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-Gold (& mkts) Charts R Us-

Welcome to *GCRU* #399 on May 19, 2010 (in its 9th year). •••• Goaded by currency speculators, European politicians & finance ministers unwisely threw down the gauntlet the weekend before last….. and were thoroughly trounced! Europe's €750-billion bailout effort was a *momentous* flop that resulted in nothing more than a blink-of-the-eye uptick in the euro before it sank to new multi-year lows. Now that the fears & consequences of market intervention have been alleviated, the euro's "meltdown" is free to resume its course, intensified by the humiliation & loss of credibility in EU central bankers. The key question is: what can Europe do now that it has shot its bolt? The currency sharks know the answer. Not a lot. •••• Because of the speed of events unfolding, it's difficult to predict if bullion will push higher after only a *minor* retracement. Or, if in classic technical fashion, it will first dip to test the $1172.00 neckline support area of its Dec-Apr reverse H&S (with a $1292.00 target) -- which is tech-desirable, as it would provide a much *healthier* footing for the next up-leg. At this stage of the gold bull market, corrections could be dramatically *exaggerated* due to increased volatility, but will provide major buying opportunities, and we're personally not prepared to ride them down without some cash in hand, to multiply our trading profits & help lessen the emotional trauma of pullbacks. So, we've followed our own advice & banked gains on more than 1/2 of our trading positions, & are now patiently waiting to buy back at either lower *or* higher prices (doesn't matter which). Some may find it frustrating to watch & wait with one foot on the sidelines but it's risky trying to outguess shorterm market direction. •••• Commodities are pressured by US$ strength, which has turned investor psychology away from the "fear of inflation," & back to worries that a global downturn will weaken demand. This change of investor sentiment has translated into weakness in the *CRB Commodity Index* that is now threatening to break lower boundary support of a 3½-month trading range (a break below which would open the door on a more damaging decline towards 425 support of its Dec 2008 uptrend line). So, if the US$ continues to hold/rally above its April uptrend line, now 83.20 (basis June futures), the "easy profits" in commodities over coming days/weeks will quite likely be made on the short side. •••• Commodity weakness is also feeding through to the commodity currencies (A-$, C-$ & NZ-$), which are starting to wobble perilously. Particularly the A-$, which had been leading the pack, but recently fell to void a bullish 5½-month reverse H&S pattern. A 2-dc below 85.00 in the A-$ would trigger a red alert in the commodity currencies in general. Major support levels for the C-$ & NZ-$ are 92.50

& 68.00 respectively (basis June futures). *Be ready to act* (hedge or lighten) as the currency mkts take no prisoners. •••• Momentum oscillators are generally overbought/toppy in the gold shares but they don't constitute a sell signal in their own right, as they have the tendency to "backfill" during major run-ups even if prices continue to rise. However, they do offer a warning of impending weakness that *sharply increases the consequences* of individual breaks below shorterm uptrend lines/intermediate support levels – and as a result, our capital preservation measures should be employed (ie, banking profits, lightening-up, or selling). •••• US$ strength is impressive but not for fundamental reasons. As mentioned recently, due to the faulty composition of the US$-Index, which is computed using a trade-weighted geometric average of 6 currencies, the euro accounts for 57.6%! So, current US$ strength is mainly relative to one currency -- which is under "attack." •••• The HUI gold bugs index weekly chart is expanding the handle of a 25½-month cup&handle pattern, with a 515 neckline & 885 upside measured target. Our proprietary *Schultz Gold Shares Advance/Decline Line* is forming an equally bullish 37-month reverse H&S, with 5260 nearby neckline, & 5710 upside target. The combined action of the two indexes tells us a technical "launch pad" for the next *primary* gold share rally-leg is nearing completion. •••• California (which is one of the 10 largest economies in the world) is now one of the top 10-govt default risks in the world, overtaking *Iceland* and *Iraq*, according to *Business Insider*. The obvious conclusion is that the US$ isn't in a dependable uptrend but in the early stages of a bull trap. So, if U lighten-up in the commodity currencies, don't switch funds into US$, go directly to physical gold. •••• Bullish Consensus rank gold at 73% (down 4 from two weeks ago). The US$ at 74 (up 10). B/C's gold outlook is "neutral/bearish today, bullish/neutral for the intermediate trend." •••• The uncertain UK election & unsustainable debt problems continue to plague the British Pound. The key Sterling level to watch is 1.3900 basis the monthly continuation chart, which has acted as major support for the last 25-years (basis the L/O/C continuation Cx). If 1.3900 breaks, a *sharp* sell-off is projected and could see Sterling re-test its 1985 closing low of 1.0730. It's odd that most currencies are weak or falling (except the US$), unless, as we believe, all fiats are simultaneously in disgrace vs gold. •••• An excessively large number of hits on the *GCRU* download page vs our subscriber base, indicates that many members are passing on our private password to a number of friends ☹. We all criticize Wall Street immorality, but is this not also immoral? We can only appeal to those who receive a free password to take a subscription, & to those who give away P/W's to stop doing so. Is this not what civilization is all about? •••• Comparing gold with prior secular bull markets, David Rosenberg of

Gluskin Sheff says "gold's huge multi-year rally isn't anything compared to what other markets have seen. If you think there's a 'bubble' now, you're not even in the right ballpark." Examples given vs a trough to peak percentage gain in gold bullion of 389%, include: Nasdaq: 1,324%, S&P500: 1,317%, Bond Prices: 1,241%, Home building index: 954%. •••• Gold is down $6.90 in Europe this AM & searching for support. The US$ is up 9 cents. •••• Even though the politicians are waking up, the holes are too big to fill, & the Piper must be paid. The gold market is heaven bound, but as today's password indicates – *breathcatch* – it needs to pause & catch its breath after the recent surge. Fear not, the next run-up will soon be upon us. •••• Fond regards from ***Uncle Harry***, & Paul. •••• If it's Wednesday, it's *Gold (& Mkts) Charts R Us.*

