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

Welcome to GCRU #391 on March 17, 2010 (in its 9th year). •••• Another trying week in the gold market. However, Tuesday's burst of strength in bullion, & mirror image weakness in the US\$, saw a *mini* ray of sunshine break cloud cover! More "mysterious" selling attacks suggest the Anti-Gold Cabal once again tried to bomb the gold market, but thanks to a large number of players now looking to *defend their wealth* via the physical metal, the Anti-Gold crowd wasn't able to soak-up or defeat all of the buying power ☺. Overall, bullion's tone remains bullish via its Dec peak bull wedge & upside breakout, & a *new 3-month* reverse H&S base attempt cum \$1068–\$1154 consolidation range, below & above which new bull & bear encampments are now entrenched. The *lower* support of this range is defined by the 50% Fibonacci retracement level (\$1079) of the July through August run-up, & the November 2008 uptrend line support (\$1068), with *upper* resistance delineated by more recent resistance of the Jan-March closing peaks (\$1154 & \$1145 respectively). Volume is erratic in the futures market with traders starting to roll over from April to the June contract (which we will do today), but volume in the GLD gold ETF (which acts as a good proxy) reveals no sign of trader panic or flight. The 60-day exponential moving average, which is a useful *medium term trend* indicator, has been ranging sideways for the last 3-months but stubbornly refuses to decline. Timid signs of weakness in Spinner (thick) confirming lines have become more widespread, & now hint that bullion (& the gold shares) may squiggle around for another week (or more?), consolidating, or slowly advancing, before nearby resistances are finally overcome. •••• The key numbers to watch this week are: a break below Nov 2008 uptrend line support (now \$1068), which would have the bears back for another feeding frenzy down *towards* pivotal \$1000 support, so stay alert, ready to hedge or exit spec positions. Or, on the upside, a determined rise above \$1153.90 is needed to overwhelm the bears, with a re-test of the recent \$1230 record high (basis the June Cx) becoming an immediate & realistic upside target. •••• The list of banks under stress keeps growing. *MSNBC.com* provides a list of US banks holding the highest levels of bad loans, & a handy tracker tool to check the health of any US bank or credit union. Click here: http://www.msnbc.msn.com/id/35754096/ns/business-economy_at_a_crossroads/ •••• Bullish Consensus list gold at 73 (down 2 from last week). The US\$ at 50 (down 3). B/C say gold's signals are: "neutral/bullish today, the intermediate trend is neutral." •••• China and Japan, the two largest holders of US Treasuries, continued to reduce their

holdings in January, according to the latest Treasury International Capital (TIC) report. Net long-term TIC flows, which were anticipated around \$47.5 billion were only \$19.1 billion, a massive 60% below expectations. China has now been a net seller of Treasuries for three straight months, the longest period since the end of 2007. If this trend persists, the Fed will have to pick up the slack or raise interest rates to attract buyers. ●●●

Tuesday's gold share action hints the dust is settling quickly after this *newtest* (today's password) & that the technical damage is modest. We still advise trading 1/3 of your gold portfolio, incrementally, & mainly on upside breakouts. If you are out, you can be more aggressive than if you hold a large core position. Today's under-chart guidelines spell out the details as they apply to each individual share. ●●● For the week ending March 12th Pragcap.com reports insider stock selling remained extremely high at \$858 million (vs buying of \$15.65 million). "All in all, the data continues to reflect the very low faith in the economic recovery by corporate insiders." Insider faith may be low, but stock index charts are bullish, & the Fed, to preserve the status quo of an elite minority, appears determined to keep this rally alive via a sea of monetary inflation & rose tinted propaganda. It's OK for *nimble* players to trade this blatant "greater fools" game. Just be careful not to become the "greatest fool" when the market finally collapses! ●●● Gold is up \$5.20 in European trading this AM, bullishly reinforcing Tuesday's strength. The \$ is down 12 cents. ●●● The US\$ has a bearish rounding top. The euro has a bullish rounding bottom. A euro/\$ trade is tempting. ●●● The rumblings in today's financial markets are akin to the tremors that shake the ground ahead of a massive earthquake. This is not *just* a gold bull market, but the return of gold to a monetary function that will see its price rise, & stabilize at *much* higher levels for years to come. ●●● Fond regards from ***Uncle Harry*** & Paul, with golden hard hats at the ready!

●●● 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.

