



TOP 5 PREDICTIONS FOR 2010

NUMBER 1 PREDICTION

"MARKETS TO HEAD HIGHER TO THE 200 WEEK RESISTANCE"

It seems that our Christmas wish for 5,000 points for our X.J.O is only a couple of weeks late, with our 200 week moving average at 5,100 our seasonal Santa Claus rally looks to have the legs to see us break through 5,000 points and touch this average...

There weren't many analysts calling a bottom for Global stocks back in March 2009, well maybe a few of us, if you follow your weekly reports you certainly would have been on the right side of the fence.

We looked at the Baltic dry index and I explained why and how we use this index to monitor Global activity - mainly export activity, it was rising fast...

April we talked about not waiting for Jobs to get better as we explained how both Job creation and Unemployment are a lagging indicator for marking an end of a recession..

Hope you were listening..

Since November I have been "VERY NERVOUS" and for good reason -

"A HUGE WEEKLY RESISTANCE LINE LIES AHEAD"

Strong retail sales figures released last week should certainly see more upward momentum continue for our share market..

" A V shaped recovery or a W shaped recovery remains the only unknown for 2010."

"EVERYONE NOW AGREES THAT A RECOVERY IS UNDER WAY"

"ONLY QUESTION IS HAS IT GOT THE LEGS" ????"

AUSSIE 5 YEAR WEEKLY CHART:-



DOW JONES - 5 YEAR WEEKLY CHART..

“That wavy black line is again the 200 week moving average, if the DOW can get back above that line you will hear the Yanks cheering from Australia”

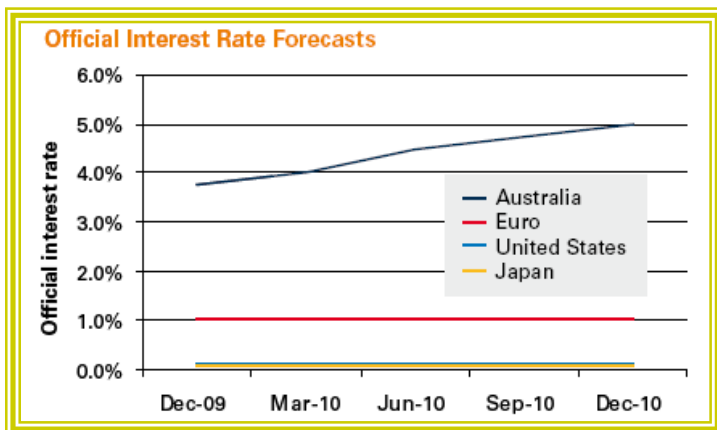
“SOME TYPE OF SIDEWAYS CONSOLIDATION AT 11,000 IS MOST LIKELY”
“AT LEAST UNTIL COMPANY EARNINGS PICK UP IN THE BACK HALF OF 2010”



PREDICTION NUMBER 2

“INTEREST RATES GLOBALLY WILL GO HIGHER”

With Australia clearly leading the way with a record number of rate hikes in 2009 everyone is wondering just how far will our reserve bank go and by when?



This chart shows what most analysts predict for global interest rates and if they are correct we should see Aussie interest rates climb another 0.75% from our current levels in 2010.

“MY MONEY IS ON A HOLD FOR FEBRUARY FOLLOWED BY A 0.25% INCREASE IN MARCH..

THE OTHER 0.5% WILL COME LATER IN THE YEAR AS INFLATION PERSISTS.

“IT MAKES SENSE TO KEEP GLOBAL STIMULUS PROGRAMS”
“IN PLACE THROUGHOUT 2010 WHILE RAISING RATES GLOBALLY”

“Watch for a significant U.S \$\$ rally midyear as they look towards tightening”

“REMEMBER GOLD WILL ALWAYS PROTECT YOU FROM INFLATION”

PREDICTION NUMBER 3

"GLOBAL GOVERNMENT DEBT TO GET WORSE"

If you think the Dubai scare was the last - 'THINK AGAIN'..

Currently we have so many companies, countries and state governments falling deeper and deeper into unsustainable debt..

It will only be a matter of time before we see another "GLOBAL DEBT SCARE", take a look at some other European countries debt levels, most didn't even receive a mention..

Greece remains the only country that everyone has picked on, what is interesting is the fact that Greece holds the most Gold per Country as a percentage of its piggy bank than any other country in the world..

