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INVESTOR ALERT

**U.S. stocks stage Election Day rally**

**LATEST NEWS** Crude futures climb past \$70 to touch a 2-week high

**METALS STOCKS**

**Gold, other metals soar as dollar falls**

By [Myra P. Saefong](#) & [Polya Lesova](#), MarketWatch

Last update: 12:14 p.m. EST Nov. 4, 2008 | [Comments: 61](#)

**WASHINGTON (MarketWatch) -- Gold and other metals futures rallied Tuesday, boosted by sharp weakness in the U.S. dollar and broad strength in commodities, with copper prices soaring 9% and silver gaining 7%.**

Gold for December delivery surged \$31.60, or 4.4%, to \$758.40 an ounce in electronic trading on Globex. The contract earlier hit an intraday high of \$765.

On the Comex division on the New York Mercantile Exchange, December gold was up \$33.70 at \$760.50 an ounce.

"Gold, like the past few weeks, has been acting inversely to the dollar," said David Beahm, a vice president at precious metals retailer Blanchard & Co. "Today gold is up strong as the dollar has fallen."

The U.S. dollar fell sharply against other major currencies Tuesday, slipping as equity markets rose on a further bounce in risk appetite.

The dollar index (DXY: **84.64, -1.71, -2.0%**) , a measure of the greenback against a trade-weighted basket of six currencies, was at 84.649, down from 86.350 late Monday. [See Currencies.](#)

The "U.S. dollar is getting beaten up today ... sparking sharp buying in all commodities," said Darin Newsom, a senior analyst at DTN.

**Copper rallies 9%**

Copper and silver futures saw even stronger rallies. Copper for December delivery soared 11.5 cents, or 6.3%, to \$1.955 a pound on Globex. December silver rose 65 cents, or 6.7%, to \$10.40 an ounce.

"Copper has benefited this morning from a sharp decline in the dollar versus the euro, as well as stronger crude oil prices," said Nick Jonson, an associate editor of Platts Metals Week.

"But the rally may be due in part to pre-election anticipation and excitement," Jonson said. "Traders appear to be anticipating a rebound in the economy and overall demand if, as election polls suggest, one party will control both Congress and the presidency."

Millions of Americans began casting votes Tuesday morning for the next president of the United States, with Democrat Barack Obama leading rival John McCain in every poll.

The Democrats also appeared on the verge of expanding their majorities in the U.S. House and Senate. [Read more.](#)

Elsewhere in the commodity markets, oil futures climbed to a high near \$70 per barrel on Globex. [See Futures Movers.](#)

The Reuters/Jefferies CRB Index (CRB: **275.91, +11.80, +4.5%**) , a benchmark gauging the prices of major commodities, rose 4.3% to 275.40 points.

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On this election day mister gold market says, dear Ron Paul, you were right all along.

Now the manipulators don't care anymore gold can move on steadily toward its first temporary halt: 1200 USD.  
 -AC.Bernanke

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**Economics in play**

On Wall Street, U.S. stocks rallied Tuesday, with the Dow Jones Industrial Average (**\$INDU: 9,606.64, +286.81, +3.1%**) soaring as much as 300 points. [See Market Snapshot.](#)

Metals equities followed suit. The Amex Gold Bugs Index (**HUI: 219.80, +24.76, +12.7%**), which tracks the share prices of major gold companies, jumped 12%. The PHLX Gold & Silver Sector Index (**XAU: 91.52, +10.38, +12.8%**) rallied 10.5%.

The SPDR Gold Trust (**GLD: 74.64, +3.54, +5.0%**) rose 5.2% to \$74.80 on the New York Stock Exchange.

The iShares Gold Trust (**IAU: 74.74, +3.49, +4.9%**) rose 5% to \$74.84, while the iShares Silver Trust ETF (**SLV: 10.04, +0.42, +4.4%**) gained 7.2% to \$10.31.

The Market Vectors-Gold Miners ETF (**GDX: 23.86, +2.85, +13.6%**) gained 13.1% to \$23.76.