GOLD

Comex gold June futures – daily – 6 month view



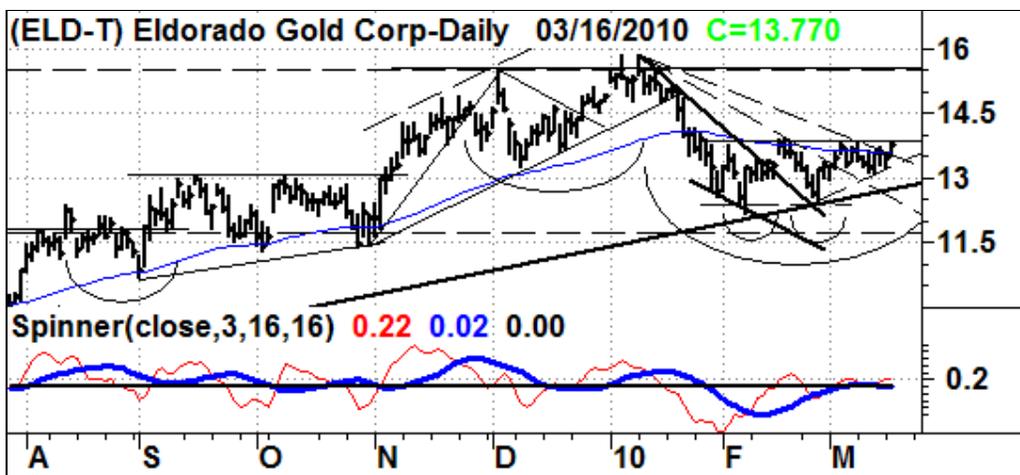
Comex gold June 2010 futures – 480 min – 7wk view



Comex gold June 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 April at 1121.50 (or June at 1122.90). Basis Apr: S/T: 1088.80-stop. Basis <u>June</u> : S/T: 1072-stop. M/T: 1-dc U/1072.00. Basis Apr: 1158.50 &/or 1185.50 Basis <u>June</u> : 1195.80 &/or 1222.50 &/or 1248.80.
New Recom:	If out, gamblers buy <u>June</u> at mkt & if dips to 1120.10; stop: exit, or sell ½ at 1072.00-stop, ½ after 1-dc below 1072 (use mini Cx to offset wider stops); sell bits at 1195.80 &/or 1222.50 &/or 1248.80. All buy again (big) after 1-dc over 1154.00. Requires a 2-dc below <u>June</u> 1093.40 to justify new <u>hedge</u> /short sale positions; stop: 30 points above your entry level; cover ½ at 1045.50 &/or trail stop downside.	
Comment:	Dec peak bull wedge; \$1230.00 upside target (basis <u>June</u> Cx). Expanding new Dec-Mar reverse H&S; 1248.80 provisional target. Spinner mixed. 20-day H&S top risk. Dec-Mar base development (see daily chart) expected to provide firm foundation for next <u>major</u> rally leg.	

GOLD SHARES



Eldorado Gold (Toronto: ELD-T; NYSE: EGO); gold: CAD\$:

Open trades:	Long at:	Initial entry price: 13.31 (Feb-12-10).
	Stop:	S/T: 11.70-stop. M/T: 1-dc below 11.70.
	Profit targets:	15.50 &/or 16.70 &/or 17.50.

New Recom: All buy after 1-dc over 13.80; stop: 1-dc below 11.70.

Comment: New rise to challenge top resistance of 6-week flat top triangle; 15.50 upside target. Spinner in hesitant positive cross. 3rd bullish fan line & upside breakout. Possible Dec-Mar reverse H&S.



Iamgold Corp (NYSE: IAG; Canada: IMG-T); gold: US\$:

Open trades:	Long at:	Initial entry price: 14.90 (Feb-17-10).
	Stop:	S/T: 12.20-stop. M/T: 1-dc below 12.20.
	Profit targets:	17.80 &/or 19.30 &/or 19.95.

New Recom: All buy after 1-dc over 15.80; stop: 1-dc below 12.20.

Comment: 2-month consolidation with higher bearing cum possible head of Dec-Mar reverse H&S. Spinner hooking to neutral on zero line. Falling volume unconstructive. 3rd fan line. Keep the faith.

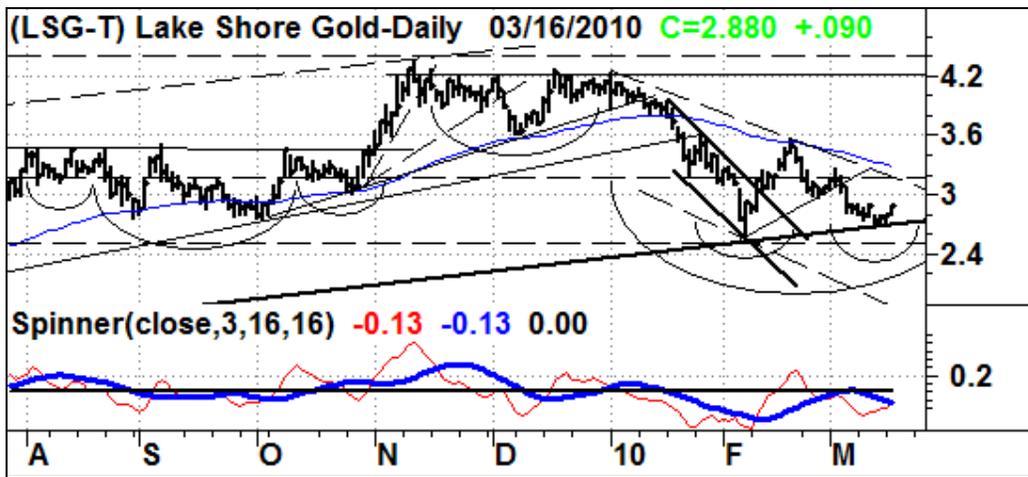


Jaguar Mining (Canada: JAG-T; NYSE: JAG); gold: CAD\$:

Open trades:	Long at:	Initial entry price: 8.65 (May-20-09). Traders re-bought at 11.01.
	Stop:	S/T: 9.30-stop. M/T: 1-dc below 9.30.
	Profit targets:	13.55 (if bot/buy low) &/or 14.75 &/or 16.15.

