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-Gold (& mkts) Charts R Us-

GCRU #401 on June 2, 2010 (in its 9th year). Welcome back after the long weekend break in two major markets, with the US closed on Monday for Memorial Day, & the UK for Spring Bank holiday. Gold jiggled within a narrow set of boundaries as opposing forces battled at *strategic* right shoulder resistance of a shorterm H&S top – before breaking upside cloud cover in early European trading on Tuesday ☺. Bullion's capacity to shrug off the shackles of intervention at this crucial chart point suggests that demand for physical metal is overwhelming the anti gold cartel's capacity to cap & manipulate the gold price, and invites a near term re-test of the May 2010 high -- with a possible overshoot *towards* the \$1345.00 measured target of bullion's March 2008–Oct 2009 reverse H&S. Note that a re-test of the May high would also complete a 6-month cup&handle formation, with bullish up slanting neckline and \$1425.00 *theoretical* upside target. On the downside, a sustained break below bullion's March uptrend line (now \$1178.50) would be necessary to destabilize what appears to be the energetic resumption of gold's primary uptrend. The gold shares were seemingly dressed up to join the party, with several of the stronger gold shares (ELD-T, NGD, GOLD & SMF-T) *leading* bullion's charge above intermediate resistance. However, worrisome divergence appeared in Tuesday's market, with many gold shares closing at or near their intraday lows, and forming negative 1-day downside reversals. Volume remains low & volatile, which tells us that many investors are still uneasy after the recent stock market plunge. And, opinions are unlikely to change unless the “party-pooping” dollar – which throws a wet blanket over virtually every market except bonds when it rises – develops an obvious top. Be sure to listen to this insightful interview with Felix Zulauf who has been a member of *Barron's Roundtable* for 20 years. Zulauf believes deflationary pressures will increase & intensify in the system, until we reach a point where we could see entities as significant as were Lehman, AIG & Citigroup collapse on the same day. And govts won't be able to come to the rescue again, as many are already technically bankrupt. At that point in time, Zulauf thinks “the Central Banks will come in big time, and U will see the balance sheets of Central Banks expand not by a factor of 2 or 3, but probably by a factor of 50 or 100. Once that happens, U will have in a matter of *weeks*, a situation that makes our currencies as we know them invaluable.” IE, Central Banks will only step in to remodel the currency system after it has “imploded” & wiped out the undefeatable mountains of toxic debt. The interview is available via *KingWorldNews* at: <http://www.kingworldnews.com/kingworldnews/>

Broadcast/Entries/2010/5/28_Felix_Zulauf.html *Timid signs of exhaustion* are starting to surface both in US\$ strength & euro weakness. According to *Investors Intelligence*, who use *breadth* as a medium-term indicator of internal market strength and oversold/overbought conditions, “the US\$ is overbought, and it may be time to consider some short-side plays.” Similarly, the euro has terminated a 7-wave down leg from its Dec 2009 high, and has held a fragile triple bottom (being re-tested as we write) following the damaging downgrade of Spain’s sovereign-debt by Fitch Ratings last Friday. So, the euro *may* have priced in all the current bad news for now, and its meltdown could be slowing or reversing – at least for the *shortterm*. However, *all bets are off* if the euro breaks 1.2100. Silver bounced, & being “nervous” traders, we lightened up into strength. Weekly & daily momentum indicators remain tentatively bullish, but the 18.50-19.00 resistance level may prove insurmountable on initial breakout attempts. So to avoid another nerves test, we decided to pull-in-our-horns -- and are looking to re-buy strength after a higher reaction low. If you’d like us to cover silver on a weekly basis with chart, send an email to info@hsletter.com with ‘Yes’ in the subject line. Gold bullion’s April-May run-up has attracted some new members into the *GCRU* fold, and several have asked for an explanation of our profit taking strategy. The following copy is a repeat from several years ago, but it’s worth a re-read for all: When setting profit targets, we aim for 10% minimum (basis individual chart & resistance levels) to make worthwhile gains after costs & commissions have been deducted. As prices continue to rise, our initial profit/sell targets become obsolete for members who enter at higher levels, so we constantly update & provide higher target levels. IE, the onus is on traders to decide which profit target offers worthwhile gains based on their individual entry levels. In trending mkts, traders should *diversify* profit-taking strategies by taking partial profits at sell targets for some positions, & apply trailing profit stops to the rest. Note that profit/sell targets may seem small on a point basis, especially in low price stocks, but they can be surprisingly big on a percentage basis, eg, a move from 0.80 to 1.00 = +25%; from 10.00 to 12.50 =+25%; from 18.00 to 22.50 = +25%. Also note, if U make 10 successful trades at 10% each, U’ve made 100% with that piece of capital. Bullish Consensus list gold at 74% (up 3 from last week). The US\$ at 71 (down 3). B/C say gold’s outlook is “neutral/bullish today & intermediate term.” *Nomura Global Strategy* notes, “the past two weeks saw net outflows of US\$24 billion from global equity mutual funds – the second-largest weekly outflow in our data series since 1995. In absolute terms, this means all the inflows over the past 15-weeks have been negated by the outflows over the past 2-weeks. So, we think the past two weeks have seen extremes of sentiment close to *capitulation*.” It’s

still early days, but per our “gut feel” of last week, the shorterm possibility of a stock market crash may have been postponed via pre-crash selling. Wall Street insiders are now actively portraying this period of depressed sentiment as a *not-to-be-missed* buying opportunity, & renewing their concerted effort to spin the market higher – as a crash serves no purpose if they are still holding the bag! The A-\$ bounced as projected. Ditto the Cad-\$ above pivotal 92.50 support. The A-\$ Fibonacci numbers we listed last time were incorrect, but we presume the error was too big to be missed. The correct numbers for hedging into a rebound should have been: (23.6%) 83.38, (38.2%) 85.18, (50.0%) 86.63. The A-\$ chart looks sick & we still recommend a *preliminary* hedge position at mkt, & if it rallies to 86.63. But due to a barely discernible shift of sentiment in the currency markets, tread lightly unless the US\$ closes for 2 consecutive days over 87.50 (basis June futures). Spinner lines are shaky in some of the daily gold share charts, but are correcting bullish upturns in (thick) confirming lines in the weekly charts. So we'll likely see a few more days of mixed “hesitation” before sector-wide bullish winds blow once more. Gold is down just \$2.30 in Europe this AM, & holding yesterday's gains. The US\$ is up 20 cents. Per today's password -- *duelinthesun* -- gold and the dollar are rising simultaneously in a face-to-face battle for supremacy. The monetary markets have become “lawless,” and we believe gold is the element that will bring order to town. Fond regards from ***Uncle Harry***, & aide-de-camp Paul. If it's Wednesday, it's *Gold (& Mkts) Charts R Us.*

