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

••• Welcome to *GCRU* #410 on Aug 18, 2010 (in its 9th year). Three cheers for gold bullion, which has developed impressive relative strength since last week, notably last Wednesday, when it *rose* 1% compared to a 3% *plunge* on the *S&P500*, & a dynamic downtrend breakout & 1.9% rise in the US\$. This show of “muscle” at a critical chart juncture was reinforced on Monday, via a break above \$1216.50 neckline resistance of an irregular 5-week reverse H&S, with a \$1284.20 upside target – which has started to reduce, but not yet *irreversibly* void the technical threat of a 3½-month H&S top. In addition, Spinner lines have risen to trigger new bull/buy cues in bullion’s weekly & daily charts, which per today’s password – *pushing* – suggests price is now reaching/pushing toward its prior June highs. Indulging in a little speculation, it’s worth noting that logical retracement action at or just below this key above-market resistance level (ie, \$1262.50) could build into the right shoulder of a May-July reverse H&S, which would provide a *timely* catalyst & launchpad for a significant push to new record highs. What would it take to upset this bullish “apple cart”? A break below \$1185.00, confirmed below Feb uptrend line support (now 1171.50 basis Dec futures). ••• Supporting the notion of near term higher highs in gold, studies of more than *four decades* of seasonality, by Frank Holmes, CEO and chief investment officer of *US Global Investors*, show that September has been the *best* month of the year for gold & gold stocks. “In a typical year, the September price rises 2.5% above the August price. And to make the case even more compelling, *the gold price has risen in 17 of the 21 Septembers since 1989*, by far the best success ratio of any month of the year. September is historically an even better month for gold shares as measured by the NYSE Arca Gold Miners Index (GDM). After the typically weak months of June and July, the gold miners start moving up in August, and make an average 8.3% leap in September.” ••• We purchased the ProShares UltraShort S&P500 ETF (NYSE Arca: SDS) as recommended last week, with a 1-dc below 29.30 stoploss. Likewise, we are long palladium at 475 per our recom of two week’s ago, with a 446 stoploss, and a 540-568 upside profit target/sell zone (basis Sept cx). ••• Highlighting the deteriorating internals of the stock market, the ‘Hindenburg Omen’ flashed a new stock market crash warning last week. “The Omen, named after the famous German airship in 1937 that crashed in Lakehurst, NJ, is a technical indicator that foreshadows not just a bear market but a stock-market crash,” reports the *WSJ*. “Its creator, a mathematician named Jim Miekka, said his indicator is now predicting a market melt down in September.” The Omen, which has occurred before

every stock market crash since 1987 *isn't* foolproof, but it warns the probability of a stock market crash is abnormally high. Keep a close watch on the S&P, even if U aren't trading it, as a "crash" scenario *would* lead (due to stk mkt margin calls & panic selling) to a short, but potentially ugly & blood-letting pullback in the gold shares. ••• Perhaps for the first time, gold price suppression was discussed openly on *CNBC* on Thursday Aug 12, this time by *Tyche Group's* associate director, Martin Hennecke, interviewed from Hong Kong. Hennecke remarked that **most** global markets are manipulated, & that most manipulation aims to suppress commodity prices, and that gold particularly is suppressed by Central Bank intervention. We know. We know. ••• Physical gold buying from *top consumer India* is set to pick up for the busy festival season, starting with Raksha Bandhan on August 24 and extending until Dhanteras in November, according to *Reuters*. ••• The euro appears to be stabilizing its August pullback, but faces two immediate technical challenges. IE, it must hold its June uptrend line (now 1.2720) below which the bears will be back for another feeding down towards the 1.2380 level, and rise above 1.3000 to void a 1-month H&S top risk. If it succeeds, a 2-dc over 1.3270 would put 1.4500 back in the crosshairs. •• The US\$-Index has popped above a 9-week downtrend channel, but with another *massive* round of Quantitative Easing on the horizon (which is inherently inflationary), US\$ downwinds are expected to strengthen. A 2-dc over 83.60 is therefore needed to prove we are looking at something more sustainable than an oversold bounce, whereas a break below 80.00 psychological support could lead to a serious downside acceleration. •• The A-\$ is hesitating below multi-month resistance, & *may* dip towards the 87.00 area to form the right shoulder of a choppy 9-month reverse H&S shoulder, with 92.00 neckline cum upside breakout point. •• The Cad-\$ is rebounding on lower boundary support of a possible 3-month ascending triangle but the spectre of a 10-month H&S top (see weekly chart) has still to be overcome. The next hint of sustainable direction will come after a 2-dc close over 98.40, or below 94.80. •• The SwFr is carving out the right shoulder of a would-be 6½-month reverse H&S base, which requires a 2-dc over 96.40 to validate, or a 2-dc below 94.00 to capsize. •• The Yen is in a staircase uptrend rise towards the 119.50 upside target of its Feb-June reverse H&S, but *Spinner* lines are starting to weaken, so (if long) add or tighten profit stops. ••• *Bullish Consensus* show gold at 71% (up 5 from last week). The US\$ at 56% (up 5%). BC folks say gold is "neutral/bullish today, & for the intermediate trend." ••• Per capita spending on gold in jewellery and investment products in China rose from less than \$2 to almost \$10 between 2000 and 2009, according to *MineWeb*. "The 2009 figure is roughly equivalent to the world average, but it is unevenly spread across the country due to

demographic reasons and the polarisation of wealth in the nation. In terms of dollar per unit of GDP, gold expenditure rose by 77% in China over the period. The important point to note here is that while tonnage was hit by high, rising and volatile prices in 2009, per capita, spending was up by 22% against 2008.” The Comex maybe a powerhouse in the “paper” gold market, but it’s no match for China, the new 800-pound gorilla in the physical gold market. ●●● Goldman Sachs (GS) is predicting sharply higher gold prices, with a 6-month price target of \$1,300. ●●● According to David Stockman, of *Heartland Industrial Partners* private-equity fund, “the federal deficit is no longer an abstract long-term problem; it’s a financially critical freight train hurtling down the track at alarming speed. Here’s a dramatic way to look at it: Nominal GDP is only \$100 billion higher than it was back in the third quarter of 2008. That means it has been growing at only \$4 billion per month, while new federal debt has been accumulating at around \$100 billion per month.” Surging govt debt is a Ponzi scheme that faces a *real-life* stress test it’s unlikely to pass. ●●● **Bottom line**: the technical situation has perked-up in gold bullion, but this isn’t a gung ho, no-worry break out. It’s a positive development that is taking price toward its recent highs, & at which point we’re likely to encounter choppy “backfilling” action as bullion struggles to overcome resistance/overhead supply of its May-June peaks. The gold shares are generally following bullion’s lead, but are at, or rising towards comparable negative cloud cover. The risk of a stock market crash is also hanging over the gold shares like the sword of Damocles. So, continue to buy/build your gold holdings in an incremental manner & based on individual charts – buying winners, selling losers, with stops as a backstop, & taking **frequent** profits. If bullion breaks to new highs, we can revert to using trailing profit stops rather than selling at short-term resistances. In the meantime, a profit bird in the hand (ie, banked) is worth two uncertainties in the bush! ●●● Gold is down \$2.30 in Europe this AM. The US\$ is down 13 cents. ●●● All the best from your alchemist gold guru *Uncle Harry*, & associate Paul.

