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-Gold(&mkts) Charts R Us-

●●●● GCRU #434 on February 16, 2011 (in its 10th year)

Welcome to Gold Charts R Us.

Inflation is brewing in the developed and emerging world. Soaring food and resource prices combined with currency debasing is giving a boost to silver and palladium as they closed at new highs for the move today. Gold and gold stocks are indirectly benefitting, as a hedge against inflation is keeping the downward correction moderate.

Another unknown is the ongoing change in Egypt and its ramifications around the Middle East. It's still to be seen how it will all play out in the market place. One thing is certain, there are several serious explosive reasons why the gold price will continue to rise in the months and years ahead.

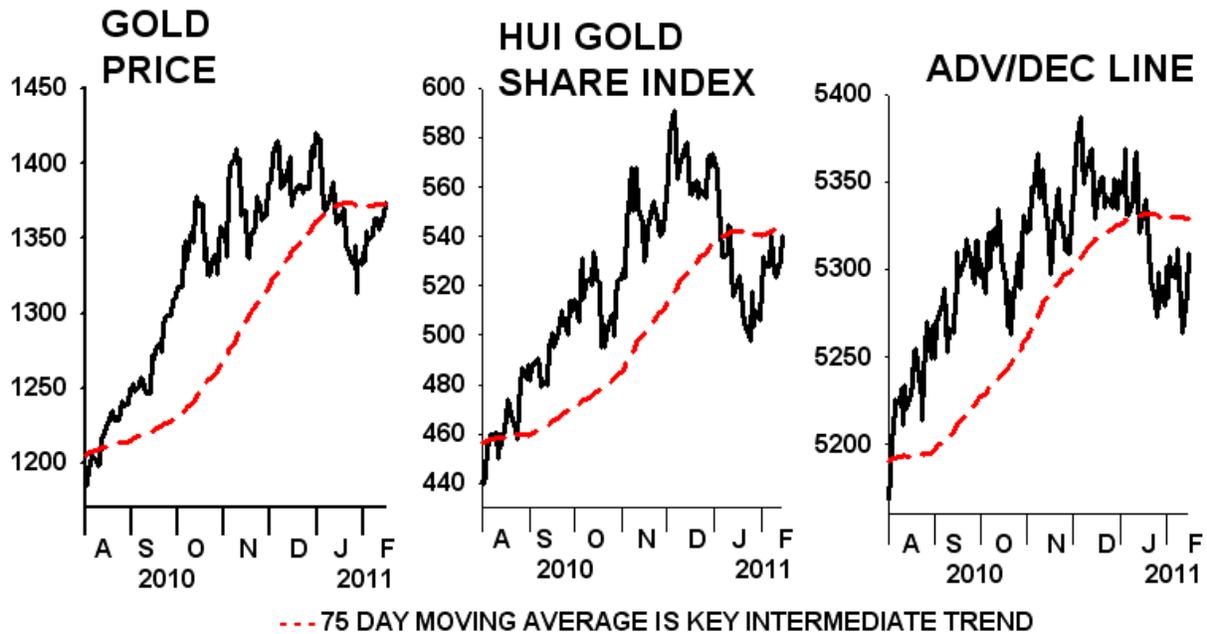
The record high copper price yesterday went hand in hand with China's bigger than forecast growth in exports, the largest global metal consumer. This also gave silver and FCX a boost and helped to stabilize the gold price.

Demand remains strong. Hedge funds run by John Paulson and George Soros, for example, are two closely watched funds. GLD is their biggest position in both funds, and in Q4 Paulson kept his position unchanged while Soros bought more gold, GLD. This of course is very bullish and it reflects the already strong global demand.

Silver is similar. The U.S. Mint sold over 6.4 million silver Eagles in January, more than any month since the coin's introduction in 1986, while China's silver imports quadrupled last year. The bottom line is mine production can't keep up with worldwide demand. Keep an eye on silver as it may be leading gold higher.

While the markets are bubbling, it's important to keep in mind, the downward correction that started with the new year record high in the gold price, is still underway. Gold has held up well but don't be surprised or disappointed if we see more weakness before this decline we call 'D' is over. It wouldn't be abnormal to see more downward pressure at this time.

This week's action has been very telling. Gold, HUI and the advance/decline index were all resisting at or below their respective 75 day (15 week moving averages, MA). This has been telling us that the downward correction remains underway. Others like AEM, SLW and AUY have also been resisting at their MAs. But this is starting to change. The gold price is starting to break above its MA today, as is SLW and AUY. This week is important to see if it has follow through. So far, HUI, the A/D line and others are still below it and, therefore, vulnerable.



The sluggish oil price is suggesting some down time. If oil is leading, it's also then indicating that palladium may be a good short-term short. Meanwhile, however, palladium's 75 day MA is in a clear position to tell us when. Likewise for the surging S&P 500. It's been a great intermediate trend identifier for both palladium and the S&P. The point is, the 75 day MA is currently positioned to point the way in the short-term.

The gold price's bull market turns 10 years old this month and considering gold has only declined 7.25% this year, it could weaken further but even if it does, it would still be in a strong solid bull market that's been in a stronger phase for the last 1½ years.

BROAD SCOPE

GOLD IS FINANCIAL SECURITY

It's no surprise that gold is in a stronger phase of the bull market when you consider that it's the ultimate safe haven. Investors turn to gold when global or financial uncertainty prevails.

This was the case in the 1930s when deflation was the glaring problem and it happened in the 1970s when inflation was the major threat. That is, gold does well in both inflationary and deflationary environments.

Since the 1970s were more recent, however, many believe that gold only rises during times of inflation and when the dollar is weak. This is true but it's not the only truth.

Gold and inflation have indeed generally moved together for decades, but there have been exceptions. In 2005, for instance, gold shot up much more than inflation. By 2007, this relationship broke down and prices actually fell as gold surged even higher.

