

Win With Silver

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With the Olympics just days away, and with precious metals sitting at very attractive prices (following this utterly absurd move lower), this is the perfect time to point out that when "going for gold" one can often be better off taking home **silver**.

As with many of the greatest, long-term investment opportunities, the reasons for investing in silver are numerous and obvious - and will (like all things) become much more obvious, in hindsight. The simplest place to start is with the patterns in price movement, and the reasons for those patterns.

A Tiny Market:

The gold sector is small, both in historical terms, and especially by our modern standards. The market-cap of every gold miner on the planet doesn't come close to equaling the market cap of the world's largest oil producer. Part of the reason this sector is so small (relatively) is a function of its status as a "precious" substance. You can't have a huge market for a commodity which exists in such relatively limited supply.

The other reason the gold sector is (artificially) small? The price-suppression by the anti-gold cabal of Western bankers. If gold were *properly priced* today, that is, at a price which maintains historical parallels to other prices, then the gold sector would instantly become several times bigger.

If the gold sector is "small", then the silver sector is *microscopic*. Perhaps the best way to illustrate this would be to simply observe there are no "large-cap" silver miners, and only a handful of true "mid-cap" corporations. It is largely because of the disparity in size with precious metals markets that a very predictable, long-term pattern has emerged.

Because the gold market is small, in any significant rally "the trade gets crowded" (as those with more trading experience than myself like to say) very quickly, so whether you are a "value investor" or a short-term trader, it doesn't take long for gold to look "expensive". This is when these same traders/investors invariably look to the next-best-thing: silver.

As "the ugly duckling", silver always begins any major precious metals rally from a position of being significantly undervalued versus gold (by any historical standard). Thus, as the gold trade gets "crowded", that "crowd" starts moving into the silver market. Then, because of the tiny size of this sector, silver **immediately** starts to outperform gold, since it takes a much smaller amount of investor dollars to power it higher.

This, in turn, brings in all the "momentum players". Not only can they see the pattern on the current charts like anyone else, but unless they are totally ignorant about this sector, they will know about this repetitive, historical pattern. Thus, while the silver rally depends on the gold rally to drive it, silver will almost always make bigger, stronger moves during these "gold rallies".

