Welcome
Gold (& mkts) Charts R Us
subscribers via e-mail

FOR YOUR EYES ONLY
DO NOT FORWARD

UNAUTHORIZED DISCLOSURE NOTICE

-Gold (& mkts) Charts R Us-

Welcome to *GCRU* #407 on July 14, 2010 (in its 9th year). •••• Gold has triggered a *mini* technical bull cue since lastime, via a 7-day reverse H&S & upside breakout (seen in the 60-min tick chart), and a 1-week bullish upside reversal. Ditto a few of the gold shares, but there are prior top patterns that will offer solid resistance. And, bullion's correction broke important uptrend line support (now new resistance), so it's early days to determine if we're looking at an oversold rebound (which could build into the right shoulder of a 2-month H&S top), or the start of something more promising & permanent. Spinner timing lines have generally developed shorterm positive hooks, but the bearish stance of (thick) confirming lines continues to warn the rebuilding of technical indicators/strenth may not be a quick affair. Seasonal weakness of the thinly traded summer months (June-August) is also coming into play, but would be overridden by sovereign debt news *if* anything major breaks. As defined by support of the Oct 2008 uptrend line, & Fibonacci retracement levels of the Feb-June rally leg, major under-market support for gold bullion, is located between $1156.50 & $1132.40. •••• "***The US turned 234 years old on July 4th, and yet over half of the nation's money supply was created since Helicopter Ben took over the flight controls four years ago. No wonder gold is in a full-fledged bull market***" -- David Rosenberg, Gluskin Sheff & Associates Inc. This is why the US risks the eventual dire prospect of hyperinflation ☹. •••• Talking on *KingWorldNews*, precious metals analyst Ted Butler comments on the really big, and bullish changes in the latest COT gold report (with last Tuesday as cut-off date). "We probably dropped by the largest amount that I can recall, if not a record weekly improvement [reduction] in the commercial short positions, which dropped almost 41 thousand contracts net for the week (equivalent to a little over 4 million ounces). There should be no question in anybody's mind, in gold or silver, with the price action that we've seen (the sudden and abrupt drop starting about a week and half ago), and this massive reduction in the commercial net short position, that the technical fund long positions, & the speculative long positions were [dishonestly] cleaned out. Longs were liquidated and thrown out of the window. And the commercials scooped them up with a "bushel bag," to an almost *record* amount in gold." The net result of this activity is a major improvement in the COT gold structure. Ted continues, "We're now more bullish in gold, on a COT basis than we've been in months. These are impressive numbers. But, the change didn't come out of the blue. The price decline came out of the blue, but there was nothing accidental about it. This was the intended result. The

commercials knocked the gold price down, in collusion, to get this 41K contract reduction, and they managed it." Predictably, Ted confirms *all* of the selling action took place on the Comex. "The mismatch between the amount of *paper* gold that was liquidated on the Comex compared to the amount of gold that was liquidated in the real world, say the GLD, was so striking that I don't know how the *Commodity Futures Trading Commission* could look at this and not conclude that this was manipulation. Because this was a clear case of the paper price moving & setting the price of the physical mkt. This is not price discovery under commodity law. This is price setting [fixing]." •••• The euro has risen to complete a 2-month reverse H&S base, and would become an aggressive buy after a 1-dc over 1.2750 neckline resistance (which coincides with a break above its Dec downtrend line); stop 1.2420-stop; for a run towards the 1.3590 upside measured target (basis Sept futures). • In powerhouse fashion compared to the euro, the SwFr has already cut through its Dec downtrend line like a knife through butter, with any consolidation above the 92.40 level likely to build into the right shoulder of a bullish 5½-month reverse H&S base. •••• James Turk reports his *Fear Index* has reached a 16-year high. "Given the ongoing uncertainty about bank solvency and sovereign debts that cannot be repaid, there is no reason to assume that the *Fear Index* is about to reverse course any time soon. It is therefore reasonable to expect that the *Fear Index* will keep climbing higher. Given the formula, this result can be achieved in two ways. M3 has to decline and/or the gold price must rise. I expect it will be the latter." Go see: http://www.fgmr.com/fear-index-rises-to-sixteen-year-high.html •••• Palladium is stabilizing after its May sell-off, & would become a spec buy after 1-dc over its April downtrend line cum top resistance of a bullish sym/triangle (now 480 basis Sept futures), with initial stops in the 440 area. Platinum is less bullish, requiring a break above the 1600-1640 level to clearly dispel the risk of a 6-month H&S top. •••• One of the big hints that gold shares will be ready for take-off is when they *stop* following the broader markets and *strictly* track gold, comments Jeff Clark, editor of *Casey's Gold & Resource Report (CaseyResearch.com).* "For the quarterly period of April through June, gold stocks advanced 11%, tracking gold's gain of 10.7%. The S&P, however, lost 14.1%. We haven't seen this level of *separation* between gold stocks and the general stock market since the first quarter of 2009." This bullish divergence corresponds with the possibility of a relatively near term upside breakout from the massive & mega bullish reverse H&S base in our weekly *Gold Share Advance/Decline Line* (see chart), which also hints the gold shares are "revving up" for a soon-to-be parabolic rise. •••• An *Uncle Harry strategy memo*: One should ever seek to improve one's investing or trading strategy. I've just improved mine. I often hedge

my gold core long position with a short position—when the chart tells me a correction seems at hand. So far, so good. But here the mistakes start. It's your attitude that needs to be in control & clear. If gold starts to rise after U hedge/short, U mustn't say *"Never mind, it's only a tiny fraction of my long position."* That's fatal! Yet it's a mistake I've often made. It's all attitude. U should normally take positions to make a profit, not to lessen a loss or hedge without a target & stops. Put another way, if your short position gains a quick profit, do NOT sit on it, thinking *"it is correct to be short vs my bigger longs, so I'll just sit on my profit—at least til it gets into trouble."* Ugh. No, instead U must grab the profit as soon as it's moderately nice (not fat), the same as U would a long position. Waiting til your short (or long) gets into trouble before acting is inefficient. U take a profit to make sure U secure (bank) it. The habit of *holding-&-holding* a short is as wrong as *holding-&-holding* a long. In some situations U can put a very tight stop on a shorts-profit, though often there isn't enough in the position to allow that. In sum: sell short (whatever) with the idea of making a profit & when U have a decent gain, TAKE it. The word HEDGE confuses or beguiles us into thinking the position can just sit there, like lying in a tropical sun, without getting burned. Pass the sunscreen & take the profit! PS: don't hesitate to sell gold short, just because U/we love it. Shorting is just a tactic for making profits during corrections. Don't bother shorting gold shares if U can short the futures/forwards. Shares vary a lot betwn themselves. But gold is a pure, uncluttered item. •••• The *Russell 2000*, a key measure of US small-company stocks fell to 20.5% below its recent April high last week (has since rebounded), which meets the unofficial definition of a bear market. It now remains to be seen if the main mkt will fall to confirm (ie, DJIA below 8871.20), or "miraculously" break (above its April downtrend line – now 10,320) to invalidate this bear mkt warning. Friend Richard Russell says another marker "is to see whether the Dow and the Transports can better their recent June highs. Those highs were 10450.64 for Industrials and 4467.25 for Transports. Write those figures down. I'm betting that the two D-J Averages will not be able to better the June highs." Currently, the Dow-gold ratio, which tracks the price of the Dow relative to the price of gold, is about 8. Historic lows are below 2. So, if history is any guide, there's plenty of room for the Dow to fall and gold to rise. •••• Bullish Consensus folks list gold at 66% (up 2 from last week), but well below recent overbought extremes. The US$ is listed at 54% (up 1%). BC say gold is neutral/bullish today, neutral/bearish thereafter. •••• Readers are generally cash rich, having taken profits, and we're now waiting to buy strength after palpable reaction lows, as well as further profit taking into any strength. Gold bullion broke upside in Tuesday's mkt, but the gold shares weren't impressed, and where strength