It's not a coincidence that this time period coincided with the start of the subprime mortgage problems when a deflationary debt ridden environment took over. But now inflation is bouncing back up, prices are way up and it's still to be seen how far this inflation goes.

Commodity prices are currently rising sharply due to global demand and excessive monetary inflation. A unique global situation indeed and an unsustainable one, which is causing gold to rise.

If we had to pinpoint a time when it all began, we'd have to say 1971 when the U.S. took the dollar off the gold standard. As a result, financial discipline went out the window, eventually leading to the use of massive leverage, excessive spending and lots of debt.

The point is, the fundamentals are very positive for an ongoing gold rise. Gold provides financial security, whether there is inflation or deflation. It provides security during times of global or geopolitical uncertainty and during times of currency weakness. It's essentially the metal for all seasons. It has been for thousands of years and it always will be.

Tech Talk: Just as the week was ending with gold resisting at its 15 week MA, it bounced up breaking barely above it. Is the downward correction now near an end? It's too soon to say, we must first see a clear break above this MA for a solid reversal to start the next leg up in the bull market. If gold is unable to clearly break above it, we'll likely see more of the same as gold continues to decline for a while longer.

The gold shares and our own Adv/Dec line will also tell us if gold is moving with real strength. Just as gold broke above its 15 week MA, the HUI Index and our Adv/Dec Line did not which tells us that in general, the market still needs to prove itself. We need to see more. From a technical point of view, the triple top (Nov-Dec) is still strong resistance and gold is under downward pressure by staying below the highs. So far the decline has been moderate but more weakness is still possible.

The rebound rise in gold since Jan has formed an important V bottom with Jan 27th looking like a climax day when a reversal in trend may have started. If gold can hold above its Jan uptrend line and above its 15 week MA at \$1370, the V formation would be confirmed, the 'D' decline would likely be over thereby giving gold the strength it needs to rise to new highs. Keep an eye on the HUI Index and our Adv/Dec Line as a stronger gold price should be backed up by strength in gold shares.

Today's higher inflation news in China and the UK are giving precious metals a boost. The higher food prices means higher inflation and this together with turmoil from Egypt to Iran and strong global demand for gold is keeping the price from declining to levels that would be normal otherwise. We must be ready to act.

What does this tell us? Gold is rising. It's still to be seen if the rise has the strength to take it to new highs or if the rise is part of a rebound within a downward correction that will ultimately resist at or below the Nov – Dec triple top. So let's wait and see a clear break out of important resistance levels before buying. Keep an eye on \$1370 and \$1319 this week as a clear 3dc out of this range will tell the next direction. Gamblers, keep your positions and buy a bit more at market, all others wait for a full 3dc (including today, Tuesday's close) above \$1370 to buy.

- Golden regards from *the Adens... Pam, Mary Anne, and Omar*
- If it's Wednesday, it's *Gold (& Mkts) Charts R Us*

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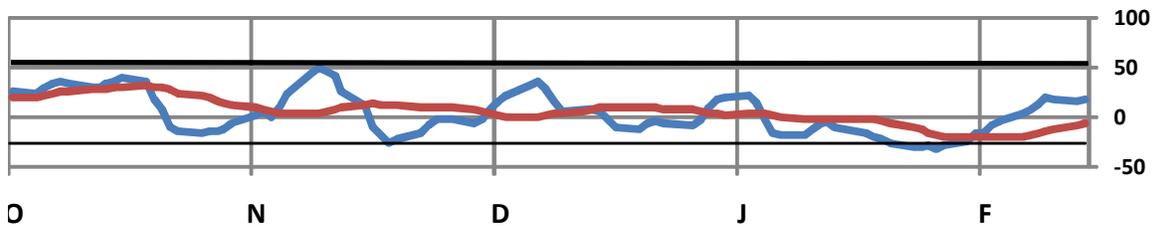
••Our Abbreviations:

1dc = 1-day close (the share price must close above or below the indicated price level, before our recommendation is activated).
2dc = 2-day close (consecutive).
Bot = bought.
CAD\$ = Canadian dollar.
H&S= Head & Shoulder.
L/O/C= Line On Close.
L/T = Long Term.
M/T = Medium Term.
N/L = neckline.
P/F = Portfolio.
P/O = Price Objective.
Recom = Recommended.
R/H&S = Reverse Head & Shoulder.
R/S = Relative Strength.
S/T = Shortterm.
Sym/tri = symmetrical triangle.
Tgt = Target.
Unch = unchanged.
Vol = Volume.
Wk = week.
Ystdy = yesterday.

COMEX GOLD APR 2011 FUTURES 15 WEEK C:1,374.10



SPINNER (3, 16, 16)



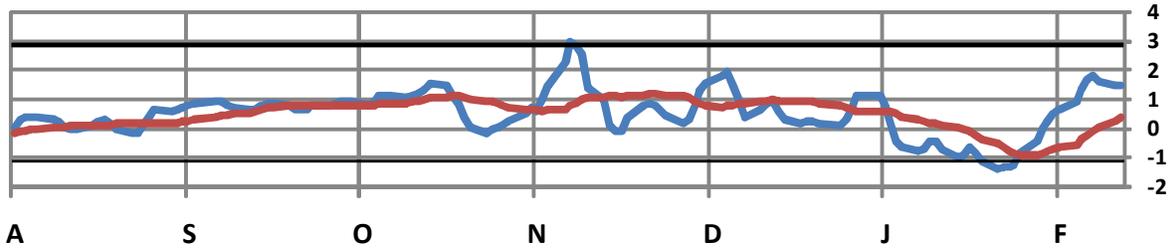
Comex gold Apr 2011 futures Cx 480 min tick chart (all sessions)

Open trades:	Long at:	Gamblers bought some at 1363 :)
	Stop:	All: 2dc below 1320
	Profit targets:	1400 &/or 1420.
New Recom:	Gamblers buy a bit more at mkt. All others wait to buy after another 2dc above 1370 (almost there!!).	
Comment:	Broke above key resistance at 1370 after week long sideways movement. Has found support at the Jan uptrend line while forming a V bottom. Looks promising and it could take gold to new highs if the uptrend line support holds at 1355 and Dec downtrend line resistance is clearly broken at 1420. Let's see if gold closes 2 more days above 1370.	

