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

•••• Welcome to *GCRU* #416 on Sept 29, 2010 (in its 9th year). •••• Gold has notched-up a new record high since last week ☺, but Tuesday's volatility surge warns the tug-of-war between fear & greed is increasing, & can lead to unpredictable market moves. So, we again recommend (yes, U guessed it!) taking *trading* profits *wherever U can*, because the next correction could wipe out a lot more of your gains than U may foresee. On the gold share front, many of the top *Relative Strength* players were faltering or lower on the week before yesterday's turnaround. Not a lot, but enough to be frustrating and again hint at a changing of market "tempo." Bullishly, the gold share indexes followed gold's lead, all rising to new shorterm highs. HUI rose +2.61%. XAU up +1.94%. SGI up +2.26%. Our gold share *Advance/Decline* line rallied +0.45% to thankfully void the risk of a bear wedge & breakdown. The power of Tuesday's move hints at more upside follow through, which will hopefully push the widely-watched HUI index above its March 2008 closing peak of 514, to reinforce its 9½-month cup&handle & upside breakout, & convincingly catapult it towards the 836 upside measured target. Spinner lines are reducing shorterm overbought excesses, in a few cases via negative rotations below zero, which can (but don't always) mark the beginning of important corrective declines. So, our task here is to differentiate healthy consolidation from the risk of something more long lasting. We therefore look again to the downside to determine likely support levels, & to try to pinpoint where the next correction in bullion may end -- and if not, where hedging/short selling or simply selling would be in order. The current *worst-case* scenario would be a dip to support of bullion's Oct uptrend line that is presently at $1,200, & matches important $1,200-1,216 closing support. A *middle of the road* scenario would be a retracement to the $1,250-1,266 neckline area of bullion's May-Sept reverse H&S, which has a $1,400 upside target. The *best case* for a gold correction would be a dip that holds on or above support of the July uptrend line, currently at $1,269. On the other hand, if no significant correction develops, bullion could sail relatively unfettered towards the $1,400 upside target of its May-Sept reverse H&S. •••• Mainstream media is now starting to confirm what we've been saying for years. From the UK *Telegraph*: "Gold is the final refuge against universal currency debasement. States accounting for two-thirds of the global economy are either holding down their exchange rates by direct intervention or steering currencies lower in an attempt to shift problems on to somebody else, each with their own plausible justification. Nothing like this has been seen since the 1930s." End quote. The sad irony is that

no country wants to give free markets a chance ☹. •••• We preemptively purchased the *Rogers Sugar Income Fund* previously recommended in *GCRU* on Sept 8 (Toronto: RSIUN-T – with a current yield of 9.50%), and will buy more after a 2-dc over 4.95. Other income plays to consider in the US are: *Baytex Energy Trust* (NYSE: BTE – oil & nat gas income trust with a current yield of 6.12%); buy at mkt & if dips to 34.10; stop: 1-dc below 31.40, & *Enerplus Resources* (NYSE: ERF – income-orientated investment in oil & gas with a current yield of 8.93%); buy at mkt; stop: 1-dc below 21.40. •••• Gold dust twin Jim Sinclair says, "There is a long term top coming in the 30-Year US Treasuries. But it is a beast to trade so I am top fishing with Puts." Clever strategy. •••• Friend John Brimelow sent us an important note from *UBS*: "When gold pulled back to $1270.75 last week, Indian buying interest returned. Flows noted by our Swiss sales desk *were the strongest since late July, and twice the year-to-date average*. Given current lofty prices, demand is understandably inconsistent - but the Indian market has sent a clear signal that it is prepared to *raise* its price threshold." Right now the whole world is adjusting to higher gold prices because waiting to buy a correction of the July rally-leg has proven a vain strategy. •••• Adrian Douglas of SilverSeek offers more evidence of gold and silver price manipulation - go see: http://news.silverseek.com/SilverSeek/1285175665.php •••• Few if any have actually considered what the impact of Quantitative Easing II will be on the Fed's balance sheet, bemoans Tyler Durden at *ZeroHedge*. Conducting rough analysis, TD estimates that, "over the next 6 months the Fed may be the net buyer of nearly $3 trillion in Treasuries, an action that will likely *set off a chain of events*, which could result in rates dropping all the way to zero, stocks surging, and gold (and other precious metals) going from current price levels to well in the 5 digit range." End quote. As predicted here, the Fed-fueled inflation/reflation trade is about to shift into the fast lane. •••• Stefane Marion, chief economist and strategist for *NBF Financial* says, "the bears are arguing that gold is too pricey because it is trading at a historically high level when compared to the US$-Index. But Marion notes this index only includes six currencies and is *heavily* weighted (57.6%) toward the euro. He said that if you look at gold prices when compared to another dollar index that the Federal Reserve uses, which is comprised of 26 currencies, *gold is still trading about 50% below its peak price*." •••• Palladium is rising to challenge 569.50 neckline resistance of a massive Feb 2008-Sept 2010 cup&handle, with a 954 upside target (basis Dec). •••• As in gold's great bull market of the 1980s, Central Banks rekindled interest in gold as a currency & hedge warns big dangers lurk ahead. Europe's Central Banks have all but halted sales of their gold reserves, ending a run of large disposals each year for more than a decade, reports the UK *FT*. "In the *Central Bank Gold*