was seen, volume was absent. This hints the big deep pocket buyers are still absent and warns that a technical rebound "could" quickly fade into a new down leg, which wouldn't be out of character, as major technical damage usually requires lengthy repair. In addition, during the traditionally weak summer months (unless spiked by dramatic mkt news), prices are likely to float "sideways" &/or build a sluggish series of new highs – which removes some of the *urgency* to rush back into the mkt. Faced with mixed signals, aggressive day traders & scalper types should limit new buys to gold bullion (best R/S), if prepared to exit at mkt at the first sign of weakness. If volume picks up in the gold shares &/or we see strength after higher reaction lows, we can quickly change our tactics to suit. Alternatively, *if* the gold shares start to fall again, we'll personally exit the bulk of core longs at mkt (or at prices we decide), rather than wait till our medium term stoplosses are hit, at which time mega profits would have disappeared. Preemptive core selling also gives you more freedom to pick & choose the best candidates/chart formations at the start of the next confirmed rally leg, as major corrections regularly **re-shuffle the cards** of relative strength. •••• Gold is up 20 cents in Europe this AM. The US$ is down 17 cents. •••• Per today's password -- *challenged* -- this moment of uncertainty/consolidation is nothing more than the ongoing 'ebb&flow' of mkt strength & (manufactured!) weakness within a healthy bull mkt uptrend, which provides us with *endless* opportunities to buy on the dips or breakouts, & bank profits into strength. So don't let these recurring cycles disturb U; exploit their benefits! •••• Happy Bastille Day from ***Uncle Harry*** & right-hander Paul, sizzling in the red-hot heat of the French Riviera.

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

PS: *Uncle Harry* says: *GCRU* readers need not worry re the changes in *HSL* management to the *AdenForecast* folks. That will not affect *GCRU*, partly because the tech team & co-pilot Paul already does not only the heavy lifting for *GCRU*, & management, but has graduated to do the principle writing these days.

IN THIS ISSUE

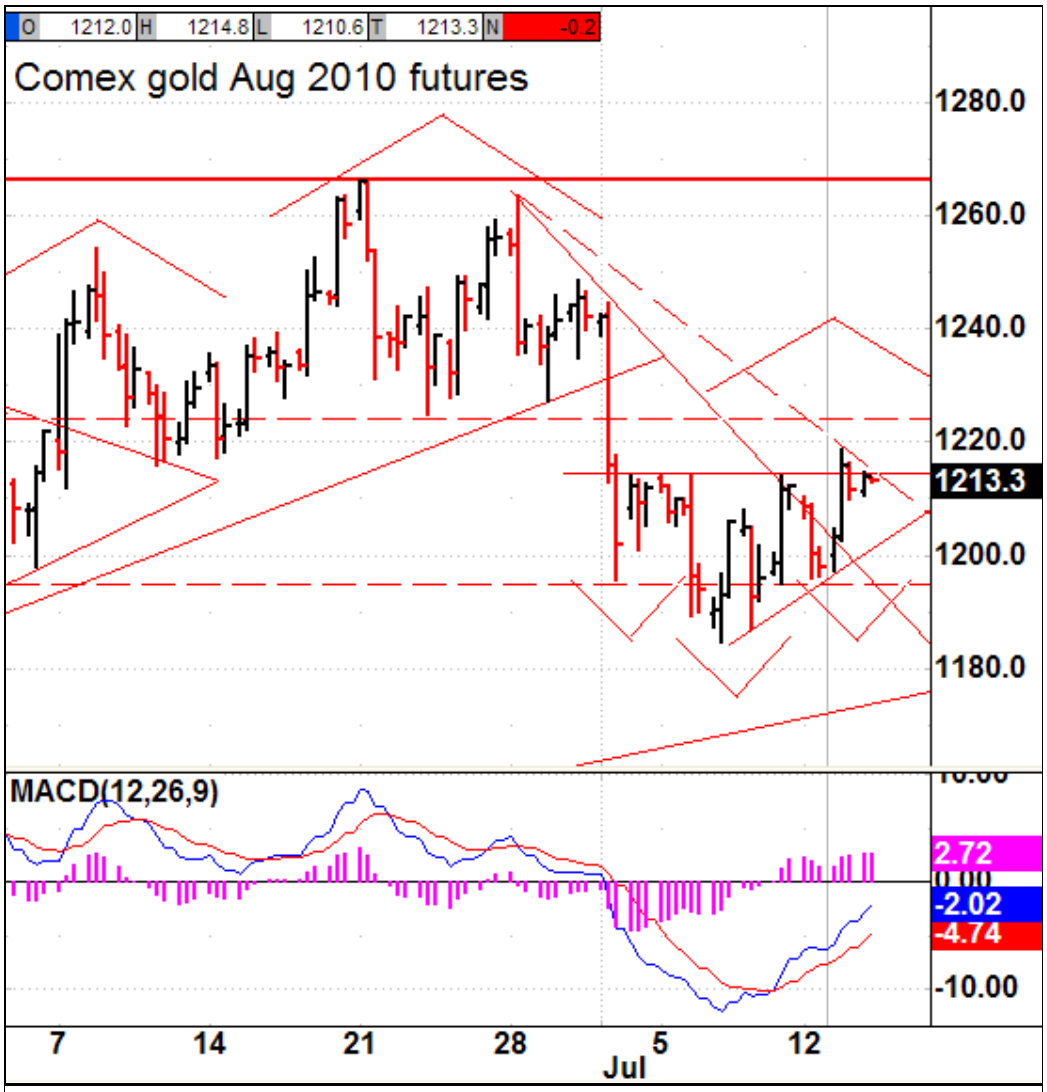
••Our Abbreviations:

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

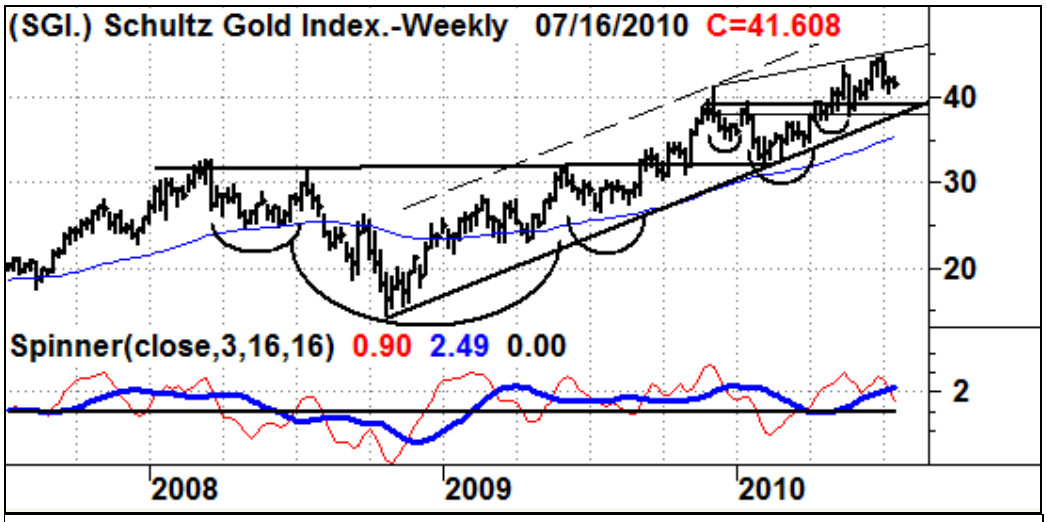
Comex gold Aug 2010 futures – 480 min – 7wk view