●●● If it’s Wednesday, it’s *Gold (& Mkts) Charts R Us*.

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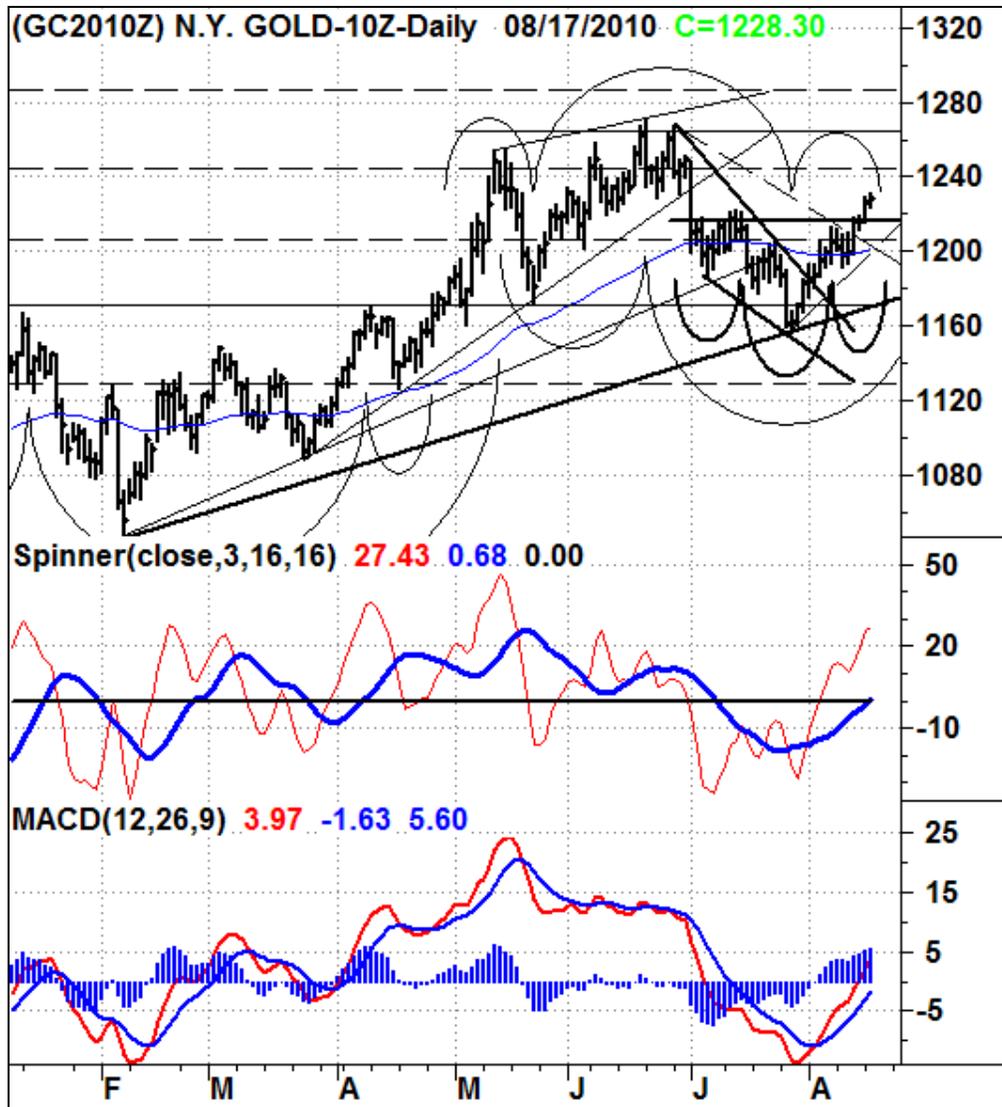
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••Our Abbreviations:

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

GOLD

Comex gold Dec futures – daily – 8 month view



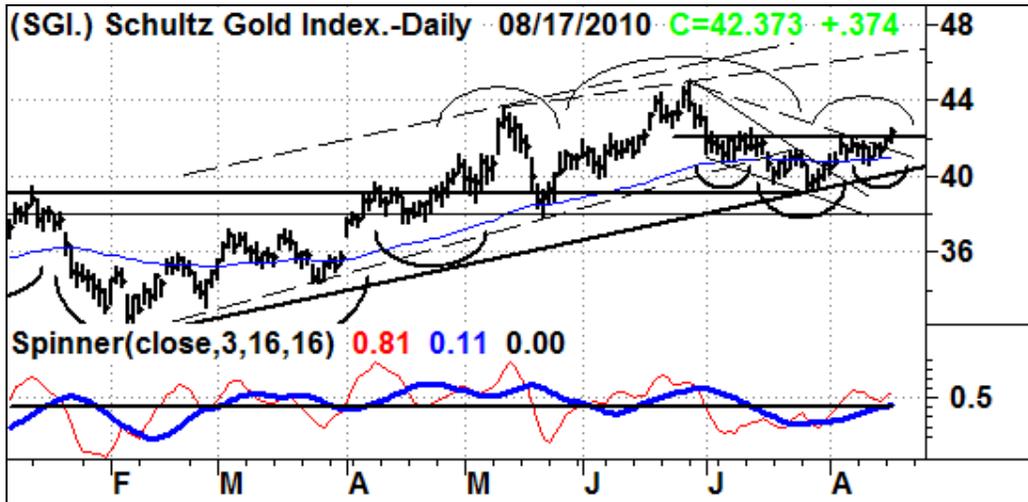
Comex gold Dec 2010 futures – 480 min – 7wk view



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

Open trades:	Long at:	Exited Dec shorts/hedges via 1226.60 stoploss ☺. As reported last week, some spec bought after break above Dec downtrend line (ie, at 1195.90). S/T: 1185.00-stop. M/T: 1-dc below 1185.00.
	Stop:	1243.80 (if bot/buy low) &/or 1284.20 &/or 1318.80.
	Profit targets:	
New Recom:	<p>-If out, spec buy Dec at mkt & more aggressively if dips to 1216.50 & 1206.10; stop: exit, or sell ½ at 1185.00, ½ after 1-dc below 1185.00; sell bit at 1243.80 (if bot/buy low) &/or 1284.20 &/or 1318.80.</p> <p>-Gamblers/hedgers sell short Dec bit at 1185.00-stop; stop: 1215.00-stop; cover ½ at 1128.50. Sell again after a decisive break below Feb uptrend line support (now 1171.50).</p>	
Comment:	June bull wedge & dynamic upside breakout bolstered via 5-week reverse H&S, with a \$1284.20 upside measured target. Spinner bullish in weekly & daily chart. \$1262.50 resistance of June highs likely to hinder or cap <i>shortterm</i> strength. Poss May-Aug R/H&S.	

