PROOF THAT GOLD SHOULD GET TO $10 000!! and SILVER TO $500!! (by 2028?)

Eelco Lodewijks
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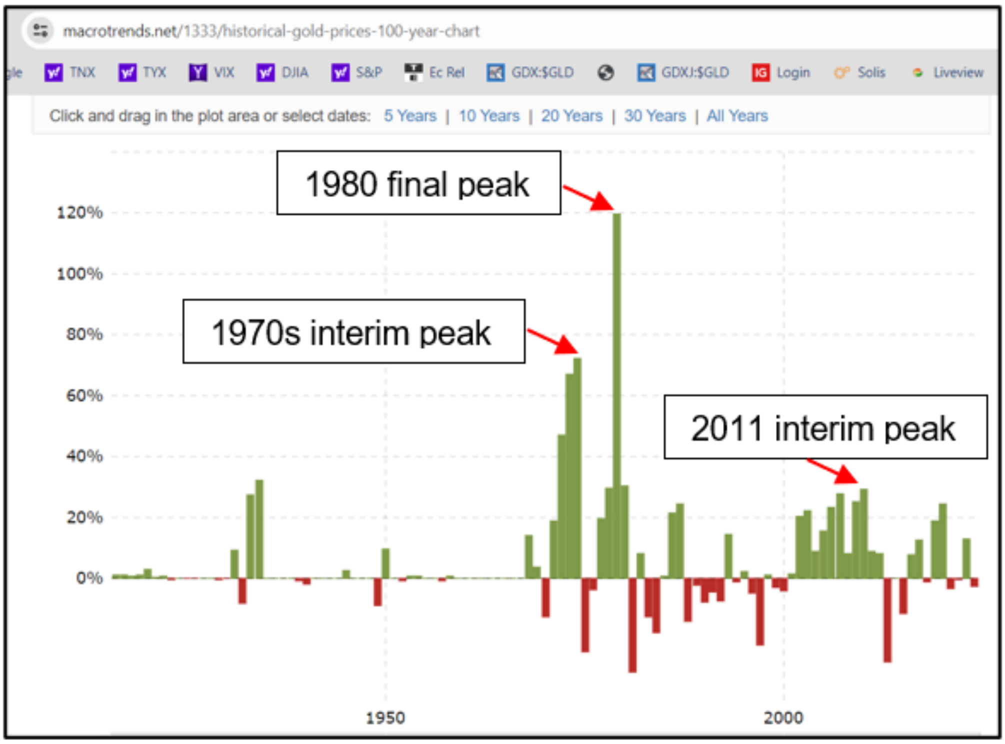
First we look for evidence that we are still in a bull market and then we look at how high the final peak is likely to be (?$8 300 - $10 000?) and when that is likely to manifest (2027/28?).

The **RESUMPTION** of the current "**GENERATIONAL**" Gold (& Silver) bull markets

The word "Resumption" implies that the Sept 2011 peak was not the final peak of the current Generational Gold Bull Market (**GGBM**). First, one must know that every "proper" bull market always ends with an exponential "irrational exuberance driven" price peak, and the best way to evaluate if price action "was/is" irrational, is by way of Year-on-Year price change. Below we see that the interim peaks leading up to Sept 2011 on the right, in no way resembled the interim and final "**bubble**" peaks of the 1970s **GGBM** on the left, which implies that this **GGBM** has not yet peaked. Judging by the recent YoY changes into Feb 2024, we aren't close to strong bull market action.



Furthermore, the use of the word "Resumption" pre-supposes that the bottom is in, and I will substantiate this by way of fractal analysis and the charts below. NOTE! A Fractal is a pattern that repeats. However, while Fractal patterns repeat, they are usually very similar in "shape", yet different in that the price targets and time frames would be pro-rata similar.

