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

FOR YOUR EYES ONLY
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-Gold (& mkts) Charts R Us-

•••• Welcome to *GCRU* #411 on Aug 25, 2010 (in its 9th year). We've had another relatively good week in gold bullion, but the July rally leg is becoming increasingly overbought & fragile as we approach crucial $1238.90-1262.40 overhead resistance – below which a significant pullback could develop as profit-orientated funds, & other active &/or veteran traders bank their profits. So, we advise U do the same, ie, bank *some* gains (to hopefully beat the crowd) &/or tighten trailing profit stops daily. A bull market climbs a wall of worry & that's what gold is doing right now, with traders torn between the fear of being left behind & the risk of buying below major resistance. This indecision was highlighted by the violent setback below July uptrend line support in Tuesday's market, which was thankfully greeted as a buying dip cum classic setback to test $1216.50 neckline support of bullion's June-Aug reverse H&S base, with a 1284.20 upside target. However, a new & successive setback could quickly undermine traders' resolve. Bullion's *Spinner* indicator has developed a downside hook/cross, but with the (thick) confirming line rising holding/firmly in positive territory, line action points more in the direction of shorterm under-mkt buying dips than a sustained trend change. The key message in the Aug 22 *GotGoldReport* by Gene Arensberg is, "the nominal large commercial net short positioning is 40,386 contracts less than it was in June with gold then in the $1,240.00s. Thus, the 'opposition' to gold, although apparently on the increase, has not yet reached the level we might call 'aggressive'." Gene correctly reasons the big bullion banks are less willing to "hedge" (ie, illegally manipulate/sell down) the gold market because of the tightness of physical supplies & weakening confidence in govts and fiat currencies. However, the fact that opposition is there, & increasing, is a warning to be extra vigilant. So, where does bullion go from here? On the downside, our *current* worse case scenario for bullion is a dip (starting from anywhere between here & $1262.40) towards or to test joint support of the May 21 closing low & the Feb uptrend line (ie, $1177.00-1181.80), which (as outlined last week), could build into the right shoulder of a lop-sided 3-month reverse H&S. If not, and if we get lucky, bullion may rise in gradual stair step fashion to complete the handle of an (extended) 8½-month cup&handle, possibly probing the $1262.40 neckline resistance level several times, before finally confirming a closing breakout to new record highs. •••• China cut its holdings of US Treasuries by the most ever in June. From May to June, China sold $55 billion worth of dollar-denominated securities while buying $13 billion in yen. If China is ready to do a wholesale dump of US treasuries, it's because it has

hedged/prepared its exit from the US$ trap by buying tangible assets such as oil, food commodities, precious & base metals. The unloading of US Treasuries would devalue the dollar but also send dollar-priced commodities to dizzying heights. And that's probably what China is betting on. •••• The Russian Central Bank added 15.6 tonnes of gold to its reserves in July, a sharp rise from 200,000 ounces in June. So far this year it has purchased 87.5 tonnes vs 134 tonnes in 2009. The stockpiling continues. •••• Politicians & Central Banks have surprised us with their "resourcefulness" to defer the derivative crisis but the toxic truth cannot be avoided forever. The bailout is now breeding a bigger crisis, as the *acceleration* of debt monetization threatens inflation & sharply higher interest rates. Gold will benefit but a crucial survival question is: how long from here through more deflation to the *start* of hyperinflation? Our "guess" is one year but it could be longer. The things we foresee are usually correct, but almost always take longer because we are influenced by "knowing" an event will happen, & tend to position ahead of the curve. The opposing forces are impressive & the elite have shown they have great power & media control. But, they **can't print jobs, confidence, or gold**, so prudence advises personal plans should be based on a 1-year target. •••• The coming bond market bust will unleash a torrent of new money into the gold market. The *Investment Company Institute* reports that from January 2008 through June 2010, outflows from equity funds totaled $232 billion while bond funds have seen a massive $559 billion of inflows. "The rush into bonds has been so strong that last week the yield on 10-year Treasury Inflation-Protected Securities (TIPS) fell below 1%. This means that this bond, like its tech counterparts during the tech bubble, is currently selling at more than 100 times its projected payout," comment Jeremy Siegel & Jeremy Schartz of *WisdomTree*. "One hundred times earnings was the tipping point for the tech market a decade ago. We believe that the same is now true for govt bonds." •••• **Currency round up**: •• The Euro has fallen to validate a bearish H&S top, with a 1.2380 downside target area. But stay flexible, as a break above its Aug downtrend line (now 1.2750) would validate a *conflicting* bull wedge. •• The US$ is churning on neckline resistance of a 6-week reverse H&S base, with a 2-dc over 83.60 still required to confirm upside intentions. If not, a break below the 81.30 area would confirm a bullish failure, and open the downside trap door for a re-test of the pivotal 80.00 level. •• The A-$ is a gambler's (or hedger's) short sale at mkt, for an 86.00 initial downside target. A dynamic close above nearby resistance of its Aug downtrend line (now 89.50) would be a clear sign to cover shorts, and, due to a possible down wedge development, offer a potential buy cue. •• The Cad-$ is also a short sale at mkt for hedgers or gamblers &/or if rallies to 94.90, having broken lower support

of its April sym/triangle, stop: at 96.10, & cover ½ at 93.10. •• The SwFr has risen to validate a 6½-month reverse H&S base, with 1.0580 *theoretical* upside target. •• The Yen popped up to hit the 119.50 upside target of its Feb-June reverse H&S, & we recommend traders bank any/full profits at mkt. •••• We have both deflation & inflation at the same time. A study by JP Morgan shows *Wal-Mart* has raised its prices on average by nearly 6% over the last six weeks. Some products have doubled or more in price, ie: a 32-ounce bottle of Windex household cleaner rose 50%, a 12-ounce box of Quaker Oats instant grits soared 65%, and a 50-ounce container of Tide detergent jumped more than 50% during the past two months. At the back of *soaring* food prices is rampant unemployment, wage freezes & pay cuts. A grim future awaits the unprepared. •••• According to the UK's *Institute of Economic Affairs*, Great Britain's national debt is £4.8 trillion – or six times more than the official number – once state and public sector pension liabilities are included. That equates to £78,000 for every person in the UK. The perceptive *ZeroHedge* website notes, "this number translates to about *330% of UK's GDP*." There is no hope that such an astronomical debt level could ever be paid down, so quantitative easing is here to stay, & will increasingly diminish the fiat currencies as a store of value. By many measures gold has only just begun to bubble! •••• *Bullish Consensus* rank gold at 71% (unchanged from last week). The US$ at 62% (up 6%). BC say gold signals are, "neutral/bullish today, & bullish/neutral thereafter." IE, gold will likely rise a bit more before becoming embroiled in overhead resistance. •••• More good news on the gold seasonality front. A new report published by the Canada-based research firm *CIBC* states "that gold has risen 81% of the time in the month of September in the last 20 years." It further states "that *holding on to gold until the end of the year has historically provided more than twice the returns garnered in September alone*, as traditionally the last four months of the year offer investors the best performance of the year." •••• **Conclusion**: The closer bullion gets to its prior record highs, the more volatility & price opposition will rise. So, as this week's *GCRU* password suggests -- *picknchoose* -- when direction is uncertain it usually pays to implement several different strategies, ie, bank profits when available &/or lock-in via squeaky tight trailing stops. Also risk buy a bit on upside breakouts & on dips (in top R/S gold shares only), and again on strength (which protects against anticipated turnarounds that fail to develop/rise). And/or consider hedging/selling short after a clear breakdown below major resistance. IE, vary your options, so that if one tactic fails, another will *offset* it. •••• Gold is up $4.50 in Europe this AM. The US$ is up 16 cents. •••• Keep your eyes open. Bullion's dip & impressive rebound on Tuesday, and tentative bullish follow through in overnight trading hints a

golden opportunity is lurking just around the corner. •••• Gold luck, from ***Uncle Harry***, & helper Paul.