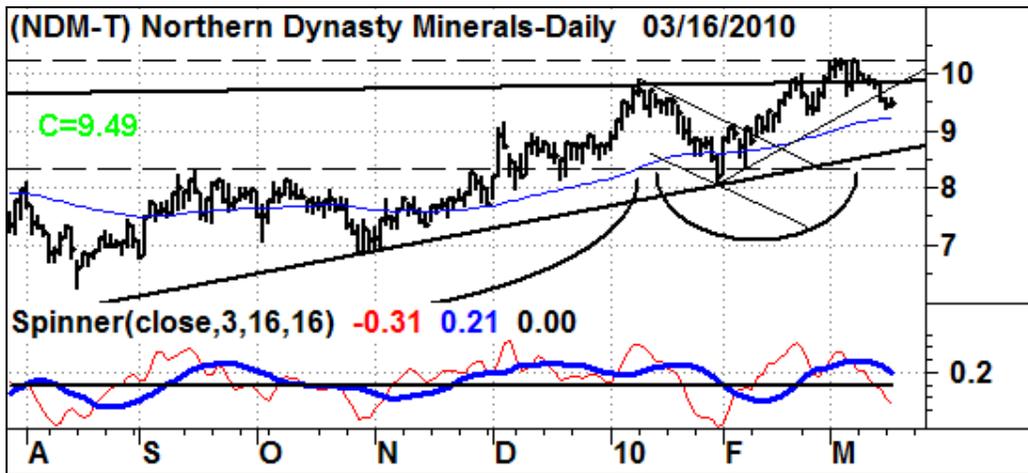
New Recom: If out, spec buy at mkt & more aggressively if dips to 11.75 & 11.35; stop: 1-dc below 9.30.

Comment: Jan peak bull wedge (14.18 target) underpinned via 9-week reverse H&S & surge upside breakout; 12.55 measured target. Spinner bull cue. Volume supporting price. Revival mode!



Lake Shore Gold (Canada: LSG-T); gold: CAD\$:

Open trades:	Long at:	Initial entry price: 3.31 (Feb-17-10).
	Stop:	S/T: 2.48-stop. M/T: 1-dc below 2.48.
	Profit targets:	4.38 &/or 4.90 &/or 5.35.
New Recom:	If out, buy after 1-dc over Jan 4 downtrend line (now 3.15); stop: 1-dc below 2.48.	
Comment:	Slight easing of negative price momentum cum Feb-Mar double bottom attempt. Spinner crosscurrent. Requires a break above Jan downtrend line to give a new kiss of life. Keep disciplined stops.	



Northern Dynasty Minerals (Canada: NDM-T; NYSE: NAK); copper/gold/molybdenum; CAD\$:

Open trades:	Long at:	Initial entry price: 9.52 (Feb-17-10).
	Stop:	S/T: 8.30-stop. M/T: 1-dc below 8.30.
	Profit targets:	10.60 &/or 11.90 &/or 13.30.
New Recom:	If out, wait to buy strength after next obvious reaction low &/or all buy after 1-dc over 10.20; stop: 1-dc below 8.30.	
Comment:	Negative break below Jan shortterm uptrend line on rising volume. Spinner down trending; warns lows price lows probable. Larger Mar 2009-Feb 2010 reverse H&S base (13.30 target) still intact.	



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

Open trades:	Long at:	Initial entry price: 5.90 (May-13-09). Traders re-bought at 9.15.
	Stop:	S/T: 7.58-stop. M/T: 1-dc below 7.58.
	Profit targets:	9.75 &/or 10.50 &/or 11.20 &/or 12.45. Some took profit at 9.10 ☺.
New Recom:	All buy again big after 1-dc over 9.15; stop: 1-dc below 7.58.	
Comment:	Encouraging stab above top resistance of Sept-Mar bullish ascending triangle; 11.20 upside target. Spinner rounding out to neutral/-bullish. Finally looks ready to roll.	



Paramount Gold & Silver (Canada: PZG-T); gold/silver: CAD\$:

Open trades:	Long at:	Initial entry price: 1.97 (Mar-03-10).
	Stop:	S/T: 1.48-stop. M/T: 1-dc below 1.48.
	Profit targets:	2.20 &/or 2.50 &/or 2.80.
New Recom:	If out, wait to buy strength after current reaction low &/or buy after 1-dc over 2.00; stop: 1-dc below 1.60.	
Comment:	Damaging break below Nov 2009 uptrend line support. Spinner verging on negative rotation below zero line. Shorterm weakness offset via May 2009-Mar 2010 reverse H&S. Sharply up from here or time to get out.	