IN THIS ISSUE

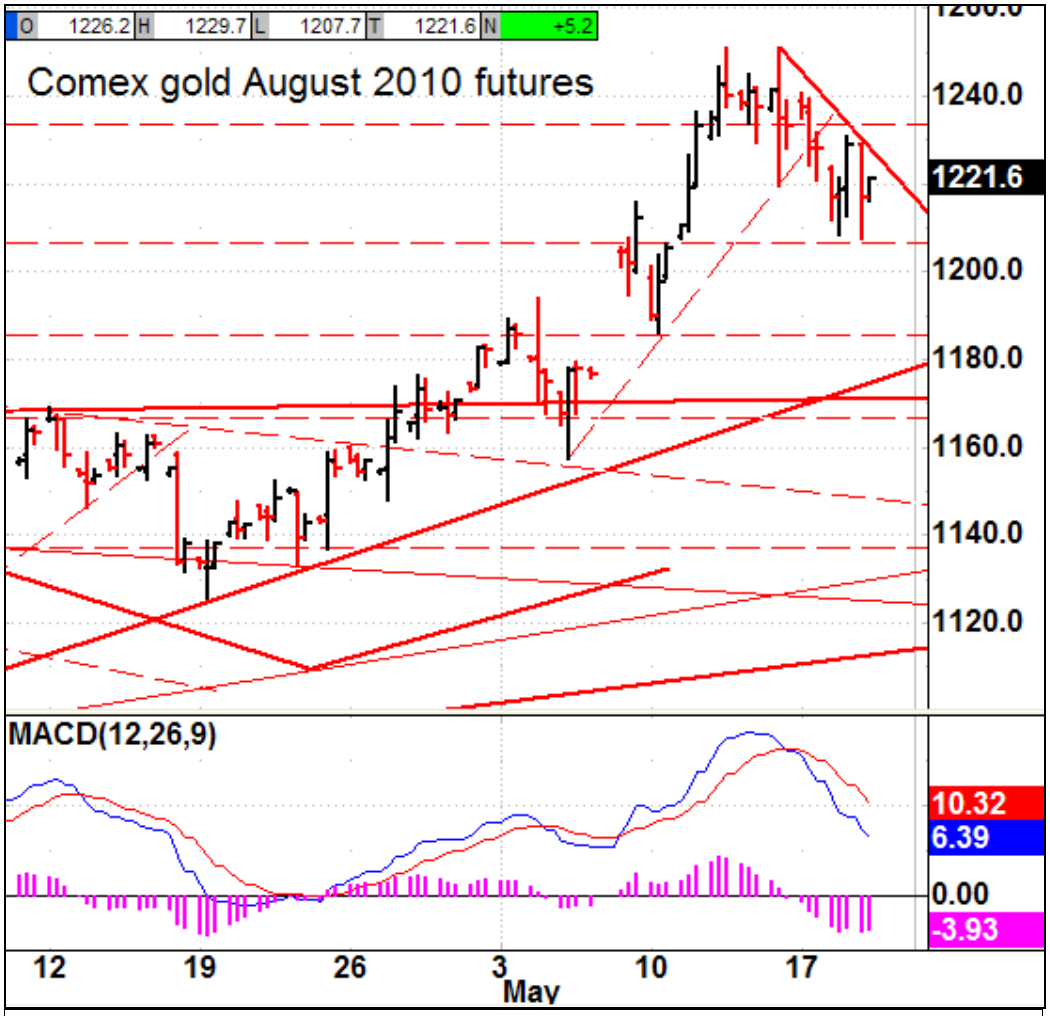
••Our Abbreviations:

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 Aug futures – daily – 6 month view

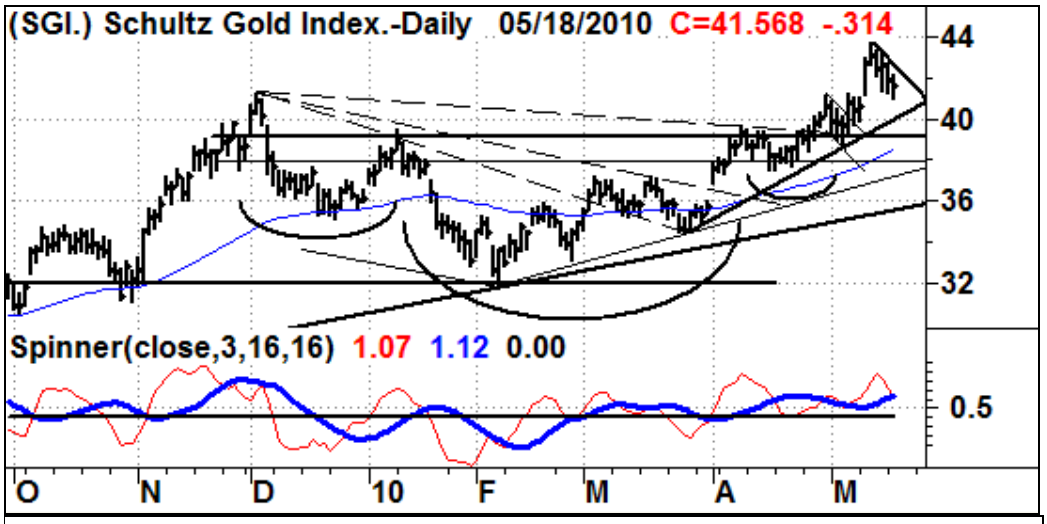
Comex gold Aug 2010 futures – 480 min – 7wk view



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

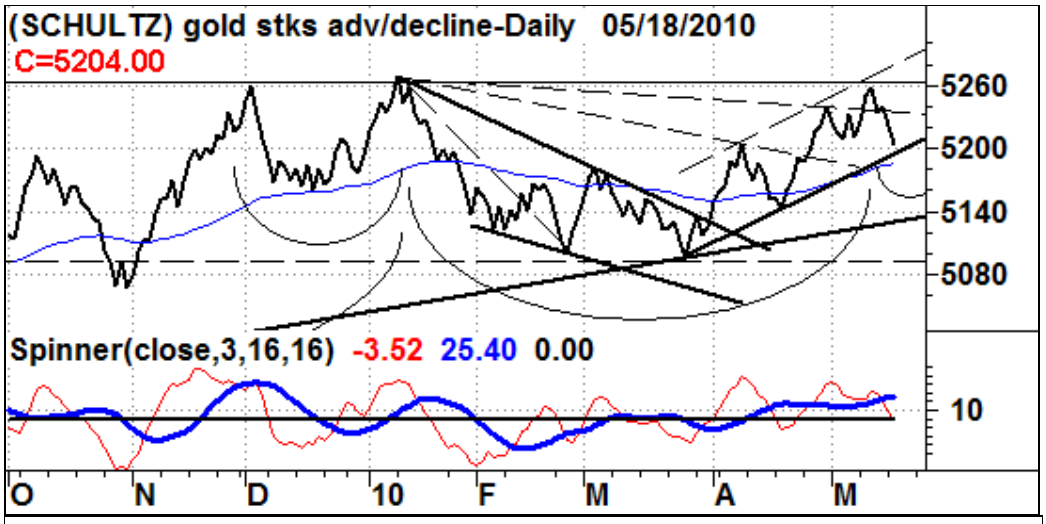
Open trades:	**Long at:**	Initial entry price: 1122.90 (Mar-10-10). Traders re-bought Aug at 1231.00.
	Stop:	Basis June: no lower than 1197.50-stop. Basis Aug: S/T: 1136.80-stop. M/T: 1-dc below 1136.80.
	Profit targets:	Basis June: sell all at 1258.80 &/or *tight* trail stop strength (exit June Cx on or before 5/27). Basis Aug: 1255.50 (if re-buy low) &/or 1292.00 &/or 1330.00. Took partial profits at 1250.00 ☺☺
New Recom:	Some took partial profits at mkt. If long June Cx, exit on or before 5/27. If out, buy Aug if dips to 1206.50 & 1185.50 & 1166.50; stop: exit, or sell ½ at 1136.80-stop, ½ after 1-dc below 1136.80. And/or buy after 1-dc (decisive) over 1234.10. Hedgers sell short Aug bit after 2-dc below Mar uptrend line support (now 1176.00); stop: 1206.10-stop; cover ½ at 1115.50.	
Comment:	Spinner down turn. Shorterm consolidation expected to hold on or above $1172.00 joint support of March uptrend line & neckline support of Dec-Apr reverse H&S; 1292.00 target (basis Aug).	