Agreement year to September, which expired on Sunday, the signatories sold 6.2 tonnes, down 96%, according to provisional data. The sales are the lowest since the agreement was signed in 1999 and well below the peak of 497 tonnes in 2004-05." Risk aversion has found a new four-letter word – gold! •••• The US$ could be on the verge of a massive fall, because the Fed's new QE II binge implies that nothing or no one will come to its rescue. If U missed the chance to exit or hedge US$ exposure &/or US based assets, do so at mkt & on rebounds towards 81.00 neckline resistance of the 8-month H&S top in the US$-Index, which has a 72.50 downside target. •••• *Bullish Consensus* list gold at 80% (up 4 from last week). The US$ at 43% (down 6%). BC warn gold's signals are: "bullish short-term. However, the intermediate trend is overbought and urges some caution for recent bulls." •••• Currency round-up: • The euro has broken above a 5-month cup&handle, with 1.4580 upside target. Spec buy at mkt &/or after dips that hold 1.3080-1.3270 closing support. Stops are hard to place but shouldn't be lower than 1.2980 (& raised when a higher reaction low allows). • Falling tax receipts & rising expenditures have pushed the UK public debt to a record £823 billion. Britain's financial outlook is a disaster, but the UK Pound is rallying on expectations of govt efforts to tighten its fiscal policies & target the budget deficit. We remain long the Pound for a 1.5920 initial upside target, and have raised our stoploss to just below breakeven (1.5480). • The SwFr is soaring & we are looking to re-buy after a dip that holds the 98.50-98.20 area, with a stoploss to exit ½ at 97.60-stop, ½ after 1-dc below 97.60. A mega bullish sym/triangle from the March 2008 high points towards an incredible 1.2240 upside target – but as the financial crisis has shown, previously "unbelievable" events can happen with terrifying speed. • We bought the NZ-$ at 73.51, & will buy more after a 2nd (consecutive) dc over 73.30; stop: 1-dc below 71.30. • We bought the Cad-$ at 97.24, & will buy again (big) after 2-dc over 97.70; stop: 1-dc below 95.80. • The A-$ looks shorterm overstretched, so we favor taking partial profits at mkt, & re-buying after a dip that holds above 91.00 neckline support of its Apr-Sept cup&handle, which offers a 1.0140 theoretical upside target. • The US$ has broken neckline support of an 8-month H&S top vs the Swedish Krona, with a 6.010 downside target. Sell short the US$ vs the SEK at mkt & if rallies to 7.0680; stop: exit, or sell ½ at 7.2620-stop, ½ after 1-dc over 7.2620. •••• *HSLP-Nasdaq*, our proprietary & *leading* stock market indicator has risen above 3228 to void a 9-month H&S top & trigger a new buy cue. This signal theoretically paves the way for substantial strength in *HSLP-Nasdaq*'s underlying index, the Nasdaq mini -- which, if it breaches nearby 2031-2055 neckline resistance, would validate a massive 33-month reverse H&S base, with a 3000 theoretical upside target! •••• Bottom line: friendly

winds are blowing over the gold market but bullion's orderly run-up from its July lows is morphing into a more tricky & demanding trading phase. Hence our recommendation (via today's password) to *tightenstops*. If recent highs are not sustained, we'll be looking to spec buy on dips as the general uptrend will always "rescue us," but we advise U wait to buy more actively *after* new/individual stock reaction lows emerge (as seen in Osisko Mining today), to insure the bulk of your funds are always riding the top Relative Strength gold shares of the moment. Those who hold a stock for a "killing" are defying the odds & fighting the natural market rhythm of oversold & overbought. So obey the charts, bank regular profits, & then re-invest in something with equal or better opportunity. •••• Gold is up $2.40 in European trading this AM & probing top resistance of its July uptrend channel. The US$ is down 24 cents. •••• A golden goodbye from ***Uncle Harry***, & co-pilot Paul. •••• If it's Wednesday, it's *Gold (& Mkts) Charts R Us.*

IN THIS ISSUE

••Our Abbreviations:

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

GOLD

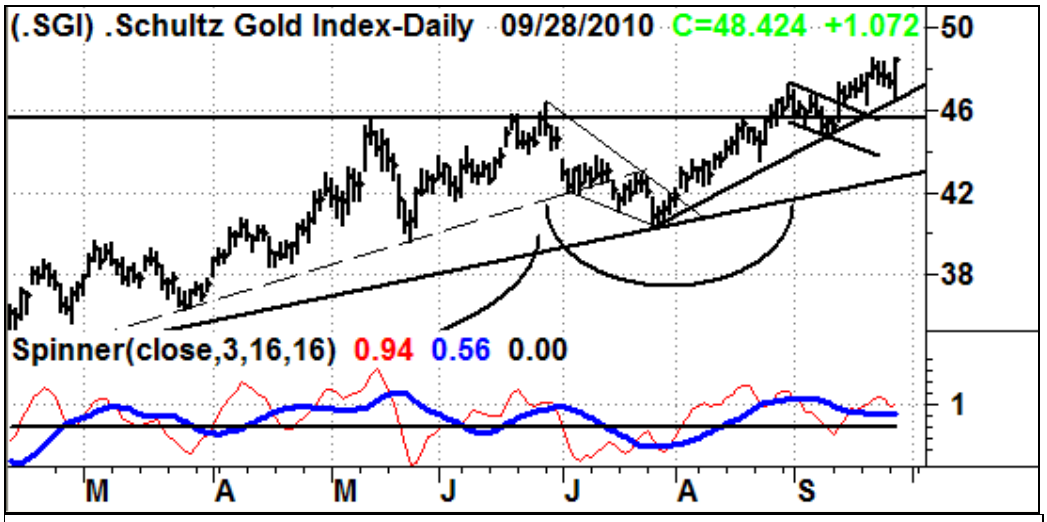
Comex gold Dec futures – daily – 6 month view

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

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

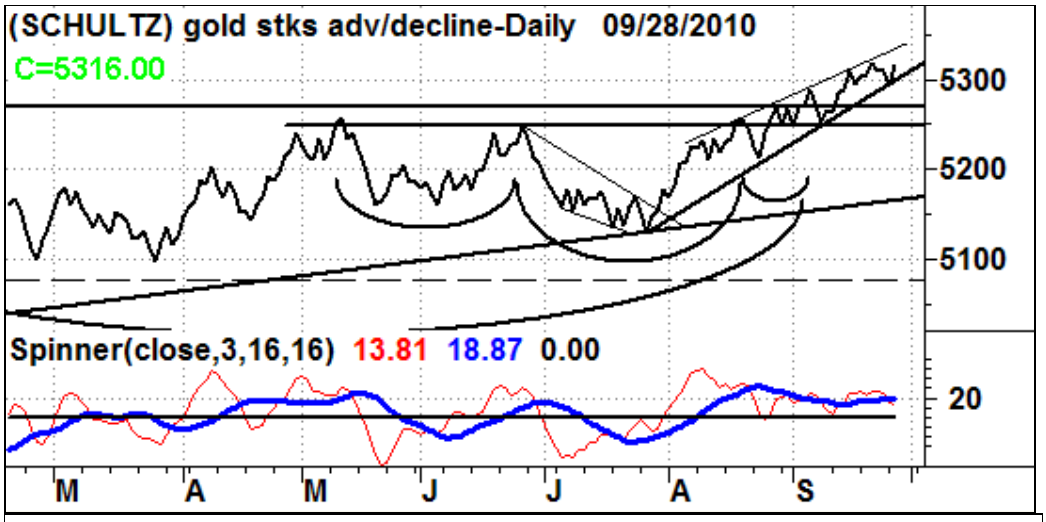
Open trades:	**Long at:** **Stop:** **Profit targets:**	Some spec bought at 1195.90 (Aug-04-10). Gamblers re-bot at 1288.70; others at 1277.70. S/T: 1246.40-stop. M/T: 1-dc below 1246.40. At mkt &/or 1333.20 &/or 1354.80 &/or 1376.80 &/or 1400.00.
New Recom:	-If out, spec buy Dec if dips to 1287.50 & 1277.50 & 1268.80; stop: exit, or sell ½ at 1246.40-stop, ½ after 1-dc below 1246.40; sell bits at 1333.20 &/or 1354.80 &/or 1376.80 &/or 1400.00. -Hedgers/short sellers sell short Dec after 1-dc below 1246.40; stop: 1277.50-stop; cover ½ at 1210.50.	
Comment:	Intraday dip & impressive upside reversal on rising volume. Spinner in refreshed bull mode. May-Sept reverse H&S; $1,400 upside target. Bulls dominate whilst trades above support of July uptrend line (now 1269.10). Enjoy!	

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



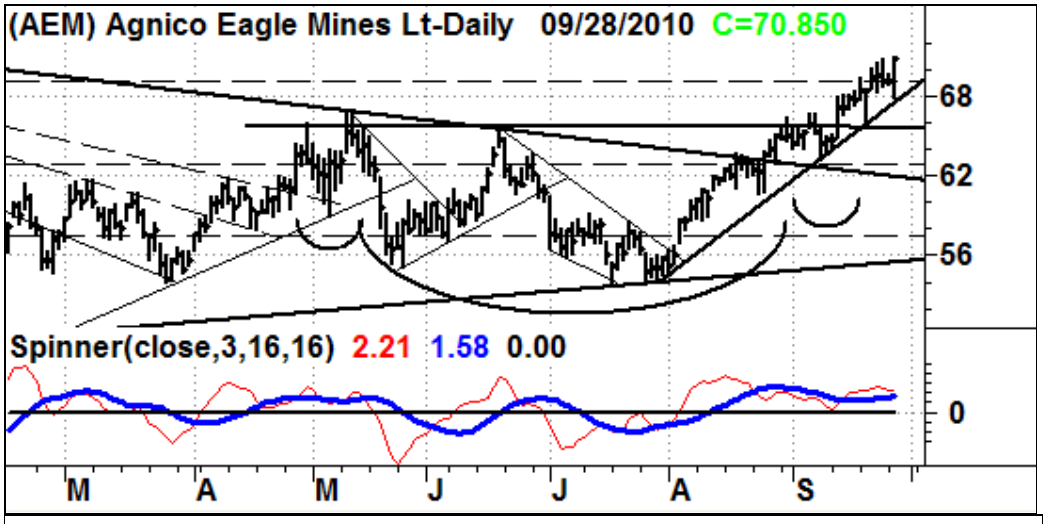
Schultz Gold Index (*SGI*) – **daily** chart (revised Sept 1):	
Comment:	Fleeting dip offset via powerful 1-day outside reversal on rising volume. 9-month cup&handle; 57.20 upside target. Spinner hooking to neutral/bullish. The path of least resistance is up!