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

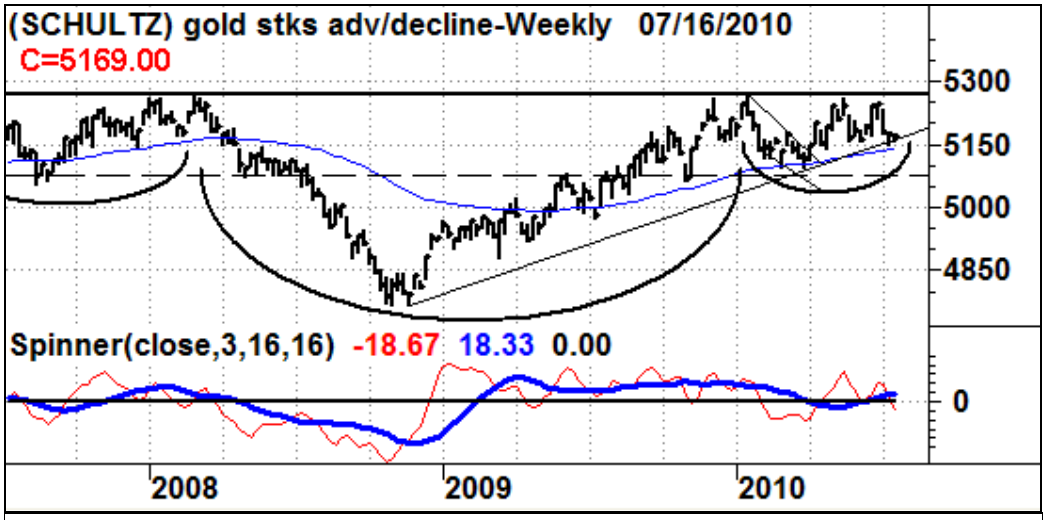
Open trades:	**Short at:** **Stop:** **Profit targets:**	Initial entry price: 1206.70 (07-01-10). Traders re-sold short at 1194.00 & 1205.50 & 1217.80. S/T: 1223.40-stop. M/T: 1-dc over 1223.40. Cover ½ at 1156.50 &/or tight trail stop downside.
New Recom:	--If out, sell short after 1-dc below 1194.80; stop: 1223.40-stop; cover ½ at 1156.50 &/or tight trail stop downside. --Or, Vegas gamblers/scalpers only buy Aug bit (mini Cx) at mkt; stop: 1194.80-stop; sell ½ at 1238.40, & tight trail stop rest.	
Comment:	7-day reverse H&S & tentative upside breakout vs mix of 2½-month H&S top & bearish upwedge. Determined downtrend in Spinners (thick) confirming line (see daily chart) warns against *possible* false upside starts. May dip to build the handle of an extended Dec 2009-July 2010 cup & handle, with a $1425.00 upside target. Undetermined.	

Schultz Gold Share Index (SGI) -- <u>weekly</u>



Schultz Gold Index (*SGI*) – **<u>weekly</u>** chart:	
Comment:	Mar 2008-Sept 2009 reverse H&S base; 49.00 upside measured target. Spinner in new lower high & negative cross; hints price *may* dip to re-test nearby 38.00-39.10 under-market support.

Schultz Gold Stocks Advance/Decline Line -- <u>weekly</u>

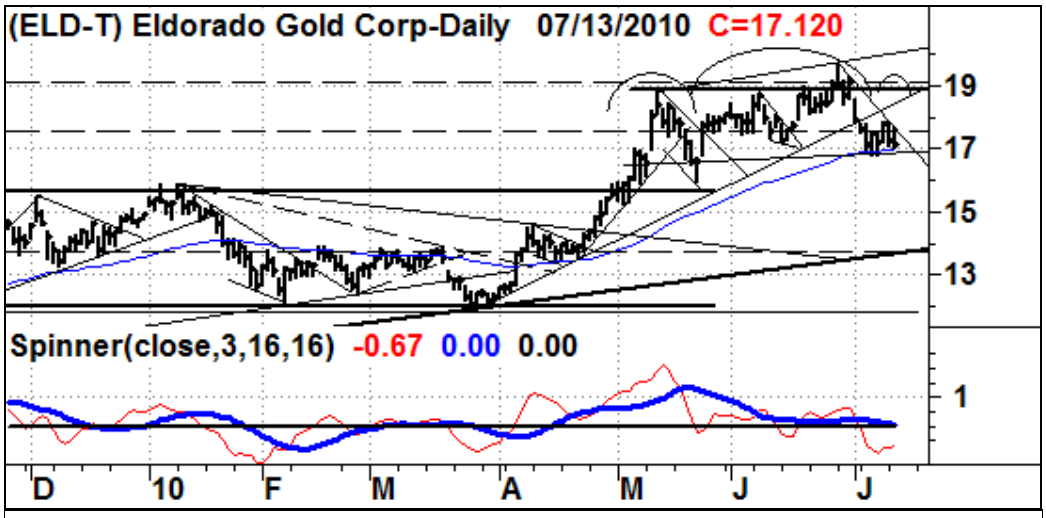


Schultz Gold Stocks <u>Advance/Decline</u> Line *(SGS A/D)* **<u>weekly</u>** chart:	
Comment:	Setback & re-test of major Nov 2008 uptrend line support. Spinner consolidating. Could fall to the 5100 area <u>without</u> voiding the massive Apr 2007-July 2010 reverse H&S base. Regrouping for a near term breakout? This chart is updated <u>daily</u> on our website. On the *GCRU* home page click: *View Schultz Gold Stocks A/D Line.*

GOLD SHARES

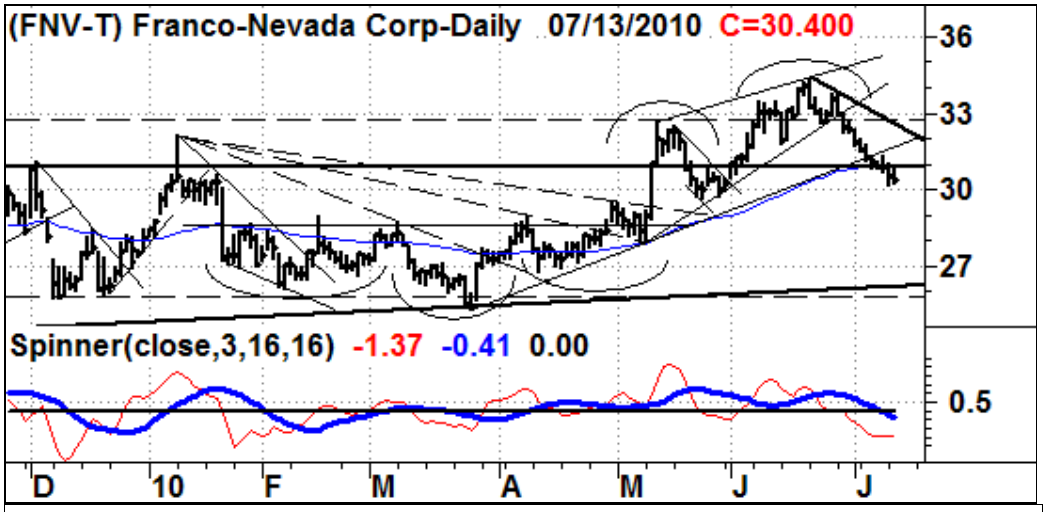
Agnico Eagle (NYSE: AEM; Canada: AEM-T); gold: US$:

Open trades:	**Long at:** **Stop:** **Profit targets:**	Initial entry price: 58.90 (Apr-16-10). S/T: 53.30-stop. M/T: 1-dc below 53.30. 68.90 &/or 72.50 &/or 76.40 &/or 79.80.
New Recom:	Traders hedged or sold down to gambler longs at mkt. Wait to re-buy more dependable base action &/or spec buy after 2-dc over 62.10; stop: 1-dc below 53.30. Buy again over 64.50.	
Comment:	Struggling to hold Feb uptrend line cum lower support of 2-month sym/triangle. Spinner (thick) confirming line in new negative cycle below zero line. Keep disciplined stops, ie: hedge or exit core longs if breaks 53.30. Under pressure.	



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

Open trades:	**Long at:** **Stop:** **Profit targets:**	Initial entry price: 13.31 (Feb-12-10). M/T: 2-dc below 13.70. 20.30 &/or 21.85 &/or 23.60.
New Recom:	Traders exited or hedged at mkt. Wait to buy after next significant setback &/or buy after 2-dc over 19.10; stop: 1-dc below 15.80. Bank, or tight profit stop core longs.	
Comment:	Mix of 2-month H&S top and bearish upwedge. Spinner sliding into negative territory. Risk of "air pocket" collapse. Caution.	



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:	Traders are out or hedged. Wait to re-buy after next reaction low &/or gamblers buy after 2-dc over 32.75; stop: 1-dc below 27.40. Bank, or tight profit stop core longs.	
Comment:	Broke Mar uptrend line on rising volume.14-month ascending triangle (38.50 upside target) vs threat of May-July H&S top. Spinner bearish. Negative winds growing.	

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

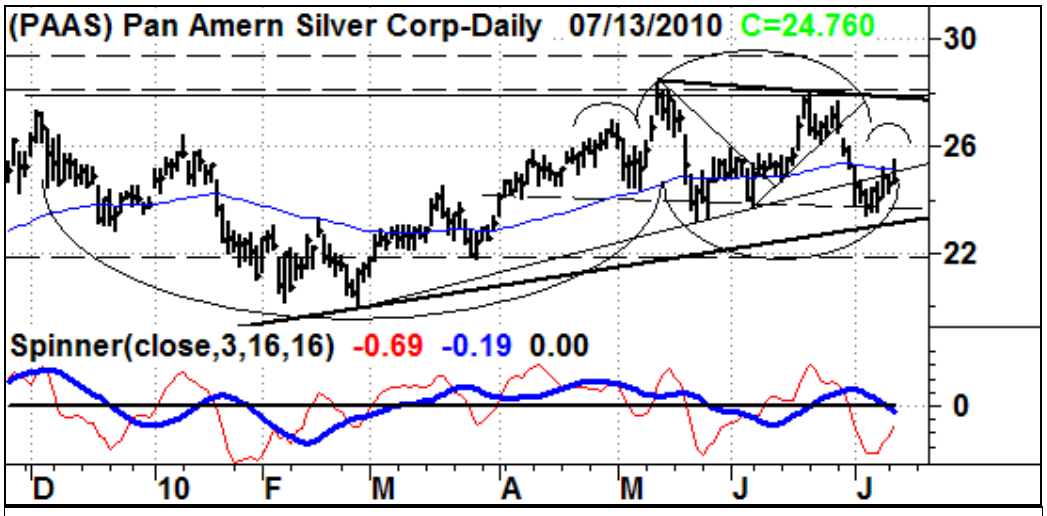
Open trades:	**Long at:** **Stop:** **Profit targets:**	Initial entry price: 14.90 (Feb-17-10). M/T: 2-dc below 14.60. 20.95 &/or 22.65 &/or 24.35 &/or 25.90 &/or 27.40
New Recom:	Traders are out or hedged. Wait to buy Spinner confirmed strength &/or spec buy bit after 2-dc over 19.00; stop: 1-dc below 14.60. Tight profit stop core longs.	
Comment:	Dec-June cup & handle; 27.40 upside target. May peak descending triangle vs uncertain double bottom. Next indication of shorterm *trend* will come on a break above 19.00, or below 15.10.	

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

Open trades:	**Long at:** **Stop:** **Profit targets:**	Initial entry price: 4.79 (Apr-05-10). Exit core longs at mkt. 7.15 &/or 7.90 &/or 8.70.
New Recom:	Traders are out or hedged. Wait for an obvious base to develop &/or spec buy after 2-dc over June downtrend line (now 6.42); stop: 1-dc below 5.25.	
Comment:	Bear wedge & punishing gap breakdown. Determined downtrend in Spinner (thick) confirming line; raises odds for lower lows in price. Prefer exit/bank core longs at mkt in case further red ink spills.	

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 9.30. 12.90 &/or 13.60 &/or 14.45.
New Recom:	Traders are out or hedged. Wait to buy strength after next reaction low &/or spec buy after 2-dc over 11.80; stop: 1-dc below 9.70.	
Comment:	Threat of irregular 2-month H&S top and bearish upwedge. Spinner predominantly negative. A re-test of Nov 2008 uptrend line support (now 9.80) looks possible/probable. Protect capital.	



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: 2-dc below 21.80. 29.30 &/or 31.60 &/or 33.80.
New Recom:	Traders are out or hedged. Wait for reliable base action to develop &/or buy after 2-dc over 28.10; stop: 1-dc below 24.20.	
Comment:	Dec-July cup & handle vs 3½-month (double) H&S top. Spinner weak. Sharp slide poss if breaks Nov 2008 uptrend line support. We personally prefer to preemptively exit core longs at mkt.	

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

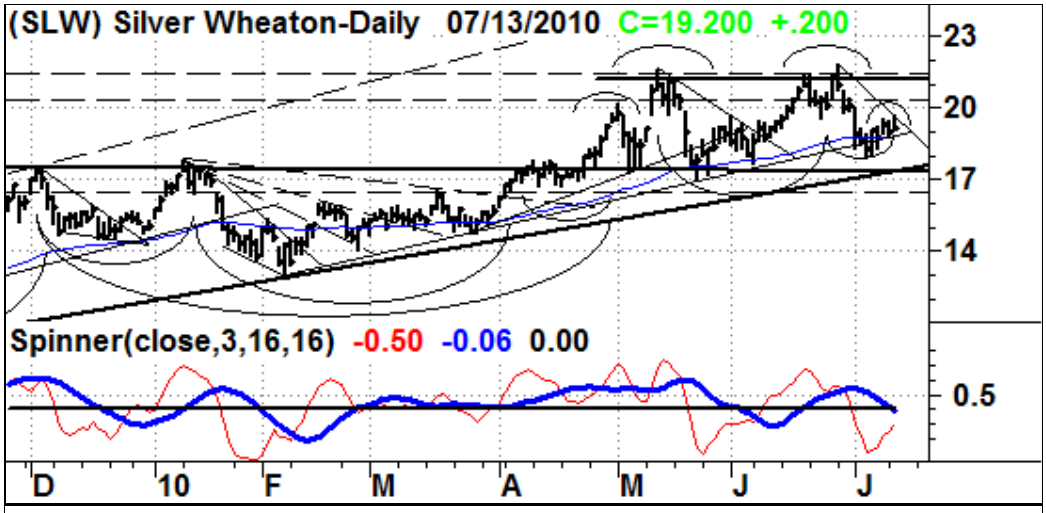
Open trades:	**Long at:** **Stop:** **Profit targets:**	Initial entry price: 74.42 (Feb-17-10). M/T: 2-dc below 77.70. 102.50 &/or 108.90.
New Recom:	Traders are out or hedged. Wait to buy strength after a dip that clearly holds on or above 84.60 &/or spec buy big after 2-dc over 97.15; stop: 1-dc below 82.80. Bank, or tight profit stop core longs.	
Comment:	Risk of May-July H&S top. Negative momentum accelerating in Spinner. Further downside risk towards or to re-test 84.60 neckline support of Dec-May reverse H&S. Let plums fall.	

