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-Gold (& mkts) Charts R Us-

GCRU #397 on May 5, 2010 (in its 9th year). •••• Welcome back after the *GCRU* Spring skip week. Member's batteries are recharged, and so are bank balances, with a bunch of ripe plums cum fat gains plucked from the golden profit tree before & during the break ☺. Bullion deserves three cheers for its stab breakout & hold above the $1165.00 neckline of its 5-month reverse H&S base, with a $1271.20 revised upside target. However, a new & major selling attack in Tuesday's NY session hints bullion's technical configuration is worrying the Anti-gold Cabal, & additional (shorterm) opposition appears likely. Action in the gold shares was even more impressive, with many of the shares outrunning bullion, so be prepared for corrections of overly hot moves (ie, sell or lighten-up into any strength & re-buy on dips). •••• Per our *general* guidelines of last time, the H&S top in the HUI gold index was eliminated via a pop above 456. That raised one green flag. The US$ however rose to void its prior H&S top risk, and for the time being has redefined & forcefully reaffirmed its Nov 2009 uptrend channel. Our concern that US$ strength would weigh on bullion now appears unwarranted, as escalating fears that problems in Greece (and other nations) will spiral into a full-blown sovereign debt crisis have dramatically boosted gold's *safe-haven* appeal. As an *HSBC* gold note remarks: "*Gold's safe-haven attributes are beginning to trump its currency-hedge attributes. This is an important development, as sovereign risk until now has acted as a drag on gold prices. If continuing sovereign risk concerns elicit stronger safe-haven buying in gold than currency-related selling, then further sovereign risk concerns may be bullish for bullion*." Our new conclusion is that gold bullion's safe-haven appeal is going mainstream, & the precious metal may continue to outperform even though the US$ is rising. •••• New lows in the NYSE on April 28 were 14. That was probably the turning point re our previous warning to subs that greater than 10 would be the start of a sell cue for all world markets. If it pulls back under 10 & stays there, this may be only a warning shot. However, a 3-week diamond top & breakdown in the S&P500 hints the stock mkts *are* in trouble, at least for the shorterm. The minimum measuring implication of a diamond top is that prices will fall *at least as far* as the height of the pattern, which equates to 1140.00 for the S&P (basis June futures). •••• Australian mining shares tumbled Monday on news of a new (unfair) 40% super tax on resource firms. Big mining companies may be shipping their profits overseas &/or using accounting tools to reduce their taxes, but this is the type of restrictive action we would expect in a communist state, not a free economy. This is the frightening thing about all govt power. Rules can be

re-written, & we must stay alert to avoid the traps. Geographical diversification of your assets is no longer optional. •••• Stopress & heart stoppers: On the one extreme hand, the world is on the edge of massive deflation & depression. On the other extreme hand, friend Jim Sinclair says *"Hyper inflation seems now to be the result that will be introduced by an 'All-World Currency Crisis' in confidence. That is what Gold is saying."* My "Official Uncle Harry comment" on that is this: Both extremes are possible. Certainly deflation is in the cards in our hands today. And hyperinflation seems impossible when there is very little inflation in most economies. But, friend Jim has always contended: hyperinflation will happen on an **overnight basis**, not via a general uptrend in inflation data. JS says confidence is the trigger. As U see all around U, confidence is plummeting in most banks, most govts, most currencies, most economies, &, **contagion** is what pushes the finger onto the trigger. If all this is aprox logical, one could conclude: we either fall into deep deflation/depression now, or we get brutally yanked into hyperinflation in the twinkling of an eye. **In fact**, we will very possibly get **both**-–in the same time zone. Meantime, gold is holding very near its high, ***despite*** most mkts plunging on Tuesday, which implies that the unexpected hyper is pending, because if it were mainly deflation afoot, gold action would be a bit less buoyant. Increase your gold position while it's 'cheap.' End of official Uncle outlook, for the record. •••• The *WSJ* reports investors bought a whopping $443 million of credit-default swaps to insure against a UK default last week. "The size of protection on the UK has roughly doubled since the year began, a move that far outpaces the run-up in Greek CDS last fall." Take note. The economic "hit men" have turned their sights on bigger prey. •••• Kitco provide a unique gold index that is designed to determine whether the value of gold is actual, or a reflection of changes in the US$ value, or a combination of both. A full explanation & interactive chart is available at: http://www.kitco.com/kitco-gold-index.html - RT •••• Bullish Consensus rank gold at 74% (up 3 from two weeks ago). The US$ at 63 (up 7). B/C folks say gold is "neutral/bearish today, neutral/bullish thereafter." •••• As today's password implies -- *goldtrendok* – a new & broad based gold market upswing is underway. The trend line is solid. Technical work points to $1255.00, & then $1271.20, but we won't get there in a straight line. Major rises are interrupted by frequent technical (&/or manipulated) sell offs – as indicated by a potentially bearish 1-day reversal in Tuesday's gold chart. And, per our teachings, if U trade just some of those moves, rather than just praying during pullbacks, U will make several times the profit of the buy&hold crowd. Thus, we urge U bank *some* profits at market where recent gold share moves are overextended (Eldorado Gold, New Gold, Osisko Mining, Red Back Mining and Silver

Wheaton, etc), & use trailing profit stops to lock-in the rest. If the market moves directly higher, we can use buy-stop orders placed in the mkt to catch breakout moves as they occur. If not, U will have *some* cash in-hand to re-buy &/or average down on dips. This is not a sell cue, but the implementation of a quasi-permanent defensive technique to protect our capital against the *inevitable* & unexpected waves of weakness. •••• Gold is holding well after yesterday's slide, down just $2.40 in European trading this AM. The US$ is up 30 cents. •••• The most profitable & speculative phase of gold's bull market is *just* around the corner. Stay with the plan. •••• Fond regards from your personal gold alchemist ***Uncle Harry***, & helper Paul.

