

# INFORMATION LINE

Vol. XXV, Issue III

May/June 2007

## Perspective

The beat goes on. Since the beginning of this year, all the precious metals are up double digits. And, we barely have our toes into the second quarter.



Michael Checkan

Respectively, gold, silver, platinum and palladium have appreciated 10.5%, 11.8%, 12.6% and 13.6% since January. Few of our readers should be

surprised by this, and even less would be surprised to hear that we expect this to continue.

Now, we have heard the same things in the market as you. Some are calling for a massive correction. Others are commenting on the "toppish" or "overbought" nature of the current metals market. We have even heard folks calling for a drop in gold to \$250 per ounce **before** we will see \$750 per ounce gold.



Glen O. Kirsch

We hear these calls. We listen and pay attention to these predictions. We just don't agree with them.

Do we expect the bull market in metals to correct as it matures further? Absolutely. Can we tell you how deep that correction will go? No. Can we predict when it will happen? Not likely.

Rather than focus on the short-term noise, we have fixed our gaze squarely on long-term trends. This is where we hear the beautiful music to an investor's ears.



Rich Checkan

AS long as we hear the steady rhythms and soothing melodies generated by fundamentally strong metals markets, we are going to look for higher prices. Short-term distortion as a result of

Iranian tensions, Algerian bombings, Chinese-induced meltdowns in the Dow,  
...continued on p.3

## Investment Outlook from Your Swiss Gnomes

By Robert Vrijhof

Has the correction in worldwide stock markets that started in February 2007 already run its course or is it incomplete?

We at WHVP have accumulated a cash position in Swiss Francs and Euros during the past few weeks. We have decided to stay on the sidelines and watch developments carefully in the weeks to come.

Not only do we see heightened uncertainties surrounding the home building and housing sector and as a consequence a weakening of the US economy. We also feel that corporate earnings are peaking and that therefore eventually analysts' expectations will not be met. We could easily see another bout of profit taking which might take markets lower. We feel that the correction in Global Equities is not yet complete.

May we also take this opportunity to have a closer look at the US Dollar? We saw the US Dollar fall to a low of USD/CHF 1.2020 which turned out to be a strong resistance. We will see some strength coming back to the US Dollar in the weeks ahead; it will be getting toppish at approximately \$ 1.2420. Expect severe weakness after this, we will see a test back to USD/CHF 1.1880. Should this level fail to hold, all time lows of roughly USD/CHF 1.12.80 is in the cards.

We have not changed our positive outlook on precious metals and we are still convinced that our first target of USD \$720 to USD \$730 will be reached during 2007. That leaves of course open the key question; "which markets and currencies still promise opportunities?"

We still have a positive outlook for Japanese equities, the positive outweighs the negative by far and despite the recent weakness of the Nikkei 225 as well as the Japanese YEN itself. To get into this market we suggest a well run Japanese Mutual fund on the Nikkei 225.

Another exciting investment opportunity as mentioned in the information line before is still the Turkish Lira (TRY). There are quite a few positive factors surrounding Turkey and its currency. Turkey has been able to move away from double digit inflation, they are now looking at inflation of 6% to 8% with short term interest rates on TRY at approximately 18% we would say this looks like a feast.

Currency volatility will of course play an important role in this investment. The high nominal and especially the real yields will in our eyes compensate investors. We would be looking at an investment horizon of 2 to a maximum of 3 years. □

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### In This Issue

- Investment Outlook from your Swiss Gnomes – p. 1
- Currency Corner – p. 2
- The Hard Stuff – p. 2
- Inside Story – p. 3
- Bits & Pieces – p. 4