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

IN THIS ISSUE

••Our Abbreviations:

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

GOLD

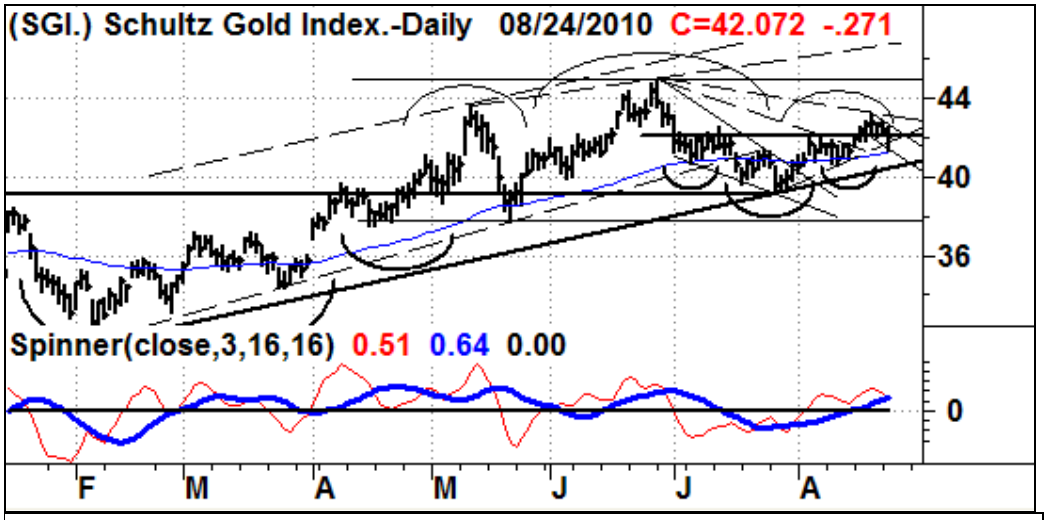
Comex gold <u>Dec</u> futures – <u>daily</u> – 6 month view

Comex gold Dec 2010 futures – 480 min – 6 wk view

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

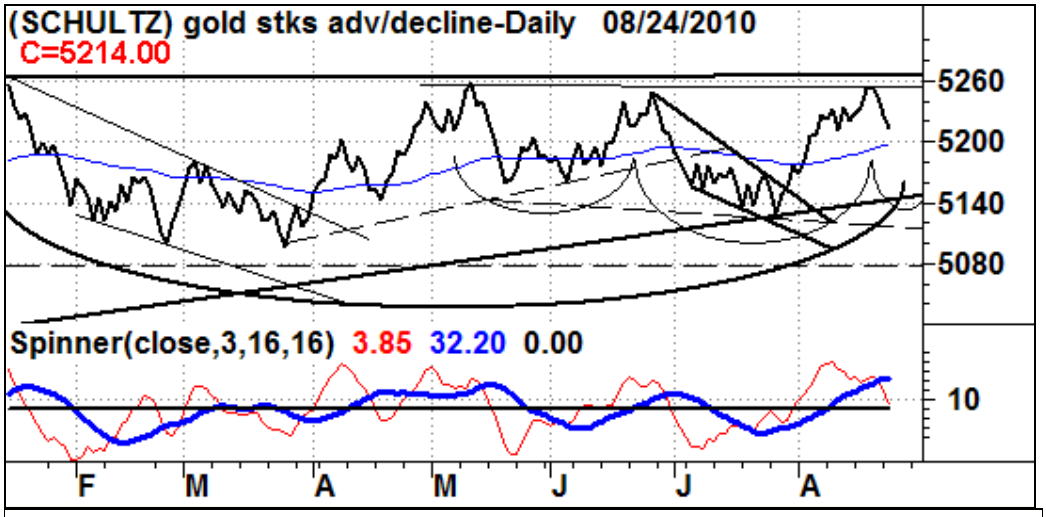
Open trades:	**Long at:** **Stop:** **Profit targets:**	Some spec bought at 1195.90 (08.04.10). Traders re-bought Dec at 1226.80 & 1216.50. S/T: 1185.00-stop. M/T: 1-dc below 1185.00. 1243.80 (if bot low) &/or 1284.20 &/or 1318.80.
New Recom:	-If out, gamblers/active traders only buy Dec bit at mkt; stop: exit, or sell ½ at 1185.00, ½ after 1-dc below 1185.00; take partial profits at 1284.20 &/or 1318.80. -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 1174.60).	
Comment:	Fleeting dip & aggressive rebound on 1216.50 neckline support of June-Aug reverse H&S base; 1284.20 upside target. Spinner in new negative hook; gives tip for short-lived price dips only. June bull wedge; 1267.50 upside target. 3rd bullish fan line. May balk/dip at or below $1262.40 June peak (closing) resistance to build the right shoulder of a 3½-month reverse H&S. Prefer take partial profits just below $1262.40 resistance than just above.	

Schultz Gold Share Index (SGI) -- daily



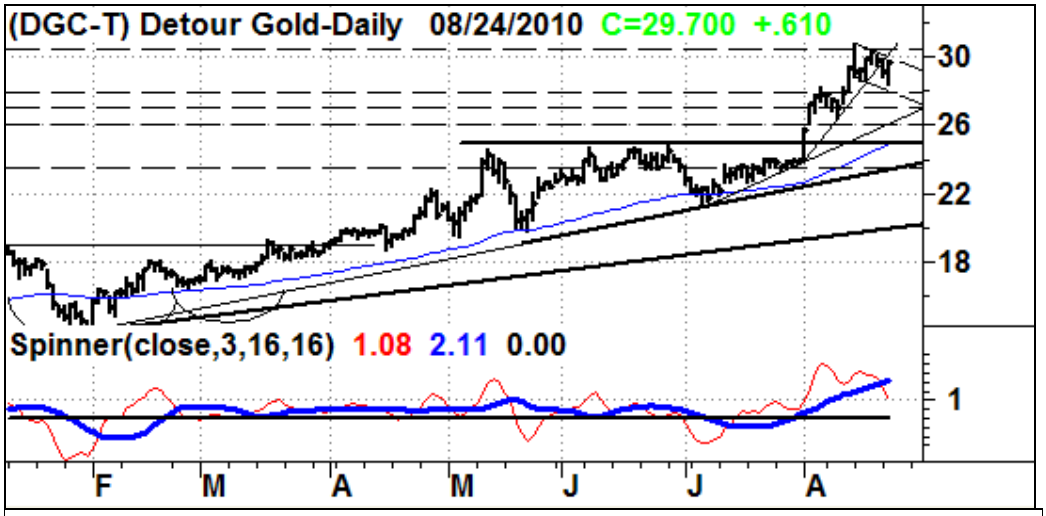
Schultz Gold Index (*SGI*) – **daily** chart:	
Comment:	4-month H&S top vs July-Aug reverse H&S; 45.00 upside target. Spinner in crosscurrent bull mode. Mar 2008-Sept 2009 reverse H&S base; 49.00 measured target. O volume, where art thou?