(SI2011H) N.Y. SILVER DAILY 2/15/11 C = 30.696

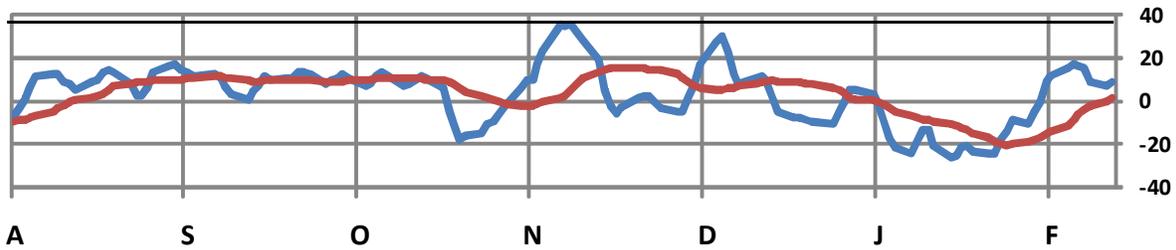
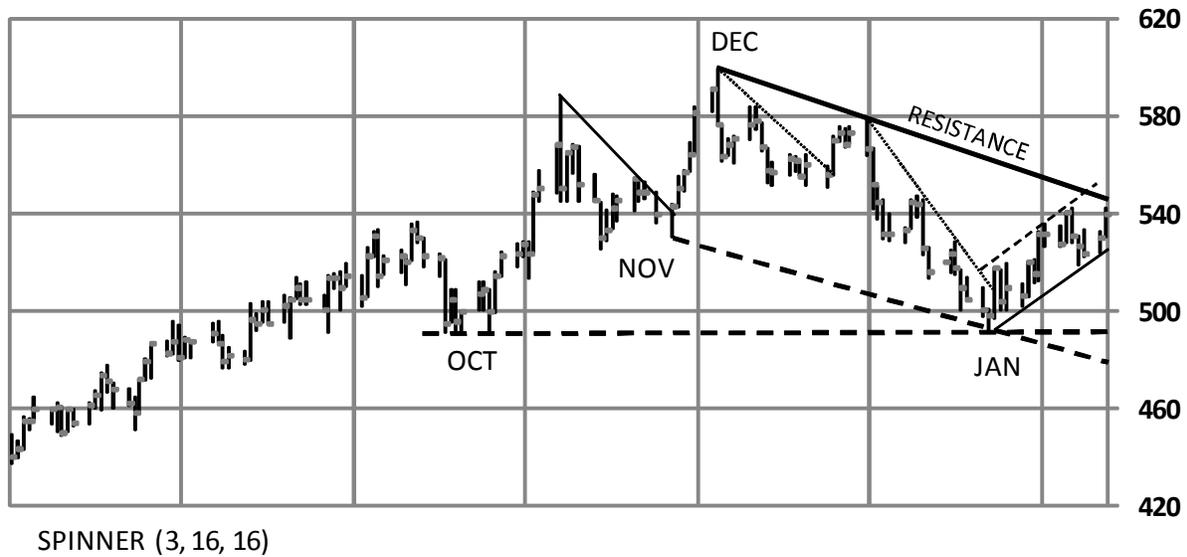


SPINNER (3, 16, 16)



Open trades:	Long at:	Entry Level: 29.50 (Feb-8-11) others at 30.15 (Feb -9-11)
	Stop:	S/T: 1dc below 26.30 M/T: 1dc below 25.
	Profit targets:	Long Positions: 32.25 &/or 35.
New Recom:	Keep positions. Wait to buy more after a 2dc above 31.27.	
Comment:	Silver continues looking very strong as it approaches its 30 year high! Gold's bounce up breaking above its 75 wk moving average and copper's new record high on Monday is powering silver. This may be the fuel that it needs to break above its intra day high at 31.275. This resistance level still strong so should wait until a clear break above it to buy more, meanwhile, silver is very strong above 29.	

