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-Gold (& mkts) Charts R Us-

GCRU #409 on Aug 11, 2010 (in its 9th year). •••• Welcome back after our traditional summer break! It was a mixed time for gold bullion, which first tumbled to test the 50% Fibonacci retracement level of its Feb-June rally leg, before reversing sharply to the upside & breaking above its June downtrend line cum top resistance of a possible bullish down wedge, with a $1267.50 theoretical upside target. We say a *possible* bullish down wedge because bullion's current rebound could also build into the right shoulder of a larger (May-Aug) H&S top. A technical set-up that is not likely to be missed or left unexploited by the anti-gold cartel via timely selling attacks. In the same vein, *Jesse's Café Americain* noted: "Tuesday (Aug 10) was the FOMC meeting for August, and on such auspicious occasions gold is frequently subjected to short selling to express official discouragement by the banking establishment towards a competitive currency" (ie, gold). Heavy selling did appear in Tuesday's (Aug 10) market, and it remains to be seen just how determined this "negative influence" will be. Bullion's *Spinner* lines are rounding out to bullish, but require more time & continued strength in price if the (thick) confirming line is to develop a new positive rotation above zero (ie, confirm a major bull cue). To reduce the risk of a shorterm "bull trap" (a false technical breakout & aggressive downside reversal), a new higher low above support of the June downtrend line is needed to bolster bullion's June peak bull wedge, with a determined rise above $1248.50-1262.50 resistance required to raise a green flag on the next primary rally leg. More positively & underpinning gold's rebound, last Wednesday was a key upside reversal day in the gold shares, with a breakout (or confirmation) of all 3 gold share indexes, our in-house gold share *Advance/Decline* line, & many individual gold shares. Per guidelines given in the last *GCRU* (July 21), this generalized break above downtrend lines drawn in from the June highs triggered a gambler buy cue and signal to cover any shorts/hedges. We did some spec buying last Wednesday, and hope U did too. It's obviously too early to confirm the reliability of this upside reversal, but as we've all leveraged our capital in a *big* way by selling into the prior rally highs, we wanted to *start* locking-in this "stealth" gain by re-buying low. This doesn't mean we are flat out bullish. On the contrary many charts & technical indicators hint additional consolidation/setbacks may be seen before significant strength develops – which means **close stops** are essential on both new & old trading positions. And, per our caveat of last time, early-stage gambler buying on breaks above June downtrend lines should only be increased if *multiple bases, a big surge in volume, & a clearly identifiable reversal in*

market sentiment (from bearish to bullish) develop. This is not yet the case, and certainly not where volume is concerned, so we can only assume the big players are still on the summer beaches! •••• The forceful upside breakout from a 7-month bullish down wedge in the CRB commodity index hints traders are betting on continued US$ weakness, and wading back into the US$ carry trade, where zero interest rates are funding asset purchases globally. The high yielding commodity currencies (AUD, CAD, NZD) "should" benefit as a result. •••• *Int'l Herald Tribune* (Aug 10) page 1: "*Albert Edwards, an investment strategist in London for the French bank Societe Generale, says the debate over: should govts spend more or retrench to hold down debt, is a waste of time. He forecasts a 'bloody deep recession' that produces a stock market collapse of at least 60%, followed by years of inflation of 20-30% as persistent money printing by central banks desperate to improve the situation ultimately sends prices soaring."* We largely agree with Mr Edwards & have forecast, in somewhat different terms, the same for 2-3 years. We suggest U read the full version of this story in the *IHT*, wherein a number of strategists are now warning of a similar scenario. *HSL* & *GCRU* were the first to blaze this trail with our "V" formation (in buying power terms) but now we have important company. •••• Every major setback in the gold market provides a good opportunity to nibble buy core holdings in the big cap gold shares with important & proven gold reserves in the ground (ie, Barrick, Goldcorp, Harmony, Newmont Mining, etc), and to request delivery of the share certificates to help reduce your counterparty risk/exposure to the banking system. We currently advocate your gold exposure should be 40-50% of your total net worth, with 20-30% in physical bullion, & the rest in a mix of long & shorterm investment/trading positions. •••• *Bullish Consensus* list gold at 67% (up 6 from two wks ago). The US$ at 51% (down 1%). BC say gold signals "remain neutral/bearish today, neutral/bullish thereafter." •••• Australian subscribers note that Eldorado Gold is now listed on the ASX under the symbol: EAU. •••• Review this interactive US unemployment map (press the 'Play' button on the map) at: <http://cohort11.americanobserver.net/latoyaegwuekwe/multimediafinal.html> It's hard to grasp the enormity of the US unemployment problem, but displayed in this manner it certainly brings perspective up close. If you have a job anywhere, be thankful. •••• A quick *Relative Strength* review of *GCRU* gold shares reveals 2 distinctive groups of which Osisko Mining is the overall *unrivaled* leader! Gold shares with the weakest relative strength &/or at risk of building right shoulders of multi-month H&S tops include: Agnico Eagle, Eldorado Gold, Franco Nevada, Pan American Silver, & Silver Wheaton. Shares that don't have the negative overhang of H&S tops, with slightly more bullish patterns include:

Iamgold, Randgold Resources, Red Back Mining (bolstered by the friendly take-over deal with Kinross Mining), & Semafo. As cautioned, this correction is reshuffling the cards of *Relative Strength* & not convincingly in favor of all *GCRU* holdings. A flick through our chart library reveals several gold shares have broken to new shorterm highs, & have important & nearby under-market support that is (at minimum) expected to provide a temporary floor to price, ie: hold initial setback tests whereas stocks with less obvious support could easily break their recent lows. Nobody would refuse the chance to switch their bets on horses while they were running the Kentucky Derby, and the same logic applies to trading gold shares. So, we've made some radical changes in this week's *GCRU*, to hopefully replace some of the weaker "horses," or those needing a well-earned rest, with new "front runners." The new *GCRU* picks include: Detour Gold (TSE: DGC-T); European Goldfields (TSX: EGU, LSE: EGU), Guyana Goldfields (TSE: GUY-T), Timmins Gold (TSE: TMM-V), & Lihir Gold (Nasdaq: LIHR, ASX: LGL). To incorporate these new picks, we've relegated several weaker *GCRU* holdings to the 'Open Positions & New Recommendations' recap table, & will let future market action determine which shares merit inclusion in the front (chart) section. While we're on the subject of winners, note that Fresnillo Plc (LSE: FRES – gold/silver) which was previously recommended in June (but won't be added to *GCRU*) would be a re-buy after 1-dc over 1120. •••• The US economic recovery has lost so much momentum that the Federal Reserve reportedly will be forced to return to "unconventional" monetary easing, which could soon result in a $1 trillion emergency rescue, reports *MoneyNews.com*. "Goldman Sachs, whose economists also cut their forecasts for US economic growth in 2011, said these measures could involve more asset purchases, such as Treasuries, or a more 'ironclad' commitment to low short-term policy rates." Make no mistake, there is no other way out of the global debt-induced depression but to "print" to infinity – and beyond! •••• In preparation for an almost 90% certain S&P crash, we recommend buying bear ETFs, Put options & selling short as insurance. Buying after the crash will be very expensive compared to today's prices, so study the various options available, & be ready to buy at (or pre-emptively today) the first hint of a chart breakdown. IE, the ProShares UltraShort S&P500 ETF (NYSE Arca: SDS) seeks daily investment results that correspond to twice (200%) the inverse (opposite) of the daily performance of the S&P500 Index. Buy after 1-dc over 32.60; stop: 1-dc below 29.30. Buy again after 2-dc over 38.50. ProShares UltraShort ETFs are also available for the Nasdaq (NYSE Arca: QQQ), & the Dow 30 (NYSE Arca: DXD). •••• In **conclusion**, bullion & most gold shares have developed an untested breakout & remain vulnerable to bear attacks below resistance of

their May-June peaks. Hence our general caution, expressed by today's password: *waitnsee*. Technically, the breakout justifies a *few* gambler longs, essentially in top R/S stocks, and on strength **after** pullbacks that clearly hold above shorterm support, or on breaks above nearby resistance. But keep a tight finger on the stoploss exit trigger, and don't be greedy on the modest profit-grabbing front, as rallies don't build/hold without consistent & *rising* volume. •••• Gold is up $2.80 in Europe this AM. The US$ is up 90 cents. •••• Fond wishes from ***Uncle Harry*** & keyboard mate 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.

