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Metals ETFs Melt With Market

By TRANG HO
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Gold and silver prices fell sharply along with stocks markets around the world today as France faced a credit downgrade and a congressional committee failed to agree how to slash the U.S. budget deficit.

Here's an overview of the major precious metals ETF performance Monday:

SPDR Gold Shares (GLD): -2.6%

Market Vectors Gold Miners ETF (GDX): -2.3%

Market Vectors Junior Gold Miners ETF (GDXJ): -5.3%

iShares Silver Trust (SLV): -3.4%:

iPath DJ-UBS Copper TR Sub-Index ETN (JJC): -3.2%

Ed Carlson, founder of Seattle Technical Advisors, expects gold to fall to $1,480 an ounce. That would translate to $148 a share for GLD or a 9% drop from Monday's price. GLD fell below a key price support at its 10-week moving average, marking a bearish development.

SLV has been in a downtrend since April with countertrend rallies that lasted weeks. JJC has been trending lower since February.

The major market indexes plunged across the board:

SPDR Dow Jones Industrial Average (DIA): -2.5%

SPDR S&P 500 (SPY): -2.1%

PowerShares QQQ (QQQ), tracking the 100 largest companies listed on the Nasdaq: -2.0%.

iShares MSCI Emerging Markets Index (EEM): -4.1%

iShares MSCI EAFE Index (EFA), tracking foreign developed markets: -3.0%.

In an about face to his previous outlook, Monty Guild — founder and CEO of Los Angeles-based Guild Investment Management — recommended selling U.S. and emerging market stocks. Guild changed his bullish view on the market after reading about a memo leaked to the Daily Telegraph of London that stated Germany proposes to create a German-controlled superstate to take over the beleaguered euro zone countries.

"That's going to create a lot of uncertainty and the markets don't like uncertainty and that's why it sold off today," said Guild. "This will delay doing any quantitative easing and bailout of the banks."

"This is going to bring a lot of negative psychology to Europe that's going to spill over into the U.S.," Guild added.

Although many news headlines blamed the sell-off on the U.S. supercommittee's failure to come to an agreement over slashing the budget deficit after three months of talks, Guild said he thinks the congressional committee didn't have anything to do with the sell-off.

"No one expects the supercommittee to do anything anyway," he said.

Despite some positive economic conditions, such solid retail sales, corporate spending and exports, the U.S. will likely enter a recession next year or even before, Economist David Levy of the Levy Forecast said today.

"The main question is whether domestic fiscal policy will lessen or aggravate the recession," Levy wrote. "Domestic profits plateaued in the first half and appear to have held up in the third quarter, but the outlook for the fourth quarter and for 2012 remains a pronounced downward trend."

Interest rates will remain low for years, Levy added. "The federal funds rate will remain negligible for a long time," he said. "Financial crisis and recession will push yields on the 10-year and the 30-year bond to 1% and 2%, respectively."

Levy believes the recession could drive the unemployment rate — currently 9% — into the teens.

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