"MAYBE SOMEONE IS TRYING TO FORCE GREECE TO SELL SOME GOLD"

"THREE WORDS = "I.M.F"

	Budget Deficit as % of GDP	Debt as % of GDP (est. 2010)
Greece	-12.7%	113%
Spain	-9.6%	53%
Portugal	-6.7%	77%
Italy	-5.0%	115%
Ireland	-12.2%	65%
Source: OECD, Reuters		



For thousands of years throughout our history the "IRON" countries of Europe have always tried to crush the weaker "CLAY" countries.

2010 will see history repeat itself for sure, already we are seeing England and Germany, ("IRON") pick on Iceland, Spain & even Ireland about their policies..

What makes it so interesting is that England isn't even a part of the Euro currency yet and it has so much pull..

"IMAGINE ONLY 4 MAJOR WORLD CURRENCIES – "IT IS COMING"

"GOLD WILL BE ONE OF THEM"

Australian Government Debt statistics:-

Sources= <http://www.treasury.nsw.gov.au/> , <http://www.treasury.qld.gov.au/> , e.t.c

Victoria= A deficit of \$2.7 Billion is predicted in the current 09 /10 financial year, peaking at \$6.8 billion in 2011-12 and are optimistic that they expected to return to a budget surplus in 2012-13.

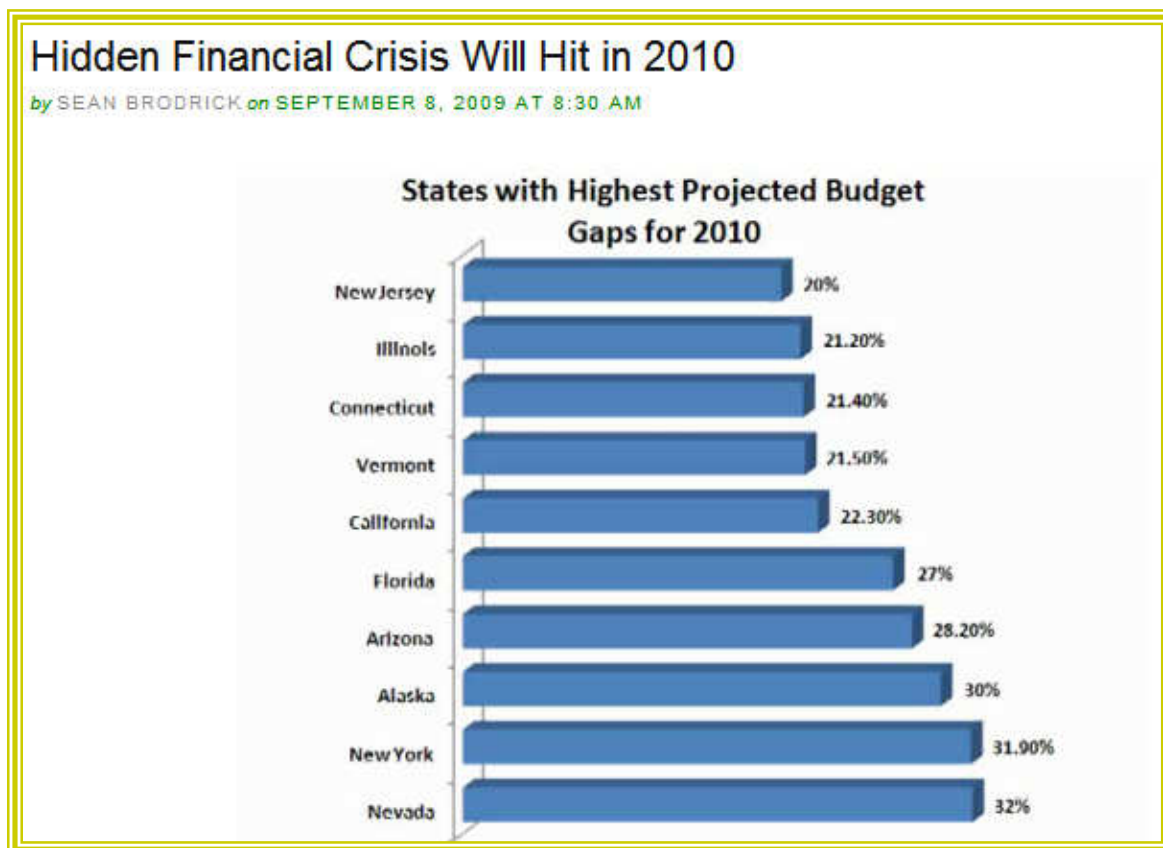
New South Wales= A deficit of \$712 million for 08/09 was confirmed and in the current 09 /10 financial year predicting a \$4.1 billion deficit while a return to surplus in 2010 is predicted and this seems very optimistic indeed, especially without a strong jobs recovery...