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

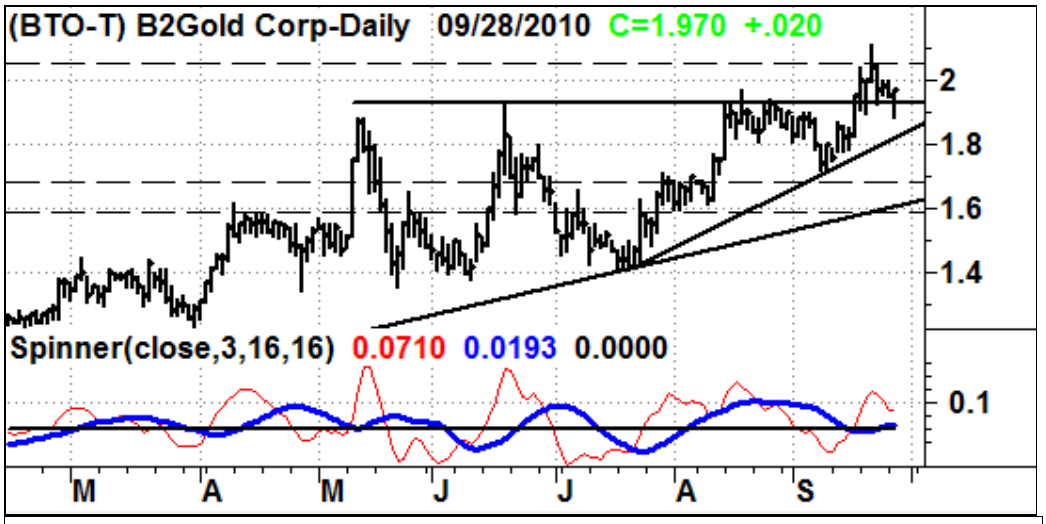


Schultz Gold Stocks <u>Advance/Decline</u> Line *(SGS A/D)* **daily** chart:	
Comment:	Dip & rebound to neutralize risk of July upwedge & break down. Spinner back filling above zero line. May-Aug reverse H&S; 5380 upside target. Progressing. This chart is updated <u>daily</u> on our website. On the *GCRU* home page click: *View Schultz Gold Stocks A/D Line.*