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

Open trades:	Long at:	Initial entry price: 74.42 (Feb-17-10). Traders re-bought at 76.21
	Stop:	S/T: 61.90-stop. M/T: 1-dc below 61.90.
	Profit targets:	83.85 &/or 90.30 &/or 96.30.
New Recom:	If out, spec buy at mkt; stop: 1-dc below 61.90. All buy again after 1-dc above Dec downtrend line (now 80.00); stop: 66.80.	
Comment:	Jan-Feb reverse H&S; 83.85 upside target. Bullish volume. 10-day bull flag. Spinner (thick) confirming line rolling over to neutral; hints further hesitation possible before any serious upside develops.	



Red Back Mining (Toronto: RBI-T); gold: CAD-\$:

Open trades:	Long at:	Initial entry price: 6.76 (Dec-11-08). Gamblers re-bought bit at 20.59.
	Stop:	S/T: 17.80-stop. M/T: 1-dc below 17.80.
	Profit targets:	22.90 &/or 24.80 &/or 26.70.
New Recom:	If out, gamblers buy bit at mkt & if dips to 20.50; stop: 1-dc below 17.80.	
Comment:	Mini dip & rebound on Feb uptrend line. Spinner (thick) confirming line in negative dip but has scope to work off shortterm overbought condition above zero line. Unrelenting "staircase" uptrend.	



Royal Gold (Nasdaq: RGLD); gold: US\$:

Open trades:	Long at:	Initial entry price: 45.46 (March-01-10). Traders re-bought at 47.05.
	Stop:	S/T: 39.70-stop. M/T: 1-dc below 39.70.
	Profit targets:	54.60 &/or 57.80 &/or 64.40 &/or 69.90.
New Recom:	If out, spec buy at mkt & if dips to 46.10; stop: 1-dc below 39.70.	
Comment:	Bullish break above 9-day bull flag & 2 nd fan line from Dec peak. Spinner in shorterm positive hook. Dec-Mar reverse H&S attempt. Gaining positive traction.	



Semafo Inc (Toronto: SMF-T) gold: CAD\$:

Open trades:	Long at:	Initial entry price: 5.00 (March-03-10). Traders re-bought at 5.40 & 5.10.
	Stop:	S/T: 4.18-stop. M/T: 1-dc below 4.18.
	Profit targets:	5.80 &/or 6.32 &/or 6.90.
New Recom:	If out, buy at mkt & if dips to 5.10; stop: 1-dc below 4.18.	
Comment:	Nov-Mar flat top triangle (6.32 target) & upside breakout cum budding bull flag. Spinner easing to neutral; hints additional price consolidation possible. Needs more volume to underpin. Bullish!	

FUTURES



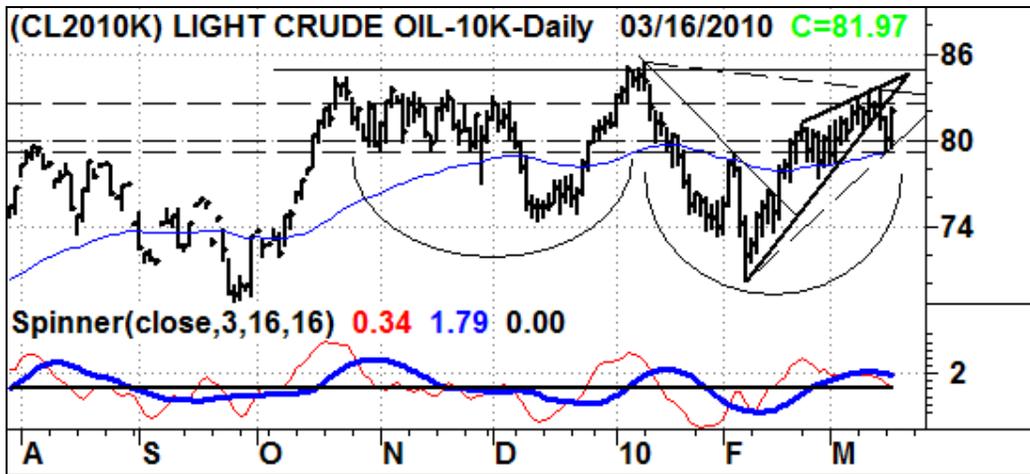
Coffee May 2010 futures – daily chart:

Open trades:	Long at:	Traders bought at 133.75.
	Stop:	S/T: 128.80-stop. M/T: 1-dc below 128.80.
	Profit targets:	141.80 &/or 144.80 &/or 147.80.
New Recom:	If out, buy after 1-dc over 133.80; stop: 128.80-stop; sell bits at 141.80 &/or 144.80 &/or 147.80.	
Comment:	Volatile breakout & snap back above Jan peak bull wedge; 148.70 upside measured target. Spinner faltering but requires little strength in price to trigger a major bull cue. Cautiously bullish.	



