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

•••• Welcome to *GCRU* #415 on Sept 22, 2010 (in its 9th year). •••• Another bumper week in the gold market ☺. Bullion is up $19.00 since last time. And silver, which has almost doubled gold's gains so far this year, has risen to top its 2008 high & touch its highest level since Oct 1980. We suspect that gold skeptics are now convinced the breakout is for real! Bullion's chart was looking shaky at Tuesday's NY close due to a bearish 1-day downside reversal, but we can thank Bernanke for gold's $17.00 surge in overnight trading, after FOMC after-market comments prized open the door on Quantitative easing II & the continuation of large-scale asset purchases (which will debase the US$ further). Even so, bursts of strength go hand-in-hand with profit taking, & combined with cabal attempts to delay or derail the yellow metal's rise, will provide countless sell-offs & cheaper re-buys. •••• The gold share indexes (SGI, HUI, XAU) all rose to new shorterm highs, as did our in-house gold share *Advance/Decline* line. The HUI however has yet to break conclusively above the 500 neckline area of a 9½-month bullish cup&handle. So, despite the updraft that looks to continue, a number of the gold shares are still blocked below longterm resistance -- and if U are holding stocks that haven't made new highs, or nearly so, it's obvious U should do some house cleaning. •••• How much of a correction could we see in gold – assuming there is one? The chart shows significant under-market (closing) support between $1,250-1,262, which is the neckline area of bullion's May-Sept reverse H&S, with a $1,400 upside measured target. If that support level fails, the $1,200-1,216 level offers greater support, & coincides with bullion's Oct 2008 uptrend line. The key to which support holds, will probably depend on the US$ (which will also influence stk mkt direction). If the US$-Index clearly violates its August 6th low via a 2nd consecutive day close below 81.80, then $1,250-1,262 is probably the lowest gold may go, unless it moves directly higher. If the US$-Index rebounds above its August (83.68) closing peak, it would open the possibility of $1,200-1,216 for gold. We favor the smaller correction, but being good boy scouts, will *be prepared* for both eventualities. •••• John Williams of the highly recommended *ShadowStats* website, one of the few sources that strives to reveal the reality behind the manipulation & lies of govt statistics, says to expect hyperinflation to start within 6 to 12 months. JW offers a free, *must read* hyperinflation report update (which *replaces* his April 8, 2008 report) at: http://www.shadowstats.com/article/hyperinflation-2010.pdf •••• Crude oil dipped & missed our stoploss by just 7 ticks! (basis Dec). Unfortunately, we weren't so lucky with the Oct cx ☹. The subsequent

rebound is still *fragile*, but if we see a 1-dc over the May downtrend line (now 80.05), we will re-buy. •••• Positive stock market action is underpinning the gold shares, via the S&P500's break above its May-Sept reverse H&S neckline, with a 1241.00 theoretical target. The risk of global stock market decline continues to fade as more & more indexes rise to abort lengthy H&S tops. Leading relative strength is apparent in the Singapore *Straits Times Index*, which has broken to a new 27-month high, while other major indexes such as the Toronto TSE & German Dax are poised to do likewise. Buying 2 or 3 top relative strength stock indexes (directly or via ETFs) is a clever way to diversify geographical exposure with relatively low risk. •••• New data shows Russia increased its gold holdings by 9.33 tonnes in August, while Thailand increased its gold holdings by a fifth in July, buying 15.55 tonnes through open market purchases. Central Banks are racing to boost their ratio of gold to fiat paper without running the price sky-high. •••• Currency round-up: • We re-bought the SwFrs at 100.38 & on a dip to 99.10. Cloud cover is thin so the odds still favor a persistent push above parity (1 to 1), but we prefer relatively tight stops just in case we are wrong on trade entry timing. Exit, or sell ½ at 97.60-stop, ½ after 1-dc below 97.60. • Our US$ hedging strategy using the commodity currencies continues to pay. The A-$ is leading the way higher via a 5-month cup&handle & surge upside breakout, with a 102.20 theoretical target. If U missed the breakout, wait to buy a setback that holds on or above 90.90. • The NZ-$ is a gambler buy at mkt, & again after 2-dc over 73.30; stop: 1-dc below 70.90. • Ditto the Cad-$, which is a spec buy at mkt, & again after a 2-dc over 96.70; stop: 1-dc below 95.80. • We are long the British Pound, with a stoploss to exit ½ at 1.5300-stop, ½ after 1-dc below 1.5300. Convincing strength has yet to develop but *Spinner* lines suggests higher highs are possible. • The dust has still to settle in the Yen after last week's govt intervention. •••• 8 million US foreclosure-bound homes have yet to hit the market, according to *Morgan Stanley*. •••• A new member asks if it would be more profitable to stop trading the gold shares & just hold for now, as a major breakout has occurred. Our answer is no. We never stop trading because it's an *essential process* to protect & leverage our assets. Active traders can reap huge profits buying/selling/buying/selling even in primary bull mkt legs. Nonetheless, we *constantly* adjust our trading capital as a percentage of our total gold holdings to suit prevailing market conditions (ie, we trade less when mkts are strong to hopefully let profits run, and we trade/scalp more when mkts are weak or tracking sideways). As a guideline we are currently trading 30-35% of total assets vs 65-70% being held as core holdings. •••• One in seven Americans, or 45 million people out of a population of 307 million are *already* living in poverty, & yet the real financial crisis hasn't even started. •••• Foreign Central Banks

are balking at buying US govt or govt-sponsored debt. Trader Dan at *JSMineset* says, "Last week a big development took place, which bears further scrutiny. It occurred in the Agency Debt category where Central Banks dumped $57 billion worth of US agency debt. *That is the largest one-week drop in my records going back six years*." The drop is so extreme that Dan wonders if it's a clerical error. "If not, it could well be that foreign Central Banks are getting really serious about diversifying their reserves away from US dollar backed paper." It's another vote of no confidence in fiat paper that will underpin gold. •••• Soybeans have broken to a new multi-month high & are a gambler buy on dips to 1059 & 1045; stop: exit, or sell ½ at 1012-stop, ½ after 1-dc below 1012; sell ½ at 1140 (basis Nov). •••• *Bullish Consensus* list gold at 76% (up 2 from last week). The US$ at 49% (down 1%). BC say the gold trend is "neutral/bearish short-term. The intermediate trend is cautiously bullish/neutral." •••• A new study by *Boston College's Center for Retirement Research* estimates American workers are $6 trillion short of what they need to retire, with savings ravaged by declines in stock and housing values. •••• Bottom line: gold traders have racked up impressive gains over recent weeks, especially in the latest batch of chart breakout stocks added to *GCRU* (Detour Gold, European Goldfields, Guyana Gold, & Timmins Gold). But when prices become overheated, volatility increases, & so does the risk of potentially sharp corrections. So, as today's password implies (*inoutin*), to counter the risk of a coordinated pullback in the above stks, we urge U pick a few profit plums and re-buy some newly formed breakout patterns – as seen in B2Gold Corp (TSE: BTO-T), US Gold (NYSE: USG, TSE: UXG-T), & Wesdome Gold Mines (TSE: WDO-T), three new additions to *GCRU* this week. Bear in mind that selling regularly into strength makes it easier, even fun, to buy on dips. Otherwise, our strategies of recent weeks still hold. We list logical individual support levels (herein), and ask that U spec buy on dips to those levels, & again on strength *after* higher reaction lows emerge. We also give above-mkt buy levels in the event that gold's uptrend continues with no pullback. If run-away upside does continue, change some of our above-market buy levels to buy-stop levels, rather than wait for a 1-day close. In other words, adapt our trade recommendations to changing market conditions. •••• Gold is up $19.50 in European trading this AM ☺. The US$ is down 70 cents. Bullion's updraft continues, but be ready to tighten up at the first sign of a temporary exhaustion. •••• A cheery goodbye from ***Uncle Harry***, & helper Paul.

