



The *Franklin Sanders'*
MONEY CHANGER

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Friday, 21 October a.d. 2011

Here's the weekly scorecard:

	14-Oct	21-Oct	Change	% Change
Silver, cents/oz.	3,214.00	3,117.30	-96.70	-3.0
Gold, dollars/oz.	1,681.80	1,635.10	-46.70	-2.8
Gold/silver ratio	52.327	52.452	0.130	0.2
Silver/gold ratio	0.0191	0.0191	-0.0000	-0.2
Dow in Gold Dollars (DIG\$)	143.13	149.29	6.17	4.3
Dow in gold ounces	6.92	7.22	0.30	4.3
Dow in Silver ounces	362.31	378.81	16.51	4.6
Dow Industrials	11,644.49	11,808.79	164.30	1.4
S&P500	1,224.58	1,238.25	13.67	1.1
US dollar index	76.61	76.29	-0.32	-0.4
Platinum	1,555.00	1,516.00	-39.00	-2.5
Palladium	626.00	617.00	-9.00	-1.4

Strange week, mostly held in suspension by Eurocrats' indecision about their bank solvency crisis. Oddly -- or maybe, not so oddly, all things considered in this world of confusion and illusion -- stock investors today appeared to believe that something will come out of this weekend's Euro-summit, although they are

going into it with no plan & planning only to meet again soon to plan a plan. Don't sound like a plan to me, but I'm only a natural born fool from Tennessee, not a high-flying Eurocrat like Sarcophagus or Ferkel. For the week, metals all lost ground while stocks gained - barely.

Stocks gained enough today to close in positive territory for the year (31 Dec 2010 closed 11,573. Once that happened, the buying panic spread like a bar fight and for the Dow gobbled up 267.01 points (up 2.31%) to close 11,808.79. S&P500 lagged not far behind, up 1.88% (22.86) to 1,238.25.

So the Dow cleared that 11,650 hurdle that had been stymying its progress. Dow will now most likely touch its 200 day moving average (DMA) (now 11,965). It could rally all the way to 12,300 WITHOUT changing the doom hanging over its head, only altering it from a jaws of death broadening top to a diamond top. Mercy, the Dow may rally into the end of the year, but that is no reason to buy it. Rather, that's a last chance to sell for those poor victims who still own stocks.

Did I mention that it's ridiculous to look at the European bank solvency crisis and conclude the Eurocrats will cure it this weekend? It's ridiculous.

STOCKS -- they are they Tyrannosaurus Rex of Investment Predators.

US DOLLAR INDEX was cold-cocked & fell below 77, down 68.3 basis points or 0.88%. That fractured the 76.60 support, & opens the road for the dollar index to visit its 200 DMA, now 75.87. Long as the dollar does not dramatically rupture that line, it will remain in rally mode.

Euro today closed 1.3896, up 0.87%. Euro still hasn't broken up through resistance at that lower boundary line of the channel it was defenestrated out of in September. Today closed right on the 50 DMA 1.3889. Will rise higher.

Somebody goosed the Yen sure enough today. It's 131.88 high was a new all time high, but it closed at 131.05c/Y100 (Y76.30/\$1), plumb at the top of its trading channel. Yen wants to climb, but can't imagine the Nice Japanese Government Men letting it, since a higher yen would wound their exports so badly. Without exports, Japan is pretty much 280 million people looking for a job and waiting to starve.

Get ready for a 180 degree turn on gold, at least in the short-term. I looked at the chart this morning & LO! There's a large left shoulder (Tuesday), a head (Thursday), & the beginning of a shoulder above \$1,635. It measures out a 50 point rise from \$1,665, to \$1,715, if I have identified it correctly. After that rise I expect more downside, but if gold can pierce \$1,800 & hold its ground, then the tide has turned.

Gold yesterday rose late in the aftermarket to about \$1,622. Time the US market opened today it was already at \$1,635, and reached \$1,648. Rest of the day \$1,635 served as a floor. Comex closed at \$1,635.10, up \$23.20 (1.4%). Aftermarket is trading \$1,640.95.

Looks like gold has turned up for next week, maybe longer. Whether 'twill last is another question.

On Comex silver rose 3% (90.7c) to 3117.3c, and advanced all day. Like gold, silver has made a short of upside down head & shoulder -- maybe. If it is, it points to a rise to 3450c or so, but all this hasn't completely unfolded yet.

Silver couldn't penetrate 3150c (there fell today's high), & if this excitement is anything more than a Friday drunk, it must clear that Monday & keep on marching.