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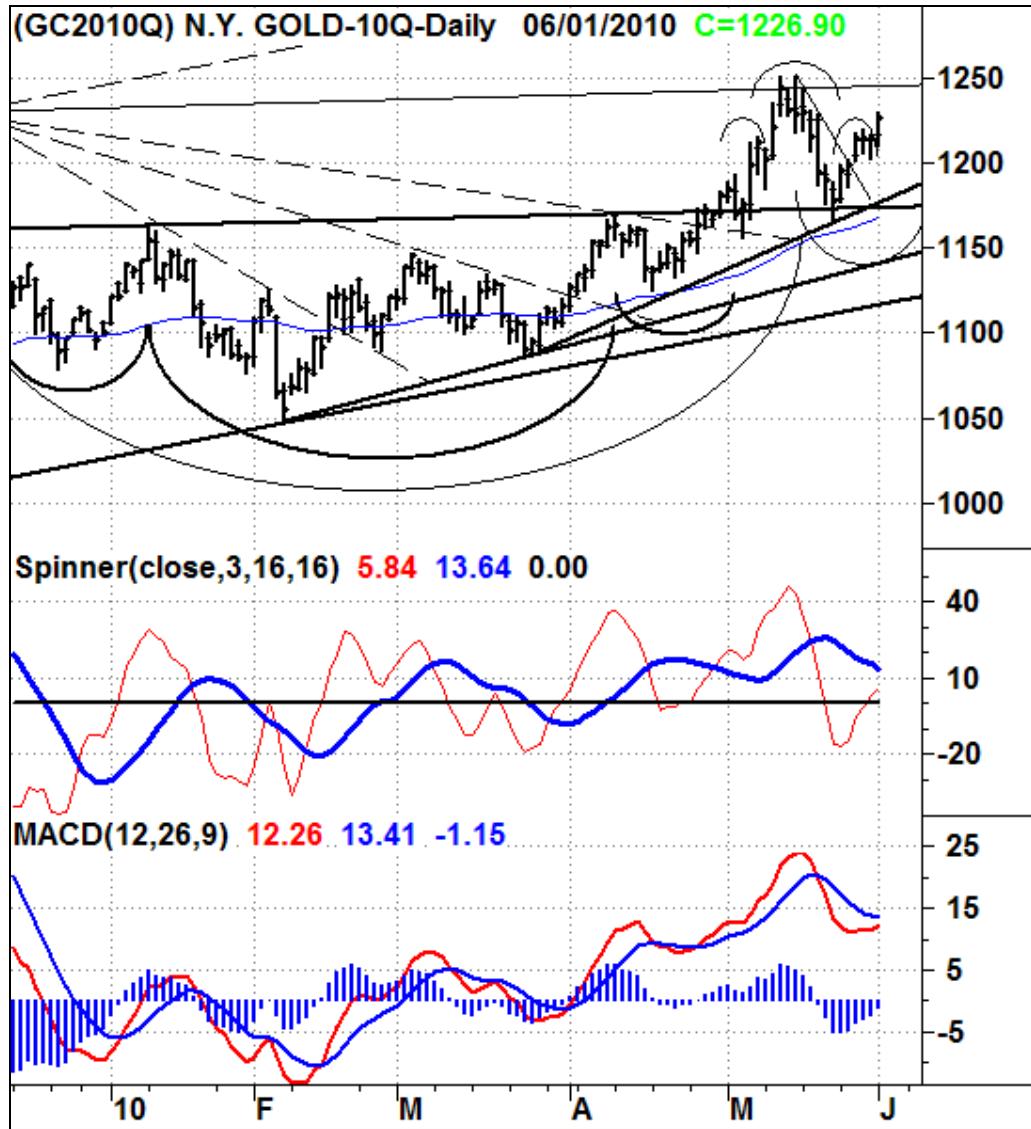
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•Our Abbreviations:

1dc = 1-day close (the share price must close above or below the indicated price level, before our recommendation is activated).
2dc = 2-day close (consecutive).
Bot = bought.
CAD\$ = Canadian dollar.
H&S= Head & Shoulder.
L/O/C= Line On Close.
L/T = Long Term.
M/T = Medium Term.
N/L = neckline.
P/F = Portfolio.
P/O = Price Objective.
Recom = Recommended.
R/H&S = Reverse Head & Shoulder.
R/S = Relative Strength.
S/T = Shorterm.
Sym/tri = symmetrical triangle.
Tgt = Target.
Unch = unchanged.
Vol = Volume.
Wk = week.
Ystdy = yesterday.