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

IN THIS ISSUE

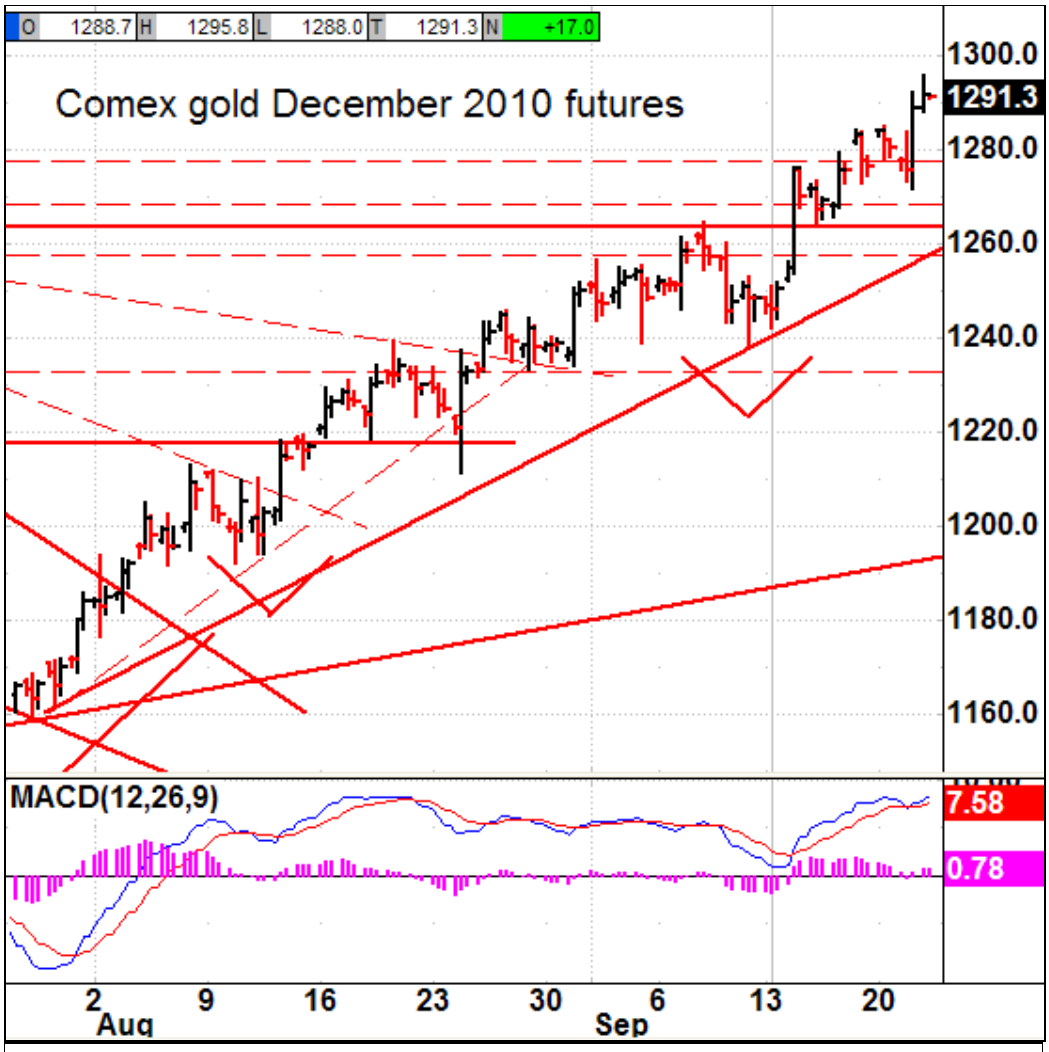
••Our Abbreviations:

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

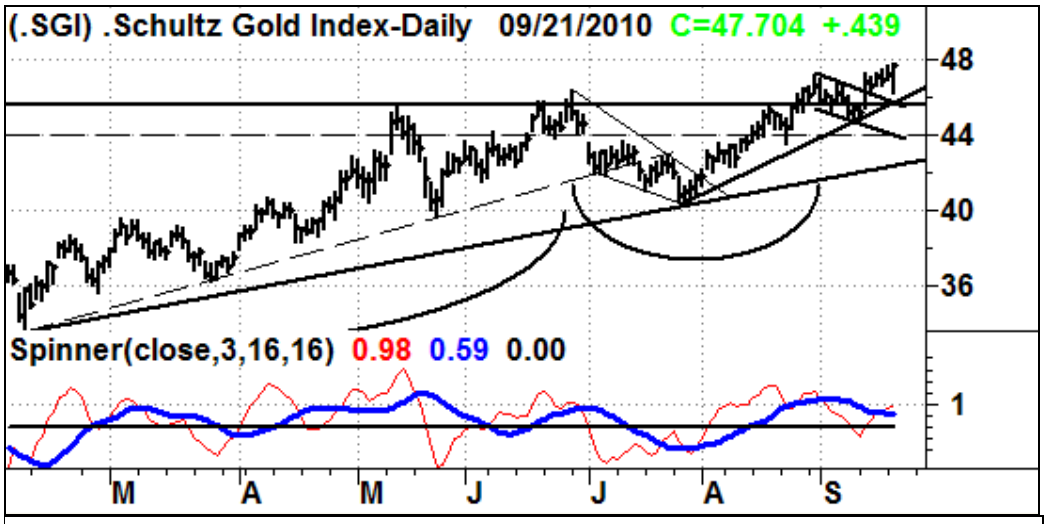
Comex gold Dec 2010 futures – 480 min – 8 wk view



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

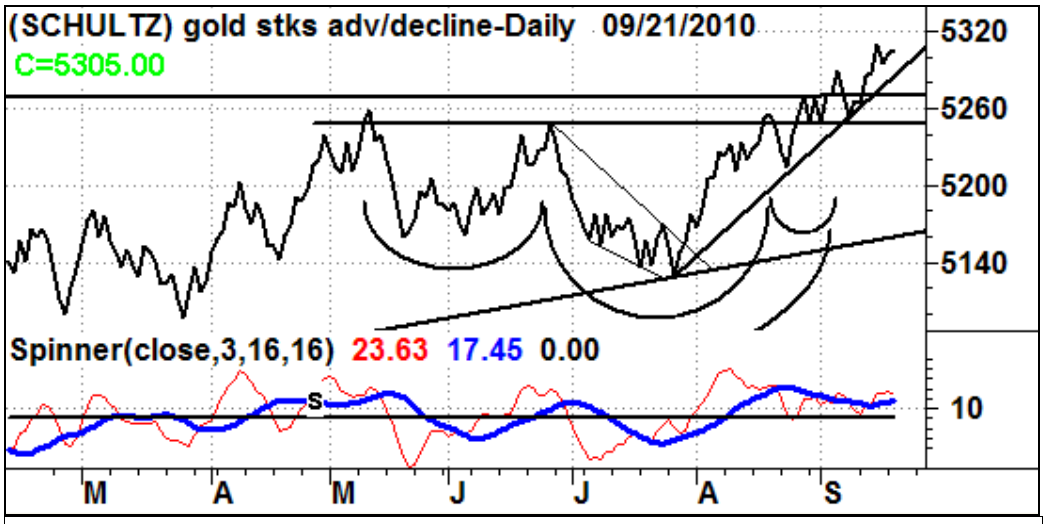
Open trades:	**Long at:** **Stop:** **Profit targets:**	Some spec bought at 1195.90 (Aug-04-10). Traders re-bought at 1270.20. S/T: 1232.20-stop. M/T: 1-dc below 1232.20. 1318.80 &/or 1352.30 &/or 1387.40. Some took profit at 1284.20 ☺.
New Recom:	-If out, gamblers buy Dec bit at mkt &/or others buy if dips to 1277.70 & 1268.50 & 1257.80; stop: exit, or sell ½ at 1232.20, ½ after 1-dc below 1232.20; sell bits at 1318.80 &/or 1352.30. -Gamblers/hedgers sell short Dec after 1-dc below 1232.20; stop: 1257.80-stop; cover ½ at 1195.40.	
Comment:	Fleeting dip & rebound above top support of May-Sept reverse H&S; $1,400 upside target. Spinner easing from neutral to bullish (see daily chart). Play for a continuation of the upside breakout.	

