

Gold's Bull Market Reconfirmed

Over the past several days gold scored:

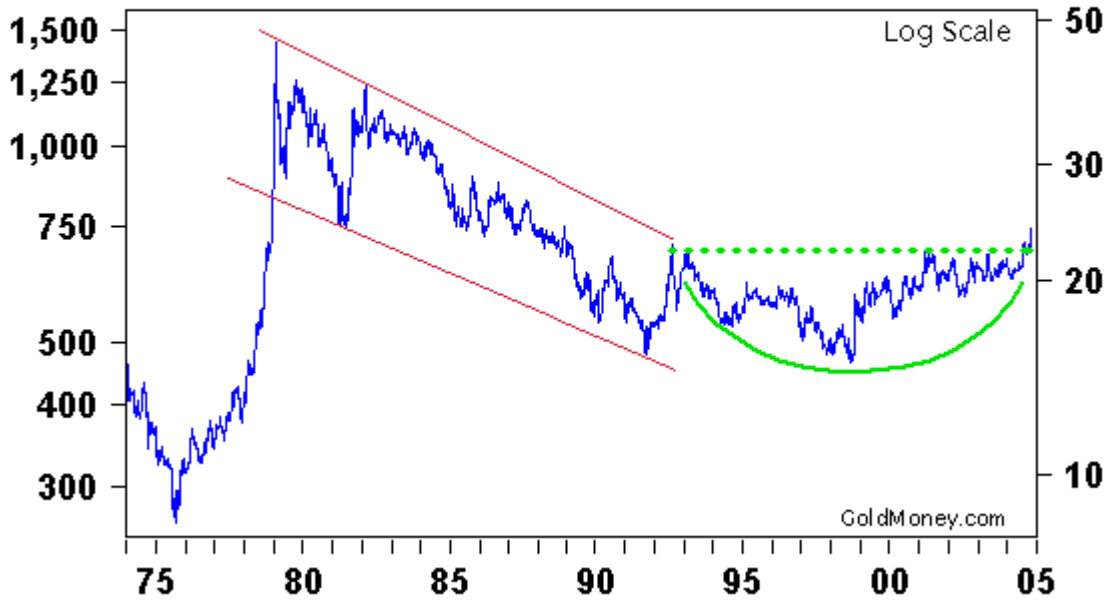
- a 17-year high against the US dollar,
- record highs against the Indian rupee and the euro (and a 17-year high against one of the euro predecessors, the German mark),
- a 14-year high against the Japanese yen,
- a 12-year high against the Swiss franc, and
- a 9-year high against the British pound, taking out a 25-year downtrend line in the process.

By any measure these are impressive achievements. I present some of these long-term charts below.