Queensland = A deficit of \$2.357 Billion is predicted in the current 09 /10 financial year, peaking at \$4.1 billion in 2011-12. Queensland's finances are not expected to return to surplus until 2016-17.

**“AUSTRALIAN GOVERNMENTS ARE NOT IN TROUBLE YET”
“HOWEVER THE WARNING SHOT HAS BEEN FIRED”**

HERE ARE SOME STATISTICS ON AMERICAN STATE DEBT LEVELS..

Again a similar story to Greece, although there are many worse U.S state debt levels than the state of California it seems all you ever hear about is California while the others slip under the radar...



“THE BIGGEST THREAT TO OUR SHAREMARKETS IS GLOBAL DEBT LEVELS”

PREDICTION NUMBER 4

"CHINA TO RETURN BACK TO DOUBLE DIGIT GROWTH IN 2010"

The Chinese government just raised its 2009 GDP growth forecast from 9.0% to 9.6%, doesn't sound like much but it is huge and a modest forecast indeed..

All the figures I am seeing point towards a very solid year for China, the only power that can stop Chinese growth is the Chinese..

The Chinese government continues to slow its economy by raising cash reserves for its banks and tightening investment policies, they will do anything to stop a bubble from starting..

We expect China to grow in 2010 by a solid 10% & with India snapping at their heels with a respectful 7% G.D.P growth all this will be good to keep our Aussie economy trickling along.

The next pack that follows should be Brazil, Australia and Canada, (all commodity countries), with averages close to the 3% G.D.P growth rates making them stand out from the rest of the world.

"Make no mistake global growth will increase in 2010 and all eyes will be on "America"..

"JAPAN WILL REMAIN THE WILD CARD IN 2010"

"AFTER 20 YEARS OF DEFLATION CAN INFLATION EVER RETURN" ???

THE LONGER GOVERNMENTS AROUND THE WORLD MAINTAIN THEIR STIMULUS PROGRAMS

THE BETTER CHANCE WE HAVE OF GLOBAL GROWTH IN 2010..

"ONLY THING IS THIS WILL ADD TO MORE BAD GOVERNMENT DEBT"

"NOW DO YOU UNDERSTAND WHY I LOVE GOLD SO MUCH"

PREDICTION NUMBER 5"

"GOLD AND OIL HEADING HIGHER –"MUCH HIGHER"

With so many forces around the world now combining together they should push the Gold price up even further, 2010 will certainly be a golden year for Gold investors..

Whether we recover globally much faster than most expect we will have Inflation again or if we slip a bit in 2010 and deflation hangs around a bit more we still win..

Oil has a similar story with so many forces driving it higher also, the rate that our Global economy has slowed is being offset by Chinese growth for Crude Oil products..

So many people will have you believe that the price of Oil has so much to do with cars and petrol however when you look around your house and see how many things have Crude Oil in them you wont have much left inside that is Oil free...

Oil demand has increased so significantly in our last decade, right at the time when supply has peaked and starting its downward slope in Global Oil production..

“EVIDENCE OF PEAK OIL”

When you have a spare 30 mins check out the below video on Peak oil, it is one of the best...

