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Gold (& mkts) Charts R Us
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-Gold (& mkts) Charts R Us-

Welcome to *GCRU* #388 on February 24, 2010 (in its 9th year). •••• The ***good*** news since last week is that gold bullion has thus far held its breakout above the Dec 2009 bullish down wedge, with a $1,129.00 upside measured target. The ***great*** news since last week is that bullion managed this feat in spite of the IMF's announcement to sell 191 tonnes of gold, and a 0.75% hike in the Fed's discount rate (which was largely symbolic as the Fed left its key overnight rate unchanged). The fact that the gold market digested this news almost without a hiccup in the gold price shows that global investors are no longer duped by govt manipulation & scare tactics that would have not so long ago sent the gold market "reeling." •••• Global stock markets remain toppy even though if the current bounce on 200-day moving average support could have a little more upside to run. We say bounce as volume remains anemic & the risk of technical H&S tops is apparent in a broad array of indexes. Watch the *Swiss Market Index* (SMI) closely as it's the only major stock index that has broken to a new shorterm high, & *may* offer leadership for a surprise stock market revival. •••• Seasonal gold price trends look favorably on March. The *Privateer* newsletter comments: "Looking at 'seasonalities' going back *decades*, there is usually a US$ gold correction at this time of year, lasting from late January until mid/late March. …By historical 'norms,' gold usually languishes until about mid March and then spurts higher until mid May." •••• Citigroup has informed its clients it may refuse withdrawals. "Effective April 1, 2010, we reserve the right to require 7 days advance notice before permitting a withdrawal from all checking accounts." Small changes today may have *drastic* consequences tomorrow. Why else would they (and others) be implementing such changes unless bank runs are expected? •••• The CRB commodity index has broken above its Jan downtrend line, backed by bullish momentum signals. Similarly, crude oil appears to be completing the head of an irregular Oct-Feb reverse H&S formation. This suggests the reflation trade is primed to benefit from a coming high inflationary environment, and (like gold), hard assets & commodity related stocks will *gradually* reduce their inverse correlation with the US$. •••• Regulators shuttered four more US banks last Friday, boosting to 20 the number of US bank failures this year. •••• Bullish Consensus reading on gold yesterday was 73 (down 3 from last week). B/C say gold's "Momentum oscillators are bearish/neutral today, neutral/bullish thereafter." B/C on the US$ was 57 (up 3). •••• The 3 gold indexes (SGI, HUI, XAU) are still trading *within* their Dec bullish down

wedges, while gold has broken above a comparable formation, so bullion will probably continue to outperform the shares for a while. The non-confirmation of gold share strength is a worry, but when you see lots of a certain pattern (ie, down wedges in bullion, the gold indexes & the individual gold shares), it "usually" means they are valid. *Spinner* lines have flipped to crosscurrent mode, with timing lines turning down to confront bullish & rising confirming lines. This line set-up is typical of corrective action rather than a reversal, but it's too risky to recommend buying gold shares *on dips* this week, as a new burst of US$ strength &/or stock market weakness would send many golds to re-test their recent lows, & we need to see if they hold first. So, the safest strategy is to buy on 1-day closes over nearby downtrend lines & resistance, which would likely occur if the US$ weakens. Likewise, recent gold share buyers keep a tight finger on the exit trigger *just-in-case* new higher lows fail to appear. •••• Gold is down $9.90 in early European trading today. The US$-Index is down 15 cents. •••• The gold market is balanced on – *knifedge* – (today's password) and needs more time to validate *or* refute this reversal attempt. Regardless of what kind of correction we may have here, the gold price is just heating up & is destined to go much, *much* higher. •••• Fond regards from ***Uncle Harry***, & Paul. •••• If it's Wednesday, it's *Gold (& Mkts) Charts R Us.*

PS: The following gold stocks will be added to *GCRU* only if the following buy levels are hit: Paramount Gold & Silver (PZG-T); buy after 2-dc over 1.85; stop: 1-dc below 1.45. Richmont Mines (RIC-T); buy after 2-dc over 4.40; stop: 1-dc below 3.55.

IN THIS ISSUE

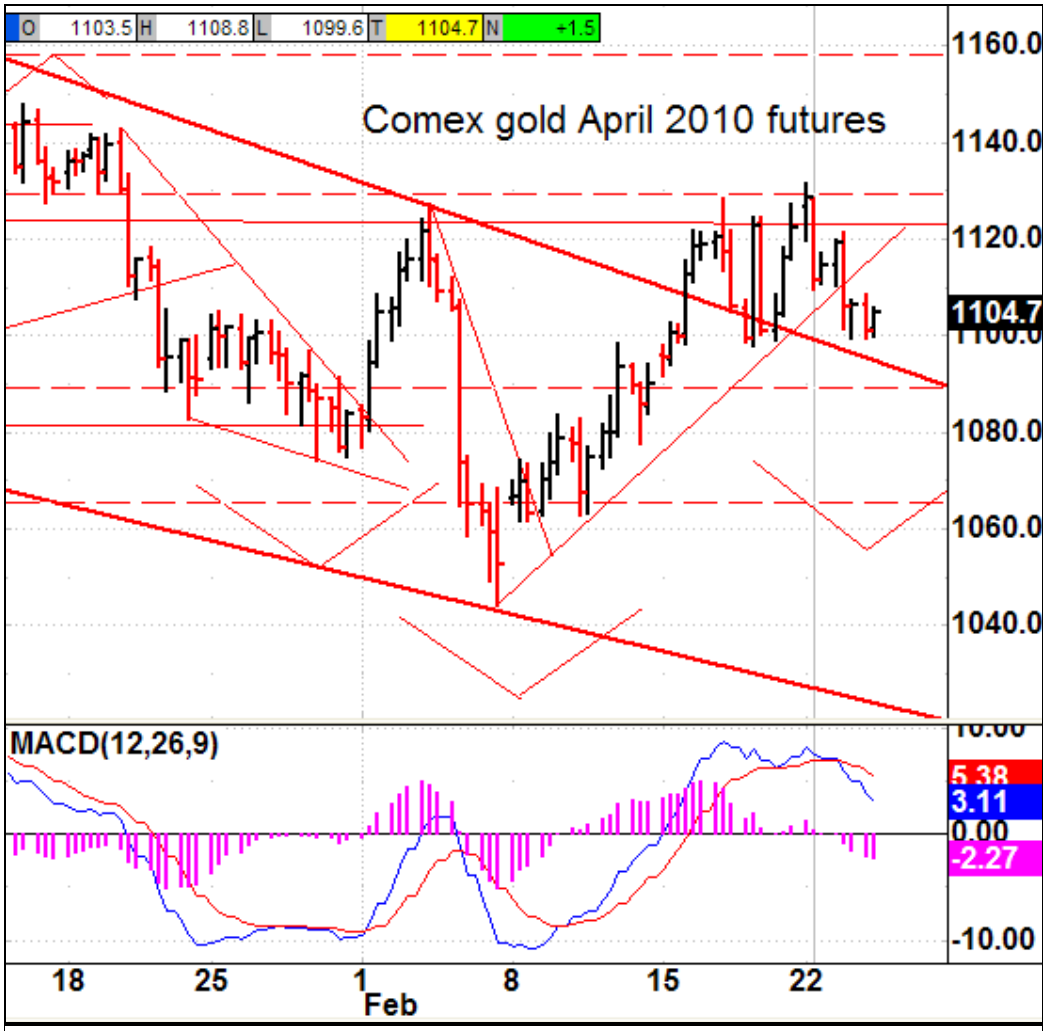
••Our Abbreviations:

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 = Shorterm.
Sym/tri = symmetrical triangle.
Tgt = Target.
Unch = unchanged.
Vol = Volume.
Wk = week.
Ystdy = yesterday.

GOLD

Comex gold <u>April</u> futures – <u>daily</u> – 6 month view

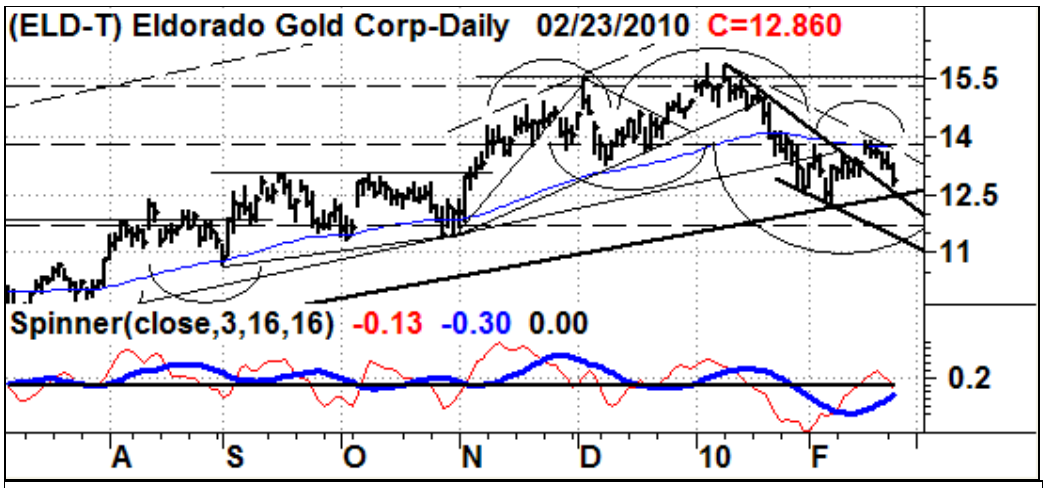
Comex gold April 2010 futures – 480 min – 7wk view



Comex gold April 2010 futures Cx - 480-min tick chart (all sessions):

Open trades:	**Long at:** **Stop:** **Profit targets:**	Initial entry price: 1119.80 (Feb-16-10). Traders re-bought at 1119.80 & 1104.50 &/or 1120.10. S/T: 1064.90-stop. M/T: 1-dc below 1064.90. Sell bits at 1158.50 &/or 1185.50 &/or 1213.25.
New Recom:	If out, wait to buy strength after a dip that clearly holds on or above 1089.60 &/or buy Apr after 1-dc over 1129.20; stop: exit, or sell ½ at 1064.90-stop, ½ after 1-dc below 1064.90; take partial profits at 1158.50 &/or 1185.50 &/or 1213.25. Use mini Cx to offset wider stops. Or, hedgers sell short Apr after 2-dc below 1089.60; stop: 1-dc over 1129.20; cover ½ at 1044.50 &/or trail stop downside.	
Comment:	Hesitant break above Dec peak bull wedge; $1229.00 upside measured target. Spinner in crosscurrent bull mode (daily chart); gives tip for short-lived price setbacks only, ie: may dip to build deeper right shoulder of 5-week reverse H&S. Requires a new higher low &/or closing break over $1129.20 to strengthen.	

