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

Welcome to *GCRU* #392 on March 24, 2010 (in its 9th year). •••• Julius Caesar was warned by a seer to "beware the Ides of March," and we are transmitting the same warning to gold advocates, with the big bullion banks & their co-conspirators committing (& getting away with) "murder" in the gold market ☹. *Lemetropolecafe.com* informs us that last Friday's almost instantaneous $20 plunge in the gold price occurred as one of the major US bullion banks had reputably dumped 6000 sell orders onto the Comex! "If correct, this is an **enormous *single* sell order, and it's difficult to see any other purpose than manipulation in order to lower gold prices**. After all, there is no way any short seller could hope to maximize his entry price by selling in such a destructive manner." More importantly, the *Cafe* notes the increase in selling attacks may be because "there are some 50,000 April Call and Put options due to expire this week, within the $1,100-$1,150 strike range. And, with contracts equating to the equivalent of circa 160 tonnes of gold at stake, there is a *serious* interest from major shorts in seeing the price down below $1,100!" The cold reality is that the paper gold market is still largely a fantasy market controlled by the big bullion banks, who, with total impunity repeatedly trash the gold price via their fraudulent & artificial (non-metal backed) derivative trades. The Comex will ultimately be overrun, but in the meantime it's essential (as we have long urged!) to ***trade*** 1/3 of your gold portfolio to protect & hedge against the influence of the govt-sponsored manipulators. •••• Chart wise, gold bullion has fallen to complete a 5-week H&S top, with $1089.20 neckline, & $1031.10 *theoretical* downside target. But, technically, bullion could dip to test the $1077.50 level without voiding its larger Dec-Mar reverse H&S development. So, only a break below $1077.50 would throw cold water on the hopes of near term strength. •••• Keep a vigilant eye on the US$, as the recent fickle rounding top & breakdown, & its almost immediate and unpredictable upside reversal, could turn continued $ strength into a very unpleasant experience for gold share holders, especially if accompanied by swooning global stock mkts. The next indication of US$ direction will come after a decisive push above 81.25, or break below 79.70 (basis June futures). •••• Central Banks added the most gold to their reserves since 1964 last year amid the longest rally in bullion prices in at least nine decades, according to data compiled by the World Gold Council. Central Bank's willingness to accumulate gold at historically elevated prices tells us, again, the financial crisis is *far* from over. Do what CB's do, not what they say. •••• The Swiss Fr hit an 8-year

high vs the euro. Vs the US$, the Sfr requires a close above 95.00 to instigate a persuasive upside *trend* reversal. The Swiss National Bank is clearly unhappy about Sfr strength & another market intervention is probable. • The euro is breaking below its recent Feb low vs the US$ (as we write Wed AM), with the next major under-market support level (dating from early 2009) located between 1.3130 & 1.3280. In the case of a sudden upside reversal, a 2-dc over 1.3780 would be required to confirm its reliability. • The Japanese yen continues to coil within converging resistance of its Nov 2009 downtrend line (now 112.80) vs support of its Jan uptrend line (now 109.80) – with *Spinner* lines pointing downwards. • The A-$ is carving out a potential 5-month (jagged) reverse H&S pattern, with a 91.45-91.62 neckline area, & 98.30 provisional upside target. • The Cad-$ has already risen to a new shorterm high, & above a 5½-month consolidation range, with 102.80 initial upside target. • Our preferred currencies remain: A-$, Norwegian Kroner, Cad-$, Swiss Frs, NZ-$, Brazilian Real, Danish Kroner, Chinese Yuan. •••• Bullish Consensus folks rank gold at 71 (down 2 from last week), & one of the lowest readings in 11-months. The US$ is listed at 54 (up 3). B/C say gold's signals are neutral. •••• Four more US bank failures brings the 2010 tally to 37, a bank bath. •••• Free online commodity & financial futures charts can be obtained via: http://futures.tradingcharts.com/menu.html •••• The Fed's decision to keep its federal funds rate between 0-0.25% & their new pledge to keep interest rates "exceptionally low" for an "extended period," carries bullish intonations for gold, as low interest rates & escalating sovereign debt fears will bolster demand for bullion as an alternative to holding any *currency*. •••• **Bottom line**: individual gold shares have, on balance, flipped from hopeful/bullish to neutral/weak. Dangerous H&S top patterns are especially visible in the weekly charts, *Spinner* lines are faltering, and, as mentioned above, the Anti-Gold Cabal has good reason to hold the gold price "underwater" this week. So, aside from defensive measures, sidelines are generally recommended. IE, if U have any worthwhile profits left (or only a smallish loss), take them at mkt. And/or take out a small hedge to protect against current/continuing downside momentum. Either short some (weak R/S) gold shares or short gold futures (or hedge using *Deutsche Bank's* Gold Double Short ETN - ticker: DZZ). We are looking to protect against a shorterm drop, not a major trend change, & as U will be more long than short (trading vs core holdings) the insurance risk is reasonable. •••• Gold is down $9.30 in European trading this AM. The $ is up big +74 cents. •••• Per today's password, a new *cabalprobe* is underway, **but** an unexpected rise above HUI 454 left shoulder resistance of its Sept-Mar H&S top would raise the flag for aggressive gold share buying, especially if bullion climbs above

$1155.00 resistance (basis June Cx). •••• See U next Wednesday. Gold luck from ***Uncle Harry*** & Paul. •••• If it's Wednesday, it's *Gold (& Mkts) Charts R Us.*

PS: New Gold (Amex: NGD) will be added to *GCRU* only if the following buy level is hit: buy after 1-dc over 4.80; stop: 1-dc below 3.85.