Schultz Gold Stocks Advance/Decline Line -- daily

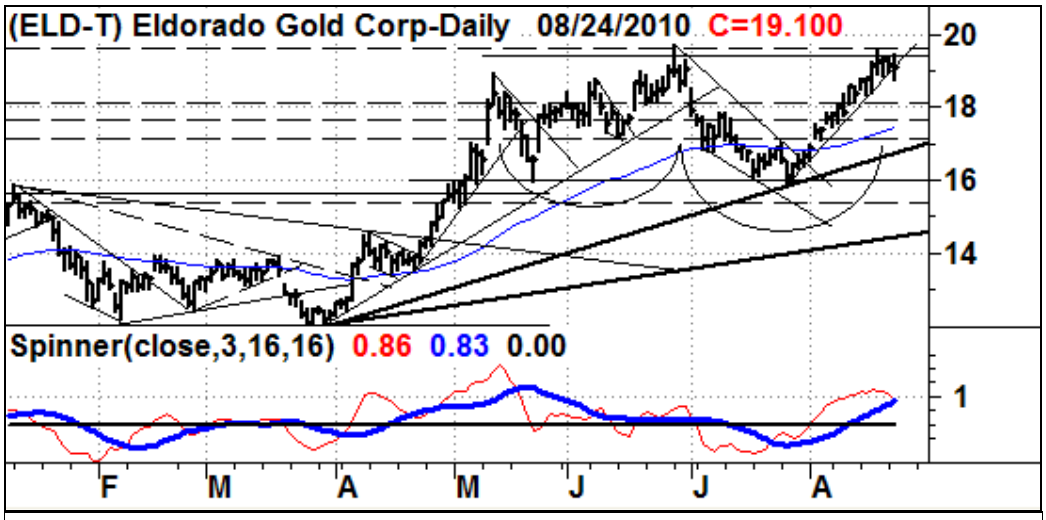


Schultz Gold Stocks Advance/Decline Line *(SGS A/D)* **daily** chart:	
Comment:	Hit 5248 target of June bull wedge. Spinner in growing negative cross. Could dip towards 5160 & build the right shoulder of a possible May-Aug reverse H&S. Massive 2007-Aug 2010 reverse H&S base; 5710 *theoretical* upside target. This chart is updated daily on our website. On the *GCRU* home page click: *View Schultz Gold Stocks A/D Line.*

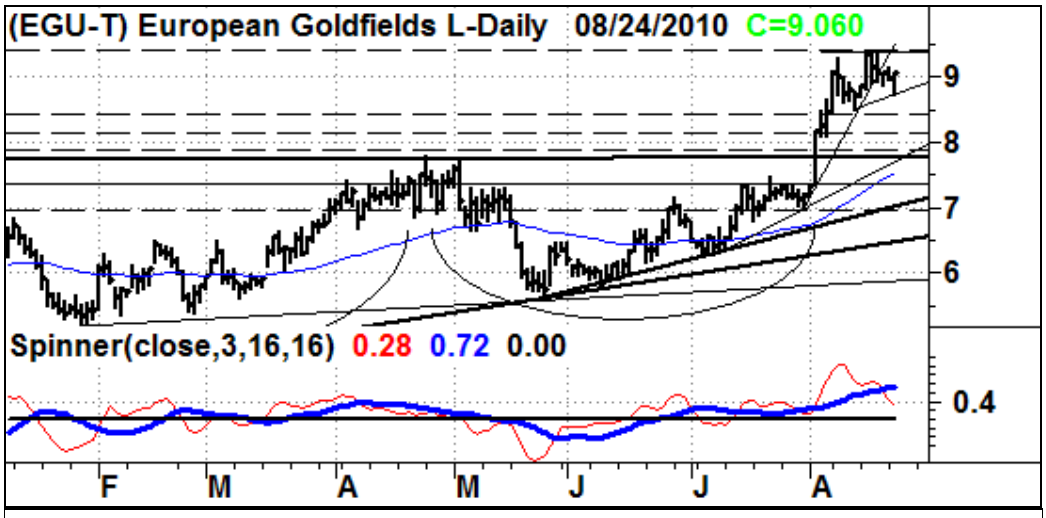
GOLD SHARES



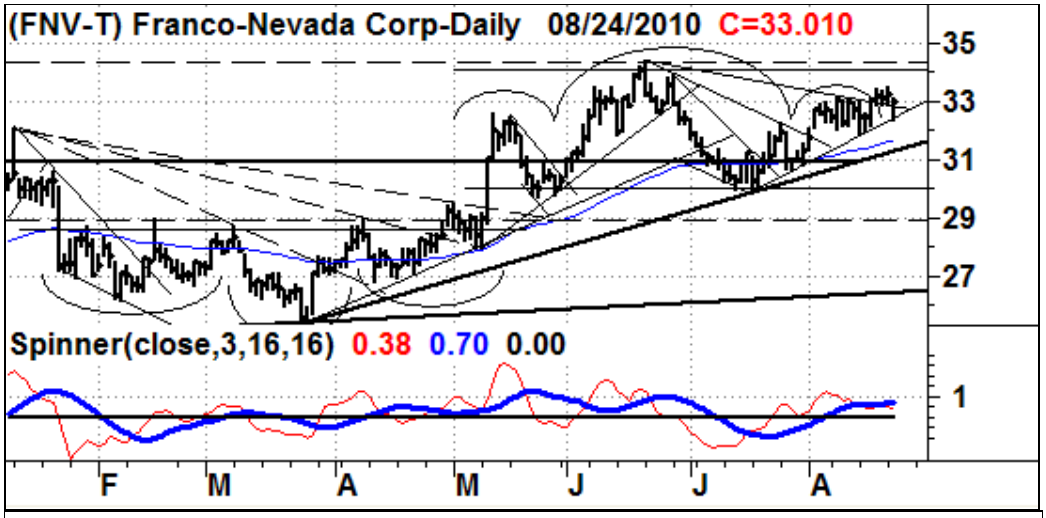
Detour Gold (TSX: DGC-T); gold: CAD$:		
Open trades:	**Long at:**	Initial entry price: 29.29 (Aug-13-10). Traders re-bought at 30.33 (or better).
	Stop:	S/T: 23.40-stop. M/T: 1-dc below 23.40.
	Profit targets:	30.50 (if buy low) &/or 32.80 &/or 34.90.
New Recom:	If out, buy if dips to 27.80 & 26.90 & 26.00; stop: 1-dc below 23.40. And/or spec buy after 1-dc (forceful) over 30.40.	
Comment:	7-day bull flag vs break below Aug uptrend line support. Spinner in new negative cross. Shorterm overstretched. Deeper price dip possible *towards* (25.00) top support May-Aug ascending triangle.	