"Even the most sanguine, tunnel-visioned bull would have to admit that the fundamentals of the U.S. economy are bad and deteriorating," said Mark O'Byrne, a director at Gold and Silver Investments Ltd.

In a note to clients, O'Byrne said he believes U.S. Sen. Barack Obama looks set to become the 44th U.S. president and "there is a hope that he may regain America's respect in the world with a return to more restrained and sane fiscal, economic and foreign policies."

But "the honeymoon is likely to be very short as the new president will face the greatest challenge since the Great Depression of the 1930s," O'Byrne said.

So for now, "deflationary pressures continue to be prevalent and central banks internationally continue to aggressively cut interest rates in an effort to stimulate credit growth and inflate their way out of a possible Depression," he said.

Also on Globex, December palladium rose 4.2% to stand at \$210.85 an ounce.

January platinum gained \$14.80 to \$841.90 an ounce. Platinum, which is more expensive and more scarce than gold, has seen prices drop 46% so far this year, beating gold as one of the worst performers of the precious metals.

[Read more.](#) ■

*Myra P. Saefong is MarketWatch's assistant markets editor, based in San Francisco.*

*Polya Lesova is a New York-based reporter for MarketWatch.*

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**bledsoefan** 1 hour ago +1 Vote (1 Up / 0 Dn) | [Report Abuse](#)



Gold is a hedge against inflation. Maybe the investors are waking up to the fact that the Fed keeps pumping a fiat currency into the system. Didnt they announce they want to borrow 550 Billion more dollars yesterday? Foreign investors also are large investors in the US Dollar maybe they see that we ARE NOT going to pay back our debt.



**blackqueen** 30 minutes ago | [Report Abuse](#)



Well, they are getting that large 1% or whatever yield!  
Why would the investor not demand more on these? The only way the US can ever pay back what is owed is through inflation--and not at 2% a year either.

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**Gooby** 1 hour ago +2 Votes (2 Up / 0 Dn) | [Report Abuse](#)



Not to worry though...the world financial leaders have a plan. They are meeting in Washington on November 15. They are calling for a 'new financial order'. Even Chinese have used the term....and Russia.

So let's suppose that we did get the Amero.....(we are talking hypothetical folks) and that Amero was worth the same as the Euro and so on. We could have different currencies but they would all be interchangeable.

I wonder if this is the plan to stabilize the world economy?

If you thought socialism was bad....and paying taxes to support those who don't .....well, imagine it on a global scale. This is what Europe has been doing every time they took on another EU member (former soviet union country). Those who 'have', pay to prop those who 'have not'.

The world financial leaders have SOMETHING planned and it isn't going to be good for you and I. Count on it.

**bledsoefan** 1 hour ago +2 Votes (2 Up / 0 Dn) | [Report Abuse](#)



Its not hypothetical. Its actually in the works. This is a real plan and it will work eventually. This is actually the perfect oppurtunity b/c the american government can tell the people the economy is horrible and with joining mexico and canada our economy will get better.

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**Defiated** 54 minutes ago | [Report Abuse](#)

Sorry Gooby, Canada would 'VETO' the Amero!



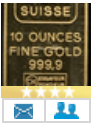
.....(as in Iraq, we ain't goin' there!!!!)

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salvdali2 35 minutes ago

+3 Votes (3 Up / 0 Dn)

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Gooby, I'm sorry to say the the "new financial plan" has little to do with the U.S Dollar or the British Sterling. From what I've read from the "insiders" is that China, Russia, India etc. will form a new International reserve currency. The Euro is going to split into TWO currencies, a Latin Euro using Italy, Spain, Ireland etc. that will be destroyed like the U.S Dollar via the " OTC debacle". the other Euro will be clean from the housing bubble and be the "safe" currency.

The dollar and the sterling are going to get crushed as Dubai and Russia are on the verge of creating Gold backed currencies.