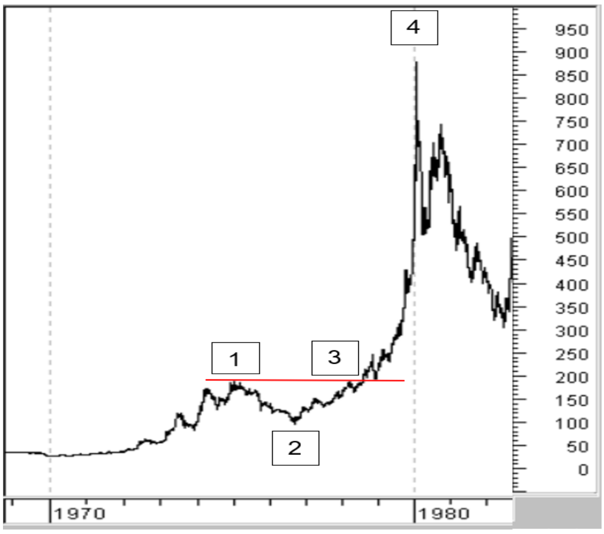
Using fractal analysis with matching numbers, I see the current GGBM playing out much like the 1980 GGBM played out.

First, we look to the 1970-1980 GGBM's "**numbered**" targets on the chart shown below:

1. Gold rose for 4 years from $20/1970 to a peak at $196 in Dec 1974 at the red line. It then

2. Dipped $90 into mid 1976 to $104, retracing +/-50% of the rise from $20 to $196. It then
3. Rose back to the red line at $196 early 1978. It then zig-zagged as it dipped a bit, broke through $196 and retested the red line at about $196 by end 1978. Finally,
4. Gold rose rapidly, within a year to over $850 by January 1980. Note that the price then dropped significantly, rose and then dropped further to about 34% of the peak price.

1970-1980 market pictured below



Now let us compare the 1-2-3 fractal of the above chart with the 1-2-3 of the current "Generational" Gold Bull Market that started in 2000/2001, with the following "matching" stages as shown below. Thereafter, I will then do a pro rata comparison of these two fractals' prices:

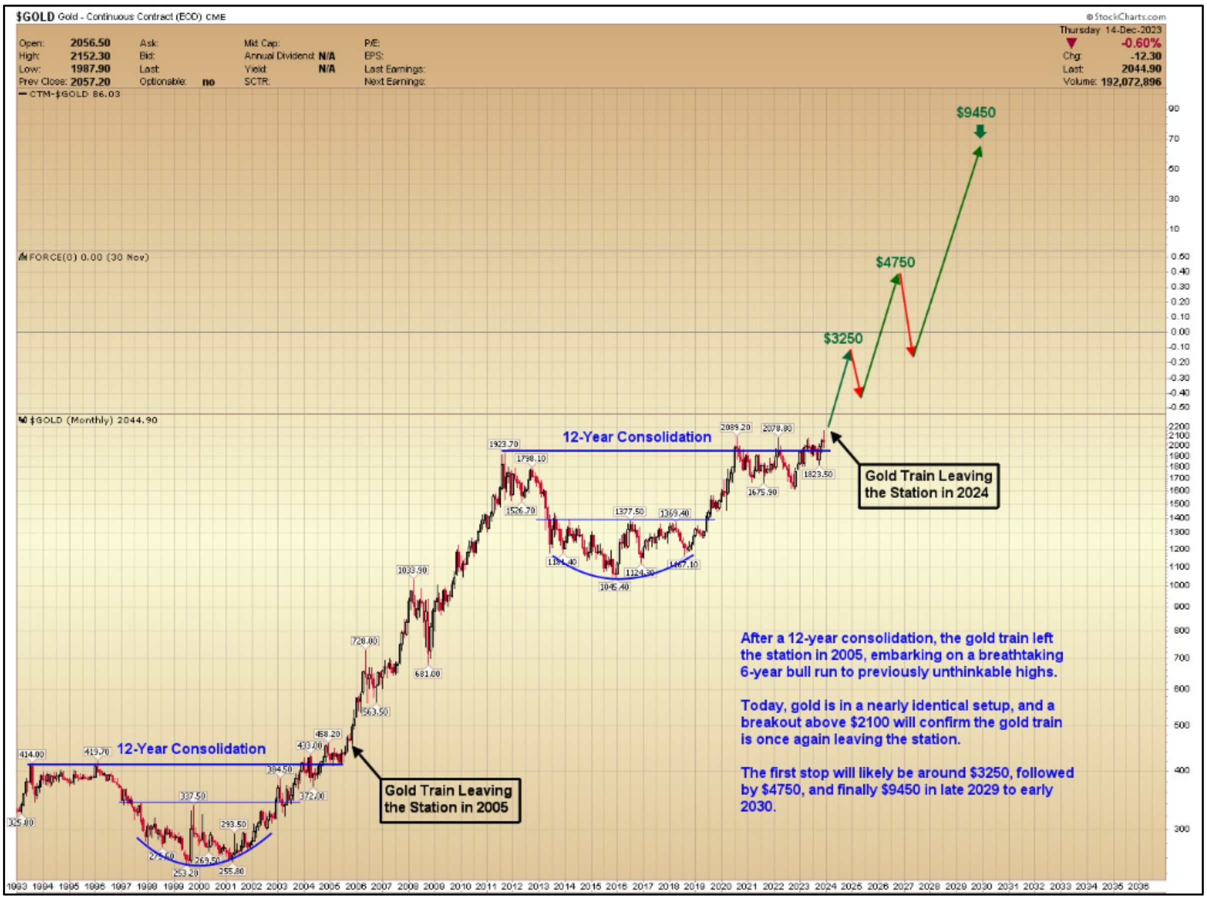
1. Gold took 10.7 years, rising from $255 in the year 2000, to reach its first peak at $1,920 in Sept 2011. This marks the start of the black line equating to the above red line.
2. Gold then dropped $885 over the next 4.3 years to reach the bottom of the dip in December 2015 at about $1,035, retracing +/-50% of the rise from $255 to $1920.
3. Gold then again broke above the "black" line of the previous peak at +/- $1,920 around July 2020, 4.7 years later. The price action from 2 up to 3 clearly shows that the bottom is in, and that Gold rose strongly from Jan 2016 into July 2020. The zig-zag consolidation took a few years to play out as shown between the blue lines below. Note that Gold again broke above $1920 in February 2022, because this relates to the pro-rata table further down. Update: Gold repeatedly went past the $1920 level, when it rose to $2075 in July 2020, Feb 2022 and March 2023, before finally breaking out to the upside in March 2024.
4. Projection: The future equivalent peak Gold target at 4 cannot be shown here but is inferred by the "pro-rata" table further below, which suggests Gold will get over $8,300 or closer to $10,000. Following that final peak, Gold will probably drop back to about $3,500, over many years, similar action to the drop after the post 1980 peak.