Schultz Gold Share Index (SGI) -- daily



Schultz Gold Index (*SGI*) – **daily** chart:	
Comment:	Tech dip to underpin surge break above Dec-Apr reverse H&S; 45.70 upside target. Spinner a crosscurrent bull. Corrective action expected to hold on or above 38.00-39.00 support band.

Schultz Gold Stocks Advance/Decline Line -- daily

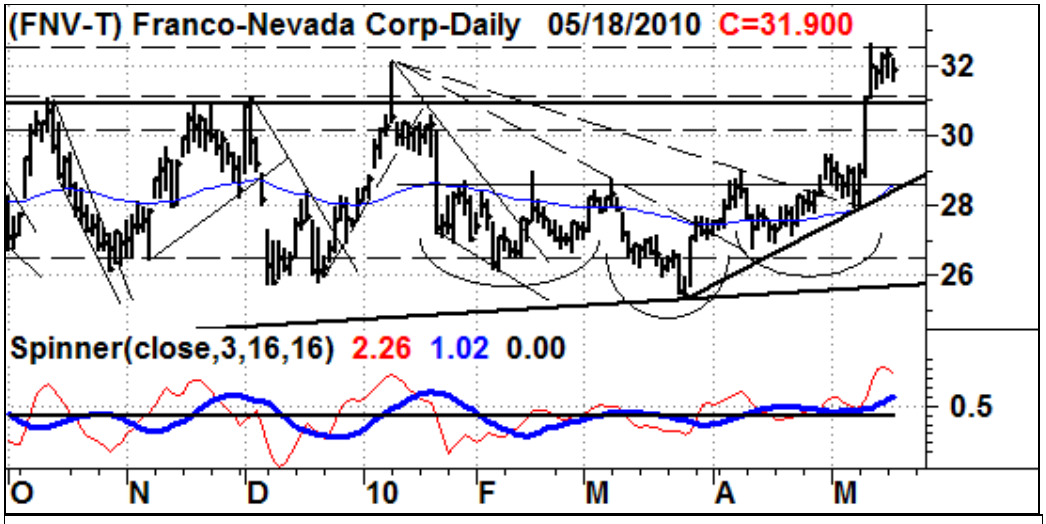


Schultz Gold Stocks Advance/Decline Line *(SGS A/D)* **daily** chart:	
Comment:	Measured target of Jan peak bull wedge considered as hit. Dip to build would-be right shoulder of Dec-May reverse H&S, with 5260 neckline cum breakout point, & 5430 provisional upside target. This chart is updated daily on 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 66.60 & 62.45. S/T: 1-dc below 55.30. M/T: 2-dc below 55.30. 72.50 &/or 76.40 &/or 79.80.
New Recom:	If out, buy if dips to 60.70; stop: 1-dc below 55.30. And/or buy after 1-dc over 65.40.	
Comment:	Saw-tooth rise above Dec-Apr reverse H&S; 72.50 target. Spinner hovering above zero line. Falling volume on setbacks hints at limited selling pressure. Has gas in the tank to run higher.	

Eldorado Gold (Toronto: ELD-T; NYSE: EGO); gold: CAD$:		
Open trades:	**Long at:** **Stop:** **Profit targets:**	Initial entry price: 13.31 (Feb-12-10). Traders re-bought bit at 18.66. S/T: 1-dc below 13.20. M/T: 2-dc below 13.20. 18.25 (if re-buy low) &/or 19.25 &/or 20.30. Some took partial profit at mkt ☺.
New Recom:	If out, buy bit at 17.15 & more aggressively if dips to 16.15 & 15.35; stop: 1-dc below 13.20. And/or buy after 1-dc over 18.40.	
Comment:	Price & Spinner *shorterm* overbought. Deeper dip projected towards or to test top support of Dec-Apr consolidation range; 20.30 target.	



Franco-Nevada (Toronto: FNV-T); gold/platinum/oil/gas: CAD$:		
Open trades:	**Long at:** **Stop:** **Profit targets:**	Initial entry price: 30.99 (Sept-16-09). Traders re-bought at 32.00. S/T: 1-dc below 26.40. M/T: 2-dc below 26.40. 32.90 &/or 35.60 &/or 38.50.
New Recom:	If out, buy if dips to 31.10 & 30.10; stop: 1-dc below 26.40. And/or buy after 1-dc over 32.50.	
Comment:	Surge rise above 14-month bullish sym/triangle; 38.50 measured target. Likely to pullback a bit before starting next rally-leg. Bullish	

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 bit at 20.12 & 18.50. S/T: 1-dc below 14.20. M/T: 2-dc below 14.20. 20.95 &/or 22.65 &/or 24.30. Took P/P at mkt ☺.
New Recom:	If out, buy if dips to 17.50 & 16.50; stop: 1-dc below 14.20. And/or buy after 1-dc over 19.70.	
Comment:	Routine dip to test top support of Dec-May reverse H&S; 22.65 upside target. Seemingly positioned for new burst of strength.	

