

December 2008 Comex Gold November 20, 2008
as of pit session close 12:30 PM CDT
12 hour chart

On the delivery front - Bank of Nova Scotia continues to be the main stopper of the November deliveries with JP Morgan continuing to be the main supplier.

There was a jump in November's open interest again yesterday of 43 contracts - those will probably be assigned overnight... I will keep you posted...

News of the auto bailout "deal" circulated through the financial arena today and that took stocks well up from their worst levels of the session. Gold was already trading slightly higher before the news hit but after it did and stocks began moving higher, gold hit its best levels of the session and once again poked its head above the \$750 level.

Once again, the test will be whether it can maintain itself above this level for more than one trading session. If it does, \$770-\$780 comes into play. If it does not, \$730, then \$720 are back on the table.

Listening to the president of the UAW complaining this morning was one of the more remarkable things I have witnessed in my career. There was no talk whatsoever about union concessions that might make things easier for the automakers to compete against their foreign counterparts. Instead, it was all the Bush administrations' fault for being so stingy and the Congress for not moving fast enough to throw money in the direction of Detroit. I simply cannot believe what I am seeing taking place here. When one factors in the health benefits of the union workers along with their pay they make an average of \$75/hour. Their non-union counterparts who work for Toyota for instance, make somewhere on average around \$43. The national average for all US workers is somewhere in the vicinity of \$29. Is there any wonder why the US automotive industry can no longer compete? And yet we have the president of that union DEMANDING taxpayer money to bail out the companies. The reason I mention this is because of its inevitable effect on the US Dollar - I will make you a bet right now that \$25 billion being discussed will not be sufficient to keep the US automakers afloat but that before the next year is out, they will be back asking for even more. Where does it all stop? The stage is being set for an utter collapse in the Dollar at some point in the not too distant future. What is perhaps even more certain is that China is going to get a chance to buy the entire US automotive industry for prices at 60 year lows should they decide that it is in their interest to do so. Think about the irony in that - a communist nation buying the symbol of the most powerful symbol of capitalism in the world!

The mining shares are apparently separating from the broader US equity markets once again. There is a chance that we have seen the worst levels we are going to see in the mining sector. I would like to see the HUI get over the 210 level to confirm that however.