2000-2022 – Foundation for the rest of the 2026/2028 GGBM market pictured below

It is also worth noting that the chart formation above, from 1 through 3 (similar to 1970-1980 chart), is known as a cup, with the black arrow as the rim, and that the blue lines depict the handle. The cup and handle formation is deemed one of the most reliable formations, in that it breaks to the upside at about 85% of the time. <u>NOTE</u>. The similarity of the action denoted by the above two charts, from points 1-3 and then higher, is known as a fractal.

FURTHERMORE! – Re Cup and Handles!

Below is a **LOG** chart from AG Thorson's Dec 2023 report on Gold-Eagle, that reflects two cup and handles. The one from early 2000s and the aforementioned one that is unfolding now. Due to the accelerating exponential nature of final runs in bull markets, the latter run that Thorson suggests will peak near $10 000 in 2029/30, will probably peak in 2027/28.



<u>Final 2027/2028 Gold/Silver Generational Gold Bull Market (GGBM) peak</u>

Next, we want to look at "**How High**?" and "**When**?". In the table below I do a pro–rata fractal "comparison", <u>of the time and price values,</u> of both the 1970 – 1980 and current, Generational Gold Bull Markets, to predict the future action in the current **GGBM**. The red figures in the table below are projected.

In the 2nd box from the right, I show that the current **GGBM** is consistently taking about 2.8 times longer to play out, and in the box on the far right I show that the price targets are consistently about 9.8 times higher, than those of the 1970s. All this indicates that Gold is likely to get to at least $8,300, i.e., 9.8x the 1980s peak price of $850.

NB! The Feb '22 final bull run departure date was missed. This was probably due to the unprecedented Covid stimulus in 2020/21, which boosted the markets, disrupted trends, and deferred the final **GGBM** run departure date by about 2.0-2.5 years. Therefore, I contend that the final peak has been delayed to, say late 2027 or early 2028.