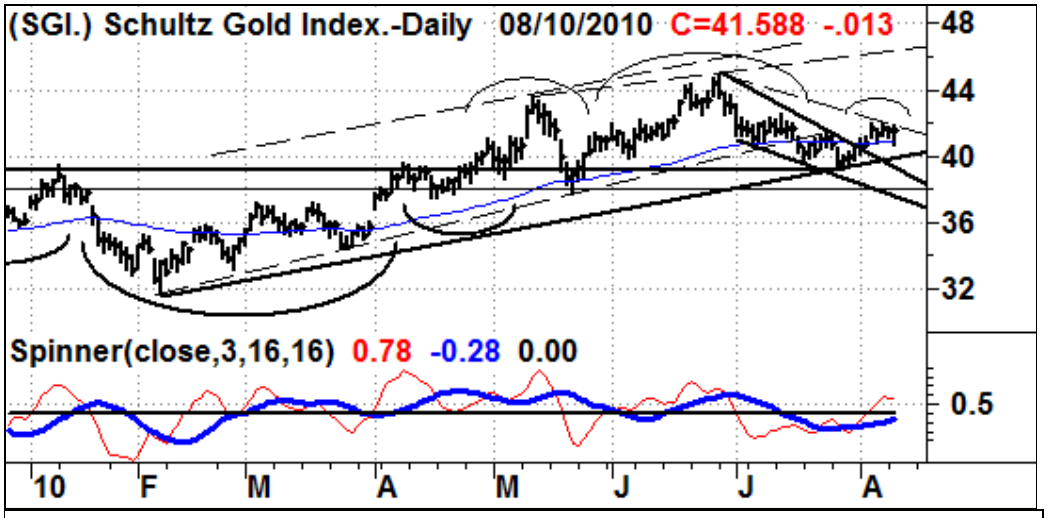
GOLD

Comex gold Dec futures – daily – 8 month view

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

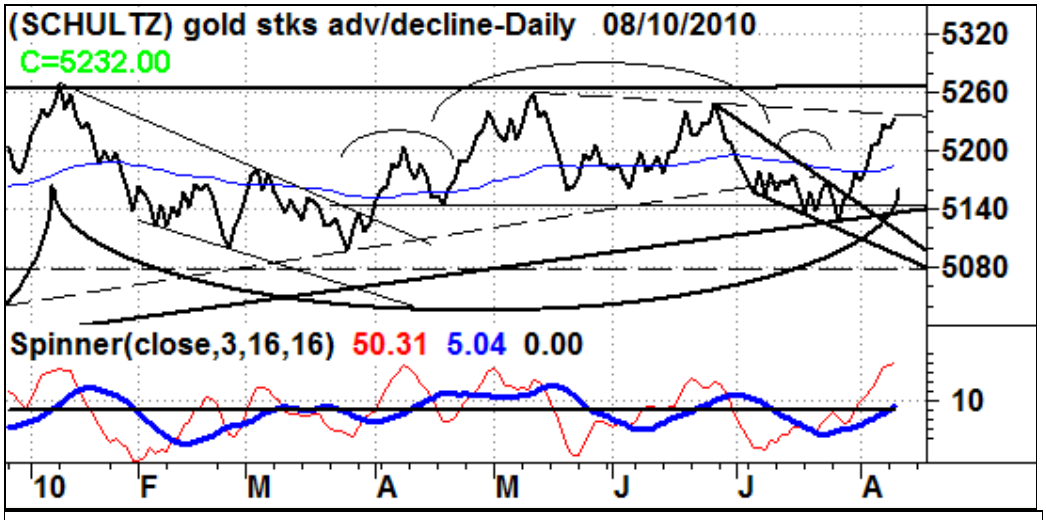
Comex gold Dec 2010 futures Cx - 480-min tick chart (all sessions):		
Open trades:	**Short at:** **Stop:** **Profit targets:**	Initial entry price: 1206.70 (07-01-10). Traders shorted more, Dec at 1202.50. Dec: S/T: 1226.60-stop. M/T: 1-dc over 1226.60. Dec: 1166.50 &/or 1155.60 &/or 1135.60 &/or 1115.50. Took ½ profit at 1156.50 in Aug Cx, & exited 2nd ½ via trailing profit stop (or rolled over to Dec Cx) ☺.
New Recom:	-If heavily exposed, sell short Dec bit at mkt; exit, or sell ½ at 1226.60-stop, ½ after 1-dc over 1226.60; cover bits at 1166.50 &/or 1155.60 &/or 1135.60 &/or 1115.50. Sell again at 1148.50-stop. -Some spec bought Dec after break above June downtrend line (ie, 1195.90). If out, spec buy strength after a dip that clearly holds on or above July 2009 uptrend line support (now 1168.50); stop: 1148.50-stop. And/or buy after 2-dc over 1226.60.	
Comment:	Extended May-Aug H&S top vs mix of June peak down wedge & possible 5-week reverse H&S. Spinner in growing base mode. Must hold 1168.50 to keep shorterm higher hopes in gear.	

Schultz Gold Share Index (SGI) -- daily



Schultz Gold Index (*SGI*) – **daily** chart:	
Comment:	May-Aug H&S top vs June peak bull wedge & upside breakout. Spinner (thick) confirming line in strengthening base mode but requires both lines up trending above zero to trigger a dependable bull cue. Mar 2008-Sept 2009 reverse H&S base; 49.00 theoretical upside target. Needs a 2-dc over 42.00 to reinforce.

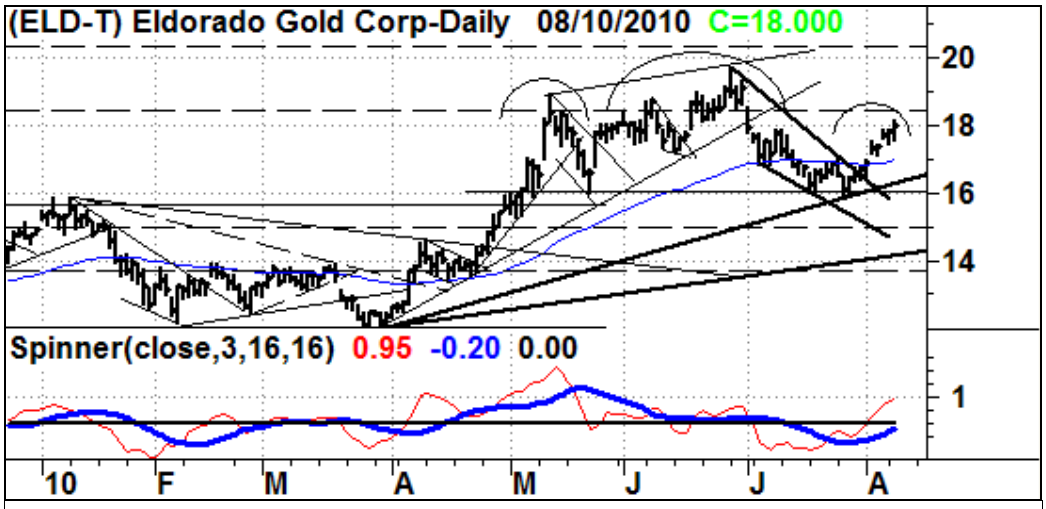
Schultz Gold Stocks Advance/Decline Line -- daily