Eldorado Gold (TSX: ELD-T; NYSE: EGO; ASX: EAU); gold: CAD$:		
Open trades:	**Long at:** **Stop:** **Profit targets:**	Initial entry price: 13.31 (Feb-12-10). S/T: 15.40-stop. M/T: 1-dc below 15.40. 20.30 &/or 21.85 &/or 23.60.
New Recom:	If long, bank any worthwhile profits at mkt. If out, buy if dips to 18.10 & 17.60 & 17.10; stop: 1-dc below 15.40. And/or buy after 2-dc (consecutive) over 19.60.	
Comment:	19.73 target of June bull wedge considered as hit. Prior H&S top morphing into possible May-Aug reverse H&S, with right shoulder to come. Spinner downturn. Buy on dip or upside breakout only.	

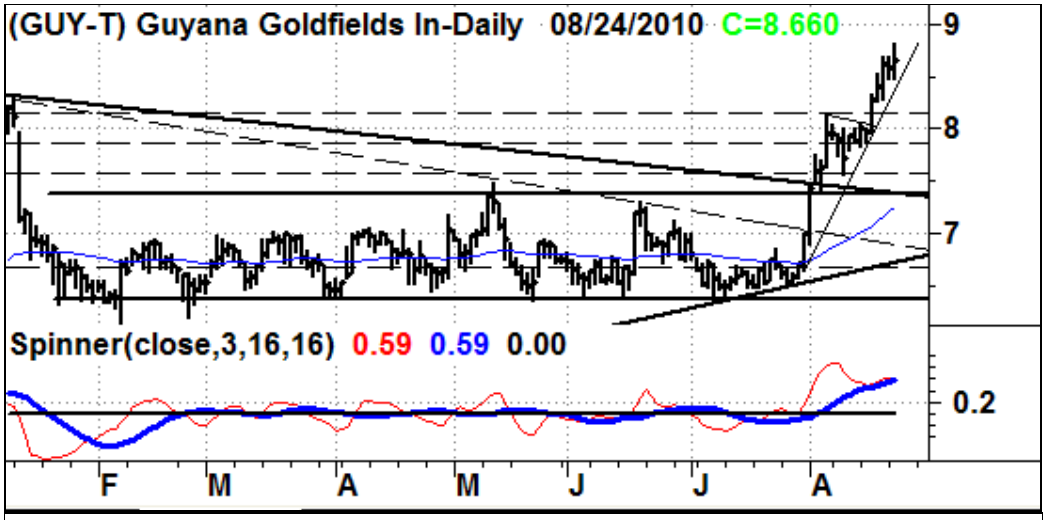


European Goldfields (TSX: EGU-T; LSE: EGU); gold: CAD$:		
Open trades:	**Long at:** **Stop:** **Profit targets:**	Traders bought bit at 9.36 (Aug-18-10). S/T: 6.90-stop. M/T: 1-dc below 6.90. 10.25 (if buy low) &/or 11.25 &/or 12.25.
New Recom:	If out, buy if dips to 8.40 & 8.15 & 7.85; stop: 1-dc below 6.90. And/or buy after 1-dc over 9.40.	
Comment:	Spinner in persistent downside cross; raises odds for deeper price dip towards or to test 7.75 neckline support of Nov 2009-July 2010 cup&handle; 10.25 target. 11-day ascending triangle. Xlnt R/S.	



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

Open trades:	**Long at:**	Initial entry price: 30.99 (Sept-16-09). Traders re-bought big at 33.21
	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 31.50; stop: 1-dc below 28.90. And/or buy after 1-dc over 34.35.	
Comment:	Mar 2009-May 2010 ascending triangle; 38.50 target. Coiling into crooked May-Aug ascending triangle. Spinner neutral. Has yet to gain vigor associated with counter-trend breaks above H&S tops.	



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

Open trades:	**Long:**	Traders bought at 8.27 (Aug-18-10).
	Stop:	S/T: 6.60-stop. M/T: 1-dc below 6.60.
	Profit targets:	8.80 (if buy low) &/or 9.50 &/or 10.10.
New Recom:	If out, buy if dips to 8.15 & 7.85 & 7.55; stop: 1-dc below 6.60.	
Comment:	Surge break to new closing high, on rising volume. Spinner faltering; hints price running ahead of itself shorterm, & likely to consolidate. Xlnt R/S. Aggressive buy on setbacks!	

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

Open trades:	**Long at:**	Initial entry price: 14.90 (Feb-17-10). Traders re-bought bit at 18.42 & 17.80 & 17.20.
	Stop:	S/T: 14.80-stop. M/T: 1-dc below 14.80.
	Profit targets:	19.30 (if bot/buy low) &/or 20.95 &/or 22.65.
New Recom:	If out, spec buy at mkt & if dips to 16.70; stop: 1-dc below 14.80. All buy again after 2-dc over 19.10, and again over 20.00.	
Comment:	Measured target of June bull flag considered as hit. Spinner easing. Dip to expand possible right shoulder of May-Aug reverse H&S. Mega bullish Dec 2009 sym/triangle (see weekly chart).	

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 37.50; stop: 1-dc below 33.80. And/or buy big after 1-dc (must be decisive) over 39.80.	
Comment:	Intraday stab above neckline resistance of 4½-month (irregular) ascending triangle cum bullish cup&handle; 47.30 upside target. Spinner retreating; warns addition price "hesitation" probable.	

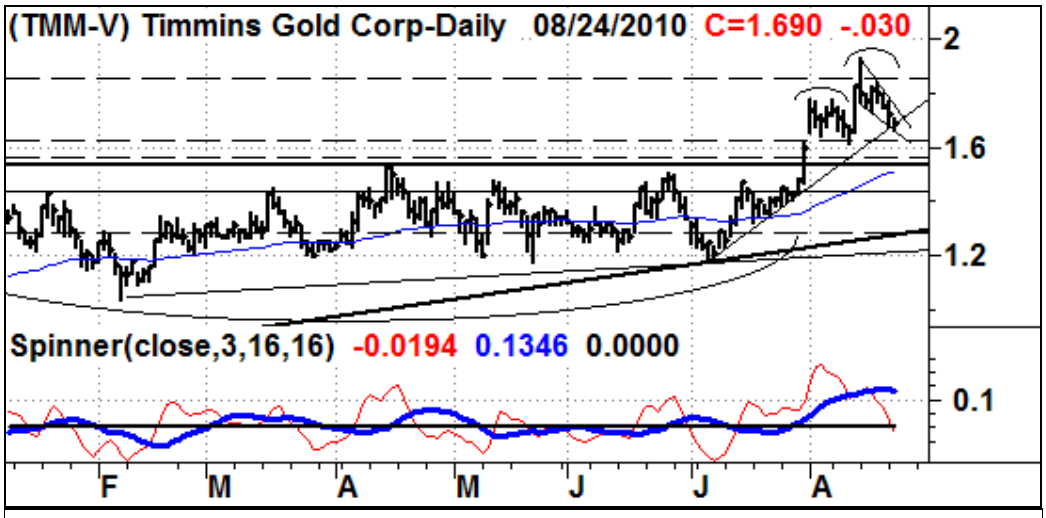
Osisko Mining (Canada: OSK-T); gold: CAD$:

Open trades:	**Long at:**	Initial entry price: 5.90 (May-13-09). Traders re-bought bit at 14.87.
	Stop:	S/T: 11.40-stop. M/T: 1-dc below 11.40.
	Profit targets:	14.65 (if re-buy low) &/or 15.70 &/or 16.90.
New Recom:	If out, buy if dips to 13.60 & 13.20 & 12.75; stop: 1-dc below 11.40. And/or spec buy bit after 1-dc over 15.00.	
Comment:	Popped to new closing highs on bullish volume ☺. Spinner in negative cross with (thick) confirming line rolling over to neutral; gives tip for possible setback *towards* 12.10 under-market support.	

