

# Back from the Future: Gold in January 2012

By Jeff Clark, Editor

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What's more valuable than one ounce of gold? How about the news release I brought back with me from the future that reveals the price of gold *then*? It's with nothing but unabashed excitement that I republish an article that I saw cross the AP wires on January 21, 2012...

## Gold Rockets Past \$5,000 in Heavy Trading

*Jan. 21, 2012 (AP)* For the fifteenth straight day, the price of gold rose on record-setting volume, reaching a milestone few believed possible just a few short years ago. Roaring inflation and a fading U.S. dollar, combined with the continuing stress and uncertainty of World War III, pushed gold past the psychological barrier of \$5,000 (to gold bugs, the "Big Nickel"), to close at \$5,108 per ounce. Gold is now up an astonishing 66% since December 31, matching its percentage ascent of January 1980.

"It was another peak day," proclaimed an exhausted trader on the floor of the NYSE, whose daily order flow, he said, included hardly any gold stocks as recently as a year ago. "The orders for mining stocks and the bullion ETFs are pouring in so fast and in such large volume that the computers needed help from us humans on the trading floor." Floor traders had been widely considered obsolete in 2008.

The excitement is thick and palpable in this bastion of capitalism, as each trader tries to scream louder than the next. Goaded by the fear of being left behind, gold buyers keep pouring in, and the price continues rocketing upward. "This is a once in a lifetime opportunity," shouted an ecstatic floor broker, who admitted he had been slipping in orders for his own account.

Meanwhile, outside the exchange, worried-looking buyers formed long lines at coin shops around the city. Already swamped with orders, the shops became financial refugee centers when a rumor ignited that Congress was considering confiscating gold, something that hasn't happened since 1933 under President Roosevelt. The rumor gained strength from last year's imposition of exchange controls. Supposedly needed for national security reasons, they gave rise to the "northern gaucho," a term used to describe Americans who risk jail time to slip dollars across the border into Canada.

More violence was reported in the coin shop lines again today. In Manhattan, one incident was so serious that a life-flight helicopter had to be called in when a woman stabbed a man who reportedly had cut into the line and then tried to enter the shop without a ticket. E-tickets for coin shop entry are now required by a city ordinance, something many consider very Orwellian. Some bullion shops have gone a step further and placed armed guards at entrances, who are reportedly none too polite when frisking customers for weapons.

While most are stunned by the yellow metal's price trajectory, the rise in gold stocks has been even more dizzying. In spite of the tremendous gains they have had in the past year, the influx of new, first-time buyers has not slowed.

Given the small number of real gold and silver companies, the buying pressure is, as one gold bug noted, "equivalent to pushing the flow of Niagara Falls through a garden hose."

As seemingly every investor has learned by now, gold stocks are leveraged to the price of gold. While the metal is up five-fold in the last three and a half years, many stocks are up ten- and even twenty-fold. But it is the Canadian juniors that have shown the greatest leverage; a few of the better-managed companies have given shareholders returns of 50-to-1 or better.

"Our recommended Canadian stocks are up an average of 1,000% over the past three years," said well-known speculator Doug Casey, speaking to a reporter with the good luck to find him in a hotel elevator. "However, our better performers have returned 5,000% to date. Our biggest winner closed today at \$101 per share; we first recommended it at 87 cents.

"Adjusted for inflation, gold is just now reaching its 1980 top," explained Casey. "This is something we've been expecting for years."

But joy for some is regret for others – especially those who sold in 2008, when the metal lost 23%. "I panicked during the sell-off that summer," lamented an investor. "I went another direction with my money, and I can't tell you how many times I've regretted it. I sold most of my gold stocks for a big loss that year. But what I really lost was all the future profits I threw away."

Scares from a fleeting rise in the dollar and a whiff of deflation convinced much of the public to dump gold and gold shares back then. And yet, as Doug Casey commented, "That was the buying opportunity of a lifetime and the last time the train stopped at a station with a 3-digit gold number."

The buying is not expected to stop anytime soon. *Time* magazine just announced that its lead story in its upcoming issue will be a chronicle of the gold bull market that started in 2001, with a front-cover picture of a gold bull stampeding outside a derelict NYSE building.

With the widespread bullish sentiment for gold, it came as a surprise when someone in the elevator jokingly asked Doug Casey if he was considering selling. Mr. Casey gave no answer but got out at the next floor and explained that he needed to put something together for his subscribers.

*Jeff Clark is the editor of BIG GOLD, a newsletter that focuses on the most prudent ways to profit from the gold bull market. [Try BIG GOLD risk-free](#), with our 3-month, 100% money-back guarantee. With your subscription, you can access Jeff's August interview with Doug Casey, where Doug gives specific numbers on the returns he experienced in the 1970s, and why he thinks the profit potential is even greater now.*