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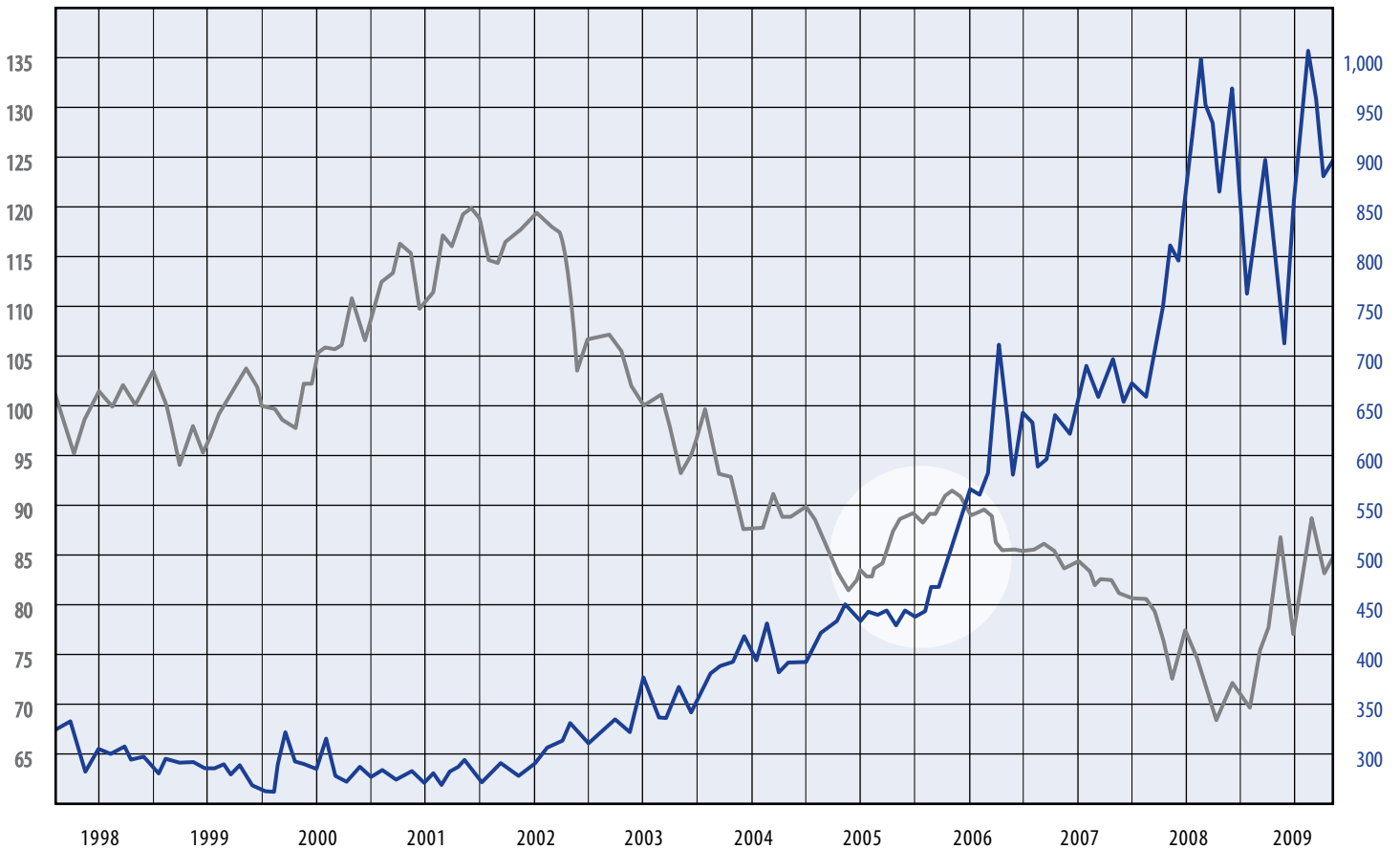
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GOLD AND DOLLAR RISE TOGETHER (*gold also climbs as dollar declines*)

There has been a great deal written and said about gold benefiting and rising because of weakness of the dollar and declining interest rates. And certainly this is, and has been, true; and it is reflected in the GOLD vs. \$USD (U.S. Dollar Index) chart below. The U.S. Dollar Index is a basket of major currencies which

includes the Euro, Japanese Yen, British Pound, Canadian Dollar, Swedish Krona, and the Swiss Franc. But as you can see from the chart below on February 8, 2005 gold began to rally strongly in conjunction with the U.S. Dollar. *Read the entire story on the reverse side of this page.*

GOLD (BLUE) VS \$USD (U.S. DOLLAR) INDEX



“DOLLAR” (reprint from “Declare Economic Freedom, Volume 1 of 13)

There has been a great deal written and said about gold benefiting and rising because of weakness of the dollar and declining interest rates. And certainly this is, and has been, true; and it is reflected in the GOLD vs. \$USD (U.S. Dollar Index) chart. The U.S. Dollar Index is a basket of major currencies which includes the Euro, Japanese Yen, British Pound, Canadian Dollar, Swedish Krona, and the Swiss Franc.

