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

Welcome to *GCRU* #405 on June 30, 2010 (in its 9th year). •••• Longtime golden buddy Jim Sinclair (AMEX: TRE) says that Tuesday's gold market was a "**do or die** take down in gold by the mega hedge fund traders, using the gold banks as "beards" [camouflage] for maximum effect." Their aim is to annihilate gold's 7-month cup & handle formation, from which an upside breakout would place the yellow metal on a path towards the $1,650 upside measured target (+/- 8%), according to Jim. But even if the short-term bullies had their way in Tuesday's market, "they cannot manipulate reality away. They cannot manipulate the debt crisis away," continues Jim. "**Nobody wants to buy or sell, they only want to manipulate price when they bid ten times what the offering is, or offer ten times what the bid is in an open outcry market. You have witnessed a pure bear attack by the hedge funds. What has been "painted" in the gold market is also being attempted in the gold shares. In time, this will look so useless that it defies explanation**." Jim talks from experience, so take him at his word. He was the biggest gold player in the 70's, & regularly used the same tricks to run large short positions into oblivion! •••• Key point re gold investing: gold has risen 400% since its bottom at $252. But gold shares have done MUCH better! Our bellwether Agnico Eagle (NYSE:AEM; Toronto: AEM) rose from $5.00 at the same low point for bullion to $83.50, a rise of 1,570%. Compare 400% to 1,570% to see how much leverage gold stocks HAVE! AEM has since corrected to $64.15, which is still a $1,183% gain. Don't be without gold stocks to benefit from the gold bull mkt. •••• We're not too far away from a "run" on Comex gold or a delivery default, according to Dave Kranzler, member of *GATA.org*. Dave reports the number of contracts that have received delivery notice for June month-to-date is 20,545. "That would translate into 2,054,500 ounces of gold ***if*** every contract opts for *physical* delivery rather than tendering for cash or GLD shares. What's the problem? The 'registered' inventory, or available for delivery inventory, which is the dealer inventory, was reported to be 2,600,000 million ounces as of last week." This implies a staggering 79% of available Comex gold inventory is at risk of being withdrawn, so it's little wonder the anti-gold boys are having such a tough time selling down the "paper" gold market! Chart wise, the current skirmish between the resident gold villains and the best part of the informed investment world is translating into a 6-week ascending triangle, and related handle of a larger Dec 2009-June 2010 cup & handle. Ascending triangles develop when rising demand for a stock or commodity meets a large seller &/or in the case of gold bullion,

where determined bears have drawn an "artificial" defense line. The upward-sloping lower boundary of the ascending triangle tells us that "supply" is being slowly, but steadily absorbed at ever-higher prices. However, the outcome of the pattern is determined via the total absorption of supply, which leads to an admission of defeat by the bears, & consequent *rapid* advance in price. Or, if demand begins to falter before the horizontal supply/defense line has been breached ($1266.50), price may drop down out of the ascending triangle, leading to its immediate cancellation, and a capitulation of the bulls, which has the potential to trigger a *sharp* breakdown. As a result, the next indication of significant direction will come after a 2-dc over $1266.50, or a decisive break below gold's March uptrend line support (now $1219.50). Prepare for both eventualities. •••• A new member has asked us to explain the term "Vegas gamblers buy." The terms "Vegas gamblers buy" (strongest) or "Gamblers buy" are reserved for the most speculative buy recom's that carry the highest risk vs the potentially highest gains. IE, as trade *risk* increases, we *reduce* position size (via a "Gambler" buy) to limit losses should they turn against us. Novice traders should generally stick with the stronger buy signals ("Buy at mkt" or "Buy big at mkt") until, with a little experience, they are able to appreciate the risks associated with "Gambler" trades for themselves. •••• Three more US bank failures raise this years total to 86 vs 140 in 2009. •••• Mega bull markets take time to run their course and this gold bull market won't be an exception, say the highly respected Aden sisters (*AdenForecast.com*). "Bull markets tend to end in euphoria, when everyone's invested and they can't get enough of it. Gold is *far* from this. Comparing the current 10-year gold run to the 12-years leading up to the 2000 tech explosion in the stock market, and gold's bull market in the 1970s, you can see that gold's rise is still tame (see chart). A bubble is still *well* into the future." •••• Ed Steer's *Gold & Silver Daily* reports the latest *Comptroller of the Currency*'s *Q1/2010* Report on Bank Trading and Derivatives Activities shows that just two US banks, "JPMorgan and HSBC (USA) hold between 97% and 99% of all the gold and silver derivatives held by US banks." This validates Jim's point above, because

when a market is dominated by only 1 or 2 entities, it has to be considered as manipulative. •••• The big cap gold shares are positioned to play catch-up to bullion (if they break upside), as shown by lead strength in Newmont Mining (NYSE: NEM), and potential cup & handle formations in Barrick Gold (NYSE: ABX), & Goldcorp (NYSE: GG; also trades Toronto: G). So, if Goldcorp closes for 2-consecutive days above 46.20 neckline resistance, for a run towards the cup & handle 58.75 upside target, we'll add it to *GCRU*. •••• Bullish Consensus svc report gold at 72%. The US$ at 60%. Both are up 1% from last week. They say today is neutral for gold & intermediate: neutral/bullish. •••• Today's password – *sandbagged* – describes the bullion banks apparent ruse to feign weakness, letting gold flirt twice with record levels, before attempting to spring shut a classic bull trap. Many hedge funds are along for the ride, but their commitment is profit driven, whereas the bullion banks are "govt sponsored," theoretically giving them "unlimited" staying power. The cabal may not try to beat the gold market down immediately, as impressive bull forces are still present, but the simple effect of repeatedly capping price slowly erodes momentum indicators to a point where the weaker hands throw in the towel, and stoploss selling triggers a self-fulfilling decline. The appearance of new lower highs in price, capped by bearish downside reversals in the gold shares also warns that, at minimum, negative forces *may* spill over into the next day or so. Global stock markets are also teetering on cliff edge, and their downfall would have serious negative effects on the gold shares (due to selling golds to meet stk mkt margin calls) before golds resurface as islands of safe haven. Luckily, most of the top *Relative Strength* gold shares are still trading at or relatively near to their highs, so it makes sense to bank the lion's share of your trading profits at mkt, &/or scale back to "gambler" holdings in the positions you are not willing to ride down to unknown lower levels (but don't let big profits disappear just because they are labeled as core longs!). Considering that traders will heed our advice, we have abandoned most of our shorterm stoploss/profit stops (see under-chart comments), and will revert to medium term stoplosses to protect our core holdings against any unpleasant events. To clarify: this isn't an outright sell signal, so much as a **preserve your profits** advice. •••• Gold is up $1.20 in Europe this AM. The US$ is down 30 cents. It's a lull in hostilities before this epic gold battle reaches a climax. •••• We are nearing a new breaking point in the global derivative meltdown. The *timing* of the actual collapse is impossible to predict, but our "gut feel" says something very sudden, very big, and very destructive will unfold before year-end. •••• A solid gold goodbye (to minimize our exposure to unwanted risk) from ***Uncle Harry***, & co-pilot 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 <u>Aug</u> futures – <u>daily</u> – 8 month view