HUI GOLD BUG INDEX (INDEX) DAILY 2/15/11 C = 540.05

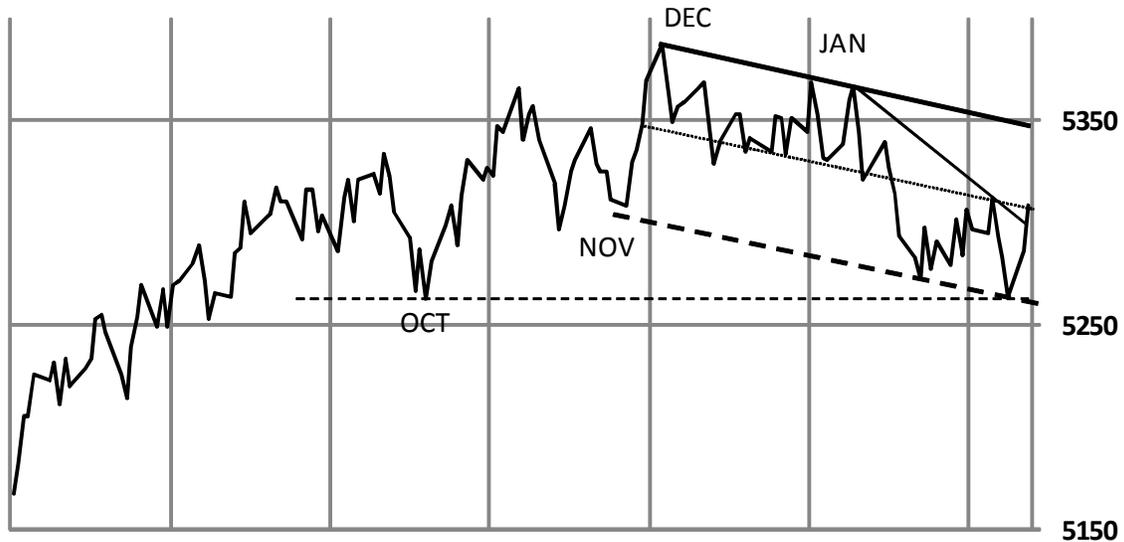


HUI GOLD BUG INDEX DAILY

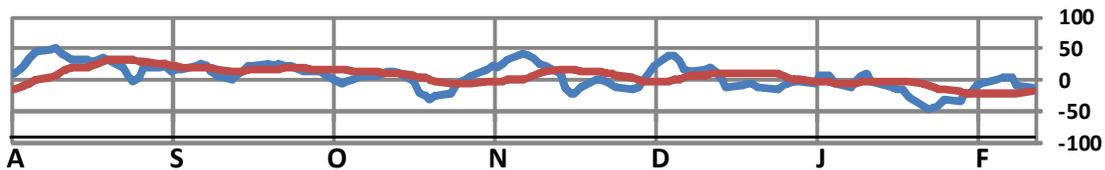
Comment:

Strong support is forming at the Jan uptrend line as HUI has not dipped below it, but it's still vulnerable by staying below its 15wk MA. This may not be a good sign for gold if gold shares continue to lead. Must see a clear break above the 15wk MA at 544 to confirm strength. On the downside, if HUI fails to break above it gold shares could be telling us that gold's rise may not have legs, and that a deeper decline may be in process. A clear 2dc below the current uptrend support at 510 would show weakness. Gold shares could then continue on their decline to the bottom side of the Dec downtrend channel, possibly dragging gold down. The Oct lows at 495 is support. Keep a close eye on the 15wk MA as it is an important key level to show if an upward reversal in trend is at hand.

GOLD STOCKS ADV/DEC LINE DAILY CHART 2/15/11 C=5309



SPINNER (3, 16, 16)



Schultz Gold Stocks Advance & Decline Line (SGS A/D) daily chart:

Comment:	Failed to cross over to the higher side of the downtrend channel. Instead it dipped down to the Oct lows which coincides with the bottom side of the channel. This low is now key. A clear break below this important convergence would be a bearish sign for gold shares and possibly gold. On the upside, this week's bounce could have follow through by breaking above the key 15wk MA we have been mentioning. If so, it will reflect a strong outlook for gold and a possible rise to new highs!
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GOLD SHARES

AEM -- AGNICO EAGLE MINES LT-DAILY 2/15/11 C = 75.53



Agnico Eagle Mines (NYSE: AEM; Toronto TSX:AEM-T); gold: US\$

Open trades:	Long at:	Gamblers bought at 73 (Feb-9-11)
	Stop:	S/T & M/T: 1dc at or below 66
	Profit targets:	80 &/or 85.
New Recom:	All buy long at 1dc above 76.50 or 2dc above 74 (almost there!).	
Comment:	AEM continues to rise steadily within the Jan uptrend channel. At top of channel looking to break above it which would be a good sign of strength. Downside wedge formation has an upside target of 80. Spinner has room to rise further. Looking good!	

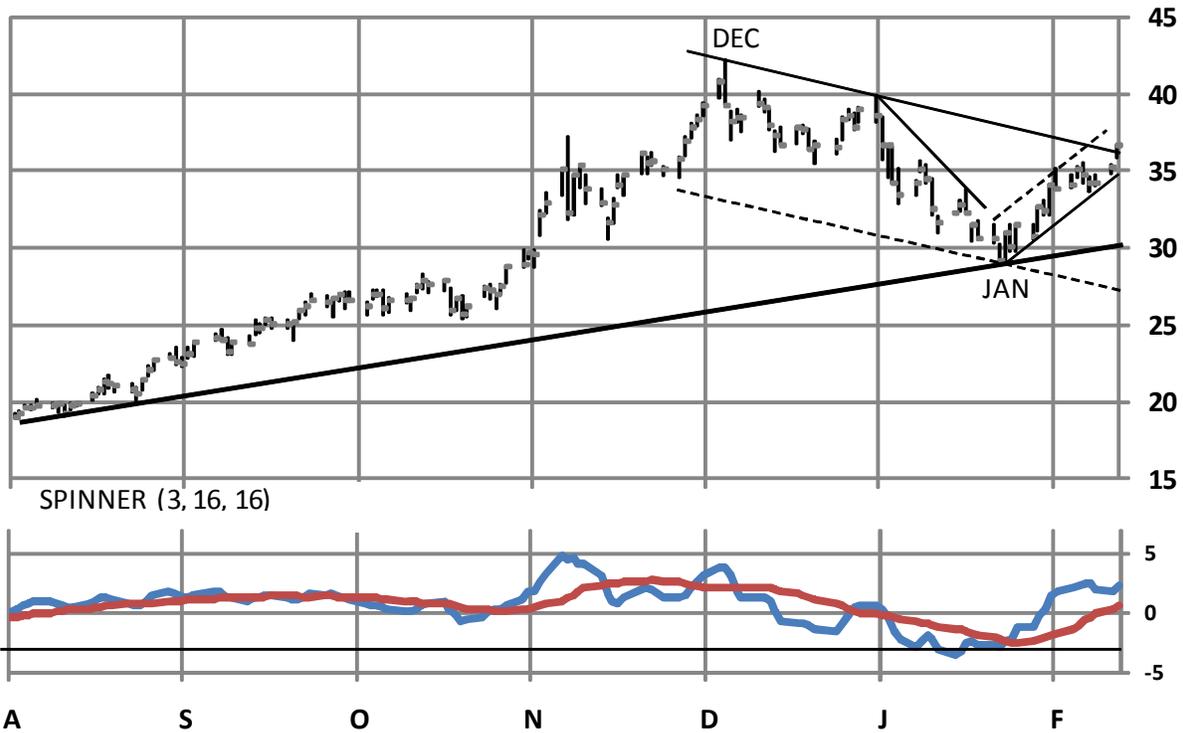
(EGU-T) EUROPEAN GOLDFIELDS DAILY 2/15/11 C = 15.40