Corn May 2010 futures – daily chart:

Open trades:	Long at:	Initial entry price: 379.00 (Feb-16-10).
	Stop:	S/T: 357.50-stop. M/T: 1-dc below 357.50.
	Profit targets:	Sell ½ at 421.20, & trail stop rest.
New Recom:	Traders lightened up at mkt. If out, spec buy May after 1-dc over Jan downtrend line resistance (now 377.00); stop: exit, or sell ½ at 357.50-stop, ½ after 1-dc below 357.50.	
Comment:	Setback to void prior reverse H&S base. <i>May</i> hold/rise to form Feb-Mar double bottom cum uncertain head of 5-month reverse H&S pattern. Spinner stalling. Gambler longs only.	



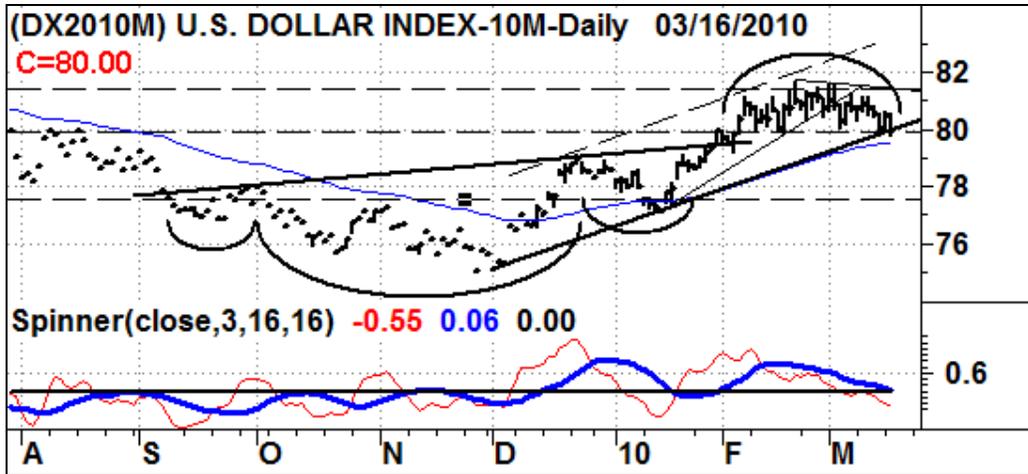
Crude Oil NY May 2010 futures – daily chart:

Open trades:	Short at:	Exited Apr longs via 79.60-stop stoploss/profit stop. Gamblers then sold short May at 79.80.
	Stop:	1-dc over 82.60.
	Profit targets:	Cover ½ at 78.90, & trail stop rest.
New Recom:	If short, lighten up <u>at mkt</u> . Buy May (or cover shorts) after 1-dc over 82.60; stop: 78.90-stop; sell ½ at 88.50.	
Comment:	Fickle (false?) breakdown & aggressive pullback below Feb peak bear wedge. Spinner hints more downside to come, but Tuesday's price reversal was impressive. Short and nervous....	



S&P500 Index June 2010 futures – daily chart:

Open trades:	Long at:	Took full profit in Mar Cx at mkt ☺. Gamblers then bought <u>June</u> at 1146.60.
	Stop:	1119.30-stop.
	Profit targets:	Sell ½ at 1175.80 &/or trail stop strength.
New Recom:	Gamblers buy <u>June</u> (mini Cx) at mkt & if dips to 1141.50; sell ½ at 1175.80 &/or trail stop strength. Sell, or sell short <u>June</u> at 1119.30-stop; stop: 1150.10-stop; cover ½ at 1085.80.	
Comment:	Bullish break above Jan peak resistance. 5-week reverse H&S; 1175.80 upside measured target. Spinner flat in mid zone of overbought territory. Chugging higher....	



US\$ Index June 2010 futures-daily chart:

Open trades:	Short at:	Exited Mar shorts with small gain &/or rolled over to June Cx.
	Stop:	1-dc over 81.40.
	Profit targets:	Cover ½ at 77.60, & trail stop rest.
New Recom:	If out, sell short <u>June</u> at mkt & if rallies to 80.10; cover ½ at 77.60, & trail stop rest. Buy <u>June</u> (or cover shorts) after 1-dc over 81.40; stop: 1-dc under 79.80; sell ½ at 83.40.	
Comment:	6-week rounding top & tentative break below Dec uptrend line. Spinner verging on major bear cue. Sharp slide possible.	