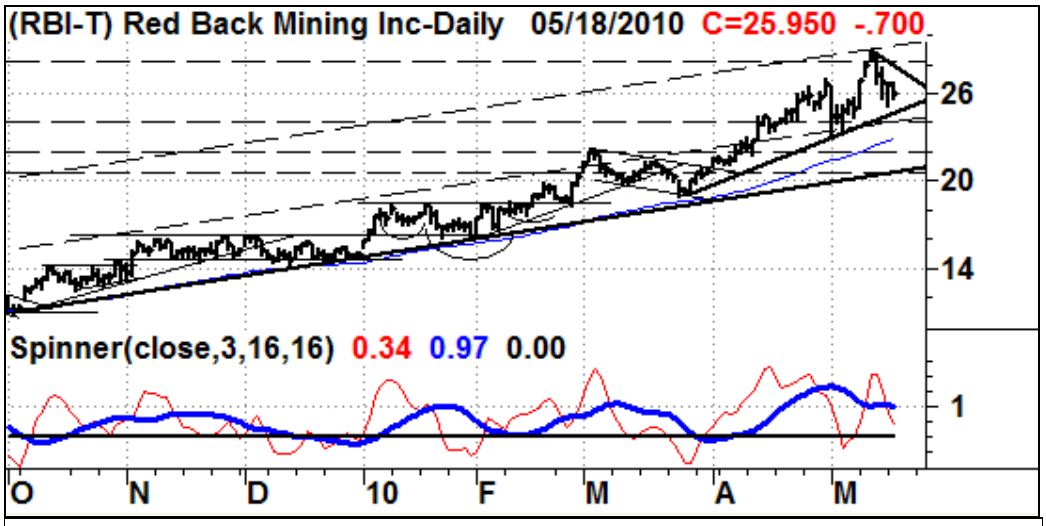
New Gold (Amex: NGD; Canada: NGD-T); gold: US$:		
Open trades:	**Long at:** **Stop:** **Profit targets:**	Initial entry price: 4.79 (Apr-05-10). Traders re-bought bit at 6.38 & 5.75. S/T: 1-dc below 4.40. M/T: 2-dc below 4.40. 7.15 &/or 7.90. Took P/P at mkt &/or 6.40 ☺.
New Recom:	If out, buy if dips to 5.45 & 5.20 & 4.95; stop: 1-dc below 4.40. And/or buy after 1-dc over 6.35.	
Comment:	Correcting shorterm overbought condition within Dec 2008 uptrend channel. Spinner faltering above zero line. Let plums fall.	

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

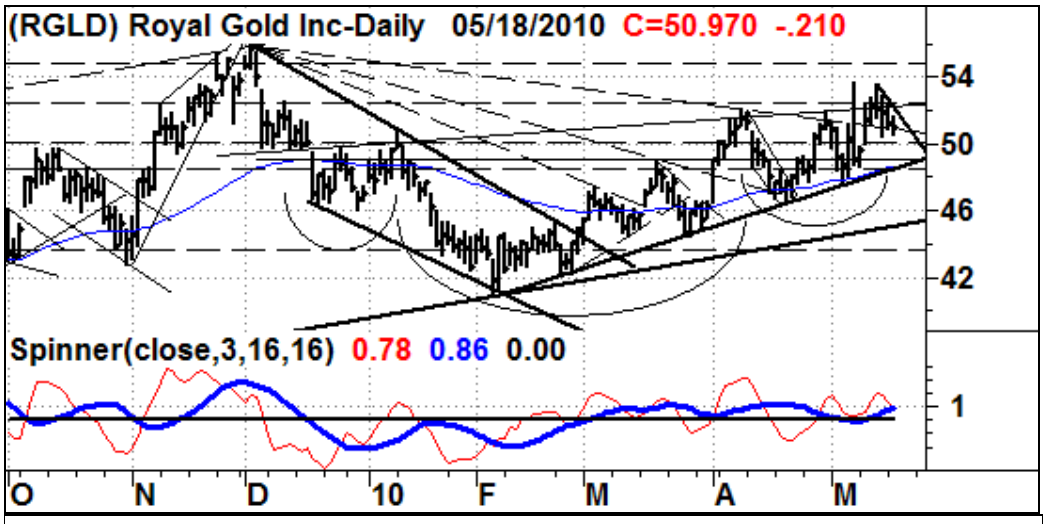
Open trades:	**Long at:** **Stop:** **Profit targets:**	Initial entry price: 5.90 (May-13-09). Traders re-bought at 11.10 & 10.70 & 10.35. S/T: 1-dc below 8.80. M/T: 2-dc below 8.80. 12.45 &/or 13.90 &/or 15.40.
New Recom:	If out, a gamblers buy if dips to 9.80; stop: 1-dc below 8.80. And/or buy after 1-dc over 11.20.	
Comment:	Broke Apr uptrend line support. Spinner in persistent negative cross. Belated buying "should" counteract corrective decline shortly.	

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 90.01 & 86.75. S/T: 1-dc below 72.80. M/T: 2-dc below 72.80. 96.30 &/or 102.50 &/or 108.90.
New Recom:	If out, buy if dips to 83.75 & 81.35; stop: 1-dc below 72.80. And/or <u>all</u> re-buy big after 1-dc over 90.90.	
Comment:	Classic dip to backfill break above Dec-May reverse H&S; 102.50 upside target. Spinner predominantly bullish. Good R/S. Best shorterm potential/buy of the week?	



Red Back Mining (Toronto: RBI-T); gold: CAD$:		
Open trades:	**Long at:** **Stop:** **Profit targets:**	Initial entry price: 6.76 (Dec-11-08). Traders re-bought at 26.30 & 25.10. S/T: 1-dc below 21.80. M/T: 1-dc below 20.50. 30.90 &/or 33.60. Some took P/P at 28.40 ☺.
New Recom:	If out, buy if dips to 24.10; stop: 1-dc below 21.80. And/or buy after 1-dc over 28.10.	
Comment:	Setback towards Mar uptrend line support. Spinner backfilling but firmly above zero line. Needs to consolidate Mar-May run-up.	