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

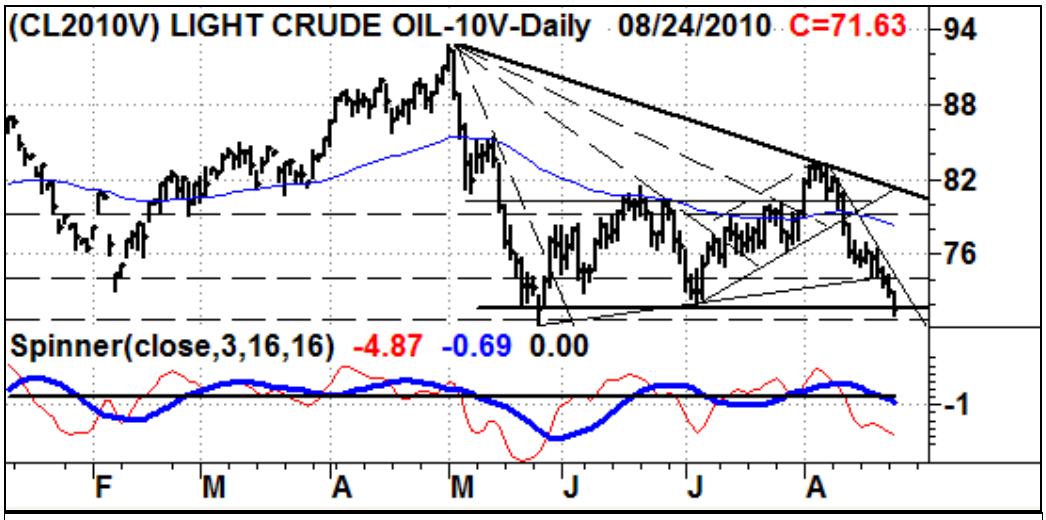
Open trades:	**Long at:**	Initial entry price: 5.00 (Mar-03-10). Traders re-bought at 8.20.
	Stop:	S/T: 6.80-stop. M/T: 1-dc below 6.80.
	Profit targets:	9.80 &/or 10.80 &/or 11.80.
New Recom:	If out, buy if dips to 7.80 & 7.45; stop: 1-dc below 6.80. And/or buy after 2-dc over 8.90.	
Comment:	July bear wedge & tentative breakdown. Spinner weakening. May dip to expand June peak bullish sym/triangle. Good potential.	

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). Traders re-bought at 20.25. S/T: 17.30-stop. M/T: 1-dc below 17.30. 23.50 &/or 25.30. Some took profit at 21.40 ☺
New Recom:	If out, buy if dips to 19.70 & 19.10; stop: 1-dc below 17.30. And/or buy after 2-dc over 21.60.	
Comment:	21.89 target of June bull wedge considered as hit. Spinner in shorterm negative hook. Sharp rise projected if breaks above 21.40 top resistance of May-Aug consolidation range.	



Timmins Gold Corp (TSXV: TMM-V) gold: CAD$:		
Open trades:	**Long at:** **Stop:** **Profit targets:**	Initial entry price 1.80 (Aug-16-10). Traders re-bought at 1.70. S/T: 1.28-stop. M/T: 1-dc below 1.28. 1.80 (if buy low) &/or 2.10 &/or 2.40.
New Recom:	If out, buy if dips to 1.63 & 1.55; stop: 1-dc below 1.28. And/or spec buy after 1-dc over 1.85.	
Comment:	7-day bull wedge vs uncertain H&S top risk. Spinner declining. Mar 2008-July 2010 cup&handle base; 2.75 upside target.	

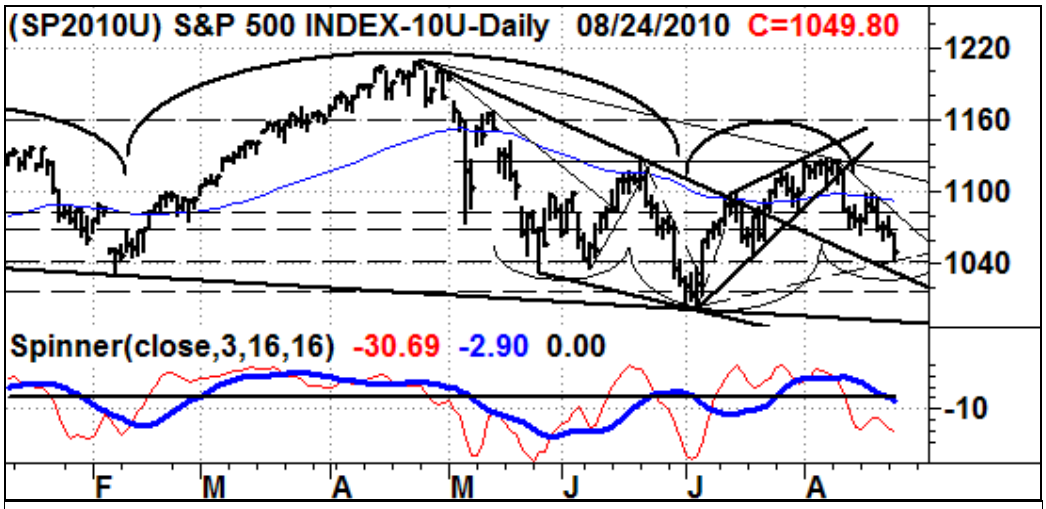
FUTURES



Crude Oil NY Oct 2010 futures – daily chart:		
Open trades:	**Short at:** **Stop:** **Profit targets:**	Initial entry price 78.49 (Aug-11-10). No higher than 73.50-stop. Traders took full profit at mkt &/or ½ profit at 75.10 ☺. Tight trail stop rest.
New Recom:	If out, gamblers/hedgers only sell short Oct after 1-dc below 70.80; stop: 73.50-stop; cover ½ at 65.10. Or, gamblers buy Oct bit after 1-dc over 73.50; stop: 70.80-stop; sell ½ at 79.20.	
Comment:	Dip to test major support of May & July closing lows, where it may bounce. Spinner weak but nearing recent oversold extremes.	