•••• If it's Wednesday, it's *Gold (& Mkts) Charts R Us.*

IN THIS ISSUE

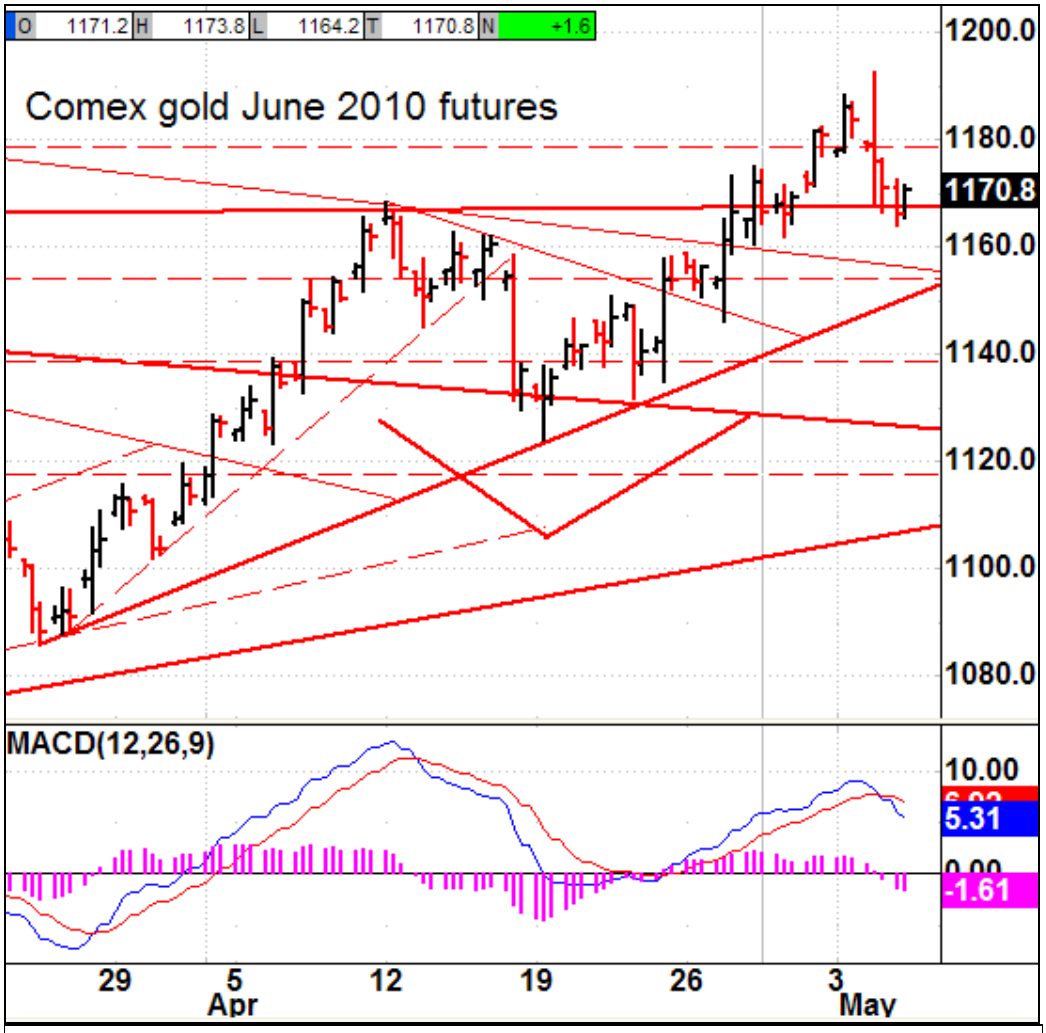
••Our Abbreviations:

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

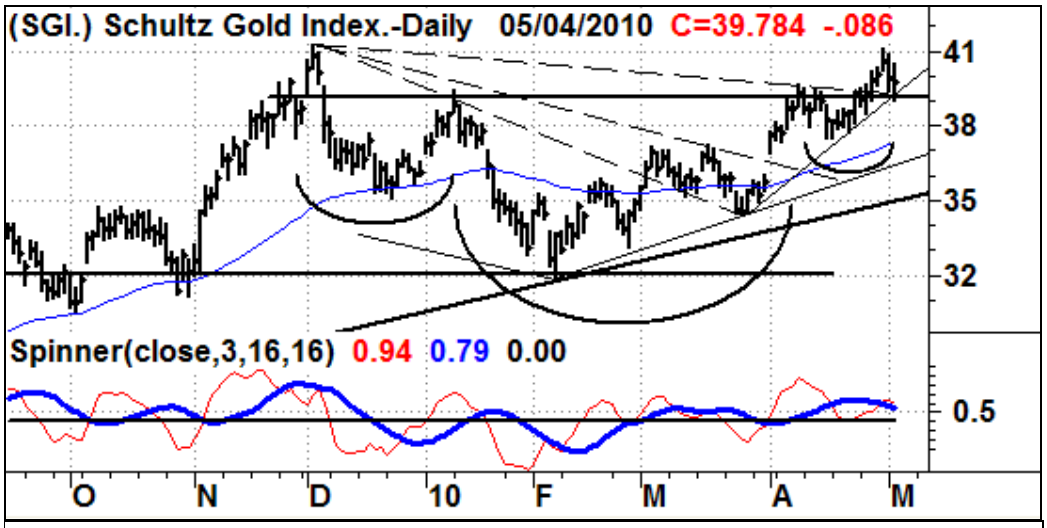
Comex gold June futures – daily – 6 month view

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:**	Initial entry price: 1122.90 (Mar-10-10). Gamblers re-bought at 1140.40 &/or all re-bot at 1171.80.
	Stop:	S/T: 1139.40-stop. M/T: 1-dc below 1117.40.
	Profit targets:	1195.80 &/or 1222.50 &/or 1248.80.
New Recom:	If out, gamblers buy June bit if dips to 1153.50; stop: exit, or sell ½ at 1139.40-stop, ½ after 1-dc below 1117.40 (use mini Cx to offset wider stops). And/or buy after 1-dc (decisive) over 1178.50. Hedgers sell short June bit after 2-dc below Mar uptrend line support (now 1150.00); stop: 25-points above your entry level; cover ½ at 1117.40 &/or trail stop downside.	
Comment:	Jan peak sym/triangle; 1255.00 target. Extended Dec-Apr reverse H&S & upside breakout; 1271.20 revised upside target (basis L/O/C). Spinner mixed in daily chart but supportive of continued strength in the weekly chart. Grinding higher.	

Schultz Gold Share Index (SGI) -- daily



Schultz Gold Index (*SGI*) – **daily** chart:

Comment:	Bullish upside breakout & dip to test top support of Dec-Apr reverse H&S; 45.70 measured target. Spinner neutral/negative; hints at further consolidation before renewed strength.