1970-1980 **1st** GGBM below					2000-2025 **2nd** GGBM - black=history, red=projected					2nd yrs vs 1st	2nd price vs 1st
Stage	**From**	**To**	**Years**	**Price**	**Stage**	**From**	**To**	**Years**	**Price**	**Longer by**	**Greater by**
1st Rise	1970	Dec '74	4.0	$196	1st Rise	2000	Sep '11	10.7	$ 1,920	2.7 Yrs	9.80 x @ Peak
Correction	Dec '74	Aug '76	1.7	$104	Correction	Sep '11	Dec '15	4.3	$ 1,035	2.6 Yrs	9.95 x 4 Corr'n
Recovery	Aug '76	Apr '78	1.7	$196	Recovery	Dec '15	July '20	4.7	$ 1,920	2.8 Yrs	9.80 x @ Peak
Zig-Zag	Apr '78	Dec '78	0.6	$196	Zig-Zag	July '20	Feb '22	1.7	$ 1,920	2.8 Yrs	9.80 x @ Peak
Final run	Dec '78	Jan '80	1.2	$850	Final run	**Feb '22**	**Late '25**	**3.6**	**$ 8,330**	**1.2 x 3.0 = 3.6**	**850 x 9.8 = 8330**
Covid Revision = offset 2.0 years (blue below)>					Final run	**Feb '24**	**Late '27**	**3.6**	**$ 8,330**	**Conservative**	**Conservative**
Probably higher. Far more printing/inequities v 1980. Therefore, my rev target = at least									$10,000		

However, could go far higher and last far longer if inflation continues higher post 2028!!

NB! Gold broke above $1920 in July 2020 & in Feb 2022 (as expected above) and then repeatedly in 2023. It finally broke clear Early March 2024

Therefore, it seems that Covid may have delayed the above projected breakout (Feb 2022 until Mar 2024) and final bull market run by 2.0 years.

However, bearing in mind that Gold is the ultimate haven asset, the target could be far higher than $10,000, because this time around the combined economic circumstances are far worse than they were in the 1970 to 1980 Gold Bull Market. Below, I list a few reasons (as at 2023):

- Artificially low and negative interest rates caused mispricing of assets, which drove Equity and Bond markets to unjustifiably high levels into end 2019, and again into end 2021 with the help of Covid grants that stimulated demand. The massive Covid stimulus proved to be a massive artificial boost that interrupted/deferred normal market activity and trends.
- Starting early 2022 inflation and interest rates rose sharply, with the result that the Bond markets are crashing. i.e., Both Equities & Bonds will yield negative real returns for years.
- The yield curve that started inverting in July 2022, and is gradually un-inverting, suggests we are in for a very heavy protracted recession starting around end 2024/early 2025.
- This will almost certainly precipitate a major crash that is likely to start in 2024 and end in 2025/26 with the S&P500 at, or below, 2000, 60% below its Dec 2021 peak of 4820.
- Inflation and rapidly rising interest rates are likely to hurt consumers, business and governments alike. Rising debt service costs will cause a protracted drop in consumption.
- Today, rapidly rising inflation is being driven by both Supply- and Demand-side factors. Rapidly rising consumable and resource costs will also result in a drop in consumption.
- Sovereign Debt is at unsustainable levels, and rising rapidly, even in developed countries.
- Deficit spending continues unabated globally, as all central banks print money like crazy.
- The global economy was in a mess before Covid, and Covid introduced huge government stimuli and the consequent "artificial" economic and market imbalances made it all worse.
- Key economic indicators are manipulated (Inflation and unemployment are understated).
- Things are very tricky geo politically and the US / China trade war is not helping.
- The Russia/Ukraine war & Russia oil embargo into Europe add to geopolitical complexity.
- Due to the spiralling annual deficit spending levels of "Fiat" money, including shenanigans comprising QE, TARP, ZIRP, etc., a significantly higher peak, with Gold over $10 000, is a distinct probability. I know this sounds far-fetched, but no more radical than $850 was in the 1970s and, remember, it is not Gold that is going up, it is the currencies and confidence in the system that are going down.

