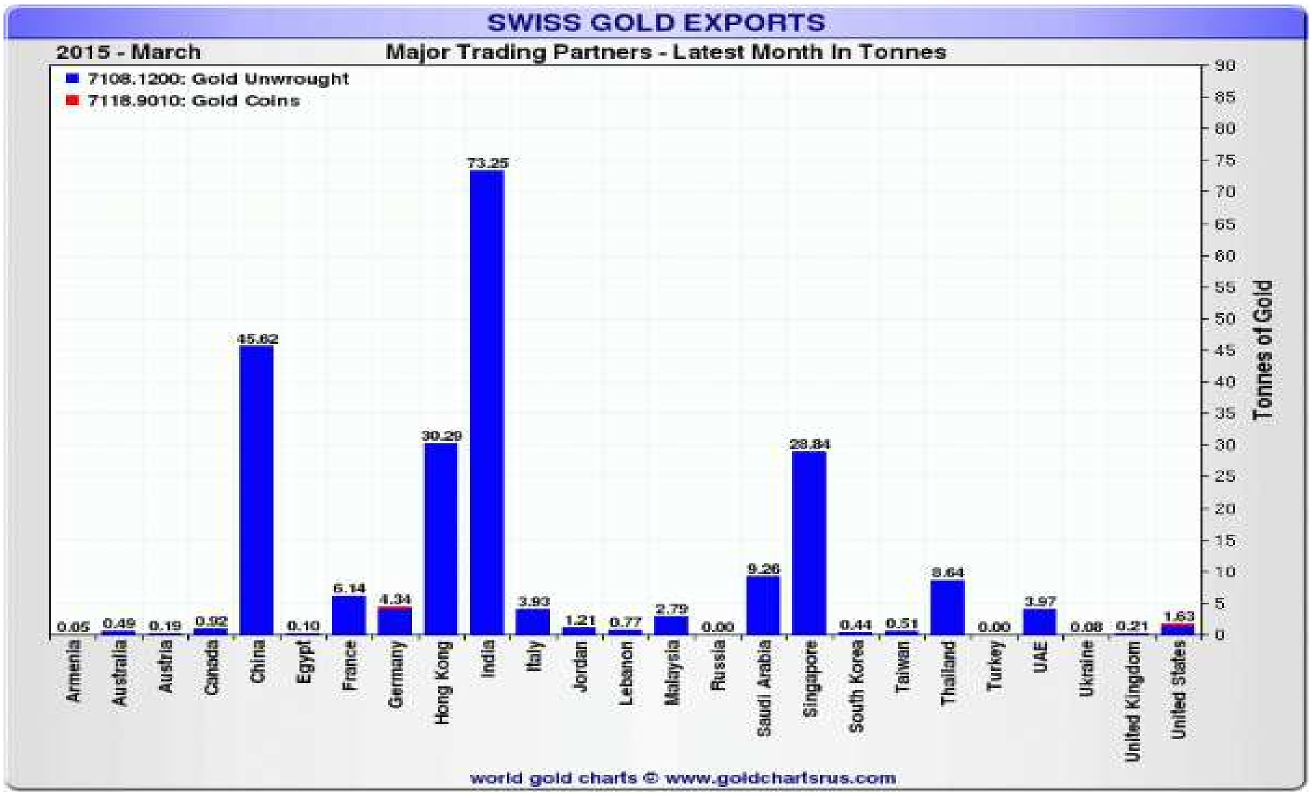
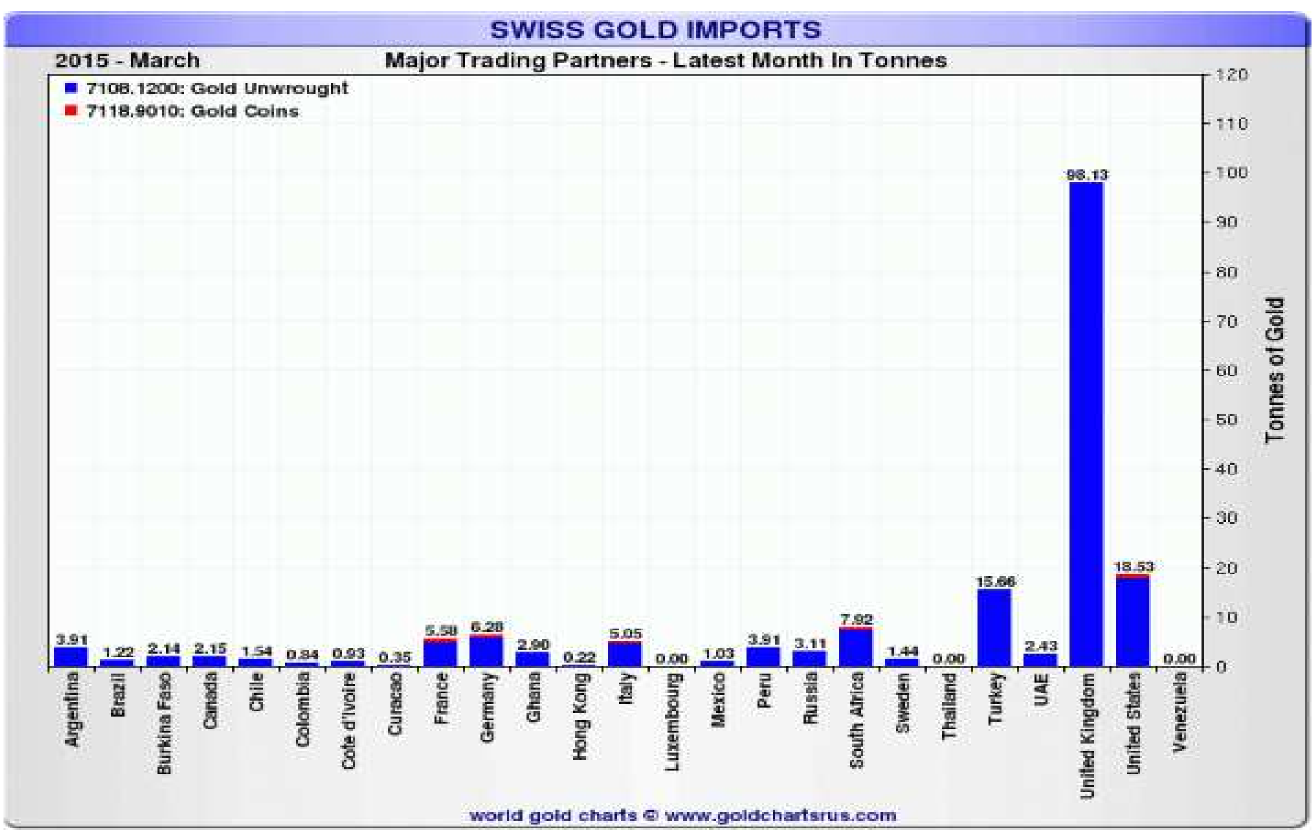
Starboard Weekly Report Ending May 1, 2015
Charts of the Week