GOLD

Comex gold Aug futures – daily – 6 month view



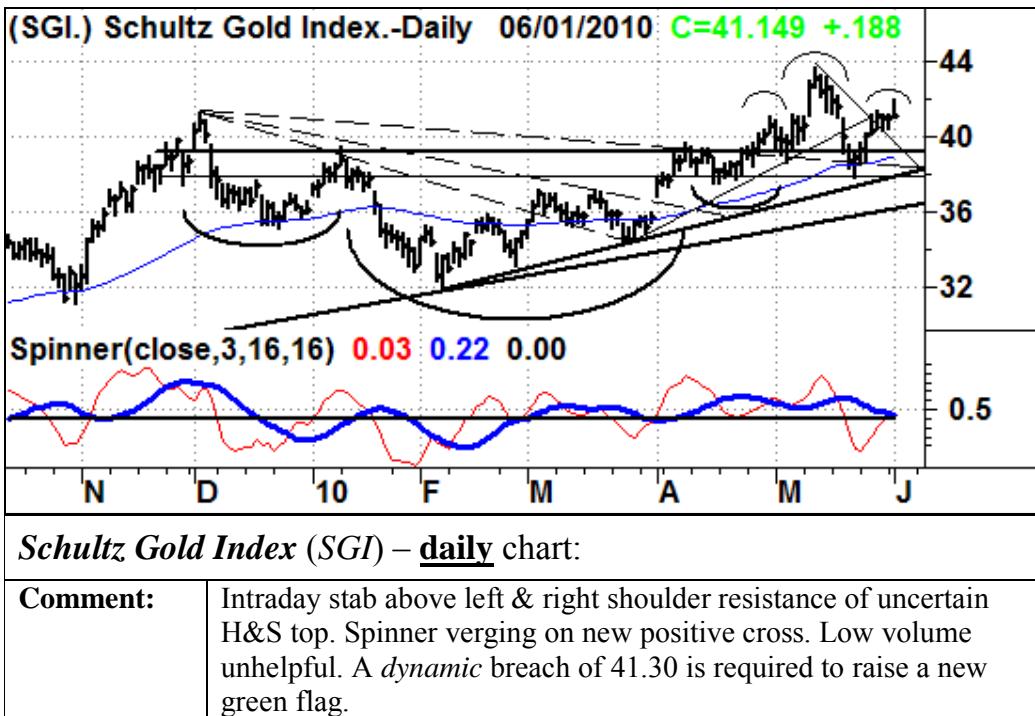
Comex gold Aug 2010 futures – 480 min – 7wk view



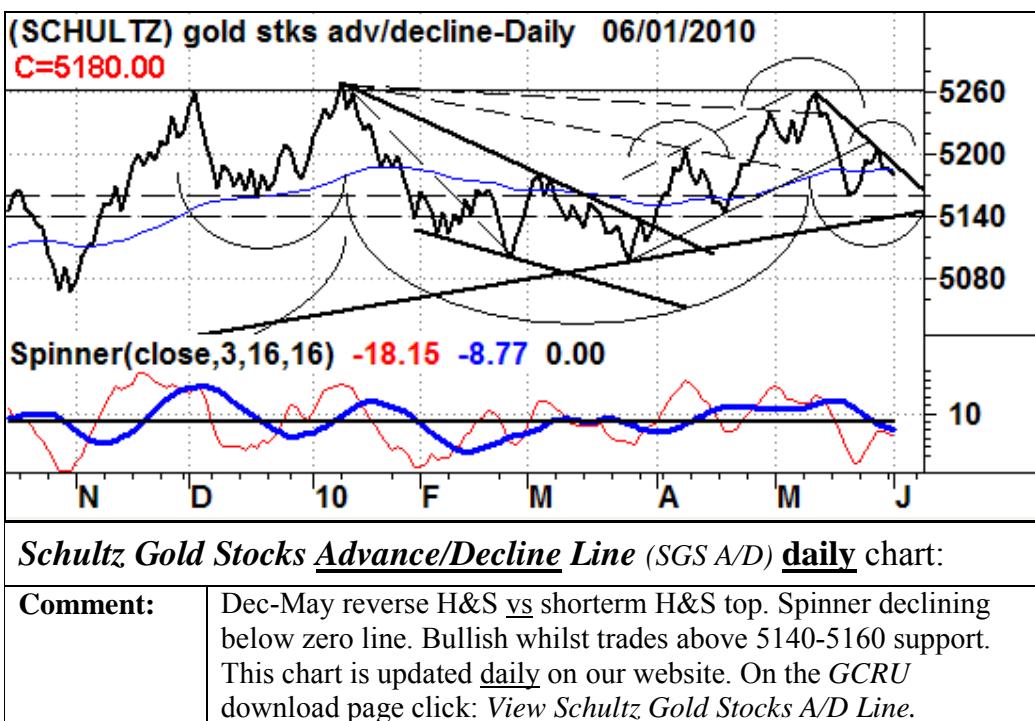
Comex gold Aug 2010 futures Cx - 480-min tick chart (all sessions):

Open trades:	Long at:	Initial entry price: 1206.50 (May-20-10). Traders re-bought Aug at 1205.00 & 1215.30. Basis Aug: S/T: 1158.50-stop. M/T: 1-dc below 1158.50.
	Stop:	
	Profit targets:	Basis Aug: 1246.50 &/or 1292.00 &/or 1330.00.
New Recom:	If <u>out</u> , gamblers buy <u>Aug</u> at mkt & if dips to 1214.50; stop: exit, or sell $\frac{1}{2}$ at 1158.50-stop, $\frac{1}{2}$ after 1-dc below 1158.50. <u>All</u> buy again after 2-dc (or dynamic rise/close) over 1246.50. Hedgers sell short <u>Aug</u> bit after 2-dc below Mar uptrend line support (now 1178.50 basis <u>daily chart</u>); stop: 1214.50-stop; cover $\frac{1}{2}$ at 1125.80. Gamblers sell short at 1198; stop 1-dc over 1235.	
Comment:	Energetic rise to <u>void</u> prior H&S top risk. Dec-Apr reverse H&S; 1292.00 upside target. Spinner neutral to bullish. Note that a re-test of nearby May peak resistance would complete a 6-month cup&handle formation, with bullish up slanting neckline and \$1425.00 theoretical target. Upside catapult move in the making?	