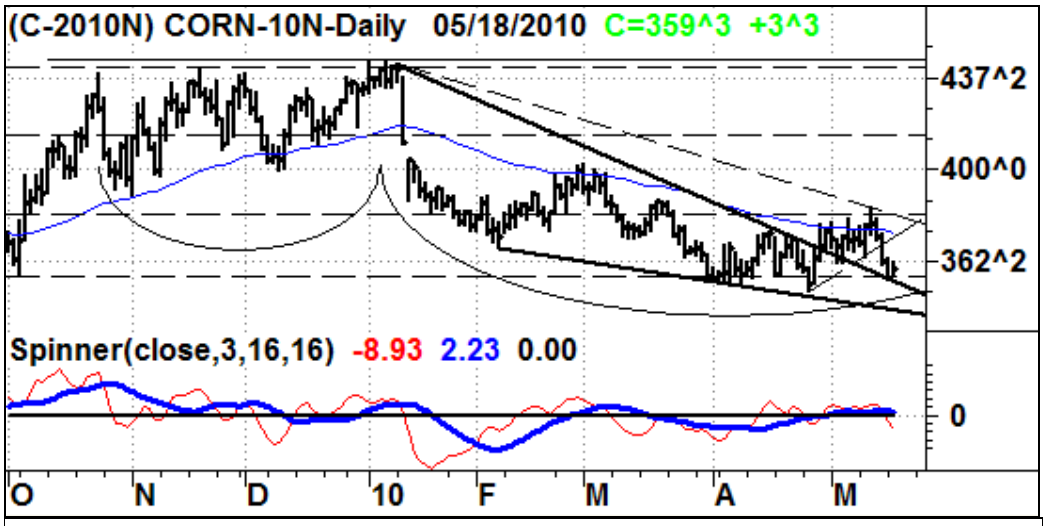


Royal Gold (Nasdaq: RGLD); gold: US$:		
Open trades:	**Long at:** **Stop:** **Profit targets:**	Initial entry price: 45.46 (Mar-01-10). Traders re-bought at 52.34. S/T: 1-dc below 43.60. M/T: 2-dc below 43.60. 54.60 (if bot low) &/or 57.65 &/or 61.15.
New Recom:	If out, buy bit if dips to 50.10 & 48.40; stop: 1-dc below 43.60. And/or buy after 1-dc over 52.50.	
Comment:	Churning below neckline resistance of Dec-May reverse H&S; 61.15 measured target. Progressing albeit in a choppy manner.	

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 6.65. S/T: 1-dc below 5.30. M/T: 2-dc below 5.30. 8.10 &/or 8.90. Took partial profits at 7.50 ☺.
New Recom:	If out, buy if dips to 6.35 & 6.05; stop: 1-dc below 5.30. And/or buy after 1-dc over 7.20.	
Comment:	Running ahead of itself. Spinner downturn. Lower lows expected but setbacks are generally trader friendly & short-lived.	

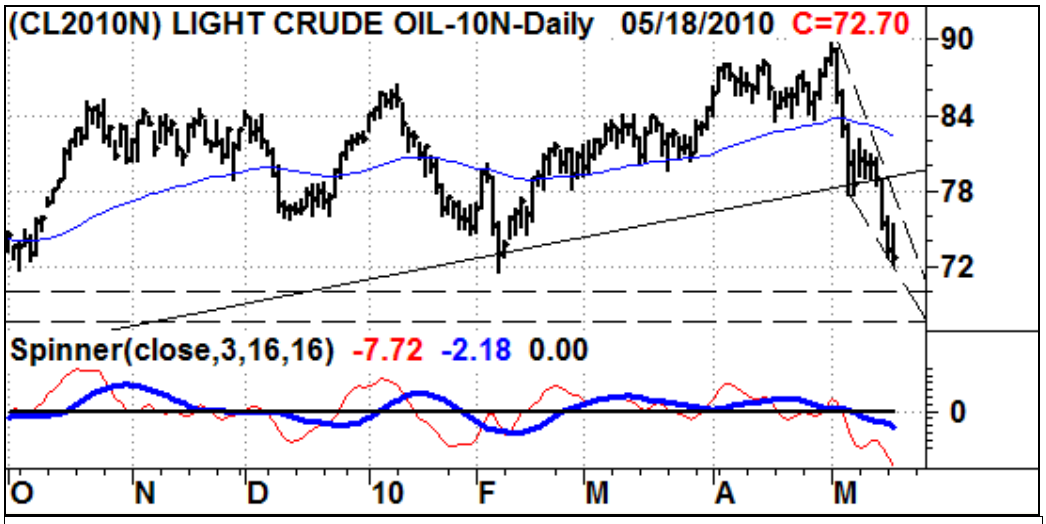
Silver Wheaton (NYSE: SLW; Toronto: SLW-T); gold: US$:		
Open trades:	**Long at:** **Stop:** **Profit targets:**	Initial entry price: 15.84 (Feb-17-10). Traders re-bought at 21.42. S/T: 1-dc below 15.80. M/T: 2-dc below 15.80. 21.70 &/or 23.50 &/or 25.30.
New Recom:	If out, buy if dips to 19.70 & 18.85 & 18.10; stop: 1-dc below 15.80. And/or buy after 1-dc over 21.20.	
Comment:	Dec-Apr reverse H&S, 21.70 target (basis L/O/C). Spinner a cross-current bull. Bullish volume. Buy bigger amounts if/as price falls.	

FUTURES

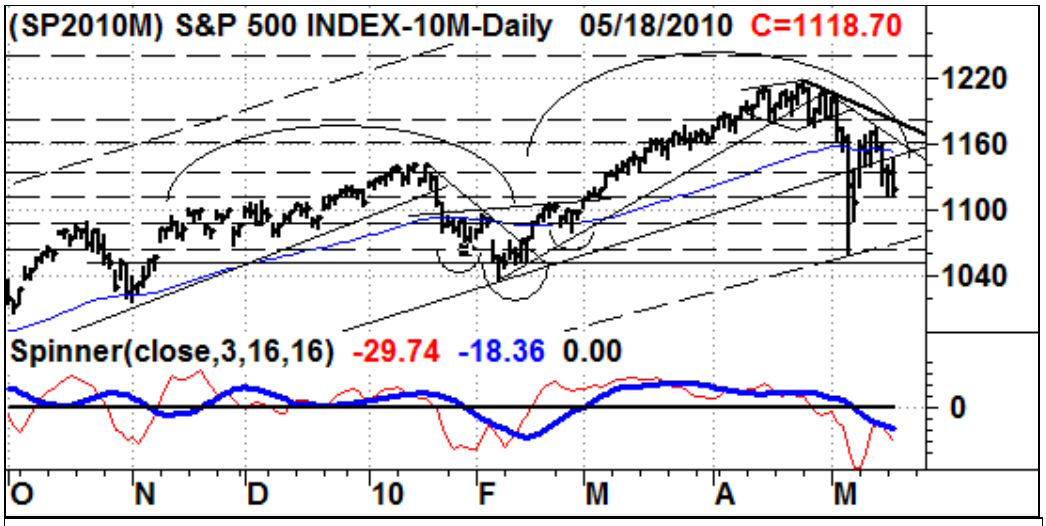


Corn <u>July</u> 2010 futures – <u>daily</u> chart:

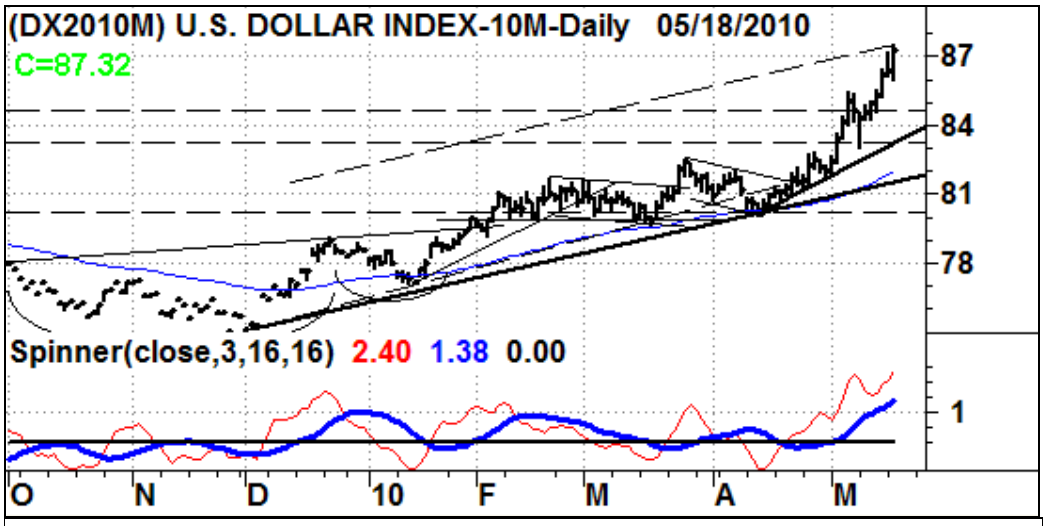
Open trades:	**Long at:** **Stop:** **Profit targets:**	Traders bought July at 378.10 (May-12-10) & some lightened-up via 356-stop stoploss ☹. M/T: 1-dc below 356. 413 &/or 443.
New Recom:	If out, spec buy after 1-dc over 381; stop: 1-dc below 356.	
Comment:	Fickle/false upside breakout & reversal to re-test Apr lows. Spinner has flipped from bullish to defensive. Requires a break above 2nd fan line from Jan peak to give a new hint of sustainable strength.	



Crude Oil NY July 2010 futures – daily chart:		
Open trades:	**None:** **Stop:** **Profit targets:**	Traders not in yet. To be determined. To be determined.
New Recom:	No new recommendation this week.	
Comment:	Spinner down trending at oversold extremes. A dip to test 67.50-70.00 under-market support looks possible, but we've missed the boat here, & prefer to wait for a more dependable technical set-up.	



S&P500 Index June 2010 futures – daily chart:		
Open trades:	**Short at:** **Stop:** **Profit targets:**	Initial entry price: 1172.40 (May-04-10). Gamblers re-sold short at 1151.70. S/T: 1161.10-stop. M/T: 1180.50-stop. 1110.00 &/or 1085.00 &/or 1061.50.
New Recom:	If out, gamblers sell short June bit at mkt & if rallies to 1133.50; stop: 1161.10-stop (use mini Cx to offset wider stops). Buy June after 1-dc over 1180.50; stop: 1146.50-stop; sell ½ at 1238.00.	
Comment:	Uncertain snapback & new downturn below Apr downtrend line. Possible Nov-May H&S top. New nail in coffin of US economy?	



US$ Index June 2010 futures-daily chart:		
Open trades:	**Long at:** **Stop:** **Profit targets:**	Initial entry price: 82.54 (Apr-28-10). 2-dc below 83.20. 88.70. Some took profit at 86.70 ☺.
New Recom:	If out, wait to buy Spinner confirmed strength after next significant dip. Or, sell short June after 2-dc below Apr uptrend line (now 83.20); stop: 2-dc over 84.60; cover ½ at 80.15.	
Comment:	Spinner bullish but pushing overbought extremes; raises odds for a price setback, even if shorterm higher highs to follow.	

May-19-10

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, buy if dips to 60.70; stop: 1-dc below 55.30. And/or buy after 1-dc over 65.40.	L	Apr-16-10	58.90	66.60 62.45	62.50	1-dc U/55.30 2-dc U/55.30	72.50	76.40	79.80
Eldorado Gold	ELD-T	If out, buy bit at 17.15 & more aggressively if dips to 16.15 & 15.35; stop: 1-dc below 13.20. And/or buy after 1-dc over 18.40.	L	Feb-12-10	13.31	18.66	17.79	1-dc U/13.20 2-dc U/13.20	18.25 (if re-buy low)	19.25	20.30
Franco Nevada	FNV-T	If out, buy if dips to 31.10 & 30.10; stop: 1-dc below 26.40. And/or buy after 1-dc over 32.50.	L	Sep-16-09	30.99	32.00	31.90	1-dc U/26.40 2-dc U/26.40	32.90	35.60	38.50
Iamgold Corp	IAG	If out, buy if dips to 17.50 & 16.50; stop: 1-dc below 14.20. And/or buy after 1-dc over 19.70.	L	Feb-17-10	14.90	20.12 18.50	18.08	1-dc U/14.20 2-dc U/14.20	20.95	22.65	24.30
Jaguar Mining	JAG-T	Some averaged down at 11.50; stop: 1-dc below 9.30; sell all at breakeven &/or 13.80. Not keeping up with the pack. We prefer to exit at mkt & invest funds elsewhere.	L	May-20-09	8.65	11.50	10.00	1-dc U/9.30	13.80		
Lake Shore Gold	LSG-T	Traders re-bought at 3.48 & 3.25. If out, spec buy after 1-dc over 3.45; stop: 1-dc below 2.70.	L	Feb-17-10	3.31	3.48 3.25	3.14	1-dc U/2.70	4.38	4.90	5.35