The two gold charts above from World Gold Charts came from an article by GoldCore Inc.

TECHNICAL

There are several technical analysis indicators that show gold is in a consolidating pattern trying to move up. One of the most interesting technical charts is to view gold in other currencies. Gold is up in the past year when priced in both the Euro and the Yen. It is up 13.89% in the Euro and 7.55% in Yen terms; while in the US dollar, gold is down 7.85%. I realize that as American investors we are only interested in dollar investments, but all is not as negative in gold as the western press would like you to think. There is demand for gold in the Asian countries, as indicated in the import/export charts shown above. Along with the fiscal gold demand, there is hedging demand in Japan and Europe where their currencies are being debased through QE programs. The strong dollar has been responsible for the negative results to US gold investors. That is showing signs of changing and as long as US interest rates remain down, the dollar looks like it is likely to decline further. If the dollar decline is the start of a longer-term selloff, then commodity prices could stage a very strong rally. This would be very bullish for gold and the eastern buyers will be handsomely rewarded.

FUNDAMENTALS

The top chart above shows the receiving exports into eastern and western countries together. The cavity between east and west is showing an enormous gap of demand in Asia. Comparing gold in the east versus west: there is 190 tons of demand in Asia while there is only 33 tons of demand in the US, Europe and Mid-East combined. That makes for 223 tons of gold exports received. The bottom chart shows where gold is coming from and, as expected, this is the opposite of the first chart. The supply is coming from US and Europe and that inventory is coming from banks not from production. The US and Euro Zone banks provided 153 tons of gold for Asian banks and consumers. The remaining demand was met by exports from gold mining countries. If western banks stop providing for Asian demand, then the price of gold would greatly appreciate. Should the dollar decline, then that could have a flight to quality benefit to gold. Furthermore, banks not selling their gold would make tight supply conditions as occurred in 2002, and that event caused a huge upside volatility.

ASIDE

Mr. T, known for wearing gold chains around his neck, said while acting in the 1980's TV series The A-Team: "*I believe in the Golden Rule - The Man with the Gold... Rules*".

As the western world ignores this rule, they do so at the risk of their own financial peril.