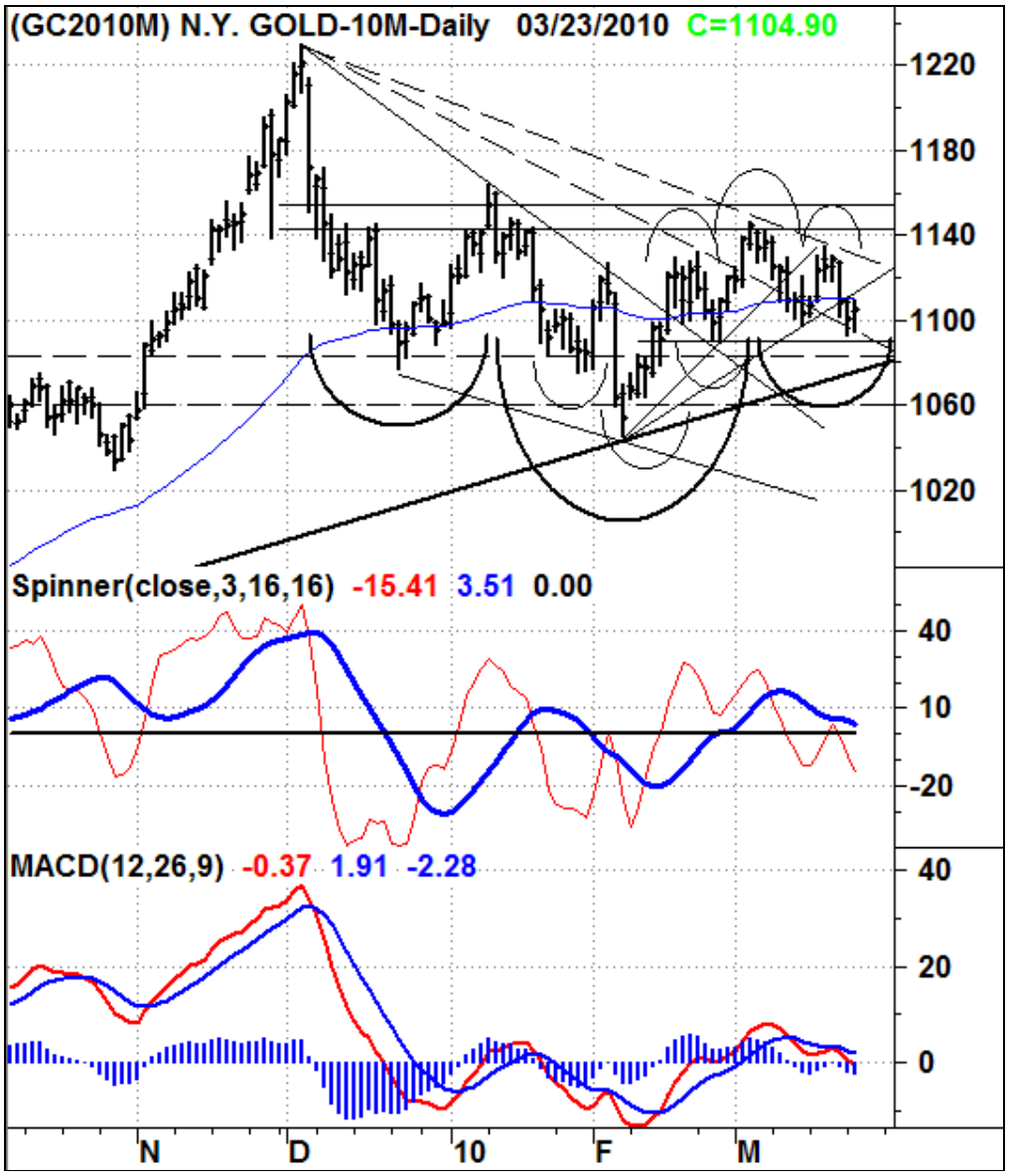
IN THIS ISSUE

••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

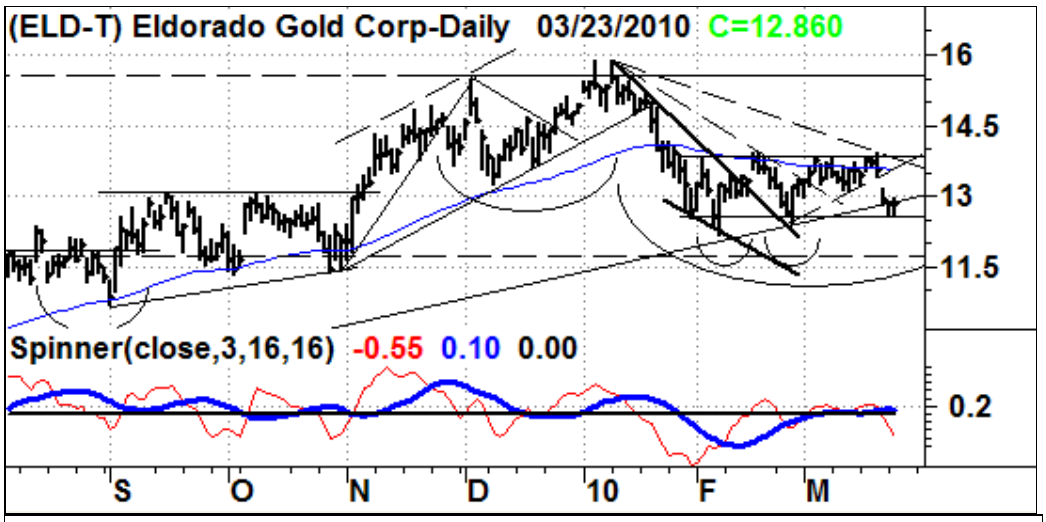
Comex gold <u>June</u> futures – <u>daily</u> – 6 month view



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 June at 1128.50 & 1120.10. Basis Apr: S/T: 1088.80-stop. Basis June: S/T: 1083-stop. M/T: 1-dc U/1068.40. Basis Apr: 1158.50. Basis June: 1195.80 &/or 1222.50 &/or 1248.80.
New Recom:	If heavily exposed, lighten up at mkt. If out, buy June after 1-dc over 1132.10; stop: exit, or sell ½ at 1083.00-stop, ½ after 1-dc below 1068.40 (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 1154.10. (Note: exit April Cx on or before March 29). Hedgers sell short June bit at mkt; stop: 1129.30-stop; cover at 1045.50 &/or trail stop downside. Sell short more at 1083.00-stop.	
Comment:	Dip to complete 5-week H&S top, with $1089.20 neckline, & $1031.10 *theoretical* downside target. Spinner fading (daily chart). Could dip to test the $1077.50 level without voiding the Dec-Mar reverse H&S development. Justifies immediate defensive measures.	

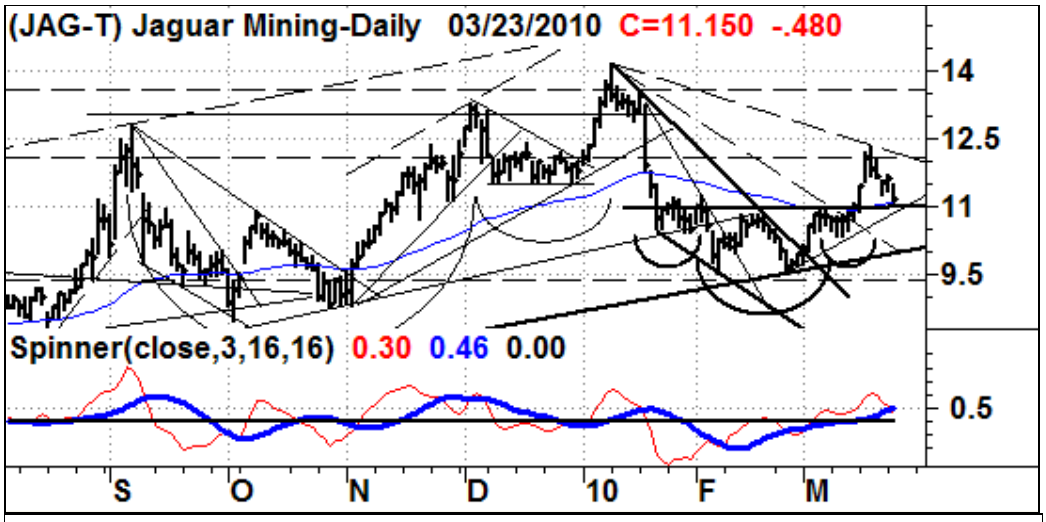
GOLD SHARES



Eldorado Gold (Toronto: ELD-T; NYSE: EGO); gold: CAD$:		
Open trades:	**Long at:** **Stop:** **Profit targets:**	Initial entry price: 13.31 (Feb-12-10). S/T: 11.70-stop. M/T: 1-dc below 11.70. 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:	Bearish gap breakdown on rising volume. Spinner rolling over to negative. Prior double bottom morphing into *uncertain* 8-week 12.55-13.77 trading range (basis L/O/C). Dec-Mar reverse H&S effort still intact. Buy on upside breakout only.	