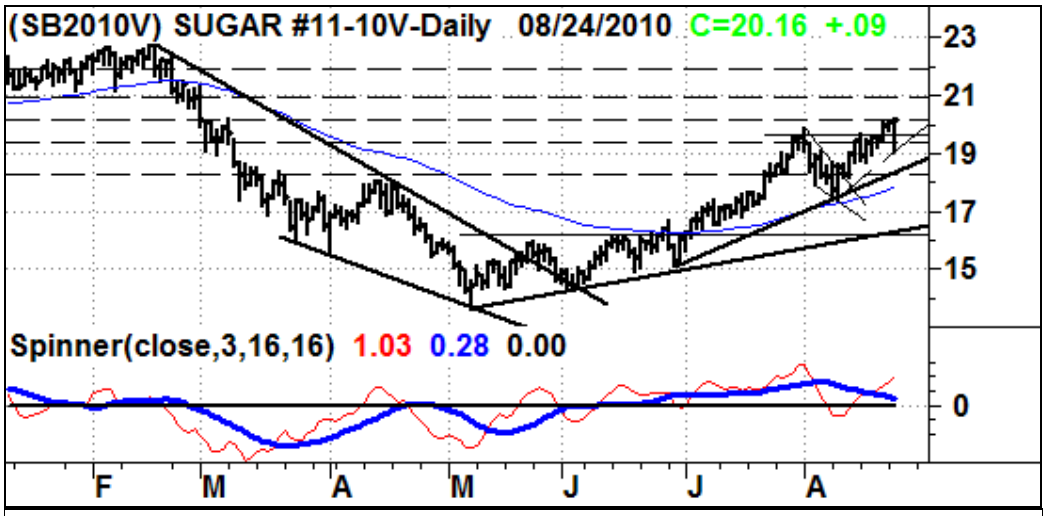
Silver Dec 2010 futures – daily chart:

Open trades:	**Long at:** **Stop:** **Profit targets:**	Initial entry price: 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:	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:	June peak bull wedge & faltering upside breakout vs Apr-Aug H&S top. Spinner neutral. Prudence. Can still go either way.	



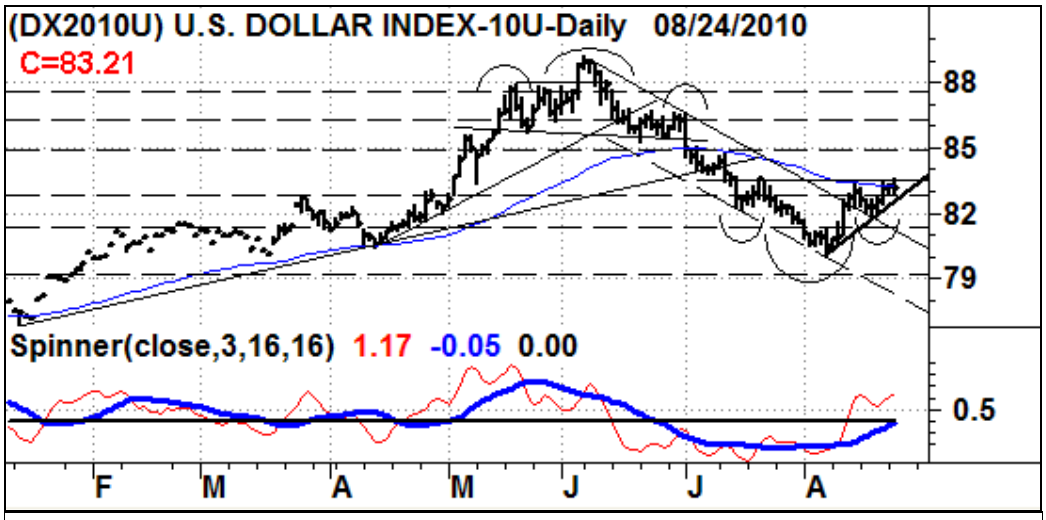
S&P500 Index Sept 2010 futures – daily chart:

Open trades:	**Short at:** **Stop:** **Profit targets:**	Initial entry price: 1119.30 (Aug-08-10). Some may have re-sold short Dec at 1071.30. S/T: 1082.50-stop (if sold/sell short). 1041.50 &/or 1016.00. Took profit at 1051.50 ☺.
New Recom:	Sell short Dec if rallies to 1068.50; stop: 1082.50-stop; cover ½ at 1016.00. Or, gamblers buy Dec after 2-dc over Aug 10 downtrend line (now 1082.50); stop: 30-points below your entry level.	
Comment:	July bear wedge & breakdown probing possible right shoulder support of May-Aug reverse H&S. If short, keep disciplined stops.	



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

Open trades:	**Long at:** **Stop:** **Profit targets:**	Initial entry price 17.12 (Jul-14-10). Traders re-bought Oct at 19.95. S/T: 18.20-stop. M/T: 1-dc below 18.20. 20.90 &/or 21.90. Some took profit at 19.90 ☺.
New Recom:	If out, spec if dips to 19.40; stop: exit, or sell ½ at 18.20-stop, ½ after 1-dc below 18.20. Gamblers buy <u>at mkt</u>, target 21.90.	
Comment:	Broke to new 5½-month high on rising volume. Spinner mixed. Bullish above June uptrend line (now 18.40), defensive below.	



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

Open trades:	**Long at:** **Stop:** **Profit targets:**	Initial entry price: 83.04 (08.13.10). S/T: 81.30-stop. M/T: 1-dc below 81.30. 84.80 &/or 86.20 &/or 87.50.
New Recom:	If out, buy Sept after 1-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:	Rose to complete would-be 6-week reverse H&S base. Spinner on brink of major bull cue. Volume plus. Make-or-break time.	

Aug-25-10

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		62.39	51.90-stop 1-dc U/51.90	66.30 (if bot/buy low)	68.90	72.50
Detour Gold	DGC-T	If out, buy if dips to 27.80 & 26.90 & 26.00; stop: 1-dc below 23.40. And/or spec buy after 1-dc (forceful) over 30.40.	L	Aug-13-10	29.29	30.33	29.70	23.40-stop 1-dc U/23.40	30.50 (if buy low)	32.80	34.90
Eldorado Gold	ELD-T	If long, bank any worthwhile profits at mkt. If out, buy if dips to 18.10 & 17.60 & 17.10; stop: 1-dc below 15.40. And/or buy after 2-dc (consecutive) over 19.60.	L	Feb-12-10	13.31		19.10	15.40-stop 1-dc U/15.40	20.30	21.85	23.60
European Goldfields	EGU-T	If out, buy if dips to 8.40 & 8.15 & 7.85; stop: 1-dc below 6.90. And/or buy after 1-dc over 9.40.	L	Aug-18-10	9.36		9.06	6.90-stop 1-dc U/6.90	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 31.50; stop: 1-dc below 28.90. And/or buy after 1-dc over 34.35.	L	Sep-16-09	30.99	33.21	33.01	28.90-stop 1-dc U/28.90	35.60	38.50	41.20
Guyana Goldfields	GUY-T	If out, buy if dips to 8.15 & 7.85 & 7.55; stop: 1-dc below 6.60.	L	Aug-18-10	8.27		8.66	6.60-stop 1-dc U/6.60	8.80 (if buy low)	9.50	10.10

Aug-25-10

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											
Iamgold Corp	IAG	If out, spec buy at mkt & if dips to 16.70; stop: 1-dc below 14.80. All buy again after 2-dc over 19.10, and again over 20.00.	L	Feb-17-10	14.90	18.42 17.80 17.20	17.59	14.80-stop 1-dc U/14.80	19.30 (if bot/buy low)	20.95	22.65
Lihir Gold	LIHR	Spec buy after a dip that clearly holds 37.50; stop: 1-dc below 33.80. And/or buy big after 1-dc (must be decisive) over 39.80.					39.04	33.80-stop 1-dc U/33.80	44.30	47.30	49.90
Osisko Mining	OSK-T	If out, buy if dips to 13.60 & 13.20 & 12.75; stop: 1-dc below 11.40. And/or spec buy bit after 1-dc over 15.00.	L	May-13-09	5.90	14.87	14.30	11.40-stop 1-dc U/11.40	14.65 (if re-buy low)	15.70	16.90
Randgold Res.	GOLD	Traders covered short sales at mkt &/or re-bought or averaged down at 90.63. If out, buy after 2-dc over 92.15; stop: 1-dc below 80.60.	L	Feb-17-10	74.42	90.63	87.81	80.60-stop 1-dc U/80.60	102.50	108.90	115.60
Semafo Inc	SMF-T	If out, buy if dips to 7.80 & 7.45; stop: 1-dc below 6.80. And/or buy after 2-dc over 8.90.	L	Mar-03-10	5.00	8.20	8.48	6.80-stop 1-dc U/6.80	9.80	10.80	11.80
Silver Wheaton	SLW	If out, buy if dips to 19.70 & 19.10; stop: 1-dc below 17.30. And/or buy after 2-dc over 21.60.	L	Feb-17-10	15.84	20.25	20.53	17.30-stop 1-dc U/17.30	Hit at 21.40 ☺	23.50	25.30
Timmins Gold	TMM-V	If out, buy if dips to 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	1.70	1.69	1.28-stop 1-dc U/1.28	1.80 (if buy low)	2.10	2.40