European Goldfields (Toronto TSX: EGU-T; LSE: EGU); gold: CAD\$

Open Positions	Entry Level	Gamblers bought at 16.10 (4-Feb-11), all others at 16.30 (7-Feb-11)
	Stops:	S/T & M/T: 1dc at or below 12.95
	Profit Targets	17.50 &/or 18.25
New Recom:	Keep positions.	
Comment:	Price corrected a bit as traders cashed in on some profits after a break out to new highs. Keep positions as EGU continues rising steadily within the Jan uptrend channel. Spinner looks like its bottoming.	

(SLW) SILVER WHEATON CORP DAILY 2/15/11 C = 36.63



Silver Wheaton (NYSE: SLW; Toronto TSX: SLW-T) silver/gold: US\$

Open trades:	Positions	Initial entry price: 15.84 (Feb-17-10) Some re-bought at 38.42, 36 or 36.75 and at 34.80.
	Stop:	S/T & M/T: 2 dc below 29.20
	Profit targets:	42.50 &/or 45.80 &/or 48.50.
New Recom:	Keep positions. All buy more if breaks above Dec downtrend line after a 1dc at or above 37.	
Comment:	SLW continues to rise within the Jan uptrend channel, which provides good support at 34. A break above the Dec downtrend line would signal a trend reversal we have been anticipating. Be ready to buy!	

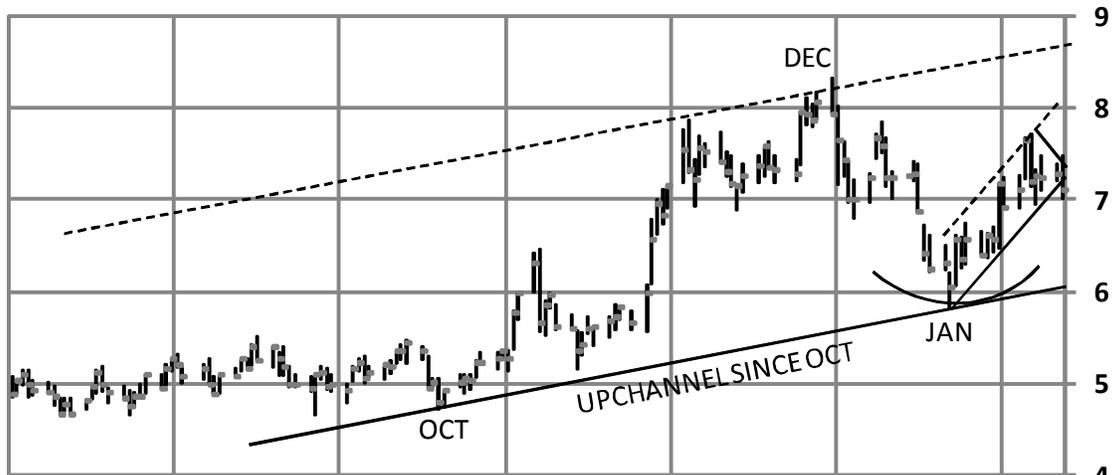
(TMM - V) TIMMINS GOLD CORP DAILY 2/15/11 C = 2.37



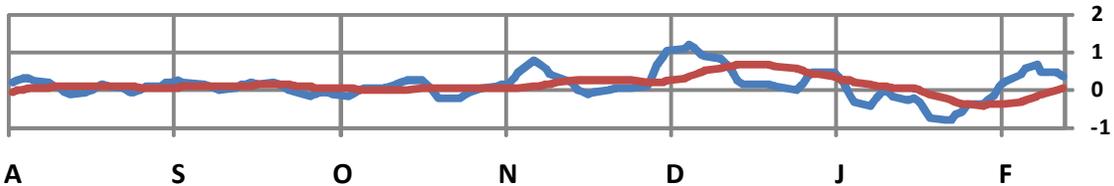
Timmins Gold Corp (Toronto TSXV: TMM-V) gold: CAD\$

Open trades:	Long at:	Initial entry price: 1.88 (Aug-16-10). Gamblers re-bought at 2.56 and 2.73
	Stop:	M/T: 1 dc below 2.00.
	Profit targets:	2.75 (if bought low), 3.10 &/or 3.75.
New Recom:	Keep positions. Buy bit after 1 dc above 2.57. Buy more after 1 dc above Dec resistance at 2.65.	
Comment:	Heading in the right direction, but not out of the woods just yet. A break above Dec downtrend would show good strength.	