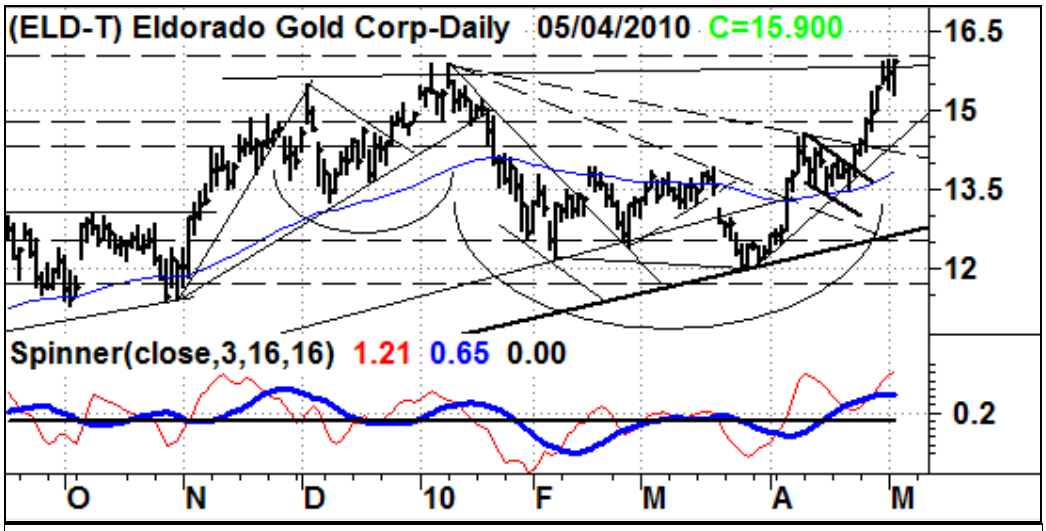
Schultz Gold Stocks Advance/Decline Line -- daily

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

Comment:	Prior H&S top risk voided via determined rise above left & right shoulder peaks ☺. Spinner backfilling above zero. Jan bull wedge; 5268 nearby target. May balk at or below 5265 resistance to build the right shoulder of a 5-month reverse H&S. This chart is updated daily on our website. On the *GCRU* download page click: *View Schultz Gold Stocks A/D Line.*

GOLD SHARES

Agnico Eagle (NYSE: AEM; Canada: AEM-T); gold: US$:		
Open trades:	**Long at:** **Stop:** **Profit targets:**	Initial entry price: 58.90 (Apr-16-10). Traders re-bought at 63.62. S/T: 1-dc below 55.30. M/T: 1-dc below 52.50. 72.50 &/or 76.40 &/or 79.80.
New Recom:	If out, spec buy at mkt & if dips to 59.80; stop: 1-dc below 55.30. All buy after 1-dc over 64.25.	
Comment:	Dec-Apr reverse H&S & upside breakout, on rising volume; 72.50 measured target (basis L/O/C). Spinner neutral plus. Technically positioned for a new burst of strength.	



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

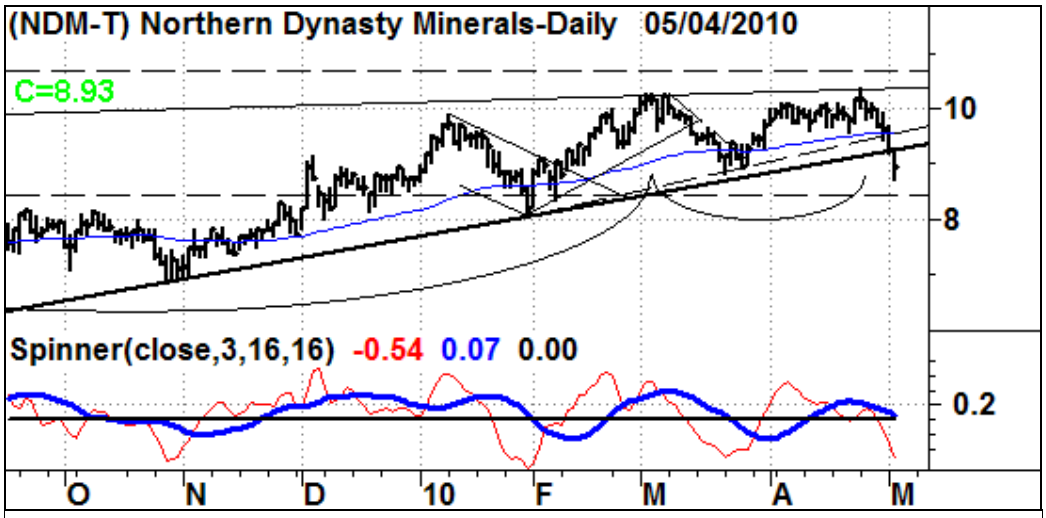
Open trades:	**Long at:** **Stop:** **Profit targets:**	Initial entry price: 13.31 (Feb-12-10). Gamblers re-bought at 14.39. S/T: 1-dc below 12.50. M/T: 1-dc below 11.70. 16.60 &/or 17.50 &/or 18.20 &/or 19.15. Some took profit at 15.50 ☺.
New Recom:	Take partial profits. If out, spec buy if dips to 14.75 & 14.30; stop: 1-dc below 12.50. And/or buy bit after 1-dc over 15.95.	
Comment:	Hit measured target of Jan bull wedge. Spinner slackening. *May* dip to build right shoulder of 5-month reverse H&S. Good intentions.	

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

Open trades:	**Long at:** **Stop:** **Profit targets:**	Initial entry price: 14.90 (Feb-17-10). Traders re-bought at 16.26 & 17.32. S/T: 1-dc below 13.70. M/T: 1-dc below 12.20. 19.30 &/or 19.95. Some took profit at 17.80 ☺.
New Recom:	If out, spec buy if dips to 16.80 & 16.10; stop: 1-dc below 13.70. And/or buy after 1-dc over 18.25.	
Comment:	Jan-Mar double bottom & upside breakout morphing into possible 5-month reverse H&S. Volume supporting price. Back in the race!	

New Gold (Amex: NGD; Canada: NGD-T); gold: US$:

Open trades:	**Long at:**	Initial entry price: 4.79 (Apr-05-10). Traders re-bought at 5.36.
	Stop:	S/T: 1-dc below 4.30. M/T: 1-dc below 3.95.
	Profit targets:	6.40 &/or 7.15. Took P/P at 5.45 &/or 5.92 ☺.
New Recom:	Take partial profits. If out, spec buy if dips to 5.30 & 5.10; stop: 1-dc below 4.30. And/or buy bit after 1-dc over 5.95.	
Comment:	Hit 5.92 target of Jan-Apr sym/triangle. Bearish divergence in Spinner; gives tip for deeper price dip towards Mar uptrend line.	



