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

Welcome to *GCRU* #408 on July 21, 2010 (in its 9th year). •••• Little joy in the gold market since last week, which saw bullion fail to complete the mini (tick chart) reverse H&S, and then breakdown to complete the possible right shoulder of a 2½-month H&S top. This negative chart action could throw a shorterm wet blanket on the gold price, as potential buyers may not buy in anticipation of cheaper prices to come &/or active traders/funds have/may sell short. So at minimum, technical uncertainly will probably keep gold locked in wait & see mode, if not more downside to come. If bullion's H&S top is *clearly* validated, via a 2-dc below $1170.00 (which would also break important Nov 2008 uptrend line support), the likely downside target area is $1070.00-$1115.00 (basis Dec futures). Things are just as murky on the gold share front, with many shares looking weak & headed lower, or at least lacking any form of shorterm & trusty support. This gold share weakness has translated into a potential (double) H&S top, & a bearish break below early year uptrend line support in the HUI gold share index. The *Schultz Gold Share Index* is also expanding a possible top, which hints the correction is sector wide, as it contains only top *relative strength* stocks. Fragile bounce action in Spinner (thin) timing lines has also dissolved into joint downturns with (thick) confirming lines, which again hints there is likely more downside to come. Is there *any* good news? Yes! If, as we recommend, U plan to get 40-50% of your assets into gold stocks & physical bullion, &/or top up on spendable gold & silver coins (1/10 krugerrands, silver $'s, silver pesos, etc), it's an ideal soft-price moment to buy or increase gold holdings of the kind U hide or store in a box. Gold is an emotional market, & novice traders tend to buy into blow-off rally-legs (which usually precede shorterm tops), but it takes intelligence, courage, & faith to buy when prices are in bloodletting setbacks. Just bear in mind that $1070.00 (& possibly lower?) can't be excluded. •••• US regulators shuttered 6 more banks, bumping up the total to 96 failures so far this year. Total failures for 2009 were 140 vs 25 in 2008, and only 3 in 2007. •••• According to hedge fund Paulson & Co, if you added up all the money invested in gold ETFs, it would total $78.3 billion (at $1,200 gold), reports Jeff Clark of Casey's *Gold & Resource Report*. "The amount of money currently sitting in US money market funds, on the other hand, comes to $2.849 trillion. In other words, all the money invested in gold ETFs represents just 2.7% of what is sitting in cash. Put another way, if just 5% of available money market funds ($142.4 billion) were to move into the gold ETFs, it would almost triple the current value. But what if it's 10%?" And what if the stock mkts collapse? What if

sovereign debt implodes? (It's a balloon). What if the bond markets implode? What if hyperinflation strikes? A coming physical precious metals "drought" seems inevitable. Procrastinators be warned! •••• Why (a few week ago) did we sell our gold trading positions & even some core gold holdings? Because when mkts are faltering U have nothing to gain & everything to lose. Even if the mkt reverses to the upside, by the time that technical indicators have re-positioned to confirm reliable strength, U can usually buy back at the *same* levels, if not a lot lower -- and as we buy only the top *Relative Strength* stocks, it's an essential upgrading in any case. •••• The funding status of the average US corporate pension plan fell to 74.0% in June, the lowest funded status since February 2009 according to *BNY Mellon Asset Management*. The severity of pension under-funding is now a major challenge to corporations (& govt) in an economic environment that has a very small probability of generating positive returns, and a very high probability of low or negative returns. •••• We've lowered our order to buy palladium to 1-dc over 473 (basis Sept futures); stop: 440; for 540 initial upside target. •••• Just as we saw two weeks ago, both gold and silver finished this harsh sell-down week with the cash price (the price for immediate delivery metal) well above the near-active Comex futures, says respected precious metals analyst Gene Arensberg, in his *GotGoldReport*.com. "When the cash price is higher than the near futures market, traders term that condition 'backwardation.' Backwardation argues that there is more demand for metal than the amount being immediately liquidated. For gold, the cash price was higher than both the August and October contracts. For silver, the spot price was higher than September and December contracts. In addition to suggesting strong physical demand, backwardation also suggests that physical buyers are unwilling to wait even for the nearest of future delivery months even though they are cheaper." A large number of professional gold traders can see the handwriting on the wall. They are willing to pay a premium for immediate delivery versus the risk of no delivery at all. •••• Peeved by Goldman Sachs' dirty & illegal tricks, European govts have excluded the company from sovereign bond sales. Pushing nations off financial cliff-edge for a profit was bound to reap comeuppance. Many say GS should now be investigated & prosecuted. •••• *Bullish Consensus* rank gold at 61% (down 5 from last week). The US$ at 52% (down 2%). BC's gold outlook is unchanged from last week, ie: "neutral/bullish today. The intermediate trend is neutral/bearish." Friend John Brimelow remarks "BC's gold rating has fallen to levels not seen since mid January 2009, and to get lower than this it's necessary to go back to early December 2008 and the area of the Financial Crisis sell-off panic of Q4 of that year." •••• The US workforce shrunk by 1 million over the past two months alone as discouraged jobless give up the hunt.

Thus far, the US recession has officially killed off 7.9 million jobs. Very few of these bubble era jobs will be coming back. •••• If U R a *Hslm*, be sure to vet last Sunday's *HSL680 Jr* edition. It's a treasure chest of news, views, charts & advices. We hope U all get/read. •••• By nature we are anticipation buyers, but price action & tech indicators are not even close to giving the all-clear, so we're sitting on hands (unless unlikely upside breakouts occur). The correction lives, & will no doubt be punctuated by more fickle, in-between stages (ie, knee-jerk reactions) before a dependable base emerges. So our main task now is to study each chart as a different country and, via relative strength, to determine which candidates will likely lead the next upside charge. To help offset losses on any longs still held, active traders can hedge (sell short) bullion, taking profits at every mini support. Investor types, if they heeded our hunker-down call, can generally ride out the correction from the safety of the sidelines (have you noticed what a relief it is to be largely out of the market, rather than long and sweating?!). As mentioned in last Sunday's *HSL Jr*, we need to pay attention to the weekly charts now that the correction is clearly entrenched. Weeklies are always important, but more so during intermediate setbacks with regard to multiple-year chart supports. It's often a real shock to see a weekly chart & compare it to the daily – and that explains why we fear important consolidation tops are possible in prior shooting stars such as Red Back Mining, & Semafo (have a peek at the weekly charts yourself!). What would it take to turn the shorterm gold market bullish? A break above downtrend lines drawn in from the June highs would validate an early-stage bull cue (& signal to cover shorts/hedges) that should only be increased if multiple bases, a big surge in volume, & a *clearly identifiable reversal in market sentiment (from bearish to bullish)* develop. As a general rule of thumb, it's safer to buy on breaks above downtrend lines of 33 degrees or less (ie, shallower), as more acute downtrend lines are prone to false starts. •••• The euro popped above its 2-month reverse H&S base (1.3590 upside target) to trigger our buy signal of last week, and remains a buy after setbacks that clearly hold 1.2550; stop: 1.2420. •••• Gold is up $3.90 in Europe this AM. The US$ is up 26 cents. •••• Per today's password -- *pouncewait* -- watch for the moment. But, prepare yourself for action, in accordance with our under-chart guidelines. •••• ***IMPORTANT***: Last week we forgot to mention the upcoming *GCRU* summer break, which means **no *GCRU* on Wednesday July 28, or Aug 4**. If something *major* happens to reverse our June 30 (general) profit-taking/sell signal, we'll send out a *Flash Bulletin*. •••• Bonnes vacances to all! Best regards from ***Uncle Harry***, & cohort Paul. •••• If it's Wednesday, it's *Gold (& Mkts) Charts R Us* (except during skip weeks ☺).