Aug-25-10

OPEN POSITIONS & NEW RECOMMENDATIONS RECAP

Sectors	Symbol	Trade recommendation	Long Short	Initial Entry Date	Initial Entry Price	Traders re-bot/-sold at	Last Closing Price	Trailing Stoploss	Target #1	Target #2	Target #3
Futures											
Crude oil	CL V0	If out, gamblers/hedgers only sell short Oct after 1-dc below 70.80; stop: 73.50-stop; cover ½ at 65.10. Or, gamblers buy Oct bit after 1-dc over 73.50; stop: 70.80-stop; sell ½ at 79.20.	S	Aug-11-10	78.49		71.63	73.50-stop	Took full profit at mkt or ½ at 75.10 ☺	Tight trail stop rest	
Gold	GC QZ	See page 8.	L	Aug-04-10	1195.50	1226.80 1216.50	1233.40	1185.00-stop 1-dc U/1185.00	1243.80 (if bot low)	1284.20	1318.80
Silver	SI Z0	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.	L	Aug-02-10	18.41		18.42	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	Sell short Dec if rallies to 1068.50; stop: 1082.50-stop; cover ½ at 1016.00. Or, gamblers buy Dec after 2-dc over Aug 10 downtrend line (now 1082.50); stop: 30-points below your entry level.	S	Aug-11-10	1119.30	1071.30	1049.80	1082.50-stop (if sold/sell short)	Hit at 1051.50 ☺	1041.50	1016.00
Sugar	SB V0	If out, spec if dips to 19.40; stop: exit, or sell ½ at 18.20-stop, ½ after 1-dc below 18.20. Gamblers buy <u>at mkt</u>, target 21.90.	L	July-14-10	17.12	19.95	20.16	18.20-stop 1-dc U/18.20	Hit at 19.90 ☺	20.90	21.90

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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											
US$-Index	DX U0	If out, buy Sept after 1-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		83.21	81.30-stop 1-dc U/81.30	84.80	86.20	87.50

•••• "**The great American disaster: how much gold remains in Fort Knox**?" By official admission, only a small percent of the gold that is left in Fort Knox is "good delivery" gold, according to Chris Weber of *Weber Global Opportunities Report*. " 'Good delivery' gold is gold that is at least .995% pure. Pure gold is .9999 fine. However, gold is allowed to be .995 fine and still be acceptable to buyers, such as central banks and sophisticated investors. All of the gold that had left Ft Knox before the window closed 39 years ago today was 'good delivery.' **The shocking admission Ft Knox holds very little good delivery gold was made to Mr. Durell (a wealthy industrialist who life's work was to restore transparency and honesty to the monetary system) by the chief official of the General Accounting Office (GAO)**. This happened a few months after the September 1974 tour when Mary Brooks, the Director of the US Mint, led six Congressmen and one Senator on a tour of Ft Knox. During that event, which *lasted less than four hours*, the visitors were shown only what the Treasury officials conducting the tour intended these elected (non-expert) representatives to see. Only <u>one</u> of the 13 compartments supposed to contain gold was actually opened to the visitors. As the cameras flashed, a few bars were weighed by the Congressmen. None of them were assayed. But even worse than this was the fact that these eyewitnesses were shown bars that were strangely orangish in hue." CW explains this is because gold coins confiscated from Americans contained copper (approx 10%) used to strengthen them, & that bars made from the melted coins contained the same proportion. "But much of what was left, as seen in the one compartment opened in Ft Knox, were quite obviously of bad quality. At the same time, the Treasury agreed to audit the gold. However, **they only agreed to audit <u>20%</u> of the gold**. The results of this 'audit' were released in February of 1975." Mr. Durell contested the results, continues CW, "and the GAO sent a team of men, including the GAO's Washington manager Hyman Krieger to convince him of their accountancy practices. **The one concrete piece of information to emerge from this meeting was a bombshell. Krieger admitted that only a small part – 24.4 million ounces – of the official gold was of a quality of .995 or better. In other words, <u>less than 10%</u> of the 264 million ounces held by the Treasury could be considered good delivery gold**. First the Treasury said that 264 million ounces of gold was there by the end of 1972, but later on the number was changed to 147.3 million ounces, and that's the number it stands at today. **What happened to change the 264 million to just 147.3? How much – exactly – remains in Fort Knox? Of that, how much – exactly – is good delivery quality? What is the quality of the rest**?" End quote. An annual physical audit of US gold reserves is required by law, yet the last one was done was in 1957.

Since then, all requests for a full physical audit have been blocked, including the recent request by Congressman Ron Paul. If the gold is there, in full quantity, & of acceptable purity, why doesn't govt allow an audit? Or is there yet another desperate cover-up going on? Chris Weber's full essay is available at: http://www.lewrockwell.com/orig11/weber-c1.1.1.html. •••• "**Gold manipulation: Central Banks are now in deep trouble**." Physical bullion differs from other investment media because today there is no secondary market, pens Alasdair Macleod at FinanceAndEconomics.org. "**Buyers of bullion are not speculators, or even investors: they take delivery, hoarding it from the market, and are not tempted to re-supply it at any price**. To some degree this loss from the market has been replaced by newly mined gold and scrap, but the size of the market is such that gold from these sources is now insufficient for hoarding demand. So when the bullion banks try to shake out the bulls, as they have recently, they may manage to reduce their short position in the paper markets; but the lower prices for bullion simply generates *extra physical demand*. The result is that the size of the paper market has become increasingly dangerous relative to the physical gold actually available. For the last fifteen years the European Central Banks have led attempts to keep the price down. **In the last ten years alone, this cartel has officially sold about 3,800 tonnes, all of which is now effectively hoarded** [happy hoarders]. On top of this, they have leased unrecorded amounts of their gold, all sold into the market and now irrecoverable. Leasing has had one over-riding purpose, to **swamp** demand. Thirty years of leasing has fed the hoarders, and provided the feedstock for the futures market, where the bullion banks are also short on their trading books a net 718 tonnes today. …The result must be the accumulation of the largest short position *ever* on the bullion banks' unallocated accounts and on Comex. Research by Adrian Douglas [*MarketForceAnalysis.com*] suggests that the **operational gearing on unallocated accounts is as much as forty five times: in other words the bullion banks only have one ounce of gold for 45 ounces of customer liabilities**. If this is even *half* correct, the implications are frightening. In the absence of a secondary market for physical, just a small rise in prices leaves the bullion banks dangerously exposed. The result of a combination of excessive gold-related credit and lack of regulatory oversight has much in common with the events that led to the credit crunch in 2007. **What we don't know today is whether a broader systemic crisis will tip the gold price towards infinity, or whether a gold bullion crisis comes first, triggering a wider systemic collapse. Either way, it should be spectacular**." End quote. The gold manipulation scheme is unraveling at the seams. Its implosion will be a sudden occurrence that will reward the "haves" (gold holders) & could literally wipe out the "have nots" (as physical gold may not be available at *any* price). •••• "**Entering a death**