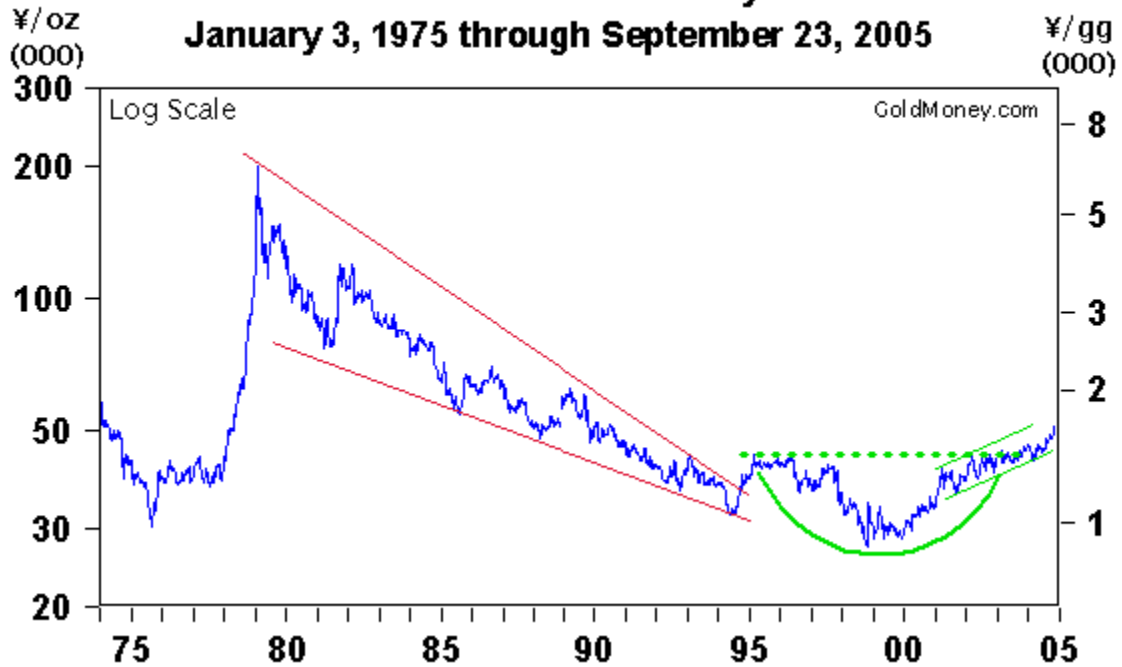
Dm & euro/Gold - London Weekly Close

Dm / oz **January 3, 1975 through September 23, 2005** Dm / gg

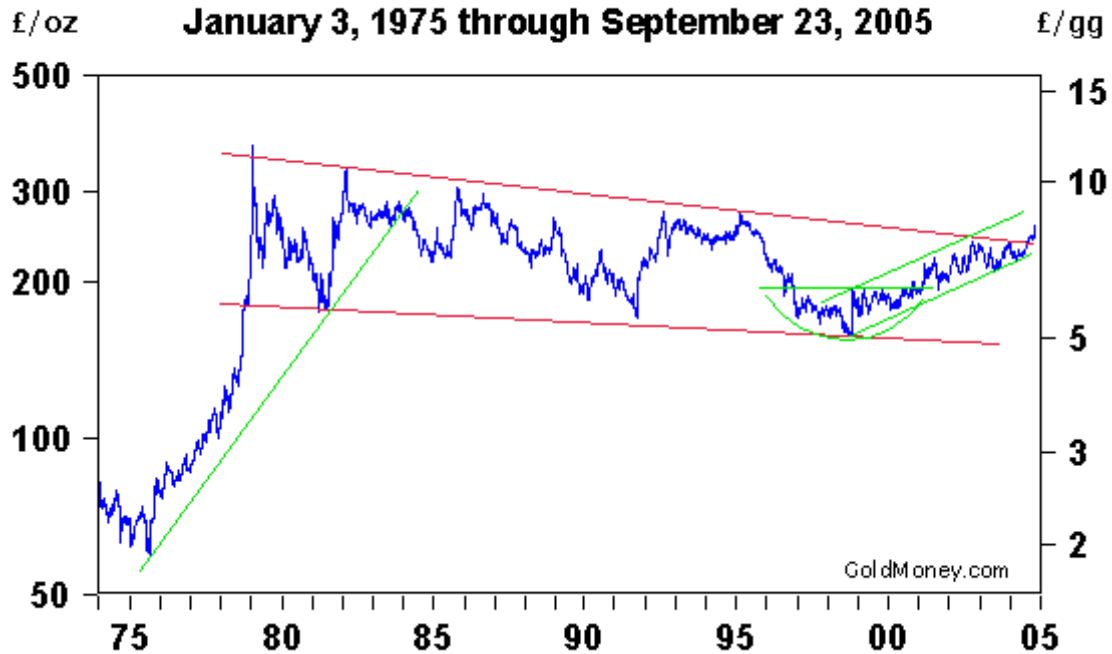


Yen/Gold - London Weekly Close

January 3, 1975 through September 23, 2005



Br. Pound/Gold - London Weekly Close



Gold failed to break into multi-year high ground only against the Canadian dollar and Australian dollar. Both of these currencies have been relatively strong, as both the Australian and Canadian economies have been benefiting from the worldwide boom in commodities. It seems though only a matter of time before gold also scores new multi-year highs against these currencies as well.

What we are seeing is the early stage of a major bull market. It is a 'cascading' effect. First, gold breaks into new high ground against the weakest currency, which has been the dollar. Then one-by-one gold scores new highs against each currency. This explains why I expect gold will eventually score new highs against the Canadian dollar and Australian dollar, which have recently become two of the world's strongest currencies.

In conclusion, gold's bull market has been reconfirmed in most of the world's major currencies. These multi-year highs are important because it shows that gold is in a bull market not against just one or two major currencies, but against all fiat currency.

A flight from fiat currency is the fundamental building block for all great bull markets in gold, which is an important point when viewing the above charts. We are seeing a flight out of the world's major currencies into the safety and security of gold, but as the above charts also show, we are still in the early stages of gold's bull market.