be expected to continue. The media furor over the announcement of facebook's IPO and better than expected (albeit perhaps not entirely accurate) jobs data has emotions running high in the stock market. The almost carnival atmosphere brings back vivid memories of the "Internet Dot Com Bubble" era. News out of Europe this week continued to suggest that a debt deal for Greece was "only hours away". Hours came and went and yet, heading into the weekend once again, there is still no resolution to in the heated debate between the debt-laden country and its private bondholders. Iran's successful satellite launch brought home fears that the volatile Middle Eastern country may be further along in development of long range weapons than previously believed, increasing the unease in the region. In an interview with The Gold Report, James Turk continues to stand behind his statement that we've already seen the lows for the year in the price of gold. When asked specifically about his opinion on fiat currencies, Mr. Turk said "I think fiat currencies, which are backed by nothing but government promises, will collapse, and gold will return to center stage in global commerce. When it does, expect a straight shot up. It may be three months or three years. Take it month by month and see how it goes. Don't try to trade the gold market. Continue to build your gold and/or silver holdings, and when all is said and done, you'll be very, very happy." When asked what fundamentals will drive the silver price up, Mr. Turk replied "It's a good substitute for gold. Fifty-one ounces of silver do the same thing as one ounce of gold. Silver is a monetary asset that preserves and protects purchasing power. It's the combination of the monetary and industrial demands that creates so much volatility in silver relative to gold. With gold, you have only the monetary demand. Economists call that demand inelastic, because people want to own gold regardless of the price. With silver, the demand is very elastic, meaning it's very sensitive to changes in price." Finally, we leave you with this gem from Mr. Turk's interview in The Gold Report: "First of all, I hope people understand more clearly that gold is money, and that they view it from that perspective in order to properly assess whether it makes sense in their portfolios. Secondly, I hope people realize that despite the fact that the gold price has risen, it's important to distinguish between price and value—they're different things. The gold price has risen because the dollar is being debased, but gold remains very undervalued and it's well worth it for you to continue to accumulate it. Work it into your family budget, and every month or two, buy more gold—and silver, if you're so inclined. That leads to the third point. Don't try to trade gold; save it. When you're doing that, you're saving sound money, and that's a good thing." Mr. Turk, who has been so accurate with his projections in the past, continues to add his voice to those of other analysts that believe gold and silver are ripe for an explosive move to the upside in the very near future. He continues to recommend accumulating more physical precious metals with the goal of holding on to them for the long term. Keep that in mind as you accumulate precious metals for your portfolio and never over-extend your ability to maintain ownership of your physical precious metals for the long term. Especially in volatile times such as these, remember that precious metals should be viewed as a long-term investment and that the key to profitability through the ownership of physical precious metals is to actually own the physical products and to hold them for the long term.

Trading Department – Precious Metals International, Ltd.

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