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

Open trades:	**Long at:**	Initial entry price: 9.52 (Feb-17-10). Gamblers re-bought at 9.50.
	Stop:	S/T: 8.40-stop. M/T: 1-dc below 8.40.
	Profit targets:	10.60 &/or 11.65 &/or 12.75 &/or 13.80.
New Recom:	If long, exit or sell down to gambler longs at mkt.	
Comment:	Bearish break below major Oct 2008 uptrend line support on negative volume. Spinner stalling in weekly & daily chart. Weakness in copper taking its toll. Light goes out if breaks 8.94, Mar closing low.	

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

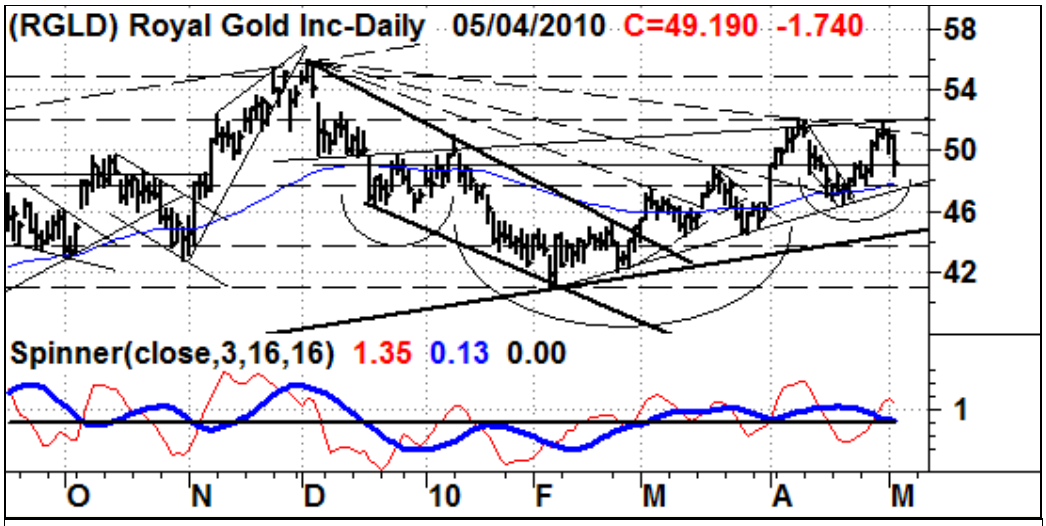
Open trades:	**Long at:**	Initial entry price: 5.90 (May-13-09). Traders re-bought at 8.91 &/or 9.50.
	Stop:	S/T: 1-dc below 8.60. M/T: 1-dc below 7.70.
	Profit targets:	11.20 &/or 12.45. Took P/P at 9.75 &/or 10.50 ☺.
New Recom:	Take partial profits. If out, buy incrementally if dips to 10.10 & 9.80 & 9.55; stop: 1-dc below 8.60. And/or buy bit after 1-dc over 10.85.	
Comment:	Rocket rise above Sept-Apr ascending triangle; 11.20 nearby target. Spinner shorterm overextended. Aggressive buy on dips.	

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

Open trades:	**Long at:**	Initial entry price: 74.42 (Feb-17-10). Gamblers re-bought at 78.21; others at 83.59.
	Stop:	S/T: 1-dc below 72.80. M/T: 1-dc below 69.50.
	Profit targets:	90.30 &/or 96.30 &/or 102.50.
New Recom:	If out, spec buy if dips to 78.80; stop: 1-dc below 72.80. All buy big after 1-dc over 84.50.	
Comment:	Rise to complete would-be Dec-May reverse H&S; 102.50 upside target. Spinner neutral. Primed to lead next general upswing.	

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

Open trades:	**Long at:** **Stop:** **Profit targets:**	Initial entry price: 6.76 (Dec-11-08). S/T: 19.10-stop. M/T: 1-dc below 19.10. 28.40. Some took profit at 24.80 &/or 26.70 ☺.
New Recom:	If long, lighten up &/or bank any worthwhile profits at mkt.	
Comment:	Wary of uncharacteristic May 3 setback on volume. Spinner topping at over-bought extremes; warns against buying shorterm dip action. Will look to re-buy strength after next *obvious* reaction low.	



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

Open trades:	**Long at:** **Stop:** **Profit targets:**	Initial entry price: 45.46 (Mar-01-10). Traders re-bought at 48.94. S/T: 1-dc below 43.60. M/T: 1-dc below 40.90. 54.60 (if bot low) &/or 57.65 &/or 61.15.
New Recom:	If out, gamblers only buy bit if dips to 47.60; stop: 1-dc below 43.60. All buy again after 1-dc over 52.00.	
Comment:	Extended Dec-May reverse H&S with bullish up slanting neckline; 61.15 revised upside target. Spinner a crosscurrent bull but vulnerable to any weakness in price. Tread lightly if buy on dip.	

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

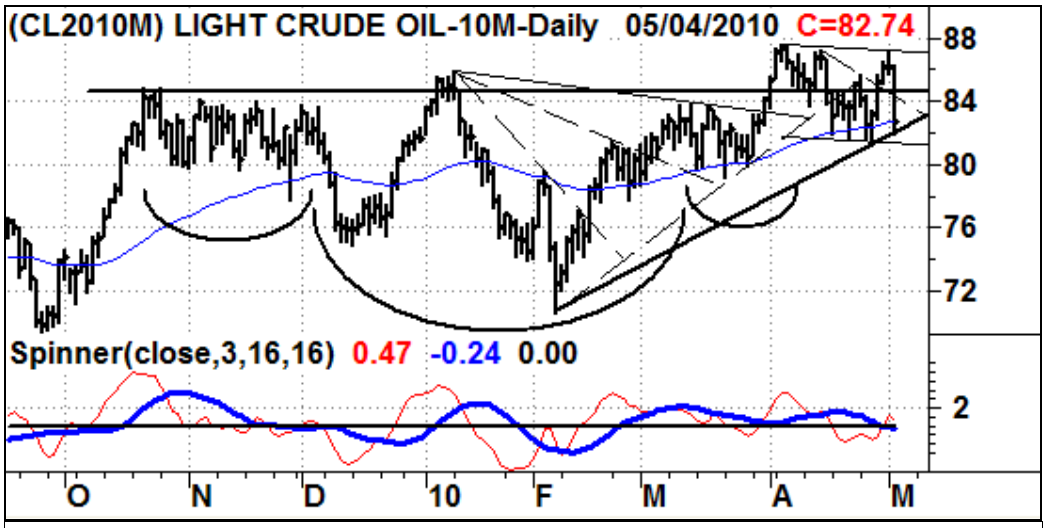
Open trades:	**Long at:** **Stop:** **Profit targets:**	Initial entry price: 5.00 (Mar-03-10). Traders re-bought at 5.82. S/T: 1-dc below 4.95. M/T: 2-dc below 4.95. 6.90 &/or 7.50. Some took profit at 6.32 ☺.
New Recom:	Take partial profits. If out, spec buy if dips to 5.95 & 5.70; stop: 1-dc below 4.95. And/or buy bit after 1-dc over 6.55.	
Comment:	Hit 6.32 measured target of Nov-Mar flat top triangle. Spinner neutral plus. May 3 bearish 1-day reversal. Mini dip then higher?	