May-19-10

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											
New Gold	NGD	If out, buy if dips to 5.45 & 5.20 & 4.95; stop: 1-dc below 4.40. And/or buy after 1-dc over 6.35.	L	Apr-05-10	4.79	6.38 5.75	5.81	1-dc U/4.40 2-dc U/4.40	Hit at 6.40 ☺	7.15	7.90
Northern Dynasty Min.	NDM-T	Traders exited or lightened-up into strength towards 9.52, or exited via 8.40 stoploss ☹. NDM-T will be removed from GCRU next week & may be reinstated if/when chart signals merit.					8.26				
Osisko Mining	OSK-T	If out, a gamblers buy if dips to 9.80; stop: 1-dc below 8.80. And/or buy after 1-dc over 11.20.	L	May-13-09	5.90	11.10 10.70 10.35	10.19	1-dc U/8.80 2-dc U/8.80	12.45	13.90	15.40
Randgold Res.	GOLD	If out, buy if dips to 83.75 & 81.35; stop: 1-dc below 72.80. And/or all re-buy big after 1-dc over 90.90.	L	Feb-17-10	74.42	90.01 86.75	87.26	1-dc U/72.80 2-dc U/72.80	96.30	102.50	108.90
Red Back Mng	RBI-T	If out, buy if dips to 24.10; stop: 1-dc below 21.80. And/or buy after 1-dc over 28.10.	L	Dec-11-08	6.76	26.30 25.10	25.95	1-dc U/21.80 1-dc U/20.50	Hit at 28.40 ☺	30.90	33.60
Royal Gold	RGLD	If out, buy bit if dips to 50.10 & 48.40; stop: 1-dc below 43.60. And/or buy after 1-dc over 52.50.	L	Mar-01-10	45.46	52.34	50.97	1-dc U/43.60 2-dc U/43.60	54.60 (if bot low)	57.65	61.15
Semafo Inc	SMF-T	If out, buy if dips to 6.35 & 6.05; stop: 1-dc below 5.30. And/or buy after 1-dc over 7.20.	L	Mar-03-10	5.00	6.65	6.78	1-dc U/5.30 2-dc U/5.30	Hit at 7.50 ☺	8.10	8.90

May-19-10

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											
Silver Wheaton	SLW	If out, buy if dips to 19.70 & 18.85 & 18.10; stop: 1-dc below 15.80. And/or buy after 1-dc over 21.20.	L	Feb-17-10	15.84	21.42	20.34	1-dc U/15.80 2-dc U/15.80	21.70	23.50	25.30
Futures											
Corn	C N0	If out, spec buy after 1-dc over 381; stop: 1-dc below 356.	L	May-12-10	378.10		359.30	Hit at 356-stop ☹ 1-dc U/356	413	443	
Crude oil	CLN0	No new recommendation this week.									
Gold	GC Q0	See page 7.	L	Mar-10-10	1122.90	1231.00	1216.40	1136.80-stop 1-dc U1136.80 (Basis Aug)	Hit at 1250.00 ☺	1255.50 (if re-buy low)	1292.00 (Basis Aug)
S&P500	SP M0	If out, gamblers sell short June bit at mkt & if rallies to 1133.50; stop: 1161.10-stop (use mini Cx to offset wider stops). Buy June after 1-dc over 1180.50; stop: 1146.50-stop; sell ½ at 1238.00.	S	May-04-10	1172.40	1151.70	1118.70	1161.10-stop 1180.50-stop (Basis June)	1110.00	1085.00	1061.50
US$-Index	DX M0	If out, wait to buy Spinner confirmed strength after next significant dip. Or, sell short June after 2-dc below Apr uptrend line (now 83.20); stop: 2-dc over 84.60; cover ½ at 80.15.	L	Apr-28-10	82.54		87.32	2-dc U/83.20	Hit at 86.70 ☺	88.70	

•••• **IMF plots world money issuance without accountability**. Thanks again to Chris Powell of *GATA* for the heads up on a must listen *King World News* radio interview with James Rickards, senior managing director for market intelligence at *Omnis Inc*. Chris says, "Rickards believes that **world govt is under construction**, and it's not the hallucination of the paranoid fringe. Rather, Rickards said, it's being arranged at the International Monetary Fund, whose Special Drawing Rights are being prepared to replace the US dollar as the international reserve currency. While this might terminate the unfair advantages given to the country that issues the reserve currency, Rickards said, it creates other problems: **The IMF has no direct accountability to anyone and indeed letting it issue SDRs as a reserve currency would be money creation without any accountability at all**." You can listen to his interview at King World News here: http://www.kingworldnews.com/kingworldnews/Broadcast/Entries/2010/5/13_Jim_Rickards.html. The fact that the IMF would gain huge powers without accountability is ripe with the potential for abuse. Adversity brings opportunity that an elite will use to advance its *global governance* plans. •••• **Gold hits record highs as investors seek alternatives to fiat currencies**. From *Bloomberg*: "Gold priced in euros, British pounds and Swiss francs also rallied to all-time highs on concern that a plan to rescue Europe's indebted nations will slow the region's economic recovery and **devalue** the 16-nation common currency. 'The whole bailout is quantitative easing across all of Europe,' said Michael Guido, the director of hedge-fund sales at Macquarie Bank, who expects gold to rise to $1,500 by the end of the year. '**You're seeing this big rush into gold ETFs, physical bars and coins out of Europe that's supporting the thesis that gold is the default currency**.' The Central Banks of the world are engaged in global quantitative easing. This isn't a gold bubble but a *fiat currency debasement*. •••• **No monetary fix, just a massive cover-up**. The events of the last 12 to 18 months have been as shocking as they have been instrumental in reshaping global financial structures, says Jim Willie of the *Hat Trick Letter*. "**The key to understanding the continuation of disruptive and chaotic events is the realization that nothing has been fixed, no remedy put in place, no reform agreed upon, no liquidation of impaired bank assets completed, and no work toward a more stable system.** Instead, the old system has been subjected to a patchwork of futile efforts and initiatives that speak more of bilking the system, redeeming impaired assets, and channeling funds to those most responsible for the fractures. Instead of seeking solutions, the banking and political leaders revert to what has been their shelf of failed tools, since they know nothing else, stuck in the Keynesian box, painted into the 0% rate corner. **The system cannot repair itself**