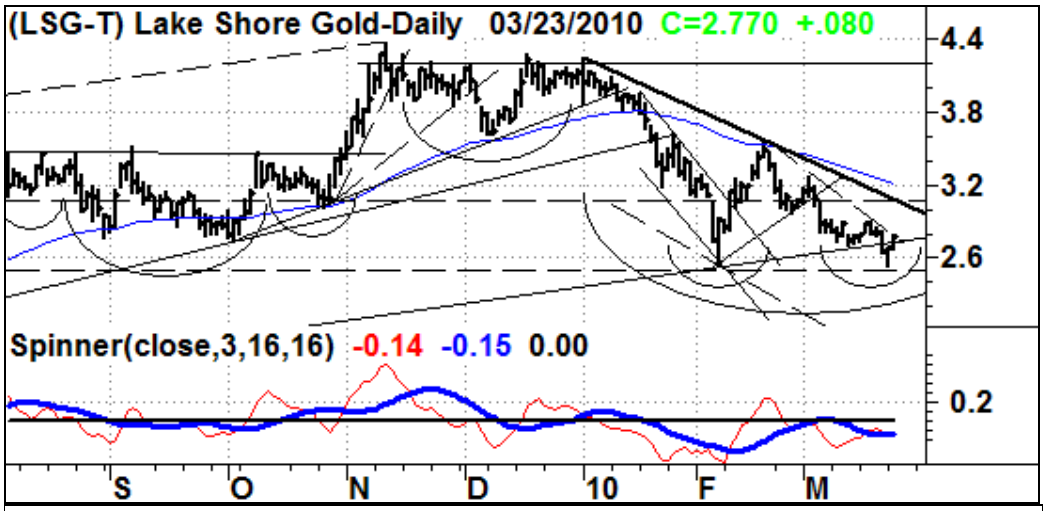
Iamgold Corp (NYSE: IAG; Canada: IMG-T); gold: US$:

Open trades:	**Long at:** **Stop:** **Profit targets:**	Initial entry price: 14.90 (Feb-17-10). S/T: 12.20-stop. M/T: 1-dc below 12.20. 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:	Dip to re-test Nov 2008 uptrend line support. Spinner faltering on zero line; warns against buying shorterm dip action. Uncertain Dec-Mar reverse H&S base. Timid bullish bearing.	



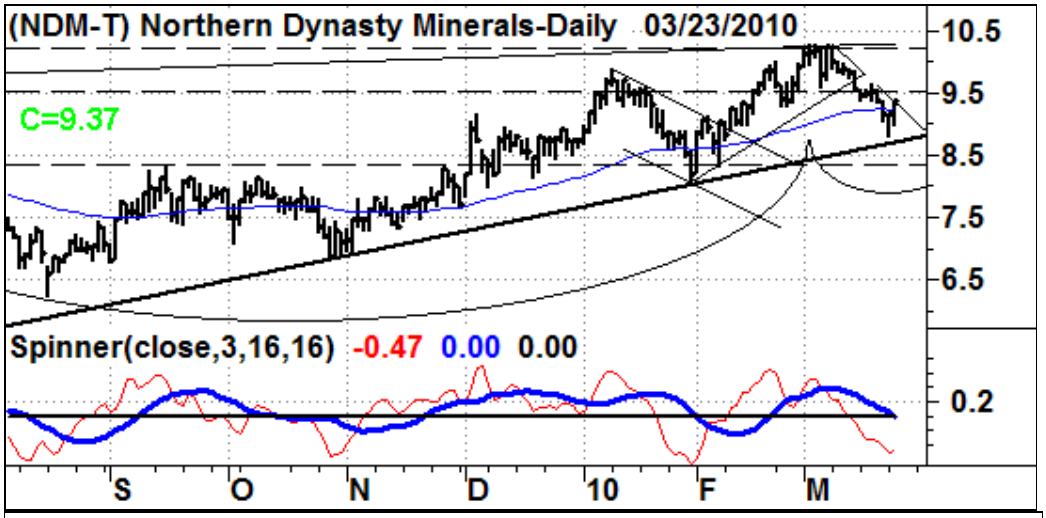
Jaguar Mining (Canada: JAG-T; NYSE: JAG); gold: CAD$:

Open trades:	**Long at:** **Stop:** **Profit targets:**	Initial entry price: 8.65 (May-20-09). Traders re-bought at 12.14 & 11.75 & 11.35. S/T: 9.30-stop. M/T: 1-dc below 9.30. 13.55 &/or 14.75 &/or 16.15.
New Recom:	If out, wait to buy strength after next reaction low &/or buy after 1-dc over 12.10; stop: 1-dc below 9.30.	
Comment:	Surge breakout & setback to test neckline support of Jan-Mar reverse H&S; 12.55 upside target. Spinner a crosscurrent bull. 3rd bullish fan line. Growing R/S. Technically healthy.	



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

Open trades:	**Long at:** **Stop:** **Profit targets:**	Initial entry price: 3.31 (Feb-17-10). S/T: 2.48-stop. M/T: 1-dc below 2.48. 4.38 &/or 4.90 &/or 5.35.
New Recom:	If out, buy after 1-dc over Jan 4 downtrend line (now 3.05); stop: 1-dc below 2.48.	
Comment:	Mar 22 bullish 1-day reversal. Possible Feb-Mar double bottom vs resistance of Jan downtrend line. New higher low in Spinner. Unconfirmed Nov-Mar reverse (double) H&S. Make or break point.	

