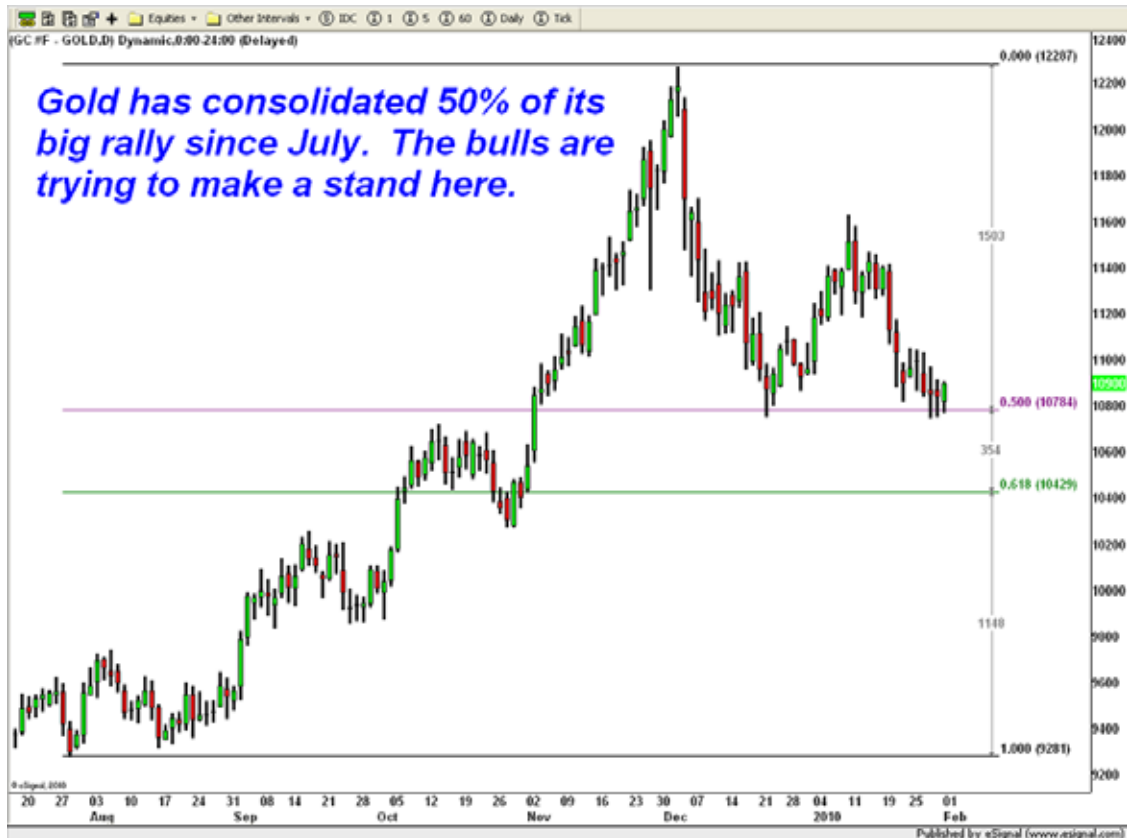


Brodrick UWD Video for 020210 Is it Time to Buy Gold?

Hi, this is Sean Brodrick for UncommonWisdomDaily.com. Gold has pulled back to 50% of its big run-up since July. This 50% retracement is a common level of technical support in the markets and some bulls are trying to make a stand here, putting a bid into gold. Take a look at this chart ...



You can see gold has pulled back to test the 50% retracement at 1,078. There is more support below at around 1,042. So is this a good time to buy gold? It *MAY* be a bottom, but in my book, the risks are still too high to buy gold now.

There's too much potential for gold to complete the head-and-shoulders pattern I showed in my Friday UncommonWisdomDaily.com column. Here's an updated version of that chart ...



You can see this chart gives a target around 945. So, I'm not buying gold right now. In fact, subscribers to my *Red-Hot Commodity ETFs* service are in an ETF that is short the price of silver.

Why do I think gold and silver are headed lower? Because I don't think the rally in the U.S. dollar is done quite yet. The greenback is still getting a bid due to short-term worries about problems in the eurozone and the good U.S. GDP growth number that came out Friday, a number I believe was inflated.

Longer-term, the dollar's problems will come back to haunt it. Problems like ...

- The White House just released a budget forecasting that the deficit for the current fiscal year will be \$1.6 trillion – much higher than earlier estimates.
- The new budget is ramping up defense spending hugely – we are fighting two wars, and that will likely push the deficit higher.
- In fact, fiat or paper currencies will all likely be in trouble longer-term, for the simple fact that governments can print more of them at will. You can't do that with gold.

Meanwhile, bullish forces in gold, like central bank demand, investor demand, and limited supply, will all come back into play longer-term. This short-term pullback in gold should prove to be a great buying opportunity, once we reach the bottom.

It's impossible to know exactly where the bottom in gold will be until after we hit it. So stay tuned – this could be a very exciting time.

This is Sean Brodrick for UncommonWisdomDaily.com. Thanks for watching.