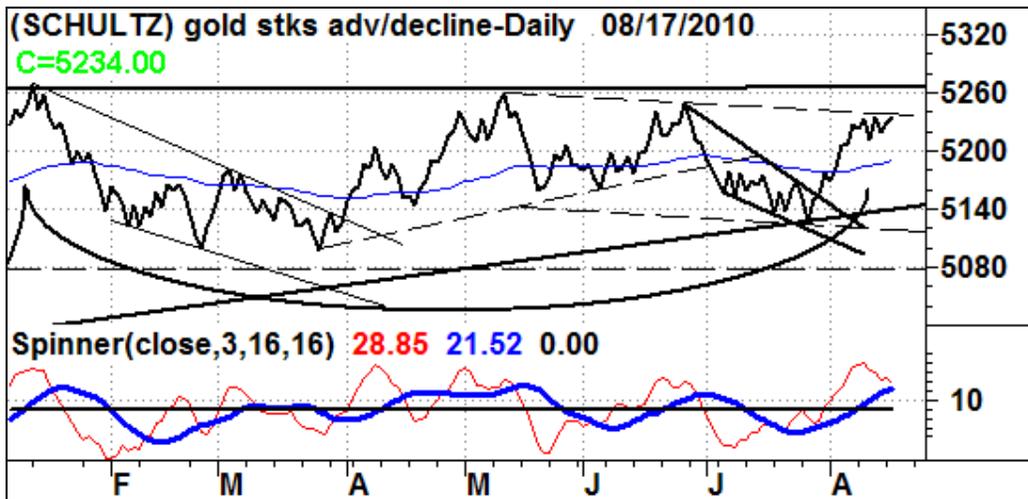
Schultz Gold Share Index (SGI) -- daily



Schultz Gold Index (SGI) – daily chart:

Comment:	June peak bull wedge & 6-week reverse H&S (& tentative upside breakout) gaining credence over 3-month H&S top risk. Spinner in primary bull cue. Requires more & constant volume to strengthen. Mar 2008-Sept 2009 reverse H&S base; 49.00 theoretical target.
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Schultz Gold Stocks Advance/Decline Line -- daily



Schultz Gold Stocks Advance/Decline Line (SGS A/D) daily chart:

Comment:	June peak bull wedge; 5248 nearby target. Spinner in crosscurrent bull mode. Churning below multi-year neckline resistance of mega bullish 2007-Aug 2010 reverse H&S base. Sector wide gold share breakout ahead? This chart is updated <u>daily</u> on our website. On the GCRU home page click: <i>View Schultz Gold Stocks A/D Line.</i>
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GOLD SHARES



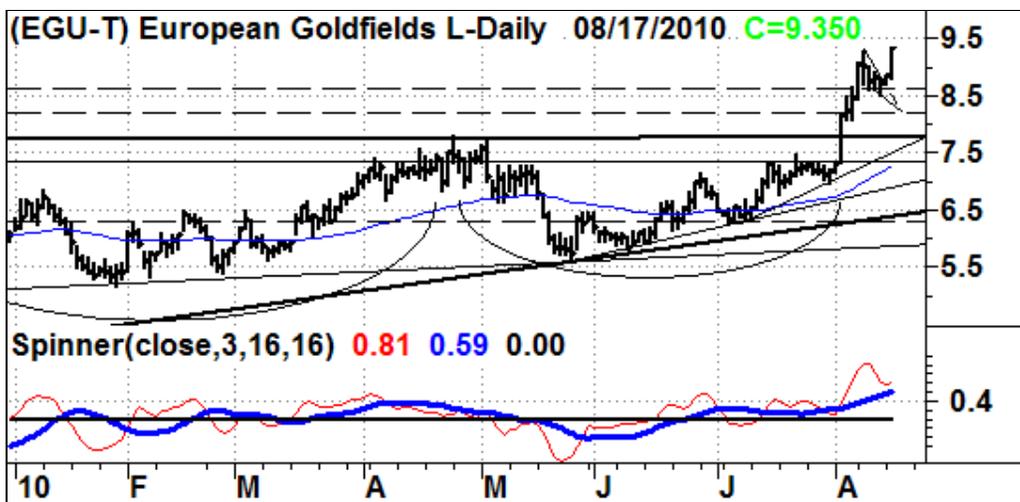
Detour Gold (TSX: DGC-T); gold: CAD\$:

Open trades:	Long at:	Traders bought at 29.29 (Aug-13-10).
	Stop:	S/T: 22.80-stop. M/T: 1-dc below 22.80.
	Profit targets:	30.50 (if buy low) &/or 32.80 &/or 34.90.
New Recom:	If out, buy if dips to 27.80 & 26.50 & 25.10; stop: 1-dc below 22.80. And/or spec buy after 1-dc (forceful) over 29.60.	
Comment:	Spinner rising in positive territory. Volume plus. Aug 16 negative 1-day downside reversal; raises odds for mini price dip towards upper support of May-Aug ascending triangle. Structured advance.	



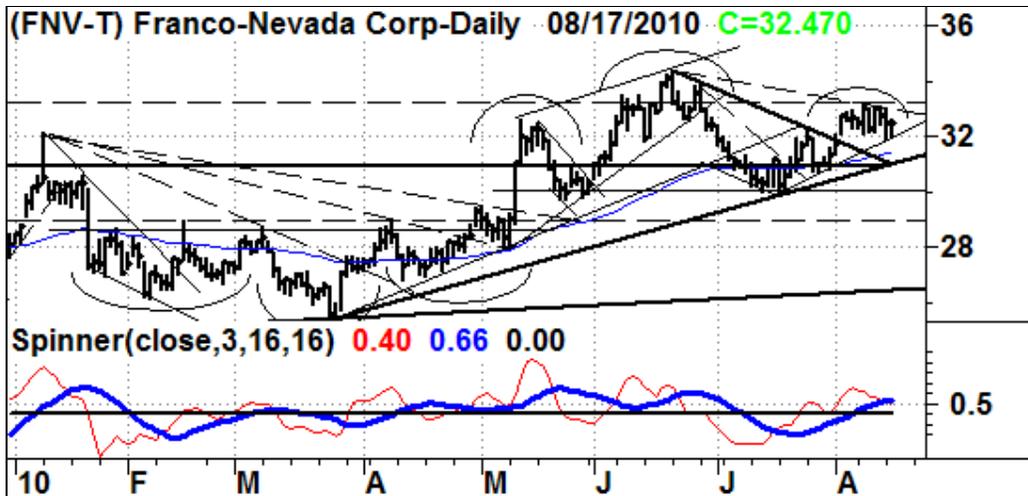
Eldorado Gold (TSX: ELD-T; NYSE: EGO; ASX: EAU); gold: CAD\$:

Open trades:	Long at:	13.31 (Feb-12-10). Traders re-bought at 18.80.
	Stop:	S/T: 15.40-stop. M/T: 1-dc below 15.40.
	Profit targets:	20.30 &/or 21.85 &/or 23.60.
New Recom:	If out, buy if dips to 18.10 & 17.70 & 17.25; stop: 1-dc below 15.40. And/or buy after 2-dc over 19.30.	
Comment:	June peak bull wedge & dynamic upside breakout; 19.73 nearby target. Spinner bullish. May balk below resistance of May-June peaks. Safer to buy after a dip or an upside breakout. Eager!	



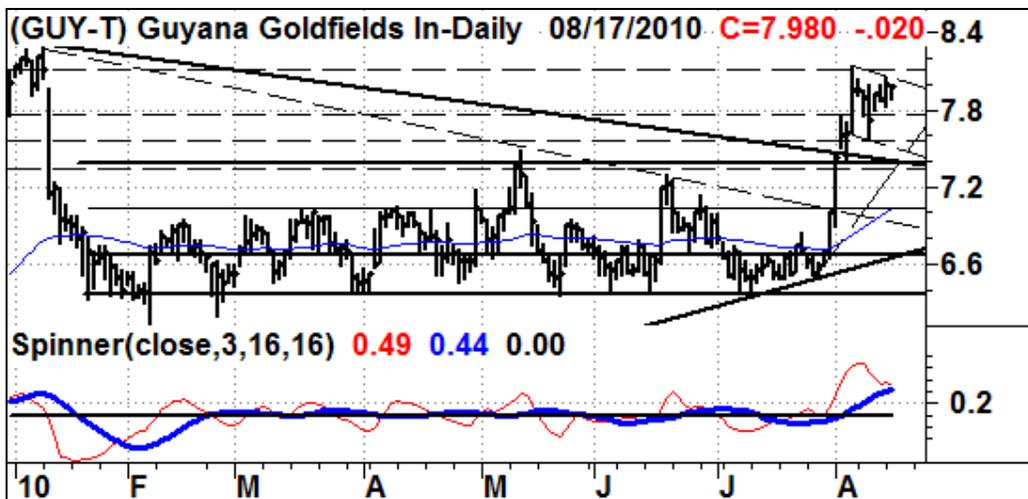
European Goldfields (TSX: EGU-T; LSE: EGU); gold: CAD\$:

Open trades:	None:	Traders not in yet.
	Stop:	S/T: 6.30-stop. M/T: 1-dc below 6.30.
	Profit targets:	10.25 (if buy low) &/or 11.25 &/or 12.25.
New Recom:	If out, spec buy <u>at mkt</u> & if dips to 8.60 & 8.20 & 7.80; stop: 1-dc below 6.30.	
Comment:	Nov 2009-July 2010 cup&handle; 10.25 upside target. Spinner easing from neutral to bullish. Good intentions but can't yet exclude deeper dip towards 7.40-7.75 under-market support.	



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

Open trades:	Long at:	Initial entry price: 30.99 (Sept-16-09).
	Stop:	S/T: 28.90-stop. M/T: 1-dc below 28.90.
	Profit targets:	35.60 &/or 38.50 &/or 41.20.
New Recom:	If out, wait to buy strength after a dip that clearly holds 31.00; stop: 1-dc below 28.90. And/or buy big after 1-dc over 33.15.	
Comment:	Mar 2009-May 2010 ascending triangle; 38.50 target. Spinner backfilling. Explosive rise possible (triggered by technical buying & short covering) if see counter-trend break above 3-month H&S top.	



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

Open trades:	None:	Traders not in yet.
	Stop:	S/T: 6.35-stop. M/T: 1-dc below 6.35.
	Profit targets:	8.80 (if buy low) &/or 9.50 &/or 10.10.
New Recom:	Buy if dips to 7.75 & 7.55 & 7.35; stop: 1-dc below 6.35. And/or buy after 1-dc over 8.10.	
Comment:	Held/reinforced power break above 7-month consolidation range. Spinner crosscurrent. Possible 8-day bull flag. Could dip towards or to test 7.00-7.40 under-market (concrete floor?) support.	



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

Open trades:	Long at:	Initial entry price: 14.90 (Feb-17-10).
	Stop:	S/T: 14.80-stop. M/T: 1-dc below 14.80.
	Profit targets:	19.30 (if bot low) &/or 20.95 &/or 22.65.
New Recom:	If out, spec buy at mkt & if dips to 17.80 & 17.20; stop: 1-dc below 14.80. Buy more after 2-dc over 19.80.	
Comment:	6-day bull flag & upside breakout. Spinner rising. June bull wedge; 19.30 nearby target. Bullish mix of Dec 2009 sym/triangle & 8-month cup&handle, with joint 19.80 upside breakout point.	



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

Open trades:	None:	Traders not in yet.
	Stop:	S/T: 33.80-stop. M/T: 1-dc below 33.80.
	Profit targets:	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 1-dc (must be decisive) over 39.80.	
Comment:	Probing top resistance of 4½-month (irregular) ascending triangle cum bullish cup&handle; 47.30 projected upside target. Spinner hooking to bullish. Blue skies overhead.	



