



## The New Gold Rush *Rational Valuations?*

“You could take all the gold that’s ever been mined, and it would fill a cube 67 feet in each direction. For what that’s worth at current gold prices, you could buy all — not some — all of the farmland in the United States. Plus, you could buy 10 Exxon Mobils, plus have \$1 trillion of walking-around money. Or you could have a big cube of metal. Which would you take? Which is going to produce more value?” – Warren Buffet 10/19/10

Historically, gold is one of the primary commodities investors flock to in times of economic volatility. The consistent demand and scarce nature of the metal can provide a feeling of stability in the middle of an economic storm. It has been so popular that as of December 3rd, 2010, it closed at \$1406.20.

DeWaay is advocating neither a ‘buy’ nor a ‘sell’ position with this particular commodity. We do feel, however, that gold has become overvalued in the current market environment. We believe inflation worries, prolonged market volatility, and concerns over European debt may have pushed gold to an unreasonable price.

In more stable periods, the price of gold is determined by jewelry and industrial uses. Economic turmoil drives the price up, setting the stage for ‘buy high, sell low’ events for scared investors. We feel fear is more efficiently managed with a diverse portfolio featuring a broad, macroeconomic outlook. In our experience, taking a step back in perspective often reveals a line of lemmings that charge straight off of a cliff!

We understand the chatter and calamity of the everyday market can give you that sinking feeling in your stomach. Feelings are feelings; it is what you do in response that matters the most. Should you be considering gold or any other kind of investment, we strongly encourage you to sit down and speak with your Relationship Manager at DeWaay Capital Management before investing. Despite the uncertainty, we feel this is an exciting time featuring rare opportunities throughout many areas in the marketplace. Even if you would just like to discuss the current market environment, call us at 515-224-9861 or toll free at 800-722-9861.