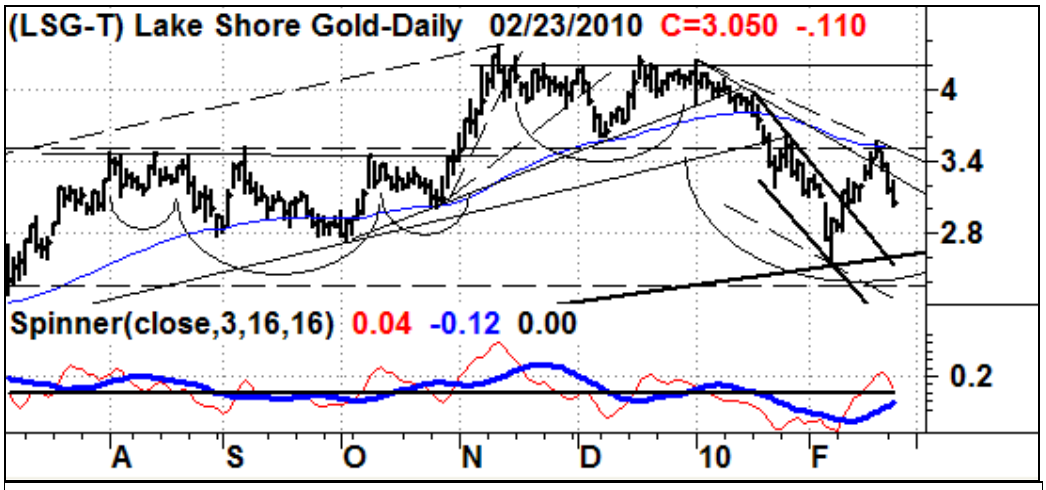
GOLD SHARES



Eldorado Gold (Toronto: ELD-T; NYSE: EGO); gold: CAD$:		
Open trades:	**Long at:**	Initial entry price: 13.31 (Feb-12-10). Traders re-bought bit at 13.70 & 13.10.
	Stop:	S/T: 11.70-stop. M/T: 1-dc below 11.70.
	Profit targets:	15.30 (if re-bought low) &/or 16.70 &/or 17.50.
New Recom:	If out, wait to buy strength after next obvious reaction low &/or buy after 1-dc over 13.80; stop: 1-dc below 11.70.	
Comment:	Jan peak bull wedge; 15.53 upside target. Forceful setback towards joint support of Oct 2008 uptrend line & Feb (12.55) closing low. Spinner in corrective bull mode. 3-month toppy look vs uncertain reverse H&S base. Will soon reveal.	

Iamgold Corp (NYSE: IAG; Canada: IMG-T); gold: US$:		
Open trades:	**Long at:** **Stop:** **Profit targets:**	Traders bought bit (or covered hedges) at 14.90 & 14.70. S/T: 11.90-stop. M/T: 1-dc below 11.90 (if re-buy). 17.80 (if re-buy low) &/or 19.30 &/or 21.00.
New Recom:	If out, spec buy after 1-dc over 15.40; stop: 1-dc below 11.90. Buy more after 2-dc.	
Comment:	Dec peak bull wedge; 21.00 upside measured target. Spinner backfilling on zero line. Tentative Dec-Feb reverse H&S. Must hold Jan (13.21) closing low to keep shorterm higher hopes alive.	

Jaguar Mining (Canada: JAG-T; NYSE: JAG); gold: CAD$:		
Open trades:	**Long at:** **Stop:** **Profit targets:**	Initial entry price: 8.65 (May-20-09). S/T: 8.95-stop. M/T: 1-dc below 8.95 (if re-buy). 13.55 (if re-buy low) &/or 14.75 &/or 16.15.
New Recom:	If out, spec buy (or cover hedges) after 1-dc over 10.80; stop: 1-dc below 8.95. Buy more on 2-dc.	
Comment:	Failed to develop a decisive break above Jan bull wedge; 14.18 theoretical upside target. Spinner easing from bullish to neutral. Shaky, but not yet out for the count.	

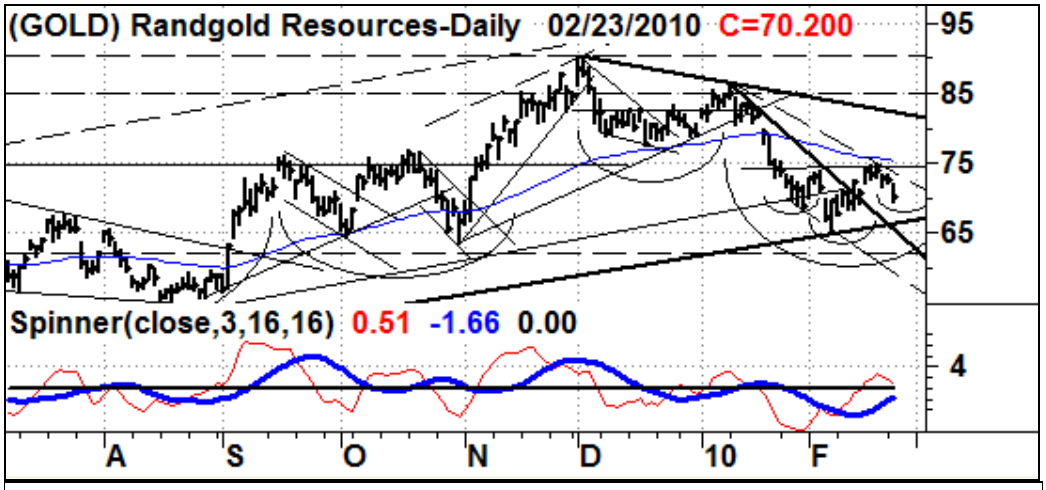


Lake Shore Gold (Canada: LSG-T); gold: CAD$:		
Open trades:	**Long at:**	Traders bought bit (or covered hedges) at 3.31 & 3.42.
	Stop:	S/T: 2.35-stop. M/T: 1-dc below 2.35.
	Profit targets:	4.38 (if re-buy low) &/or 4.90 &/or 5.35.
New Recom:	If out, wait to buy strength after next reaction low &/or buy after 2-dc over 3.50; stop: 1-dc below 2.80.	
Comment:	Volatile rebound to expand uncertain head of Nov-Feb reverse H&S pattern. Negative hook in Spinner timing line offset via determined uptrend in (thick) confirming line. Needs to stabilize.	