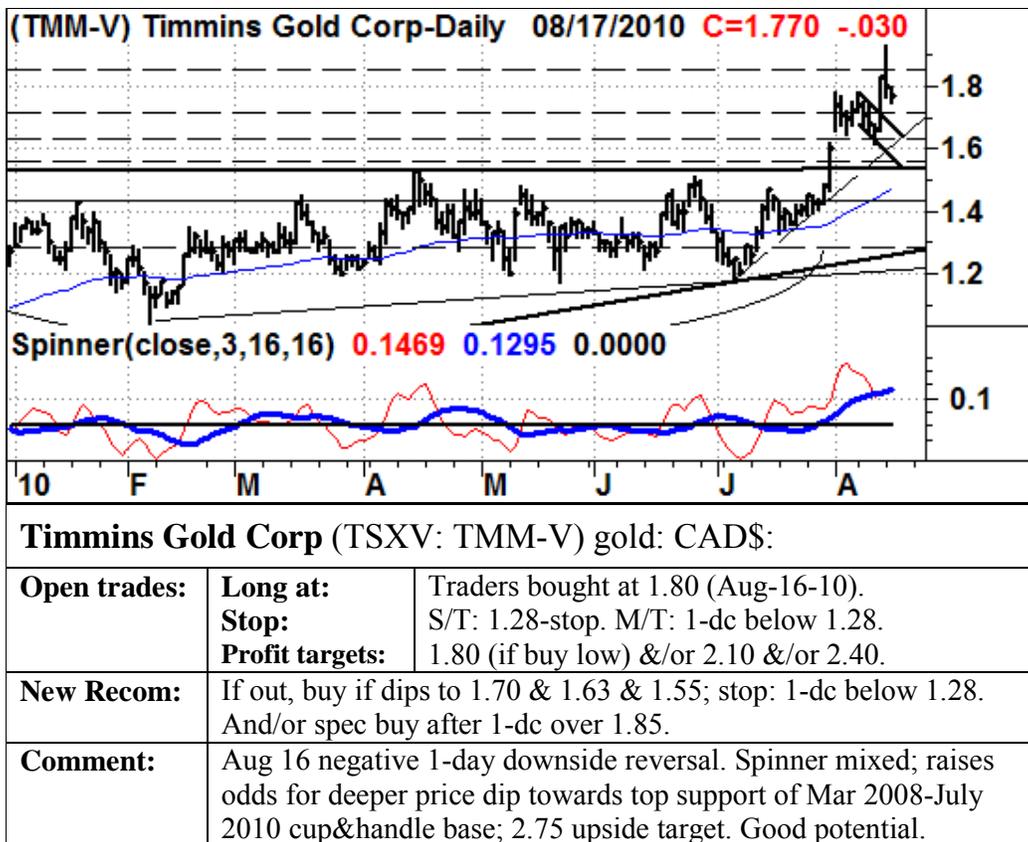
Osisko Mining (Canada: OSK-T); gold: CAD\$:

Open trades:	Long at:	Initial entry price: 5.90 (May-13-09). Gamblers re-bought bit at 13.85.
	Stop:	S/T: 11.30-stop. M/T: 1-dc below 11.30.
	Profit targets:	14.45 (if re-buy low) &/or 15.70 &/or 16.90.
New Recom:	If out, buy if dips to 13.65 & 13.25 & 12.80; stop: 1-dc below 11.30. And/or spec buy after 1-dc over 14.30.	
Comment:	Hit 14.45 measured target of May-July ascending triangle. Risk of 3-week upwedge. Spinner easing at recent overbought extremes. Likely to consolidate shortterm. Bank any worthwhile profits <u>at mkt</u> .	

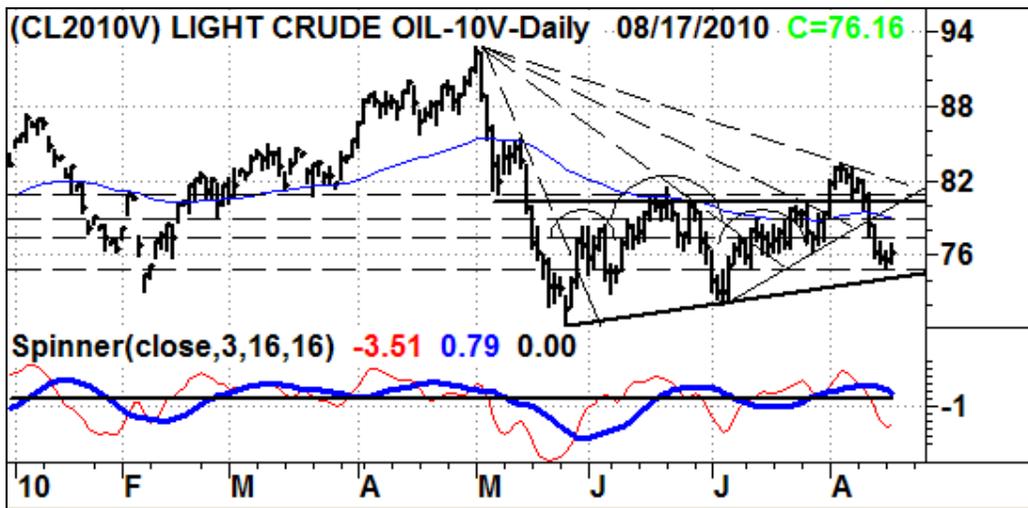


Semafo Inc (Toronto: SMF-T) gold: CAD\$:

Open trades:	Long at:	Initial entry price: 5.00 (Mar-03-10). Traders re-bought at 8.41.
	Stop:	S/T: 6.80-stop. M/T: 1-dc below 6.80.
	Profit targets:	9.80 &/or 10.80 &/or 11.80.
New Recom:	If out, buy if dips to 8.20 & 7.80 & 7.45; stop: 1-dc below 6.80. And/or buy after 2-dc over 9.10.	
Comment:	June bull wedge; 9.13 nearby target. Spinner rising. May balk shortterm below June peak resistance. Protect profits accordingly.	



FUTURES



Crude Oil NY Oct 2010 futures – daily chart:

Open trades:	Short at:	Exited longs with loss ☹. Traders then sold short Oct at 78.49 (Aug-11-10).
	Stop:	77.33-stop.
	Profit targets:	Cover ½ at 75.10, & tight trail stop rest.
New Recom:	If short, can't argue with banking full profits <u>at mkt</u> . If out, temp sidelines preferred this week (too risky to sell short at current oversold extremes, & too negative to buy).	
Comment:	Excessive & unpredictable volatility killing everyone but day traders ☹. Sizable rebound possible even if lower lows to follow.	



Silver Dec 2010 futures – daily chart:

Open trades:	Long at:	Initial entry price: 18.41 (Aug-02-10). Vegas gamblers re-bought bit at 18.65.
	Stop:	Basis Sept: 17.41-stop. Basis Dec: 17.46-stop.
	Profit targets:	Basis Sept: 19.41 &/or 20.40. Basis Dec: 19.76 &/or 20.70 &/or 21.55.
New Recom:	All buy Dec after 2-dc (or high volume rise/close) 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:	Battle rages betwn Apr-Aug H&S top & June peak bull wedge.	