Schultz Gold Stocks Advance/Decline Line *(SGS A/D)* **daily** chart:	
Comment:	Prior H&S top threat voided via June peak bull wedge & surge upside breakout; 5248 nearby target. Spinner bull cue. Apr 2007-Aug 2010 reverse H&S base, with 5268 neckline cum upside breakout point. On brink of major breakout? This chart is updated daily on our website. On the *GCRU* home page click: *View Schultz Gold Stocks A/D Line.*

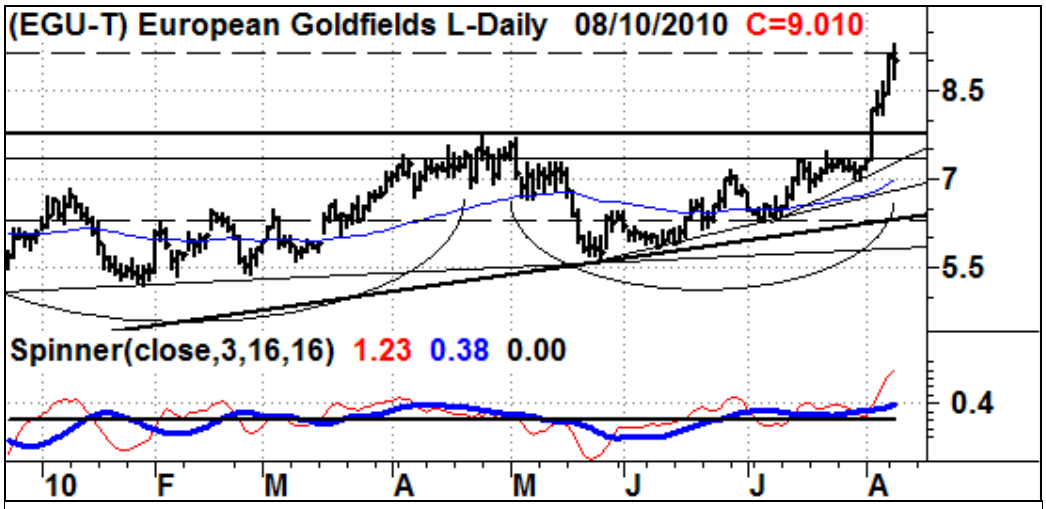
GOLD SHARES

Detour Gold (TSX: DGC-T); gold: CAD$:		
Open trades:	**None:** **Stop:** **Profit targets:**	Traders not in yet. S/T: 20.80-stop. M/T: 1-dc below 20.80. 29.90 (if buy low) &/or 32.55 &/or 34.90.
New Recom:	Buy strength after a dip that clearly holds on or above 24.00; stop: 1-dc below 20.80. And/or spec buy after 1-dc over 28.10.	
Comment:	May-Aug ascending triangle & upside breakout. Spinner bullish to shorterm overbought; hints at short-lived price dips only. Volume supporting price. Xlnt R/S. Mini dip then higher?	



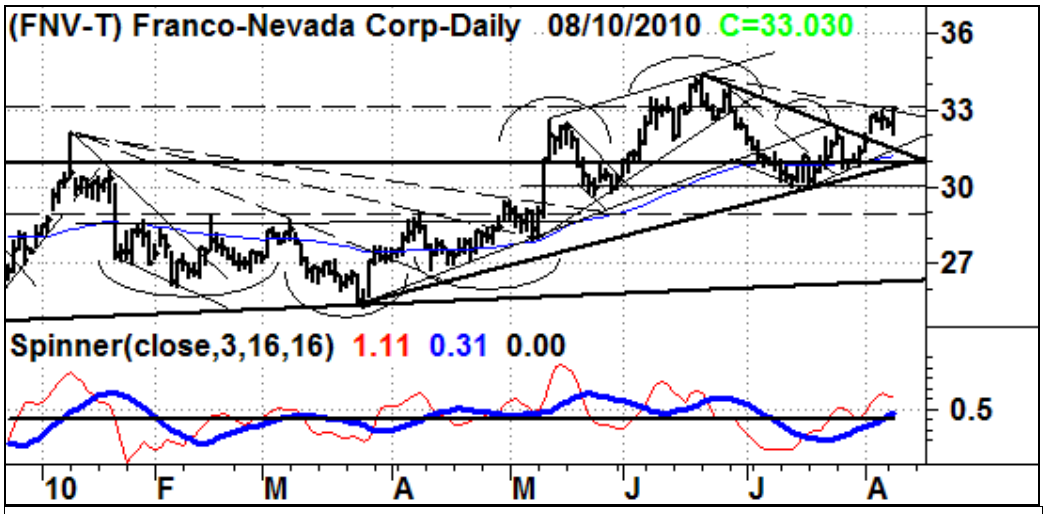
Eldorado Gold (TSX: ELD-T; NYSE: EGO; ASX: EAU); gold: CAD$:

Open trades:	**Long at:** **Stop:** **Profit targets:**	13.31 (Feb-12-10). V/gamblers re-bot at 17.34. S/T: 14.80-stop. M/T: 1-dc below 14.80. 20.30 &/or 21.85 &/or 23.60.
New Recom:	Traders covered hedges &/or some spec bought after break above June downtrend line (ie, 16.87). If out, wait to buy strength after a dip that clearly holds 16.10; stop: 1-dc below 14.80. And/or spec buy bit after 2-dc over 18.40.	
Comment:	May-Aug H&S top vs June peak bull wedge; 19.73 upside target. Spinner up trending. Requires a new higher low to underpin.	



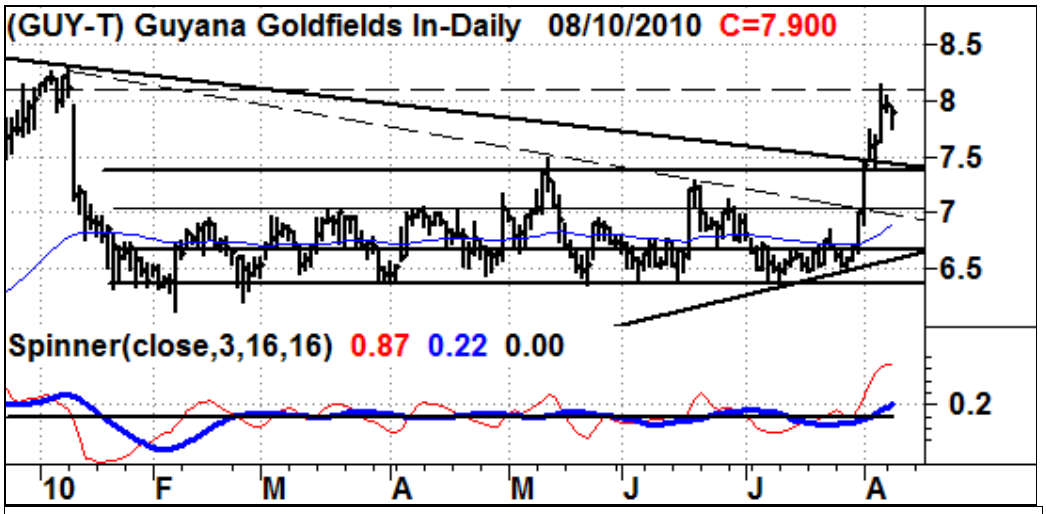
European Goldfields (TSX: EGU; LSE: EGU); gold: CAD$:

Open trades:	**None:** **Stop:** **Profit targets:**	Traders not in yet. S/T: 6.30-stop. M/T: 1-dc below 6.30. 10.25 (if buy low) &/or 11.25 &/or 12.25.
New Recom:	Buy strength after a dip that clearly holds on or above 7.30-7.70 under-market support band; stop: 1-dc below 6.30. And/or spec buy after 2-dc over 9.10.	
Comment:	8-month cup&handle & bullish upside breakout; 10.25 upside target. Spinner bullish to shorterm overbought; gives tip for mini setback in price. Wants more volume to reinforce. Xlnt R/S.	