Gold is the only true security we have on the planet, anyone who refuses to believe this will pay the ultimate price very soon!

blackqueen 28 minutes ago

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Then our government will confiscate in the anme of the 'public good'. So, watch out!

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Scrooge 13 minutes ago

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Unless Germany decides to leave the Euro i dont think they would have the votes for a 2 euro currency. I think the Euro will hold just because Germany and France cant afford to go back to their own currencies.

Germany,France and the UK arnt big enough to forge there own little euro currency. Not with their history.

China and russia may want to forge their own currency but thats not likely to happen given their history.

Japan, India, Australia/NZ maybe some smaller countries may have a better shot at forming a currency.

Everthing maybe on the table at this point but the reality you need to sell it back home.

It will be interesting to watch.

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just1observer 1 hour ago

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Surfsup - I agree to an extent ... none of today's gains "make sense". But then, the drop in price of PM's for that past while didn't make sense either. Maybe things are simply returning back to where the "make sense" again, and that is to let the price reflect the true value of the commodity. The "free" has been taken out of the Free Markets. Time to let them (freely) settle at their true worth.

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Debtasprod 51 minutes ago

-5 Votes (0 Up / 5 Dn)

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The number fudging got serious with Reagan the puppet and the historical balance of perspective should be coming on line soon.

Supply side trickel down economics was,is and ever will be absurd.

We must rebuild our material base and make our income to purchasing ratio sustanable.This may mean a return of the welfare state for the middle class with work and/or skill enhancement.

philxp 5 minutes ago

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Yes I whole hardly agree. We should destroy capitalism since that doesn't create wealth. Then the government should hire everyone..look at the example of the TSA (thousands



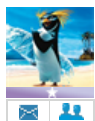
sitting around). We could all collect government paychecks (it isn't welfare since we will all be working so hard). Life will be good. No need to save for retirement, government will take care of that too along with our healthcare. Boy I can't wait. Go Obama!

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Surfsup 50 minutes ago

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just1... you could be right, but then I was of the view that PM's were overpriced. But with all the volatility it impossible to get a sense of the true value. Like you say, time to let it settle... I was hoping it had started that process already.

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Gazelle68 49 minutes ago

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Put the price of gold against a 71-peg dollar and look at how it's moving against and 84.5-peg dollar. I agree with the Blanchard guy - now that the trillion dollar infusion has begun, the dollar is going down rapidly, and gold is going up in response. Maybe not 1,150 by the end of the year, but definitely in the near future. I think more along 1,200-1,250 through first quarter '09.

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gregny 46 minutes ago

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HUI is flying baby

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Revus 41 minutes ago

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LEts see what happens 30 mins before the closing bell

sands800 38 minutes ago

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gold stocks will spike at the close on a day like today

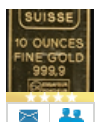
in particular - watch North American Palladium at about 3:55 - it will jump 10-15% in that time VERY quickly before the close.

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salvdali2 31 minutes ago

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Man that dollar is looking strong today, I hope that lilhommie has a bucket to mop up all those tears. I'm still trying to figure out if he is really that clueless or just ankle licking big Ben like the majority of FED worshipers.

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ColorofMoney 14 minutes ago

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The foolishness on Wall Street continues. Today, Master Card reported higher revenues and the share price went up 13%, guess everybody forgot that at the end of the day a good deal of their transactions will turned into Bad Debt. As evidenced yesterday when Citigroup credit card division reported 1.4 billion in losses in just the 3rd quarter alone. Also, with the election upon us, Saudi Arabia takes the opportunity to stick it to us once again by cutting production and the price of oil jumps 7 dollars a barrel, you would think that that market would react negatively to this news, but no, its way up. And this despite having an inexperienced Senator on the verge of being elected to the most important office in the world. Guess the only thing that I'm not suprised about is the surge in the price of GOLD, as I expect it to continue to go much higher.

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GANDCGLOBAL 13 minutes ago

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I think Bernanke needs a new job after the election. Since so many people are saying that his