PS: gold has just popped up to 1201.00 as we go to press. Some are rushing to say the bottom is in. This is possible, but it may be just volatility, followed by sogginess again. We stand by our guidelines.

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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

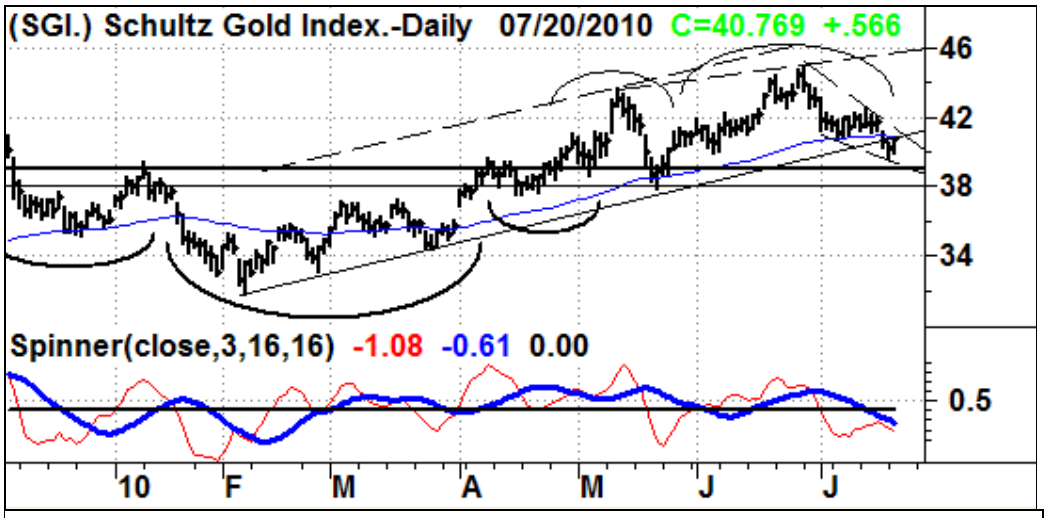
Comex gold <u>Dec</u> futures – <u>daily</u> – 8 month view

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

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

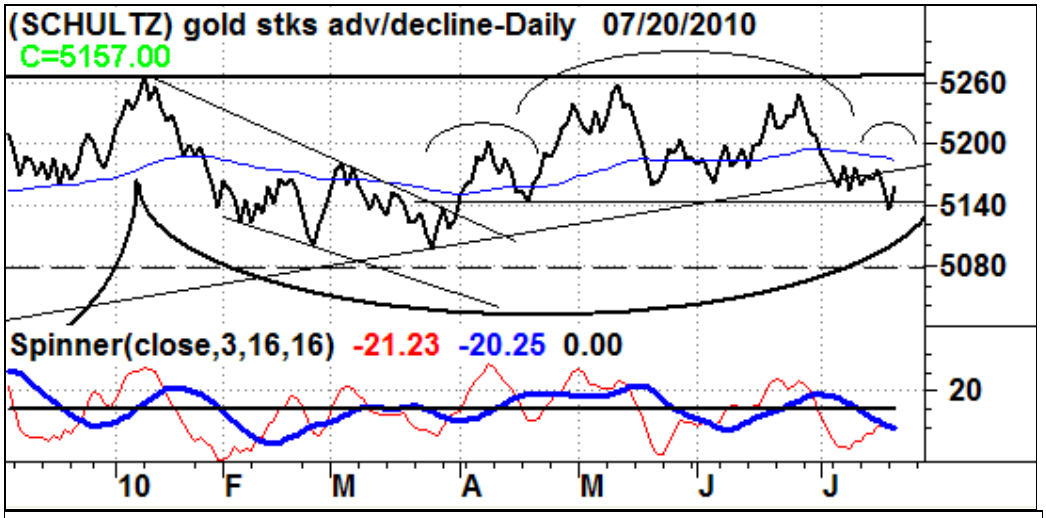
Open trades:	**Short at:**	Initial entry price: 1206.70 (07-01-10). Traders re-sold short Aug at 1188.20.
	Stop:	Aug: S/T: 1223.40-stop. M/T: 1-dc over 1223.40. Dec: S/T: 1226.60-stop. M/T: 1-dc over 1226.60.
	Profit targets:	Aug: cover ½ at 1156.50, ½ at 1135.60. Dec: 1155.60 &/or 1135.60 &/or 1115.50
New Recom:	--If out, sell short Dec if rallies to 1202.50; stop: exit, or sell ½ at 1226.60-stop, ½ after 1-dc over 1226.60; cover bits at 1155.60 &/or 1135.60 &/or 1115.50. Sell again at 1158.50-stop. --Exited Aug Vegas gambler longs via 1194.80 stoploss ☹. Spec buy Dec after 2-dc over 1226.60 (*preferably* after a higher reaction low); stop: exit, or sell ½ at 1195.20-stop, ½ after 1-dc below 1192.50; sell bit at 1268.80 &/or 1298.80 &/or 1328.80. Buy more over 1268.00	
Comment:	Breakdown to complete potential 2½-month H&S top; $1070.00-$1115.00 downside target area (basis Dec). Spinner bearish. Caution. Could rebound to build a larger H&S right shoulder.	

Schultz Gold Share Index (SGI) -- daily



Schultz Gold Index (*SGI*) – **daily** chart:	
Comment:	Mar 2008-Sept 2009 reverse H&S base (49.00 upside target) vs 3-month H&S top & stab below Feb uptrend line. Spinner down trending in negative territory; will need time to regroup & re-position for next major bull cue. Uncertain bull wedge. May bounce on or above important 38.00-39.10 under-market support.