Schultz Gold Share Index (SGI) – <u>daily</u> (revised Sept 1)



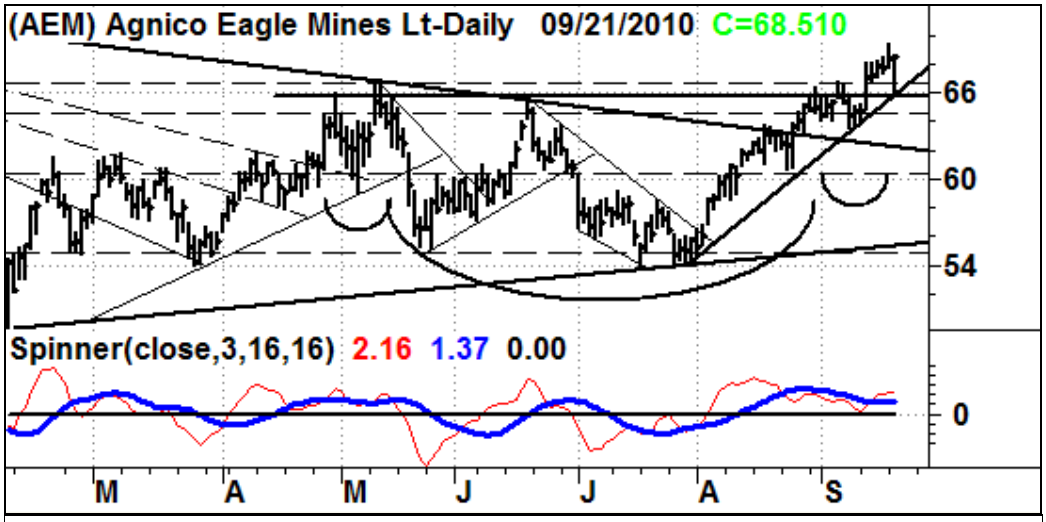
Schultz Gold Index (*SGI*) – **daily** chart (revised Sept 1):	
Comment:	Reinforced break above 10-day bull flag. Spinner in new positive cross with (thick) confirming line rounding out to neutral. 9-month cup&handle; 57.20 upside target. Nearby & important 44.00-45.50 under-market support projected to hold any setbacks.

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

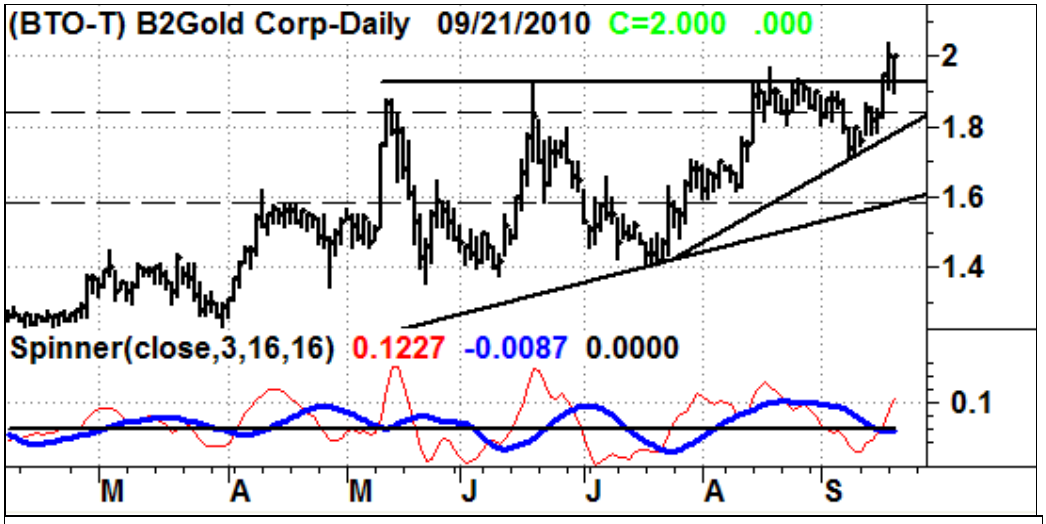


Schultz Gold Stocks <u>Advance/Decline</u> Line *(SGS A/D)* **daily** chart:	
Comment:	Joint break above May-Aug reverse H&S (5380 target) & Apr 2007-Sept 2010 reverse H&S; 5710 upside target. Spinner in positive cross with scope to confirm sustained strength in price. On track for substantially higher highs. This chart is updated <u>daily</u> on our website. On the *GCRU* home page click: *View Schultz Gold Stocks A/D Line.*

GOLD SHARES

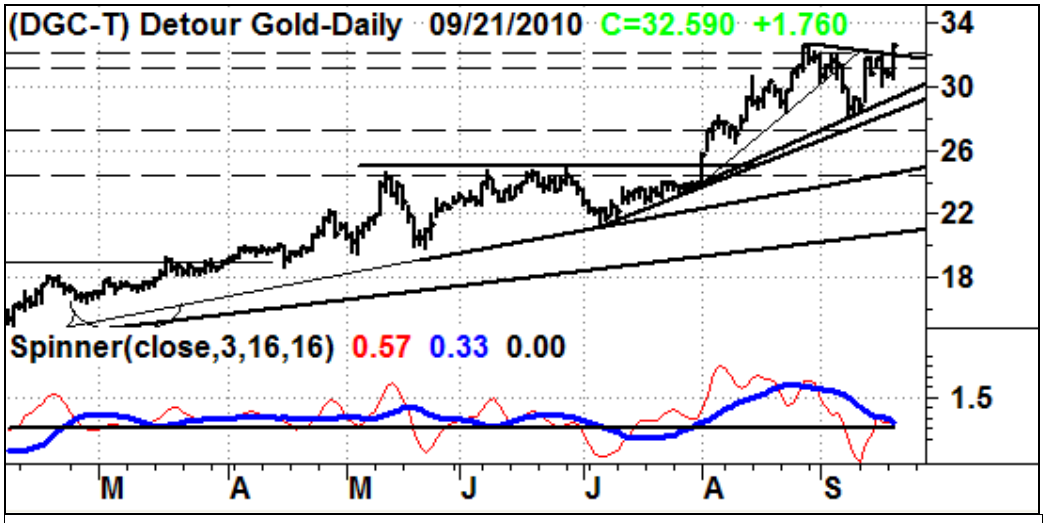


Agnico Eagle (NYSE: AEM; Canada: AEM-T); gold: US$:		
Open trades:	**Long at:** **Stop:** **Profit targets:**	Initial entry price: 58.90 (Apr-16-10). Traders re-bought at 67.09 & 66.10. S/T: 1-dc below 60.20. M/T: 1-dc below 54.80. 72.50 &/or 76.40 & 77.70. Some took profit at 68.90 ☺.
New Recom:	If out, spec buy at mkt & if dips to 66.60 & 64.50; stop: 1-dc below 60.20.	
Comment:	Oct 2009 bullish sym/triangle (87.85 target) underpinned via break above May-Sept reverse (double) H&S; 76.40 upside target. Spinner hooking to bullish in positive territory. Blues skies ahead.	



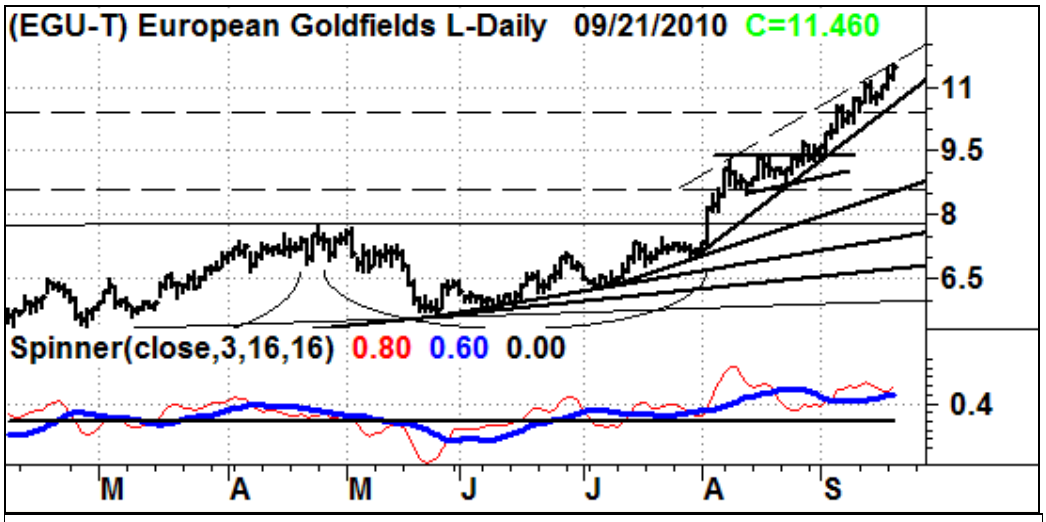
B2Gold Corp (TSX: BTO-T); gold: CAD$:

Open trades:	**None:** **Stop:** **Profit targets:**	Traders not in yet. S/T: 1.58-stop. M/T: 1-dc below 1.58. 2.28 (if buy low) &/or 2.46 &/or 2.65 &/or 2.85.
New Recom:	Buy at mkt & actively if dips to 1.92 & 1.85; stop: 1-dc below 1.58.	
Comment:	Budding break above 4½-month consolidation; 2.46 upside target. Spinner strengthening. Low risk early stage breakout.	