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

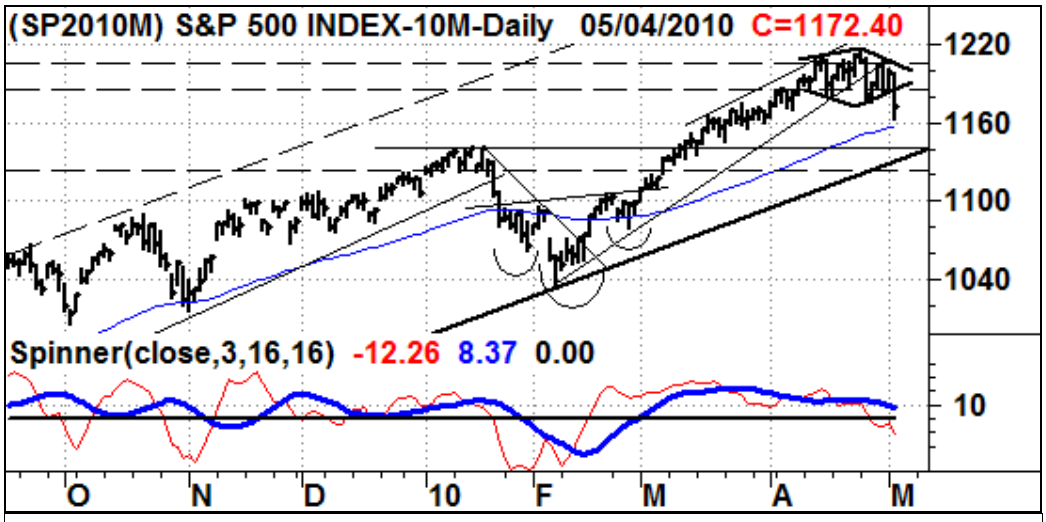
Open trades:	**Long at:** **Stop:** **Profit targets:**	Initial entry price: 15.84 (Feb-17-10). Traders re-bought at 18.01. S/T: 1-dc below 15.40. M/T: 1-dc below 14.40. 21.70 &/or 23.50. Some took profit at 19.90 ☺.
New Recom:	Take partial profits. If out, spec buy if dips to 18.25 & 17.55; stop: 1-dc below 15.40. And/or buy bit after 1-dc over 20.10.	
Comment:	Dynamic break above Dec-Apr reverse H&S, on bullish volume; 21.70 target (basis L/O/C). Spinner neutral plus but can't exclude deeper price dip towards 17.60 breakout point. Unleashed!	

FUTURES

Cocoa July 2010 futures – daily chart:		
Open trades:	**Long at:** **Stop:** **Profit targets:**	Initial entry price: 2988 (Apr-16-10). S/T: 2988-stop. M/T: 1-dc below 2988. 3280 &/or 3375 &/or 3475. Some took profit at 3170 ☺.
New Recom:	If out, no new buy recommendation this week.	
Comment:	Mar-Apr coil base & surge upside breakout. Spinner a crosscurrent bull. Jan peak down wedge; 3515 target. Needs to correct & consolidate recent gains. Safer to bank most (all?) shorterm profits at market &/or lock-in via *close* trailing stops, & re-buy after a dip.	



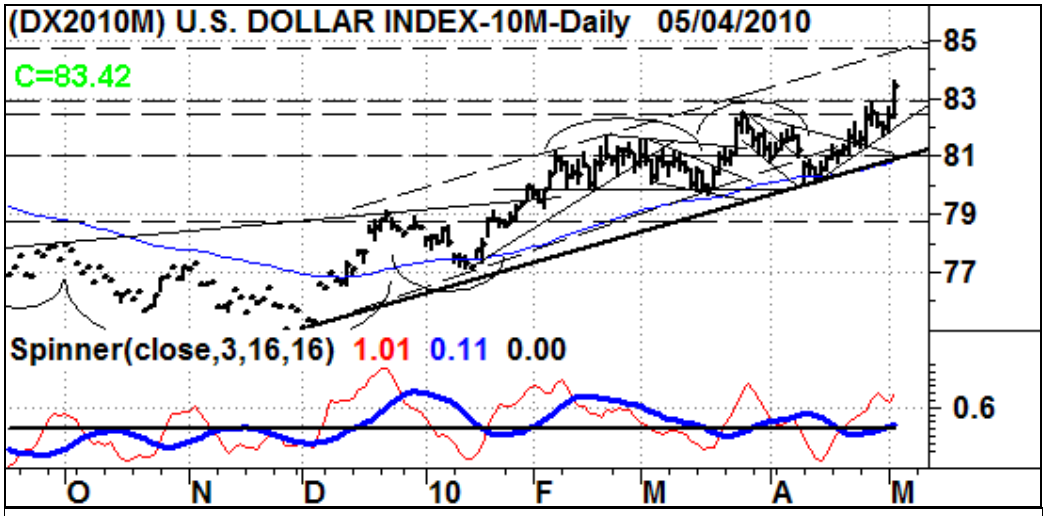
Crude Oil NY June 2010 futures – daily chart:		
Open trades:	**Long at:** **Stop:** **Profit targets:**	Exited June longs via 81.60 stoploss ☹. To be determined. To be determined.
New Recom:	No new recommendation this week.	
Comment:	This market is so nervous & manipulated that only day traders sitting in front of screens have been making profits over recent weeks. Prefer let dust settle & wait for an obvious *trend* development to emerge before putting new capital at risk.	



S&P500 Index June 2010 futures – daily chart:		
Open trades:	**Short at:** **Stop:** **Profit targets:**	Took long profits at 1215.80 &/or exited June longs via 1175.80 stoploss/profit stop. Traders then sold short at 1172.40 (May-04-10). 1205.50-stop. Cover ½ at 1140.00, & trail stop rest.
New Recom:	If out, gamblers sell short bit at mkt &/or more aggressively if rallies to 1183.50; stop: 1205.50-stop; cover ½ at 1140.00.	
Comment:	Loss of positive momentum morphing into 3-week diamond top & bearish breakdown; 1140.00 theoretical downside target.	