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). S/T: 28.90-stop. M/T: 1-dc below 28.90. 35.60 &/or 38.50 &/or 41.20.
New Recom:	Traders covered hedges &/or some spec bought after break above June downtrend line (ie, 32.75). Buy after a dip that holds 30.25; stop: 1-dc below 28.90. And/or spec buy after 2-dc over 33.10.	
Comment:	Fading threat of 3-month H&S top vs break above June downtrend line. Spinner bull cue. Sustained rise projected if breaks above 33.10.	



Guyana Goldfields (Toronto: GUY-T); gold: CAD$:

Open trades:	**None:** **Stop:** **Profit targets:**	Traders not in yet. S/T: 6.35-stop. M/T: 1-dc below 6.35. 8.80 (if buy low) &/or 9.50 &/or 10.10.
New Recom:	Buy strength after a dip that clearly holds on or above 7.00-7.35 under-market support; stop: 1-dc below 6.35. And/or spec buy after 2-dc over 8.10.	
Comment:	Spike rise above Jan 2007 downtrend line resistance & 7-month consolidation range, on rising volume. Spinner in run-away bull mode. Xlnt R/S. Mini dip likely to underpin recent breakout move.	

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

Open trades:	**Long at:** **Stop:** **Profit targets:**	Initial entry price: 14.90 (Feb-17-10). S/T: 14.60-stop. M/T; 1-dc below 14.60. 18.80 (if bot low) &/or 20.95 &/or 22.65.
New Recom:	Traders covered hedges &/or some spec bought after break above June downtrend line (ie, 17.16). Wait to buy strength after a higher reaction low &/or buy after 2-dc over 18.40; stop: 1-dc below 14.60.	
Comment:	May peak descending triangle vs June bull wedge & bullish gap-up breakout; 19.31 upside target. Extended 8-month cup&handle.	

Lihir Gold – Australia – (Nasdaq: LIHR; ASX: LGL); gold: US$:

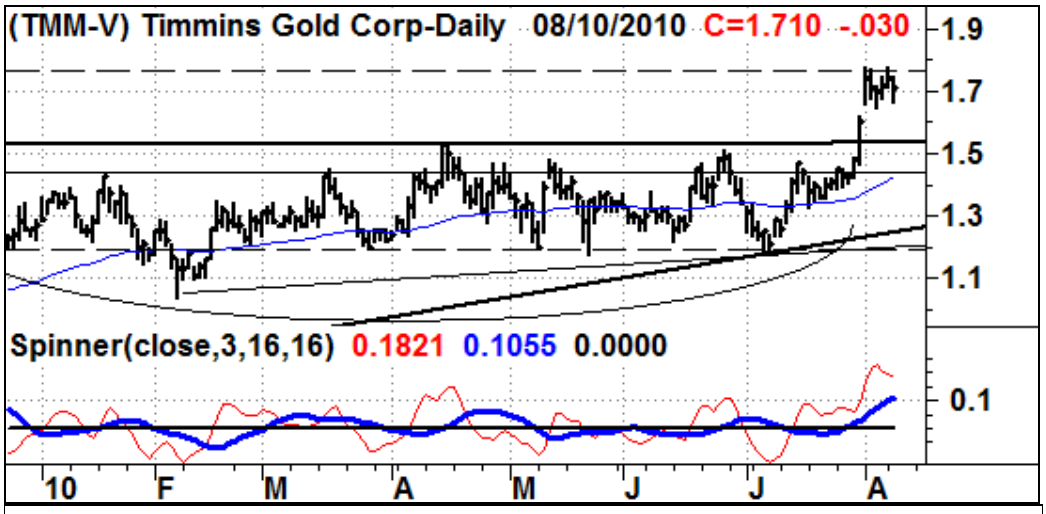
Open trades:	**None:** **Stop:** **Profit targets:**	Traders not in yet. S/T: 33.80-stop. M/T: 1-dc below 33.80. 44.30 &/or 47.30 &/or 49.90.
New Recom:	Spec buy after a dip that clearly holds 37.15; stop: 1-dc below 33.80. And/or buy big after 2-dc (or dynamic rise/close) over 39.80.	
Comment:	Bullish combo of 4½-month (irregular) ascending triangle & cup&handle. Spinner on brink of major bull cue (ie, both plotlines up trending above zero). June peak sym/tri. Locked & loaded?	

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

Open trades:	**Long at:**	Initial entry price: 5.90 (May-13-09). Traders re-bought at 12.69.
	Stop:	S/T: 10.90-stop. M/T: 1-dc below 10.90.
	Profit targets:	14.45 (if re-buy low) &/or 15.70 &/or 16.90. Traders took profits at 12.90 &/or 13.60 ☺.
New Recom:	If out, gamblers nibble buy at mkt &/or more aggressively if dips to 13.25 & 12.80 & 12.40; stop: 1-dc below 10.90.	
Comment:	Spinner shorterm overbought; gives tip for mini price dip towards neckline support of May-July ascending triangle; 14.45 upside target.	

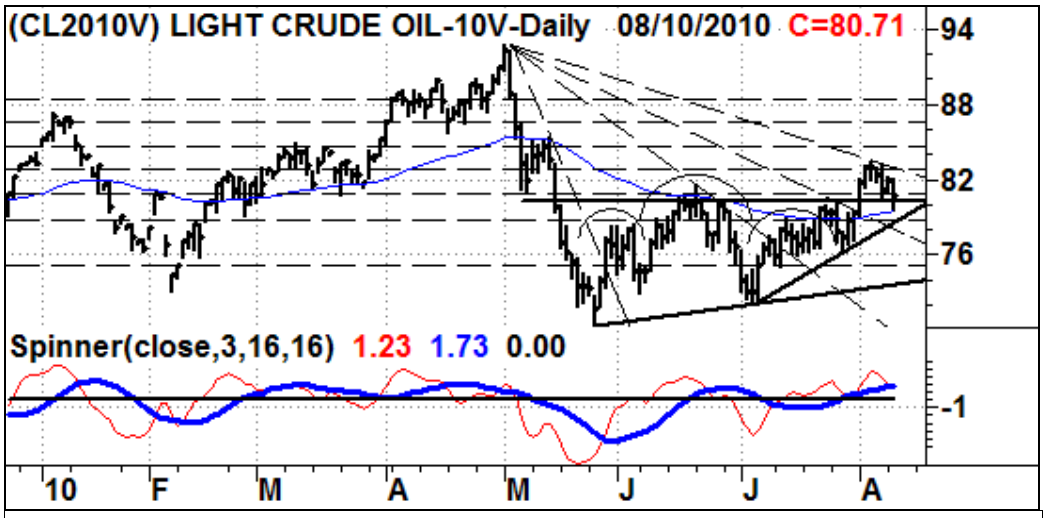
Semafo Inc (Toronto: SMF-T) gold: CAD$:

Open trades:	**Long at:**	Initial entry price: 5.00 (Mar-03-10). Traders re-bought at 8.07.
	Stop:	S/T: 6.40-stop. M/T: 1-dc below 6.40.
	Profit targets:	9.80 &/or 10.80 &/or 11.80.
New Recom:	Traders covered hedges &/or some spec bought after break above June downtrend line (ie, 7.75). If out, wait to buy strength after a higher reaction low &/or buy after 2-dc over 8.20; stop: 6.40.	
Comment:	Prior H&S top <u>voided</u> via surge break above left&right shoulder peaks. June bull wedge; 9.13 upside target. Good intentions.	