<http://www.chrismartenson.com/crashcourse/chapter-17a-peak-oil>

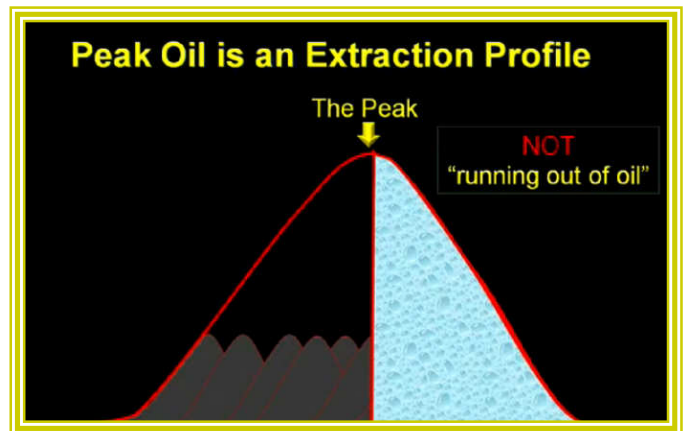
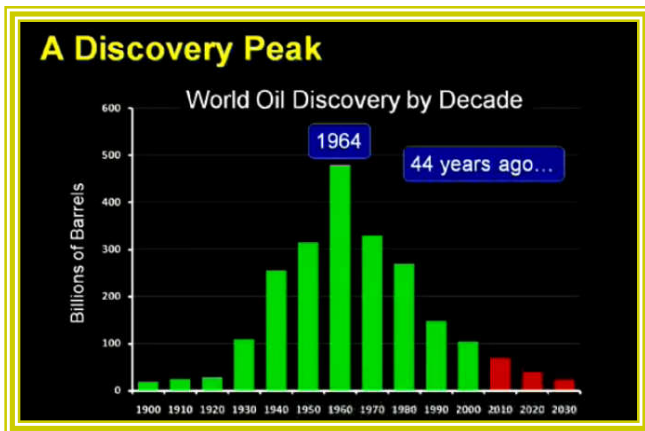
There have not been any significant Oil discoveries since the mid 1960's and this has come at a time when demand has increased exponentially each decade.

To understand Peak Oil –

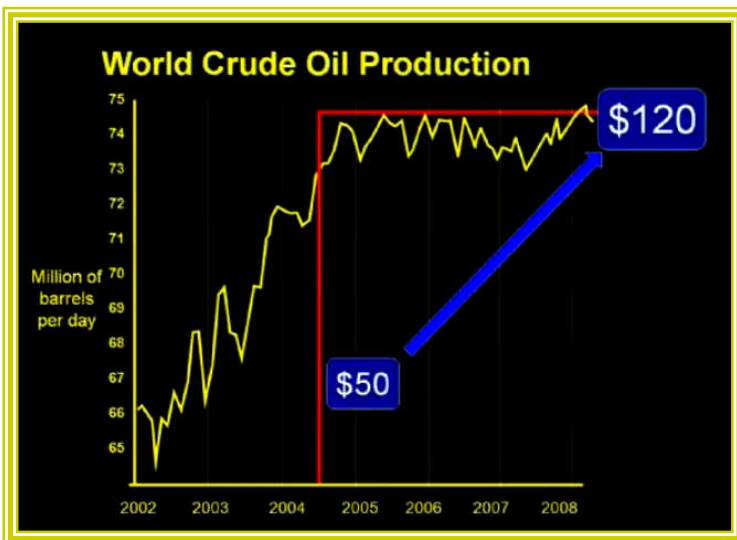
Understand that it is not saying we are running out of Oil, it is just saying that the rate of production or Oil flow is declining as we still have around half of the last 100 years of oil usage still in the ground..

The only problem is Crude Oil demand continues to increase exponentially and this is driving up the price big time..

Check out some great charts below.



“HERE IS 2 CHARTS ON OIL PRODUCTION – SEE HOW THEY HAVE PEAKED”



No matter how many more drill rigs we make, the speed or rate of oil flow out of the ground cannot be increased “THIS IS PEAK OIL”..

When Oil was at it's record high in the \$140's that would have been the perfect time to increase production and make more money.