However, there is going to come a time when the Fed will have to raise interest rates to defend the dollar and to keep foreign investors lending money to the U.S. And regardless of whether it should have ever happened or been allowed to happen, America is totally dependant upon the rest of the world lending us money. China alone holds over one and a half-trillion dollars of our debt (U.S. Bonds). And almost assuredly, there will come a time when they will say, “We will no longer accept U.S. dollars printed out of thin air for the goods we labor for all day. We will no longer buy your U.S. bonds, as the rate of inflation in your country is rising faster than the rate of interest you are paying us on those bonds. Your dollar holds no value for any length of time!” This will be a time in which interest rates will rise as the Fed embarks on an all-out effort to stabilize the dollar.

What if China or any other foreign entities hadn't been allowed to ship goods to America? What if China wasn't buying U.S. Bonds to the tune of a billion dollars a day? Well, interest rates would be spiking, and goods here in the U.S. would cost a great deal more. So, what if we hadn't allowed countries like China to import their goods and buy our bonds? We would most likely be locked in an upward spiral of extreme inflation or trapped in an extended period of deflation like Japan. Both are very undesirable. So, I believe we have only delayed the inevitable! The good news is: If we understand the bad news now, we can do something about it. Because, there will come a time when raising and lowering interest rates just won't work, and the whole system will collapse. I have said it before -- I believe the long-term fate of the dollar is baked into the cake. There has never been a currency that has ever stood the test of time. And, like death, of course, no one knows the moment or the hour; but we can look in the mirror and add up the days and years from our birth, and know our days are numbered. We have gone from a creditor nation in the '70s to the largest debtor nation the world has ever known. The dollar's days are numbered!

But what if we continue along this path for some time? What if our dollar just continues to rally within its declining trend? What happens to gold then? Well, gold should benefit greatly, as it has from the dollar's recent declining trend. This is dramatically illustrated in the chart below. The dollar's decent really began in earnest on January 31, 2002, when it rallied back to 120.59 -- within a fraction of its July 5, 2001, high of 121.20. The dollar began a steep decline from these levels which lasted until December 30, 2004, when the dollar found a temporary bottom at 80.62.

Gold began its rally in a new bull market on August 25, 1999, from a bear market low of \$252.20. When a bear market bottom is reached, a new bull market is born; and gold began a moderate rally to \$303.00 on February 7, 2000. But the bear market bottom for gold was been put in on August 25, 1999. Although gold would not touch this level again, it didn't start off strongly. Not even “big money” (“smart money”) believed at that time that gold had entered a new bull market. But a new bull market had been born, a “MEGA TREND,” as the Aden Forecast calls it. And according to Pamela and Mary Anne Aden (whose Forecast investors have come to rely on since 1980), it is slated to last years, maybe even decades. And they believe as I do -- that gold will rise to levels over time that most people would not consider possible at this time.

From its very short rally to \$303.00, gold milled around. Then, with a reverse pattern of the dollar, gold retraced its gains and came within a fraction of testing August 1999's low, when it hit its secondary bottom of \$255.50 on April 2, 2001. From this level, gold began to rally strongly. By this time, the dollar was sinking and “big money” (“smart money”) was beginning to push gold higher. They must have believed, as I did, that the dollar had reached a point of no return and had entered into a long-term bear market (declining trend). The GOLD vs. \$USD (U.S. Dollar Index) chart confirms that our suspicions were correct.

I would like to point out on this chart and confirm what I talked about in the first paragraph of this section. If we look at this chart, we can see that the dollar began to rally when it reached its December 30, 2004, short-term bottom of 80.62. Gold consolidated in this same area, moving sideways with small ups and downs along the way. But on February 8, 2005, gold had put in its next intermediate bottom, closing at \$412.10. From that level, you can see gold rising in conjunction with the dollar. When the dollar gave up the ghost on November 16, 2005, after reaching a level of 92.23, gold had climbed back and closed at a new high of \$477.90 for the new bull market. As the dollar's next leg down began, gold took off in earnest. An all-time new high was recorded just two years later when gold reached \$856.70 on January 2, 2008. This action finally broke the old high, hit on January 21, 1980, when gold was priced at \$850.00 an ounce. Gold continued to rise over the next few months until March 14, 2008. At that time, gold reached a new high of \$1,002.80 before retracing itself to its current level.

There you have it. From the chart you can see that gold definitely benefited from a sinking dollar, but gold also rose strongly while the dollar was rising from December 30, 2004, to November 16, 2005.

However, gold's biggest upward thrust to date came after the subsequent decline in the dollar. I believe we will see similar patterns for the dollar and gold in the future. They may not be static in relationship, but I believe the trend remains the same!