Timmins Gold Corp (TSXV: TMM-V) gold: CAD$:		
Open trades:	**None:** **Stop:** **Profit targets:**	Traders not in yet. S/T: 1.19-stop. M/T: 1-dc below 1.19. 1.80 (if buy low) &/or 2.10 &/or 2.40.
New Recom:	Buy strength after a dip that clearly holds on or above 1.45-1.55 under-market support; stop: 1-dc below 1.19. And/or spec buy after 2-dc over 1.75.	
Comment:	Gap-up break above 8-month consolidation range cum neckline resistance of massive Mar 2008-July 2010 cup&handle base; 2.75 theoretical upside target. Spinner shorterm overbought.	

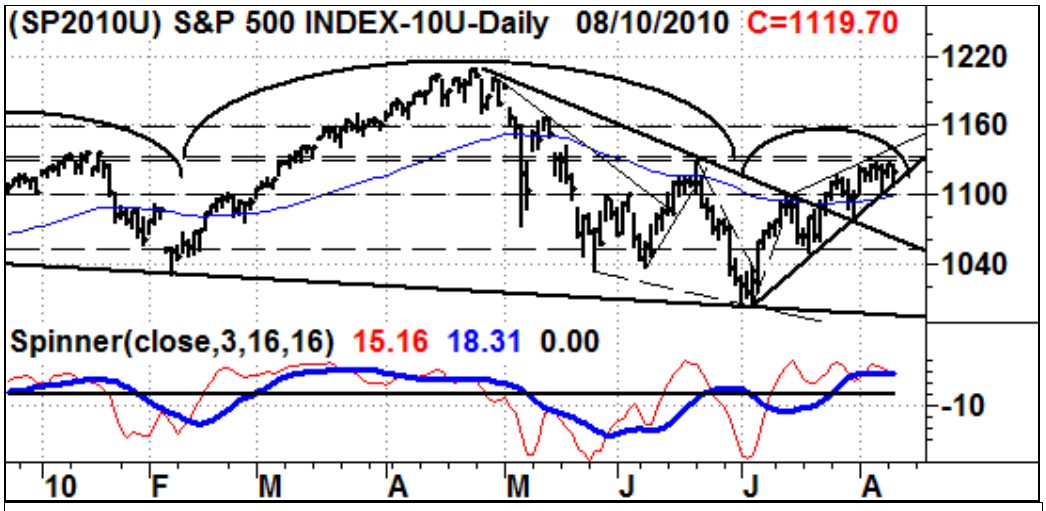
FUTURES



Crude Oil NY Oct 2010 futures – daily chart:		
Open trades:	**Long at:**	Exited Sept shorts with loss ☹. Traders then bot Sept at 79.30 (July-22-10), & took ½ profit at 82.40 ☺.
	Stop:	Basis Sept: 78.15-stop. Basis Oct: 78.60-stop.
	Profit targets:	Basis Sept: 83.90. Basis Oct: 84.45 &/or 86.45 &/or 88.30.
New Recom:	Gamblers buy Oct after 1-dc over most recent downtrend line from May peak (now 82.70); sell bits at 84.45 &/or 86.45 &/or 88.30. Sell, or sell short Oct after 1-dc (must be decisive) below July uptrend line (now 78.60); stop: 1-dc over 80.80; cover ½ at 75.10.	
Comment:	Prior H&S (continuation) top threat voided via break above 3rd bullish fan line & surge rise to new 2½-month highs. Spinner in crosscurrent bull mode. Important & nearby under-mkt support.	

Silver Dec 2010 futures – daily chart:

Open trades:	**Long at:** **Stop:** **Profit targets:**	Exited Sept shorts via 18.60 stoploss ☹. Traders then bought at 18.41 (Aug-02-10). Basis Sept: 17.41-stop. Basis Dec: 17.46-stop. Basis Sept: 19.41 &/or 20.40. Basis Dec: 19.76 &/or 20.70 &/or 21.55.
New Recom:	If out, Vegas gamblers buy Dec after 1-dc over 18.60; sell bits at 19.76 &/or 20.70 &/or 21.55. Sell, or sell short Dec at 17.46-stop; stop: 18.46-stop; cover ½ at 15.80.	
Comment:	Apr-Aug H&S top vs June peak bull wedge. Volatile & non-trader friendly chart action. Safer to wait for next mini *trend* to emerge.	

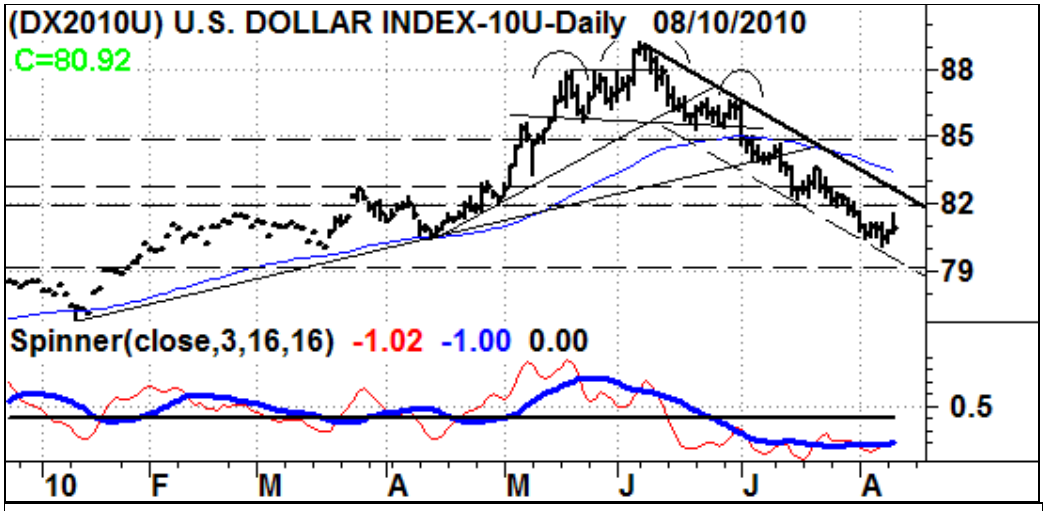


S&P500 Index Sept 2010 futures – daily chart:

Open trades:	**Long at:** **Stop:** **Profit targets:**	Exited Sept shorts with loss ☹. Traders then bought at 1109.50 or better (July-26-10). S/T: 1099.50-stop. Sell at mkt (if bot low).
New Recom:	Sell short Sept at mkt. Also, short Sept at 1099.50-stop; stop: 1-dc over 1128.50; cover ½ at 1051.50. Or, buy Sept after 1-dc (decisive) over 1128.50; sell ½ at 1158.50 &/or trail stop strength.	
Comment:	Break above Apr downtrend line vs bearish upwedge.	