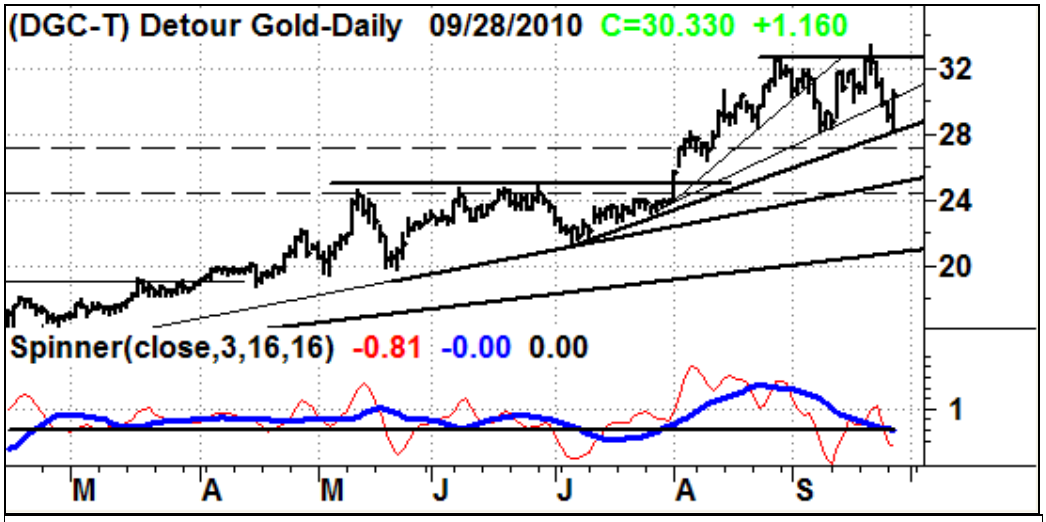
GOLD SHARES



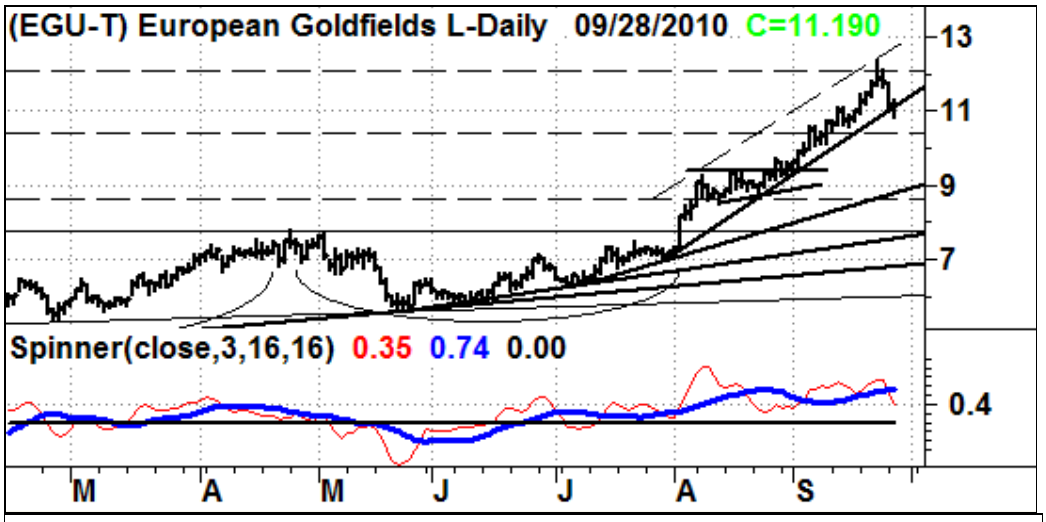
Agnico Eagle (NYSE: AEM; Toronto TSX: AEM-T); gold: US$:		
Open trades:	**Long at:**	Initial entry price: 58.90 (Apr-16-10). Traders re-bought at 69.31.
	Stop:	S/T: 1-dc below 62.80. M/T: 1-dc below 57.40.
	Profit targets:	72.50 &/or 76.40 &/or 77.70.
New Recom:	If out, spec buy at mkt & if dips to 69.10; stop: 1-dc below 62.80.	
Comment:	May-Sept reverse (double) H&S; 76.40 upside target. Spinner in tentative upturn. Oct 2009 bullish sym/triangle; 87.85 target. Technical magnets/measured targets aligned to pull price higher.	



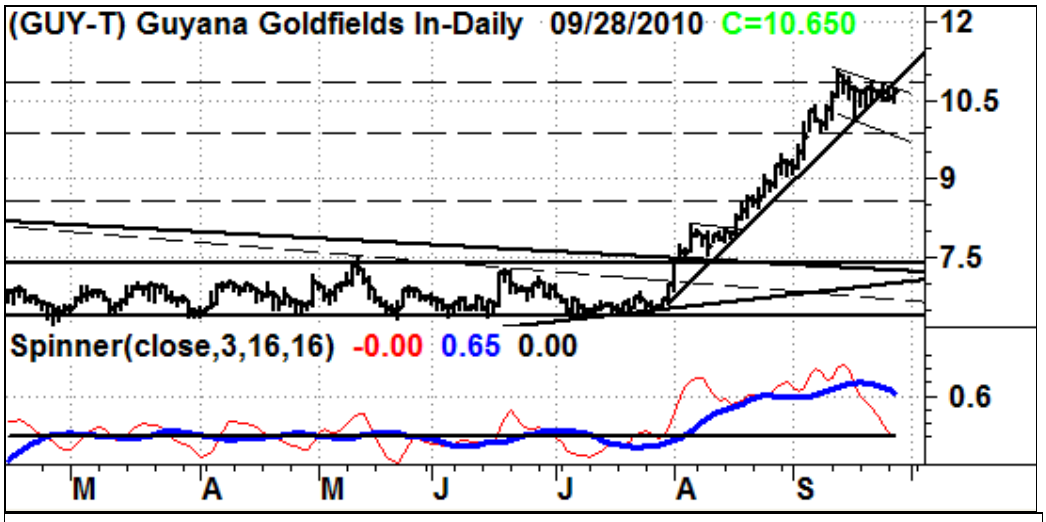
B2Gold Corp (Toronto TSX: BTO-T); gold: CAD$:		
Open trades:	**Long:** **Stop:** **Profit targets:**	Traders bought at 2.05 & 1.92. S/T: 1-dc below 1.68. M/T: 1-dc below 1.58. 2.28 (if buy low) &/or 2.46 &/or 2.65 &/or 2.85.
New Recom:	If out, spec buy at mkt; stop: 1-dc below 1.68. Buy more after 2-dc over 2.05.	
Comment:	Standard dip to test neckline support of May-Sept consolidation; 2.46 upside target. Spinner mixed with (thick) confirming line easing to bullish. Projected to hold 1.85 on the downside.	