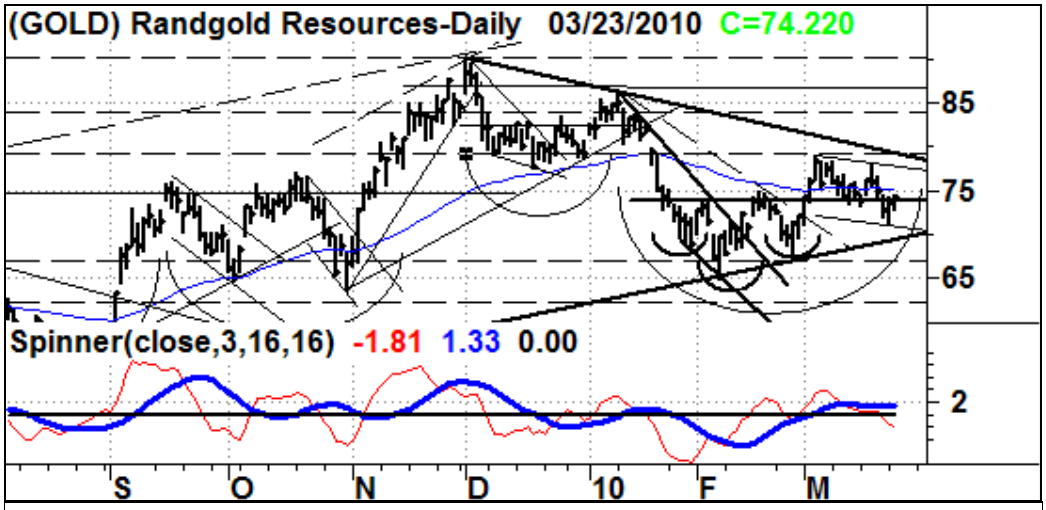


Northern Dynasty Minerals (Canada: NDM-T; NYSE: NAK); copper/gold/molybdenum; CAD$:

Open trades:	**Long at:** **Stop:** **Profit targets:**	Initial entry price: 9.52 (Feb-17-10). S/T: 8.30-stop. M/T: 1-dc below 8.30. 10.60 &/or 11.65 &/or 12.75 &/or 13.80.
New Recom:	If out, buy after 2-dc over 9.50; stop: 1-dc below 8.30. All buy again after 1-dc over 10.20.	
Comment:	Setback & rebound on Oct 2008 uptrend line support. Spinner down trending but (thin) timing line easing at recent oversold extremes. Revised Mar 2009-Feb 2010 reverse H&S base; 13.80 target.	

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

Open trades:	**Long at:** **Stop:** **Profit targets:**	Initial entry price: 5.90 (May-13-09). S/T: 7.58-stop. M/T: 1-dc below 7.58. 9.75 &/or 10.50 &/or 11.20 &/or 12.45.
New Recom:	All buy again big after 1-dc over 9.15; stop: 1-dc below 7.58.	
Comment:	Sharp slide to re-test lower boundary support of Sept-Mar ascending triangle (11.20 upside target) & Nov 2009 uptrend line. Mar 23 bullish 1-day reversal, on volume. Spinner will require time to re-position for next buy cue. Intimidated by 9.15 brick wall resistance!	



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

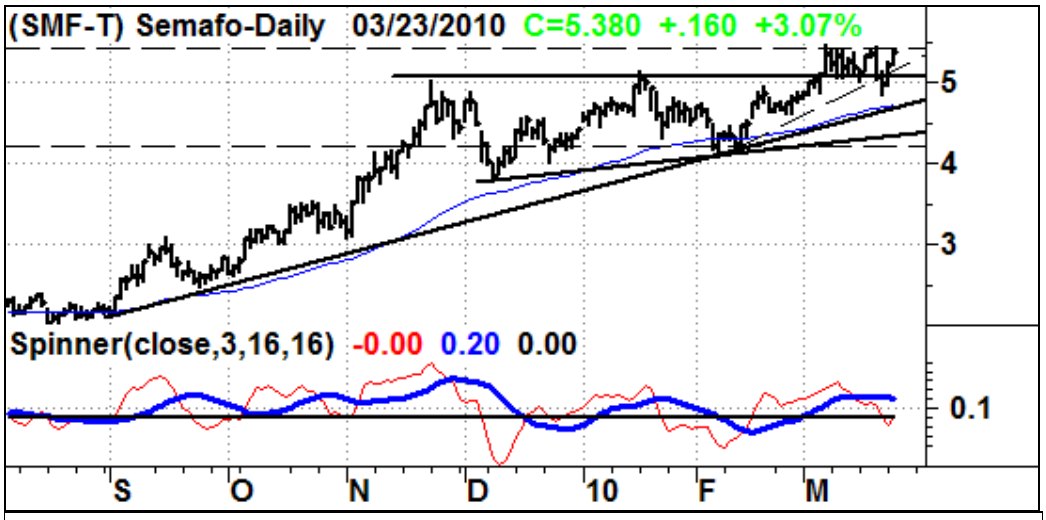
Open trades:	**Long at:** **Stop:** **Profit targets:**	Initial entry price: 74.42 (Feb-17-10). Traders re-bought at 76.59. S/T: 61.90-stop. M/T: 1-dc below 61.90. 83.85 &/or 90.30 &/or 96.30.
New Recom:	All buy again after 1-dc above Dec downtrend line (now 79.10); stop: 1-dc below 66.80.	
Comment:	Mar 22 bullish 1-day reversal. Jan-Feb reverse H&S; 83.85 upside target. Poss 14-day bull flag. Spinner in negative cross but (thick) confirming line has yet to make an obvious downturn. Backfilling?	

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

Open trades:	**Long at:** **Stop:** **Profit targets:**	Initial entry price: 6.76 (Dec-11-08). Gamblers re-bought bit at 21.14 & 20.50. S/T: 17.80-stop. M/T: 1-dc below 17.80. 22.90 &/or 24.80 &/or 26.70.
New Recom:	Spec buy after 1-dc over 21.30; stop: 1-dc below 17.80.	
Comment:	Expanding 15-day bull flag from Mar high. Spinner fading. Never easy to buy at elevated levels, but such powerful trends frequently continue for far longer, & rise much higher than traders anticipate.	

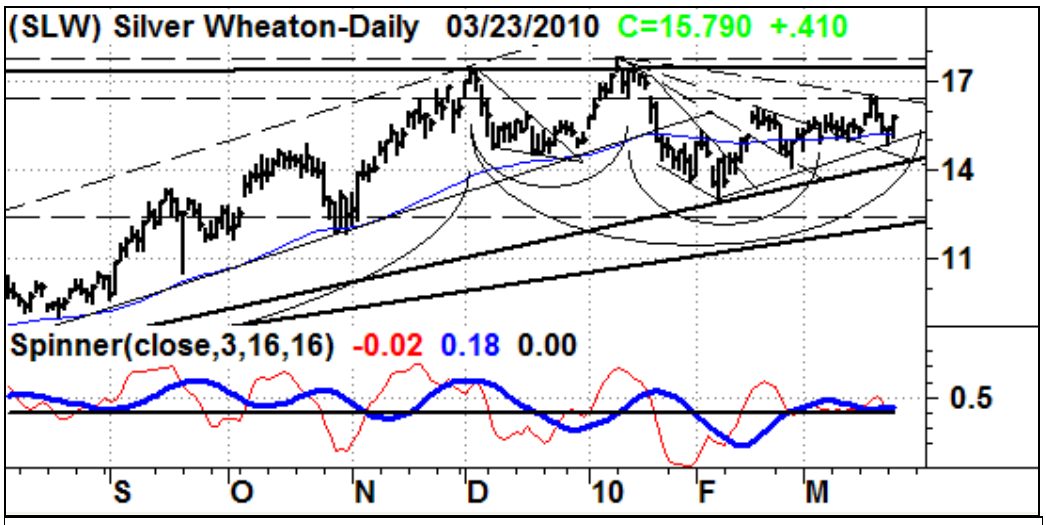
Royal Gold (Nasdaq: RGLD); gold: US$:

Open trades:	**Long at:** **Stop:** **Profit targets:**	Initial entry price: 45.46 (March-01-10). Traders re-bought at 47.10. S/T: 39.70-stop. M/T: 1-dc below 39.70. 54.60 &/or 57.80 &/or 64.40 &/or 69.90.
New Recom:	If out, buy after 1-dc (decisive) over 48.30; stop: 1-dc below 39.70.	
Comment:	Slight bearish divergence in Spinner (lower high vs higher high in price); hints price may dip to build right shoulder of Dec-Mar reverse H&S. Volume plus. Enthusiastic.	