Mar-17-10

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	All buy after 1-dc over 13.80; stop: 1-dc below 11.70.	L	Feb-12-10	13.31		13.77	11.70-stop 1-dc U/11.70	15.50	16.70	17.50
Franco Nevada	FNV-T	If out, spec buy after 1-dc over 28.40; stop: 1-dc below 24.90. Mired in lengthy & unrewarding trading range.	L	Sep-16-09	30.99		27.00	24.90-stop 1-dc U/24.90	32.90	35.60	38.50
Iamgold Corp	IAG	All buy after 1-dc over 15.80; stop: 1-dc below 12.20.	L	Feb-17-10	14.90		14.79	12.20-stop 1-dc U/12.20	17.80	19.30	19.95
Jaguar Mining	JAG-T	If out, spec buy at mkt & more aggressively if dips to 11.75 & 11.35; stop: 1-dc below 9.30.	L	May-20-09	8.65	11.01	12.07	9.30-stop 1-dc U/9.30	13.55	14.75	16.15
Lake Shore Gold	LSG-T	If out, buy after 1-dc over Jan 4 downtrend line (now 3.15); stop: 1-dc below 2.48.	L	Feb-17-10	3.31		2.88	2.48-stop 1-dc U/2.48	4.38	4.90	5.35
Northern Dynasty Minerals	NDM-T	If out, wait to buy strength after next obvious reaction low &/or all buy after 1-dc over 10.20; stop: 1-dc below 8.30.	L	Feb-17-10	9.52		9.49	8.30-stop 1-dc U/8.30	10.60	11.90	13.30
Osisko Mining	OSK-T	All buy again big after 1-dc over 9.15; stop: 1-dc below 7.58.	L	May-13-09	5.90	9.15	9.09	7.58-stop 1-dc U/7.58	Hit at 9.10 ☺	9.75	10.50
Paramount Gold & Silver	PZG-T	If out, wait to buy strength after current reaction low &/or buy after 1-dc over 2.00; stop: 1-dc below 1.60.	L	Mar-03-10	1.97		1.57	1.48-stop 1-dc U/1.48	2.20	2.50	2.80

Mar-17-10

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											
Randgold Res.	GOLD	If out, spec buy at mkt; stop: 1-dc below 61.90. All buy again after 1-dc above Dec downtrend line (now 80.00); stop: 66.80.	L	Feb-17-10	74.42	76.21	76.11	61.90-stop 1-dc U/61.90	83.85	90.30	96.30
Red Back Mng	RBI-T	If out, gamblers buy bit at mkt & if dips to 20.50; stop: 1-dc below 17.80.	L	Dec-11-08	6.76	20.59	21.00	17.80-stop 1-dc U/17.80	22.90	24.80	26.70
Royal Gold	RGLD	If out, spec buy at mkt & if dips to 46.10; stop: 1-dc below 39.70.	L	Mar-01-10	45.46	47.05	47.05	39.70-stop 1-dc U/39.70	54.60	57.80	64.40
Silver Wheaton	SLW	If out, spec buy at mkt; stop: 1-dc below 12.40.	L	Feb-17-10	15.84	15.87	15.87	12.40-stop 1-dc U/12.40	19.90	21.70	23.50
Semafo Inc	SMF-T	If out, buy at mkt & if dips to 5.10; stop: 1-dc below 4.18.	L	Mar-03-10	5.00	5.40 5.10	5.33	4.18-stop 1-dc U/4.18	5.80	6.32	6.90
Futures											
Coffee	KC KO	If out, buy after 1-dc over 133.80; stop: 128.80-stop; sell bits at 141.80 &/or 144.80 &/or 147.80.	L	Mar-11-10	133.75		132.75	128.80-stop 1-dc U/128.80	141.80	144.80	147.80
Corn	C KO	Traders lightened up at mkt. If out, spec buy May after 1-dc over Jan downtrend line resistance (now 377.00); stop: exit, or sell ½ at 357.50-stop, ½ after 1-dc below 357.50.	L	Feb-16-10	379.00		366.30	357.50-stop 1-dc U/357.50	Sell 1/2 at 421.20	Trail stop rest	

Mar-17-10

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	CLKO	If short, lighten up <u>at mkt</u> . Buy May (or cover shorts) after 1-dc over 82.60; stop: 78.90-stop; sell ½ at 88.50.	S	Mar-15-10	79.80		81.97	1-dc O/82.60	Cover 1/2 at 78.90	Trail stop rest	
Gold	GCMO	See page 6	L	Feb-16-10	1119.80	1121.50 (Basis Apr) 1122.90 (Basis June)	1123.60	1088.80-stop (Basis Apr) 1072.00-stop (Basis June) 1-dc U/1072.00 (Basis June)	1158.50 (Basis Apr) 1195.80 (Basis June)	1185.50 (Basis Apr) 1222.50 (Basis June)	1248.80 (Basis June)
S&P500	SPMO	Gamblers buy June (mini Cx) at mkt & if dips to 1141.50; sell ½ at 1175.80 &/or trail stop strength. Sell, or sell short June at 1119.30-stop; stop: 1150.10-stop; cover ½ at 1085.80.	L	Mar-12-10	1146.60		1154.80	1119.30-stop (Basis June)	Sell 1/2 at 1175.80 (Basis June)	And/or trail stop strength	
US\$-Index	DXMO	If out, sell short June at mkt & if rallies to 80.10; cover ½ at 77.60, & trail stop rest. Buy June (or cover shorts) after 1-dc over 81.40; stop: 1-dc under 79.80; sell ½ at 83.40.	S	Exited Mar shorts with small gain &/or rolled over to June Cx.			80.00	1-dc O/81.40 (Basis June)	Cover 1/2 at 77.60 (Basis June)	Trail stop rest	