Schultz Gold Stocks Advance/Decline Line -- daily

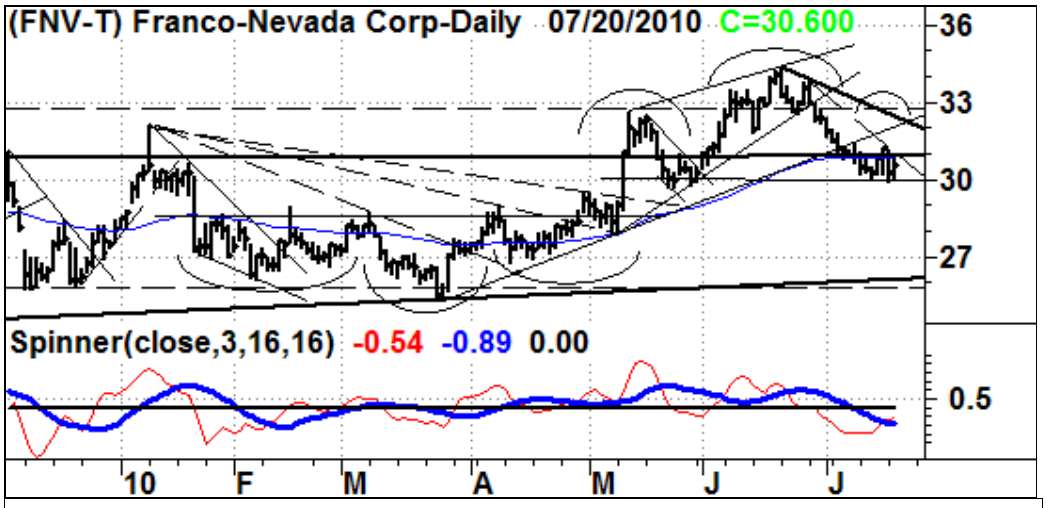


Schultz Gold Stocks Advance/Decline Line *(SGS A/D)* **daily** chart:	
Comment:	Risk of Apr-July (double) H&S top & growing break below Nov crucial 2008 uptrend line support. Spinner easing from crosscurrent mode to bearish. Could fall to the 5100 area without voiding the massive Apr 2007-July 2010 reverse H&S base (in weekly chart). This chart is updated daily 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. 66.30 (if buy low) 68.90 &/or 72.50 &/or 76.40.
New Recom:	Traders are hedged or holding gambler longs only. Wait for an obvious base to develop &/or buy after 2-dc over May downtrend line (now 64.10); stop: no lower than 1-dc below 53.30.	
Comment:	Broke Feb uptrend line & closing support of May low. Spinner hints more downside to come. Mini bull wedge. May bounce to build right shoulder of 5½-month H&S (continuation) top. Backburner.	

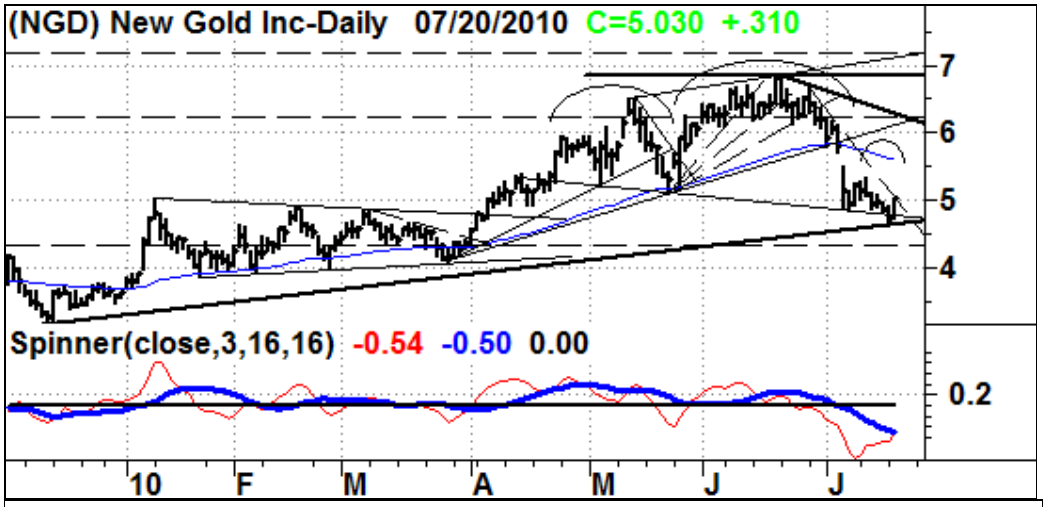
Eldorado Gold (Toronto: ELD-T; NYSE: EGO); gold: CAD$:		
Open trades:	**Long at:** **Stop:** **Profit targets:**	Initial entry price: 13.31 (Feb-12-10). M/T: 2-dc below 13.70. 20.30 &/or 21.85 &/or 23.60.
New Recom:	Traders are out (including core longs?) or hedged. Wait to buy strength after a new higher low &/or buy after 2-dc over 19.10; stop: 1-dc below 15.80. Vegas gamblers buy after 1-dc over 17.00; stop: 16.00; sell at 18.80.	
Comment:	Threat of May-July H&S top and bearish upwedge & breakdown vs 16-day bull wedge. Spinner easing. Mini rebound then lower?	



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 (including core longs?) or hedged. Wait for a trustworthy base to emerge &/or buy after 2-dc over 32.70; stop: 1-dc below 27.40.	
Comment:	14-month ascending triangle (38.50 upside target) overshadowed by May bear wedge & breakdown, & threat of 10-week H&S top.	

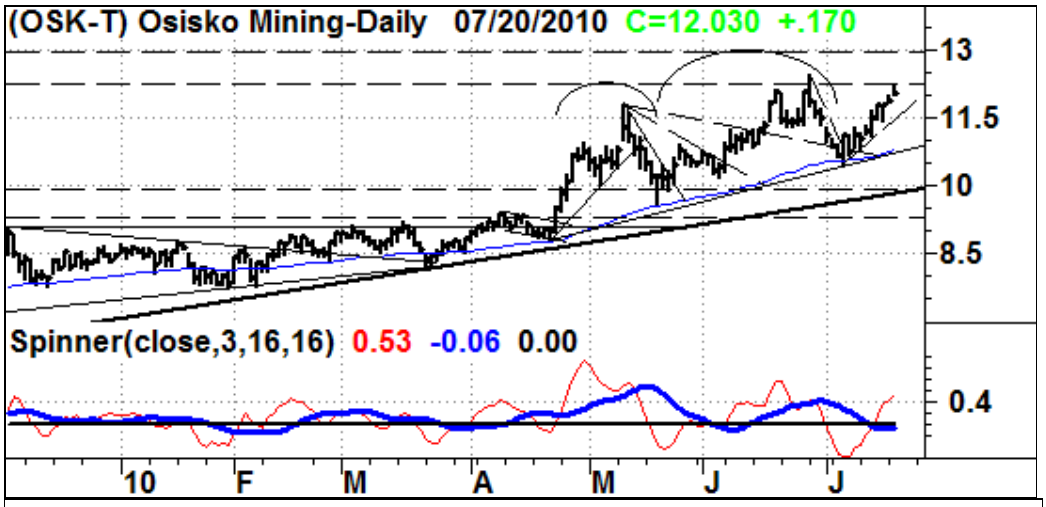
Iamgold Corp (NYSE: IAG; Canada: IMG-T); gold: US$:

Open trades:	**Long at:** **Stop:** **Profit targets:**	Initial entry price: 14.90 (Feb-17-10). M/T: 2-dc below 14.60. 18.80 (if buy low) &/or 20.95 &/or 22.65.
New Recom:	Traders are out (including core longs?) or hedged. Wait to buy strength after next major reaction low &/or buy after 2-dc over May 12 downtrend line (now 18.80); stop: 1-dc below 14.60.	
Comment:	Setback & mini rebound on joint support of Oct 2008 uptrend line & lower boundary of May peak descending triangle. Spinner in new negative hook. Possible 3-week bull wedge. Make or break time.	