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

Open trades:	**Long at:** **Stop:** **Profit targets:**	Initial entry price: 5.00 (March-03-10). Traders re-bought at 5.33 & 5.10. S/T: 4.18-stop. M/T: 1-dc below 4.18. 5.80 &/or 6.32 &/or 6.90.
New Recom:	If out, buy after 1-dc (dynamic) over 5.40; stop: 1-dc below 4.38.	
Comment:	Dip to test upper support of Nov-Mar flat top triangle; 6.32 upside target. Spinner in downside cross with (thick) confirming line hooking to negative; hints additional "hesitation" possible.	



Silver Wheaton (NYSE: SLW; Toronto: SLW-T); gold: US$:

Open trades:	**Long at:** **Stop:** **Profit targets:**	Initial entry price: 15.84 (Feb-17-10). Traders re-bought at 15.87. S/T: 12.40-stop. M/T: 1-dc below 12.40. 19.90 &/or 21.70 &/or 23.50.
New Recom:	If out, buy after 1-dc over 16.35; stop: 1-dc below 12.40. All buy again after 1-dc over 17.70.	
Comment:	Mar 22 bullish 1-day reversal. Rising to match head of Dec-Mar reverse H&S cum possible right shoulder of 2-year R/H&S base. Spinner mixed. Not run-away mode but progressing.	

CLOSED OUT

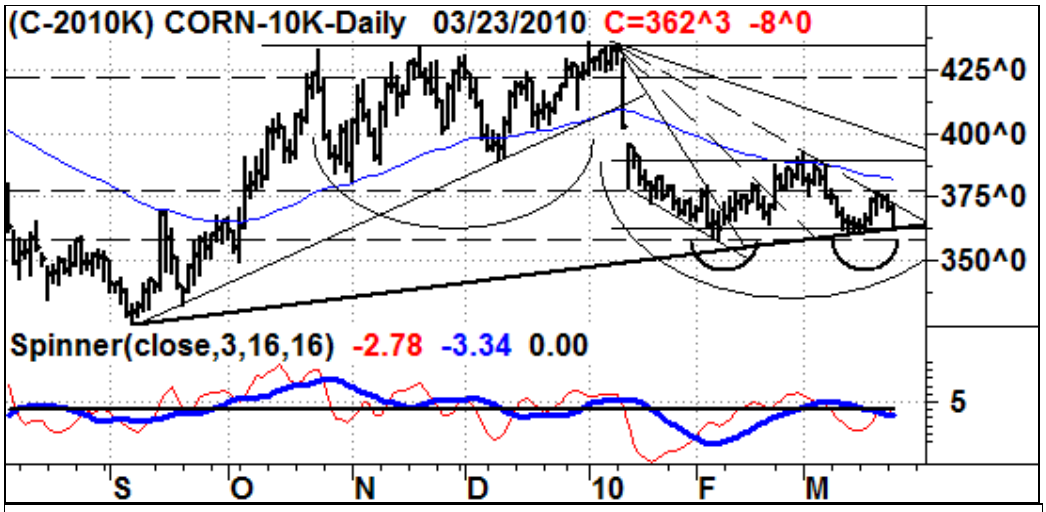
Paramount Gold & Silver (Canada: PZG-T); gold/silver: CAD$:		
Open trades:	**Long at:** **Stop:** **Profit targets:**	Traders exited via 1.48 stoploss ☹.
New Recom:	Traders exited via 1.48 stoploss ☹. If still long, exit into any strength towards 1.70 &/or tight trail stop upside.	
Comment:	Penny stocks have a more volatile & unpredictable nature, but strict Relative Strength & money management rules still apply. We will thus remove PZG-T from *GCRU* next week, & <u>may</u> re-instate at a later date.	

FUTURES

Cocoa May 2010 futures – daily chart:		
Open trades:	**Long at:** **Stop:** **Profit targets:**	Traders not in yet. S/T: 2760-stop. M/T: 1-dc below 2760. Sell bits at 3125 &/or 3260 &/or 3380 &/or 3512.
New Recom:	Buy May after 1-dc over 2920; stop: exit, or sell ½ at 2760-stop, ½ after 1-dc below 2760; sell bits at 3125 &/or 3260 &/or 3380.	
Comment:	Jan peak down wedge & growing upside breakout; 3512 *theoretical* target. Spinner in budding base mode, but requires both lines up trending above zero to trigger a major bull cue. Bottom fishing.	

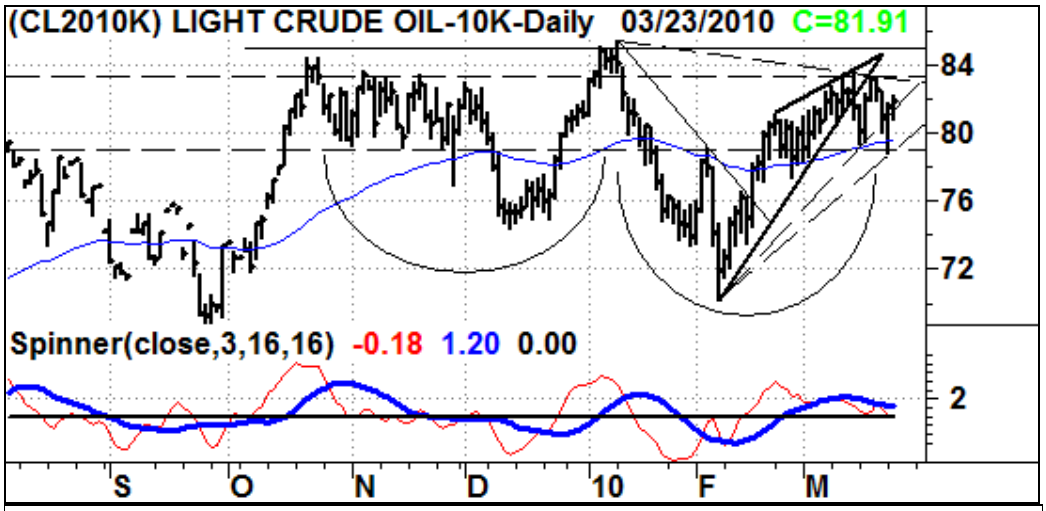
Coffee <u>May</u> 2010 futures – <u>daily</u> chart:

Open trades:	**Long at:** **Stop:** **Profit targets:**	Initial entry price: 133.75 (Mar-11-10). Traders re-bought at 135.55. S/T: 128.80-stop. M/T: 1-dc below 128.80. 141.80 &/or 144.80 &/or 147.80.
New Recom:	Buy after 1-dc over 135.80; stop: exit, or sell ½ at 128.80-stop, ½ after 1-dc below 128.80; sell bits at 141.80, 144.80 &/or 147.80	
Comment:	Jan peak bull wedge & breakout (148.70 target) morphing into uncertain 8-week reverse H&S base. 3rd bullish fan line. Fighting.	



