



Higher Targets for Gold In View, Dillon Gage Metals President Says

ADDISON, TEXAS (Aug. 10, 2011)...Sizzling hot gold prices soared to record highs this week as investors sought safety from tumbling U.S. and foreign stock markets. "Investment and physical demand for the yellow metal remained strong, signaling further strength in gold ahead," says Terry Hanlon, president of [Dillon Gage Metals](#) in Dallas.

Gold prices added to recent gains after Standard & Poor's cut its U.S. credit rating to AA+ last week from the top rank of AAA, saying politicians were too divided to enact needed cuts in government spending. Gold futures raced to \$1,733 a troy ounce on August 8 as the U.S. stock market sank to a ten-month low.

"Worries about the nation's debt and the possibility of sliding into another recession have weighed on stocks this month and sent investors to gold," Hanlon said. Gold is a classic safe haven, partly because it's less affected by government policies than stocks and currencies are. Gold's value doesn't depend on whether countries can make their bond payments.

"American investors are more concerned about S&P's unprecedented rating downgrade than about any other single event in the past year," Hanlon said. "Our government debt problem has been building for a long time but the stock market's current slump reflects increased concern about just how the U.S. will repay its debt."

Meanwhile, interest in precious metals from the investing public and fund managers has only increased in the last several months. Investors have rushed to the safety of precious metals as the currencies and stock markets of most major, national economies struggle with debt and slow growth, Hanlon said. Continued tensions in the Middle East and North Africa have also sent foreign investors to gold.

"In my conversations with dealers, trust fund managers and others who handle precious metals in IRAs, I've been told that precious metals in huge volumes are being added to accounts," Hanlon said. Precious metals tend to rise when other markets slide, making metals a needed insurance policy, he noted. Including gold in any diversified investment portfolio or retirement portfolio provides protection during chaotic times.

Gold's move has been almost straight up for the last two and a half years. Even the most conservative analysts see gold at \$1,800 a troy ounce in the short term, while others look for an eventual target of \$2,000 a troy ounce, Hanlon said. In January 1980, gold was \$850 a troy ounce, and when that price is adjusted for inflation that is \$2,400 in today's dollars. So \$2,000 an ounce is not unreasonable, Hanlon said.

At times, we see hiccups in gold's climb, he noted. But those setbacks are often the result of funds or pooled money taking profits in metals to offset losses in other investments, he said.

"In today's turbulent markets, people are trying to figure out how to operate," Hanlon said. "I expect gold's higher trend to continue, at least until decent decisions are made about U.S. government spending--which has greatly exceeded revenue for years."

The physical side of the business, including investors buying coins and bars and manufacturers using gold, remains strong. "Physical metal is a liquid asset which can be traded worldwide, and all major government mints are experiencing record gold sales," Hanlon said.

Global gold demand in the first quarter of 2011 was 981 tons, up 11 percent from first-quarter 2010, the World Gold Council said in May, citing demand for bars and coins and Chinese and Indian jewelry needs.

The world's, first-quarter gold supplies shrank by 4 percent year-on-year to 872.2 tons from first quarter 2010, despite an increase in mine production. Smaller supplies were attributed to a 6 percent decline in recycled gold versus a year earlier, and to a sharp increase in central bank purchases--which jumped in the first quarter.

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- **Dillon Gage Securities, Inc.**, a full-service NASD member firm that specializes in financial planning. 800-375-4243
- **Dillon Gage Metals**, one of the largest precious metals dealers in the U.S. 800-375-4653
- **Dillon Gage Inc.**, a firm dealing in futures markets. 800-375-4243
- **Diamond State Depository**, a wholly owned, independently operated precious-metals storage facility located in New Castle, Delaware. 888-322-6150

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Media Contact:
Jo Trizila
jo@TrizCom.com
O 972-247-1369
C: 214-232-0078