Soybeans <u>July</u> 2010 futures – <u>daily</u> chart:

Open trades:	**Long at:**	Initial entry price: 993.00 (Apr-15-10). Traders re-bought at 980.
	Stop:	S/T: 967-stop. M/T: 1-dc below 967.
	Profit targets:	1040 &/or 1060 &/or 1082. Took P/P at 1020 ☺.
New Recom:	If out, spec buy July after 1-dc over 1000; stop: exit, or sell ½ at 967-stop, ½ after 1-dc below 967.	
Comment:	Setback to test top support of Feb peak sym/triangle <u>vs</u> risk of 3-week H&S top. May 4 bullish 1-day upside reversal. Undetermined	



US$ Index <u>June</u> 2010 futures-<u>daily</u> chart:

Open trades:	**Long at:**	Exited June shorts via 81.70 stoploss ☹. Traders then bought at 82.54 (Apr-28-10).
	Stop:	1-dc below 80.60
	Profit targets:	84.70. Some took mini profit at 83.70 ☺.
New Recom:	Spec buy June bit if dips to 82.80 & 82.40; sell ½ at 84.70. Sell, or sell short June after 2-dc below Dec uptrend line support (now 81.00); stop: 2-dc over 82.40; cover ½ at 78.70.	
Comment:	Prior H&S top risk <u>voided</u> via break above May peak resistance. Spinner+. After Tuesday's big gain, a consolidation is likely today.	

May-05-10

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											
Agnico Eagle Mines	AEM	If out, spec buy at mkt & if dips to 59.80; stop: 1-dc below 55.30. All buy after 1-dc over 64.25.	L	Apr-16-10	58.90	63.62	62.19	1-dc U/55.30 1-dc U/52.50	72.50	76.40	79.80
Eldorado Gold	ELD-T	Take partial profits. If out, spec buy if dips to 14.75 & 14.30; stop: 1-dc below 12.50. And/or buy bit after 1-dc over 15.95.	L	Feb-12-10	13.31	14.39	15.90	1-dc U/12.50 1-dc U/11.70	Hit at 15.50 ☺	16.70	17.50
Franco Nevada	FNV-T	Jan-Apr reverse H&S base & tentative upside breakout. Traders re-bought bit at 29.28; stop: 1-dc below 24.90. All buy again after 1-dc over 31.10.	L	Sep-16-09	30.99	29.28	28.85	24.90-stop 1-dc U/24.90	30.30	32.90	35.60
Iamgold Corp	IAG	If out, spec buy if dips to 16.80 & 16.10; stop: 1-dc below 13.70. And/or buy after 1-dc over 18.25.	L	Feb-17-10	14.90	16.26 17.32	17.82	1-dc U/13.70 1-dc U/12.20	Hit at 17.80 ☺	19.30	19.95
Jaguar Mining	JAG-T	Probing Jan downtrend line. If long at higher levels, average down after 2-dc over 11.50 stop: 1-dc below 9.30; sell all at 13.55.	L	May-20-09	8.65		10.68	1-dc U/9.30	13.55		
Lake Shore Gold	LSG-T	Trader re-bought at 3.21. Appears to be base building. If out, spec buy after 1-dc over 3.30; stop: 1-dc below 2.60.	L	Feb-17-10	3.31	3.21	3.09	1-dc U/2.48	4.38	4.90	5.35
New Gold	NGD	Take partial profits. If out, spec buy if dips to 5.30 & 5.10; stop: 1-dc below 4.30. And/or buy bit after 1-dc over 5.95.	L	Apr-05-10	4.79	5.36	5.58	1-dc U/4.30 1-dc U/3.95	Hit at 5.45 ☺	Hit at 5.92 ☺	6.40

May-05-10

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											
Northern Dynasty Min.	NDM-T	If long, exit or sell down to gambler longs at mkt.	L	Feb-17-10	9.52	9.50	8.93	8.40-stop 1-dc U/8.40	10.60	11.65	12.75
Osisko Mining	OSK-T	Take partial profits. If out, buy incrementally if dips to 10.10 & 9.80 & 9.55; stop: 1-dc below 8.60. And/or buy bit after 1-dc over 10.85.	L	May-13-09	5.90	8.91 9.50	10.42	1-dc U/8.60 1-dc U/7.70	Hit at 9.75 ☺	Hit at 10.50 ☺	11.20
Randgold Res.	GOLD	If out, spec buy if dips to 78.80; stop: 1-dc below 72.80. All buy big after 1-dc over 84.50.	L	Feb-17-10	74.42	78.21 83.59	82.76	1-dc U/72.80 1-dc U/69.50	90.30	96.30	102.50
Red Back Mng	RBI-T	If long, lighten up &/or bank any worthwhile profits at mkt.	L	Dec-11-08	6.76		24.46	19.10-stop 1-dc U/19.10	Hit at 24.80 ☺	Hit at 26.70 ☺	28.40
Royal Gold	RGLD	If out, gamblers only buy bit if dips to 47.60; stop: 1-dc below 43.60. All buy again after 1-dc over 52.00.	L	Mar-01-10	45.46	48.94	49.19	1-dc U/43.60 1-dc U/40.90	54.60	57.65	61.15
Semafo Inc	SMF-T	Take partial profits. If out, spec buy if dips to 5.95 & 5.70; stop: 1-dc below 4.95. And/or buy bit after 1-dc over 6.55.	L	Mar-03-10	5.00	5.82	6.20	1-dc U/4.95 2-dc U/4.95	Hit at 6.32 ☺	6.90	7.50
Silver Wheaton	SLW	Take P/P. If out, spec buy if dips to 18.25 & 17.55; stop: 1-dc below 15.40. And/or buy bit after 1-dc over 20.10.	L	Feb-17-10	15.84	18.01	18.90	1-dc U/15.40 1-dc U/14.40	Hit at 19.90 ☺	21.70	23.50

