

Gold & Silver Outlook Bullish Despite Record Run

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Posted By: Lori Spechler | Senior Editor, CNBC

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Continued unrest in Libya and other oil-producing countries is being cited for record high prices in gold and [multi-decade high prices for silver](#).

Traders and money managers also continue to indicate that geo-political and economic factors favor even higher prices ahead for the precious metals.

Fear of violence spreading to Iran or Saudi Arabia, the world's largest oil producer, is a major concern for investors in gold and silver. "What's the next country to go?" says Kevin Grady, trader at MF Global. Investors are especially worried about Saudi Arabia, and a potential change in leadership there.

In addition, Grady says money managers are getting back into the gold trade for fear of missing the rally. "Every single short in gold is a loser here," says Kevin.

"The bull market in gold and hard assets has a way to run," says Tom Winmill, Portfolio Manager of the Midas Perpetual Portfolio.

A decade-long devaluation of the dollar and expectations of inflation fuel his bullish sentiment. But, unrest in the Middle East and the "fear factor," he says, are bad reasons to invest in gold longer term.

"What's more important are **Bernanke's comments** and longer-term fiscal and monetary factors." As those policies are "maxed out," there could be a lot more inflation in the pipeline, he says.

When will the rally end? Tom says when we have interest rates of 300-basis points over the inflation rate or fiscal discipline, meaning deficits of 3 percent or less.