Northern Dynasty Minerals (Canada: NDM-T; NYSE: NAK); copper/gold/molybdenum; CAD$:		
Open trades:	**Long at:**	Traders bought bit at 9.52 & 9.86.
	Stop:	S/T: 7.95-stop. M/T: 1-dc below 7.95.
	Profit targets:	10.60 (if buy low) &/or 11.90 &/or 13.30.
New Recom:	If out, wait to buy strength after a dip &/or buy big after 1-dc over 10.00; stop: 1-dc below 8.30.	
Comment:	Rose to complete right shoulder of would-be Mar 2009-Feb 2010 bullish reverse H&S base; 13.30 upside target. Spinner fading at recent overbought extremes; hints price may pause before a conclusive upside breakout develops. Pressing cloud cover.	

Osisko Mining (Canada: OSK-T); gold: CAD$:

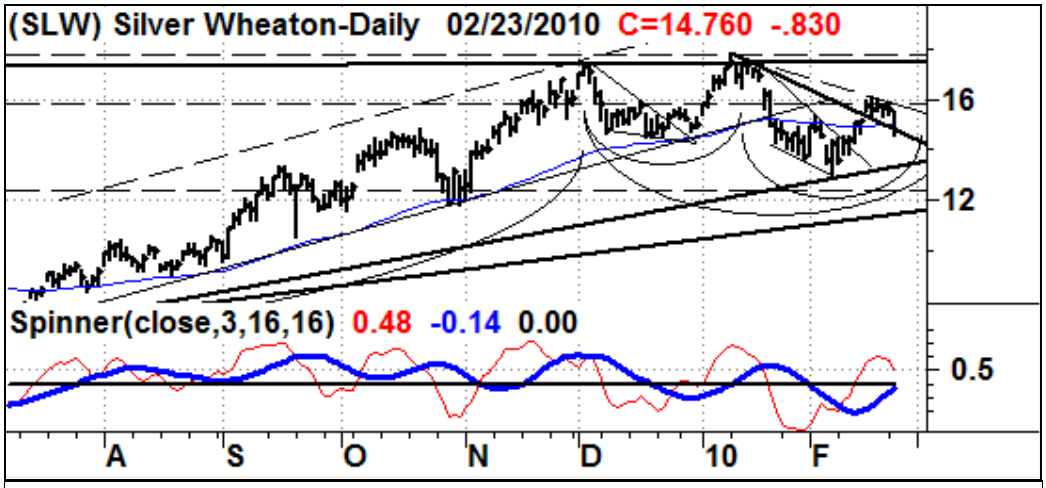
Open trades:	**Long at:** **Stop:** **Profit targets:**	Initial entry price: 5.90 (May-13-09). Traders re-bought bit (or covered hedges) at 8.82 & 8.52. S/T: 7.58-stop. M/T: 1-dc below 7.58. 9.10 &/or 9.75 &/or 10.50 &/or 11.20 &/or 12.45.
New Recom:	If out, spec buy at 9.15-stop; stop: 1-dc below 7.58. And/or all buy big after 1-dc over 9.15; stop: 1-dc below 7.58.	
Comment:	Probing upper resistance of Sept-Feb bullish ascending triangle; 11.20 measured target. Spinner in corrective bull mode. Requires a high volume break above 9.15 to set alight. Good potential.	



Randgold Resources (Nasdaq: GOLD; London: RRS); gold: US$:

Open trades:	**Long at:** **Stop:** **Profit targets:**	Traders bought bit (or covered hedges) at 74.42. S/T: 61.90-stop. M/T: 1-dc below 61.90. 84.90 (if re-bot low) &/or 90.30 &/or 96.30.
New Recom:	If out, wait to buy strength after a dip &/or buy after 2-dc over 74.10; stop: 1-dc below 61.90.	
Comment:	Dip to expand possible right shoulder of 1-month reverse H&S. Spinner in temporary negative hook. Relatively low volume hints at limited selling pressure. Requires more time to evolve/confirm.	

Red Back Mining (Toronto: RBI-T); gold: CAD-$:		
Open trades:	**Long at:** **Stop:** **Profit targets:**	Initial entry price: 6.76 (Dec-11-08). Traders re-bought bit at 18.98. S/T: 15.30-stop. M/T: 1-dc below 15.30. 20.90 &/or 22.90 &/or 24.80.
New Recom:	If out, gamblers *only* nibble buy if dips to 18.05 &/or 17.25; stop: 1-dc below 15.30. And/or all buy again after 1-dc over 19.65.	
Comment:	Price dip to test neckline support of Jan-Feb reverse H&S; 21.00 target. Spinner in slackening bull mode; hints additional consolidation possible. Sept uptrend channel prevails. Bullish!	



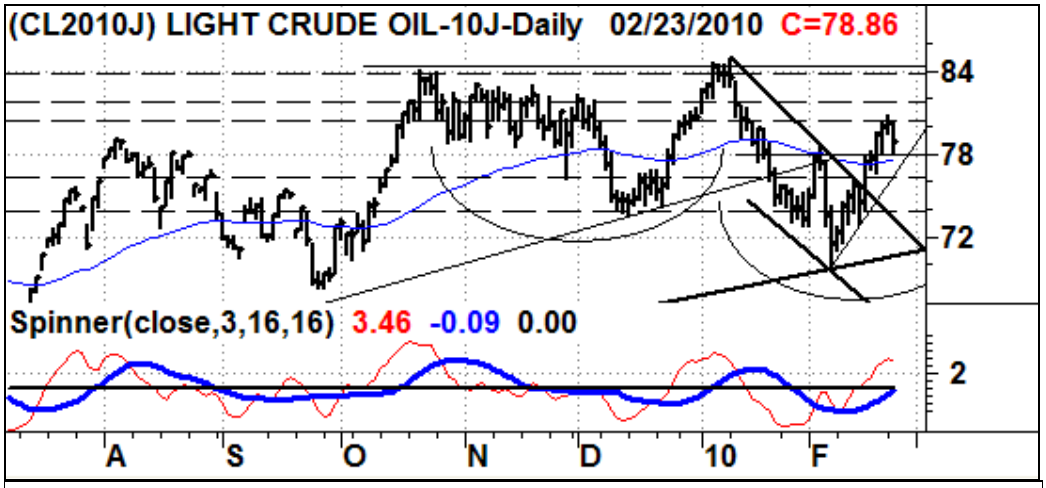
Silver Wheaton (NYSE: SLW; Toronto: SLW-T); gold: US$:		
Open trades:	**Long at:** **Stop:** **Profit targets:**	Traders bought bit at 15.84 & 14.70. S/T: 12.40-stop. M/T: 1-dc below 12.40. 19.90 (if buy low) &/or 21.70 &/or 23.50.
New Recom:	If out, buy after 1-dc over 15.75; stop: 1-dc below 12.40. All buy again big after 1-dc over 17.60.	
Comment:	Setback to test Jan downtrend line support. Expanding uncertain Dec-Feb reverse H&S. Spinner in crosscurrent bull mode. May dip to test joint support of July 2009 uptrend line & Feb (13.57) closing low.	