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 21.85. 30.90 &/or 32.60 &/or 34.50 &/or 36.40.
New Recom:	Traders are out (including core longs?) or hedged. Wait to re-buy after a dip that holds on or above Oct 2009 uptrend line support (now 22.90) &/or buy after 2-dc over 28.60; stop: 1-dc below 22.90.	
Comment:	5-day bear flag & breakdown cum possible right shoulder of Apr-June (double) H&S top. Spinner weak. We still fear a major top.	

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

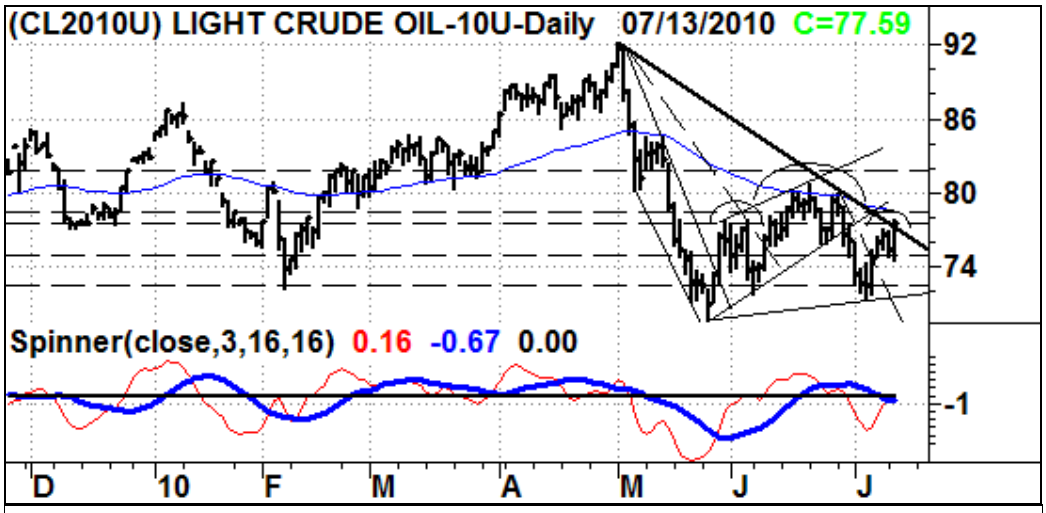
Open trades:	**Long at:** **Stop:** **Profit targets:**	Initial entry price: 5.00 (Mar-03-10). M/T: 2-dc below 5.90. 9.80 &/or 10.80.
New Recom:	Traders are out (including core longs?) or hedged. Wait for obvious base action to develop &/or spec buy after 2-dc over June 21 downtrend line (now 8.55); stop: 1-dc below 6.90.	
Comment:	Unforgiving gap breakdown towards major 6.10-6.75 under-market support. Spinner bearish to shorterm oversold. Threat of 6-week H&S top. Growing negative stance. Stalk from sidelines.	



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 16.40. 23.50 &/or 25.30 &/or 27.60.
New Recom:	Traders are out or hedged. Wait to re-buy strength after a higher reaction low &/or buy after 2-dc (dynamic) over 21.40; stop: 1-dc below 16.80. Bank, or tight profit stop core longs.	
Comment:	Apr-June (double) H&S top vs uncertain ascending triangle. Spinner weak. Becoming hard to justify even gambler longs. Prudence.	

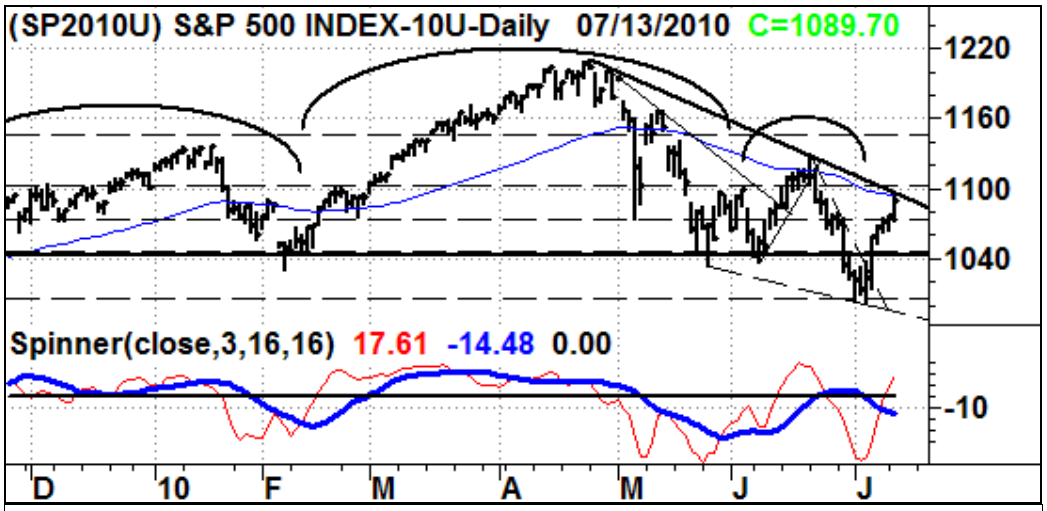
FUTURES



Crude Oil NY Sept 2010 futures – daily chart:		
Open trades:	**None:** **Stop:** **Profit target:**	Exited shorts via 76.80 stoploss ☹. Grrr. 78.40-stop (if sell short). Cover ½ at 72.40 &/or trail stop downside
New Recom:	Aggressive traders *only* sell short Sept (mini Cx) at mkt; stop: 78.40-stop; cover ½ at 72.40 &/or trail stop downside. Buy Sept after 1-dc (decisive) over 78.40; stop: 74.80; sell ½ at 81.80.	
Comment:	6-week H&S (downside) continuation formation vs tentative break above May downtrend line. Unless agressive, sidelines preferred.	

Silver Sept 2010 futures – daily chart:

Open trades:	**Short at:** **Stop:** **Profit targets:**	Gamblers sold short Sept bit at 17.83 (07-07-10). 18.40-stop (if sold/sell short). Cover bits at 16.65 &/or 15.95 &/or 15.20
New Recom:	If out, sell short Sept at 17.45-stop; stop: 18.40-stop; cover bits at 16.65 &/or 15.95 &/or 15.20. Buy Sept after 1-dc over June 21 downtrend line (now 18.90); stop: 1-point below your entry level.	
Comment:	Dec-July cup & handle vs 3½-month irregular H&S top. Spinner negative. Caution. The cabal may not have said their last word.	