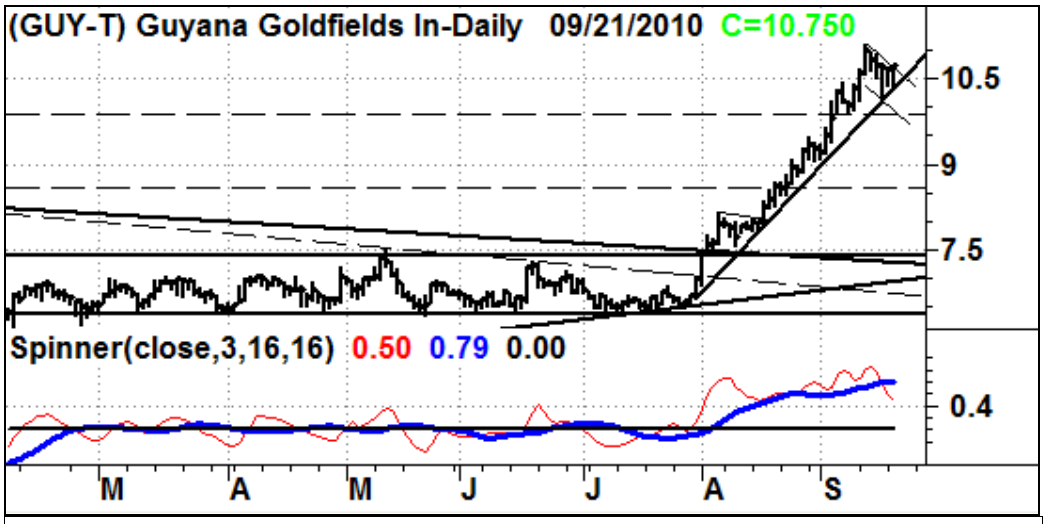


Detour Gold (TSX: DGC-T); gold: CAD$:

Open trades:	**Long at:** **Stop:** **Profit targets:**	Initial entry price: 29.29 (Aug-13-10). Traders re-bought at 31.85 & 30.80 & 30.10. S/T: 1-dc below 27.20. M/T: 1-dc below 24.40. 32.80 &/or 34.90 &/or 36.90.
New Recom:	If out, buy at mkt & if dips to 32.10 & 31.10; stop: 1-dc below 27.20.	
Comment:	Consolidation from Aug peak provides a new stepping stone for higher highs. Negative pressure slackening in Spinner. Bulls firmly in control above July uptrend line support (now 28.46).	



European Goldfields (TSX: EGU-T; LSE: EGU); gold: CAD$:		
Open trades:	**Long at:** **Stop:** **Profit targets:**	Initial entry price: 9.36 (Aug-18-10). Traders re-bought at 10.70. S/T: 1-dc below 10.40. M/T: 1-dc below 8.55. 12.25 &/or 13.20. Some took profit at 11.25 ☺.
New Recom:	If out, wait to buy strength after next significant dip. OK to take additional profits.	
Comment:	Uncertain bearish upwedge risk. Spinner neutral plus. Shorterm overstretched & needs to consolidate. Other stocks offering better shorterm risk/reward. If long, tight *trail* stop upside.	



Guyana Goldfields (Toronto: GUY-T); gold: CAD$:		
Open trades:	**Long:** **Stop:** **Profit targets:**	Initial entry price: 8.27 (Aug-18-10). Traders re-bought at 10.60 & 10.20. S/T: 1-dc below 9.80. M/T: 1-dc below 8.60. 11.80 &/or 12.90 &/or 13.90.
New Recom:	If out, wait to buy strength after next major reaction low.	
Comment:	Nearing important (11.90) resistance of Dec 2006 peak. Spinner faltering. Next correction will offer a safer set-up to enter.	

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

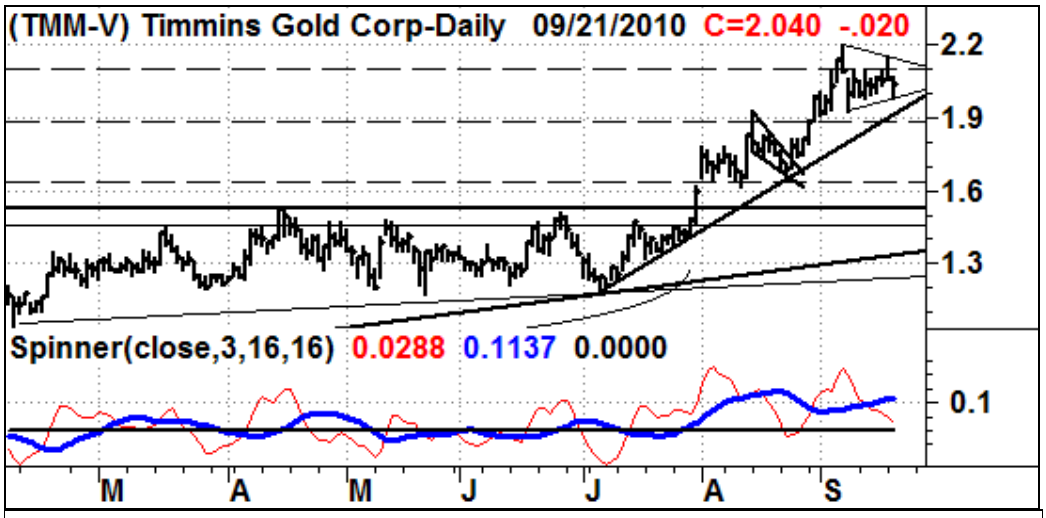
Open trades:	**Long at:**	Initial entry price: 5.90 (May-13-09). Traders re-bought at 13.69 & 13.35 & 13.05.
	Stop:	S/T: 1-dc below 12.30. M/T: 1-dc below 11.50.
	Profit targets:	14.65 (if re-buy low) &/or 15.70 &/or 16.90.
New Recom:	If out, nibble buy at mkt; stop: 1-dc below 12.30. Buy again after 1-dc over 13.80.	
Comment:	Untested re-bound on July uptrend line. Spinner in tentative base mode. Requires a break above Aug peak sym/triangle to bolster.	

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

Open trades:	**Long at:**	Initial entry price: 74.42 (Feb-17-10). Traders re-bought at 97.70.
	Stop:	S/T: 88.50-stop. M/T: 1-dc below 88.50.
	Profit targets:	105.60 &/or 110.60 &/or 115.60. Some took profit at 100.40 ☺.
New Recom:	Spec buy at mkt & if dips to 96.50 & 94.50; stop: 1-dc below 88.50	
Comment:	Hit 100.40 target of July-Sept reverse H&S. May hesitate/retrace before 100 psychological resistance clearly breached to the upside.	