FUTURES

Corn May 2010 futures – daily chart:		
Open trades:	**Long at:**	Initial entry price: 379.00 (Feb-16-10). Traders re-bought bit at 378.20 & 374.00
	Stop:	Exit, or sell ½ at 353.50-stop, ½ after 1-dc below 353.50.
	Profit targets:	401.10 &/or 421.20, & trail stop rest.
New Recom:	If out, spec buy May at mkt; stop: exit, or sell ½ at 353.50-stop, ½ after 1-dc below 353.50.	
Comment:	Jan-Feb reverse H&S & tentative upside breakout; 401.10 initial target. Spinner in reinvigorated bull mode. Jan peak bull wedge; 435.00 target. Uncertain Oct-Feb reverse H&S development.	

Cotton <u>May</u> 2010 futures – <u>daily</u> chart:

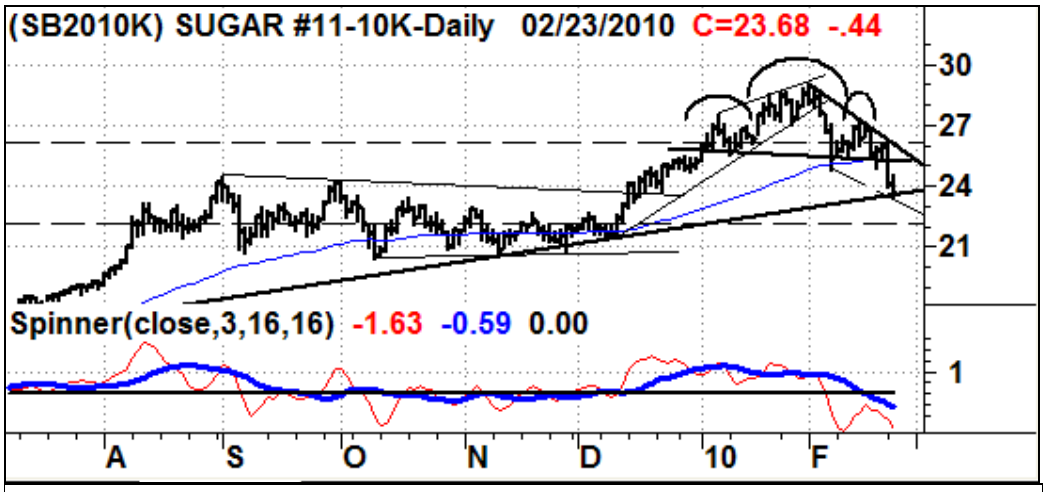
Open trades:	**Long at:** **Stop:** **Profit targets:**	Initial entry price: 72.70 (Feb-10-10). ☺ No lower than 78.15-stop. 80.80. Some took profit at 78.40 ☺.
New Recom:	If long, can't argue with taking remaining profits <u>at mkt</u>. If out, wait to buy strength after next significant dip.	
Comment:	Rocket rise above Dec peak resistance. Spinner easing at overbought extremes; raises odds for shorterm price dip (as does falling volume). Xlnt profit generator over recent weeks ☺.	



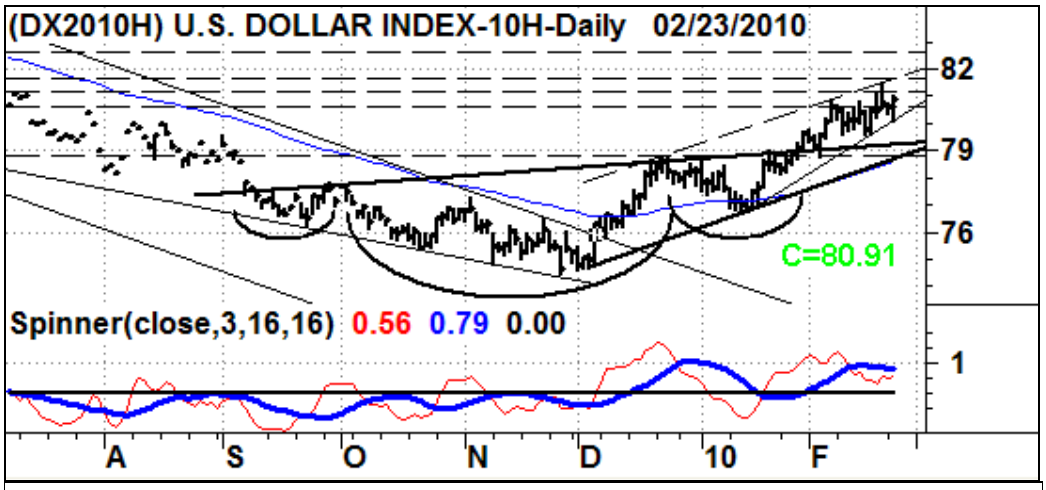
Crude Oil NY <u>April</u> 2010 futures – <u>daily</u> chart:

Open trades:	**Long:** **Stop:** **Profit targets:**	Initial entry price: 77.42 (Feb-16-10). Traders re-bought Apr at 77.72. S/T: 73.90-stop. M/T: 1-dc below 73.90. 81.80 &/or 83.70 (if bought/buy).
New Recom:	If out, wait to buy strength after next reaction low &/or nibble buy Apr after 1-dc over 80.30; stop: 1-dc below Feb uptrend line (now 76.30). Use mini Cx to offset wide stops.	
Comment:	Rise to build uncertain head of Oct-Feb reverse H&S. Spinner stalling at recent overbought extremes. Can't exclude dip towards or re-test of Jan downtrend line breakout point (ie, 75.50).	