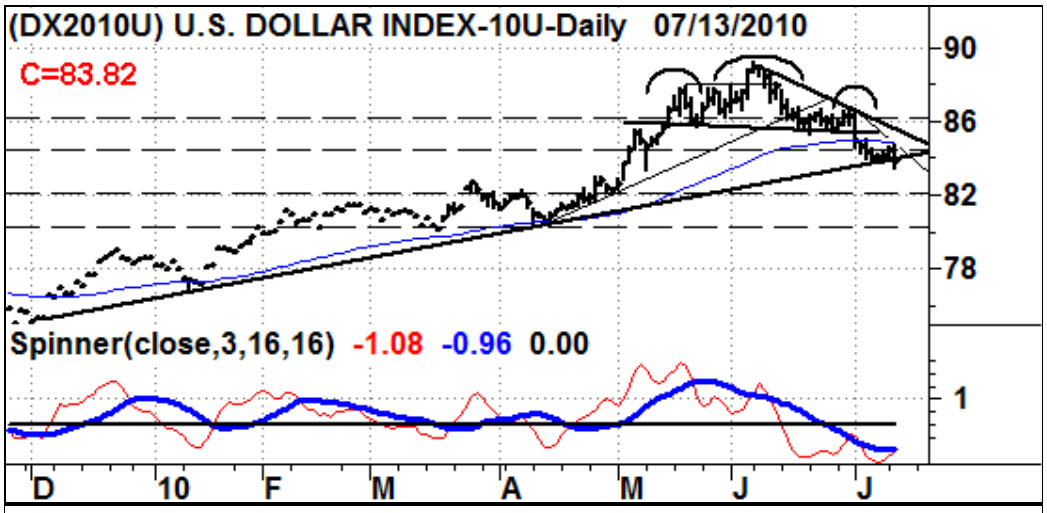


S&P500 Index Sept 2010 futures – daily chart:

Open trades:	**None:** **Stop:** **Profit targets:**	Exited shorts at breakeven &/or via 1070.50 stoploss ☹. 1-dc over 1104.50 (if re-sell short) 1045.50 &/or 1005.50.
New Recom:	Aggressive traders/Vegas gamblers sell short Sept (mini cx only) at mkt; cover ½ at 1045.50, & trail stop rest. Buy Sept (or cover shorts) after 1-dc (decisive) over 1104.50; stop: exit or sell ½ at 1072.50, ½ after 1-dc below 1072.50; sell ½ at 1145.40.	
Comment:	Uncharacteristic reversal & spike rise above neckline resistance of Nov-June H&S top; 880.00 downside target. Head fake, or?	

Sugar <u>Oct</u> 2010 futures – <u>daily</u> chart:

Open trades:	**None:** **Stop:** **Profit targets:**	Traders not in yet. S/T: 15.80-stop. M/T: 1-dc below 15.80. 17.90 (if buy low) &/or 18.90 &/or 19.90.
New Recom:	Spec buy Oct at mkt & if dips to 16.60; stop: exit, or sell ½ at 15.80-stop, ½ after 1-dc below 15.80; sell bits at 17.90 (if buy low) &/or 18.90 &/or 19.90.	
Comment:	May-July ascending triangle base & bullish upside breakout. Spinner in corrective bull mode & positioned to confirm sustained strength in price. Shows good potential.	



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

Open trades:	**Short at:** **Stop:** **Profit targets:**	Initial entry price: 85.36 (June-21-10). Traders re-sold short at 84.28. 1-dc over 86.10. 82.05 &/or 80.15. Some took profit at mkt ☺.
New Recom:	If out, sell short <u>at mkt</u> & if rallies to 84.40; stop: 1-dc over 86.10; cover ½ at 82.05 &/or 80.15. Spec buy after 2-dc over 86.10.	
Comment:	May-July H&S top; 82.05 downside target. Unconfirmed break below 7-month uptrend line. Spinner neutral. Rebound possible.	

Wheat <u>Dec</u> 2010 futures – <u>daily</u> chart:

Open trades:	**Long:** **Stop:** **Profit targets:**	Traders bought at 5.32 (July-07-10). S/T: 5.55-stop. M/T: 1-dc below 5.10. 5.88 &/or 6.15. Some took profit at 5.68 ☺.
New Recom:	If out, spec buy if dips to 5.40 & 5.28; stop: 1-dc below 5.10; sell bits at 5.68 (if buy low) &/or 5.88 &/or 6.15.	
Comment:	Surge rise above June 2009 bullish down wedge; 7.79 *theoretical* upside target. Volume supporting price. Spinner easing at recent overbought extremes. Shorterm <u>profit</u> stops no lower than 5.55-stop.	

July-14-10

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	Traders hedged or sold down to gambler longs at mkt. Wait to re-buy more dependable base action &/or spec buy after 2-dc over 62.10; stop: 1-dc below 53.30. Buy again over 64.50.	L	Apr-16-10	58.90		57.55	53.30-stop 1-dc U/53.30	68.90	72.50	76.40
Eldorado Gold	ELD-T	Traders exited or hedged at mkt. Wait to buy after next significant setback &/or buy after 2-dc over 19.10; stop: 1-dc below 15.80. Bank, or tight profit stop core longs.	L	Feb-12-10	13.31		17.12	2-dc U/13.70	20.30	21.85	23.60
Franco Nevada	FNV-T	Traders are out or hedged. Wait to re-buy after next reaction low &/or gamblers buy after 2-dc over 32.75; stop: 1-dc below 27.40. Bank, or tight profit stop core longs.	L	Sep-16-09	30.99		30.40	2-dc U/27.40	35.60	38.50	41.20
Iamgold Corp	IAG	Traders are out or hedged. Wait to buy Spinner confirmed strength &/or spec buy bit after 2-dc over 19.00; stop: 1-dc below 14.60. Tight profit stop core longs.	L	Feb-17-10	14.90		16.74	2-dc U/14.60	20.95	22.65	24.35
New Gold	NGD	Traders are out or hedged. Wait for an obvious base to develop &/or spec buy after 2-dc over June downtrend line (now 6.42); stop: 1-dc below 5.25.	L	Apr-05-10	4.79		5.07	Exit core longs at mkt	7.15	7.90	8.70

July-14-10

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											
Osisko Mining	OSK-T	Traders are out or hedged. Wait to buy strength after next reaction low &/or spec buy after 2-dc over 11.80; stop: 1-dc below 9.70.	L	May-13-09	5.90		11.20	2-dc U/9.30	12.90	13.60	14.45
Pan American Silver	PAAS	Traders are out or hedged. Wait for reliable base action to develop &/or buy after 2-dc over 28.10; stop: 1-dc below 24.20.	L	June-09-10	25.37		24.76	2-dc U/21.80	29.30	31.60	33.80
Randgold Res.	GOLD	Traders are out or hedged. Wait to buy strength after a dip that clearly holds on or above 84.60 &/or spec buy big after 2-dc over 97.15; stop: 1-dc below 82.80. Bank, or tight profit stop core longs.	L	Feb-17-10	74.42		93.23	2-dc U/77.70	102.50	108.90	
Red Back Mng	RBI-T	Traders are out (including core longs?) or hedged. Wait to re-buy after a dip that holds on or above Oct 2009 uptrend line support (now 22.90) &/or buy after 2-dc over 28.60; stop: 1-dc below 22.90.	L	Dec-11-08	6.76		24.74	2-dc U/21.85	30.90	32.60	34.50