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

Open trades:	**Long at:** **Stop:** **Profit targets:**	Initial entry price: 379.00 (Feb-16-10). S/T: 357.50-stop. M/T: 1-dc below 357.50. Sell ½ at 421.20, & trail stop rest.
New Recom:	If out, buy May after 2-dc over 377.00; stop: exit, or sell ½ at 357.50-stop, ½ after 1-dc below 357.50. Buy again over 389.50.	
Comment:	Feb-Mar double bottom <u>vs</u> Mar 23 price collapse & close on session low. Bullish divergence in Spinner offset via new negative cross. *May* bounce on lower support of 10-week (363.00-389.00) consolidation. Last chance to demonstrate any bullish intentions.	

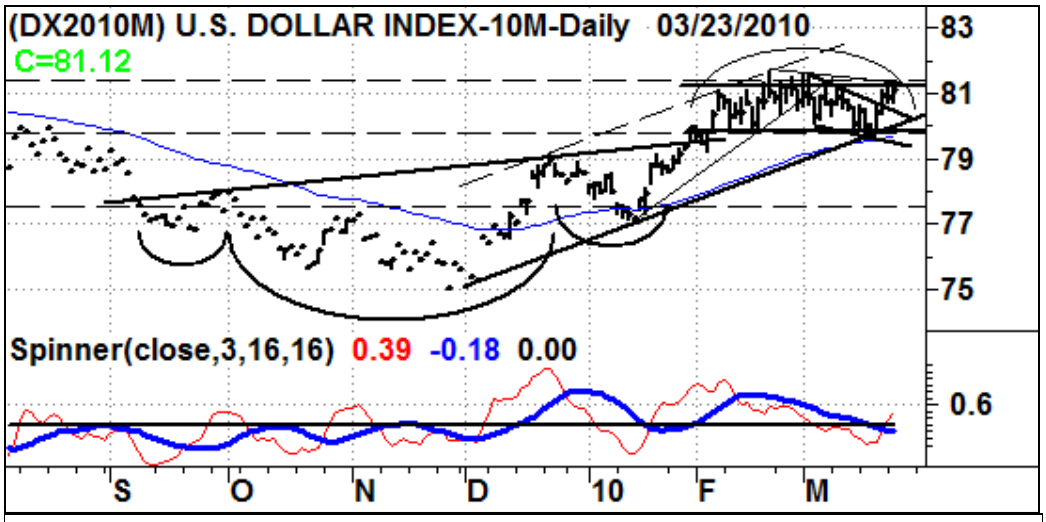


Crude Oil NY <u>May</u> 2010 futures – <u>daily</u> chart:

Open trades:	**None:** **Stop:** **Profit targets:**	Whipsawed for losses in shorts & longs ☹. S/T: 83.30-stop. M/T: 1-dc over 83.30. Cover ½ at 78.90, & trail stop rest.
New Recom:	Gamblers only sell short May bit at mkt; stop: 1-dc over 83.30 (use mini Cx to offset wider stops); take ½ profit at 78.90.	
Comment:	Feb peak bear wedge & choppy breakdown. Spinner in negative cross & down trending; hints price "should" go lower. Not easy to climb back on a "horse" that's just thrown U off (twice) ☹.	

S&P500 Index <u>June</u> 2010 futures – <u>daily</u> chart:

Open trades:	**Long at:** **Stop:** **Profit targets:**	Initial entry price: 1146.60 (Mar-12-10). Gamblers re-bought June at 1154.90. 1141.40-stop. 1175.80 (if bot low) &/or 1194.80 &/or 1215.80.
New Recom:	If out, spec buy June <u>at mkt</u> & if dips to 1163.50; stop: 1141.40-stop; sell bits at 1194.80 & 1215.80. Sell short June after 1-dc below 1129.60; stop: 1-dc over 1159.60; cover ½ at 1092.60.	
Comment:	Jan-Mar reverse H&S; 1175.80 target. Spinner in negative cross with (thick) confirming line rolling over to neutral. Must hold Feb uptrend line (now 1141.40) to keep shorterm higher hopes alive.	



US$ Index June 2010 futures-daily chart:		
Open trades:	**Short at:** **Stop:** **Profit targets:**	Traders sold short June at 79.93 & 80.10. 2-dc over 81.40. Cover ½ at 77.60, & trail stop rest.
New Recom:	If out, sell short June after 1-dc below 79.80; cover ½ at 77.60, & trail stop rest. Buy June (or cover shorts) after 2-dc over 81.40; stop: 1-dc under 79.80; sell ½ at 83.40.	
Comment:	13-day bull wedge & upside breakout. Prior rounding top morphing into 7-week 79.85-81.24 trading range (basis close). Spinner+. This is the high point for any upside head fake.	

Mar-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	All buy after 1-dc over 13.80; stop: 1-dc below 11.70.	L	Feb-12-10	13.31		12.86	11.70-stop 1-dc U/11.70	15.50	16.70	17.50
Franco Nevada	FNV-T	If out, buy after 2-dc over most recent Jan downtrend line (now 27.70); stop: 1-dc below 24.90.	L	Sep-16-09	30.99		26.56	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		14.42	12.20-stop 1-dc U/12.20	17.80	19.30	19.95
Jaguar Mining	JAG-T	If out, wait to buy strength after next reaction low &/or buy after 1-dc over 12.10; stop: 1-dc below 9.30.	L	May-20-09	8.65	12.14 11.75 11.35	11.15	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 3.05); stop: 1-dc below 2.48.	L	Feb-17-10	3.31		2.77	2.48-stop 1-dc U/2.48	4.38	4.90	5.35
Northern Dynasty Minerals	NDM-T	If out, buy after 2-dc over 9.50; stop: 1-dc below 8.30. All buy again after 1-dc over 10.20.	L	Feb-17-10	9.52		9.37	8.30-stop 1-dc U/8.30	10.60	11.65	12.75
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		8.48	7.58-stop 1-dc U/7.58	9.75	10.50	11.20
Paramount Gold & Silver	PZG-T	Traders exited via 1.48 stoploss ☹. If still long, exit into any strength towards 1.70 &/or tight trail stop upside.									