Expect higher silver prices this week.

Silver & gold remain in a bull market, & will until some monetary crisis finally brings down the fiat money

& banking system. Don't listen to anybody who says otherwise, because they don't know 'Sic 'em!" from "Come here!"

Now I know y'all mean well sending me those news articles about the TSA setting up roadblocks in Tennessee to search people in cars and in bus stations, but let me tell y'all something, & y'all write this down in your book. Until SOMEBODY says "NO!" they will keep on doing this stuff, & so far, none of y'all will say no. You'll let 'em search your car without a warrant because you want to finish your trip on time or your kids are with you or your wife has supper on the stove at home. Until y'all plant your feet square on the ground, get out of your car and lock it and refuse to have it searched for lack of due cause, and go to jail for a day or a week or a month & risk them beating you up if you have to because that's the only way you can enforce your rights, the TSA and the government will continue to ignore and steal your ancient rights, rights older than Magna Carta.

Ask any lawyer: without a Belligerent Claimant in Person, no rights exist. You have no rights you are not willing to enforce YOURself. No such thing as a Milquetoast Claimant In Person, begging government agents to please act nice & observe his rights. Hell will freeze over with ice six inches thick and icicles before that happens.

Did the British leave the colonies because the Americans asked 'em real nice? Somebody has to say "NO!" Till you're ready to do that, might as well get used to wearing that steel collar round your neck & pulling out your papers fast and respectful-like.

On 21 October 1922 Benito Mussolini took control of the Italian government and installed fascism in Italy. Why? Because not enough people said "NO!"

On 21 October 1922 Admiral Horatio Nelson led the English fleet to victory over Napoleon's combined French & Spanish navies. Nelson's victory at Trafalgar ended any threat to England from Napoleon.

The only message Nelson gave to his men before the battle was, "England expects that every man will do his duty." He need say no more. They beat the enemy in five hours. Nelson was hit by an enemy musket ball and died as the enemy surrendered.

One hundred one years ago today, 21 October 1910, my father was born in Michie, Tennessee. He never met a stranger.

Y'all enjoy your weekend!

Argentum et aurum comparanda sunt --

-- Silver and gold must be bought.
- Franklin Sanders, The Moneychanger

WARNING AND DISCLAIMER. Be advised and warned:

Do NOT use these commentaries to trade futures contracts. I don't intend them for that or write them with that short term trading outlook. I write them for long-term investors in physical metals. Take them as entertainment, but not as a timing service for futures.

NOR do I recommend investing in gold or silver Exchange Trade Funds (ETFs). Those are NOT physical metal & I fear one day one or another may go up in smoke. Unless you can breathe smoke, stay away. Call me paranoid, but the surviving rabbit is wary of traps.

NOR do I recommend trading futures options or other leveraged paper gold and silver products.

These are not for the inexperienced.

NOR do I recommend buying gold & silver on margin or with debt.

What DO I recommend? Physical gold and silver coins & bars in your own hands.

One final warning: NEVER insert a 747 Jumbo Jet up your nose.

Footnotes:

The US DOLLAR INDEX is a average exchange rate for the US dollar against the Euro, Yen, Pound sterling, Canadian Dollar, Swiss Franc, and Swedish Krona, weighted for each country's trade with the US. It gives a general measure of the US dollar's performance against all other currencies.

The DOW IN GOLD DOLLARS measures the Dow Jones Industrial Average in gold dollars (0.048375 troy oz. by law). The DiG\$ depicts the Primary (20 year) Trend of stocks against gold. When the DiG\$ is dropping, gold is gaining value against stocks in a trend that should last 15 - 20 years. The DiG\$'s chart is identical to the Dow in ounces of gold, but gives us one unvarying measure all the way back to 1896. Because it shows the primary trend ("tide") of gold against stocks, for investors it is the single most important financial chart in the world today. Since its August 1999 high at G\$925.42 (44.8 ounces), the DiG\$ has trended down, targeting a G\$80 - G\$20 (4 - 1 oz. of gold will buy the whole Dow).

The DOW IN SILVER OUNCES shows how many ounces of silver are needed to buy the entire Dow. The DiSoz is trending down with a target of under 36 ounces.