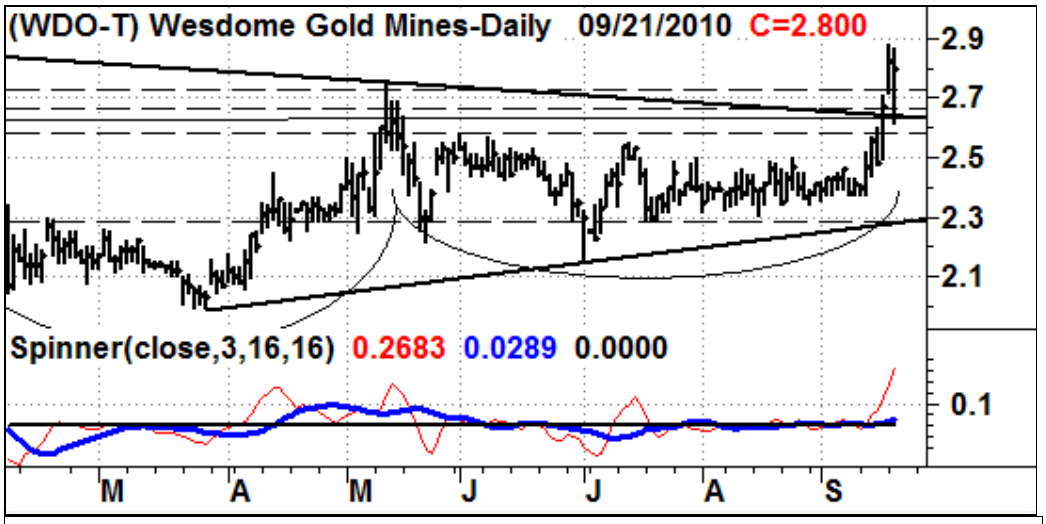
Semafo Inc (Toronto: SMF-T) gold: CAD$:		
Open trades:	**Long at:** **Stop:** **Profit targets:**	Initial entry price: 5.00 (Mar-03-10). Traders re-bought at 9.75 & 9.40 & 9.10. S/T: 1-dc below 7.90. M/T: 1-dc below 7.45. 10.60 &/or 11.40 &/or 12.20.
New Recom:	If out, spec buy at mkt; stop: 1-dc below 7.90. Buy more after 1-dc over 9.75.	
Comment:	Expanding mini 10-day sym/triangle. Spinner mixed; hints additional consolidation possible. Jun-Sept bullish cup&handle; 11.40 upside target. Progressing in an orderly manner.	

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 24.81 & 24.10. S/T: 1-dc below 20.80. M/T: 1-dc below 19.10. 27.20 &/or 29.20 &/or 31.20 &/or 33.60.
New Recom:	If out, buy if dips to 23.30 & 22.50; stop: 1-dc below 20.80. And/or buy after 1-dc over 25.60.	
Comment:	Irregular Nov 2007-Apr 2010 reverse H&S base; 33.60 estimated target. Spinner neutral. Re-test of 22.50 area still possible.	



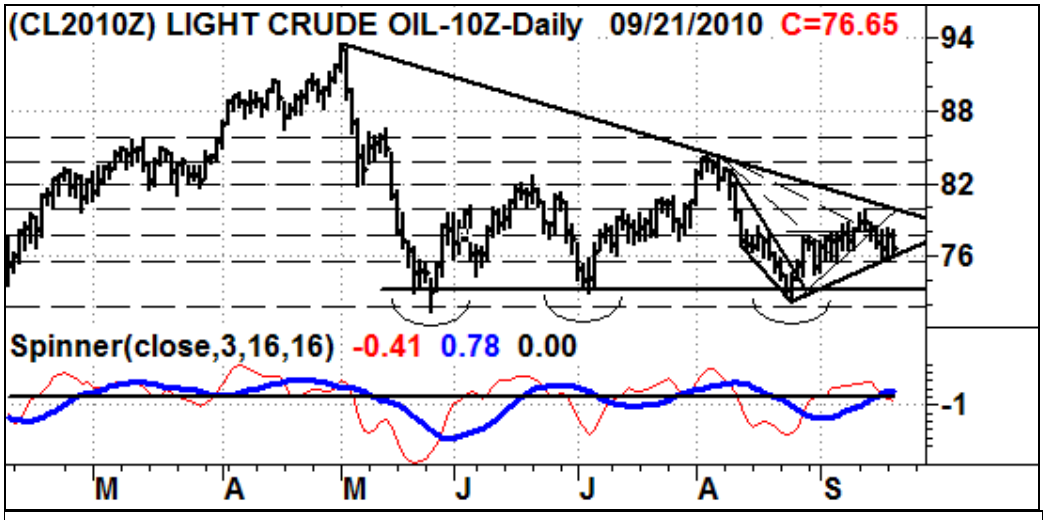
Timmins Gold Corp (TSXV: TMM-V) gold: CAD$:		
Open trades:	**Long at:** **Stop:** **Profit targets:**	Initial entry price 1.80 (Aug-16-10). Traders re-bought at 2.05. S/T: 1-dc below 1.88. M/T: 1-dc below 1.62. 2.35 &/or 2.55 &/or 2.75.
New Recom:	If out, wait to buy after next significant dip. Or, buy bit after 1-dc over 2.10; stop: 1-dc below 1.88.	
Comment:	Possible 10-day sym/triangle. Mar 2008-July 2010 cup&handle; 2.75 upside target. Spinner in crosscurrent bull mode. If long, bank full profits if breaks July uptrend line (now 1.93).	

US Gold Corp (Amex: UXG, TSX: UXG-T) gold&silver: US$:		
Open trades:	**None:** **Stop:** **Profit targets:**	Traders not in yet. S/T: 4.50-stop. M/T: 1-dc below 4.50. 6.35 &/or 6.90 &/or 7.50.
New Recom:	Buy <u>at mkt</u> & if dips to 5.05; stop: 1-dc below 4.50. Buy more after 1-dc over 5.45.	
Comment:	Closing breakout & dip above 3-month cup&handle; 6.35 theoretical upside target. Spinner in growing base mode. Volume supporting price. Good opportunity to re-invest some spare cash.	

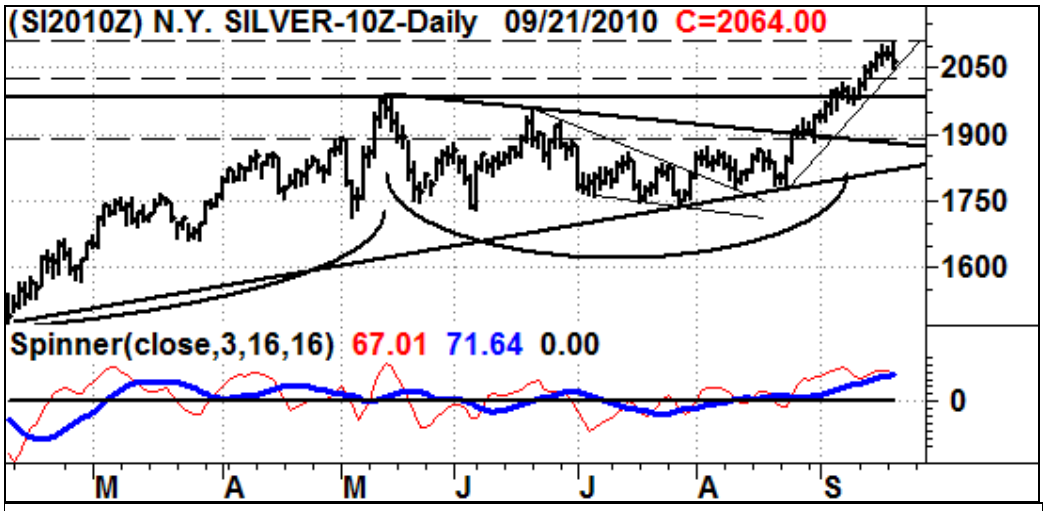


Wesdome Gold Mines (TSX: WDO-T) gold: CAD$:		
Open trades:	**None:** **Stop:** **Profit targets:**	Traders not in yet. S/T: 2.28-stop. M/T: 1-dc below 2.28. 2.95 (if buy low) &/or 3.15 &/or 3.35 &/or 3.55.
New Recom:	Buy at mkt & aggressively if dips to 2.72 & 2.66 & 2.56; stop: 1-dc below 2.28. And/or buy bit after 1-dc over 2.85.	
Comment:	Broke above bullish combo of 8-month cup&handle and Dec 2009 sym/triangle; 3.55 upside target. Spinner in catch-up bull mode. The spike in volume hints a sustained upside move is on the cards.	