Detour Gold (Toronto TSX: DGC-T); gold: CAD$:		
Open trades:	**Long at:** **Stop:** **Profit targets:**	Initial entry price: 29.29 (Aug-13-10). Traders re-bought at 32.85 & 32.10 & 31.10. S/T: 1-dc below 27.20. M/T: 1-dc below 24.40. 34.90 &/or 36.90. Some took profit at 32.80 ☺.
New Recom:	If out, gamblers buy at mkt; stop: 1-dc below 27.20. All buy again after 2-dc over 32.60.	
Comment:	Sharp slide from Sept high & tentative rebound. Spinner down trending & exposed to continued weakness in price. Other stks offering better shorterm risk/reward. Let it recuperate.	



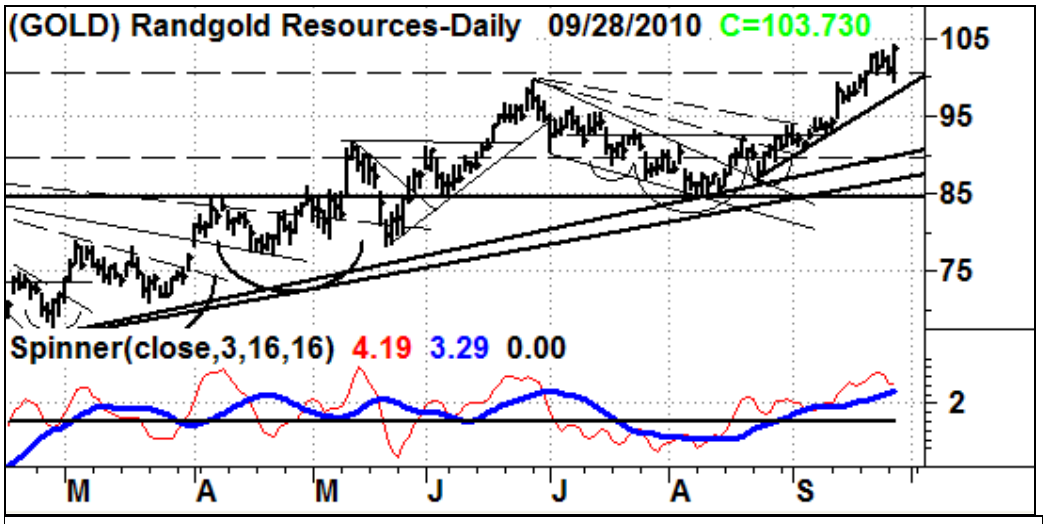
European Goldfields (Toronto TSX: EGU-T; LSE: EGU); gold: CAD$:		
Open trades:	**Long at:** **Stop:** **Profit targets:**	Initial entry price: 9.36 (Aug-18-10). S/T: 1-dc below 10.40. M/T: 1-dc below 8.55. 13.20 &/or 14.40 &/or 15.70. Some took profit at 12.25 ☺.
New Recom:	If long, *tight* trail stop strength. If out, shorterm traders only spec buy at mkt; stop: 1-dc below 10.40. Buy more after 2-dc over 12.10.	
Comment:	Seemingly healthy dip to re-test July uptrend line. Spinner a crosscurrent bull. Vulnerable to sharp setbacks as lacks nearby & important under-market support. A profit in the hand….	



Guyana Goldfields (Toronto TSX: GUY-T); gold: CAD$:		
Open trades:	**Long:** **Stop:** **Profit targets:**	Initial entry price: 8.27 (Aug-18-10). 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 long, bank partial profits at mkt. If out, nibble buy bit after 2-dc (or decisive rise/close) over 10.80; stop: 1-dc below 9.80.	
Comment:	Hesitation below 11.90 resistance of Dec 2006 peak morphing into possible bull flag. Spinner in negative cross with growing downturn in (thick) confirming line. Profits are too fat to give back to the mkt.	

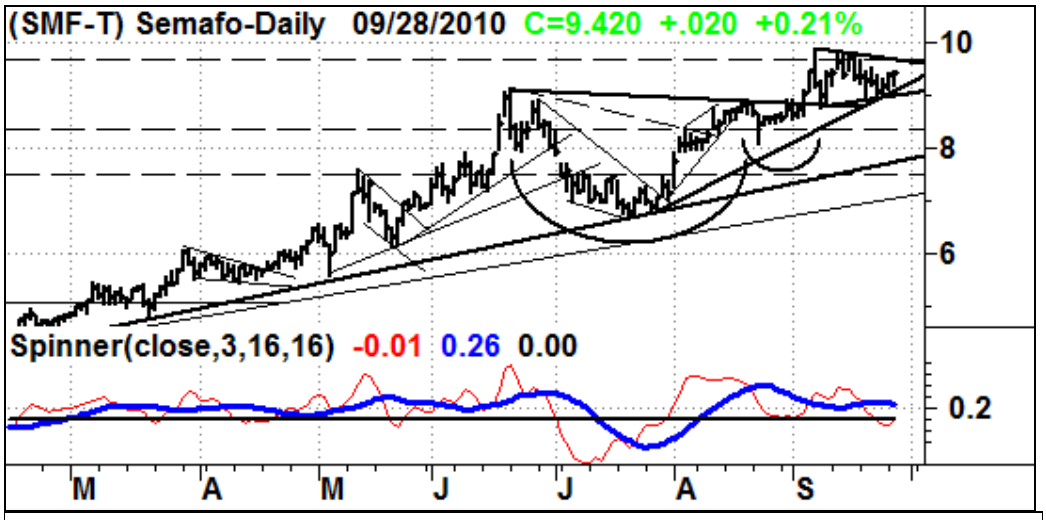
Osisko Mining (Toronto TSX: OSK-T); gold: CAD$:

Open trades:	**Long at:**	Initial entry price: 5.90 (May-13-09). Traders re-bought at 13.59 & 14.66.
	Stop:	S/T: 1-dc below 12.30. M/T: 1-dc below 11.50.
	Profit targets:	14.85 (if re-bot low) &/or 15.70 &/or 16.90.
New Recom:	If out, buy at mkt & big if dips to 14.10; stop: 1-dc below 12.30.	
Comment:	Aug consolidation evolving into 3-week bullish ascending triangle & surge upside breakout. Spinner in accelerating positive cross/base mode. Volume plus. Looks poised to lead a new upside charge.	



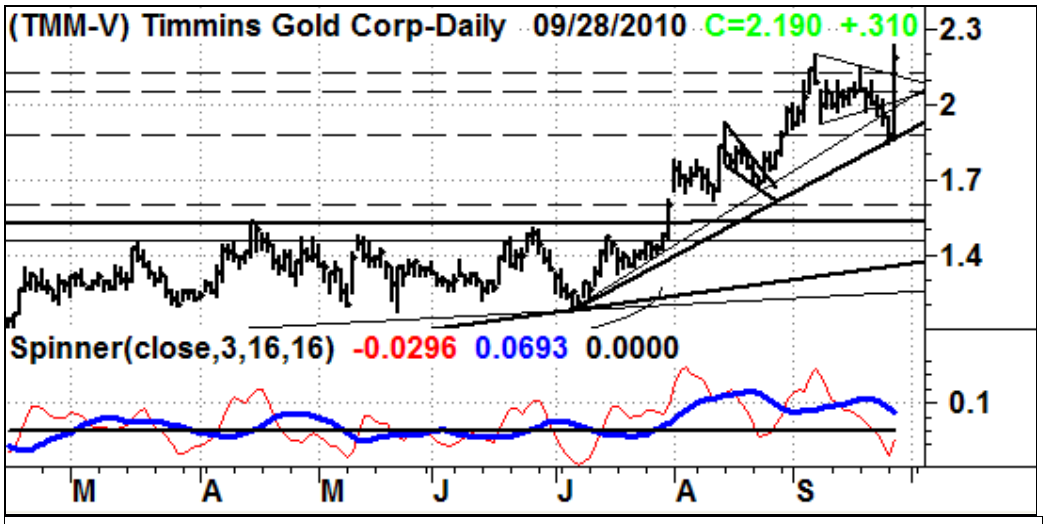
Randgold Resources (Nasdaq: GOLD; London: RRS); gold: US$:

Open trades:	**Long at:**	Initial entry price: 74.42 (Feb-17-10). Traders re-bought at 101.28.
	Stop:	S/T: 89.50-stop. M/T: 1-dc below 89.50.
	Profit targets:	105.60 &/or 110.60 &/or 115.60.
New Recom:	If out, spec buy at mkt & if dips to 100.50; stop: 1-dc below 89.50.	
Comment:	Impressive break above June high & 100 round-number resistance. 1-day bullish outside reversal. Spinner plus. Use trailing stops just below the Aug uptrend line to keep tightening the profit "noose."	



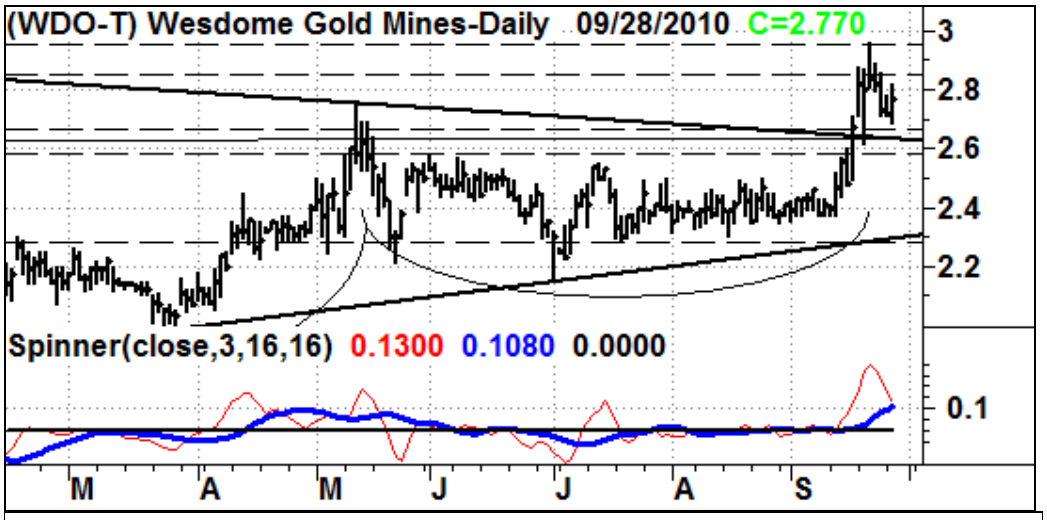
Semafo Inc (Toronto TSX: SMF-T) gold: CAD$:		
Open trades:	**Long at:** **Stop:** **Profit targets:**	Initial entry price: 5.00 (Mar-03-10). Traders re-bought at 9.42. S/T: 1-dc below 8.35. M/T: 1-dc below 7.45. 10.60 &/or 11.40 &/or 12.20.
New Recom:	If out, spec buy at mkt; stop: 1-dc below 8.35. All buy again after 2-dc (or high volume break) over 9.65.	
Comment:	Expanding mini sym/triangle from Sept peak. Spinner hooking to bullish. Jun-Sept bullish cup&handle; 11.40 upside target. Volume supporting price. Promising technical set-up.	