because those at the helm making the decisions caused the fractures and are protecting their power base. They live and operate within a system that no longer functions effectively. Reform would involve bankruptcy for the elite in charge. Remedy would involve liquidation of the balance sheets for the elite in charge. True crackdown would involve prosecution and jail time for the elite in charge. Changing of the guard would involve lost power for the elite in charge. Independent audits would involve revelations and disclosures of criminal fraud on a widespread basis. So the system lumbers along, broken. Nowhere has the brokenness gone more un-addressed than under-water mortgages for 22% of the American public. That is a major reason why Fannie Mae was nationalized, to keep the fraud under the roof of the greatest criminal organization on earth, operating under the US govt, where the corruption, theft, and fraud can be protected by the numerous agencies. The global response has been and will continue to be a flight into gold, finally recognized as a zero risk safe haven. **The global decline in trust for govt debt is the death knell for the major currencies, the monetary system, and the central bank franchise system.** It is also the harbinger for $2000 gold and $50 silver." The financial bubble emanated from the pillars of power (officials, regulators, politicians), who had a finger in the pie and allowed it all to happen for their own personal gain & advancement. For expediency and self-preservation, they've now become the accomplices of the banksters. •••• **Euro package leaves govts out of ammunition**. "The leaders of the euro-area countries have thrown 750 billion euros ($963 billion) at shoring up confidence in the single currency. But it doesn't matter how many zeros you put on the end of a bad idea. It's still a bad idea," says Matthew Lynn of *Bloomberg Businessweek*. "In reality, you can't stabilize a sinking ship. The new stability package suffers from the same problem as all the other ones the European Union has come up with in the months since the Greek crisis started rattling the markets last year: It tries to fix the symptoms, not the causes. **Greece has exposed deep structural problems within the euro. There is no mechanism to stop govts breaking the rules. There is no popular support for massive fiscal transfers between countries. The rules for the euro area have turned out to be unreliable. And there is no way to start stimulating economic growth again in the heavily indebted nations. Those are the hard questions. Even 750 billion euros won't get close to answering any of them**. If the rules of the euro can be rewritten on a Sunday night in Brussels once, they can be rewritten next time there is a crisis. Investors will remember that. And they won't believe what they are told about how the euro operates from now on. 'We will do whatever it takes' to defend the euro, European Commission President Jose Barroso said. The euro area threw everything it could at the crisis the weekend before last. Yet investors will pick away at the real issues

in the next few weeks [hours!] until we are back where we started. And next time around, there won't be anything left to throw at the problem." It's too late for Central Banks to keep the sovereign-debt crisis from spreading. The currency sharks have tasted the lucrative "blood" of bailouts and nothing will appease their hunger. •••• **Goldman Sachs has first quarter with no trading loss**! Goldman Sachs's traders made money *every single day of the first quarter* of this year, a feat the firm has never accomplished before. From *Bloomberg*: "Daily trading net revenue was $25 million or higher in all of the first quarter's 63 trading days, New York-based Goldman Sachs reported in a filing with the US Securities and Exchange Commission today. The firm reaped more than $100 million on 35 of the days, or more than half the time." Perhaps Goldman Sachs are "doing the work of god" because this is akin to walking on water! Not only are they not bothering to cover-up the fraud & manipulation, they're openly bragging about it! •••• **There's a 9-year backlog of distressed homes**. "In its effort to rescue the housing market, the Obama administration has created a Frankensystem which neither allows the market to clear nor solves the intractable social problems of lost equity and foreclosure," comments Mike Whitney at *MarketOracle.co.uk*. "Here's a stunner from the *Wall Street Journal*. The article is titled '**Number of the Week: 103 Months to Clear Housing Inventory.**' Here's an excerpt: As of March, banks had an inventory of about 1.1 million foreclosed homes, up 20% from a year earlier…. Another 4.8 million mortgage holders were at least 60 days behind on their payments or in the foreclosure process, meaning their homes were well on their way to the inventory pile. That *shadow inventory* was up 30% from a year earlier. Based on the rate at which banks have been selling those foreclosed homes over the past few months, all that inventory, real and shadow, would take 103 months to unload. That's nearly nine years. Of course, banks could pick up the pace of sales, but the added supply of distressed homes would weigh heavily on prices — and thus boost their losses." Got that, continues MW: "**There's a 9-year backlog of distressed homes. The banks are deliberately fudging the numbers to hide how bad things really are. The number of homes in late-stage foreclosure is not 1.1 million, but nearly 6 million --- 5 times more than the banks are admitting. Housing will be in the doldrums for a decade or more**." This backlog calculation doesn't even consider the mountain of mortgages due to reset from now through 2011. Once these payments rise, there will be millions more foreclosures this year than last, and as a result much more suffering for American families. This will crush the economy. •••• **Wall Street probe widens**. The battery of allegations against Wall Street banks extended dramatically last Thursday as **some of the world's largest financial firms confirmed they faced criminal investigation**, reports *AFP*. "At least nine major banks were said to be under criminal and civil probes over the sale of mortgage-backed

products that have been blamed for sparking the global economic crisis. What began as an investigation into Goldman Sachs' trading practices now appears to have become a near sector-wide investigation that is striking at the heart of Wall Street's credibility. In two separate probes, the Securities and Exchange Commission and New York's Attorney General are said to be investigating whether banks misled investors by selling securities they bet against and also deceived ratings agencies about the products' value. The *Wall Street Journal* on Thursday reported that Goldman Sachs, JP Morgan, Citigroup, Deutsche Bank and UBS are all the subject of criminal investigation for selling mortgage related deals while betting against them." Bringing criminal charges resolves only part of the problem. Fiscal and monetary policies must be reformed so that institutions taking excessive risk are allowed to fail, with management & shareholders taking the pain. Until the banksters are truly accountable for the consequences of failure, there will be no incentive to change their ways or correctly manage risk. •••• **The second debt storm. Who will bail out the countries that bailed out the world's corporations**? "The financial crisis never really went away," comments Alistair Barr at *MarketWatch*. "The debt mountain that brought down some of the world's biggest banks and dragged the int'l financial system to the brink of disaster has simply shifted to govts. Now it's threatening countries around the globe -- and, if left unchecked, could rip the very fabric of Europe's economic system and wreck economic recoveries in the US, China and Latin America [ie, the world]. The impact on markets has been severe. The euro has slumped more than 12% against the dollar since the sovereign-debt crisis flared in southern Europe. Gold has marched to new highs as investors seek a safe haven and, perhaps most alarming, it is now more expensive to buy insurance against **national** default than it is to insure against **corporate** failure. 'The sovereign-debt crisis spun out of control in the past week, and we see no easy way to resolve it,' said Madeline Schnapp, director of macroeconomic research at *TrimTabs Investment Research*. Some **investors and analysts are increasingly concerned that <u>govts</u> may be no more capable of repaying their debts than the banks and insurance companies they saved. And, they warn, if a major country comes close to default, it could trigger a financial meltdown that would eclipse the panic that followed the bankruptcy of Lehman Brothers in 2008**." The monetary system & world economy are coming apart at the seams, and there is no precedent for the scale of panic & chaos that is about to occur. Nobody will be spared, except those that own substantial physical gold bullion.

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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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E-mail: info@hsletter.com