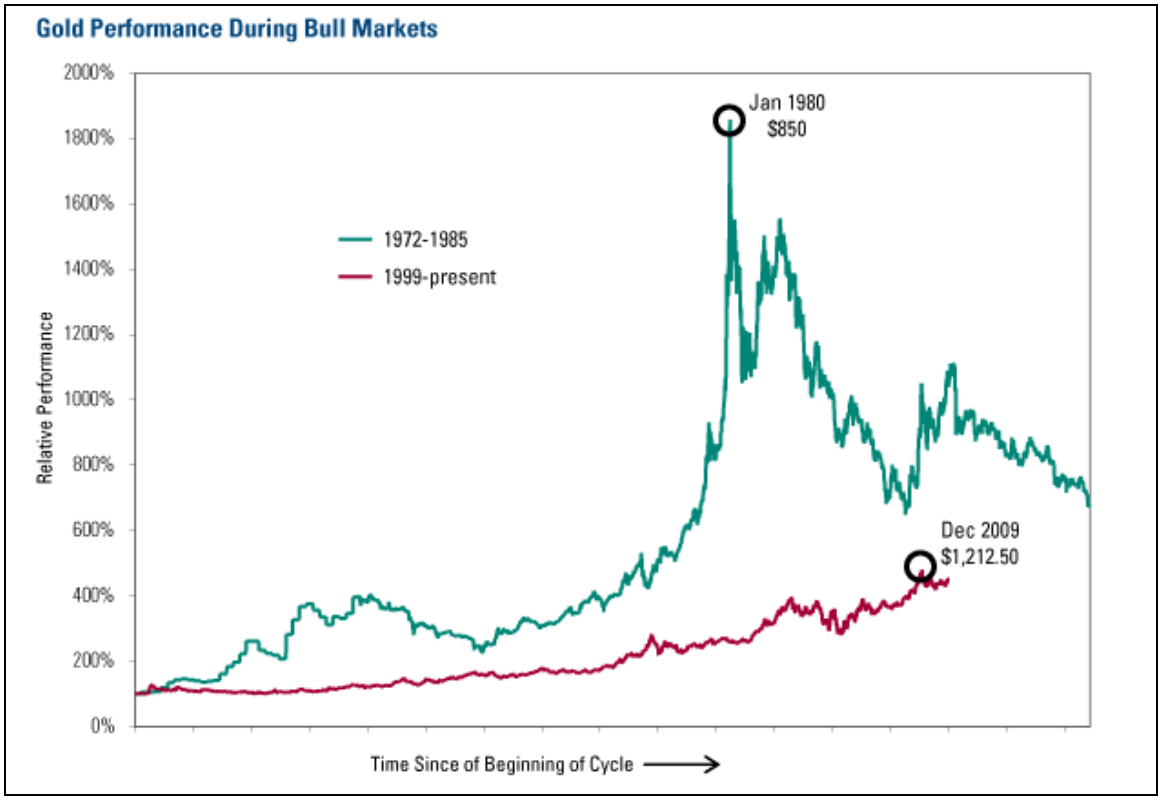
May-05-10

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											
Cocoa	CC N0	If out, no new buy recommendation this week.	L	Apr-16-10	2988		3172	2988-stop 1-dc U/2988 (Basis July)	Hit at 3170 ☺	3280 (Basis July)	3375 (Basis July)
Crude oil	CLM0	Exited June longs via 81.60 stoploss ☹. No new recommendation this week.									
Gold	GC M0	See page 7.	L	Mar-10-10	1122.90	1140.40 1171.80	1169.20	1139.40-stop 1-dc U/1117.40 (Basis June)	1195.80 (basis June)	1222.50 (Basis June)	1248.80 (Basis June)
S&P500	SP M0	If out, gamblers sell short bit at mkt &/or more aggressively if rallies to 1183.50; stop: 1205.50-stop; cover ½ at 1140.00.	S	May-04-10	1172.40		1172.40	1205.50-stop (Basis June)	Cover 1/2 at 1140.00 (June)	Trail stop rest	
Soybeans	S-N0	If out, spec buy July after 1-dc over 1000; stop: exit, or sell ½ at 967-stop, ½ after 1-dc below 967.	L	Apr-15-10	993.00	980.00	987.00	967-stop 1-dc U/967 (Basis July)	Hit at 1020 ☺	1040 (Basis July)	1060 (Basis July)
Sugar	SB N0	Prior buy recommendation not activated. No new trade recom this week.									
US$-Index	DX M0	Exited June shorts via 81.70 stoploss ☹. Traders then bought at 82.54 (Apr-28-10). Spec buy June bit if dips to 82.80 & 82.40; sell ½ at 84.70. Sell, or sell short June after 2-dc below Dec uptrend line support (now 81.00); stop: 2-dc over 82.40; cover ½ at 78.70.	L	Apr-28-10	82.54		83.42	1-dc U/80.60	Hit at 83.80 ☺	Sell 1/2 at 84.70 (Basis June)	Trail stop rest

•••• ECB may have to turn to "nuclear option" to prevent Southern European debt collapse. The European Central Bank (ECB) may soon have to invoke emergency powers to prevent the disintegration of southern European bond markets, reports the UK *Telegraph*. " 'We have gone past the point of no return,' said Jacques Cailloux, chief Europe economist at the Royal Bank of Scotland. '**There is a complete loss of *confidence***. The bond markets are in disintegration and it is getting worse every day. The ECB has been sidelined in the Greek crisis so far, but do you allow a bond crash in your region if you are the lender-of-last resort? They may have to act as contagion spreads to larger countries such as Italy. We started to see the first glimpse of that today.' Mr Cailloux said '**the ECB should resort to its 'nuclear option' of intervening directly in the markets to purchase govt bonds. This is prohibited in normal times under the EU Treaties, but the bank can buy a wide range of assets under its 'structural operations' mandate in times of systemic crisis, theoretically in <u>unlimited</u> quantities**.' The issue of the ECB buying bonds is a political minefield. Such action would inevitably be viewed in Germany as a form of *printing money* to bail out Club Med debtors, and the start of a slippery slope towards an 'inflation union.' But the ECB may no longer have any choice. **There is a growing view that nothing short of a monetary blitzkrieg — or 'shock and awe' on the bonds markets — can halt the spiral under way**." The financial crisis is moving out of the eye of the hurricane & back into the storm (as predicted in *HSL*). <u>Lack of confidence</u> is now becoming the *overwhelming* element. **•••• Is the US at the mercy of an unstoppable oligarchy**? Six US banks control <u>60%</u> of Gross National Product, according to economist James Kwak. The 6 banks are Goldman Sachs, Morgan Stanley, JPMorgan Chase, Citigroup, Bank of America, and Wells Fargo. "To put this in perspective, in the mid-1990s, these six banks or their predecessors, since there have been a lot of mergers, had assets that were less than <u>20%</u> of the gross national product," observes JK. "**The oligarchy has actually become *more* powerful <u>in</u> the financial crisis**. If we look at the way they've behaved in Washington. For example, **they've been spending more than $1 million per day lobbying Congress and fighting financial reform**. The financial sector got its way in Washington through the power of ideology, through the power of persuasion. And in the last year and a half, we've seen the gloves come off. They are fighting as hard as they can to <u>stop</u> reform. People react negatively when you use the term oligarchy for the United States. But it means **political power derived from economic power**. That's what we're looking at here." If the power of an elite few remains unchecked, their growing control of executive, legislative & judicial powers will allow these democracy-disguised predators to strip the financial