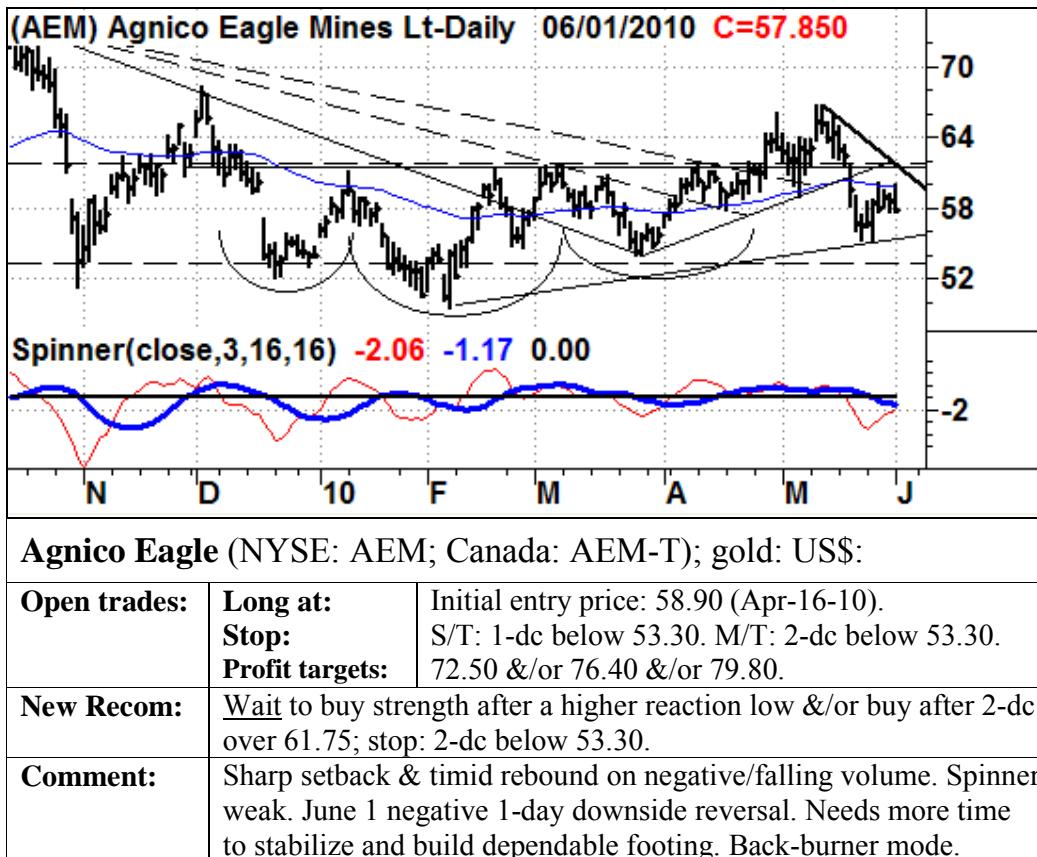
Schultz Gold Share Index (SGI) -- daily



Schultz Gold Stocks Advance/Decline Line -- daily



GOLD SHARES

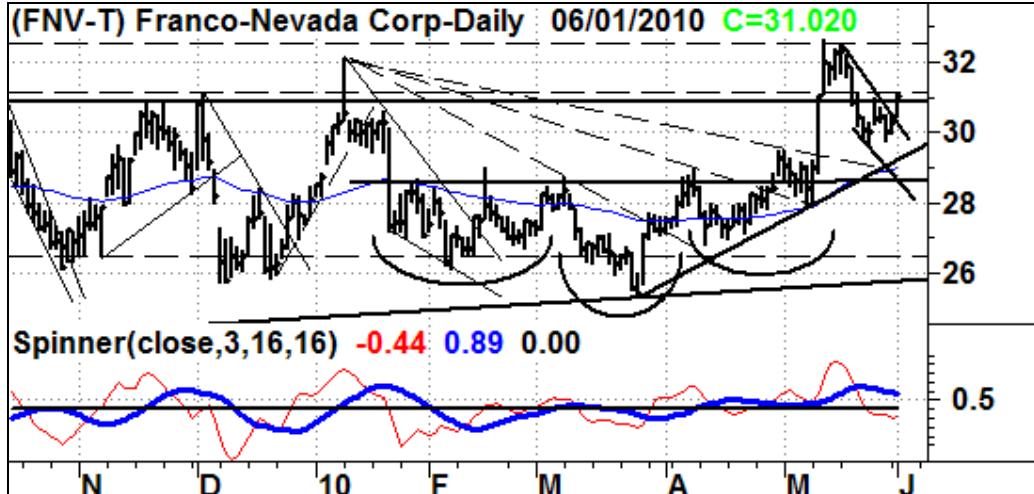




Eldorado Gold (Toronto: ELD-T; NYSE: EGO); gold: CAD\$:

Open trades:	Long at:	Initial entry price: 13.31 (Feb-12-10). Traders re-bought bit at 18.02.
	Stop:	S/T: 1-dc below 14.40. M/T: 2-dc below 13.20.
	Profit targets:	19.25 &/or 20.30. Some took profit at 18.25 ☺.

New Recom:	If out, gamblers only buy bit if dips to 17.20 & 16.55; stop: 1-dc below 13.20. And/or buy after 1-dc over 18.40.
Comment:	May peak bull flag & upside breakout. Spinner has yet to confirm strength in price. June 1 bearish 1-day downside reversal; gives tip for mini dip in price. Impressive R/S justifies buying a correction.



Franco-Nevada (Toronto: FNV-T); gold/platinum/oil/gas: CAD\$:

Open trades:	Long at:	Initial entry price: 30.99 (Sept-16-09). Gamblers re-bought bit at 30.99.
	Stop:	S/T: 1-dc below 26.40. M/T: 2-dc below 26.40.
	Profit targets:	32.50 (if bot low) &/or 35.60 &/or 38.50.
New Recom:	If out, gamblers buy after 2-dc over 31.10; stop: 1-dc below 26.40. <u>All</u> buy again after 1-dc over 32.50.	
Comment:	Broke above May downtrend line. Good intentions but safer to wait for a clear resurgence of recent breakout strength before re-buying.	



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: 1-dc below 14.20. M/T: 2-dc below 14.20. 20.95 &/or 22.65 &/or 24.30.
New Recom:	If out, spec buy after 2-dc (decisive) over 18.10; stop: 1-dc below 14.20. Buy again after 1-dc over 19.70.	
Comment:	Unconvincing rebound above May downtrend line <u>vs</u> shortterm toppy look. Spinner mixed. June 1 negative 1-day downside reversal. Struggling to hold Dec-May base effort.	



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 at 6.11. S/T: 1-dc below 4.80. M/T: 2-dc below 4.40. 7.15 &/or 7.90 &/or 8.70.
New Recom:	If out, gamblers only buy bit if dips to 5.80 & 5.60; stop: 1-dc below 4.80. And/or buy after 2-dc over 6.40.	
Comment:	Surge rise to <u>void</u> former H&S top risk. Spinner rounding out to bullish. Requires more and constant volume to support an otherwise positive picture. Likely leader of next general gold share rally.	