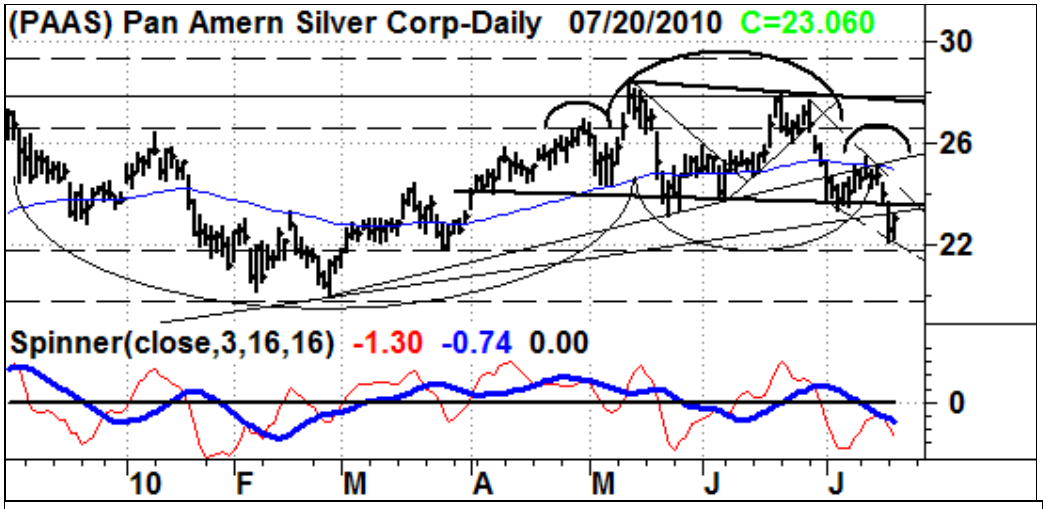
New Gold (Amex: NGD; Canada: NGD-T); gold: US$:

Open trades:	**None:** **Stop:** **Profit targets:**	Traders exited core longs at mkt. To be advised. 6.20 (if buy low) &/or 7.15 &/or 7.90 &/or 8.70.
New Recom:	Traders exited core longs at mkt. Wait for dependable base action to develop &/or buy after 2-dc over June 21 downtrend line (now 6.20); stop: no lower than 20% below your entry point.	
Comment:	Bear wedge & breakdown and risk of 3-month H&S top. Spinner gives tip for oversold price rebound only. <u>May</u> remove from *GCRU* if doesn't actively participate in next rally-leg.	



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

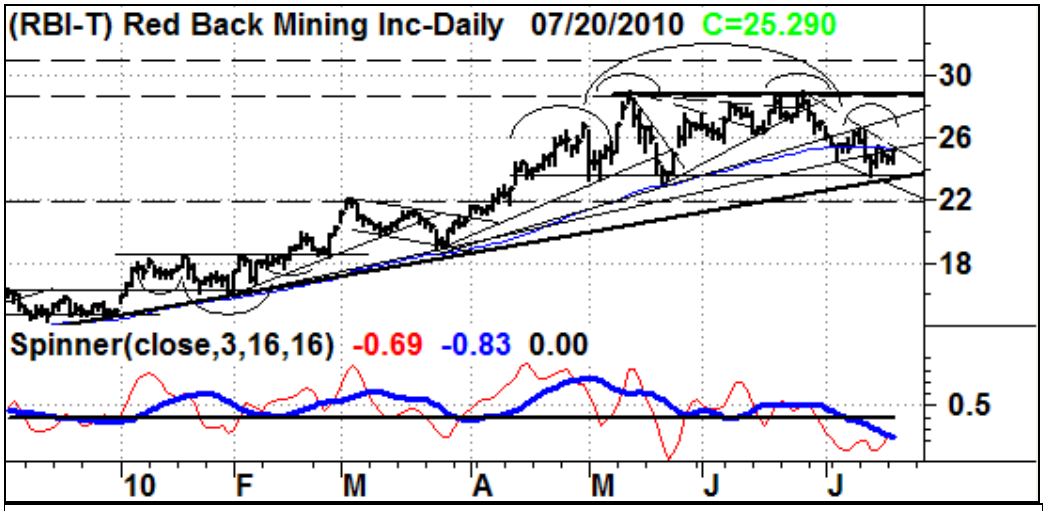
Open trades:	**Long at:** **Stop:** **Profit targets:**	Initial entry price: 5.90 (May-13-09). Traders re-bought (or covered hedges) at 12.03. S/T: 9.80-stop. M/T: 2-dc below 9.30. 12.90 &/or 13.60 &/or 14.45.
New Recom:	If out, wait to buy strength after a higher reaction low & or spec buy after 2-dc over 12.20; stop: 1-dc below 9.80.	
Comment:	Rose to <u>void</u> former H&S top threat. Spinner in positive cross with (thick) confirming line hooking to bullish. Top R/S! Upside head fake, or? A 2-dc close above 12.00 is needed to remove any doubts.	



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

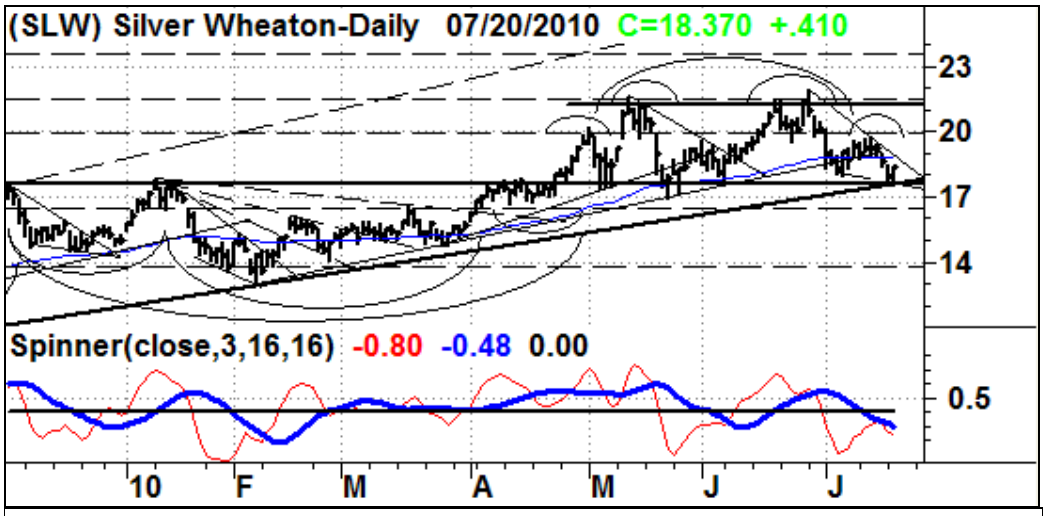
Open trades:	**Long at:** **Stop:** **Profit targets:**	Initial entry price: 25.37 (June-09-10). M/T: 2-dc below 21.80. 27.60 (if buy low) &/or 29.30 &/or 31.60.
New Recom:	Traders are out (including core longs?) or hedged. Wait to buy strength after a higher reaction low &/or buy after 2-dc over 25.60; stop: 1-dc below 21.80.	
Comment:	Dec-July cup & handle <u>voided</u> via break below 3½-month (double) H&S top; 19.80 *theoretical* downside target. Spinner bearish; warns additional consolidation probable. Mini bull wedge. Chewing nails.	