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

Open trades:	**Long:** **Stop:** **Profit targets:**	Initial entry price 17.12 (Jul-14-10). S/T: 17.12-stop. M/T: 1-dc below 17.12. 19.90 (if bot low) &/or 20.90 &/or 21.90. Some took profit at 17.90 &/or 18.90 ☺.
New Recom:	If out, wait to buy after an obvious reaction low &/or spec buy Oct after 1-dc over 18.90; stop: 17.12-stop; sell bits at 19.90 (if bot low) &/or 20.90 &/or 21.90.	
Comment:	Pullback below June uptrend line <u>vs</u> 7-day bull wedge cum possible halfway rally marker. Spinner faltering. Don't push it.	



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 83.40. 2-dc over 82.75. 79.10. Took profits at 82.05 &/or 80.50 ☺.
New Recom:	Gamblers sell short Sept if rallies to 81.90; cover ½ at 79.10, & trail stop rest. Buy Sept (or cover shorts) after 2-dc over 82.75; sell ½ at 84.40.	
Comment:	Bearish slide beyond measured target of May-June H&S top. Spinner hints at oversold rebound within June downtrend channel.	

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. If still long, take remaining profits <u>at mkt</u> ☺.
New Recom:	If still long, take remaining profits <u>at mkt</u> ☺. If out, wait for an obvious reaction low to develop.	
Comment:	Price strength easing after last Friday's intraday spike cum shorterm buying climax. Spinner in negative hook. Needs time to stabilize.	

Aug-11-10

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 covered hedges &/or some may have bought after break above June downtrend line. If out, wait to buy strength after a dip that clearly holds 54.75; stop: 1-dc below 51.90. And/or buy after 2-dc over May downtrend line (now 63.55).	L	Apr-16-10	58.90		60.86	51.90-stop 1-dc U/51.90	66.30 (if bot low)	68.90	72.50
Detour Gold	DGC-T	Buy strength after a dip that clearly holds on or above 24.00; stop: 1-dc below 20.80. And/or spec buy after 1-dc over 28.10.					27.46	20.80-stop 1-dc U/20.80	29.90 (if buy low)	32.55	34.90
Eldorado Gold	ELD-T	Traders covered hedges &/or some spec bought after break above June downtrend line (ie, 16.87). If out, wait to buy strength after a dip that clearly holds 16.10; stop: 1-dc below 14.80. And/or spec buy bit after 2-dc over 18.40.	L	Feb-12-10	13.31	17.34	18.00	14.80-stop 1-dc U/14.80	20.30	21.85	23.60
European Goldfields	EGU-T	Buy strength after a dip that clearly holds on or above 7.30-7.70 under-market support band; stop: 1-dc below 6.30. And/or spec buy after 2-dc over 9.10.					9.01	6.30-stop 1-dc U/6.30	10.25 (if buy low)	11.25	12.25

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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											
Franco Nevada	FNV-T	Traders covered hedges &/or some spec bought after break above June downtrend line (ie, 32.75). Buy after a dip that holds 30.25; stop: 1-dc below 28.90. And/or spec buy after 2-dc over 33.10.	L	Sep-16-09	30.99		33.03	28.90-stop 1-dc U/28.90	35.60	38.50	41.20
Guyana Goldfields	GUY-T	Buy strength after a dip that clearly holds on or above 7.00-7.35 under-market support; stop: 1-dc below 6.35. And/or spec buy after 2-dc over 8.10.					7.90	6.35-stop 1-dc U/6.35	8.80 (if buy low)	9.50	10.10
Iamgold Corp	IAG	Traders covered hedges &/or some spec bought after break above June downtrend line (ie, 17.16). Wait to buy strength after a higher reaction low &/or buy after 2-dc over 18.40; stop: 1-dc below 14.60.	L	Feb-17-10	14.90		17.89	14.60-stop 1-dc U/14.60	18.80 (if bot low)	20.95	22.65
Lihir Gold	LIHR	Spec buy after a dip that clearly holds 37.15; stop: 1-dc below 33.80. And/or buy big after 2-dc (or dynamic rise/close) over 39.80.					39.33	33.80-stop 1-dc U/33.80	44.30	47.30	49.90
Osisko Mining	OSK-T	If out, gamblers nibble buy at mkt &/or more aggressively if dips to 13.25 & 12.80 & 12.40; stop: 1-dc below 10.90.	L	May-13-09	5.90	12.69	13.88	10.90-stop 1-dc U/10.90	Hit at 12.90 ☺	Hit at 13.60 ☺	14.45 (if re-buy low)

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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	Traders covered hedges &/or some may have bought after break above June downtrend line. Weak R/S. If out, wait to re-buy strength after a new higher low.	L	June-09-10	25.37		23.56	21.80-stop 1-dc U/21.80	27.60	29.30	31.60
Randgold Res.	GOLD	Traders are out or hedged. Spec buy (or cover hedges) after 2-dc over 90.85; stop: 1-dc below 80.60.	L	Feb-17-10	74.42		87.32	80.60-stop 1-dc U/80.60	102.50	108.90	115.60
Red Back Mng	RBI-T	Traders covered hedges &/or spec bought after break above June downtrend line (ie, 25.83). Bolstered by friendly takeover deal with Kinross Mining. Will thus remove from GCRU next week.	L	Dec-11-08	6.76		28.47	23.80-stop 1-dc U/23.80			
Semafo Inc	SMF-T	Traders covered hedges &/or some spec bought after break above June downtrend line (ie, 7.75). If out, wait to buy strength after a higher reaction low &/or buy after 2-dc over 8.20; stop: 6.40.	L	Mar-03-10	5.00	8.07	8.16	6.40-stop 1-dc U/6.40	9.80	10.80	11.80

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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 Wheaton	SLW	Traders covered hedges &/or spec bought after break above June downtrend line (ie, 19.29). Spec buy after a dip that holds 17.50; stop: 1-dc below 16.40. And/or buy after 2-dc over 20.10.	L	Feb-17-10	15.84		19.87	16.40-stop 1-dc U/16.40	21.40	25.30	27.60
Timmins Gold	TMM-V	Buy strength after a dip that clearly holds on or above 1.45-1.55 under-market support; stop: 1-dc below 1.19. And/or spec buy after 2-dc over 1.75.					1.71	1.19-stop 1-dc U/1.19	1.80 (if buy low)	2.10	2.40
Crude oil	CL V0	Gamblers buy Oct after 1-dc over most recent downtrend line from May peak (now 82.70); sell bits at 84.45 &/or 86.45 &/or 88.30. Sell, or sell short Oct after 1-dc (must be decisive) below July uptrend line (now 78.60); stop: 1-dc over 80.80; cover ½ at 75.10.	L	Jul-22-10	79.30		80.71	78.15-stop (Basis Sept) 78.60-stop (Basis Oct)	83.90 (Basis Sept) 84.45 (Basis Oct)	86.45 (Basis Oct)	88.30 (Basis Oct)
Gold	GC QZ	See page 8.	S	Jul-01-10	1206.70	1202.50	1198.00	1226.60-stop 1-dc O/1226.60 (Basis Dec)	1166.50 (Basis Dec)	1155.60 (Basis Dec)	1135.60 (Basis Dec)