S&P500 Index <u>March</u> 2010 futures – <u>daily</u> chart:		
Open trades:	**None:** **Stop:** **Profit targets:**	Traders not in yet. 1-dc below 1085.40. Sell ½ at 1145.20 &/or tight trail stop strength.
New Recom:	Buy Mar after 1-dc over 1111.20; sell ½ at 1145.20 &/or tight trail stop strength. Sell, or gamblers sell short Mar after 1-dc below 1083.80; stop: 1-dc over 1111.20; cover ½ at 1038.50.	
Comment:	Nov-Feb H&S top <u>vs</u> 4½-week reverse H&S. Spinner in cross-current bull mode. Next test for the bulls is a close over 1111.20.	



Sugar <u>May</u> 2010 futures – <u>daily</u> chart:		
Open trades:	**Short at:** **Stop:** **Profit targets:**	Initial entry price: 26.20 (Feb-10-10). Gamblers/-active traders sold short at 26.66 & 26.30. No higher than 26.20-stop. Take remaining profit at 22.10. Short sellers took ½ profits at 23.80 ☺.
New Recom:	If short, lock-in any worthwhile profits via tight *trailing* profit stops. If out, no new trade recom this week.	
Comment:	Jan-Feb H&S top; 22.10 downside measured target (basis L/O/C). Spinner in concurrent bear mode (ie, both plotlines down trending below zero). *May* rebound on April 2009 uptrend line support.	



US$ Index Mar 2010 futures-daily chart:		
Open trades:	**Long at:**	Initial entry price: 76.63 (Dec-08-09). ☺ Traders re-bought Mar bit at 80.72.
	Stop:	1-dc below 78.80.
	Profit targets:	81.60 (if bought low) &/or 82.80 &/or 83.70.
New Recom:	Traders banked any worthwhile profits at mkt. If out, wait to buy after a dip &/or buy Mar after 1-dc over 81.10. Sell, or sell short Mar after 1-dc below Dec uptrend line (now 78.80); stop: 1-dc over 80.60.	
Comment:	12-day sideways shunt & break to new closing high. Sept-Jan reverse H&S base; 82.80 upside target. Downturn in Spinner (thick) confirming line opens window for significant corrective decline (ie, towards or to test Dec uptrend line (now 78.80).	

Feb-24-10

OPEN POSITIONS & NEW RECOMMENDATIONS RECAP

Sectors	Symbol	Trade recommendation	Long Short	Entry Date	Initial Entry Price	Traders re-bot/-sold at	Last Closing Price	Trailing Stoploss	Target #1	Target #2	Target #3
Gold shares											
Eldorado Gold	ELD-T	If out, wait to buy strength after next obvious reaction low &/or buy after 1-dc over 13.80; stop: 1-dc below 11.70.	L	Feb-12-10	13.31	13.70 13.10	12.86	11.70-stop 1-dc U/11.70	15.30	16.70	17.50
Franco Nevada	FNV-T	If out, spec buy after 1-dc over 28.20; stop: 1-dc below 24.90.	L	Sep-16-09	30.99		27.02	24.90-stop 1-dc U/24.90	32.90	35.60	38.50
Iamgold Corp	IAG	If out, spec buy after 1-dc over 15.40; stop: 1-dc below 11.90. Buy more after 2-dc.	L	Feb-17-10	14.90	14.70	13.89	11.90-stop 1-dc U/11.90	17.80	19.30	21.00
Jaguar Mining	JAG-T	If out, spec buy (or cover hedges) after 1-dc over 10.80; stop: 1-dc below 8.95. Buy more on 2-dc.	L	May-20-09	8.65		10.03	8.95-stop 1-dc U/8.95	13.55	14.75	16.15
Lake Shore Gold	LSG-T	If out, wait to buy strength after next reaction low &/or buy after 2-dc over 3.50; stop: 1-dc below 2.80.	L	Feb-17-10	3.31	3.42	3.05	2.35-stop 1-dc U/2.35	4.38	4.90	5.35
Northern Dynasty Minerals	NDM-T	If out, wait to buy strength after a dip &/or buy big after 1-dc over 10.00; stop: 1-dc below 8.30.	L	Feb-17-10	9.52	9.86	9.40	7.95-stop 1-dc U/7.95	10.60	11.90	13.30
Osisko Mining	OSK-T	If out, spec buy at 9.15-stop; stop: 1-dc below 7.58. And/or all buy big after 1-dc over 9.15; stop: 1-dc below 7.58.	L	May-13-09	5.90	8.82 8.52	8.53	7.58-stop 1-dc U/7.58	9.10	9.75	10.50
Randgold Res.	GOLD	If out, wait to buy strength after a dip &/or buy after 2-dc over 74.10; stop: 1-dc below 61.90.	L	Feb-17-10	74.42		70.20	61.90-stop 1-dc U/61.90	84.90	90.30	96.30

