

6/13/2001 Jim Hawe (DJ) - Gold Ready For A Boom Led By Japan - Jipangu

DJ INTERVIEW:

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By Jim Hawe

Of DOW JONES NEWSWIRES TOKYO (Dow Jones)-

-Tamisuke Matsufuji has developed a knack for making outlandish predictions that have a way of coming true.

The president of the gold mining and investment firm, Jipangu Incorporated, and author of numerous bestsellers on contrarian investing, has forecast everything from the collapse of Japanese real estate and stock prices to the failure of Yamaichi Securities.

But recently his crystal ball has taken on a decidedly golden hue. According to Matsufuji, 46, gold prices are now sitting on a powder keg - and he is expecting Japan to light the fuse.

"The price of gold is ready to take off. It could go up to Y3,000 or even Y4,000 (per gram) easy...and Japan could lead the way," Matsufuji recently said in a recent interview with Dow Jones Newswires.

Matsufuji said the rally "could happen soon."

Gold at Y3,000/gram is roughly equivalent to \$764 per troy ounce. Gold, which hit a high of \$875 an ounce in 1980, has long been languishing in the doldrums.

April 2002 gold futures on the Tokyo Commodity Exchange was trading Wednesday at Y1,054/gram at 0615 GMT. Spot gold at 0615 GMT was at \$272.10/oz.

The man the Economist magazine once described as "rich and rude" admits that he is in the minority, as gold's 21-year bear run has scared away most backers.

"But I see the Dow falling sharply, the dollar plummeting to Y80 and bond prices crashing. Eventually, the only safe alternatives will be gold and shares in gold mining companies," said Matsufuji.

"That is why I founded Jipangu. It's a kind of 'insurance' company." Jipangu was set up in 1995.

Preparing for the Coming Golden Age

Matsufuji was evasive when pressed for specifics to back up his predictions, and prefers to fall back on historical models.

"When U.S. stocks crashed in 1929, prices of gold and shares in gold mining companies soared, and the same thing is about to happen again," he said.

Matsufuji is so convinced of the coming gold boom that he has been putting his money where his prognostication is - and in a very big way.

Through Jipangu, he has been snapping up major stakes in mining companies around the globe. He already has a 24% stake in High River Gold Mines Ltd., a 22% stake in Cambior Inc. and a 24% stake in Claimstaker Resources Ltd. (***now J-Pacific Gold Inc.***), all three based in Canada, and he also has the option to buy a significant stake in South African mining giant Harmony Gold Co. Ltd.

Altogether Matsufuji has his hand in some 40 projects around the world. Based on his own estimates, some 20 million ounces of gold, or 622 tons, are now under his control. That is more than twice of Australia's 2000 output of 295.7 tons of gold. Australia is the world's third biggest gold producer.

Japanese Investors Seen As Key

"I want to give Japanese investors the opportunity to invest in gold and gold mining companies around the world without exposure to currency risks," said Matsufuji, who sees Japanese investors as a key element in the new golden age.

Japanese investors will use yen to invest in yen-denominated shares of Jipangu, which would then give them an indirect stake in the various mining companies affiliated with Jipangu, he said.

If they were to buy stocks in these mining companies directly, they would have to buy the shares on, for example, Canadian equity markets using Canadian dollars exposing them to currency risk, he added. Through Jipangu their investment is kept in yen.

"Japan is the world's largest creditor nation. Individual assets total more than 1,300 trillion yen. If just 1% of this money could be moved into gold, that would instantly account for five years worth of global production, and gold prices would skyrocket," Matsufuji said.

"Japan has the potential to really move the market," said Matsufuji, who hopes Jipangu will serve as the vehicle for pumping more Japanese money into the gold market.

Matsufuji explained that the word 'Jipangu' was first brought to the West by Marco Polo as a term describing Japan as an "island of gold".

"That is why I named my company Jipangu. I want Japan to again be full of gold."