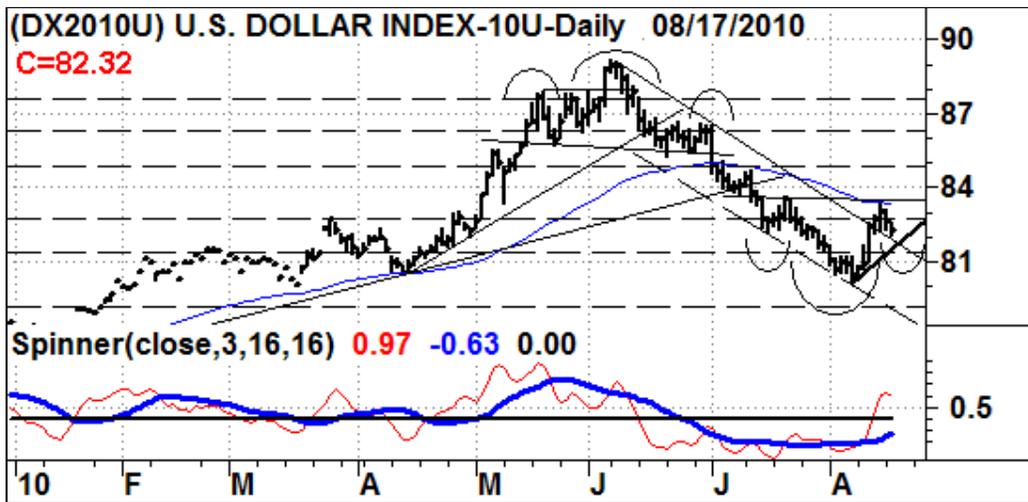
S&P500 Index Sept 2010 futures – daily chart:

Open trades:	Short at:	Exited Sept longs with small profit ☺. Traders then sold short Sept at 1119.30 & 1099.50.
	Stop:	S/T: 1102.50-stop (if sold short).
	Profit targets:	1051.50 &/or 1041.50.
New Recom:	If out, wait to sell short Dec after a rebound that clearly fails below 1112.00; cover ½ at 1051.50. Buy Sept (or cover shorts) after 1-dc over most recent downtrend line from Apr high (now 1118.50); stop: 30-points below your entry level; sell ½ at 1159.50.	
Comment:	July bear wedge & breakdown vs poss May-Aug reverse H&S.	



Sugar Oct 2010 futures – daily chart:

Open trades:	Long at:	Initial entry price 17.12 (Jul-14-10). Traders re-bought Oct at 18.97.
	Stop:	S/T: 17.70-stop. M/T: 1-dc below 17.70.
	Profit targets:	19.90 (if bot low) &/or 20.90 &/or 21.90.
New Recom:	If out, wait to buy strength after current dip &/or buy after 1-dc over 19.70; stop: 17.70-stop; sell ½ at 21.90, & trail stop rest.	
Comment:	7-day bull wedge & upside breakout morphing into possible sym/triangle. Spinner crosscurrent. Seemingly healthy consolidation	



US\$ Index Sept 2010 futures-daily chart:

Open trades:	Long at:	Exited Sept shorts via 82.75 profit stop ☺. Traders then bought Sept at 83.04.
	Stop:	S/T: 81.30-stop. M/T: 1-dc below 81.30.
	Profit targets:	84.80 &/or 86.20 &/or 87.50.
New Recom:	If out, buy Sept after 2-dc over 83.60; stop: exit, or sell ½ at 81.30-stop, ½ after 1-dc below 81.30; sell bits at 84.80 &/or 86.20 &/or 87.50. Sell short Sept after 1-dc below 81.30; stop: 83.60.	
Comment:	Broke above June downtrend line. Uncertain 5-week reverse H&S base. Spinner neutral+. Tech hiccup or sustainable upside reversal?	

Aug-18-10

OPEN POSITIONS & NEW RECOMMENDATIONS RECAP

Sectors	Symbol	Trade recommendation	Long Short	Initial Entry Date	Initial Entry Price	Traders re-bot/-sold at	Last Closing Price	Trailing Stoploss	Target #1	Target #2	Target #3
Gold shares											
Agnico Eagle Mines	AEM	If out, spec buy if dips to 60.80 & 59.60 & 58.30; stop: 1-dc below 51.90. And/or buy after 2-dc over May downtrend line (now 63.35).	L	Apr-16-10	58.90		61.99	51.90-stop 1-dc U/51.90	66.30 (if bot low)	68.90	72.50
Detour Gold	DGC-T	If out, buy if dips to 27.80 & 26.50 & 25.10; stop: 1-dc below 22.80. And/or spec buy after 1-dc (forceful) over 29.60.	L	Aug-13-10	29.29		29.18	22.80-stop 1-dc U/22.80	30.50 (if buy low)	32.80	34.90
Eldorado Gold	ELD-T	If out, buy if dips to 18.10 & 17.70 & 17.25; stop: 1-dc below 15.40. And/or buy after 2-dc over 19.30.	L	Feb-12-10	13.31	18.80	18.80	15.40-stop 1-dc U/15.40	20.30	21.85	23.60
European Goldfields	EGU-T	If out, spec buy at mkt & if dips to 8.60 & 8.20 & 7.80; stop: 1-dc below 6.30.					9.35	6.30-stop 1-dc U/6.30	10.25 (if buy low)	11.25	12.25
Franco Nevada	FNV-T	If out, wait to buy strength after a dip that clearly holds 31.00; stop: 1-dc below 28.90. And/or buy big after 1-dc over 33.15.	L	Sep-16-09	30.99		32.47	28.90-stop 1-dc U/28.90	35.60	38.50	41.20
Guyana Goldfields	GUY-T	Buy if dips to 7.75 & 7.55 & 7.35; stop: 1-dc below 6.35. And/or buy after 1-dc over 8.10.					7.98	6.35-stop 1-dc U/6.35	8.80 (if buy low)	9.50	10.10
Imgold Corp	IAG	If out, spec buy at mkt & if dips to 17.80 & 17.20; stop: 1-dc below 14.80. Buy more after 2-dc over 19.80.	L	Feb-17-10	14.90		18.59	14.80-stop 1-dc U/14.80	19.30 (if bot low)	20.95	22.65