spiral? **Tensions rise in Greece as austerity measures backfire**." The austerity measures that were supposed to fix Greece's problems are dragging down the country's economy, reports *SpiegelOnline*. "Stores are closing, tax revenues are falling and unemployment has hit an unbelievable 70% in some places. Frustrated workers are threatening to strike back. This dire prognosis comes even despite Athens' massive efforts to sort out the country's finances, which have managed to reduce the country's budget deficit by an almost unbelievable 39.7%. The measures have reduced govt spending by a total of 10%, 4.5% more than the EU and International Monetary Fund had required. The problem is that the austerity measures have in the meantime affected every aspect of the country's economy. **Purchasing power is dropping, consumption is taking a nosedive and the number of bankruptcies and unemployed are on the rise**. **The country's gross domestic product shrank by 1.5% in the second quarter of this year. Tax revenue, desperately needed in order to consolidate the national finances, has dropped off. A mixture of fear, hopelessness and anger is brewing in Greek society**. 'If you take away my family's bread, I'll take you down -- the govt needs to know that,' warns a man named Nikos Meletis. 'And don't call us anarchists if that happens! We're heads of our families and we're desperate.' He predicts the situation will only become more heated. 'Things are starting to simmer here,' he says. 'And at some point they're going to explode'." End quote. Greece is the canary in the fiscal coalmine. Perhaps its problems symbolize the future for America in some degree. If hyperinflation is then thrown into the mix, there will surely be mayhem. •••• "**Buy gold now while it's still available**." Interviewed by Jeff Clark of *Casey's Gold & Resource Report*, Andy Schectman of *Miles Franklin* first explains the privileged contacts he has in the gold industry & where he gets his information. Andy: "I'm associated with two of the six primary mint distributors in the United States. There are only six primary precious metal distributors here because the qualifications are very difficult to meet. Aside from having $100 million in annual sales, you have to extend a $50 million line of credit to the US Mint, and very few companies can do that. So in working with these companies, I'm privy to information that many others aren't." Jeff: "Tell us how you would characterize supply right now." Andy: "Fragile. Availability of product changes almost weekly. But it's worse than that. When the market plunged 1,000 points in one day in May, two German banks bought about 35,000 or 40,000 one-ounce coins and cleaned out the Royal Canadian Mint overnight. Think about that: **two banks cleaned out one of the world's preeminent mints in one day**." Jeff: "We saw supply constraint in 2008, where dealers were running out of product. Do you think we're headed there again?" Andy: "I do. In 2008, when gold dropped from $1,000 to $700 very quickly, all product worldwide disappeared. Within weeks the US Mint was shut down. The Canadian, Austrian, and Australian

Mints were all 8 to 12 weeks back-ordered or shut down. The Australian Mint stopped taking any new orders in July or August for the rest of the year. The Rand Mint, for the first time ever, sold out of its entire product. So product was impossible to get. There were many days I sat at my desk wondering how I was going to get product tomorrow, and there were times we couldn't take orders whatsoever. And that comes from a company that's done over $100 million in sales, is a member of the certified exchange, and that has contacts that run very deep in the industry – and I couldn't get anything. The message is, '**Buy now while it's still available.' I know it may sound like I'm trying to sensationalize it, but I'm really not. Based on what I know, it's my opinion that if 5% of this country put 5% of their money into gold, there would be nothing left tomorrow morning. Supply is that small compared to the tremendous amount of money that's out there**." End quote. This presents us with a unique opportunity to participate in the meteoric rise of gold & silver. Are U ready? •••• **Faber**: "**Gold is my asset pick for the next <u>10 years</u>**." *Gloom, Boom & Doom Report* editor Marc Faber told a CPA Association meeting in Abu Dhabi that gold is his asset class of choice for the next 10 years. From *MoneyNews.com*: "Faber said earlier in the year that investors should buy some gold, every month, forever. Faber began his talk by saying that extreme deflation scenarios are extremely unlikely under the Bernanke Fed. He also compared the Fed chairman's commitment to an anti-deflation strategy to Adolf Hitler's 'Mein Kampf,' which was also not widely believed until it was too late. Faber said that holding cash and bonds exposes investors to more dangers than holding equities, though he believes that equities are unlikely to make money given coming inflation. **He advises long-term investors to buy gold and equities, especially globally diversified gold and resource stocks, and to invest in emerging and frontier markets, which he believes have much better growth prospects over the next <u>20-years</u> than the developed markets**." End quote. The derivative crisis is triggering a historic shift of income & economic power from financially indebted & resource poor western developed nations, to eastern developing nations with huge resources &/or financial reserves. The world as we know it today will be almost unrecognizable in 20-years. •••• "**Govt is stealing from the people**." Very few people understand that <u>money printing</u> is a form of robbing the citizens of their money and their work, pens Egon von Greyerz of *Matterhorn Asset Management* in a new report. "Money is supposed to be a medium of exchange for goods and services equaling the value of the goods or the service produced. For example, an individual works extremely hard to earn an annual wage of say $40,000 which he receives in the form of paper money. The govt, due to its *mismanagement and incompetence* simultaneously prints $40,000 in order to cover its deficits. So the govt has, by pressing a button, produced the same

amount of money that a man had to work a year for. This is what is currently taking place all over the world and which will accelerate in coming months and years leading to a total destruction of paper money. **Paper money has completely lost its function as a medium of exchange or a store of value**. This is why gold is gaining and will continue to gain value against perishable paper that is called money." The US has now reached a point where debts have to increase dramatically for the country just to *standstill*, continues EVG. "Like all Ponzi schemes this one is also coming to an end – very soon. The US dollar will decline dramatically after the current rally and lose its reserve status and the US govt will be unable to finance its deficit in any market. This process will lead to endless money printing, collapsing treasury bonds (substantially higher interest rates) and the dollar becoming worthless in a hyperinflationary black hole. **Let us just reiterate that hyperinflation arises as a result of money printing, leading to a currency collapse, and not from demand-pull. The slight deflation that we are experiencing currently is a prerequisite for hyperinflation. The fear of a deflationary implosion forces govts to print money, leading to a collapsing currency which historically has always been the cause of hyperinflation**. The 'conventional wisdom experts' say that it will be years before we can see inflation or hyperinflation. In our view it can happen a lot faster. The world economy is resting on a foundation of matchsticks. **All that is needed is a change in confidence or psychology for this fragile foundation to crumble. The frailties of the financial system could make this happen like a flash fire**." End quote. Signs of a complete system collapse are everywhere. The failure of Lehman Brothers in September 2008 is widely viewed as the spark that triggered the global economic crisis. What will trigger the ultimate collapse? (See Sept 5 *HSL* for timing of 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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