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

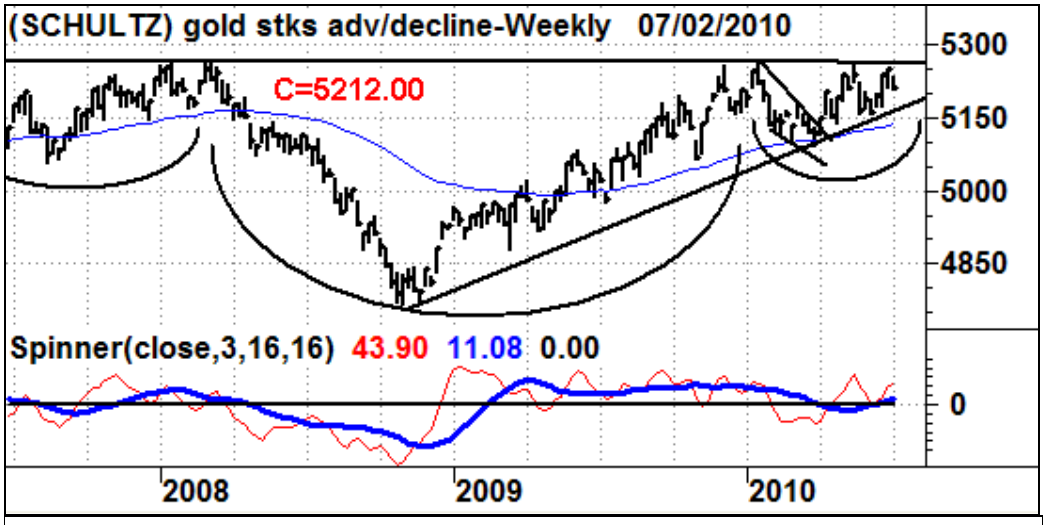
Comex gold Aug 2010 futures Cx - 480-min tick chart (all sessions):

Open trades:	**Long at:** **Stop:** **Profit targets:**	Initial entry price: 1206.50 (May-20-10). Some may have re-bought at 1256.20. S/T: 1209.50-stop. M/T: 1-dc below 1209.50. Basis Aug: 1292.00 &/or 1330.00 &/or 1368.00.
New Recom:	If out, buy Aug after 2-dc (or dynamic rise/close) over 1266.50; stop: 1209.50-stop. Requires a determined break below March uptrend line support (now 1219.50 basis daily chart) to justify new short sales; stop: 30 points above your short entry level; cover bit at 1181.60.	
Comment:	Shallow bearish upwedge (see daily chart) vs 6-week ascending triangle cum potential handle of Dec 2009-June 2010 cup & handle; $1425.00 upside target. Risk of shorterm H&S top. Spinner slackening in lower zone of overbought window. Gold forces are in a "pressure cooker." The question is: will they blow the lid off, or a hole through the bottom of the pot?	

Schultz Gold Share Index (SGI) -- daily

Schultz Gold Index (*SGI*) – **daily** chart:	
Comment:	June 28 negative outside reversal & tentative stab below May uptrend line. Dec-April reverse H&S; 45.65 nearby target (basis L/O/C). Spinner easing in mid zone of overbought window. Uncertain bear wedge. Shaky.

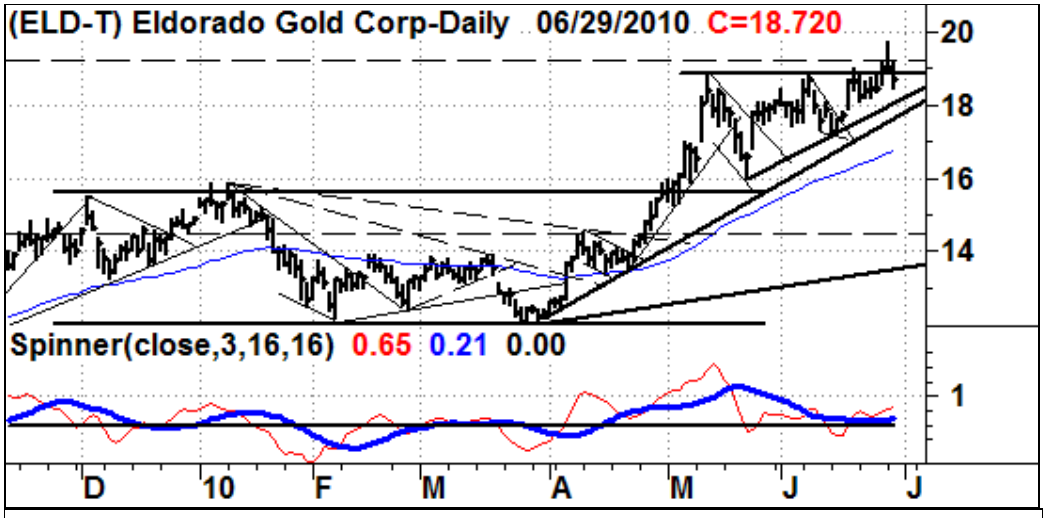
Schultz Gold Stocks Advance/Decline Line -- weekly



Schultz Gold Stocks Advance/Decline Line *(SGS A/D)* **weekly** chart:	
Comment:	The weekly SGS A/D chart explains shorterm hesitancy in the gold shares, due to major & multi-year 5268 neckline resistance of a mega bullish reverse H&S base. Fasten your seat belts, because when it comes, an upside breakout will likely rocket! This chart is updated daily on our website. On the *GCRU* download page click: *View Schultz Gold Stocks A/D Line.*