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

Open trades:	Long at:	Initial entry price: 5.90 (May-13-09). Stop: S/T: 1-dc below 8.80. M/T: 2-dc below 8.80. Profit targets: 12.45 &/or 13.90 &/or 15.40.
New Recom:	If out, buy after 2-dc (or forceful rise/close) over 10.80; stop: 1-dc below 8.80. Buy more after 1-dc over 11.50.	
Comment:	Threat of 5-week H&S top <u>vs</u> budding break above May downtrend line. Spinner backfilling with little strength in price required to trigger a new positive cross. Let it confirm.	



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

Open trades:	Long at:	Initial entry price: 74.42 (Feb-17-10). Traders re-bought at 87.54. Stop: S/T: 1-dc below 73.80. M/T: 2-dc below 73.80. Profit targets: 96.30 &/or 102.50 &/or 108.90.
New Recom:	If out, gamblers only buy bit if dips to 85.10; stop: 1-dc below 73.80. All buy again big after 2-dc over 90.90.	
Comment:	Bullish pop to <u>void</u> prior H&S top. Tentative upturn in Spinner (thick) confirming line. Volume supporting price. Technical spotlight back on Dec-May reverse H&S; 102.50 upside target. Eager beaver.	



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 27.11. S/T: 1-dc below 21.80. M/T: 1-dc below 20.50. 30.90 &/or 33.60.
New Recom:	If out, <u>wait</u> to buy strength after a higher reaction low &/or buy after 2-dc over 27.10; stop: 1-dc below 21.80. Buy again over 29.30.	
Comment:	June 1 negative downside reversal. Positive hook in Spinner (thick) confirming line. Has yet to <i>conclusively</i> void H&S top threat.	



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

Open trades:	Long at: Stop: Profit targets:	Initial entry price: 45.46 (Mar-01-10). 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, <u>wait</u> to buy Spinner confirmed strength &/or buy after 1-dc over 52.50; stop: 1-dc below 43.60.	
Comment:	Undetermined Apr-June H&S top cum 47.26-52.34 trading range (basis L/O/C). Spinner neutral. June 1 negative outside reversal. Sidestep “noise” & re-buy on upside breakout only.	



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

Open trades:	Long at:	Initial entry price: 5.00 (Mar-03-10). Traders re-bought at 6.96.
	Stop:	S/T: 1-dc below 5.80. M/T: 2-dc below 5.30.
	Profit targets:	8.10 &/or 8.90.
New Recom:	If out, gamblers only nibble buy bit if dips to 6.85 & 6.60 & 6.35; stop: 1-dc below 5.80. And/or buy after 2-dc over 7.45.	
Comment:	May peak bull flag & vigorous upside breakout. Spinner warming to bullish. XInt R/S. Best of bunch?	



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

Open trades:	Long at:	Initial entry price: 15.84 (Feb-17-10). S/T: 1-dc below 15.80. M/T: 2-dc below 15.80.
	Stop:	21.70 &/or 23.50 &/or 25.30.
New Recom:	If out, buy after 2-dc over 20.10; stop: 1-dc below 15.80. Buy more after 2-dc over 21.30.	
Comment:	Dec-Apr reverse H&S vs shorterm H&S top. June 1 bearish outside reversal. Spinner neutral. Needs more time to stabilize the mid May sell off. Our favorite longterm silver holding.	

FUTURES



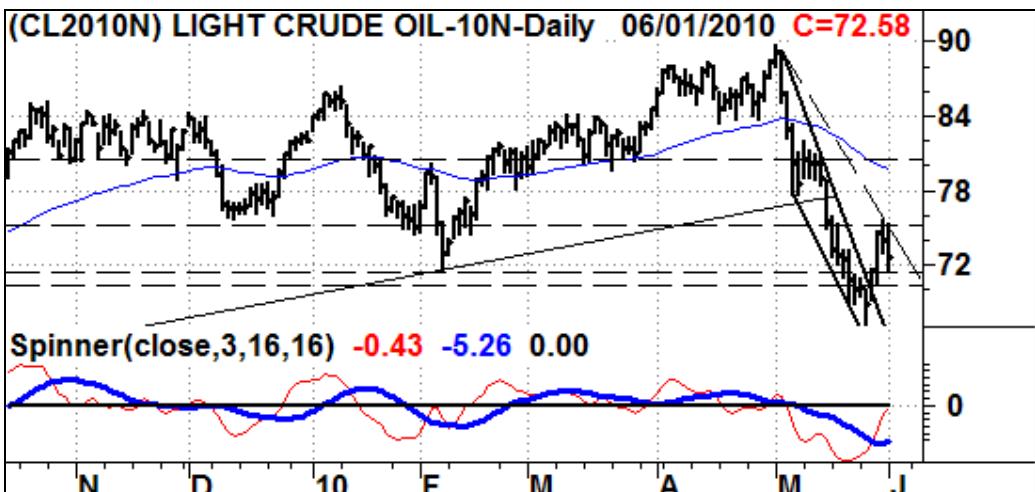
Corn July 2010 futures – daily chart:

Open trades:	Long at: Stop: Profit targets:	Traders exited via 356 stoploss Ⓢ. None. None.
New Recom:	No new trade recommendation this week.	
Comment:	US\$ strength continuing to weigh heavily on many commodity markets. Rarely have we seen periods when mkts in general are this volatile/difficult to trade.	