(UXG) US GOLD CORP 2/15//11 C = 7.11



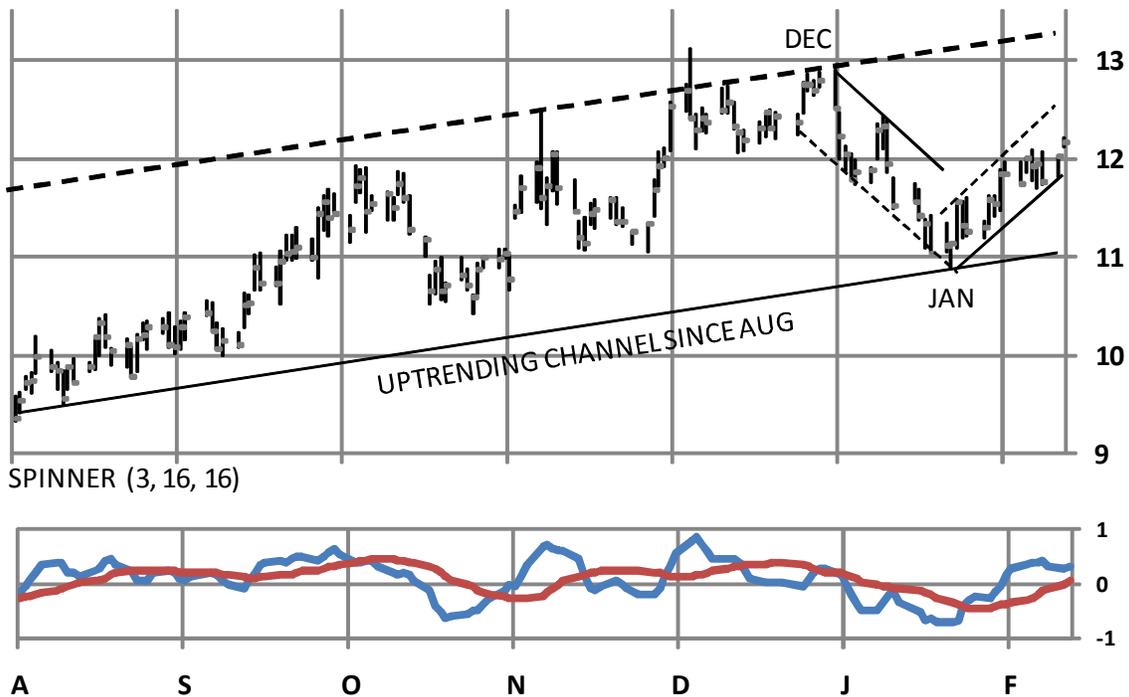
SPINNER (3, 16, 16)



US Gold Corp (Amex: UXG, Toronto TSX: UXG-T) gold&silver: US\$

Open trades:	Long at:	Entry level: 7.66 (Feb-9-11)
	Stop:	S/T & M/T: 2dc below 6
New Recom:	Keep positions.	
Comment:	Rising from the bottom of a six month upchannel. Has formed an uptrend line since mid Jan which provides good support. Cup & Handle formation is showing a rally to new highs is possible. Wait to buy more once Dec high is broken after a 2dc above 8.26.	

(AUY) YAMANA GOLD 2/15/11 C = 12.17



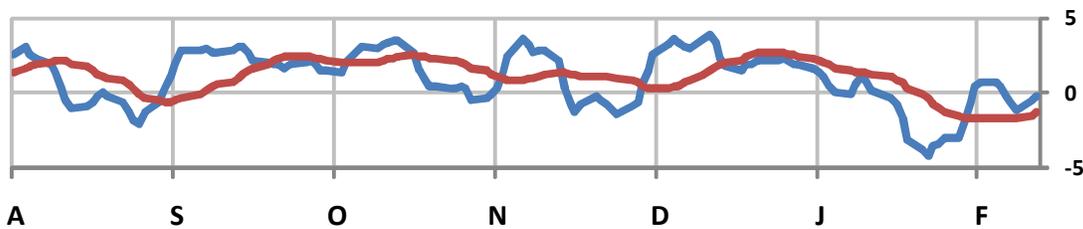
Yamana Gold (AUY); gold: US\$

Open trades:	Long at:	Initial entry price: 12 (Feb 9-11).
	Stop:	S/T & M/T: 1dc below 11.
	Profit Target:	13.25 &/or 14.
New Recom:	Keep positions.	
Comment:	Looks good as it continues to rise within an upchannel since mid Jan. It's beginning to break above it's 15 week MA, and ongoing close above it at 11.80 would be bullish. Mini runaway gap may accelerate AUY's to new highs! Keep positions and look to buy more when next resistance is broken.	

FCX -- FREEPORT MCMORAN LT-DAILY 2/15/11 C = 54.65



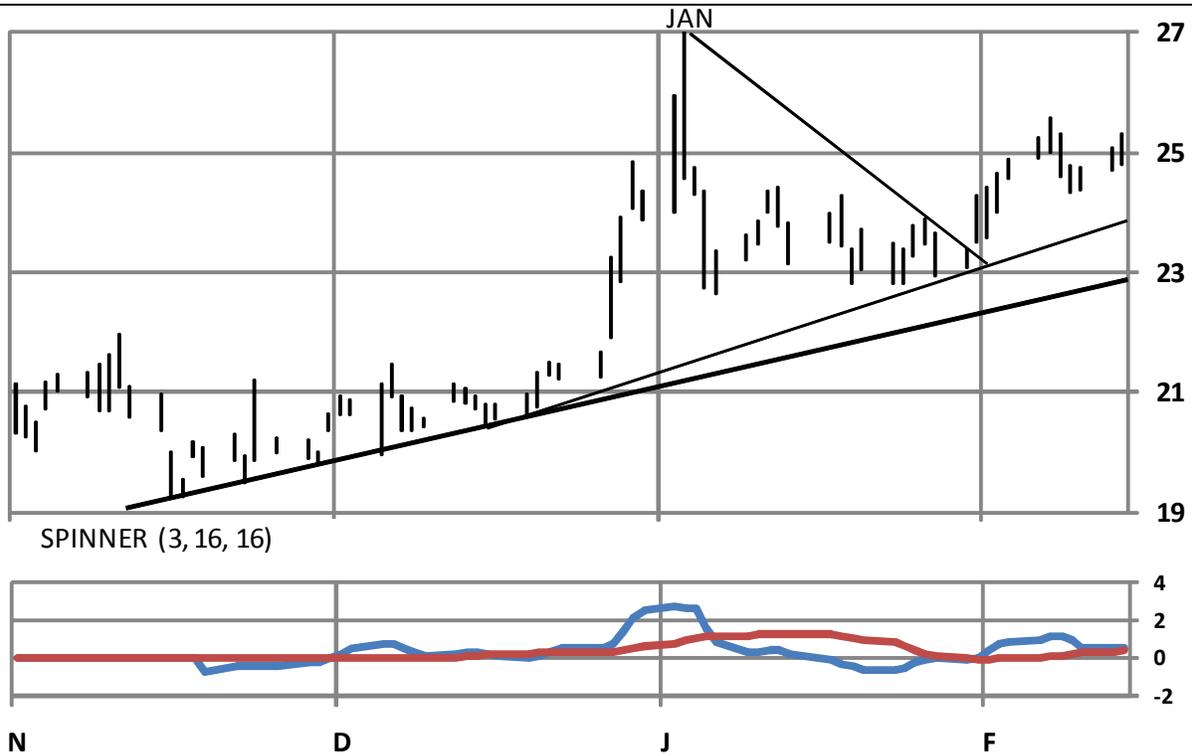
SPINNER (3, 16, 16)