Aug-18-10

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											
Lihir Gold	LIHR	Spec buy after a dip that clearly holds 37.15; stop: 1-dc below 33.80. And/or buy big after 1-dc (must be decisive) over 39.80.					39.55	33.80-stop 1-dc U/33.80	44.30	47.30	49.90
Osisko Mining	OSK-T	If out, buy if dips to 13.65 & 13.25 & 12.80; stop: 1-dc below 11.30. And/or spec buy after 1-dc over 14.30.	L	May-13-09	5.90	13.85	13.94	11.30-stop 1-dc U/11.30	14.45 (if re-buy low)	15.70	16.90
Pan American Silver	PAAS	Not participating in current upturn. Will thus remove from GCRU next week. Traders long at 25.37, stoploss at 21.80 & sell at 26.70. Live by R/S, or die by R/S.	L	June-09-10	25.37		23.43	21.80-stop 1-dc U/21.80	26.70		
Randgold Res.	GOLD	If sold short/hedged, cover <u>at mkt.</u> Buy, or average down after 2-dc over 90.50; stop: 1-dc below 80.60. Belated upturn in view.	L	Feb-17-10	74.42		89.79	80.60-stop 1-dc U/80.60	102.50	108.90	115.60
Semafo Inc	SMF-T	If out, buy if dips to 8.20 & 7.80 & 7.45; stop: 1-dc below 6.80. And/or buy after 2-dc over 9.10.	L	Mar-03-10	5.00	8.41	8.71	6.80-stop 1-dc U/6.80	9.80	10.80	11.80
Silver Wheaton	SLW	If out, buy if dips to 20.25 & 19.75 & 19.25; stop: 1-dc below 17.30. And/or buy after 2-dc over 21.60.	L	Feb-17-10	15.84	20.81	20.81	17.30-stop 1-dc U/17.30	21.40	23.50	25.30

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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											
Timmins Gold	TMM-V	If out, buy if dips to 1.70 & 1.63 & 1.55; stop: 1-dc below 1.28. And/or spec buy after 1-dc over 1.85.	L	Aug-16-10	1.80		1.77	1.28-stop 1-dc U/1.28	1.80 (if buy low)	2.10	2.40
Futures											
Crude oil	CL VO	If short, can't argue with banking full profits <u>at mkt</u> . If out, temp sidelines preferred this week (too risky to sell short at current oversold extremes, & too negative to buy).	S	Aug-11-10	78.49		76.16	77.33-stop	Cover 1/2 at 75.10	Trail stop rest	
Gold	GC QZ	See pg 7.	L	Aug-04-10	1195.50		1228.30	1185.00-stop 1-dc U/1158.00	1243.80 (if bot/-buy low)	1284.20	1318.80
Silver	SI ZO	All buy Dec after <u>2-dc</u> (or high volume rise/close) 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	18.65	18.65	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 UO	If out, wait to sell short Dec after a rebound that clearly fails below 1112.00; cover ½ at 1051.50. Buy Sept (or cover shorts) after 1-dc over most recent downtrend line from Apr high (now 1118.50); stop: 30-points below your entry level; sell ½ at 1159.50.	S	Aug-11-10	1119.30	1099.50	1089.10	1102.50-stop (if sold short)	1051.50	1041.50	

Aug-18-10

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											
Sugar	SB V0	If out, wait to buy strength after current dip &/or buy after 1-dc over 19.70; stop: 17.70-stop; sell ½ at 21.90, & trail stop rest.	L	July-14-10	17.12	18.97	19.38	17.70-stop 1-dc U/17.70	19.90 (if bot low)	20.90	21.90
US\$-Index	DX U0	If out, buy Sept after 2-dc over 83.60; stop: exit, or sell ½ at 81.30-stop, ½ after 1-dc below 81.30; sell bits at 84.80 &/or 86.20 &/or 87.50. Sell short Sept after 1-dc below 81.30; stop: 83.60.	L	Aug-13-10	83.04		82.32	81.30-stop 1-dc U/81.30	84.80	86.20	87.50

••• **Many US money funds were at risk during crisis, Moody's report says.** “At least three dozen money-market mutual funds were at risk of failing during the financial crisis,” *Moody's Investors Service* said in a report Tuesday that highlighted how shaky the nearly \$3 trillion money-fund industry was after Lehman Brothers' September 2008 downfall. From the *WashingtonPost.com*: “Around the time that a soured Lehman investment triggered the demise of the \$64 billion Reserve Primary Fund, Moody's said, at least 36 other US money funds were also at risk of ‘breaking the buck’ -- failing to ensure that clients could get back at least a dollar for each dollar they put in. Damage from the financial crisis to the normally safe investments ‘was unlike any experienced during their previous almost 36 years of operation,’ said Henry Shilling, a Moody's vice president who wrote the report. Money funds’ largely unblemished safety record took its biggest hit when the value of *Reserve Primary's* assets dipped to 97 cents per share. **The fund disintegrated after announcing that the \$785 million it held in Lehman debt had become worthless when the investment bank filed for bankruptcy protection.** The fund’s collapse shocked Wall Street and stoked fears of a full-blown economic collapse.” End quote. Panicked money market investors withdrew almost \$170 billion in the week following the collapse of *Reserve Primary*. The first run on the money market was avoided when the Treasury stepped in with a temporary guarantee program (now expired) to “soothe” redemption demands. But with sovereign debt concerns now undermining the validity of govt guarantees, the next round of panic could bring the industry to its knees. *HSL/GCRU* readers remember we advised long ago to exit all money mkt funds. That still stands. •••

“**Great changes have taken place**, important changes, powerful changes, clues of much deeper systemic change that is part & parcel not only to a Paradigm Shift away from the USDollar, but also to significant changes to inner workings, levers, platforms, communications lines, and other structural equipment that control the American financial system from the elite helm,” pens Jim Willie CB of *The Hat Trick Letter*. “The United States, United Kingdom, and Europe have seen great changes worthy of direct and specific identification.” Some of the major changes JW refers to include: Housing decline & bank owned foreclosures, Sovereign debt masked as bad paper; Gold viewed as a currency; London Metals Exchange strain; QE as a permanent fixture; Recession after 0%; 10-Year US Treasury yield under 3%; FDIC warning of more bank failures, led by CRE; JP Morgan & Goldman Sachs outed; US city & state bust; Crop failures & agricultural strains. “There’s no turning back from these changes, as the machinery is fast failing,” continues JW. “Collectively, they indicate **the Powers are actually losing control in crucial ways**. Public angst and anger has given