July-14-10

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											
Semafo Inc	SMF-T	Traders are out (including core longs?) or hedged. Wait for obvious base action to develop &/or spec buy after 2-dc over June 21 downtrend line (now 8.55); stop: 1-dc below 6.90.	L	Mar-03-10	5.00		7.16	2-dc U/5.90	9.80	10.80	
Silver Wheaton	SLW	Traders are out or hedged. Wait to re-buy strength after a higher reaction low &/or buy after 2-dc (dynamic) over 21.40; stop: 1-dc below 16.80. Bank, or tight profit stop core longs.	L	Feb-17-10	15.84		19.20	2-dc U/16.40	23.50	25.30	27.60
Futures											
Crude oil	CLU0	Aggressive hedgers only sell short Sept (mini Cx) at mkt; stop: 78.40-stop; cover ½ at 72.40 &/or trail stop downside. Buy Sept after 1-dc (decisive) over 78.40; stop: 74.80; sell ½ at 81.80.					77.59	78.40-stop (Basis Sept)	Cover 1/2 at 72.40	And/or trail stop downside	
Gold	GC Q0	See page 8.	S	Jul-01-10	1206.70	1194.00 1205.50 1217.80	1213.50	1223.40-stop 1-dc O/1223.40	Cover bit at 1156.50	And/or trail stop downside	

July-14-10

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											
Silver	SI U0	If out, sell short Sept at 17.45-stop; stop: 18.40-stop; cover bits at 16.65 &/or 15.95 &/or 15.20. Buy Sept after 1-dc over June 21 downtrend line (now 18.90); stop: 1-point below your entry level.	S	July-07-10	17.83		18.25	18.40-stop (if sell short)	Cover bit at 16.65	And/or 15.95	And/or 15.20
SP500	SP U0	Aggressive traders/Vegas gamblers sell short Sept (mini cx only) at mkt; cover ½ at 1045.50, & trail stop rest. Buy Sept (or cover shorts) after 1-dc (decisive) over 1104.50; stop: exit or sell ½ at 1072.50, ½ after 1-dc below 1072.50; sell ½ at 1145.40.					1089.70	1-dc O/1104.50 (if re-sell short)	1045.50	1005.50	
Sugar	SB V0	Spec buy Oct at mkt & if dips to 16.60; stop: exit, or sell ½ at 15.80-stop, ½ after 1-dc below 15.80; sell bits at 17.90 (if buy low) &/or 18.90 &/or 19.90.					17.17	15.80-stop 1-dc U/15.80	17.90 (if buy low)	18.90	19.90
US$-Index	DX U0	If out, sell short at mkt & if rallies to 84.40; stop: 1-dc over 86.10; cover ½ at 82.05 &/or 80.15. Spec buy after 2-dc over 86.10.	S	June-21-10	85.36	84.28	83.82	1-dc O/86.10	Taken at mkt ☺	82.05	80.15
Wheat	ZW Z0	If out, spec buy if dips to 5.40 & 5.28; stop: 1-dc below 5.10; sell bits at 5.68 (if buy low) &/or 5.88 &/or 6.15.	L	July-07-10	5.32		5.78	5.55-stop 1-dc U/5.10	Hit at 5.68 ☺	5.88	6.15

•••• "**Europe's 'toothless' bank tests making matters worse**." Europe's stress tests for banks are almost useless and may further damage confidence if they fail to cover the risk of large losses on sovereign defaults by Greece and other Club Med states, according to the UK *Telegraph*. " 'I don't think it is going to work,' said Jacques Cailloux, Europe economist at *RBS*. 'These stress tests are not rigorous enough. Investors are already pricing in a 50% 'haircut' on some Greek bonds so this has to be included, and perhaps 30% for Spain. **We have had a complete failure of [logical] communication by the eurozone over recent months with 16 countries all saying different things, and there is a very high chance of another failure this time**.' Mr Cailloux, who has issued a 'double dip alert' for Europe, said markets are no longer willing to take on exposure to some €2 trillion of household and company debt in Spain, and this gap cannot be plugged for much longer by three-month loans from the European Central Bank. '**If by the end of the summer we have not had much more aggressive policy action, we're back to <u>contagion</u>**. This time it is no longer just a peripheral story. It is starting to infect the core eurozone as well.' Christine Lagarde, **French finance minister, said the tests will show that Europe's banks are 'solid and healthy,' but it's this tone of [political] *certainty* that is causing markets to ask whether this is really a 'stress test without stress**.' There are fears that any inclusion of haircut levels of specific countries will leak out and become self-fulfilling, triggering an immediate market flight and a systemic crisis. '**They are playing with fire**,' said one German banker." Govt "stress" tests for troubled banks are a <u>farce</u>. In 2009, the US conducted similar <u>zero</u> credibility stress tests, and each of the 19 banks miraculously passed. Do U expect a different outcome in Europe? •••• "**The seven sins of GLD**." Jeff Nielson of *Bullion Bulls Canada* educates investors on the dangers of investing in the GLD "paper" gold Ponzi sham. "Even without reading the prospectus, I have warned unit-holders that if there was some fraud or default associated with the fund, that all that unit-holders would ever be able to recover from the fund is paper. In other words, **investors could sue to get their (<u>paper</u>) money back, but they could never sue to force the Sponsor (and/or 'custodian') to provide them with the (physical) gold they *thought* they had bought**. Given this underlying reality, the language used in the Prospectus to protect the Sponsor *and* the 'custodian' (the infamous bullion-short HSBC) from liability can only be characterized as 'over-kill.' **Not only does the document seek the normal waiver with respect to 'acts of God,' 'war,' or 'terrorism,' but it also seeks to indemnify both the Sponsor and custodian from 'fraud,' 'negligence,' or** '**<u>willful default</u>**.' **Specifically, even under the worst acts of malfeasance, investors could never recover anything other than the 'market value' of their holdings (ie, paper money) as of the day the**

fraud was discovered, or default occurred." GLD shares are portrayed as an innovative, cost efficient and secure way for investors to access the gold market. In reality, investors own a 'warehouse receipt,' and may be exposed to derivatives. Illusions might get shattered. •••• "**NY state plans to borrow money from its pension fund in order to pay back money owed to the same pension fund**!" Governor Paterson and legislative leaders have made a tentative agreement that will allow the state to make their required annual payments to the state pension fund by borrowing this money - nearly $6 billion of it - from the very same pension fund, reports *NYMag.com*. "Under this plan, the state would borrow money for the next three years by agreeing to pay *more* back beginning in 2013, at which point Governor Paterson and other state officials are hoping that 'the stock market will have rebounded to such a degree that the state's overall pension contribution burden will have been reduced,' according to the *Times*. On the other hand: 'The maneuver would cost the state and local govts about $1.85 billion in interest payments, according to an estimate by the Senate.' **The plan has been denounced by some as 'a shell game and a blatant effort by state leaders to avoid making difficult decisions, like cutting govt spending or reducing pension benefits.' You know when you're in over your head and you're finally just like, 'I will deal with this later ...**' **Well, so does Albany**." A shell game is defined as a confidence trick used to perpetrate fraud. Gambling with the under-funded state pension piggybank to stay solvent fits that definition quite nicely. Take <u>control</u> of all your assets before govt or shell games take control for you. •••• "**Bank of Int'l Settlements in 380 tonnes of gold swaps**." These swaps have significance because of the speculation that the public sale of gold by the IMF, which was <u>secretive</u> and selective, was not a legitimate sale to raise funds, but a means of **bailing out the bullion banks** who had previously taken gold on lease and sold it into the public markets -- to cap the gold price -- but were unable to return it because of the tightness of supply in the physical bullion market, pens *JessesCrossRoadsCafe*. "**Just as Gordon Brown sold England's gold at artificially low prices to bail out the bullion banks in NY and the City, so the IMF and its constituent members are selling the <u>public</u> stores of gold, largely from a few developed western nations, to support what essentially appears to be a crony capitalist banking fraud involving the secretive sale of public assets at artificial prices with the gains pocketed by a few state-sponsored banks**. Some parties have mistakenly asserted that since a swap is not a lease for accounting purposes, which is quite correct, then the gold could not have been sold. That is just a simplistic misconception. A swap transfers the <u>benefits</u> of the assets from one party to another for a period of time in exchange for interest paid, generally on forex received. It does not sell the property but it transfers the mineral rights for a time, if you will. So on the books of the first party there are in fact no leases