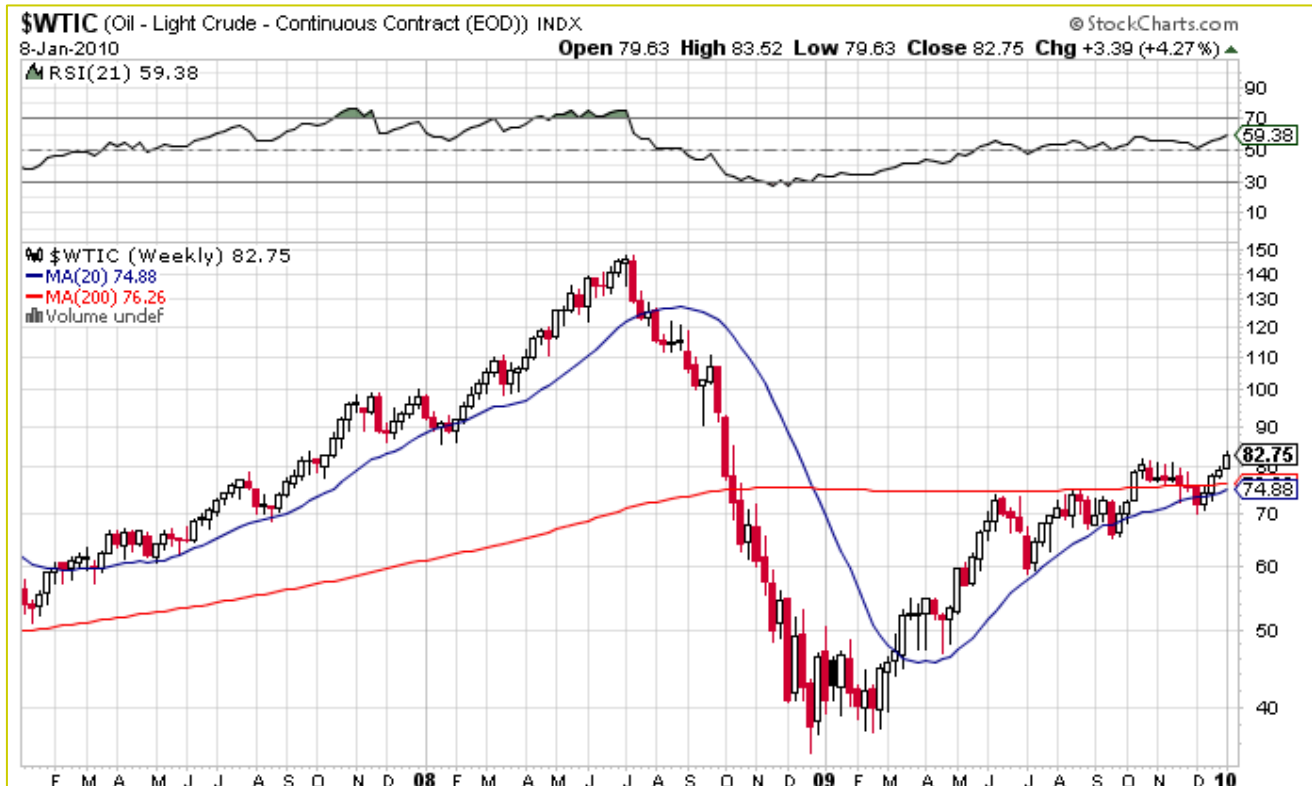
What was interesting is the fact that this was not the case and completely the opposite occurred.

“BACK IN 2002 TO 2004 WE SEEN AN INCREASE IN OIL PRODUCTION”

“OF OVER 10 MILLION BARRELS A DAY - THAT WAS ALL THE SPARE CAPACITY OPEC HAD”

CURRENT WEEKLY CHART ON OIL

Courtesy of Stckcharts.com



Technically Crude Oil is looking very strong as it reclaims the support of it's long term 200 week moving average, even the blue short term 20 week moving average is offering support again just like it did in 2007..

"IS OIL LEADING THE WAY BACK ABOVE THE 200 WEEK MOVING AVERAGE"

"I HOPE SO"

"OIL IS SHOWING US A "V" SHAPE RECOVERY"

There is just one significant resistance level ahead for crude at \$85.00, if it breaks above this then the next stop is \$100 Oil by mid year..

Being an investor in Oil stocks and holding them long term makes so much sense to me as any alternative energy source is still years away from replacing Oil...

**With great Technicals and very healthy Fundamentals for Oil
It deserves a special place in your Investment portfolio**

"\$100.00 OIL – HERE WE COME"

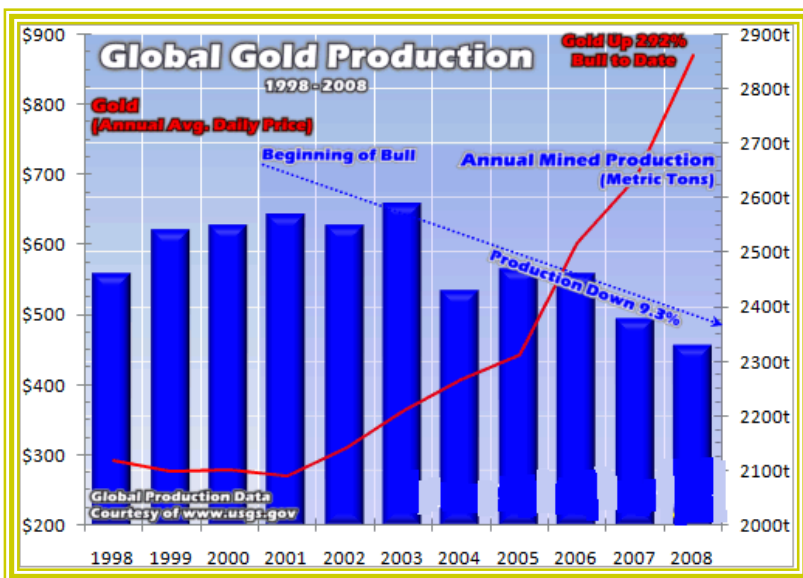
PEAK GOLD

Yes that is right "PEAK GOLD" just like Oil and it's story on production decline, Gold production also is in a steady decline despite higher prices to entice more miners to increase their rate of production.