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 &/or 115.60.
New Recom:	Traders are out (including core longs?) or hedged. Buy after 2-dc over 96.10; stop: 1-dc below 77.70.	
Comment:	Expanding possible head of May-July H&S top. Spinner verging on new negative rotation below zero line; raises odds for lengthy consolidation decline. Uncertain 3-week bull wedge.	



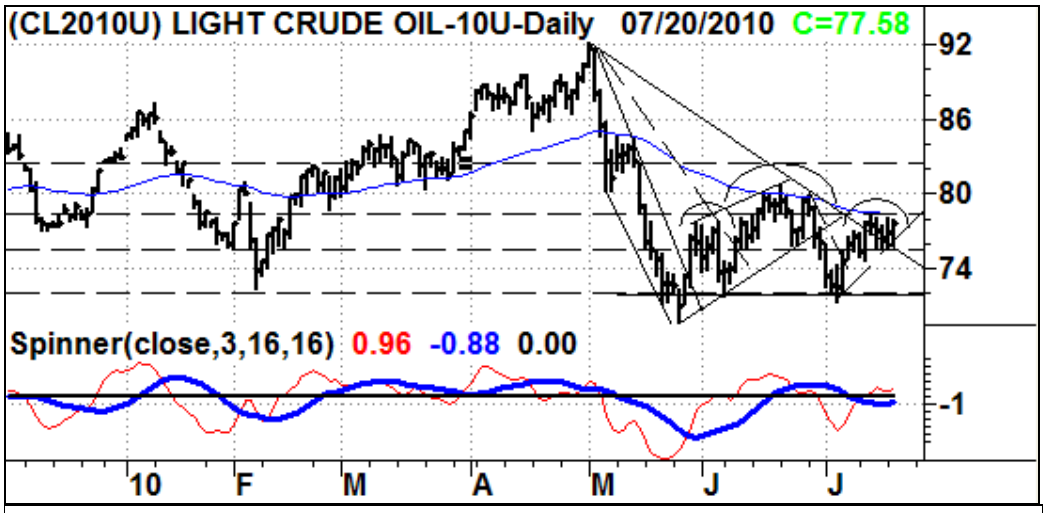
Red Back Mining (Toronto: RBI-T); gold: CAD$:		
Open trades:	**Long at:** **Stop:** **Profit targets:**	Initial entry price: 6.76 (Dec-11-08). M/T: 2-dc below 21.85. 30.90 &/or 32.60 &/or 34.50 &/or 36.40.
New Recom:	Traders are out (including core longs?) or hedged. Wait to re-buy after a dip that holds on or above Oct 2009 uptrend line support (now 23.30) &/or buy after 2-dc over 28.60; stop: 1-dc below 22.90.	
Comment:	Expanding potential Apr-July H&S top. Spinner in crosscurrent bear mode. Under pressure whilst trades below 28.60.	

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 convincing base action to build &/or buy after 2-dc over June 21 downtrend line (now 8.36); stop: 1-dc below 6.90.	
Comment:	Dip to complete June-July bearish H&S top: 5.00 *theoretical* downside target. Spinner mixed. Wait for storm clouds to pass.	



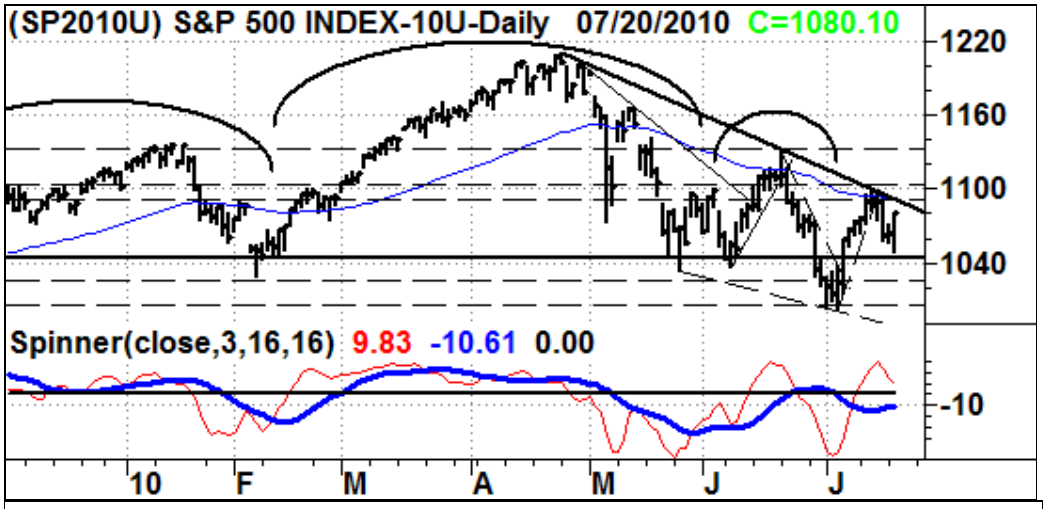
Silver Wheaton (NYSE: SLW; Toronto: SLW-T); silver/gold: US$:		
Open trades:	**Long at:** **Stop:** **Profit targets:**	Initial entry price: 15.84 (Feb-17-10). M/T: 2-dc below 16.40. 23.50 &/or 25.30 &/or 27.60.
New Recom:	Traders are out (including core longs?) or hedged. Gamblers only buy bit after 2-dc over 19.90; stop: 1-dc below 16.80. All buy after 2-dc over 21.40.	
Comment:	Setback to test joint support of July 2007 uptrend line & neckline of Apr-June (double) H&S top; 13.75 possible downside target. Spinner in renewed downtrend. Mini bull wedge. On the fence.	

FUTURES

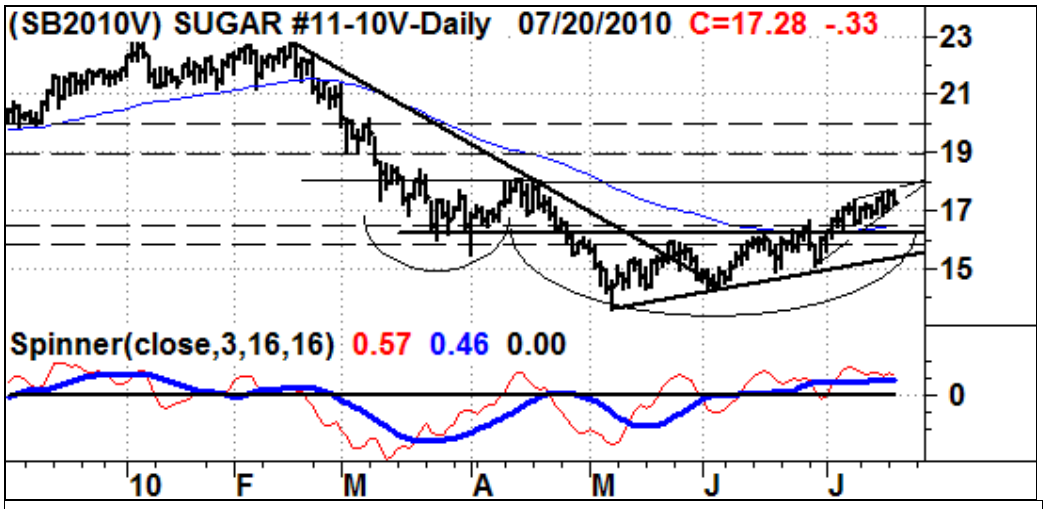


Crude Oil NY Sept 2010 futures – daily chart:		
Open trades:	**Short:** **Stop:** **Profit target:**	Aggressive traders sold short Sept at 77.61. 78.40-stop (if sold/sell short). Cover ½ at 72.00 &/or trail stop downside
New Recom:	If out, gamblers only sell short Sept (mini cx) at 75.50-stop; stop: 78.40-stop; cover ½ at 72.00 (& lower stop to breakeven). Buy Sept after 1-dc over 78.40; stop: 75.50-stop; sell ½ at 82.40.	
Comment:	Faltering break above May downtrend line vs possible right shoulder high of May-July H&S (continuation) top. Spinner warming to bullish (& making us nervous). Sharply down from here or time to get out of shorts.	