The GOLD/SILVER RATIO is the gold price divided by the silver price, & shows how many ounces of silver it takes to buy one ounce of gold. The Ratio shows us the Primary (20 year) Trend of gold's value against silver. When the Ratio's trend is dropping, silver is gaining value against gold. This trend targets a gold/silver ratio of 16 ounces of silver to one of gold within the next 5 - 10 years. That implies that silver will massively, vastly outperform gold before this bull market ends. When both metals are rallying, the ratio often (but not always) drops, confirming the rally.

14-Oct-11	Price	Change	% Change
Gold, \$/oz	1,681.80	14.50	0.9
Silver, \$/oz	0.32	0.50	-280.0
Gold/Silver Ratio	5,232.730	-36.864	-0.7
Silver/Gold Ratio	0.0002	0.0003	-279.9
Platinum	1,555.00	56.00	3.7
Palladium	626.00	37.00	6.3
S&P 500	1,224.58	13.64	1.1
Dow	11,644.49	166.36	1.4
Dow in GOLD \$s	143.13	0.83	0.6
Dow in GOLD oz	6.92	0.04	0.6
Dow in SILVER oz	36,230.52	100,497.79	-156.4
US Dollar Index	76.61	-0.39	-0.5

NOTE: The following are wholesale, not retail, prices To figure our retail selling price, multiply "Ask" price by 1.035. To figure our retail buying price, multiply "Bid" by 0.97. Lower commissions apply to larger orders, higher commissions to very small orders.

SPOT GOLD:**GOLD**

	<u>Fine Tr.Oz.</u>	<u>BID</u>	<u>ASK</u>	<u>\$/oz</u>
American Eagle	1.00	1,719.20	1,741.20	1,741.20
1/2 AE	0.50	862.46	882.63	1,765.26
1/4 AE	0.25	433.96	445.52	1,782.07
1/10 AE	0.10	179.89	186.61	1,866.13
Aust. 100 corona	0.98	1,636.38	1,651.38	1,684.73
British sovereign	0.24	395.75	402.75	1,710.94
French 20 franc	0.19	313.88	320.88	1,718.69
Krugerrand	1.00	1,691.20	1,714.20	1,714.20
Maple Leaf	1.00	1,696.20	1,714.20	1,714.20
1/2 Maple Leaf	0.50	880.53	891.04	1,782.07
1/4 Maple Leaf	0.25	441.32	445.52	1,782.07
1/10 Maple Leaf	0.10	171.48	193.34	1,933.38
Mexican 50 peso	1.21	2,012.67	2,029.67	1,683.39
.9999 bar	1.00	1,687.08	1,698.08	1,698.08

SPOT SILVER:**32.18****SILVER**

	<u>Fine Tr.Oz.</u>	<u>BID</u>	<u>ASK</u>	<u>\$/oz</u>
VG+ Morgan \$B4 1905	0.77	33,000.00	34,500.00	45.10
VG+ Peace dollar	0.77	31,500.00	33,000.00	43.14
90% silver coin bags	0.72	22,436.70	23,366.20	32.68
US 40% silver 1/2s	0.30	8,903.10	9,203.10	31.20
100 oz .999 bar	100.00	3,243.00	3,293.00	32.93
10 oz .999 bar	10.00	321.80	327.80	32.78
1 oz .999 round	1.00	32.28	33.18	33.18
Am Eagle, 200 oz Min	1.00	33.93	34.83	34.83

SPOT PLATINUM:**1,555.00****PLATINUM**

	<u>Fine Tr.Oz.</u>	<u>BID</u>	<u>ASK</u>	<u>\$/oz</u>
Plat. Am Eagle	1.00	1,555.00	1,655.00	1,655.00

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While we are on the telephone, I will lock in a price and give you a contract number. That contract obliges me to sell and you to buy at that locked-in price, regardless what later happens in the market. If you buy when gold stands at \$300 an ounce, whether it soars to \$1,000 or drops to \$100, you still bought it at the price we fixed. If you sell when silver stands at \$5.00, you still sold and I still bought at that price whether silver rockets to the moon or it gets so cheap they start paying people to haul it off in trucks like sand.

In other words, when you make a contract with us, I am giving you my word, and you are giving me your word, that we will faithfully complete the contract. Just as when you buy stocks or bonds, we cannot change or cancel the order once entered.

After you enter your order, you need to send us payment within forty-eight (48) hours by personal check,

United States Post Office (only) money order, or bank wire. If you send a check (whether cashier's check, bank check, bank money order or your personal check) we will hold shipment for fourteen (14) days to allow the check to clear. Generally you will receive your order (shipped registered mail or UPS) within three to four weeks from order entry.

Against bank wires we ship immediately upon receipt.

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