SILVER – Silver always follows Gold, but the movements are far more exaggerated

When determining the relative value of Gold to Sterling Silver currencies for Britain, Sir Isaac Newton set the Gold:Silver ratio at 16:1 as that reflected the ratio of Gold vs Silver in the Earth's crust. Under the Gold Standard, this ratio prevailed into the early 1930s.

In 1980, with Gold at $850 and Silver at $50, the Gold:Silver ratio was at 17. As at 04/23 the Gold:Silver ratio was about 80:1. If this ratio again drops below 20:1 in 2027/2028, when Gold peaks at $8,300, that means that Silver will outperform Gold "**fourfold**" and that Silver should be well over $400. i.e., If Gold gets to $10,000, Silver should briefly get over $500. This provides about a 20+ fold multiple from the current Silver price of +/-$24 (at 03/24).

CONCLUSION

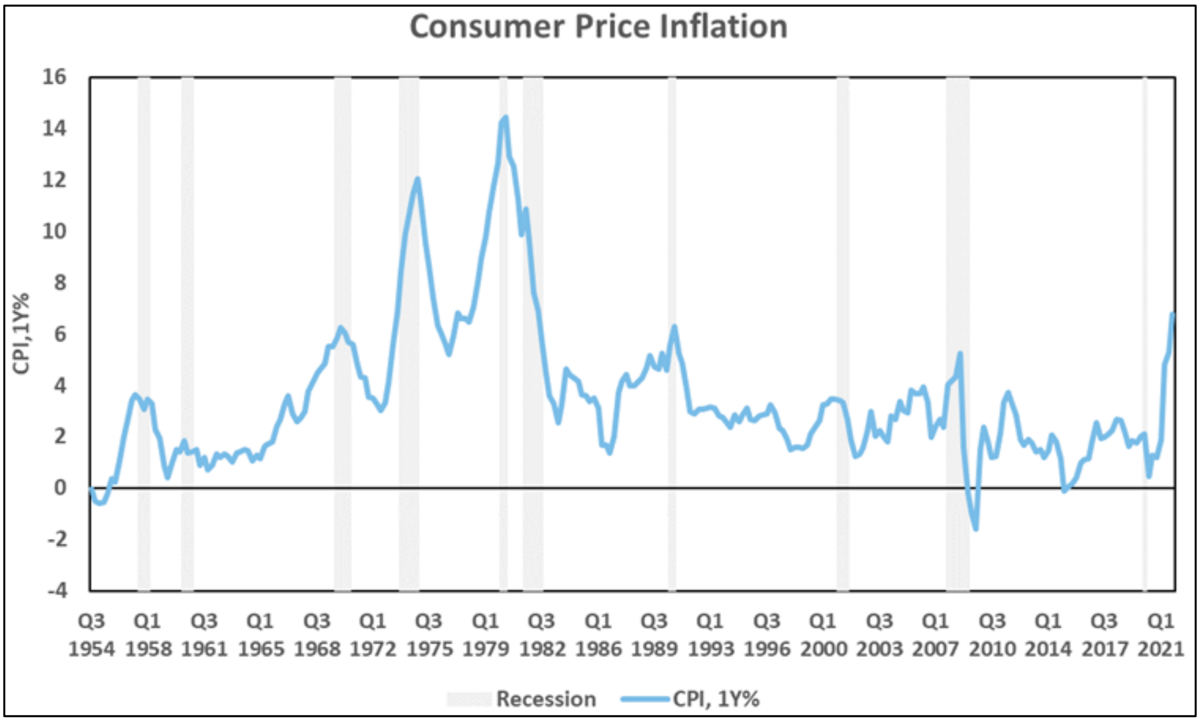
There is a very high probability (>85%) that Gold and Silver will provide significantly better returns than Equities, Bonds and even volatile "Fiat" Crypto currencies in the next 5-6 years. Therefore, one should put at least 15%, but preferably closer to 25%, of one's wealth into precious metals, of which say half should be in Silver. Because markets are overvalued, the balance of one's money should probably be in defensive asset classes like Cash, Money Markets and even inflation linked Bonds. Further below, I provide a list of my **15+ flags that will tell you when Gold is reaching a peak**.

A brief note on inflation

At this point, it may be good to briefly reflect on inflation, which was the primary driver of the 1970s **GGBM**, because both bond and equity returns after-tax, tend to lag "higher" inflation.