•••• **Looming currency controls!** “As reported by the *Associated Press* (AP) March 9, the Prime Minister of Greece visited Washington. Seemingly, he got support for his ‘salvation plan’ from Obama during a White House meeting,” comments Swiss wealth advisory & services company the *SafeWealthGroup.com*. “AP reported that Obama offered a ‘very positive response’ to the European idea of restricting currency trading, on top of the ill-advised restriction on the use of credit default swaps. Curtailing currency trading could easily mean and, in fact will come to mean – once the final curve is hit – the definition and **absolute end to your capacity to wealth preserve your assets since, then the right to freely buy or sell a currency of your choice may well be gone**, unless your assets are deposited in a country that chooses not to enforce such currency restrictions. Globally speaking, Switzerland (which is not a member of the European Union) is the least likely to do so, due to its national self-interest. **Worst still is that the Presidentially-endorsed policy is now in the agenda of the next G-20 Summit in June 2010**. Globally, our politicians and rulers fail to understand that killing access to liquidity and its free flow are the very worst policies to enact ahead of global depression. And, all of this is just a different form of trade restriction/protectionism in the worst possible way, all at the worst possible time. In sum, **there may only be very few months left during which you will be able to fully enact (or finalize) your wealth preservation plan**. Beyond that looms the closing of the proverbial gates!” During a crisis of confidence govt will use currency controls to restrict capital flight & limit the adverse effects of printing too much money. It’s no big deal to open bank accounts abroad. But it may be a **big** deal if U wait too long & then *can’t* do it. Think globally. Insularity or provincialism could prove fatal. •••• **Europe’s banks brace for UK debt crisis**. UniCredit has alerted investors in a client note that Britain is at serious risk of a bond market and sterling debacle and faces even more intractable budget woes than Greece, reports the UK *Telegraph*. “ ‘I am becoming convinced that **Great Britain is the next country that is going to be pummelled by investors,**’ said Kornelius Purps, Unicredit’s fixed income director. Mr Purps said the UK had been cushioned at first by low debt levels but the pace of deterioration has been so extreme that the country can no longer count on market tolerance. ‘Britain's AAA-rating is highly at risk. The budget deficit is huge at 13% of GDP and investors are not happy. The outgoing govt is inactive due to the election,’ he said. Ian Stannard, currency strategist at BNP Paribas, said markets are fretting over how the UK will cover its deficit following the pause in quantitative easing by the Bank of England. The Bank has absorbed £200 billion of debt, more than total Treasury issuance over the last year. **The UK may have difficulty in**

attracting extra investors to fill the gap. We think they will have to do more QE as recovery falters’.” If the UK stops QE it will have no means of servicing its debt or holding up distorted asset prices. If it does not stop QE, excessive “printing” will devalue the UK Pound, & investors will flee its currency & bonds. Either way, the country is heading for an economic crisis. ••• **Great civilization change.** Ancient buddy & gold guru Jim Sinclair (AMEX: TRE) discusses the risks of quantitative easing, hyperinflation, & golds potential role as backstop to a new single virtual reserve currency, in a must listen interview with *King World News*. Jim concludes the interview, saying: **“Be prepared! This is a great civilization change. You have to take what measures are needed to not be without options.”** Jim’s interview is in two parts & part I can be accessed via: http://www.kingworldnews.com/kingworldnews/Broadcast/Entries/2010/3/8_Jim_Sinclair.html When it comes to protecting our loved ones & our wealth, we believe in the value of paranoia! Or, more simply put, he who panics first panics best ☺. ••• **Watchdog says GMAC bailout could cost taxpayers \$6.3 billion.** The Treasury Department sank billions into auto finance giant GMAC **without an exit strategy or proof the company was viable** -- a decision that could cost taxpayers \$6.3 billion, a new watchdog report says. From CNSNews: “The govt said the \$17.2 billion bailout was a necessary step to save troubled automakers General Motors and Chrysler. GMAC provides critical financing to auto dealers, who borrow to finance their fleets until the cars can be sold to consumers. Yet GMAC faced far fewer conditions than the bailed-out automakers, the report says. When the automakers were “rescued,” they were forced into bankruptcy [something wrong there]. Shareholders lost their investments, creditors took a hit and executives were forced to detail plans for making the companies viable. GMAC was treated more like banks that received bailouts without having to explain what they were doing with the money, the report says.” Wall Street has no interest in saving Main Street, or carmakers. If the Fed accorded a special exemption and allowed GMAC, General Motors financial arm, to become a bank holding company so that it could prop up its troubled mortgage unit with TARP funds, it was undoubtedly to protect or benefit insider interests. ••• **Uncle Sam’s budget deficit for the month of February was \$220.9 billion** -- the largest monthly total in history, says Agora Financials *5-min Forecast*. “For the first five months of fiscal 2010, the total is \$651.6 billion, 10% ahead of last year’s blistering \$589.9 billion pace. The details are even uglier. Total revenues: \$107 billion. Total expenditures: \$328 billion. Yes, that’s only **one dollar of revenue for every three dollars spent**. We have just two words for this: *Banana Republic*.” ••• **To those who think the Comex shorts will be crushed one day and the price of paper gold will do a moonshot, to them I will say you are dreaming,** comments Gordon Gekko at *ZeroHedge*. “The Comex shorts will