or sales shown, just swaps of varying duration and terms. But **the swap has delivered an asset, in this case gold, into the hands of a party who may have no qualms about leasing that asset out to a third party to obtain funds, and that third party is likely to sell it**. I would of course agree that this does not PROVE anything. How can it when the books of some of the parties are still opaque, and audits are rarely conducted to verify ownership. But, after what we have just seen over the last three years in these games of asset merry-go-round, how can anyone just blatantly dismiss that this can and likely is happening. Personally **I would view this report as bullish for the price of gold, since it is past history, and almost certainly an indication of concerns about Comex off-take. In other words, shortages are appearing, and fresh sources of bullion are becoming increasingly difficult to find**." End quote. In nominal terms, the value of the BIS gold swaps is minute compared to the "value" of global quantitative easing. So why bother with the swaps when sufficient bailout cash can be "printed"? Unless of course, the objective is to *suppress the gold price*, as govts correctly fear the collapse of the monetary system and seek to discourage the attractiveness of monetary metals, which are the historical alternatives to worthless fiat currencies. •••• "**Race to fiat debase**." Gold and silver continue to speed forward ahead in value against all fiat currencies around the world, says *GoldSilver.com*. "Take a look at how both gold and silver have dominated their inferior fiat monetary counterparts, as the world is waking up and running to the investments that have been the safe harbor in times like these for over 5,000 years." *GoldSilver* lists gold's percentage gain for the first half of 2010 vs global fiat currencies. Key examples include: A-$: +20.1%; C-$: +14.4%; Euro: +32.4%; JPY: +8.0%; NZ-$: +19.4%; SGD: +12.8%; ZAR: +17.2%; CHF: +18.1%; GBP: +22.7%; US$: +13.5%. The full list of gold & silver gains vs global currencies can be viewed at: http://goldsilver.com/newsletters/newsID/8580/ref/1. Competitive currency devaluations are unproductive when *all* countries are devaluing *simultaneously*, because no country achieves competitiveness relative to anyone else. We can only conclude that devaluation is being used as a universal debt repudiation tool. •••• "**To fix sour property deals, lenders 'extend and pretend'**." Some banks have a special technique for dealing with business borrowers who can't repay loans coming due: Give them more time, hoping things will improve and they can repay later, says the *WSJ*. "Banks call it a wise strategy. Skeptics call it 'extend and pretend.' Banks are applying it, in particular, to commercial real-estate lending, where, during the boom, optimistic borrowers got in over their heads to the tune of tens of billions of dollars. A big push by banks in recent months to modify such loans—by stretching out maturities or allowing below-market interest rates—has slowed a spike in defaults. **It also has helped preserve banks' capital, by keeping some dicey loans classified as 'performing' and thus**

minimizing the amount of cash banks must set aside in reserves for future losses. **Restructurings of non-residential loans stood at $23.9 billion at the end of the first quarter, more than three times the level a year earlier and seven times the level two years earlier**. While not all were for commercial real estate, the total makes clear that large numbers of commercial-property borrowers got some leeway. But the practice is creating uncertainties about the health of both the commercial-property market and some banks. **The concern is that rampant modification of souring loans masks the true scope of the commercial property market weakness, as well as the damage ultimately in store for bank balance sheets**." The "extend and pretend" strategy has become the primary economic policy of both govts & private enterprise. It won't avoid the inevitable. •••• "**99 Stocks account for half of day's trading volume**." Liquidity analysis by Abel-Noser indicates that the US stock market has now become a concentrated pool in which just the top 99 stocks account for 50.09% of total domestic trading volume, reports the insightful *ZeroHedge*. "In June, the top 20 stocks accounted for 28.94% of all domestic volume, an increase of 2.2% over May's 26.7% and a record. **The HFT [High Frequency Trading] algos are increasingly trading *less and less* stocks in their attempt to corner just the most liquid stocks**. **Indicatively, the top 978 names represented 90.01% of total domestic volume, while the remaining 17,597 accounted for just 10% of all total trading volume. Of this, the bottom 12,112 stocks represented less than 0.05% of daily domestic volume**. The top 5, or better known as the HFT's dream team, were: SPY (10.5% of total domestic volume in June), AAPL (2.84%), IWM (1.92%), QQQQ (1.71%) and BP (1.39%)." Via the abusive dominance of HFT, financial firepower is concentrated in the hands of a few. But, akin to a deadly game of musical chairs, every time today's artificial markets correct, there aren't enough "chairs" for all players to take a "seat" (a la recent flash-crash), and as a consequence, an ever diminishing number of participants. When liquidity finally dries up and market gridlock takes hold, the only "chair" left... will be gold.

****

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

•••• NOTE: payments for *GCRU* services should be made payable to **FERC Ltd**.

Fax subscribers please note this week's password to access ***Schultz Gold Index*** & ***Schultz Gold Share Advance/Decline Line*** charts daily via our website is: *challenged.*

•Subscribers can obtain free online chart updates for all gold shares in *GCRU* via: www.bigcharts.com. To view Canadian stks the following prefix must be used before the symbol: CA: (ie, to view Agnico Eagle (Toronto) you must use CA:AEM).

•**Note:** U should NOT feel our recommended prices are set in concrete. If mkts suddenly feel hot or cold to U, or dramatic news occurs, U can buy or sell, or stop at slightly higher or slightly lower prices. It also hinges on your experience level. Some people can use our prices as guides & know when they can take bigger risks.

Spinner: Spinner is an in-house momentum indicator (not always shown on charts). Momentum indicators use the rate of change in price to determine predominant energy flows. Spinner trading signals are generated when the faster (red) timing line crosses above or below the slower (blue) confirming line. Upside crosses in the lower range of positive territory offer the most reliable signals for longs; downside crosses in the top range of negative territory for shorts. Avoid trading against the timing line, ie, buying/selling if the timing line is in corrective mode (against direction of trade) unless the confirming line is positioning for a new 'confirming cycle'. It's important to always be aware of location, direction & cycling phase of the confirming line. Spinner signals are more effective in trending mkt's than in trading ranges where indicators such as Stochastics & Williams %R should be used.

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

•All charts created with *TradeStation* by Omega Research 2000.

Gold (& mkts) Charts R Us is published weekly. You may sign up for 3-mos at $300 (€251), 6-mos at $585 (€489), 9-mos at $855 (€715) or 12-mos $1,110 (€928). E-mail: info@hsletter.com