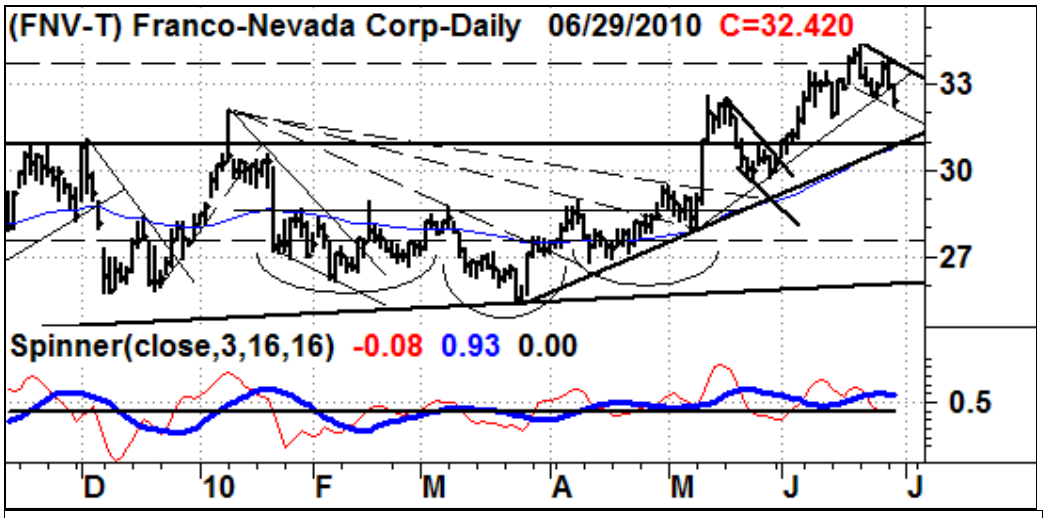
GOLD SHARES

Agnico Eagle (NYSE: AEM; Canada: AEM-T); gold: US$:		
Open trades:	**Long at:** **Stop:** **Profit targets:**	Initial entry price: 58.90 (Apr-16-10). S/T: 1-dc below 53.30. M/T: 2-dc below 53.30. 72.50 &/or 76.40 &/or 79.80.
New Recom:	If out, wait to buy strength after current dip &/or buy after 2-dc over most recent downtrend line from Oct 2009 peak (now 64.95); stop: 1-dc below 53.30.	
Comment:	Dip to expand mix of May peak sym/triangle and 2-month reverse H&S. Unconfirmed 8-day bull flag. Spinner rolling over to neutral. Can't exclude a re-test of Feb uptrend line support (now 56.95).	



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 19.03. S/T: 17.50-stop. M/T: 2-dc below 14.40. 20.30 &/or 21.85. Some took profit at 19.25 ☺.
New Recom:	If out, spec buy after 2-dc over 19.20; stop: 1-dc below 15.80.	
Comment:	False break above May-June sym/triangle; 21.85 target. Spinner rounding out to bullish but remains vulnerable to any weakness in price. All bets off if breaks Mar uptrend line support (now 17.50).	



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

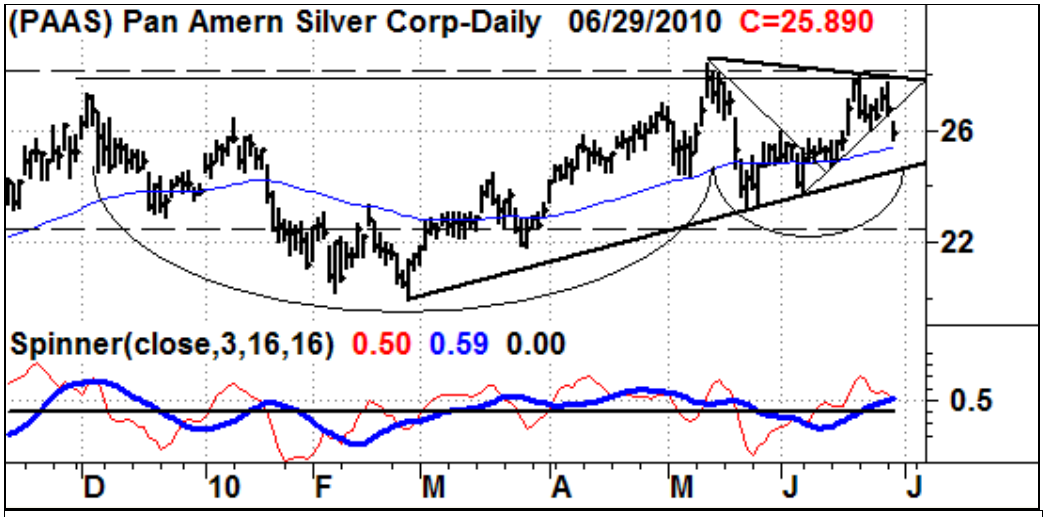
Open trades:	**Long at:** **Stop:** **Profit targets:**	Initial entry price: 30.99 (Sept-16-09). M/T: 2-dc below 27.40. 35.60 &/or 38.50 &/or 41.20.
New Recom:	If long, take profit at mkt. If out, wait to buy after next reaction low &/or spec buy after 2-dc over 33.70; stop: 1-dc below 27.40.	
Comment:	14-month ascending triangle & upside breakout; 38.50 target. Negative hook in Spinner (thick) confirming line. Prefer bank *trading* profits at mkt & re-buy after a dip, or an upside breakout.	

Iamgold Corp (NYSE: IAG; Canada: IMG-T); gold: US$:		
Open trades:	**Long at:** **Stop:** **Profit targets:**	Initial entry price: 14.90 (Feb-17-10). M/T: 2-dc below 14.60. 20.95 &/or 22.65 &/or 24.35 &/or 25.90 &/or 27.40
New Recom:	If long bank profits at mkt. If out, spec buy after 2-dc over 19.20; stop: 1-dc below 14.60. All buy again after 2-dc over 20.10.	
Comment:	May peak sym/triangle cum handle of Dec-June cup&handle; 27.40 upside target. Spinner neutral plus. June 25 downside reversal on rising volume. Defensive if breaks Mar uptrend line (now 16.95).	

New Gold (Amex: NGD; Canada: NGD-T); gold: US$:		
Open trades:	**Long at:** **Stop:** **Profit targets:**	Initial entry price: 4.79 (Apr-05-10). M/T: 2-dc below 4.80. 7.15 &/or 7.90 &/or 8.70.
New Recom:	If long, bank profits at mkt. If out, spec buy after 2-dc over 6.60; stop: 1-dc below 5.28. Buy again after 2-dc over 6.90.	
Comment:	Toss up between May-June sym/triangle & 3-week H&S top. Spinner down trending; opens window for significant setback in price. Caution. Don't give hard earned profits back to the market!	