Silver Sept 2010 futures – daily chart:		
Open trades:	**Short at:** **Stop:** **Profit targets:**	Exited Sept shorts via 18.40 stoploss ☹. Some then re-sold short at 17.45 (Jul-19-10). 18.60-stop (if re-sold short). Cover bits at 16.65 &/or 15.95 &/or 15.20.
New Recom:	Gamblers sell short Sept if rallies to 18.05; stop: 18.60-stop; cover bits at 16.65 &/or 15.95 &/or 15.20. Buy Sept after 1-dc over June 21 downtrend (now 18.60); stop: 1-point below.	
Comment:	Would-be Apr-July H&S top vs sym/triangle. Spinner in bearish downturn/trend. Must hold 17.50. Presstime = is up 16.00.	

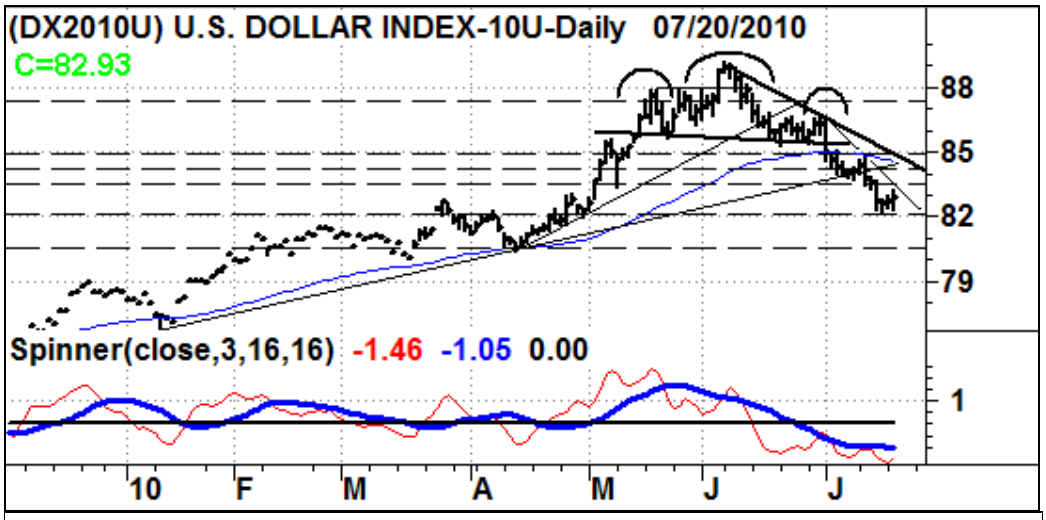


S&P500 Index Sept 2010 futures – daily chart:		
Open trades:	**Short:** **Stop:** **Profit targets:**	Vegas Gamblers sold short Sept at 1094.50. S/T: 1102.50-stop. 1045.50 &/or 1025.50 &/or 1005.50.
New Recom:	If out, gamblers only sell short Sept at mkt; stop: 1102.50-stop; cover bits at 1045.50 &/or 1025.50 &/or 1005.50. Buy Sept after 2-dc over Apr down trend line (now 1090.10); stop: 30-pts below your entry level; sell ½ at 1132.40 &/or trail stop strength.	
Comment:	Nov-June H&S top; 880.00 downside target. Requires a break above 1090.10, or below 1040.00 to set next mini trend in place.	



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

Open trades:	**Long:** **Stop:** **Profit targets:**	Traders bought Oct at 17.12 (Jul-14-10). 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 &/or if dips to 16.50; 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:	Bullish break above May-July ascending triangle base. Spinner neutral plus. Volume supporting price. Mini bear wedge. May dip to build right shoulder of 4-month reverse H&S.	



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 83.71. 2-dc over 84.90. 82.05 &/or 80.50.
New Recom:	Sell short Sept if rallies to 83.40 &/or 84.10; cover ½ at 80.50. Buy Sept (or cover shorts) after 2-dc over June downtrend line (now 84.90) stop: 2-points below your entry level; sell ½ at 87.30.	
Comment:	Downside target of May-July H&S top considered as <u>hit</u>. Negative pressure easing in Spinner; hints oversold price bounce brewing.	

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

Open trades:	**Long:** **Stop:** **Profit targets:**	Initial entry price: 5.32 (July-07-10). S/T: 5.95-stop. Some took profit at 5.88 &/or 6.15 ☺.
New Recom:	If long, *tight* trail stop strength (ie, no lower than 5.95-stop). If out, wait to buy strength after next significant dip.	
Comment:	Spinner bullish but shorterm overbought. Prefer bank at mkt, or tight trail stop any remaining profits, & re-buy after next significant dip. A breath of fresh air in generally choppy & unfriendly markets!	

July-21-10

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 are hedged or holding gambler longs only. Wait for an obvious base to develop &/or buy after 2-dc over May downtrend line (now 64.10); stop: no lower than 1-dc below 53.30.	L	Apr-16-10	58.90		56.81	53.30-stop 1-dc U/53.30	66.30 (if buy low)	68.90	72.50
Eldorado Gold	ELD-T	Traders are out (including core longs?) or hedged. Wait to buy strength after a new higher low &/or buy after 2-dc over 19.10; stop: 1-dc below 15.80. Vegas gamblers buy after 1-dc over 17.00; stop: 16.00; sell at 18.80.	L	Feb-12-10	13.31		16.58	2-dc U/13.70	20.30	21.85	23.60
Franco Nevada	FNV-T	Traders are out (including core longs?) or hedged. Wait for a trustworthy base to emerge &/or buy after 2-dc over 32.70; stop: 1-dc below 27.40.	L	Sep-16-09	30.99		30.60	2-dc U/27.40	35.60	38.50	41.20
Iamgold Corp	IAG	Traders are out (including core longs?) or hedged. Wait to buy strength after next major reaction low &/or buy after 2-dc over May 12 downtrend line (now 18.80); stop: 1-dc below 14.60.	L	Feb-17-10	14.90		16.21	2-dc U/14.60	18.80 (if buy low)	20.95	22.65