There are 2 solid Aussie miners who are slowly increasing their production however none of our Aussie mines make it into the top 5 global producers.

South Africa still holds the top spot when it comes to the amount of Gold being produced however if history has anything to go by it looks like China could take over them within 2 to 3 years.

"EVIDENCE OF PEAK GOLD"



Global Gold production peaked in 2003 and since then it has been in a huge decline as the Gold mines in South Africa dramatically use up all their Gold in the ground.

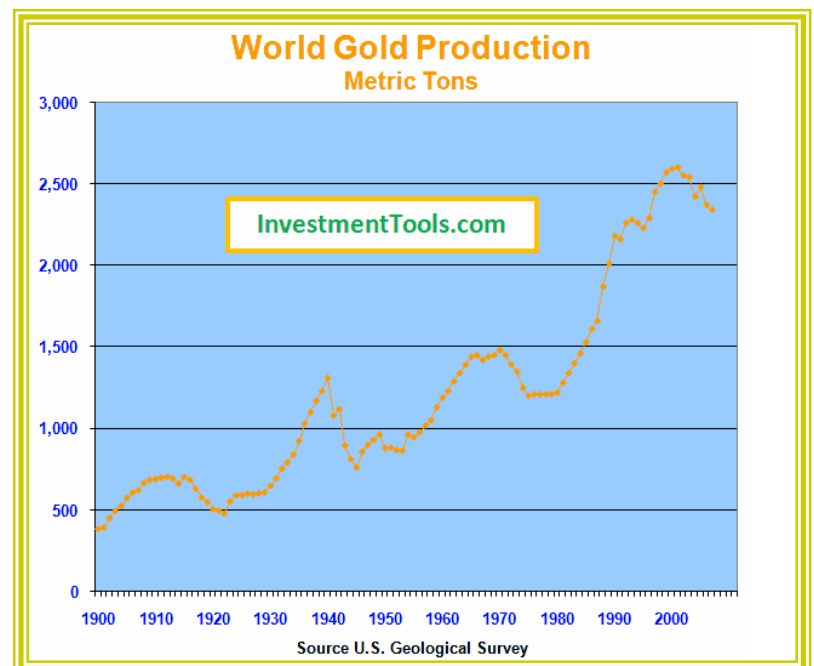
All my data that I research indicates that China will become the world's largest Gold producer.

Remember it takes a few years for an explorer to become a producer and that means short term higher prices for sure..

Here is a great long term chart showing the steady climb of Gold production over the last century.

The increase in Gold production back in the 1990's was huge and now most of these mines are running out of their huge Gold deposits.

Unlike Crude Oil where the flow is starting to slow, Gold production is dropping off a cliff real fast..



CURRENT WEEKLY CHART ON U.S GOLD



Gold in U.S dollars is leading the way up as it exploded to a fresh new high in November 2009 and last week we got another entry signal as it came back and tested support.

Aussie Gold stocks are still dirt cheap and have yet to price in this significant move up in the metal.

A warning to all Gold stock investors – In the event of another huge market selloff

“ONLY PHYSICAL GOLD WILL PROTECT YOU”..

“Gold stocks can fall just like any other general stock”

**“NO ONE TRULY KNOWS WHAT WILL HAPPEN IN THE FUTURE “
“HOWEVER” – “IT SURE IS NICE TO HAVE PROTECTION”**

WORRY

**“GOLD WILL BE THE ABSOLUTE BEST INVESTMENT IN UNCERTAIN TIMES”
AND
“ONE OF THE BEST IN GOOD TIMES”**

HAVE YOU GOT ENOUGH GOLD ?

For more information on any of the above subjects or to take action and protect yourself for the year ahead please contact me to discuss your individual options.

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Please Note Disclaimer

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As the information presented is a guide only, you must always seek professional personalised independent financial and legal licensed advice so it can be tailored to your specific circumstances, needs and objectives.

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