FUTURES

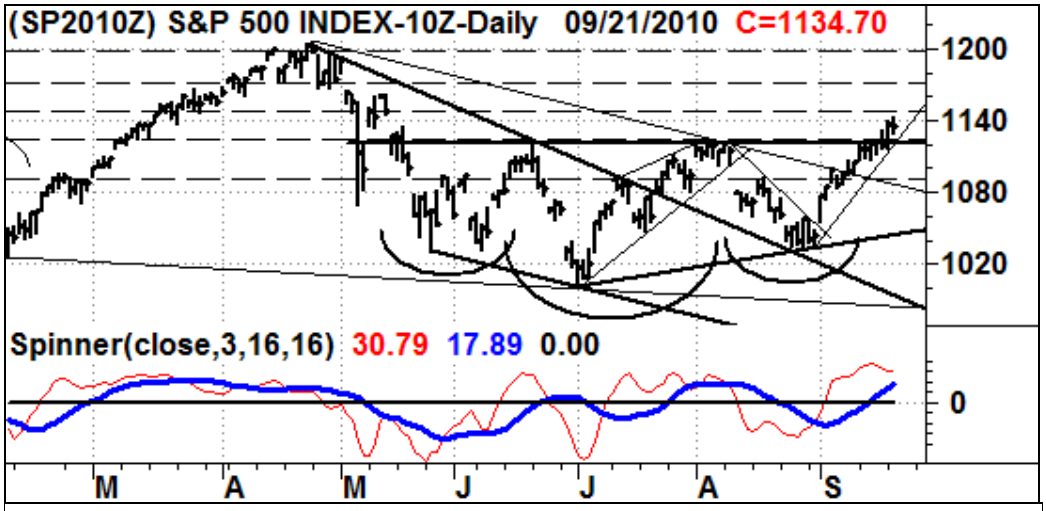


Crude Oil NY Dec 2010 futures – daily chart:		
Open trades:	**Long at:**	Initial entry price: 75.17 (Aug-27-10). Traders exited Oct via 73.80 stoploss ☹, &/or re-bought Dec at 78.66 & 77.60.
	Stop:	75.40-stop (basis Dec).
	Profit targets:	81.80 &/or 83.70 &/or 85.70 (basis Dec). Some took profit at mkt (basis Dec) ☺.
New Recom:	If out, buy Dec after 1-dc over May downtrend line (now 79.75); stop: 75.40-stop. Or, gamblers sell short Dec after 1-dc below 75.40; stop: 77.60-stop; cover ½ at 71.80 &/or trail stop weakness.	
Comment:	Tentative base action undermined via 3-day pullback & uncertain rebound. Spinner unresolved. We anticipate more hesitation before the May downtrend line comes under serious pressure.	



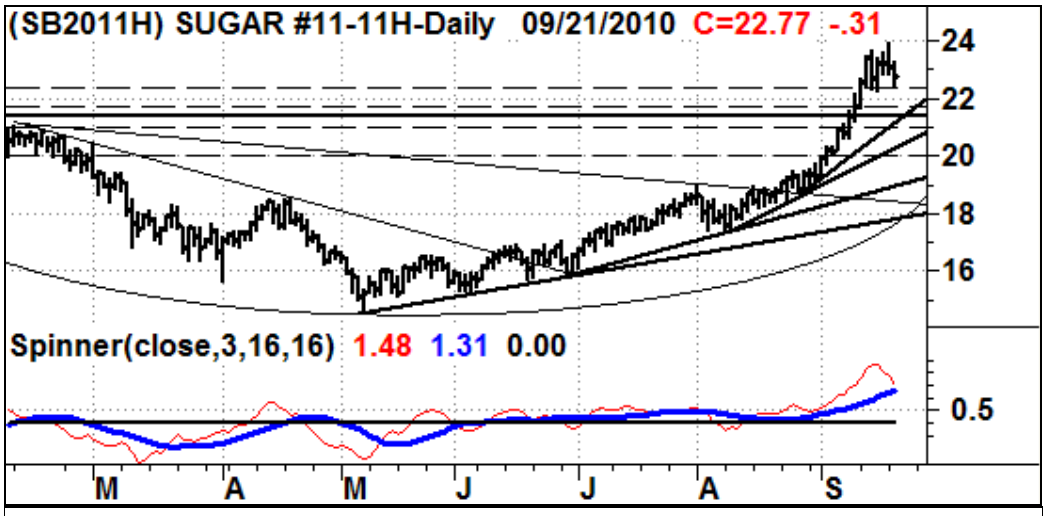
Silver <u>Dec</u> 2010 futures – <u>daily</u> chart:

Open trades:	**Long at:** **Stop:** **Profit targets:**	Initial entry price: 19.07 (Aug-30-10). Gamblers re-bought at 20.50. S/T: 20.24-stop. M/T: 1-dc below 18.90. 21.10 (if re-buy low) &/or 21.90 &/or 22.55.
New Recom:	If out, gamblers buy Dec bit <u>at mkt</u>; stop; exit, or sell ½ at 20.24-stop, ½ after 1-dc below 20.24.	
Comment:	Dec-Sept cup & handle; 24.70 target. Spinner hesitating. It's a tough call here, but the technical picture still justifies buying light longs <u>at mkt</u> with a relatively close stop.	



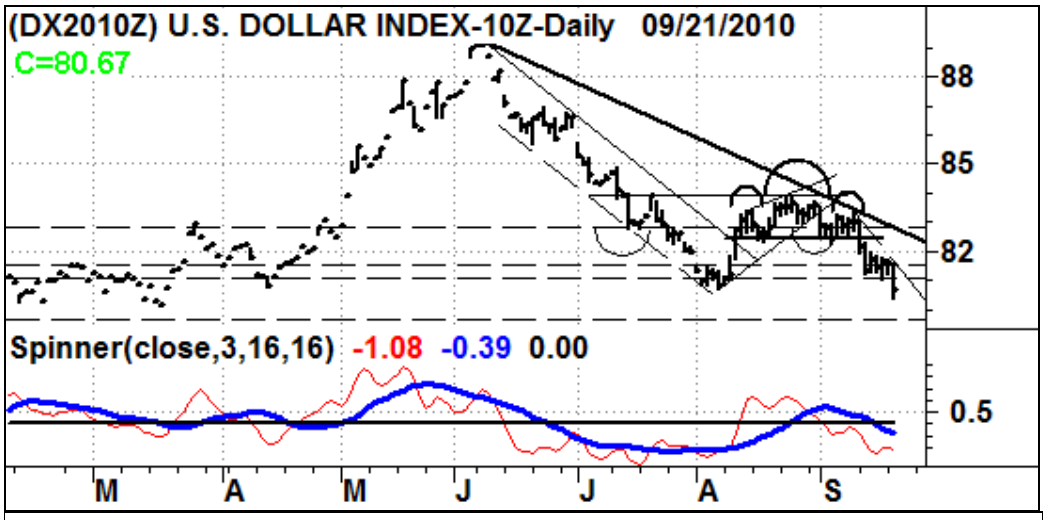
S&P500 Index <u>Dec</u> 2010 futures – <u>daily</u> chart:

Open trades:	**Long at:** **Stop:** **Profit targets:**	Initial entry price: 1084.60 (Sep-02-10) (Dec cx). Traders re-bought at 1134.70. S/T: 1090.50-stop. M/T: 1-dc below 1090.50. 1146.50 &/or 1178.50 &/or 1196.80 &/or 1241.00
New Recom:	If out, buy Dec <u>at mkt</u> & if dips to 1122.50; stop: exit, or sell ½ at 1090.50, ½ after 1-dc below 1090.50.	
Comment:	Prior H&S top threat <u>voided</u> via break above May-Sept bullish reverse H&S neckline; 1241.00 upside target. Spinner plus. Look for dips to hold 1100.00 the downside for a return towards 1200.00	



Sugar <u>March</u> 2011 futures – <u>daily</u> chart:

Open trades:	**Long at:** **Stop:** **Profit targets:**	Initial entry price: 17.12 (Jul-14-10). S/T: 19.90-stop. M/T: 1-dc below 19.90. 24.15 (if re-buy low) &/or 25.20 &/or 26.26.
New Recom:	If out, gamblers only spec buy <u>Mar</u> if dips to 22.30 & 21.70 & 21.00; stop: exit, or sell ½ at 19.90-stop, ½ after 1-dc below 19.90.	
Comment:	Spinner in negative hook; gives tip for (shorterm?) dip towards 21.35 closing support of Jan 2010 peak. Nibble buy only on dips & more aggressively after a new corrective low is confirmed.	



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

Open trades:	**Short at:** **Stop:** **Profit targets:**	Initial entry price: 82.19 (Sep-13-10). Traders re-sold short Dec at 81.44. 1-dc over 82.80. 79.60 & 78.40. Some took profit at 80.75 ☺
New Recom:	If out, sell short Dec <u>at mkt</u> & if rallies to 81.10 & 81.50; stop: 1-dc over 82.80; cover ½ at 79.60 &/or 78.40. Or, buy <u>Dec</u> bit after 2-dc over 82.80; stop: 1-dc below 81.50.	
Comment:	Tentative break below support of Aug low. Spinner in negative cycle below zero; hints any price rebounds will be short-lived.	