July-21-10

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											
New Gold	NGD	Traders exited core longs at mkt. Wait for dependable base action to develop &/or buy after 2-dc over June 21 downtrend line (now 6.20); stop: no lower than 20% below your entry point.					5.03	To be advised	6.20 (if buy low)	7.15	7.90
Osisko Mining	OSK-T	If out, wait to buy strength after a higher reaction low & or spec buy after 2-dc over 12.20; stop: 1-dc below 9.80.	L	May-13-09	5.90	12.03	12.03	9.80-stop 2-dc U/9.30	12.90	13.60	14.45
Pan American Silver	PAAS	Traders are out (including core longs?) or hedged. Wait to buy strength after a higher reaction low &/or buy after 2-dc over 25.60; stop: 1-dc below 21.80.	L	June-09-10	25.37		23.06	2-dc U/21.80	27.60 (if buy low)	29.30	31.60
Randgold Res.	GOLD	Traders are out (including core longs?) or hedged. Buy after 2-dc over 96.10; stop: 1-dc below 77.70.	L	Feb-17-10	74.42		91.37	2-dc U/77.70	102.50	108.90	115.60
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 23.30) &/or buy after 2-dc over 28.60; stop: 1-dc below 22.90.	L	Dec-11-08	6.76		25.29	2-dc U/21.85	30.90	32.60	34.50

July-21-10

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 convincing base action to build &/or buy after 2-dc over June 21 downtrend line (now 8.36); stop: 1-dc below 6.90.	L	Mar-03-10	5.00		6.88	2-dc U/5.90	9.80	10.80	
Silver Wheaton	SLW	Traders are out (including core longs?) or hedged. Gamblers only buy bit after 2-dc over 19.90; stop: 1-dc below 16.80. All buy after 2-dc over 21.40.	L	Feb-17-10	15.84		18.37	2-dc U/16.40	23.50	25.30	27.60
Futures											
Crude oil	CLU0	If out, gamblers only sell short Sept (mini cx) at 75.50-stop; stop: 78.40-stop; cover ½ at 72.00 (& lower stop to breakeven). Buy Sept after 1-dc over 78.40; stop: 75.50-stop; sell ½ at 82.40.	S	Jul-14-10	77.61		77.58	78.40-stop (if sold/sell short)	Cover 1/2 at 72.00	And/or trail stop downside	
Gold	GC QZ	See page 7.	S	Jul-01-10	1206.70	1188.20	1195.50	1223.40-stop 1-dc O/1223.40 (Basis Aug) 1226.60-stop 1-dc O/1226.60 (Basis Dec)	1156.50 (Basis Aug) 1155.60 (Basis Dec)	1135.60 (Basis Aug) 1135.60 (Basis Dec)	1115.50 (Basis Dec)

July-21-10

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	Gamblers sell short Sept at mkt & if rallies to 18.05; stop: 18.60-stop; cover bits at 16.65 &/or 15.95 &/or 15.20. Buy Sept after 1-dc over June 21 downtrend (now 18.60); stop: 1-point below.	S	July-19-10	17.45		17.69	18.60-stop (if re-sold short)	Cover bit at 16.65	And/or 15.95	And/or 15.20
SP500	SP U0	If out, gamblers only sell short Sept at mkt; stop: 1102.50-stop; cover bits at 1045.50 &/or 1025.50 &/or 1005.50. Buy Sept after 2-dc over Apr down trend line (now 1090.10); stop: 30-pts below your entry level; sell ½ at 1132.40 &/or trail stop strength.	S	July-14-10	1094.50		1080.10	1102.50-stop	1045.50	1025.50	1005.50
Sugar	SB V0	Spec buy Oct at mkt &/or if dips to 16.50; 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.	L	July-14-10	17.12		17.28	15.80-stop 1-dc U/15.80	17.90 (if buy low)	18.90	19.90
US$-Index	DX U0	Sell short Sept if rallies to 83.40 &/or 84.10; cover ½ at 80.50. Buy Sept (or cover shorts) after 2-dc over June downtrend line (now 84.90) stop: 2-points below your entry level; sell ½ at 87.30.	S	June-21-10	85.36	83.71	82.93	2-dc O/84.90	82.05	80.50	
Wheat	ZW Z0	If long, tight trail stop strength (ie, no lower than 5.95-stop). If out, wait to buy strength after next significant dip.	L	July-07-10	5.32		6.07	5.95-stop	Hit at 5.88 ☺	Hit at 6.15 ☺	

•••• "**Fed's volte face sends the dollar tumbling**." Rarely before have a few coded words in the minutes of the US Federal Reserve caused such an upheaval in the global currency system, or such a sudden flight from the dollar, observes the UK *Telegraph*. "The euro rocketed to a two-month high of $1.29 and sterling jumped two cents to almost $1.54 after **the Fed confessed that the US economy may not recover for <u>five or six</u> years**. [This fits *HSL's* 20-year "V" forecast, precisely!]. Far from winding down emergency stimulus, the bank may need a fresh blast of bond purchases or quantitative easing. Usually the dollar serves as a safe haven whenever the world takes fright, and there was plenty of sobering news from China and other quarters on Thursday. But, not this time. The US itself has become the problem. 'The worm is turning,' said David Bloom, currency chief at HSBC. '**We're in a world of rotating sovereign crises. The market seems to become obsessed with one idea at a time, then violently swings towards another. People thought the euro would break-up. Now we're moving into a new phase because we're hearing alarm bells of a US double dip**.' Mr Bloom said a deep change is under way in investor psychology as funds and central banks respond to the blizzard of shocking US data and again focus on the fragility of an economy where public debt is surging towards 100% of GDP, not helped by the malaise enveloping the Obama White House. **The Fed minutes warned of 'significant downside risks' and a possible slide into deflation, an admission that zero interest rates, $1.75 trillion of QE, and a fiscal deficit above 10pc of GDP have so far failed to lift the economy out of a structural slump**. 'The Committee would need to consider whether further policy stimulus might become appropriate if the outlook were to worsen appreciably,' it said. The economy might not regain its 'longer-run path' until 2016. 'The Fed is throwing in the towel,' said Gabriel Stein, of Lombard Street Research. '**They are preparing to start QE again**. This was predictable because the M3 broad money supply has been contracting for months.' The Fed minutes amount to a policy thunderbolt, evidence of how quickly the recovery has lost steam. **A study by the San Francisco Fed said that interest rates need to be –4.5% to stabilize the economy under the Fed's 'rule of thumb.' Since this is impossible, <u>massive</u> QE needs to make up the difference**." End quote. Remember how *quickly* things shifted from Iceland, to Ireland, to Greece & Euroland in general. Concerns are now shifting towards America with similar speed. Batten down the (golden) hatches, because we've come full circle and <u>this</u> is where rubber truly hits the road. •••• "**Britain's debt: The untold story**." **The true scale of Britain's national indebtedness was laid bare by the Office for National Statistics yesterday: almost £4 trillion, or £4,000 billion, about <u>four</u> times higher than previously acknowledged**, reports the UK's *Independent*. "It quantifies the burden that