Mar-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											
Randgold Res.	GOLD	All buy again after 1-dc above Dec downtrend line (now 79.10); stop: 1-dc below 66.80.	L	Feb-17-10	74.42	76.59	74.22	61.90-stop 1-dc U/61.90	83.85	90.30	96.30
Red Back Mng	RBI-T	Spec buy after 1-dc over 21.30; stop: 1-dc below 17.80.	L	Dec-11-08	6.76	21.14 20.50	20.30	17.80-stop 1-dc U/17.80	22.90	24.80	26.70
Royal Gold	RGLD	If out, buy after 1-dc (decisive) over 48.30; stop: 1-dc below 39.70.	L	Mar-01-10	45.46	47.10	47.66	39.70-stop 1-dc U/39.70	54.60	57.80	64.40
Semafo Inc	SMF-T	If out, buy after 1-dc (dynamic) over 5.40; stop: 1-dc below 4.38.	L	Mar-03-10	5.00	5.33 5.10	5.38	4.18-stop 1-dc U/4.18	5.80	6.32	6.90
Silver Wheaton	SLW	If out, buy after 1-dc over 16.35; stop: 1-dc below 12.40. All buy again after 1-dc over 17.70.	L	Feb-17-10	15.84	15.87	15.79	12.40-stop 1-dc U/12.40	19.90	21.70	23.50
Futures											
Cocoa	CC K0	Buy May after 1-dc over 2920; stop: exit, or sell ½ at 2760-stop, ½ after 1-dc below 2760; sell bits at 3125 &/or 3260 &/or 3380.					2895	2760-stop 1-dc U/2760	3125	3260	3380
Coffee	KC K0	Buy after 1-dc over 135.80; stop: exit, or sell ½ at 128.80-stop, ½ after 1-dc below 128.80; sell bits at 141.80, 144.80 &/or 147.80	L	Mar-11-10	133.75	135.55	134.75	128.80-stop 1-dc U/128.80	141.80	144.80	147.80

Mar-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											
Corn	C K0	If out, buy May after 2-dc over 377.00; stop: exit, or sell ½ at 357.50-stop, ½ after 1-dc below 357.50. Buy again over 389.50.	L	Feb-16-10	379.00		362.30	357.50-stop 1-dc U/357.50	Sell 1/2 at 421.20	Trail stop rest	
Crude oil	CLK0	Gamblers only sell short May bit at mkt; stop: 1-dc over 83.30 (use mini Cx to offset wider stops); take ½ profit at 78.90.					81.91	83.30-stop 1-dc U/83.30	Cover 1/2 at 78.90	Trail stop rest	
Gold	GC J0 GC M0	See page 6.	L L	Feb-16-10 Mar-10-10	1119.80 1122.90	1128.50 1120.10 (Basis June)	1104.90	1088.80-stop (Basis Apr) 1083.00-stop 1-dc U/1068.40 (Basis June)	1158.50 (Basis Apr) 1195.80 (Basis June)	1222.50 (Basis June)	1248.80 (Basis June)
S&P500	SPM0	If out, spec buy June at mkt & if dips to 1163.50; stop: 1141.40-stop; sell bits at 1194.80 & 1215.80. Sell short June after 1-dc below 1129.60; stop: 1-dc over 1159.60; cover ½ at 1092.60.	L	Mar-12-10	1146.60	1154.90	1169.60	1141.40-stop	1175.80	1194.80	1215.80
US$-Index	DXM0	If out, sell short June after 1-dc below 79.80; cover ½ at 77.60, & trail stop rest. Buy June (or cover shorts) after 2-dc over 81.40; stop: 1-dc under 79.80; sell ½ at 83.40.	S	Mar-17-10	79.93	80.10	81.12	2-dc O/81.40	Cover 1/2 at 77.60	Trail stop rest	

•••• **Four mega banks face derivatives fraud trial**. An Italian judge last Wednesday ordered four foreign banks and 13 people to stand trial over a complex derivatives deal involving the city of Milan, in a **criminal** test case for cities facing heavy losses from derivatives deals, reports *Reuters*. "UBS, Deutsche Bank, Germany's Depfa and JPMorgan were ordered to stand trial for aggravated *fraud* over a derivatives swap on a 1.68 billion euro (1.5 billion pounds) bond issued by Milan. The trial is to start on May 6 and would be a *litmus test* for hundreds of local Italian entities that rushed to sign up for sophisticated financial deals, ranging from regional govts down to a local theatre group. **Those charged are accused of *lying* about the swap and *falsely* representing the deal as a way to reduce Milan's debt**. Almost 500 small and large Italian cities are facing mark-to-market losses of 2.5 billion euros on the contracts, according to the Bank of Italy. Analysts say that figure will balloon when interest rates go up." Many feel the only way to force bankers to be accountable is via the threat of jail. The Italian fraud trial will be a key showcase for toxic derivative holders worldwide. If the banks are found guilty, it would unleash a "tsunami" of financially crippling lawsuits. Importantly, it proves our 6-year long claim that derivatives are (by intent or not) too convoluted & complicated for normal financial managers to understand. •••• **Marc Faber: we already have a new gold standard**. The markets have created their own gold standard because of uncertainties regarding other asset classes, Marc Faber, author of The Gloom, Boom and Doom Report, told *CNBC* last week. "**I think we already have a gold standard … created by the market place**. Money printing is just another way for govts to silently default on their debt," Faber wrote in his latest report. "When a company or a govt actually default on their payment obligations, the process is *relatively fair* because lenders get just 30, 60 or 80 cents a dollar for the money they lent," Faber wrote. "But if a govt decides to default through money printing, the burden of the default isn't shared equally," he wrote. "**Defaulting through money printing means the repayment of the creditors occurs in a currency whose purchasing power was *severely* curtailed through the money-printing process**. There is a danger US public debt will grow so much the govt will need to print money *just* to pay the interest on the govt debt." Faber wrote. Gold market supply and demand forces will ultimately triumph over fiat money as confidence collapses, which, due to unrestrained "printing," it is gradually doing. •••• **Bernanke wants to eliminate reserve requirements completely**. Up until now, the US has operated under a 'fractional reserve' banking system, comments *TheEcomonicCollapse*. "Banks have always been required to keep a small fraction of the money deposited with them for a reserve, but were allowed to loan out the rest. But now it turns out that