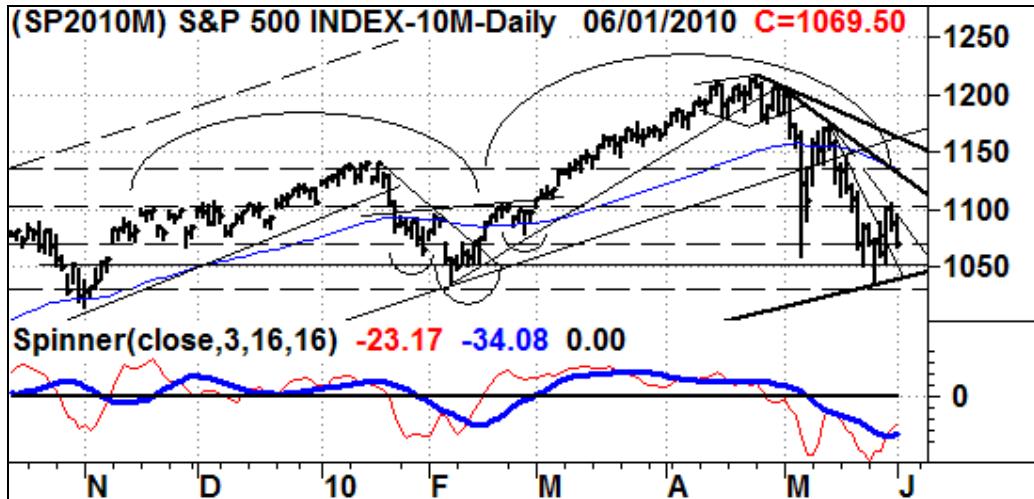
Cotton July 2010 futures – daily chart:

Open trades:	None:	Traders not in yet.
Stop:		Initial stop no higher than 82.50-stop.
Profit targets:		Cover $\frac{1}{2}$ at 74.80, & tight trail stop rest.
New Recom:	Prior long trade recommendation <u>not hit</u> . Gamblers sell short July bit at mkt & if rallies to 79.90; stop: 82.50-stop; cover $\frac{1}{2}$ at 74.80.	
Comment:	Tentative break below 3-month H&S top, on rising volume; 72.40 <i>theoretical</i> downside target (basis L/O/C). Spinner mixed. Looking to scalp shorterm profits only.	



Crude Oil NY July 2010 futures – daily chart:

Open trades:	Long at:	Vegas gamblers bot July at 70.06 (May-26-10).
	Stop:	70.06-stop.
	Profit target:	80.40. Traders took partial profits at 74.40 ☺.
New Recom:	If out, gamblers buy July bit after 1-dc over 75.10; stop: 71.40-stop (use mini Cx to offset wider stops); sell $\frac{1}{2}$ at 80.40.	
Comment:	Sharp rise & setback above May peak bull wedge. Spinner in growing positive cross with (thick) confirming line rounding out to neutral/bullish. Higher highs possible but plan for a <i>bumpy ride</i> .	



S&P500 Index June 2010 futures – daily chart:

Open trades:	Long at:	Exited/banked full profits in June shorts at mkt ⑤. Gamblers then bought June at 1072.40. Stop: S/T: 1048.50-stop. M/T: 1-dc below 1048.50. Profit targets: Sell ½ at 1108.00, & tight trail stop rest.
New Recom:		If out, gamblers only buy June bit (or Sept?) after 1-dc over 1110.00; stop: 1069.50-stop; sell ½ at 1134.50. Or, sell short June after 1-dc below 1035.50; stop: 1-dc over 1065.90; cover ½ at 972.50 &/or trail stop downside.
Comment:		Shaky rebound to build possible right shoulder of Nov 2009-June 2010 H&S top. Spinner base attempt. Lottery ticket holders only!



US\$ Index June 2010 futures-daily chart:

Open trades:	Long at:	Initial entry price: 82.54 (Apr-28-10). Stop: 2-dc below 84.40. Profit targets: 88.70 &/or 92.40.
New Recom:		If out, spec buy June after 2-dc over 87.50; sell ½ at 92.40. Sell, or sell short June after 2-dc below Apr uptrend line (now 84.40); stop: 2-dc over 85.60; cover ½ at 80.15.
Comment:		Shorterm triple top risk vs 10-day bullish ascending triangle. Bearish divergence persists in Spinner, but price action overrides.

June-02-10

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	Wait to buy strength after a higher reaction low &/or buy after 2-dc over 61.75; stop: 2-dc below 53.30.	L	Apr-16-10	58.90		57.85	1-dc U/53.30 2-dc U/53.30	72.50	76.40	79.80
Eldorado Gold	ELD-T	If out, gamblers only buy bit if dips to 17.20 & 16.55; stop: 1-dc below 13.20. And/or buy after 1-dc over 18.40.	L	Feb-12-10	13.31	18.02	18.03	1-dc U/14.40 2-dc U/13.20	Hit at 18.25 ☺	19.25	20.30
Franco Nevada	FNV-T	If out, gamblers buy after 2-dc over 31.10; stop: 1-dc below 26.40. All buy again after 1-dc over 32.50.	L	Sep-16-09	30.99	30.99	31.02	1-dc U/26.40 2-dc U/26.40	32.50	35.60	38.50
Iamgold Corp	IAG	If out, spec buy after 2-dc (decisive) over 18.10; stop: 1-dc below 14.20. Buy again after 1-dc over 19.70.	L	Feb-17-10	14.90		17.23	1-dc U/14.20 2-dc U/14.20	20.95	22.65	24.30
Lake Shore Gold	LSG-T	If out, spec buy after 1-dc over 3.45; stop: 1-dc below 2.70. Chart action not up to scratch. If LSG-T doesn't improve within 2-weeks, (ie, break above 3.45) will exit at mkt.	L	Feb-17-10	3.31		3.23	1-dc U/2.70	4.38	4.90	5.35
New Gold	NGD	If out, gamblers only buy bit if dips to 5.80 & 5.60; stop: 1-dc below 4.80. And/or buy after 2-dc over 6.40.	L	Apr-05-10	4.79	6.11	6.29	1-dc U/4.80 2-dc U/4.40	7.15	7.90	8.70
Osisko Mining	OSK-T	If out, buy after 2-dc (or forceful rise/close) over 10.80; stop: 1-dc below 8.80. Buy more after 1-dc over 11.50.	L	May-13-09	5.90		10.70	1-dc U/8.80 2-dc U/8.80	12.45	13.90	15.40

June-02-10

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
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Gold Shares