will be placed on future generations, and it is the ONS's first attempt to draw together the [scandalous] 'off-balance-sheet' liabilities that have been accumulated by the state. The figures imply a huge 'intergenerational transfer' – broadly in favor of today's 'baby boomer' generation at the expense of younger people and future generations. The debt primarily consists of the cost of public sector and state pensions, and of payments promised to private contractors under private finance initiatives. It far exceeds any of the figures so far published for the national debt, the largest current estimate for which is £903bn. That is projected to rise to £1.3 trillion by 2015." End quote. The UK's debt is titanic. When a corporation goes bust, it might pay out 10 cents on the dollar. But when a govt goes bust, it can devalue its currency and **pay** in ten-cent dollars or pounds. The only thing that will be transferred to the next generation is rather harsh fiat "toilet paper!" **••••** "**The EU banking system is in big trouble**." Many of the Union's largest banks are sitting on hundreds of billions of euros in dodgy sovereign bonds and non-performing real estate loans, according to Mike Whitney, a frequent contributor to *GlobalResearch*. "But writing down their losses will deplete their capital and force them to restructure their debt. So the banks are concealing their losses through accounting sleight-of-hand and by borrowing money from the European Central Bank. This has helped to hide the rot at the heart of the system. ECB chief Jean-Claude Trichet has tried to keep the problems under wraps, but markets aren't so easily fooled. Stress gauges, like euribor, have been rising for the last two months. Investors smell a rat. They know the banks are playing hide-n-seek with downgraded assets and they know that Trichet is helping them out. **Two weeks ago, stocks rallied on news that EU banks would repay most of the €442 billion one-year emergency loans from the ECB. The news was mainly a publicity stunt designed to hide what was really going on. Yes, the banks borrowed significantly less than analysts had predicted (another €132 billion), but just two days later, 78 banks borrowed another €111 billion. The additional loans makes it look like Trichet cooked up the whole thing to trick investors**. EU banks were engaged in the same high-risk activities as their counterparts in the US. Now the securities and bonds they purchased have plunged in value, so they've turned to the ECB for a bailout. Sound familiar? The bank stress tests in the US were organized by the Treasury as a '*confidence-building*' measure. They allowed the banks to use their own internal-models to determine the value of complex securities. The same rule will apply to EU banks. **The UK *Telegraph* reports that some of the banks will actually test themselves. As least that removes any doubt about the results. The banks will continue to use accounting-rule changes and other gimmickry to obfuscate their losses**." Assets that can't be sold have no value. Breaking the "thermometer," via FASB fantasy accounting or fairytale stress tests,

doesn't bring the financial "fever" down. •••• "**The illusionary gold bubble**." Some believe gold is a bubble. It is not. The price of gold, however, **tracks** a bubble and that is why it is mistaken for one, says Darryl Robert Schoon (*DRSchoon.com*). "The real bubble is govt debt, not gold. Govt debt is a bubble that hasn't yet burst; one that has grown even more rapidly in the last two years as almost all nations went far deeper into debt after the 2007/2008 global collapse. BIS data confirms: '*sovereign debts grew by almost **30%** in just two years. Sovereigns became the **majority** of worldwide debt. Several countries doubled their debts from 2007 to 2009.*' This recent meteoric rise in govt debt has been matched by a corresponding rise in the price of gold. When govt borrowing rose after 2007, the price of gold also rose, from $700 to $1200 per ounce, almost precisely **tracking** the rise in govt debt. When the govt debt bubble bursts – and it will – gold will not collapse as will bonds and other paper IOUs. When it happens, the collateral damage to the US dollar and fiat currencies may well be fatal and the price of gold—the only safe haven in such times—will explode upwards. The European debt crisis marks the beginning of the end of the govt debt bubble. Only a false sense of confidence is now supporting sovereign bond markets. In the spring of 2010 that confidence was shaken; and, in due course, it will disappear entirely. We live in interesting times. **We are in the end-game**. Buy gold, buy silver, have faith [in reality]." Gold price strength is not a bubble. It is a tracker & an economic warning that govts are caught in a debt trap from which there is now no escape. •••• "**Central Banks dump US dollar for commodity currencies**." There's mounting evidence that central bankers have little faith in the greenback these days. Can we blame them? says *Heidi Moore at CNNMoney.com*. "There are those who would argue that the financial crisis was caused by over-enthusiastic worship of the Almighty Dollar. Call it brutal financial karma, but that church is looking pretty empty these days. A new report from *Morgan Stanley* analyst Emma Lawson confirms what many had suspected: the dollar is firmly on its way to losing its status as the reserve currency of the world. We already knew that central banks have preferred gold to dollars, and that they're even selling their US dollars; now, according to Lawson's data, it seems that those central banks prefer almost *anything* to US dollars. Lawson found that **central banks have dropped their allocation to US dollars by nearly a full percentage point to 57.3%** from 58.1%, and calls this 'unexpected given the global environment.' She adds, 'over time we anticipate that reserve managers may reduce their USD holdings further.' **What is surprising is that the managers of those central banks aren't buying traditional fall-backs like the euro, the British pound or the Japanese yen. Instead, she suggests they're putting their faith in other dollars - the kind that comes from Australia and Canada. The allocation to those [commodity] currencies, which fall under 'other' in the data,**

rose by a full percentage point to 8.5%, accounting almost exactly for the drop in the US dollar allocation! Call it diversification, if you must, but the trend indicates that central banks are finally putting their money where their anti-US dollar mouths are." This reinforces our conviction that precious metals and tangible assets/commodities will provide a safe haven, and hence the commodity currencies (along with the SwFr). •••• "**Hold on to your hats: taking hyperinflation for a test drive**." Interviewed by Benzinga.com, John Williams of ShadowStats sees hyperinflation and economic Armageddon for America. JW: "There will be continued problems, and whether the federal govt is forced to bailout states that are in bankruptcy, or put forth new employment programs, or even re-enact the politically unpopular support of the banks, it will further negatively impact the budget deficit. The next step is for the US Dollar to weaken significantly, and that in turn will become inflationary. **As the dollar weakens, oil will move higher. Oil is the dominant commodity in our economy in terms of the cost of things. As oil prices rise, inflation will also rise. Inflation will not be driven by economic strength, but rather monetary distortions**." *Benzinga*: "So you see more of a commodity-driven inflation, much like the 1970s?" JW: "That is the early part of what comes ahead for us here. Oil prices have pulled back as a result of the recent European crisis, and the corresponding strength in the dollar. The problem long term, however, is that the US is really the elephant in the bathtub in terms of sovereign solvency. It's not solvent. **We are at this point long term bankrupt, and I don't see any way of avoiding the traditional 'cure' that countries take when they can't meet their obligations, and that is starting up the printing presses and printing up the cash that is needed. I see a hyperinflation down the road**." *Benzinga*: "So you believe that we are *absolutely* headed towards a hyper inflationary scenario?" JW**:** "Yes. It's just a matter of time. The deficit is unsustainable and really uncontainable. What needs to be done in order to bring the system into balance is to slash Medicare and Social Security. But no one has the political will in Washington DC to do that. **Investors will begin selling dollars and dumping dollar denominated assets. Foreign central banks and domestic citizens will become increasingly reluctant to buy Treasuries. We will end up in a circumstance where the Federal Reserve will have to step in as the buyer of last resort, monetizing the debt, and that in turn will eventually trigger hyperinflation**." End quote. Realistically, John Williams is correct. Treasury & stimulus demands, like the unrelenting pull of a black hole, will suck in a seemingly unlimited amount of capital, until one-day foreign countries suddenly loose faith (ie, unwillingness to hold) in the continuing value of the US dollar. What follows? Hyperinflation.

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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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