Sept-22-10

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 at mkt & if dips to 66.60 & 64.50; stop: 1-dc below 60.20.	L	Apr-16-10	58.90	67.09 66.10	68.51	1-dc U/60.20 1-dc U/54.80	Hit at 68.90 ☺	72.50	76.40
B2Gold Corp	BTO-T	Buy at mkt & actively if dips to 1.92 & 1.85; stop: 1-dc below 1.58.					2.00	1.58-stop 1-dc U/1.58	2.28 (if buy low)	2.46	2.65
Detour Gold	DGC-T	If out, buy at mkt & if dips to 32.10 & 31.10; stop: 1-dc below 27.20.	L	Aug-13-10	29.29	31.85 30.80 30.10	32.59	1-dc U/27.20 1-dc U/24.40	32.80	34.90	36.90
Eldorado Gold	ELD-T	All buy again after 1-dc over 20.50; stop: 1-dc below 18.20.	L	Feb-12-10	13.31	20.46 20.10 19.60	19.36	1-dc U/18.20 1-dc U/16.70	21.95	23.60	24.90
European Goldfields	EGU-T	If out, wait to buy strength after next significant dip. OK to take additional profits.	L	Aug-18-10	9.36	10.70	11.46	1-dc U/10.40 1-dc U/8.55	Hit at 11.25 ☺	12.25	13.20
Franco Nevada	FNV-T	3-month sym/triangle. If out, buy after 1-dc over 33.40; stop: 1-dc below 29.40.	L	Sep-16-09	30.99		33.06	29.40-stop 1-dc U/28.90	35.60	38.50	41.20
Guyana Goldfields	GUY-T	If out, wait to buy strength after next major reaction low.	L	Aug-18-10	8.27	10.60 10.20	10.75	1-dc U/9.80 1-dc U/8.60	11.80	12.90	13.90
Iamgold Corp	IAG	All buy again after 1-dc over 19.10; stop: 1-dc below 15.40.	L	Feb-17-10	14.90	17.73	17.64	15.40-stop 1-dc U/15.40	20.95	22.65	24.35
Osisko Mining	OSK-T	If out, nibble buy at mkt; stop: 1-dc below 12.30. Buy again after 1-dc over 13.80.	L	May-13-09	5.90	13.69 13.35 13.05	13.45	1-dc U/12.30 1-dc U/11.50	14.65 (if re-buy low)	15.70	16.90

Sept-22-10

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											
Randgold Res.	GOLD	Spec buy at mkt & if dips to 96.50 & 94.50; stop: 1-dc below 88.50.	L	Feb-17-10	74.42	97.70	100.68	88.50-stop 1-dc U/88.50	Hit at 100.40	105.60	110.60
Semafo Inc	SMF-T	If out, spec buy at mkt; stop: 1-dc below 7.90. Buy more after 1-dc over 9.75.	L	Mar-03-10	5.00	9.75 9.40 9.10	9.27	1-dc U/7.90 1-dc U/7.45	10.60	11.40	12.20
Silver Wheaton	SLW	If out, buy if dips to 23.30 & 22.50; stop: 1-dc below 20.80. And/or buy after 1-dc over 25.60.	L	Feb-17-10	15.84	24.81 24.10	25.15	1-dc U/20.80 1-dc U/19.10	27.20	29.20	31.20
Timmins Gold	TMM-V	If out, wait to buy after next significant dip. Or, buy bit after 1-dc over 2.10; stop: 1-dc below 1.88.	L	Aug-16-10	1.80	2.05	2.04	1-dc U/1.88 1-dc U/1.62	2.35	2.55	2.75
US Gold Corp	UXG	Buy at mkt & if dips to 5.05; stop: 1-dc below 4.50. Buy more after 1-dc over 5.45.					5.27	4.50-stop 1-dc U/4.50	6.35	6.90	7.50
Wesdome Gold Mines	WDO-T	Buy at mkt & aggressively if dips to 2.72 & 2.66 & 2.56; stop: 1-dc below 2.28. And/or buy after 1-dc over 2.85.					2.80	2.28-stop 1-dc U/2.28	2.95 (if buy low)	3.15	3.35
Futures											
Crude oil	CL Z0	Buy Dec after 1-dc over May down-trend line (now 79.75); stop: 75.40-stop. Or, gamblers sell short Dec after 1-dc below 75.40; stop: 77.60-stop; cover ½ at 71.80 &/or trail stop.	L	Aug-27-10	75.17	78.66 77.60	76.65	75.40-stop (basis Dec)	Some took profit at mkt ☺ (basis Dec)	81.80 (basis Dec)	83.70 (basis Dec)

Sept-22-10

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											
Gold	GC Z0	See page 7.	L	Aug-04-10	1195.90	1270.20	1274.30	1232.20-stop 1-dc U/1232.20	Hit at 1284.20 ☺	1318.80 (basis Dec)	1352.30 (basis Dec)
Silver	SI Z0	If out, gamblers buy Dec bit at mkt; stop; exit, or sell ½ at 20.24-stop, ½ after 1-dc below 20.24.	L	Aug-30-10	19.07	20.50	20.64	20.24-stop 1-dc U/18.90 (basis Dec)	21.10 (if re-buy low)	21.90 (basis Dec)	22.55 (basis Dec)
SP500	SP Z0	If out, buy Dec at mkt & if dips to 1122.50; stop: exit, or sell ½ at 1090.50, ½ after 1-dc below 1090.50.	L	Sep-02-10	1084.60	1134.70	1134.70	1090.50-stop 1-dc U/1090.50 (basis Dec)	1146.50 (basis Dec)	1178.50 (basis Dec)	1196.80 (basis Dec)
Sugar	SB H1	If out, gamblers only spec buy Mar if dips to 22.30 & 21.70 & 21.00; stop: exit, or sell ½ at 19.90-stop, ½ after 1-dc below 19.90.	L	July-14-10	17.12		22.77	19.90-stop 1-dc U/19.90 (basis Mar)	24.15 (if re-buy low)	25.20 (basis Mar)	26.26 (basis Mar)
US$-Index	DX Z0	If out, sell short Dec at mkt & if rallies to 81.10 & 81.50; stop: 1-dc over 82.80; cover ½ at 79.60 &/or 78.40. Or, buy Dec bit after 2-dc over 82.80; stop: 1-dc below 81.50.	S	Sept-13-10	82.19	81.44	80.67	1-dc O/82.80 (basis Dec)	Hit at 80.75 ☺	79.60 (basis Dec)	78.40 (basis Dec)

•••• "**The true US GDP is 30% lower than official figures**." The United States' entry into the austerity phase actually started at least two years ago, says the highly recommended subscription svc provided by *Leap2020.eu*. "In fact, the crisis and its consequences in terms of a collapse in earnings and capital, as well as the drastic restriction of consumer credit, are only one step in the process of the impoverishment of the US middle classes which started nearly 30 years ago. Throughout the whole of this period, the frenzy of easy credit had the aim of hiding this impoverishment by compensating for a shortage of income with unlimited access to debt. The crisis, having brought an abrupt end to this process, Washington (Govt, Congress and the Fed together) has tried to make up for its disappearance by gigantic public debt. But, as we see on a daily basis, looking at the country's economic and social development, this attempt has failed. However, this attempt has a **direct impact on US GDP that most economists and experts refuse to acknowledge because there would be a shock of such violence for global economic and financial stability that the so-called 'Greek crisis' would look like a training exercise. If the Greek authorities' lie over the amount of the country's debt and thus the debt/GDP ratio was able to generate worldwide panic, imagine the widespread disorder it will cause when the world discovers that US GDP is actually 30% lower than the official figures** (because, for our team, it is a reality that will become obvious during 2011), **and therefore the ratio of public debt/US GDP in 2009 was 113%, and not 83%**. The difference is due to the fact that between 2007 and 2009, the United States took on board more than $4 trillion of extra debt for a GDP increase of just over $200 billion in three years." *Leap2020* notes this subterfuge "**raises the question of the relevance and reliability of a whole array of statistics** that are used to determine the ratios of US debt, average wealth... and for which the GDP is a key variable." End quote. As we know, the euro currency crisis cum organized selling attack, had American & British fingerprints on it. It likely was a desperate diversion to prolong the US recovery myth. Eventually however, markets and reality overwhelm, and illusions come crashing down. And, that is when the world will surely tumble into an economic abyss. •••• "**Bank of Japan riles US with yen intervention**." Japan launched a huge intervention in the foreign exchange market last week to stem the rise of the yen and head off a deflation spiral, according to the UK *Telegraph*. "**The move is the latest dramatic twist in a world where a growing number of countries are seeking an economic edge through 'beggar-thy-neighbour' currency policies**. It came as Congress held a hearing on China's yuan suppression amid ever-louder calls on Capitol Hill for sanctions against Beijing, and for pressure on Korea and other countries in Asia to halt