Inflation manifests in waves as shown below. However, even when inflation is "coming down", that does not mean prices are falling, they are merely rising less than the previous year.

Below, we see the inflation chart from 1954, up to and including end 2021. I contend that inflation will be sticky for the next decade+ and come in escalating waves as we saw on the left of this chart during 60s and 70s. **CMC!** (Current Market Comment). Although inflation is good for commodities, I would stay out of commodities until after the markets have crashed end 2025, because crashes tend to drag everything down.



"15+ FLAGS that will signal that the "final" peak is near/approaching".

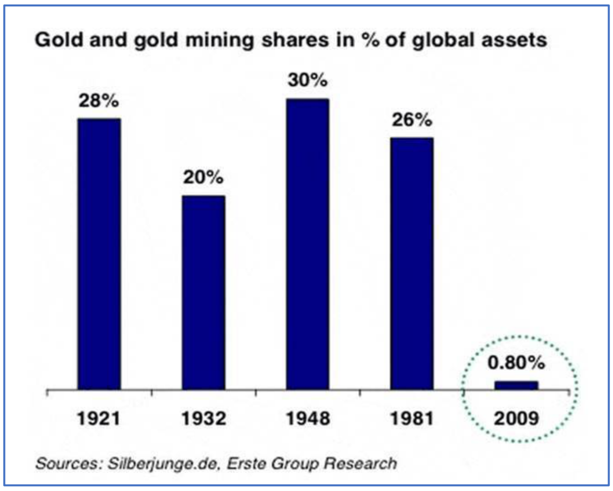
NB! Most, but not necessarily "all", will flag at about the same time. ***NB! I only see the flags listed below coming into play when Gold is over $8,000, or over $10 000, or higher***.

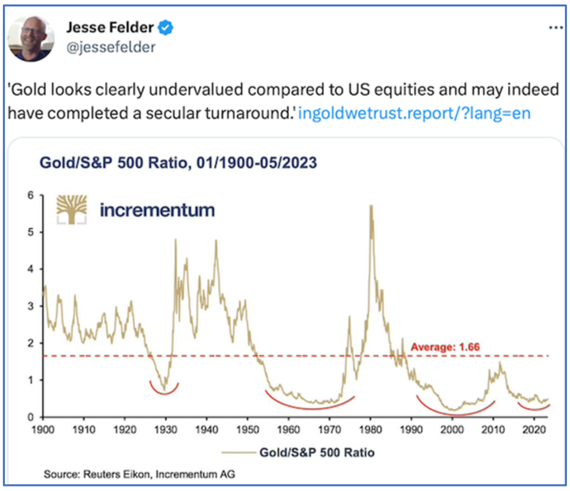
1. Everyone is an expert on Gold and Gold Equities. Time to become wary when the people at book club, hairdressers and waitresses are telling you which shares to buy and how their friends are making a killing. We saw this in 1980 with Gold and again in 2000 with the IT Boom. We are starting to see this today in Technology Equities. **Very reliable signal (VRS)**
2. There will be long queues outside coin shops. We saw this in 1980. **VRS.**
3. Billboards will be reporting Gold at record highs "daily". We saw this in 1980. **VRS.**