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

Open trades:	**Long at:** **Stop:** **Profit targets:**	Initial entry price: 5.90 (May-13-09). M/T: 2-dc below 9.70. 12.90 &/or 13.60 &/or 14.45. Took P/P at 12.20 ☺.
New Recom:	If long bank profits at mkt. If out, wait to buy after next reaction low &/or nibble buy after 2-dc over 12.10; stop: 1-dc below 9.70.	
Comment:	Balking at major resistance of Jan-June 2007 peaks. Shallow upwedge. June 28 bearish downside reversal. Likely to backfill shorterm. Safer to bank *trading* profits at mkt than risk a ride down.	



Pan American Silver (Nasdaq: PAAS; Canada: PAA-T); silver: US$:

Open trades:	**Long at:** **Stop:** **Profit targets:**	Initial entry price: 25.37 (June-09-10). M/T: 1-dc below 22.40. 29.30 &/or 31.60 &/or 33.80.
New Recom:	If long, bank profits at mkt. All buy again big after 2-dc (or dynamic rise/close) over 28.10; stop: 1-dc below 24.20.	
Comment:	Unhelpful gap breakdown below June shorterm uptrend line. May peak sym/triangle cum handle of Dec-June cup & handle; 33.80 upside target. Sidestep shorterm indecision.	

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 bit at 98.17. M/T: 2-dc below 77.70. 102.50 &/or 108.90.
New Recom:	If long, bank profits at mkt. If out, wait to buy strength after next dip &/or spec buy after 2-dc over 98.40; stop: 1-dc below 82.60.	
Comment:	Dec-May reverse H&S; 102.50 nearby target. June 28 negative downside reversal. Spinner easing. Shorterm overstretched?	

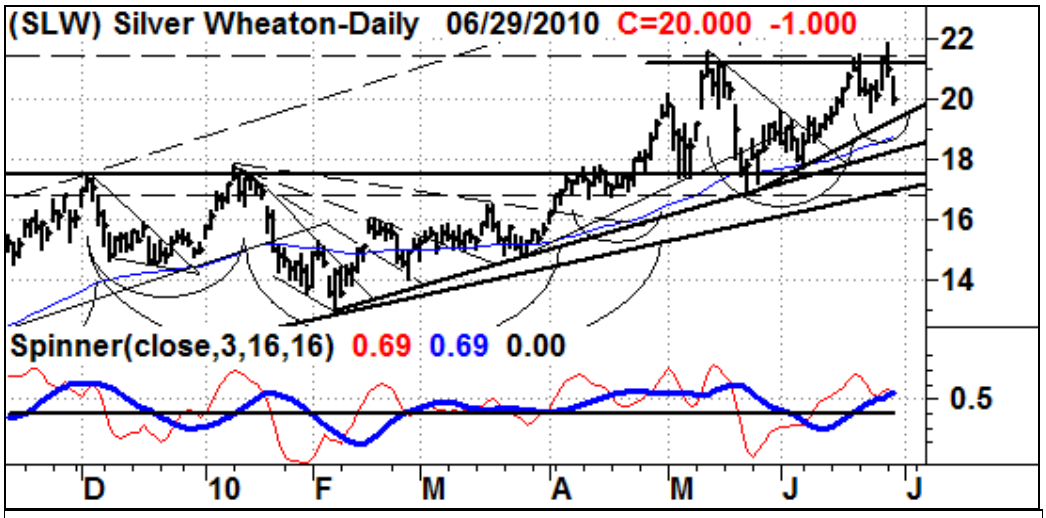
Red Back Mining (Toronto: RBI-T); gold: CAD$:		
Open trades:	**Long at:** **Stop:** **Profit targets:**	Initial entry price: 6.76 (Dec-11-08). M/T: 2-dc below 22.40. 30.90 &/or 32.60 &/or 34.50 &/or 36.40.
New Recom:	If long, bank profits at mkt. If out, spec buy after 2-dc over 28.50; stop: 1-dc below 23.40.	
Comment:	Negative counter-trend breakdown from May peak ascending triangle. Spinner fading & exposed to further downside in price. Sharply up from here or things could turn sour. Prudence.	

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

Open trades:	**Long at:** **Stop:** **Profit targets:**	Initial entry price: 45.46 (Mar-01-10). S/T: 46.20-stop. M/T: 2-dc below 45.80. 57.65 &/or 61.15.
New Recom:	If long, lighten up (or exit?) at mkt. If out, no new buy recommendation this week.	
Comment:	Dec-June sym/triangle vs bearish gap breakdown on high volume. Negative hook in weekly & daily Spinner lines. Recent common stock offering weighing heavily on price. Sidelines appealing.	

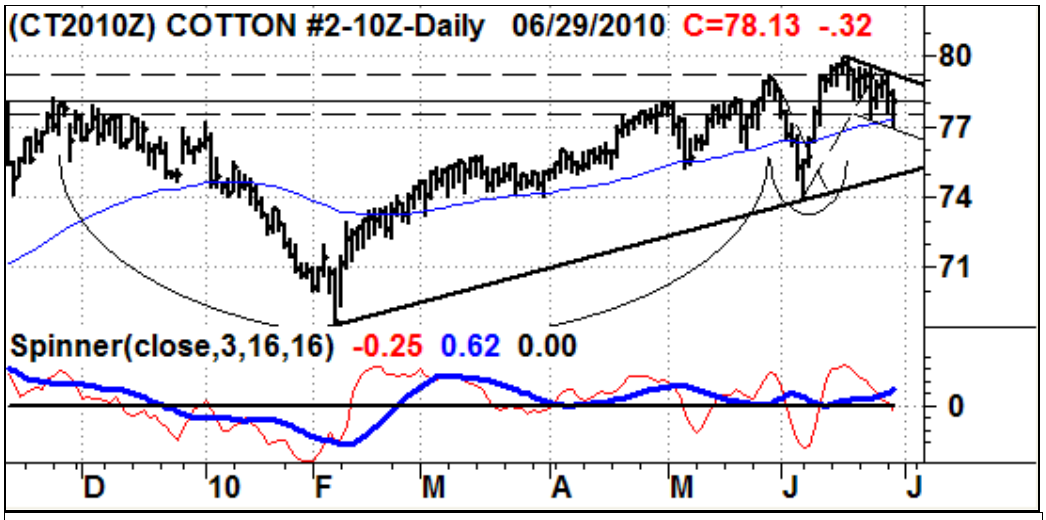
Semafo Inc (Toronto: SMF-T) gold: CAD$:

Open trades:	**Long at:** **Stop:** **Profit targets:**	Initial entry price: 5.00 (Mar-03-10). M/T: 2-dc below 5.90. 9.80 &/or 10.80.
New Recom:	If long, bank profits at mkt. If out, spec buy after 2-dc over 8.85; stop: 1-dc below 7.10.	
Comment:	New lower high in price capped via June 28 negative outside reversal. Spinner verging on downside cross. Corrective action could be brief but painful while it lasts. Position accordingly.	