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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											
Silver Wheaton	SLW	Traders covered hedges &/or some may have bought after break above June downtrend line. Spec buy after a dip that holds 17.50; stop: 1-dc below 16.40. And/or buy after 2-dc over 20.10.	L	Feb-17-10	15.84		19.87	16.40-stop 1-dc U/16.40	21.40	23.50	25.60
Timmins Gold	TMM-V	Buy strength after a dip that clearly holds on or above 1.45-1.55 under-market support; stop: 1-dc below 1.19. And/or spec buy after 2-dc over 1.75.					1.71	1.19-stop 1-dc U/1.19	1.80 (if buy low)	2.10	2.40
Futures											
Crude oil	CL V0	Gamblers buy Oct after 1-dc over most recent downtrend line from May peak (now 82.70); sell bits at 84.45 &/or 86.45 &/or 88.30. Sell, or sell short Oct after 1-dc (must be decisive) below July uptrend line (now 78.60); stop: 1-dc over 80.80; cover ½ at 75.10.	L	Jul-22-10	79.30		80.71	78.15-stop (Basis Sept) 78.60-stop (Basis Oct)	83.90 (Basis Sept) 84.45 (Basis Oct)	86.45 (Basis Oct)	88.30 (Basis Oct)
Gold	GC QZ	See page 8.	S	Jul-01-10	1206.70	1202.50	1198.00	1226.60-stop 1-dc O/1226.60 (Basis Dec)	Hit at 1156.50 (Aug ☺) 1166.50 (Basis Dec)	1155.60 (Basis Dec)	1135.60 (Basis Dec)

Aug-11-10

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											
Silver	SI Z0	If out, Vegas gamblers buy Dec after 1-dc over 18.60; sell bits at 19.76 &/or 20.70 &/or 21.55. Sell, or sell short Dec at 17.46-stop; stop: 18.46-stop; cover ½ at 15.80.	L	Aug-02-10	18.41		18.21	17.41-stop (Basis Sept) 17.46-stop (Basis Dec)	19.41 (Sept) 19.76 (Dec)	20.40 (Sept) 20.70 (Dec)	21.55 (Basis Dec)
SP500	SP U0	If long, exit at mkt. Sell short Sept at mkt. Also, short Sept at 1099.50-stop; stop: 1-dc over 1128.50; cover ½ at 1051.50. Or, buy Sept after 1-dc (decisive) over 1128.50; sell ½ at 1158.50 &/or trail stop strength.	L	July-26-10	1109.50		1119.70	1-dc O/1128.50 (if sell short)	Cover 1/2 at 1051.50 (if sell short)	Trail stop rest	
Sugar	SB V0	If out, wait to buy after an obvious reaction low &/or spec buy Oct after 1-dc over 18.90; stop: 17.12-stop; sell bits at 19.90 (if bot low) &/or 20.90 &/or 21.90.	L	July-14-10	17.12		18.56	17.12-stop 1-dc U/17.12	Hit at 17.90 ☺	Hit at 18.90 ☺	19.90 (if bot low)
US$-Index	DX U0	Gamblers sell short Sept if rallies to 81.90; cover ½ at 79.10, & trail stop rest. Buy Sept (or cover shorts) after 2-dc over 82.75; sell ½ at 84.40.	S	June-21-10	85.36	83.40	80.92	2-dc O/82.75	Hit at 82.05 ☺	Hit at 80.50 ☺	79.10
Wheat	ZW Z0	If still long, take remaining profits at mkt ☺. If out, wait for an obvious reaction low to develop.	L	July-07-10	5.32		7.26		Take at mkt		

**** "**China seeks to widen gold market**." China has moved to liberalize its gold market even further, increasing the number of banks allowed to trade bullion internationally and announcing measures that will encourage development of gold-linked investment products, reports the (Aug 3) *Financial Times*. "**The move by Beijing's central bank comes as the country's investors pour record amounts of money into gold, in a trend that is becoming a significant factor on global prices**. Last year, Chinese investors bought 73 tonnes of bullion, up from 18 tonnes in 2007. The new policies were likely to increase liquidity in the domestic gold market and spur the development of gold financial products, analysts said. China is the world's largest gold producer and the second-largest consumer, after India, but its domestic market is constrained by limited investment products. 'This is a positive sign for the gold market,' said James Steel, precious metals strategist at HSBC in New York. 'The Chinese statement reaffirms the vigor of the emerging markets' demand for retail physical bullion.' **The new gold guidelines are part of the gradual internationalization of the Chinese banking system**. Restrictions on some renminbi-denominated investment products in Hong Kong have been lifted recently, and renminbi cross-border settlement programmes have been expanded this year." End quote. The fact that China has suddenly & officially singled out gold for special interest is one of the most bullish gold events of the year. It's not unrealistic to imagine that a gold-backed yuan could one-day "force" open the door on a global gold standard. **** "**Home prices will plunge *at least* another 20%**." Jim Quinn of *CaseyResearch.com* reminds us that believers in the fledgling housing recovery are ignoring some key facts. "There are already 11 million homeowners underwater on their mortgages. As of March, banks had an inventory of about 1.1 million foreclosed homes, up 20% from a year earlier. Another 4.8 million mortgage holders were at least 60 days behind on their payments or in the foreclosure process. This 'shadow inventory' was up 30% from a year earlier. **At the current rate of sales, it would take banks nine years to clear this inventory**. They are likely to increase the rate of sales as inventory continues to pile up. This will compel prices to go lower. Prices would fall even if a tsunami of Option ARM and Alt-A resets weren't hurtling down the track – but they are. **Beginning in June, a surge in resets will begin and not subside until late 2012. These liar loans were riddled with fraud, and the vast majority of these mortgages will default after the reset. A surge in foreclosures is just over the horizon**." Reversion to the mean can be delayed, but it will *not* be denied continues JQ. "The combination of expiring tax credits, the failure of HAMP (Obama's *Home Affordable Modification Program* which took $75 billion of taxpayer funds & has been distributing it to millions of reckless homeowners in order to

keep them in homes they can't afford), the conclusion of the Fed buying dodgy MBS, the growing shadow inventory of foreclosures, Option ARM and Alt-A resets, and rising interest rates will result in a **further fall in home prices of at least 20% in the next two years**." End quote. Bargain hunters buying US property just because prices have declined approximately 30% are committing a major investment error (unless buying for "survival" purposes). We repeat that "cheap" will get a lot "cheaper" before a final bottom appears. **** "**Deflation threats are best *contrarian* indicator**." The amount of deflation rhetoric in the mainstream media has been surging. Recently there was an article in the *Wall Street Journal* entitled, 'Defending Yourself Against Deflation,' and Paul Krugman wrote an editorial in the *New York Times* entitled 'Why Is Deflation Bad?' observes the US *National Inflation Association* (NIA). "So we decided to do a news archive search to see when previous spikes in media chatter about the topic of deflation have taken place. The largest spike this decade in articles about deflation came in May of 2003. At that time, the Dow Jones was 8,500, the price of gold was $350 per ounce, and the price of oil was $30 per barrel. The Dow Jones went on to rise for four years straight reaching a high in 2007 of 14,198 up 67%. Gold went on to rise for seven years straight reaching a high this year of $1,248 per ounce up 257%. Oil went on to rise for five years straight reaching a high in 2008 of $147 per barrel up 390%. The second largest spike this decade in articles about deflation came in November of 2008. At that time, the Dow Jones was 8,000, the price of gold was $725 per ounce, and the price of oil was $50 per barrel. Since then, the Dow Jones has risen as high as 11,257 up 41%, gold has risen as high as $1,248 per ounce up 72%, and oil has risen as high as $88 per barrel up 76%." As a result, the NIA concludes that mainstream media talking about deflation is the most accurate contrarian indicator out there, and that today's renewed deflationary threat hints a new major upside move for gold and silver is just around the corner. "**Sentiment on Wall Street will quickly shift from fears of deflation to fears of massive inflation as soon as the bankers on Wall Street -- who are in control of the mainstream media -- are done accumulating their positions in precious metals**." End quote. Don't let negative views scare U into selling your gold. If it were not for cartel intervention, gold would today probably be trading at $2,000 (or higher). **** "**Agflation fears grow as Russia halts all grain exports**." Russian premier Vladimir Putin has ordered a halt to all exports of wheat and other grains from August 15, raising the stakes dramatically in the crisis over wheat supplies, reports the UK *Telegraph*. " 'This is very serious,' said Abdolreza Abbassanian, chief grain economist at the UN Food and Agriculture Organization. 'It's a desperate situation because it has caught everybody off guard. We're not facing the situation of two years ago but there is a risk of destabilising panic.' Mr Putin said it was a temporary ban