Freeport McMoran (NYSE: FCX); copper: US\$

Open trades:	Long at:	Gamblers bought at 56.50 (Feb 2-11)
	Stop:	S/T: 2 dc below 52
	Profit targets:	61 &/or 65
New Recom:	Keep positions. Look to buy more after a 2dc at or above 58.	
Comment:	Has found strong resistance at the Jan downtrend line despite copper's rise to new highs. Will need a clear break above the downtrend to start seeing signs of a reversal in trend and a rise to new highs.	

(REMX) MARKET VCTRS RARE EARTH DAILY 2/15/11 C = 24.99

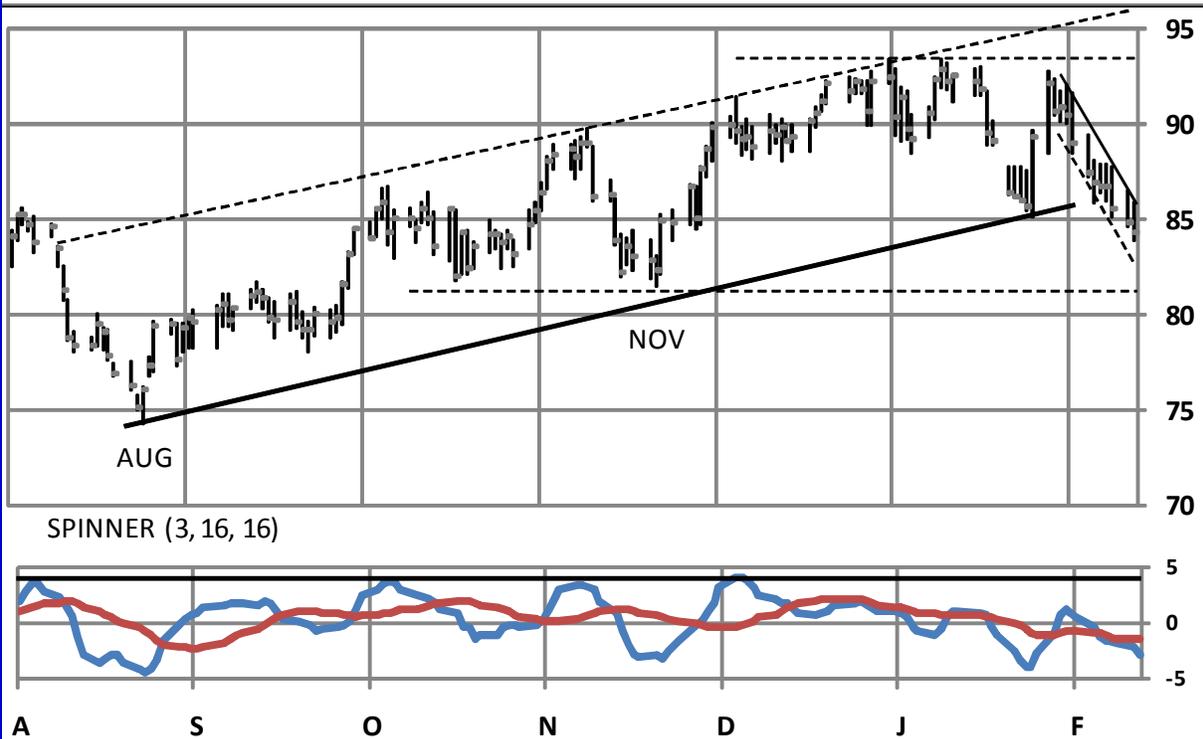


Mkt Vets Rare Earth (REMX); gold: US\$

New Recom:	Gamblers, buy a bit at mkt.
Comment:	Rising steadily above its Jan downtrend line. Great investment for the long term and a keeper. May be seeing some volatility in the short term, but do not be fooled as it is poised to continue on its rise! It has support at 22.50.