Randgold Res.	GOLD	If out, gamblers only buy bit if dips to 85.10; stop: 1-dc below 73.80. All buy again big after 2-dc over 90.90.	L	Feb-17-10	74.42	87.54	88.57	1-dc U/73.80 2-dc U/73.80	96.30	102.50	108.90
Red Back Mng	RBI -T	If out, wait to buy strength after a higher reaction low &/or buy after 2-dc over 27.10; stop: 1-dc below 21.80. Buy again over 29.30.	L	Dec-11-08	6.76	27.11	26.72	1-dc U/21.80 1-dc U/20.50	30.90	33.60	
Royal Gold	RGLD	If out, wait to buy Spinner confirmed strength &/or buy after 1-dc over 52.50; stop: 1-dc below 43.60.	L	Mar-01-10	45.46		48.67	1-dc U/43.60 2-dc U/43.60	54.60	57.65	61.15
Semafo Inc	SMF-T	If out, gamblers only nibble buy bit if dips to 6.85 & 6.60 & 6.35; stop: 1-dc below 5.80. And/or buy after 2-dc over 7.45.	L	Mar-03-10	5.00	6.96	7.28	1-dc U/5.80 2-dc U/5.30	8.10	8.90	
Silver Wheaton	SLW	If out, buy after 2-dc over 20.10; stop: 1-dc below 15.80. Buy more after 2-dc over 21.30.	L	Feb-17-10	15.84		18.58	1-dc U/15.80 2-dc U/15.80	21.70	23.50	25.30

Futures

Corn	C NO	Traders exited via 356 stoploss ②. No new trade recommendation this week.					354.00				
Cotton	CT NO	Prior long trade recommendation not hit. Gamblers sell short July bit at mkt & if rallies to 79.90; stop: 82.50-stop; cover ½ at 74.80.					79.07	82.50-stop	Cover 1/2 at 74.80	Trail stop rest	

June-02-10

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
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Futures

Crude oil	CLNO	If out, gamblers buy July bit after 1-dc over 75.10; stop: 71.40-stop (use mini Cx to offset wider stops); sell ½ at 80.40.	L	May-26-10	70.06		72.58	70.06-stop	Hit at 74.40 ☺	80.40	
Gold	GC Q0	See page 7.	L	May-20-10	1206.50 1215.30	1205.00 1226.90	1158.50-stop 1-dc U/1158.50	1246.50	1292.00	1330.00	
S&P500	SP MO	If out, gamblers only buy June bit (or Sept?) after 1-dc over 1110.00; stop: 1069.50-stop; sell ½ at 1134.50. Or, sell short June after 1-dc below 1035.50; stop: 1-dc over 1065.90; cover ½ at 972.50 &/or trail stop downside.	L	May-26-10	1072.40		1069.50	1048.50-stop	Sell 1/2 at 1108.00	Trail stop rest	
US\$-Index	DX MO	If out, spec buy June after 2-dc over 87.50; sell ½ at 92.40. Sell, or sell short June after 2-dc below Apr uptrend line (now 84.40); stop: 2-dc over 85.60; cover ½ at 80.15.	L	Apr-28-10	82.54		86.72	2-dc U/84.40	88.70	92.40	

.... **We don't know where the market will take the physical-only price of gold in order to solve today's debt problem, observes *FOFOA.blogspot.com*.** “But we do know a few things that can give us a clue. 1) It will be a phase transition, or a paradigm shift that will knock your socks off. As someone recently wrote, you can heat water to 99 degrees Celsius and it will not boil. But go one degree higher and matter itself changes form. This is a phase transition. 2) **The gold base expansion/phase transition will be completely unrestrained by economic forces, unlike any other physical material like oil, for example. In other words, it will appear completely arbitrary by all rational expectations and past ratios.** **The only scale on which it will make any sense at all is that it will solve the global debt problem.** The systemic rise of global imbalance, the creation of massive amounts of new and ever-more-worthless govt digits, all to shore up unimaginable debt mountains held at the banks and Central Banks [& govts]... all this and more, now demands settlement in very scarce physical gold metal. And with no international ‘window’ to deliver such metal settlement at today's price, it must come from the global gold stock, from the holders of physical gold. **The ‘flow’ at today's price is not nearly sufficient. But the ‘stock’ is plenty big... at the right price.** What matters most is future flow and the existing stock of the biggest debtors. This is the incalculable calculation that will lead you to the future price of gold. **Gold must become free to settle all the massive imbalances that have accumulated for more than 88 years.**” When the financial world falls off the cliff edge, trying to pry physical gold out of owner's hands will be akin to asking a skydiver to sell his parachute before he touches the ground! That's why gold is going to previously undreamed of price levels.

Federal Housing Administration (FHA) home-financing volume is the sign of a ‘very sick system.’ Loans guaranteed by the Federal Housing Administration, the US govt-owned mortgage insurer, may be involved in more home-purchase transactions than borrowing financed by Fannie Mae and Freddie Mac, report *Bloomberg*. “FHA lending last quarter may have topped the combined volume of govt-supported Fannie Mae and Freddie Mac in a home-lending market that's still a ‘govt-financed market,’ David Stevens, the agency's head, said last week. ‘This is a market purely on life support, sustained by the federal govt. Having the FHA do this much volume is a sign of a very sick system’.” The banks are already de facto nationalized and now housing. Failure is no longer an option for these govt-sponsored enterprises, and taxpayers are on the hook for unlimited amounts to keep these “zombie” institutions alive. Brace yourself for inflation. Govt actions guarantee it. **The Municipal Bonds: The Next Financial Land Mine?** As Wall Street watches the sovereign debt crisis unfold in Greece, another

potential landmine is looming closer to home, one that could bring US cities and towns to their knees, force the federal govt to cough up another bailout package, and send unemployment soaring, reports *Time.com*. “The danger this time? Municipal debt. State and local govt are frantically scrambling to meet budget shortfalls as high unemployment and shaky consumer confidence mean less income tax and smaller sales tax revenue for govt coffers. Bankruptcy is a particularly unnerving prospect for bondholders.