on wheat, corn, barley, rye, and grain products until the end of the year due to 'abnormally high temperatures,' adding that Russia needs to cap domestic food prices and build its own reserves. **Wheat has surged 69% since June, but is still far *below* it $13 peak in 2008. The spike guarantees a sharp rise in bread prices this autumn**. Mr Putin pressured Kazhakstan and Belarus to impose similar curbs as the worst drought in a century threatens to drag into late August. 'It is unprecedented to ask neighboring countries to do the same,' said Mr Abbassanian. Ukraine insists that exports are safe, but analysts fear it may follow suit. The Black Sea belt and Eurasia's Steppes produce a quarter of global wheat exports. '**Food markets are <u>linked</u>. This is going to put further strains on corn. Animal feed prices will go up, affecting meat**,' said Mr Abbassanian. Mr Putin acted after meteorological experts issued further drought warnings, raising fears that the ground would be too hard to seed the winter crop next month. **The loss of both crops would force Russia to withdraw from export markets for <u>two</u> years**. Rabobank expects Russia's wheat output this year to fall from 58m to 45m tonnes. The concern is that some countries will take emergency action to secure vital supplies." End quote. Now starting: agflation. IE, agricultural-inflation, which will fan the pending flames of hyperinflation as one zone/industry links to the next via contagion. **** "**FASB-blessed overvaluations**." Loss share agreements save the FDIC money at the time of the closing, because the FDIC does not have to pay the acquiring bank as much money up front to honor the failed bank's deposits. However, a loss share agreement is by nature a <u>bet</u>, comments Richard B at *JSMineset.com*. "The FDIC is betting that over the next ten years, the failed bank's assets will turn out to be worth more than any party was willing to bid for the assets at the time each bank was closed. Future asset values are calculated net of selling expenses, meaning that things like foreclosure costs, property taxes, utilities and maintenance fees paid by the acquiring bank in disposing of the assets is deducted from their eventual sale price. This is why it is important to keep track of the total value of assets the FDIC has guaranteed under loss share agreements throughout this financial crisis. **The FDIC's future exposure lies in the possibility that these assets may turn out to be worth even less than the discounted value agreed to at the time of each bank failure. This is a distinct possibility; otherwise the acquiring bank would not insist on the loss share agreement. In the event the assets turn out to be worth less than the amount agreed to by the parties up front, the FDIC's losses could grow dramatically beyond its original projections**." Richard B says each bank failure announcement gives us a peek into how extensively bank management have been exaggerating the value of their least liquid assets, & provides the following examples: "Southwest USA Bank, Nevada, had stated assets of $214 million and deposits of $186.7 million. The FDIC estimated its closing cost $74.1

million (40% of deposits). Based on that estimate, the bank's assets were really only worth $112.6 million, and had been **overvalued by 90%**! Similarly, the assets of: Main Street Savings Bank, Michigan, had been **overvalued by 86%;** Turnberry Bank of Aventura, Florida, had been **overvalued by 62%;** Woodlands Bank of Bluffton, South Carolina, had been **overvalued by 57%;** Metro Bank of Dade County of Miami, Florida, had been **overvalued by 37%**. **This is yet another avenue of 'quantitative easing.' The US Treasury, by way of the FDIC, is guaranteeing a value for the Country's most distressed bank assets *much higher* than anyone is actually willing to pay for them. In the process, it is helping *disguise* how 'worth-less or worth-little' these assets have become**." End quote. More lies, fraud & deceit, and govt complicity to hide it. On the hook for trillions of dollars in bad loans, bailouts, and toxic asset purchases, govts will stop at *nothing* to mask the realities. *** "**Time to accumulate metals and mining stocks**." *UBS Investment Research* advises investors to accumulate metals and mining stocks, but also to take their time accumulating, "using the inherent volatility of the market to maximize the risk/reward of their investment." reports Dorothy Kosich of *Mineweb.com*. "In their analysis, the UBS analysts said they believe gold's spotlight will return to focus on European sovereign debt burdens and beyond [ie, the entire Western world]. 'The fear of further debasement of fiat currencies follows closely,' they said. 'And in turn we expect the fear trade -- very apparent through heightened physical demand for small bars and coins and rising ETF creations -- will escalate in H2 2010 and into 2011.' UBS also noted, '**A new trend in 2010 is the movement towards <u>fully allocated physical gold</u>**. In H2 and 2011, we expect this type of gold exposure will deepen as new and existing investors diversify a portion of their gold reserves to *purely allocated form*. **Quite simply, such customers are limiting their weight of <u>paper</u> gold exposure. In essence, this is diversification *within* diversification**'." End quote. People are waking up to the myths & dangers of owing "paper" gold. When demand for physical delivery outweighs the acceptance of cash settlement, it will trigger the biggest short squeeze in the history of precious metals. *** "**Gold's on the cusp of a parabolic move up**." Here is an extract from another great gold article from *Sprott Asset Management*'s chief investment strategist, John Embry, in the *Investor's Digest* of Canada. "**There has always been an unstated acknowledgement that the increasing debt load accumulated by govts all over the world will never be repaid. However, because of their power to tax and create money at will, it was also assumed that the debt would always be serviced. The fact that the money with which it is being serviced seldom, if ever, retains the purchasing power of the original debt tends to be conveniently ignored**. This whole underlying belief has now been severely challenged by the mounting sovereign-risk

crisis in the Western world. This is undoubtedly a primary factor in the rising price of gold although very few mainstream commentators would admit to this because it calls the whole system into question. I expect gold to continue to rise inexorably in price although corrections by the Orwellians, who mistakenly believe they can maintain control, will remain an irritant. Their true Achilles heel is the growing shortage of physical gold. The IMF is now being forced to dump what gold it has available into the market place to restrain the rising gold price. The European Central banks, who for years, like lemmings, sold considerable quantities of gold under the Central bank Gold Agreement, appear to have finally come to their senses and have sold none of their quota for the current year. What may not be understood is that Western Central Banks have nowhere near the amount of gold in their vaults that they claim. … This chicanery is facilitated by an IMF-endorsed accounting trick that allows a one-line entry for physical gold & gold receivables on Central Bank balance sheets. ….**Now that they really need their gold as the financial crisis intensifies, a significant portion of their gold reserves has been disposed of through leasing and swapping. The gold is gone and their chances of getting it back are remote. We are at the cusp of a parabolic move in the price of gold underwritten by physical shortages**. Central banks can no longer supply the amount needed to balance supply and demand while mine production continues to stagnate at best. It is imperative that investors ignore the volatility created by the anti-gold cartel and use every opportunity that is created by them to purchase more physical gold." End quote. Conclusion: the diminishing Central Bank gold supply is insufficient to bailout the anti-gold cartel at today's price levels. It's merely a question of time before the "paper" gold shell game implodes & they lose their price managing ability. Buy physical gold *while* you still can!

John Embry's full essay is available at:
http://www.sprott.com/Docs/InvestorsDigest/2010/06_23_2010 Gold%27s on the cusp of a parabolic move up.pdf

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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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