system to the bone. •••• The **Bank Credit Analyst** has just published a special report comparing 22 developed govt's debt in the face of the current financial crisis. "The Special Report reviewed the vulnerability of these markets to rating downgrades as well as focused on the risks and potential costs associated with stabilizing their banking systems (after analyzing 150 banks around the world). **A further loss of as little as 3% on total bank assets would wipe out most, if not all, of the remaining tangible bank capital in the countries we analyzed**. UK, Ireland, Denmark and Switzerland have the greatest risk of widespread nationalization (outside of Iceland). When the other main factors that determine overall sovereign credit risks are included (eg, economic structure and prospects, monetary flexibility, fiscal flexibility, and external liquidity dependence) Iceland, Portugal, Ireland, Spain, Italy and the UK are at the top in terms of the risk of downgrades." The monetary system is terminally infected, & inextricably interlinked with half hidden toxic derivatives, which makes it seemingly impossible to let even one major player go bankrupt. But, as the Greek crisis shows, "delay & pray" tactics don't work for long. The whole Western world may soon face something similar. •••• **Credit rating agencies are still being paid millions of dollars a year to report on the performance of collateralised debt obligations that have lost most of their value** despite having been issued in many cases with a Triple A stamp of approval, reports the (Apr 23) *FT*. "The fees, known as 'ratings surveillance' payments, are paid to the agencies ahead of any payments to investors under the terms of the CDO contracts – and *without* regard to how accurate the original ratings were. A congressional investigation found last week that Moody's Investors Service and Standard & Poor's, the biggest rating agencies, were unduly influenced in assigning ratings on CDOs by the banks that paid these fees. 'The credit rating agencies allowed Wall Street to impact their analysis, their independence and their reputation for reliability,' said Carl Levin, Democratic senator who heads the Senate panel. From 2004 to 2007, Moody's and S&P produced a record number of ratings and record revenues, primarily because they expanded their business rating mortgage-backed securities and CDOs." Flawed ratings are just one facet of widespread immorality & institutionalized greed. •••• **What gold bubble**? "Gold has risen too far too fast, many say, and soon the euphoria will give way to despair," pens Frank Holmes at *USFunds.com*. "We've been hearing this since February of last year, when gold was trading around $900. That's more than 25% below where it is today. Why didn't the alleged gold 'bubble' burst? It could be because there isn't a gold bubble."



The above chart compares the price performance of gold bullion during the 1970s bull market (top line) to the current price trend (lower line). "Gold acts as a safe haven during times of economic uncertainty – in the 1970s, double-digit inflation rapidly eroded wealth, and today there is a lingering fear of higher inflation as the federal govt piles more debt onto its already overloaded balance sheets. But a key difference is that gold has gained stature as a legitimate asset class [ie, a currency] for investors. During the 1970s run-up, investment demand peaked around 27 million ounces, about half of what it is today. Contributing to this demand are new investment vehicles, including gold-oriented mutual funds and bullion-backed ETFs. We also have greater affluence in the developing world, where people have traditionally turned to gold to store their wealth. Central Banks in these countries, most notably China and India, have built up their gold holdings as a way to diversify their foreign reserves away from the dollar and other paper (fiat) currencies. The 1990s dot-com era was a bubble, and likewise the housing market. But gold? We don't think so!" •••• **The FDIC is essentially flat broke & bleeding red ink**. Prior to last week, the FDIC's estimated losses from 57 bank failures in 2010 stood at about $8.6 billion. **Last week's failures practically <u>doubled</u> that figure, to $15.93 billion**." Present day capitalism is facing its final attack, but what's left in the way of defense? •••• **The govt is engaged in a massive <u>cover-up</u> of the economic crisis**. William Black was the senior regulator during the S&L crisis. Black explained in an April 2009 interview with Bill Moyers that

fraud is the main cause of today's economic crisis, & that the govt's entire strategy in dealing with the economic crisis is a massive cover-up. [Black] "**They don't want to change the bankers, because if we do, if we put honest people in, who didn't cause the problem, their first job would be to find the scope of the problem. And that would destroy the cover up**. Geithner is covering up. Just like Paulson did before him. These are all people who have failed. Paulson failed, Geithner failed. They were all promoted because they failed. Until you get the facts, it's harder to blow all this up. And, of course, **the entire strategy is to keep the people from getting the facts**." [Moyers] "Are you saying that Timothy Geithner, the Secretary of the Treasury, and others in the administration, with the banks, are engaged in a cover up to keep us from knowing what went wrong?" [Black] "**Absolutely. They're deliberately leaving in place the people that caused the problem, because they don't want the facts. And this is not new. The Reagan Administration's central priority, at all times, during the Savings and Loan crisis, was covering up the losses**." [Moyers] "So, you're saying that people in power, political power, and financial power, act in concert when their own behinds are in the ringer, right?" [Black] "That's right. And it's particularly a crisis that brings this out, because then this class of banker says, **you've got to keep the information away from the public or everything will collapse**."
As with all bubbles, this one will burst too. The more govt insiders try to cover-up & intervene, the more they will make this depression longer & harder than it should be. •••• **Crisis expert says derivatives market still** '**grave threat**.' Risks of a major accident from derivatives use remain, or may even be *on the rise*, amid a wave of re-leveraging, according to an expert of the causes of the global financial crisis. From *MarketWatch*: "Noted financial author Richard Duncan said banks and other financial institutions are beginning to pile back into the opaque financial instruments, as the total value of such contracts is 'probably back' to $650 trillion. 'This is a grave threat not only to the financial sector but also the entire global economy,' Duncan said in a telephone interview. Duncan, the former London-based head of global investment strategy for ABN Amro, says **investment banking culture hasn't changed much in the wake of the crisis, as the lucrative compensation schemes that led to the excessive risk taking remain intact**. The over-the-counter derivatives market contracted in the wake of the financial crisis to $547 trillion in December of 2008, but ballooned more than $50 trillion in the following six months. It could now be approaching its former high of $683 trillion of June 2008, according to figures published by the Bank for International Settlements. **Roughly speaking, a 1% default rate would amount to a loss ratio of $7 trillion, or about 50% of annual US gross domestic product, while a 10% loss rate would exceed the value of all goods and services produced**

around the world in a year." The derivatives market is a financial casino running totally out of control, concentrated in the hands of an overly leveraged few, & where the smallest "hiccup" could lead to the destruction of the global monetary system.

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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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