be crushed, but not in their own casino! If and when a majority of paper gold longs demand delivery, a *force majeure* [freeze] (who do you think the US govt will side with?) will be declared with cash settlements [in place of gold] and/or offers of equally worthless GLD shares. By some accounts, this is already happening. What will happen to the paper price then? That's right – it will utterly **collapse** even as the physical's price is rocketing. Paper gold holders will dump it all to buy the physical – which, unfortunately – will most likely not be available at all.” In the same way that govts are using currency devaluation to snuff out debt, the Comex gold shorts may attempt to manipulate a paper gold collapse to avoid the massive losses they would otherwise sustain in their fraudulent gold derivative operations. ●●●

Everything is broke! It is now only a matter of time before investors get spooked by the fear of sovereign defaults spreading like a disease, pens Bill Holter at *Paradise Int'l*. “The day is not far off where *all* paper gets shunned and real money [gold] gets bids that swamp actual supply. Once the thought process turns to ‘there's no place to hide’, the amount of fake [fiat] capital trying to enter bullion and the ridiculously small gold stock arena will bid these assets to never before dreamed of values. When there is no place to hide ‘within’ the system, capital will move ‘outside’ the system. **The problem is very simple indeed. This week alone the US Treasury is borrowing 1 1/2 times the entire annual global production of Gold. And how much did they borrow the week before that and the week before that...? The math is impossible and the lifeboat far too small to accommodate anyone even 1 second too late!** What could ‘never happen’ 2 or 3 years ago has already happened. Now we wait for sovereigns, US states and cities, even the US Treasury to default.....or hyperinflate. It is only a matter of time now and no longer a question of if!” The Fed cannot keep pumping up this economy artificially. System failure will occur, and the consequences will be like a rubber band being stretched beyond its breaking point. ●●● **Gold's cross-currency strength signals its evolution.** Gold's rally to record highs in euro and sterling terms and the resilience of spot prices in the face of a rising dollar is sign-posting the metal's broadening insurance appeal, reports *Reuters*. “Investors' growing sensitivity toward sovereign risk is starting to suggest dollar-denominated gold can maintain strength even as the dollar rises -- usually a prime factor pushing the precious metal down. From a chart perspective, gold has been building a solid base. It has risen steadily in euro and sterling terms since its late December correction, while dollar-priced gold has been on an upward trend since a dip to 2010 lows in February. And buyers of physical gold, who typically lend strong support to the market, are comfortable with prices above \$1,000 an ounce, dealers say, putting a solid floor under prices. **Now gold has proved it can hold its own in a rising dollar environment, any change in that trend may prove *explosive*.**” Gold's recent strength vs a

rising dollar tells us investors are increasingly worried about the resilience of the fiat monetary system & preparing for the worst. Note that stocks & commodities are also *starting* to break the negative dollar linkage, which may, by design (Fed-fueled reflation trade vs dollar devaluation), be a prelude to a sustained dollar decline. **.... Hyperinflation is recognized only after the inexorable death spiral of a currency has begun.** Detecting it in advance is another matter entirely, says Ron Hera at *SeekingAlpha*. “Mathematical models of hyperinflation, such as predicting years between re-denomination based on inflation rates or applying the quantity theory of money, describe what is happening but not why. Using the monetary model alone makes it difficult to explain apparent counterexamples where high levels of sovereign debt compared to a nation’s gross domestic product (GDP) or monetization did not result in hyperinflation. The confidence model seems to suggest that **hyperinflation can be best explained by crowd psychology where hyperinflation is analogous to a market mania or is an example of mass hysteria.** When a nation’s bond market collapses, so does its currency. The view that hyperinflation is fundamentally caused by failed bond issues suggests that what is of interest are the reasons why a nation’s bond market breaks down, along with indications of developing bond market distress. **When a govt borrows excessively and its promises to repay are contradicted by mathematical realities [ie, possibilities], the value of its currency cannot be maintained.** The simplest explanation of hyperinflation is that when the credibility of a govt, or of its central bank, breaks down, the recognition of this fact is expressed as a race to shed the currency and to divest oneself of the govt’s bonds.” Quantitative easing and multi-trillion dollar deficits form an explosive fiscal cocktail that could ultimately lead to hyperinflation -- which, if U are not prepared, can practically devalue the money in your wallet overnight.

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

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