currency intervention. Fiona Lake at Goldman Sachs said Tokyo was forced to act after hedge funds seized on the leadership victory of premier Naoto Kan as a green light to buy the yen. 'We would not rule out new lows in the dollar against the yen,' she wrote in a client note, saying **the US Federal Reserve is likely to <u>outdo</u> the Bank of Japan in the contest to see which can drive down its currency fastest**." The *Telegraph* notes that Japan is acting much like Switzerland, which has intervened massively this year to stem eurozone flight into the franc, but has apparently abandoned its struggle after spending 80 billion francs in one month and ultimately accumulating reserves equal to 40% of GDP. "Data from the Bank for International Settlements shows that yen transactions in the exchange markets amount to <u>$740 billion each day</u>," continues the *Telegraph*. "The wall of money is overwhelming. Simon Derrick, currency chief at the Bank of New York Mellon, said Tokyo has a battle royale on its hands. '**The authorities are not fighting speculative forces here, and the flows into the yen are being driven by <u>external</u> events rather than anything within Japan**,' he said. Mr Derrick said the surge in currency since May is a direct result of the eurozone debt crisis, which caused a flight of global capital from the Club Med bloc. **Japan has become the last sanctuary by <u>default</u>**. 'There has been a marked decline of faith in both the dollar and the euro as stores of value,' he said. Japan's move adds liquidity to the global system. Its actions from 2003-2004 were a key factor in setting off the credit bubble, a trend later reinforced by an estimated $1 trillion of leaked stimulus through the yen 'carry trade.' While Japan is a declining economic power, it still has $3 trillion of net global assets. Its actions quietly ripple through the entire network of global assets. **Last week's intervention may have greater implications for stock markets and commodities than might appear at first sight**." End quote. The gloves are coming off on currency wars as economic fault lines deepen. This isn't idle political wrangling; it's the start of a hazardous slide into protectionism, trade wars, & geopolitical & military tensions that could ignite a global conflagration. **••••** "**Gold will outperform many fold**." Writing for the widely read *KingWorldNews* blog, Ben Davis, CEO of *Hinde Capital* explains why gold and silver will continue to outperform. "At face value it would appear that money velocity is falling and Central Bank balance sheets have expanded dramatically in the last few years. The reality is a surfeit of credit money has found its way into financial assets. What we are really experiencing is the *invisible signs of inflation* as fundamentally public sector financing is propping up an ailing global economy. It is creating an illusion that all is ok. **Stock markets are having a hard time declining from these levels because of this surfeit of money. During the Mexican Peso Crisis of 1994, the stagflation of the 1970s or more recently the hyperinflation of Zimbabwe, we witnessed similar behavior. Far from stock markets collapsing they *rose* dramatically**

even in the face of extraordinarily poor economic output. This was in nominal terms, but in real terms, ie, adjusted for inflation they collapsed in value. So I repeat, these are the classic signs of *invisible* inflation. We expect real assets such as gold and silver to lead stock markets higher, as global currency creation continues to debase the indices of leading asset classes." BD provides an interesting graph that shows the Gold vs the S&P ratio is currently at only one-fifth of its high in the 1980s. And, that Gold vs Total Return S&P, is only at one-twelfth the peak it reached in 1980. "We believe gold will readjust versus the S&P 500 with both ultimately rising to higher levels," continues BD. "The fact is that gold will outperform the equity markets around the world many times. **The recent interventions in currency markets by leading G7 central banks, namely the Swiss National Bank and now the Bank of Japan has produced yet more unsterilized amounts of currency to chase an unchanged supply of assets. More money chasing less assets equals only one thing: higher nominal prices**. We are at an inflection point for world markets as the issuance of sovereign debt and the consequential proliferation of currency has left gold as the best viable store of value." End quote. Better re-read it. He is spot on! Need we repeat that owning physical gold is your *best defense* against the upcoming financial hurricane II. •••• "**Stocks surge to celebrate unprecedented equity outflow**." The *Investment Company Institute*'s latest data discloses that in the week ended September 8, US domestic funds saw outflows of $2.2 billion, following last week's massive $7.7 billion, comments Tyler Durden at *ZeroHedge*. "So far September has experienced nearly $10 billion in outflows, even as the market has ramped by over 6%. Who is buying? Just ask The New York Fed and Citadel: they may have a few pointers (wink wink). **This is the 19th sequential outflow from US stocks, and amounts to $65 billion in redemptions for the year**. With the market pretty much unchanged YTD, it means that mutual funds can not resort to capital appreciation as a *substitute* to outflows, and most are on their last breath. The kicker: **the S&P is at the level it was when the outflows began back during the flash crash**. If that doesn't restore all your confidence that Uncle Sam will be good at managing the market (just like he has done with everything else), nothing else will. Throw in a little High Frequency Trading (HFT), a little subpennying, a little Flash trading, a little Direct Marketing Access (DMA) trading, a little quote stuffing, a little hedge fund clubbing, a little specialist front running, a little daily flash crash in big caps like Nucor Steel, and you can see why next week we will *most certainly* have our first inflow in 20 weeks. Or not. It doesn't matter. **Nobody who doesn't already have direct access to the Fed for zero cost funding, is trading stocks anymore**." End quote. The game of saving the system at *any cost* has reached alarming & unstable proportions. More than 70% of stock market transactions are now in the hands of mega funds, & US zombie

banks propped up by the Fed's unlimited support. Bernanke's overheated printing press is now the backstop of the economy -- and that makes gold a one-way bet! •••• "**Will Europe join in promoting the SDR as the Global Reserve Currency**?" China and Russia and some of the other developing nations have been proposing a reformulated SDR, with less US dollar content, a broader representation of currencies, and the inclusion of gold and silver, as a suitable replacement for the US dollar as the global reserve currency, comments the erudite *JessesCrossRoadsCafe*. "The US and UK are opposing the SDR as a replacement to the US dollar as the new global reserve currency. They prefer to delay and postpone the discussions, to maintain the status quo for as long as possible to support their primacy in the financial markets. Control of the money supply is a huge hand on the levers of financial and political power. It will be most interesting to see where the European Union comes out on this issue, especially in light of the recent drubbing that their banks have taken via dodgy dollar assets and a vicious dollar short squeeze, alleviated by a rescue from the Federal Reserve. It could have gone otherwise, and that provides things to think about. **No one wishes to be at the mercy of a small group of unelected financial engineers who are closely aligned with an equally small set of Anglo-American banks operating with a somewhat opaque discretion**. Or the goodwill of totalitarian govts who are acting aggressively from their own mercantilist self-interest for that matter. Currency wars are the continuation of diplomacy, and possibly a revival of the cold war by other means. A chilling fog is rolling over the landscape. This is what the timeless yellow metal has been telling us, as it sounds an historic warning. Rather than standing fast on an unsustainable status quo that serves the special interests of a wealthy few, the US might be well served to reform its banks, and balance its economy between service and industry, and stand once again for independent freedom and the common good, rather than narrow power and greed of the monied interests, and their willing tools and frivolous assistants. That is to trust in the wisdom and altruism of a people and their leaders who have of late shown a greater propensity to greed, deceit, and self-destruction. **Some worry about deflation and inflation. Those outcomes are both hedged easily enough. I am more concerned about the next global holocaust of human destruction, and the bonfire of the vanities yet to come**." End quote. Crisis and disasters don't always distinguish between the rich or poor. Rather it's the prudent vs the complacent. Today's economic terrorism is set to unleash global chaos & destruction that will change the way we live, & risks jeopardizing even our existence. We're witnessing a crime against humanity.

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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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