

HUI-S&P (0.44944, 0.44944, 0.44944, 0.44944, +0.00833)

### HUI-S&P 500 Ratio Weekly



*I have been fielding a fair number of emails lately asking me about the performance of the gold shares against the price of the actual metal. It is true that the shares have generally been lagging gold itself; however, against the broader market as measured by the S&P 500 Index, the gold shares have been outperforming for more than a decade now. With the credit meltdown inception in the summer of 2008, they took a hit that derailed their performance against the broader market but as you can see from the above chart, those holding the gold shares have fared much better than those whose stock holdings consisted merely of a basket of stocks such as comprise the S&P 500 index.*

XAU-S&P (0.17161, 0.17161, 0.17161, 0.17161, +0.00248)

**XAU - S&P 500 Ratio  
Weekly Chart**



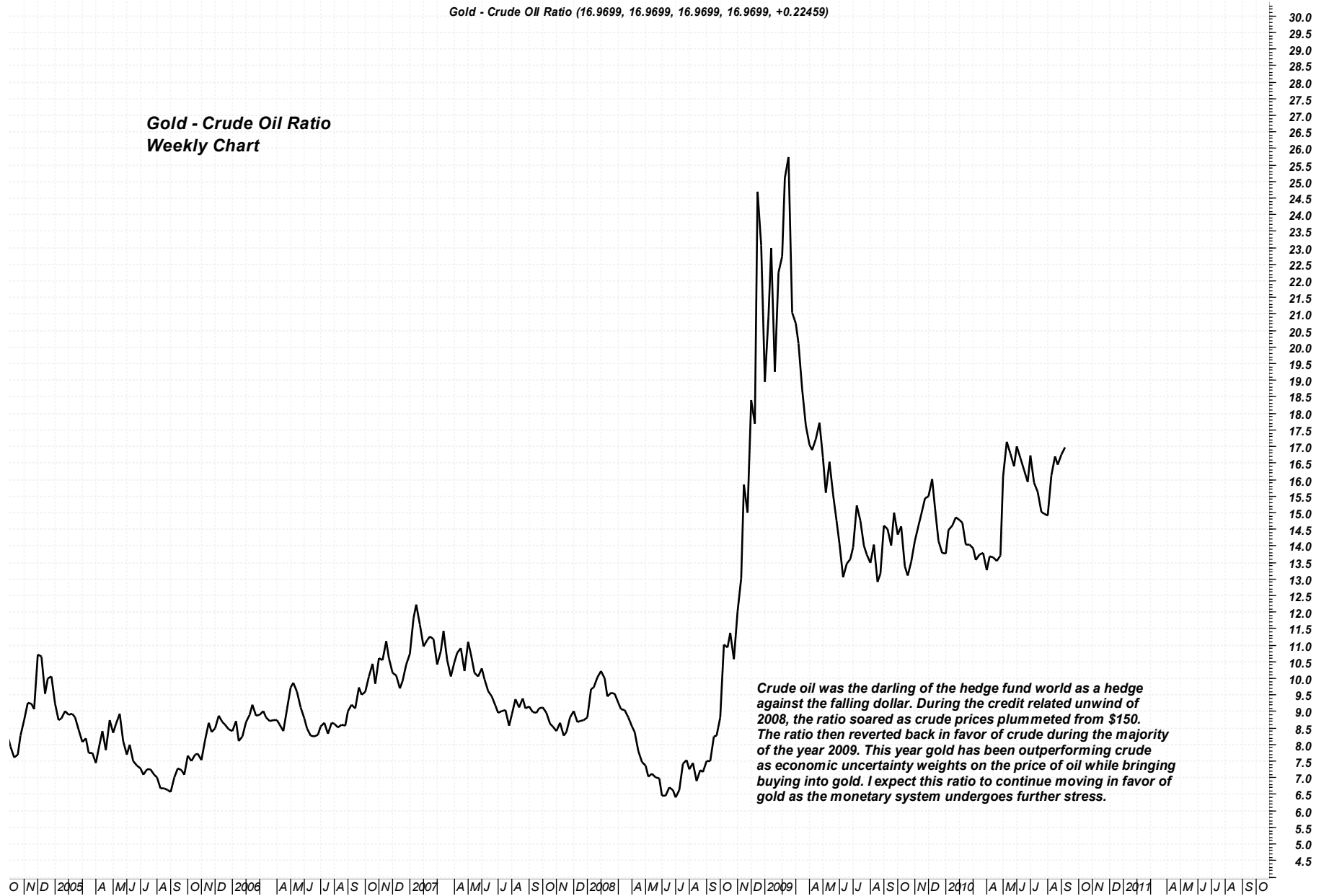
*This particular ratio is a bit less impressive than that of the HUI-S&P; however, if silver breaks out above \$21 and begins to run, this ratio in particular will move sharply in favor of the XAU. One would have to say that those who believed in both gold and silver as a store of wealth and protection against currency debasement have chosen much wiser than those whose only shelter has been the broader equity market.*

*I expect the hedge funds to notice very soon, if not already, that the spread trade of the next few years will be long the mining sector shares and short the broader equity markets.*

*Such a trade, should it develop, will lift a great deal of the continuous pressure that the current ratio trades of long the metals and short the mining shares have been placing on the mining sector as a whole.*

Gold - Crude Oil Ratio (16.9699, 16.9699, 16.9699, 16.9699, +0.22459)

### Gold - Crude Oil Ratio Weekly Chart



*Crude oil was the darling of the hedge fund world as a hedge against the falling dollar. During the credit related unwind of 2008, the ratio soared as crude prices plummeted from \$150. The ratio then reverted back in favor of crude during the majority of the year 2009. This year gold has been outperforming crude as economic uncertainty weights on the price of oil while bringing buying into gold. I expect this ratio to continue moving in favor of gold as the monetary system undergoes further stress.*

Gold - CCI Ratio (2.45088, 2.45088, 2.45088, 2.45088, +0.00147)

### Gold - Continuous Commodity Index Ratio Weekly Chart

*Gold has actually been lagging the broader commodity index since June of this year. It has rebounded somewhat over the past few weeks but is a good ways off from its best levels set back in late 2008. Again, as is the case with the Gold-Crude ratio, I expect gold to outperform the complex as a whole in the months ahead.*