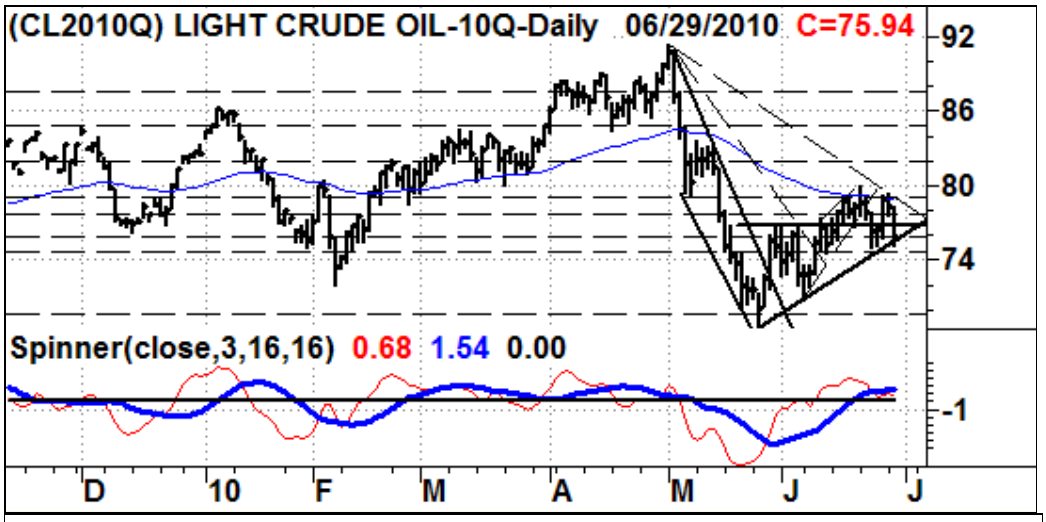


Silver Wheaton (NYSE: SLW; Toronto: SLW-T); silver/gold: US$:		
Open trades:	**Long at:** **Stop:** **Profit targets:**	Initial entry price: 15.84 (Feb-17-10). M/T: 2-dc below 16.80. 23.50 &/or 25.30 &/or 27.60.
New Recom:	If long, bank profits at mkt. All buy again after 2-dc over 21.40; stop: 1-dc below 16.80.	
Comment:	Possible 7-week cup&handle vs June 28 negative downside reversal. Spinner verging on new downside cross. Good vibes but unlikely to go far if the general market weakness gains momentum.	

FUTURES

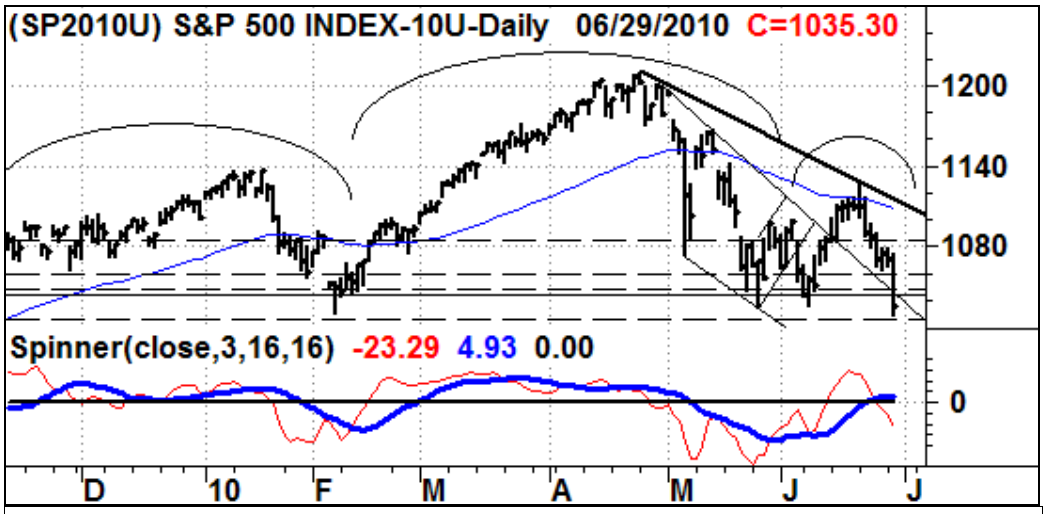


Cotton December 2010 futures – daily chart:		
Open trades:	**None:** **Stop:** **Profit targets:**	Traders not in yet. 77.50-stop. Sell bits at 81.10 &/or 82.20 &/or 83.30.
New Recom:	Spec buy Dec after 1-dc (dynamic) over June downtrend line (now 79.20); stop: 77.50-stop; sell bits at 81.10 &/or 82.20 &/or 83.30.	
Comment:	June peak bull flag cum setback to test upper support of 7-month cup&handle. Spinner neutral. Requires a determined close over 79.20 to confirm any dependable upside intentions.	