Municipal securities are a \$2.8 trillion market, according to Municipal Market Advisors. An avalanche of investors sought refuge in the sector in recent years, lured by the stable, tax-free nature of muni bonds. More than \$69 billion flowed into long-term municipal bond mutual funds in 2009, up from only \$7.8 billion in 2008 and \$10.9 billion in 2007, according to the Investment Company Institute. Another \$15.2 billion has been added so far in 2010. But increasingly munis are seen as vulnerable to the *same* forces that have put companies and some sovereign govts in crisis.” The financial crisis is becoming a *painful* game of musical chairs. The first default by a major city will “crash” the muni bond market & leave a large number of safe-haven seekers without a seat. We’ll give U three guesses where those investors will then seek security! **It doesn’t take a whistleblower**. The most recent smack down in gold and silver for the purpose of manipulating the price of metals for the COMEX option expiration was about as blatant and arrogant as I have seen, rants *JessesCrossRoadsCafe*. “*There was a big fat concentration of Calls at the 1200 strike price, and the temptation to make them expire worthless was an open invitation to the pigmen. You do not need a whistleblower to spot these abuses. The banks and hedge funds are practically taking out billboards in their market price manipulation these days, and daring anyone to do something about it. Why are they so fearless under a ‘reform administration?’ The gaming of the markets using derivatives and massed selling and buying, melt ups and flash crashes, is less a ‘conspiracy theory’ these days, and more like an IQ test. And it’s a damn shame. Especially when the enablers and the Wall Street demimonde ignore it and pretend it is not happening, or make up lame rationales attributing it to something else. This sort of semi-official corruption grows like a cancer, until it subsumes all markets. And it has severe consequences in the real economy.*” The bullion banks are fearless because they are doing the work of govt. Their payment is “protection” & the spreads they scalp on each attack. Corruption may have severe consequences on the economy, but govt fears even more the consequences of an uncontrolled gold price. **Desperate Greeks are paying \$1,700 per ounce for physical gold**. And there are those who wonder how Sprott's PHYS could have traded at a “ludicrous” NAV premium of over 20%, comments *ZeroHedge*. “*Coinupdate.com reports that: ‘prices at which the Greek Central Bank is selling one ounce gold equivalents are as high as \$1,700*

(40% over spot), and prices on the black market are even higher. The punch line, as Athens slowly returns to a forced gold standard: A popular spot for street vendors to sell their coins is near the Athens Stock Exchange. There the traders wait for citizens to bring payments received from unloading their paper assets like stocks and bonds.⁷ In other rhetorical ruminations, is it safe to say that **the last days of the fiat experiment have arrived and that people themselves are bypassing the govt and enforcing their own gold standard?**⁸ If Greece was kicked out of the euro and returned to the Drachma, instant devaluation would plunge the country into hyperinflation – of which *vivid memories* linger from the German-Italian occupation in WWII, and up until the early 1950s. The Greek stampede into gold isn't a random event. **The Fed is panicking at the mass awakening.** From *PrisonPlanet*: “Appearing on *The Alex Jones Show* last week, Congressman Ron Paul revealed that through his inside sources he had learned that the people who control **the Federal Reserve are panicking because Americans are waking up to the fact that the US is controlled by the Central Bank.** ‘I had some information passed on to me, inside information, somebody who knew somebody who was well tuned to the people at the Federal Reserve – and they said they are really, really concerned about our movement to expose the Fed for what they’re doing,’ said Paul. **‘What they’re upset or worried about is the fact that more and more people are aware of the Federal Reserve now like never before,’ explaining that exposure will lead to change and a reform of the Federal Reserve.** Paul attributed the success of the freedom movement in the last decade to the growing awareness of the power that the Federal Reserve wields over America. ‘Even those who defend the Fed are very frightened about it,’ added Paul.” The key to the Fed’s power is their legal right to create money out of thin air and to lend it out at interest. We urge US readers to back Ron Paul’s efforts to repeal the Federal Reserve Act of 1913, and return the nation’s money creation powers back to its rightful owners, Congress and the American people. **Our sympathies to the people of Greece. It’s déjà-vu all over again.** When Argentinian’s watch the news today and see the terrible things that are happening in Greece, we cannot but say, “Hey!! This is exactly like Argentina in December 2001 and beginning of 2002!” comments Adrian Salbuchi at *Rense.com*. “Then too, Argentina underwent its worst systemic banking, public debt and monetary collapse which led to **violence, rioting, and social war.** What triggered social chaos in Argentina was the attempt by president De la Rúa to implement the grossly unjust austerity measures imposed by the IMF that required, as usual, utmost sacrifice from the people – more taxes, less social spending, ‘balanced budgets,’ zero deficit spending, amongst other anti-social measures – which led to a fall of almost 40% in Argentina’s GDP. Half of all Argentinians fell below the poverty line (most were never to

make it back to the traditional Argentina middle class), **private banks were allowed to legally retain everybody's savings, US dollar deposits were arbitrarily changed into Pesos at whatever rate of exchange the govt and bankers decided (the US\$ was devalued 300% from one peso to the US\$, to 4 pesos to the US\$ in just weeks) -- and yet not one bank fell!** [because they stole depositor's money, via their \$ re-pricing & peso conversion]. Throughout 25 years of successive caretaker govts in Argentina, the *IMF-led Global Banking Cartel* artificially generated a basically illegal – or at best, illegitimate – Sovereign Debt, which grew so huge, that it ended up collapsing the entire financial and economic system. That was no coincidence. It was part of a highly complex model, engineered to control entire countries, through a cycle having sequential stages that have one basic overriding goal: when the finance economy is fueled to run in an artificial ‘growth mode,’ the bulk of all profits are privatized into the hands of the conspirators & their ‘friends.’ However, when the whole scheme – like all Ponzi schemes – reaches its climax, and total collapse is at hand, they reverse the process and then socialize all losses.” That was Argentina in 2001/2002, but as A/S observes, “**isn't that also the case when today's US taxpayer bails out Goldman Sachs, AIG, CitiCorp and GM whilst losing his house, pension and job? Isn't that what is happening to Greece today? And Iceland? And the UK? And Ireland? And – anytime soon – Spain? Portugal? Italy? [America?].**” How long will it be before people wake up and realize their monetary system is like a bad dream, continually manipulated & ransacked by a dominant world elite order? **Dubai fears reignite on \$1.25 billion debt payment delay.** From the UK Telegraph: “Dubai's most powerful private equity company, which owns stakes in Travelodge, Merlin Entertainment and DaimlerChrysler, has been forced to delay the repayment of a \$1.25 billion (£860 million) tranche of debt in a shock move that has renewed fears in the emirate's financial stability.” The debt problem in California is much worse than Dubai and Greece combined. **What's becoming clear everywhere is that “extend and pretend” is running out of time.**

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

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