Feb-24-10

OPEN POSITIONS & NEW RECOMMENDATIONS RECAP

Sectors	Symbol	Trade recommendation	Long Short	Entry Date	Initial Entry Price	Traders re-bot/-sold at	Last Closing Price	Trailing Stoploss	Target #1	Target #2	Target #3
Gold Shares											
Red Back Mng	RBI-T	If out, gamblers only nibble buy if dips to 18.05 &/or 17.25; stop: 1-dc below 15.30. And/or all buy again after 1-dc over 19.65.	L	Dec-11-08	6.76	18.98	18.75	15.30-stop 1-dc U/15.30	20.90	22.90	24.80
Royal Gold	RGLD	Spec buy (or cover hedges) after 1-dc over Dec downtrend line (now 45.10); stop: 1-dc below 39.70.					42.80	39.70-stop 1-dc U/39.70	55.18	57.80	64.40
Silver Wheaton	SLW	If out, buy after 1-dc over 15.75; stop: 1-dc below 12.40. All buy again big after 1-dc over 17.60.	L	Feb-17-10	15.84	14.70	14.76	12.40-stop 1-dc U/12.40	19.90	21.70	23.50
Futures											
Corn	C K0	If out, spec buy May at mkt; stop: exit, or sell ½ at 353.50-stop, ½ after 1-dc below 353.50.	L	Feb-16-10	379.00	378.20 374.00	378.30	353.50-stop 1-dc U/353.50	401.20	421.20	Trail stop rest
Cotton	CT K0	If long, can't argue with taking remaining profits at mkt. If out, wait to buy strength after next significant dip.	L	Feb-10-10	72.70		79.77	No lower than 78.15-stop	Hit at 78.40 ☺	80.80	

Feb-24-10

OPEN POSITIONS & NEW RECOMMENDATIONS RECAP

Sectors	Symbol	Trade recommendation	Long Short	Entry Date	Initial Entry Price	Traders re-bot/-sold at	Last Closing Price	Trailing Stoploss	Target #1	Target #2	Target #3
Futures											
Crude oil	CLJ0	If out, wait to buy strength after next reaction low &/or nibble buy Apr after 1-dc over 80.30; stop: 1-dc below Feb uptrend line (now 76.30). Use mini Cx to offset wide stops.	L	Feb-16-10	77.42	77.72	78.86	73.90-stop 1-dc U/73.90	81.80	83.70	
Gold	GCJ0	See page 6	L	Feb-16-10	1119.80	1119.80 1104.50 &/or 1120.10	1103.20	1064.90-stop 1-dc U/1064.90	1158.50	1185.50	1213.25
S&P500	SPH0	Buy Mar after 1-dc over 1111.20; sell ½ at 1145.20 &/or tight trail stop strength. Sell, or gamblers sell short Mar after 1-dc below 1083.80; stop: 1-dc over 1111.20; cover ½ at 1038.50.					1097.20	1-dc U/1085.40 (If buy)	Sell 1/2 at 1145.20	And/or trail stop upside	
Sugar	SBK0	If short, lock-in any worthwhile profits via tight trailing profit stops. If out, no new trade recom this week.	S	Feb-10-10	26.20	26.66 26.30	23.68	No higher than 26.20-stop	Hit at 23.80	22.10	
US$-Index	DXH0	Traders banked any worthwhile profits at mkt. If out, wait to buy after a dip &/or buy Mar after 1-dc over 81.10. Sell, or sell short Mar after 1-dc below Dec uptrend line (now 78.80); stop: 1-dc over 80.60.	L	Dec-08-09	76.63	80.70	80.91	1-dc U/ 78.80	81.60	82.80	83.70

•••• **Goldman goes rogue**. We now learn from *Der Spiegel* & the *NYT* that Goldman Sachs has helped or encouraged some European govts to hide a large part of their debts, pens Simon Johnson at *BaseLineScenario.com*. "These actions are fundamentally destabilizing to the global financial system, as they undermine the most basic principles that underlie well-functioning markets. **When the data are all lies, the outcomes are all bad**. A single rogue trader can bring down a bank – remember the case of Barings. But **a single rogue bank can bring down the global financial system**. Goldman will dismiss this as 'business as usual' and, to be sure, a few phone calls around Washington will help ensure that Goldman's primary supervisor – now the Fed – looks the other way. But the affair is now out of Ben Bernanke's hands, and quite far from people who are easily swayed by the White House. It goes immediately to the European Commission, which has jurisdiction over eurozone budget issues. **Faced with *enormous* pressure from those eurozone countries now on the hook for saving Greece, the Commission will surely launch a special audit of Goldman and all its European clients**….. Goldman could be blacklisted from working with eurozone govts for the foreseeable future; as was the case with Salomon Brothers 20 years ago. Goldman may be on its way to be banned from some govt securities markets altogether. And the US govt, at the highest levels, has to ask a fundamental question: For how long does it wish to be intimately associated with Goldman Sachs and this kind of destabilizing action? **To allow the current govt-backed Goldman to behave recklessly and with complete disregard to the basic tenets of <u>international</u> financial stability is utterly indefensible**." A backlash is building as politicians themselves are increasingly menaced by the recklessness of the banksters. Audits & black listings would be a step in the right direction, but they are too late to cure the corrupt political system that has *already* been hijacked by a new "ruling" oligarchy. •••• **Largest gold short sellers rushing to exit positions**. "The largest of the largest [commercial] traders of gold futures on the COMEX in New York continued to drastically reduce their net short exposure to both gold and silver futures according to Feb 12 Commitments Of Traders (COT) data, reports Gene Arensberg in *GoldNewsletter.com*. "A net short futures position increases in value if prices of the commodity decline and vice versa. We believe that commercial COT positioning is one of many important gold and silver indicators – one that is moving into a more *bullish* than bearish structure. In gold futures, the commercial net short positioning has not been this 'small' since September of last year with gold then trading in the $950s." IE, the starting point of gold's major Sept-Dec rally-leg. •••• **US credit card companies are sucking the financial life out of the American consumer**,