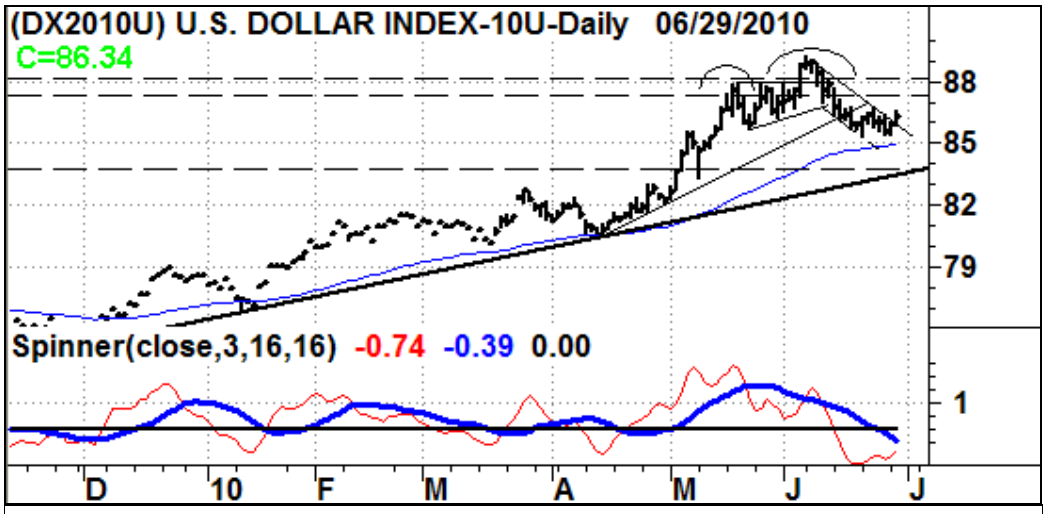
Crude Oil NY Aug 2010 futures – daily chart:		
Open trades:	**Long at:** **Stop:** **Profit target:**	Initial entry price: 76.78 (June-10-10). M/T: 74.40-stop. 81.90 &/or 84.75 &/or 87.45.
New Recom:	Some exited or lightened up via 75.90 stoploss ☹. If out, spec buy Aug after 1-dc over 78.90; stop: 75.90-stop. Or, sell short Aug at 74.40-stop; stop: 77.60-stop; cover ½ at 69.60.	
Comment:	Fickle rebound & setback to re-test May uptrend line support. Spinner struggling to hold positive territory. Too bullish for shorts, too bearish for longs. Wait for clearer signs of direction.	

Silver Sept 2010 futures – daily chart:		
Open trades:	**Long at:** **Stop:** **Profit targets:**	Initial entry price: 18.35 (June-09-10). S/T: 18.05-stop. M/T: 17.60-stop. 20.75 &/or 21.90 &/or 23.10 &/or 24.25.
New Recom:	If out, wait to buy strength after next significant dip &/or buy after 1-dc over 19.40 (gamblers buy at 19.40-stop); stop: 18.05-stop.	
Comment:	May dip to expand 6-week sym/triangle and handle of Dec-June cup&handle; 24.25 upside target. Spinner neutral. Needs a break above 19.40 (on volume) to shift firmly into higher gears.	



S&P500 Index Sept 2010 futures – daily chart:

Open trades:	**Short at:**	Traders banked profits in Sept longs at mkt ☺, & exited via 1068.50 stoploss/profit stop. Traders then sold short at 1070.50.
	Stop:	1082.50-stop.
	Profit targets:	1005.50 &/or 982.50.
New Recom:	If out, Vegas gamblers sell short Sept if rallies to 1047.40 & 1058.40; stop: 1082.50-stop; cover bits at 1005.50 & 982.50. Or, sell short at 1024.40-stop. Go long after 1-dc over 1140.00.	
Comment:	Sharp slide to complete evil boding Nov-June H&S top. Spinner weak. May bounce before a possible breakdown occurs.	



US$ Index Sept 2010 futures-daily chart:

Open trades:	**Short at:**	Initial entry price: 85.36 (June-21-10). Traders re-sold short bit at 86.40.
	Stop:	1-dc over 88.10.
	Profit targets:	Take partial profit at 83.70, & trail stop rest.
New Recom:	If out, gamblers only sell short bit at mkt & if rallies to 87.30; stop: 1-dc over 88.10; take P/P at 83.70. Buy 2-dc over 88.10.	
Comment:	Revised June peak bull flag & upside breakout vs threat of H&S top. Spinner weak. Upside head fake, or resumption of uptrend?	

June-30-10

OPEN POSITIONS & NEW RECOMMENDATIONS RECAP

Sectors	Symbol	Trade recommendation	Long Short	Initial 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, wait to buy strength after current dip &/or buy after 2-dc over most recent downtrend line from Oct 2009 peak (now 64.95); stop: 1-dc below 53.30.	L	Apr-16-10	58.90		60.87	1-dc U/53.30 2-dc U/53.30	72.50	76.40	79.80
Eldorado Gold	ELD-T	If out, spec buy after 2-dc over 19.20; stop: 1-dc below 15.80.	L	Feb-12-10	13.31	19.03	18.72	17.50-stop 2-dc U/14.40	Hit at 19.25 ☺	20.30	21.85
Franco Nevada	FNV-T	If long, take profit at mkt. If out, wait to buy after next reaction low &/or spec buy after 2-dc over 33.70; stop: 1-dc below 27.40.	L	Sep-16-09	30.99		32.42	2-dc U/27.40	35.60	38.50	41.20
Iamgold Corp	IAG	If long bank profits at mkt. If out, spec buy after 2-dc over 19.20; stop: 1-dc below 14.60. All buy again after 2-dc over 20.10.	L	Feb-17-10	14.90		17.62	2-dc U/14.60	20.95	22.65	24.35
New Gold	NGD	If long, bank profits at mkt. If out, spec buy after 2-dc over 6.60; stop: 1-dc below 5.28. Buy again after 2-dc over 6.90.	L	Apr-05-10	4.79		6.19	2-dc U/4.80	7.15	7.90	8.70
Osisko Mining	OSK-T	If long bank profits at mkt. If out, wait to buy strength after next reaction low &/or nibble buy after 2-dc over 12.10; stop: 1-dc below 9.70.	L	May-13-09	5.90		11.63	2-dc U/9.70	Hit at 12.20 ☺	12.90	13.60