FUTURES

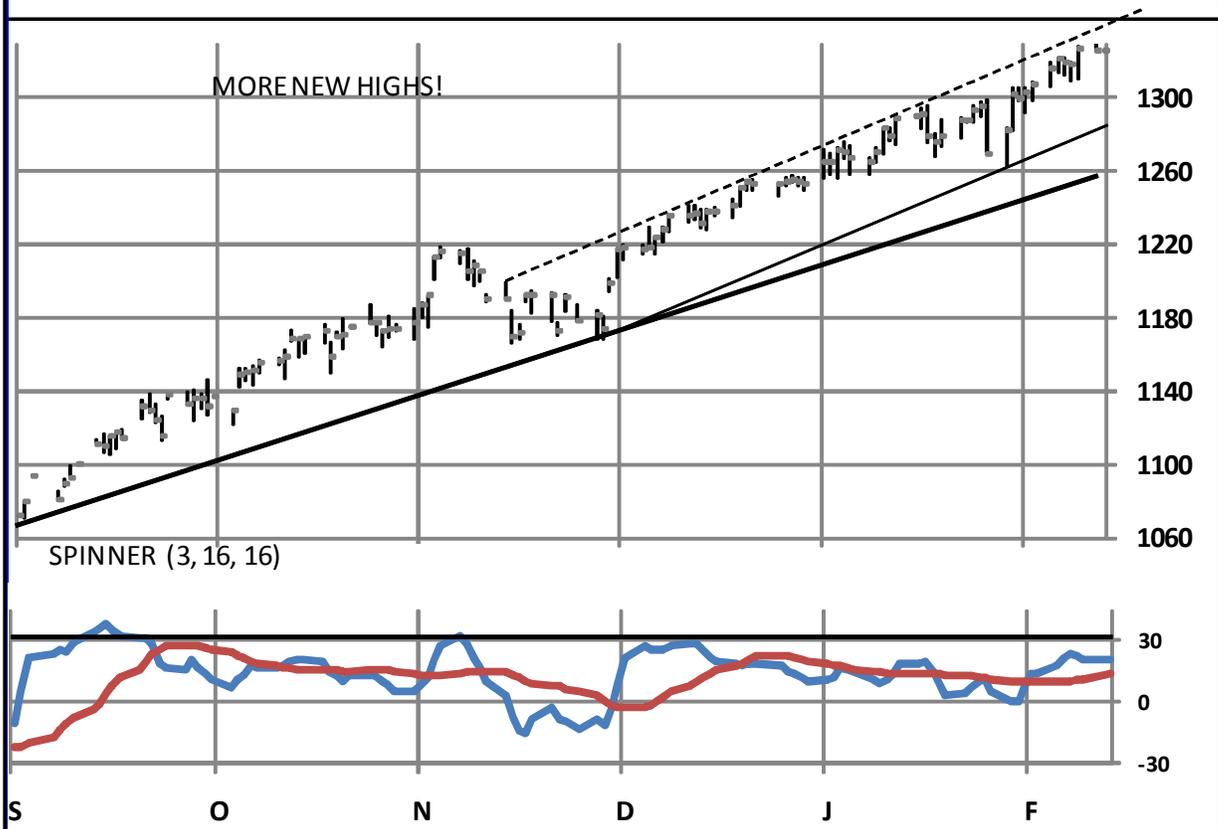
(CL2011H) LIGHT CRUDE OIL-11F-DAILY 2/15/11 C = 84.32



Crude Oil NY Mar 2011 futures - daily chart:

New Recom:	Long at:	Buy after a 1dc above 93 or after a dip that holds a 2dc above 81.50. Still waiting to buy...
Comment:	Broke below the 85 level which was key support for oil. It is declining steadily and broke clearly below the Aug uptrend support which means oil could test Nov lows. Wait for bottom to form before buying! Spinner on the decline but getting closer to low area.	

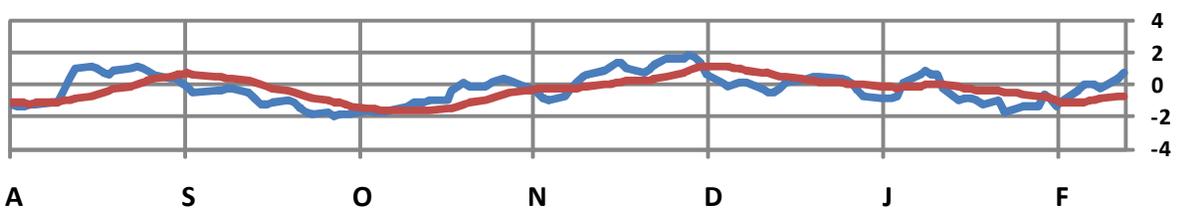
(SP2011H) S&P 500 INDEX -11H-DAILY 2/15/11 C = 1326.20



S&P500 Index Mar 2011 futures - daily chart

Open trades:	Long at:	Initial entry price: 1227.90 (Dec-09-10). Traders re-bought <u>March</u> at 1238.40, 1249.80 and 1283. Others may have bought at 1280 and 1295.80.
	Stop:	S/T: 1dc below 1275, M/T: 2 dc below 1270 (readjusted)
	Profit targets:	1350
New Recom:	Keep positions but looking to take more profits soon.	
Comment:	Continues reaching new highs while Spinner still bullish. 15 week MA provides intermediate support at 1270 and its extremely strong above 1300.	

(DX2011H) U.S. DOLLAR INDEX-11H-DAILY 2/15/11 C=78.66

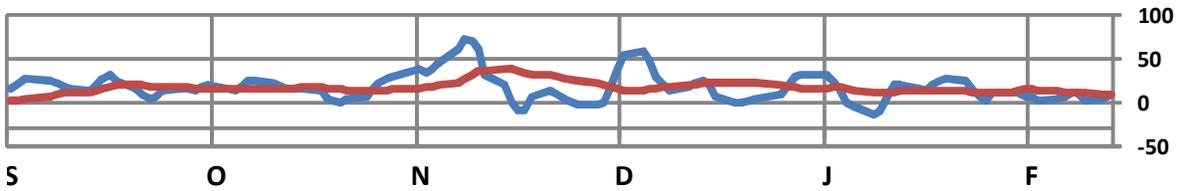


Open Trades	Long at:	Entry Price: 81.10 and 80.
	Stop:	S/T & M/T: 2 dc below 76.
New Recom:	Keep positions. Look to buy more after 1 dc above 81.50.	
Comment:	Beginning to rise within the sideways band. Stable above 78 and would look better above 79. Could then test the 81.50 high. Nov lows at 76 is strong support.	

(PA2011H) PALLADIUM-11H-DAILY 2/15/11 C=839.90



SPINNER (3, 16, 16)



Open Positions	Short at	Gamblers sold short bit at 780 -800.
	Stop	Cover half at 770 and cover all at 750.
Recom:	Gamblers a 1dc above 850, cover your shorts and buy long position with proceeds.	
Comment:	Palladium reached another new high today. Watching closely to reverse position but upside may be limited. Rising wedge still in the making with a downside target of 750 but a 1 dc above 850 would void it.	

“When the Government fears the People, that is Liberty. When the People fear the Government, that is Tyranny.” - Thomas Jefferson

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