comments *TheEconomicCollapseBlog.com*. "It is hard to underestimate how devastating credit card debt can be. According to the credit card repayment calculator, if you owe $6000 on a credit card with a 20% interest rate and only pay the minimum payment each time, it will take you 54 years to pay off that credit card. During that time you will pay $26,168 in interest rate charges in addition to the $6000 in principal that you are required to pay back. That does not even account for any penalties or fees you may have to pay. **The reality is that credit cards are one of the greatest inventions for sucking the wealth out of middle class American families ever invented**." Enslaving people in perpetual debt via the usury of excessive interest rates is a *very* lucrative business. What used to be considered as loan sharking is now just banking. **•••• Freegold – a secret weapon?** The ECB (European Central Bank) and the BIS (Bank of Int'l Settlements) have a secret weapon. They don't want to use it because they don't want to be seen as the instigators of the US$ collapse, pens the pseudonymous FOFOA (Friend of Friend of Another) at *FOFOA.Blogspot.com*. "They would prefer the market to take care of it for them. But don't doubt for a second that they won't use it **before sitting back and watching *permanent* damage come to the euro system**. Just imagine how Greece could deal with its problems if **its** gold were valued at $55,000 per ounce. In terms of current exchange rates that would raise Greece's liquid assets to 50% of its public debt. In other words, instead of being a 'sub-prime' borrower, Greece would instantly become a PRIME borrower. This is freegold. And this is the secret weapon. Although it is not so much of a weapon as it is a ***defense***... against the inevitable. COMEX being in the US and the LBMA (London Bullion Market Assoc) being in London leaves the ECB and the BIS with '*the nuclear option*' if things ever get desperate enough to use it. This nuclear option is A). For the BIS to begin operation of a public 'physical only' market for gold to be used by the really giant participants, primarily sovereign entities and billionaires, and B). For the ECB to use the price discovered by the BIS in its quarterly reserve asset 'marked to market' adjustments. Of course it would have devastating effects on the value of the dollar and the rest of the paper gold market. You see, in order for the BIS to supply actual ***physical*** gold to each and every giant that was ready to buy, the price would have to rise high enough that someone else with an equally huge amount of gold was willing to become a *seller*. And right now, at today's prices, we know that the Central Banks of the world have become net buyers! So the question is, just **how high would the price have to rise in order to balance out the demand of the world with the supply, in a physical-only official price discovery market**? The chances are that what would be revealed by such a market would have an eye-opening effect on the rest of the world, and demand would skyrocket. **And because this would be a physical-only market in the presence of a credit money**

contraction it would have no way to bubble in price beyond actual demand. **Instead it will finally plateau once the actions of all the giants and savers of the world reach equilibrium**." We may not reach the end game exactly as described above, but the conclusions are correct. The system ***cannot*** reflate without destroying fiat currency values (politicians have chosen devaluation over default) because the amount of toxic derivative debt so dwarfs the real, *global* economy of goods & services. The end result will be the collapse of all fiat currency values, at varying levels, against gold, the one store of monetary value that is no-one else's liability. Thanks to Gordon Brown, who sold more than half of England's gold reserves when prices were at a 20-year low, the UK will pull the 'short straw' in this scenario ☹. •••• **Explosive silver situation intensifies**. Silver is in a potential inverse H&S formation that targets $30 per ounce, notes *JessesCrossroadsCafe*. "**There are two or three big bullion banks that are *massively* short silver, that cannot possibly cover their short positions without significant pain, including a risk of *default* if a higher price fuels demand and breaks the confidence of the paper market**. This is a big problem for the US govt, because unlike gold, the Central Banks have no ready store of silver to sell into the markets, having exhausted their strategic stores some years ago. If [the price of physical] silver explodes because of a paper default, gold will surely follow." So will the immediate explosion of all paper precious metal ETFs & other joint depository schemes, many of which clearly state that shareholders have no right to physical gold. •••• **Global systemic crisis to intensify in the second half of 2010**. The highly recommended euro based analytical group *LEAP/E2020.eu* predicts the effect of govts' spending trillions to 'counteract the crisis' will soon evaporate. "These vast sums had the effect of *slowing down* the development of the systemic global crisis for several months but, as anticipated in previous reports, this strategy will only have ultimately served to drag States [deeper, via the transfer of debt from the private to the public sector] into the crisis caused by the financial institutions. Therefore LEAP anticipates a ***sudden* intensification of the crisis in the second half of 2010, caused by a double effect of a catching up of events which were temporarily 'frozen' in the second half of 2009, and the impossibility of maintaining the palliative remedies of past years**." Having predicted a year ago that "The end of 2009 would mark the beginning of the phase of global geopolitical dislocation," LEAP notes "Anyone can see that this process is well established: states on the edge of bankruptcy, a remorseless rise in unemployment, millions of people coming to the end of their social security benefits, falling wages and salaries, limiting of public services and disintegration of the global governance system (failure of the Copenhagen summit, growing Chinese/US confrontation, return of the risk of an Iran/Israel/USA conflict, wars worldwide)." In line with our analysis &

beliefs, LEAP believes the devastating effects of the financial meltdown are combining to produce a perfect storm: "Characterized by the acceleration and/or strengthening of five fundamental negative trends: 1). The explosion of the bubble in public deficits and a corresponding increase in state defaults. 2). The fatal impact of the Western banking system with mounting debt defaults and the wall of debt coming to maturity. 3). The inescapable rise in interest rates. 4). The increase in issues causing international tension. 5). A growing social insecurity." Don't wander sheeple like into this mess. Act immediately before the markets make it cost-prohibitive to protect yourself. Again, we ask, have you got ***enough*** gold? •••• **The final 'Pillar' required to underpin the gold bull market is a bear market in US Treasuries**, says longtime buddy Jim Sinclair (AMEX: TRE). "The increase in the US discount rate to 0.75% was driven by market realities and a desire to be **able to sell** US Treasuries as foreign demand falls off. **The bull market in gold moved from $400 to $887.50 in the 1970s as interest rates rose from 3% to 14.78% on 10-Year money**. Because the final Pillar is occurring while Gold is over $1000, you can consider $5000 gold as a realistic possibility." When Jim speaks, it pays to listen. He was practically alone in predicting $1,650 gold in 2002.

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

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