June-30-10

OPEN POSITIONS & NEW RECOMMENDATIONS RECAP

Sectors	Symbol	Trade recommendation	Long Short	Initial Entry Date	Initial Entry Price	Traders re-bot/-sold at	Last Closing Price	Trailing Stoploss	Target #1	Target #2	Target #3
Gold Shares											
Pan American Silver	PAAS	If long, bank profits at mkt. All buy again big after 2-dc (or dynamic rise/close) over 28.10; stop: 1-dc below 24.20.	L	June-09-10	25.37		25.89	2-dc U/22.40	29.30	31.60	33.80
Randgold Res.	GOLD	If long, bank profits at mkt. If out, wait to buy strength after next dip &/or spec buy after 2-dc over 98.40; stop: 1-dc below 82.60.	L	Feb-17-10	74.42	98.17	96.01	2-dc U/77.70	102.50	108.90	
Red Back Mng	RBI-T	If long, bank profits at mkt. If out, spec buy after 2-dc over 28.50; stop: 1-dc below 23.40.	L	Dec-11-08	6.76		26.80	2-dc U/22.40	30.90	32.60	34.50
Royal Gold	RGLD	If long, lighten up (or exit?) at mkt. If out, no new buy recom this week.	L	Mar-01-10	45.46		48.60	46.20-stop 2-dc U/45.80	57.65	61.15	
Semafo Inc	SMF-T	If long, bank profits at mkt. If out, spec buy after 2-dc over 8.85; stop: 1-dc below 7.10.	L	Mar-03-10	5.00		8.45	2-dc U/5.90	9.80	10.80	
Silver Wheaton	SLW	If long, bank profits at mkt. All buy again after 2-dc over 21.40; stop: 1-dc below 16.80.	L	Feb-17-10	15.84		20.00	2-dc U/16.80	23.50	25.30	27.60
Futures											
Cotton	CT Z0	Spec buy Dec after 1-dc (dynamic) over June downtrend line (now 79.20); stop: 77.50-stop; sell bits at 81.10 &/or 82.20 &/or 83.30.					78.13	77.50-stop	81.10	82.20	83.30

June-30-10

OPEN POSITIONS & NEW RECOMMENDATIONS RECAP

Sectors	Symbol	Trade recommendation	Long Short	Initial Entry Date	Initial Entry Price	Traders re-bot/-sold at	Last Closing Price	Trailing Stoploss	Target #1	Target #2	Target #3
Futures											
Crude oil	CLQ0	Some exited or lightened up via 75.90 stoploss ☹. If out, spec buy Aug after 1-dc over 78.90; stop: 75.90-stop. Or, sell short Aug at 74.40-stop; stop: 77.60-stop; cover ½ at 69.60.	L	June-10-10	76.78		75.94	74.40-stop	81.90	84.75	87.45
Gold	GC Q0	See page 7.	L	May-20-10	1206.50	1256.20	1242.40	1209.50-stop 1-dc U/1209.50	1292.00	1330.00	1368.00
Silver	SI U0	If out, wait to buy strength after next significant dip &/or buy after 1-dc over 19.40 (gamblers buy at 19.40-stop); stop: 18.05-stop.	L	June-09-10	18.35		18.63	18.05-stop 17.60-stop	20.75	21.90	23.10
SP500	SP U0	Traders banked profits in Sept longs at mkt ☺, & exited via 1068.50 stoploss/profit stop. Traders then sold short at 1070.50. If out, Vegas gamblers sell short Sept if rallies to 1047.40 & 1058.40; stop: 1082.50-stop; cover bits at 1005.50 & 982.50. Or, sell short at 1024.40-stop. Go long after 1-dc over 1140.00.	S	June-24-10	1070.50		1035.30	1082.50-stop	1005.50	982.50	
US$-Index	DX U0	If out, gamblers only sell short bit at mkt & if rallies to 87.30; stop: 1-dc over 88.10; take P/P at 83.70, & trail stop rest. Buy after 2-dc over 88.10.	S	June-21-10	85.36	86.40	86.34	1-dc O/88.10	Take partial profit at 83.70	Trail stop rest	

•••• "**Govts 'Plan A,' ie, to substitute public debt for private debt and use fiscal stimulus to keep economies afloat until private demand kicks in, has failed**," according to Jim Rickards, senior managing director for Market Intelligence at *Omnis*. "Now the reality of that is becoming undeniable so leaders are scrambling for Plan B. For the US, Plan B is to double-down on Plan A. Others are not so sure. One problem is timing. **There are several Plan B's, but they all take 5-7 years to implement**, eg, yuan as reserve asset, SDR's as a new liquidity source, etc. The two-tier Euro plan is just another Plan B although it might possibly be implemented in 2-3 years rather than 5-7. **None of these plans is totally ridiculous, but they all suffer from the same weakness, which is that they depend on continued faith in paper money in a world where that faith is *rapidly* eroding**. This brings us to Plan C of which there are several: (x) chaos, autarky, neomercantilism and heavy-duty protectionism; ie, playing to win a negative sum game, (y) draconian policy responses including seizure, delegitimization and/or taxation of private gold and forced use of paper money, or (z) gold and commodity backed currencies. Options (x) and (y) more or less speak for themselves. Option (z) is the most interesting because it involves a host of policy choices and political considerations such as: what is the non-deflationary price at which the gold standard should be reestablished (probably $5,000/oz or higher); and who gets to participate and at what levels." Given the dynamics and cross currents, a likely scenario consists of elements of all of the above, continues JR: "The US and China will continue to lead the world to a new regime of dollars and yuan as reserve currencies and SDR's, plus IMF leverage as the key instrument for increasing world liquidity and settling international payment imbalances. As the system breaks down anyway (because of private demand for gold due to lack of faith in official solutions) one political response will be protectionism (to appease local populations) and efforts at confiscation (to put the gold genie back in the bottle). **At that point, and amid the chaos, one or more countries will 'go for gold,' on their own, to preserve wealth and the purchasing power of export income**. As a result, the US may have to give up its alternative paper plans and join the gold rush leaving China heavily exposed to collapse because of its shortage of gold relative to GDP. It seems likely that China sees the same scenario, which explains its own rush to gold, albeit mostly from captive domestic production in the short run. **The end result is a chaotic, ad hoc, but nevertheless eventual return to a global gold standard**." End quote. We don't believe we'll return to a pure gold standard as such, but as buddy Jim Sinclair (AMEX: TRE) has theorized many times, a sort of modernized Federal Reserve Gold Certificate ratio, which may be associated with an SDR form of an