way to a struggle to survive, both financially and in more tangible terms. See the 21% US actual jobless rate (ref Shadow Govt Statistics) and the Food Stamp program, where 12% of Americans are on the bread line. My claim of Third World and its advent to the United States must seem a stretch to some, but only to those who lack comprehension of its definition and traits. **The latest telltale Third World signs are commitment to hyper-inflation, endless war profiteering, challenges to investment bankers, and regulatory legislation written by the bankers.** As my key banker source likes to say, **‘Things are breaking progressively in important places. Those in power are being pushed onto their own swords’.**” End quote. The Roman Empire was bankrupted by military overreach, moral decay, and the greed & selfishness of its ruling elite. Unless America heeds the errors of the Roman Empire, it appears destined to suffer a similar fate. **“Is this finally the economic collapse?”** The Great Depression. Wall Street in 1987. Japan in 1997. Points of economic collapse are generally crystal clear in the rear-view mirror, observes Keith McCullough on *CNNMoney.com*. “Professional politicians in Japan have been telling stories for 20 years as to why they can prevent economic stagnation. In the US, the storytelling started in 2007. All the while, stock market and real-estate prices have repeatedly rallied to lower-highs, then collapsed again, to lower-lows. Despite the many differences between Japan and the US, there is one similarity that continues to matter most in the risk management model my colleagues and I use at *Hedgeye* (www.hedgeye.com) our research firm -- **debt as a percentage of GDP**. Now that the US can't cut interest rates any lower, the only option left on the table is what the Fed just announced it would start doing -- buying Treasury debt. And that could lead the country to the brink of collapse: according to economists Carmen Reinhart & Ken Rogoff, whose views we share, **crossing the 90% debt/GDP threshold is the equivalent of crossing the proverbial Rubicon of economic growth. It's a point from which it's almost impossible to return.**” End quote. It's an error to assume anything definitive in economics, but the historical studies of Reinhart & Rogoff warn America (and much of the Western world in varying degrees) is bordering on economic implosion. **“Precious metals ETF alchemy; GLD the new CDO [Collateralized Debt Obligation] in disguise.**” Thanks to Chris Powell of *Gata.org* for the heads-up on a new warning against investing in the gold exchange-traded fund GLD & the silver exchange-traded fund SLV, from *Hinde Capital* in London. The Hinde report asserts of the gold and silver ETFs: “-- ETFs should not be owned by serious professional investors. -- ETFs offer none of the benefits of physical bullion ownership. -- ETFs are no cheaper than owning physical allocated bullion stored and insured in secure vaults. -- ETFs are not as secure as owning physical allocated bullion either via a bullion fund or an allocated bullion account. -- ETFs provide no returns above the bullion price, only the likelihood of tracking at a discount

or potentially failing to track the bullion price at all. -- ETFs do not provide 24-hour liquidity, unlike the bullion market itself. -- It is evident that gold with multiple owners has entered into unallocated and more importantly allocated accounts. We see it as highly likely that encumbered or leased gold could thus be in ETF products.” In essence, the Hinde report concludes that the gold and silver ETFs are part of the fractional-reserve gold and silver banking schemes to suppress precious metals prices. “***Every time you purchase a paper gold derivative, you are aiding the suppression of the gold price. Why? The proliferation of paper gold products creates the illusion of more supply than there is physical bullion, at the prevailing price.***” End quote. We repeat that Precious Metal (PM) ETF’s offer a “convenience” factor that could come with a heavy price. IE, the day that physical demand overrides the Comex “paper” shell game, PM ETF investors could find themselves forced to settle in sharply devalued fiat dollars. Gold is the ultimate insurance policy but only if U hold the *real stuff*. The full *Hinde Capital* report is available at:

http://www.hindecapital.com/docs/hil_reports/Hinde%20Capital%20-%20Precious%20Metals%20ETF%20Alchemy%20Aug%2012%202010.pdf

••• “**Mob rush for housing aid leaves 62 people injured.**” Thirty thousand people turned out in East Point on Wednesday seeking applications for govt-subsidized housing, and their confusion and frustration, combined with the summer heat, led to a chaotic mob scene that left 62 people injured, reports *AJC.com*. “All of this resulted from people attempting to obtain Section 8 housing applications and, against long odds, later securing vouchers for affordable residences. Some waited in line for two days for the applications. Offering applications for the first time since 2002, East Point Housing Authority officials had triple the crowd they anticipated, and one that was three-fourths of the 40,000 population of the south Fulton city. Wednesday's deluge of people seeking low-income vouchers in East Point demonstrated just how desperate the need for affordable housing has become in metro Atlanta, officials said. ‘East Point, to me, is indicative of the problem,’ said Dennis Williams, a Georgia Department of Community affairs assistant commissioner. ‘It just goes to show you the situation is pretty dire.’” End quote. The populace is becoming increasingly desperate. Food riots, mass strike action, intolerance, & sharp increases in theft & crime are inevitable. Don’t depend on govt to protect U. Avoid urban areas &/or be ready to evacuate at the first sign of trouble. Your property/possessions are not worth your life. ••• “**Malaysian state introduces gold and silver Islamic currency coins.**” A Malaysian state is allowing people to use gold and silver coins at stores and restaurants to revive a practice from early Islamic societies, reports the *Associated Press*. “The gold dinar and silver dirham coins provide an alternative to Malaysia's currency, the ringgit, in northeastern Kelantan state, which is governed by the Pan-Malaysian

Islamic Party. State officials have produced coins worth about \$630,000 for use at about 1,000 outlets in Kelantan's capital, said Nik Mahani Mohamad, executive director of Kelantan Golden Trade, which mints the coins. The coins came into circulation Thursday and can be purchased at various locations in Kelantan. Their worth is currently about \$180 per dinar and \$4 per dirham. The state govt also plans to give employees the option of receiving part of their salary in this currency, as well as introduce gold bars for large investments. Muslim alms can also be paid with the coins. The value of the coins used in Kelantan can fluctuate according to market prices, but officials say it remains a better alternative to currency affected by the US dollar and other foreign currency.” End quote. It’s not clear whether this move was made due to a perceptive understanding of the gold market, or for more obscure political reasons (ie, to undermine the dollar). But it highlights the accelerating trend of people & nations, China & India included, which are turning to gold & silver as alternative currencies. ●●● **“Agricultural commodities set for steep price rises.”** Legendary investor Jim Rogers believes that shortages in the agriculture sector are imminent. From *CNBC.com*: “Wheat prices in Europe hit their highest level in two years, rising almost 50% since late June as Russia is experiencing a record drought that has destroyed millions of hectares of its land. ‘That's the straw that broke the camel's back. We’re going to have much, much higher prices over the next few years,’ Rogers said. Last year, Russia exported 21.4 million tonnes of grain and observers had already warned that could be sharply lower this year owing to the drought. The Russian Grain Union has said that in a worst-case scenario, exports could range from as low as 11 million tonnes up to 19.5 million tonnes. Investors finally began to realize that prices for agricultural commodities [in general] have been too low for too long because of subsidies and other factors, which made agriculture an unattractive area for workers, Rogers explained. ‘**A catastrophe is looming,**’ he said in October adding ‘**the world is going to have a period when we cannot get food at any price in some parts of the world**’.” End quote. Combined with bullish supply & demand fundamentals, a potential rush into real/tangible assets (to protect against devaluating fiat currencies) will surely light a fire under agricultural commodities. Every portfolio should have exposure to food, farmland & agricultural commodities.

“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**. Quoting *GCRU* is permitted provided *GCRU* name, website address & subscription price are given. Same as *HSL*.

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Gold (& mkt's) 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

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