4. The Gold price will almost certainly double in less than 12 months?. **VRS**. Keep your finger on the "sell" key. The peak is less than a month away.
5. The Gold price will jump 5%-10% in a day (Silver probably even more) a number of times in a week. The peak is less than a month away. **VRS**. Keep your finger on the "sell" key.
6. The Gold:Silver ratio will be near, at, or less than 20x, probably less than. **VRS**. DEFINITELY Keep your finger on the sell key or just sell as this is **VERY** near the peak.
7. Gold and Silver Equities will peak days/weeks/months before their respective metal prices peak. i.e., When Silver shares start falling while the Silver price is rising, get out of Silver. **VRS**. In 1980, Silver peaked 3 days before Gold, so when Gold mining shares roll over while the Gold price is rising, get out of Gold. However, the Gold price could still jump say 10% higher in those last days. **VRS**.
8. The DOW:GOLD ratio will be at 1x, or less than 1x. **Fairly RS**. Keep your finger on the "sell" key. The Gold:S&P500 ratio will be well over 5x (see chart further down). **VRS.**
9. At some point days, **weeks, months** before the peak, the daily, weekly and monthly RSI will all be over 85, maybe even over 90 simultaneously and divergences will manifest (i.e., price peaks higher, MACD peaks lower). **VRS**. Keep your finger on the "sell" key.
10. The Parabolic SAR (a technical analysis tool used by traders) will have gone up for at least 24 consecutive months. **VRS**. Keep your finger on the "sell" key.
11. Gold will account for closer to 25% of investments in global financial assets (it is currently less than 1.5% as at early 2023 - see graphic at end). Start thinking about selling as this milestone is approached.
12. Global and S&P equities average PE valuations will be 5x-8x (Currently 20x-25+x as at early 2024) and dividend yields will be closer to 8%-10% (Currently about 1.5% as at early 2024). i.e. The markets will once again be offering great value. We have not seen these levels in the past 2 decades.
13. Gold will be going parabolic/vertical on the charts – hard to pick up as the horizontal scale can always make any rise look vertical. Best to look at a 20-30 year chart.
14. The Gold price will be 100% higher than the 40 week Exponential Moving Average – which is similar to the 200 day EMA. **AND,** Gold will be 150% higher than its 100 week EMA.
15. Central banks will, almost certainly, be buying Gold big time – but will cease buying near the end? Current market comment/update **CMC!**: As at early 2023, central banks have been buying record levels of Gold not seen since the 2nd world war.
16. Almost certainly, we will have rising inflation and interest rates. i.e. Both Bonds and Equities will both be offering Negative Real Returns. This is the ultimate Driver of a Generational Gold Boom, as outlined in my PM3 report, which can be found at EelcoGold.com. **CMC!** As at early 2023, inflation has become a major problem as it has started to rise. Interest rates are also rising/following.
17. There will be major discussions between G7/G8/G20 about Fiscal Austerity (cutting costs) and Fiscal monetary discipline (balanced budgets and less deficit spending).
18. Talk of re-introducing a Gold Standard is unlikely, but there will, almost certainly, be talk of a new Global Monetary Order, including a Currency Peg to a basket of commodities that includes Gold. The purpose will be to re-introduce some form of fiscal discipline worldwide. The future can no longer be one where selected currencies can print at will, which inevitably gives rise to competitive devaluations (currency wars) and inflation.

NB! Gold has not increased; it is the currencies that have lost their value. i.e. Bank notes no longer constitute wealth since their value is continually eroded by inflation. It is a proven fact that most currencies have lost 99% of their buying power in the past century, because it now takes almost 100x more money to buy the same item today than it did in the 1920's. Similarly, it was not Gold that went up by a factor or 100x from $20 in the early 1900's, to $1920 in 2011, but the currencies that went down. This is the ultimate proof that Gold, the ultimate tangible, is the perfect inflation hedge.

Point 10 above refers:





Remember! With both the above charts, the numerator rises while the denominator falls, so it is difficult to accurately predict the Gold price using these tools. However, they do illustrate the dramatic upside potential of Gold vs other financial assets and equities.

Currently Gold and Gold mining shares again account for less than 0.8% of financial assets, as at late 2022/early 2023. The second chart suggests that the Generational Gold Bull Market, that started in 2000, is about to resume. If the S&P drops to 2000, a 65% correction from its 4820 peak, that suggests Gold will get to over $10 000 (using conservative factor 5). If the S&P drops to 2500, Gold would get well over $10 000. If the S&P drops to 1650, with support at its 2000 and 2007 peaks, Gold would get to about $10 000 (using factor 6).

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Eelco Lodewijks
email: eelcogold@gmail.com

Eelco Robert Lodewijks was born in South Africa. He has a BSc Civil Engineering from University of Cape Town and a MBA from UCT. Mr. Lodewijks lectured Advanced Excel and Advanced Financial Modelling in Excel on the international circuit (including Hong Kong, Singapore, Brunei, Malaysia, Dubai, Kuwait, RSA, Mauritius, Zambia, Nigeria, Uganda, Tanzania and Zimbabwe). His early career was spent in construction site management on large multi-million Dollar projects, both in South Africa and the Middle East, where-after he did his MBA.

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