International Central Bank. Rickards also underestimates the shrewdness of the Chinese – who have been aggressively dumping/using their US$ reserves to buy gold mines that are in production &/or have proven ounces in the ground, to guarantee a "permanent" gold supply without stampeding the paper gold market, and outside of official Central Bank reporting requirements. •••• "**Summer of municipal discontent**." With fiscal years for US states beginning on July 1, this summer could very well bring a host of unwelcome headlines for financial markets, says *Minyanville*'s Kevin Depew. "We all know that fiscal woes are coming. But here's the nut of the thing: **Who owns this muni debt? Well, consider this round two for American households**. According to page 91 of the Federal Reserve Flow of Funds report, there is $2.8 trillion in muni debt outstanding. Here's the order of ownership: **Households $1 trillion**, Banks $220 billion, Insurance companies $350 billion, Mutual funds $500 billion, Money markets $370 billion, Broker/dealers own just $40 billion. My friend Conor observes that, 'for the cynical folks who think bailouts only happen if Goldman Sachs stands to benefit...' Well, that belief will likely be put to the test. **Even worse, consider the fact that households make up a significant portion of holders of muni debt indirectly through the banks, insurance companies, mutual funds and money markets above. The $1 trillion ownership figure is actually *much* higher. And still worse than that, over the last three quarters the household sector has bought 80% of all flows into munis**." Gold is the ultimate economic alarm "set-off" by its price. It's warning that no corner of today's financial markets is safe from the disruption of the derivative crisis -- not even the perceived safe haven of state and municipal bonds. •••• "**Gold to be best-performing asset for the rest of the year**," according to about 30% of respondents in a UBS AG survey. The survey was conducted last week at a UBS seminar in Wolfsberg, Switzerland, of Central Bank reserve managers, multilateral institutions and sovereign wealth funds. More than 25% said global equities would be the best performer, followed by US Treasuries. Gold was the most popular response. Representatives of some 80 institutions attended. 'So long as fears about global debt sustainability and sovereign risk remain heightened, gold will continue to rise,' London-based UBS analyst Edel Tully said in a separate report. '**Against this backdrop, it is little wonder that nearly a quarter of respondents expect gold will be the most important reserve currency in 25 years' time**'." This reflects a major sea change in investor mindset & underpins gold's transition from a commodity to a currency. Previous commodity cycles have lasted 20-years on average (longer when gold has acted as a currency) and *much* longer than the few years we've seen so far. The yellow metal is still cheap! •••• **New crisis index from Deutsche Bank says:** "**US is back to crisis condition**." *Deutsche Bank*'s Peter Hooper says: "Financial conditions appear to have worsened substantially in

recent quarters based on our update of the broad index of US financial variables presented earlier this year at the US Monetary Policy Forum. In the wake of recent developments in Europe, **increased stress in financial markets has pushed that index halfway back to its immediate post-Lehman crisis lows**. The index is built from an array of financial indicators such as US Treasury yields, the volatility index (VIX), the stock market, Broker-Dealer leverage, among others. It's a bit of a black box, but its calculation is giving a similar reading to what we saw during the worst of the financial crisis. **The worsening of financial conditions increases negative risks for economic prospects going forward and tends to delay the expected timing of Fed rate hikes**." Govts main response has been to print & pretend, first to cover up the insolvency of the banks, & now their own dire financial condition. The credit crisis hasn't suddenly worsened; it's suddenly become impossible to hide. •••• "**America's ticking debt bomb: like Greece, only worse**." America's debt bomb is ticking and is likely to detonate in five years or less, according to Michael Pento, senior market strategist at *Delta Global Advisors*. " 'It could be much sooner when we hit the debt wall,' Pento says. 'My opinion doesn't matter: Math tells me we're in a serious problem.' The math Pento refers to is the Treasury Department's recent estimate that total US debt will top $13.6 trillion this year and rise to 102% of GDP by 2015. Moreover, the publicly traded debt (debt excluding intra-governmental obligations) will rise to $14 trillion by 2015, up from 'just' $7.5 trillion in 2009. **At $14 trillion, the interest payments on the public debt will total about $1 trillion in 2015, he continues; even assuming solid growth and low inflation, that would equal about 30% of total govt revenue**. 'What do you think that does to our bond market?' Pento asks. 'It leads to a dollar crisis and a bond market crisis. That's why gold refuses to go down'." A breakdown of *confidence*, as much as a lack of cash & liquidity, brought down Bear Stearns, CIT, Lehman, Madoff, and the rest. A breakdown of *confidence*, as much as the "math" & natural action of economic forces, will eventually lead to collapse of the monetary system. **•••• RBS tells clients to "prepare for 'monster' money-printing by the Federal Reserve**." As recovery starts to stall in the US and Europe with echoes of mid-1931, bond experts are once again dusting off a speech by Ben Bernanke given eight years ago as a freshman governor at the Federal Reserve, pens Ambrose Evans-Pritchard in the UK *Telegraph*. "**Entitled *'Deflation: Making Sure It Doesn't Happen Here,'* it is a warfare manual for defeating economic slumps by use of extreme monetary stimulus once interest rates have dropped to zero, and implicitly once govts have spent themselves to near bankruptcy**. The speech is best known for its irreverent one-liner: 'The US govt has a technology, called a printing press, that allows it to produce as many US dollars as it wishes at essentially no cost.' Andrew Roberts, credit chief at RBS, is advising clients to read the

Bernanke text very closely because the Fed is soon going to have to pull the lever on 'monster' quantitative easing (QE). 'We cannot stress enough how strongly we believe that a cliff-edge may be around the corner, for the global banking system (particularly in Europe) and for the global economy. *Think the unthinkable*,' he said in a note to investors. Roberts said the Fed will shift tack, resorting to the 1940s strategy of capping bond yields around 2% by force majeure. **A recent paper by the San Francisco Fed argues that interest rates should now be minus 5% under the bank's 'rule of thumb' measure of capacity use and unemployment. The rate is currently minus 2% when QE is factored in. You could conclude, very crudely, that the Fed must therefore buy another $2 trillion of bonds, and even more if Europe's EMU debacle goes from bad to worse**." The Fed's only option is to "conjure" trillions of dollars out of thin air, an action so reckless it has driven countries such as Zimbabwe into hyperinflation. We may, after all, need cash-loaded wheelbarrows to buy our groceries (a la Weimar)! •••• **Why gold is "definitely not a bubble**." Many market participants and commentators are obviously having a hard time distinguishing between a bull market and a bubble, comments *Ertse Bank Research*. "More and more articles are referring to the imminent burst of the 'gold bubble' and to an alleged 'crowded trade'. But are the authors of these articles crying wolf? The facts quickly put the fear-mongering into perspective. **Currently some 0.8% of all global financial assets are invested in gold, gold shares, and ETFs. In 1932 the allocation was 20%, and in the last bull market at the beginning of the 1980s it was 26%. If a total of 2% were allocated to gold, the additional demand would amount to about 85,000 tonnes - or the total global mining output of almost 34 years**! Granted, this is only a numeric model, but it illustrates how unfounded the **myth** of a gold bubble is. According to an old saying, one tends to see a bubble where one is not invested." When everyone realizes there is no limit to the production of paper money, gold's upside potential will be limitless.

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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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•**A**ustralian mkts are 1 day ahead of US time.

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