Gold To Hit $1,450 Before It Breaches $1,800, Gartman Says

Gold prices continue to tumble in the face of a stronger dollar, prompting the generally bullish Dennis Gartman to say he expects the yellow metal to fall to $1,450 an ounce before it breaches $1,800. Gartman has fully closed his gold position.

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Despite being one of the year's best performing assets, the price of gold has deteriorated substantially as of late. On Monday, gold for December delivery broke support levels and was trading down more than 2.9% to $1,663.70 an ounce by 1:02 PM in New York.

An inconclusive EU Summit on Friday and fear that the global economy is slowing faster than expected prompted investors to jump into the greenback. The U.S. dollar index was up 1.1% on the day to 79.5; yields on benchmark 10-year Treasuries slid to 2%.

Gold's price action has pushed Dennis Gartman, editor of the widely-read homonymous newsletter, to fully exit his gold position. The investor, who had been outspokenly bullish of the yellow metal as of late, noted in a TV interview on *CNBC* that he expects gold to hit $1,450 an ounce before it breaches $1,800.

Gartman explained that while his intention was to "swap" some gold for equities to create a balanced position, a technical break-down in euro terms (below €1,275 an ounce) forced him to fully exit the investment. "We again take up the notion that when we wish to own gold again in the future... and most certainly we shall... we'll own gold or gold equivalents," he wrote in his daily newsletter.

Using ETFs as a proxy, gold has risen more than 16% this year (according to the GLD gold trust), while miners have fallen 9.8% (according to GDX). Junior miners have fared even worse, down more than 30% since the beginning of the year.

Despite gold hitting record highs, gold-equities have substantially underperformed bullion over 2011. Midas Fund president Tom Winmill explained the weakness noting the miners have traded along with equity markets this year.

Winmill thinks differently from Gartman, who says he won't own either gold equities or junior miners given risk. Winmill suggests large miners like Goldcorp, Barrick Gold, and Newmont, as he expects bond markets to fall and a deteriorating global economy to channel capital into the yellow metal. Gartman agrees that "there will be a time when the gold mining shares outperform gold itself, but that moment is still likely not upon us," he said.

Gold will average $1,800 in 2012, according to RBC Capital Markets. It has been hard to determine the factors fueling the precipitous rise of gold, which has rallied annually for more than a decade. Be it safe-haven buying or as an inflation hedge, the yellow metal's driving forces have eased to the point where it seems poised to end 2011 in a sell-off phase, at least according to Gartman.