Federal Reserve Chairman Ben Bernanke wants to completely eliminate minimum reserve requirements, which he says 'impose costs and distortions on the banking system'. At least that is what a footnote to his testimony before the US House of Representatives Committee on Financial Services on February 10th says. So is Bernanke actually proposing that banks should be allowed to have no reserves at all? That simply does not make any sense. But it is right there in black and white on the Federal Reserve's own website....go to: http://www.federalreserve.gov/newsevents/testimony/bernanke20100210a.htm#fn9 **If there were no minimum reserve requirements, what kind of chaos would that lead to in our financial system**? Not that we are operating with sound money now, but is the solution to have no restrictions at all?" What's the point of keeping a "penny" in the reserve "pot" when your financial assets are leveraged 40 or 50:1. This will end in tears as it did for the monolines (guarantors of public & corporate bonds), who frequently insured risks 100 to 150 times their capital base! **•••• To walk or not to walk**? University of Chicago professor, Luigi Zingales, estimates **35% of US home mortgage defaults in December were by homeowners who could afford their payments**, but decided it wasn't worth their while on an underwater property (ie, owing more than a home is worth). Once the social stigma of foreclosure begins to erode, Zingales explains, "The risk that the number of people doing this might explode is significant." Voluntary "walkaways" reflect shifting attitudes toward debt and commitment that will pour more fuel onto the foreclosure fire. **•••• Fed and Treasury working to block FDIC transparency reforms**. "We hear that the FDIC rule making process regarding the reform of bank securitizations could start as soon as next month, but more likely will wait till the FDIC's board meeting in May," reports *Int'l Risk Analytics*. "We also hear that the President's Working Group (PWG) on Financial Services is preparing a 'white paper,' in cooperation with the Fed and the Office of the Comptroller, to **block** the FDIC reform effort. **This campaign, which apparently was orchestrated by the largest dealer banks, is intended to derail the new rules proposed by the FDIC mandating greater transparency and disclosure for bank sponsored residential mortgage securitization deals**. Sometimes referred to as the '*plunge protection team,'* the PWG is part of the invisible govt of Washington, an agency that operates within the govt, but at the behest of private interests. **It is very telling to us that the FDIC is advocating greater openness and transparency in bank sales of mortgage loans to securitizations, but the Fed and OCC are standing with the larger dealer banks that arguably caused the financial crisis in complex structured assets**." This offers more evidence that a financial oligarchy controls Washington. The real power no longer resides with publicly elected representatives, but with an elite minority working behind the scenes & for

their own personal agenda. •••• **The decline of the West, measured in tonnes**. As the age-old Golden Rule puts it, "*He who has the gold makes the rules*" – an historical fact proven most recently by the United States' dominance of global monetary politics since WWII, comments Adrian Ash of *BullionVault.com*. "And given gold's critical role in world history, three telling facts are buried amongst the latest Central Bank gold data compiled by the World Gold Council: 1). Central Banks worldwide grew their physical gold reserves at the fastest pace since 1965 in 2009, adding bullion for the first time in two decades as a group. 2). Emerging economies added a near-record volume of metal to their official reserves, putting more than 21% of all the gold held by sovereign states outside the control of developed-world OECD members. 3). **Western Central Banks, in contrast, *shrank* their reserves by more than 1% last year. Since the end of 2004, they have sold almost twice-as-much gold as non-OECD members have acquired (1881 vs 994 tonnes)**. Europe's 30-year tussle last century was preceded and powered by frantic gold hoarding amongst the major players. Nazi Germany's Wehrmacht's first stop on annexing central Europe was the local central-bank vault. **The US got to dominate monetary politics in 1945 because it ended the war with the biggest hoard of gold bullion in history**. Now emerging-market policy wonks, plus their friends and neighbors at home, clearly think the 'barbarous relic' matters. Seeing how Western Central Bank gold sales have now almost ground to a halt ...albeit too late to reverse their dis-hoarding at the price those sales raised." Western powers have neglected their gold reserves and, driven by greed & the desire to spend & extend their power, have fallen victim to a fiat Ponzi scheme of their own making. •••• **Geopolitical dislocation phase**. With no economic recovery in sight, social conflict is increasing in Europe, while in the United States the social fabric is, purely and simply, coming apart at the seams, observes the 1st class European think tank Leap2020.eu. "The first event is more visible than the second, however the second is the more important. **Control of the tools of the international media by the US enables the *social* consequences of this destruction of US public and social services on the back of the increasing poverty of the country's middle classes to be covered up**. This concealment is made even easier compared to Europe, as the US social fabric has been vaporized: weak trade unions, unions very limited by sector, and without general social claims historically identified as an 'anti-American' attitude. Still, **on both sides of the Atlantic (and in Japan) public (transport, police, the fire service) and social (health, education, retirement) services are in the process of being *dismantled*, when they are not purely and simply closed**; demonstrations, sometimes violent, are increasing in Europe, whilst acts of domestic terrorism or political extremism are on the increase in the United States. **All these trends are in the course of rapidly creating an**

'explosive socio-political cocktail' which leads directly to strife between component parts of the same geopolitical entity (conflict between federal states/the US itself, tensions between EU member states, Russian republics and the Federation, Chinese provinces and central govt), between ethnic groups (an almost universal increase in anti-immigrant sentiment) and **a falling back on nationalism, both national and regional, to channel these destructive tensions**." Don't underestimate the speed with which economically related violence can spread. And, don't rely on any govt agency to protect you. Start taking basic steps to protect yourself. •••• **Goldman Sach's derivative liability**. According to a new paper from the Levy Economics Institute, the derivative exposure of Goldman Sachs was an astonishing 33,823% of its assets in 2009 (as compared to 25,284% in 2008), reports *TheBankWatch*. "When trying to understand derivatives, simply assume: **off balance sheet** debt. There is all kinds of rationale as to why that off balance sheet debt is not dollar for dollar, but the important point is that no one argues that derivatives are worth **zero**. There is an intrinsic liability that frankly few bankers can explain to you, so you must begin with the face value of the liability, and banks are guilty until proven innocent on that one. As an accountant, **the notion of off balance sheet debt is a contradiction in terms. Is it a liability? If yes, it should be on the balance sheet**." *Those who have breached the moral hazards of our financial system are alive & thriving, & benefiting from a no strings attached taxpayer backstop in the process* ☹. •••• **What China wants more than physical gold**. "If China actually used all its dollar reserves to buy physical gold, it would completely overwhelm the market. It would end up trying to buy about a third of all the gold ever mined in the history of the world. There's no way it could get all that gold without sending the price to outrageous levels," pens Steve Sjuggerud at the *DailyWealth.com*. "So how would China acquire gold if it doesn't buy it? This is where it gets interesting... Instead of buying physical gold in the open market (where China would be the 800-pound gorilla in the room), China plans to buy [has already bought many] **gold mines** around the world. An official from the China Gold Association told *The China Daily* that rather than buy gold from the IMF, **China would buy gold directly by buying gold mines** '**abroad**.' If that's true (and there is a lot of sense to it), then how should you play it? Gold is up 70% since the summer of 2006. Meanwhile, gold stocks (as measured by the Gold BUGS Index) have done *nothing*. Usually, a 10% move in gold would mean a 20% move in gold stocks. But this relationship broke down in the financial crisis. Now, either the price of gold needs to fall... or the price of gold stocks needs to soar to correct this anomaly. The timing might be just right... Many mining stocks are down, and it's coming to light that the Chinese prefer to buy gold mines (which give the country a **permanent** supply) over buying gold in the open market." Those clever

Chinese have for months been buying global commodities to hedge against the risk of a US$ decline/devaluation, and build their gold reserves to help support their aspiration for a greater international role for the yuan.

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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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