Silver Wheaton (NYSE: SLW; Toronto TSX: SLW-T); silver/gold US$::		
Open trades:	**Long at:** **Stop:** **Profit targets:**	Initial entry price: 15.84 (Feb-17-10). Traders re-bought at 25.66. S/T: 1-dc below 22.20. M/T: 1-dc below 19.10. 27.20 &/or 29.20 &/or 31.20 &/or 33.60.
New Recom:	If out, spec buy if dips to 25.10 & 24.20; stop: 1-dc below 22.20.	
Comment:	Nov 2007-Apr 2010 (irregular) reverse H&S base; 33.60 upside target. Spinner easing to neutral. Hanging from sky-hooks. Safer to enter on setbacks rather than at current overbought extremes.	



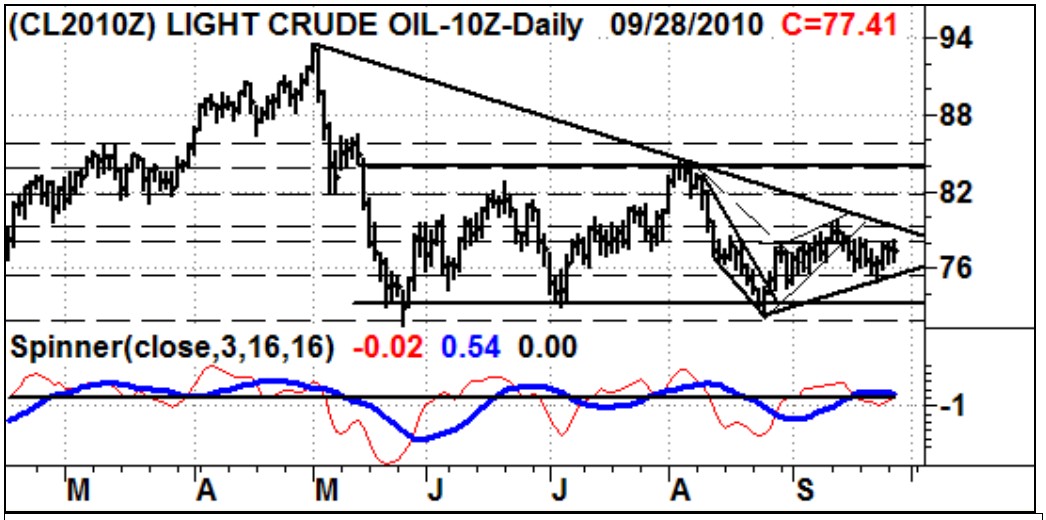
Timmins Gold Corp (Toronto TSXV: TMM-V) gold: CAD$:		
Open trades:	**Long at:** **Stop:** **Profit targets:**	1.88 (Aug-16-10). Some exited on break below July uptrend line ☹; others re-bought at 2.19. S/T: 1-dc below 1.88. M/T: 1-dc below 1.62. 2.35 &/or 2.55 &/or 2.75.
New Recom:	If out, buy at mkt & if dips to 2.12 & 2.05; stop: 1-dc below 1.88.	
Comment:	False/fickle break below July uptrend line & 16.49% upside reversal! Mar 2008-July 2010 cup&handle; 2.75 upside target. Volume surge hints upside follow-through in the making.	

US Gold Corp (Amex: UXG, Toronto TSX: UXG-T) gold&silver: US$:		
Open trades:	**Long at:** **Stop:** **Profit targets:**	Traders bought at 5.42 & 5.05 (Sept-22-10). S/T: 4.50-stop. M/T: 1-dc below 4.50. 5.98 &/or 6.52 &/or 6.98 &/or 7.50.
New Recom:	If out, gamblers buy at mkt; stop: 4.50-stop. All buy again after 2-dc over 5.30.	
Comment:	Unexpected setback to extend July-Sept cup&handle base; 6.52 revised upside target. Spinner in fragile positive hook. Must hold Tuesday's 4.65 intraday low to keep the higher ideas in gear.	

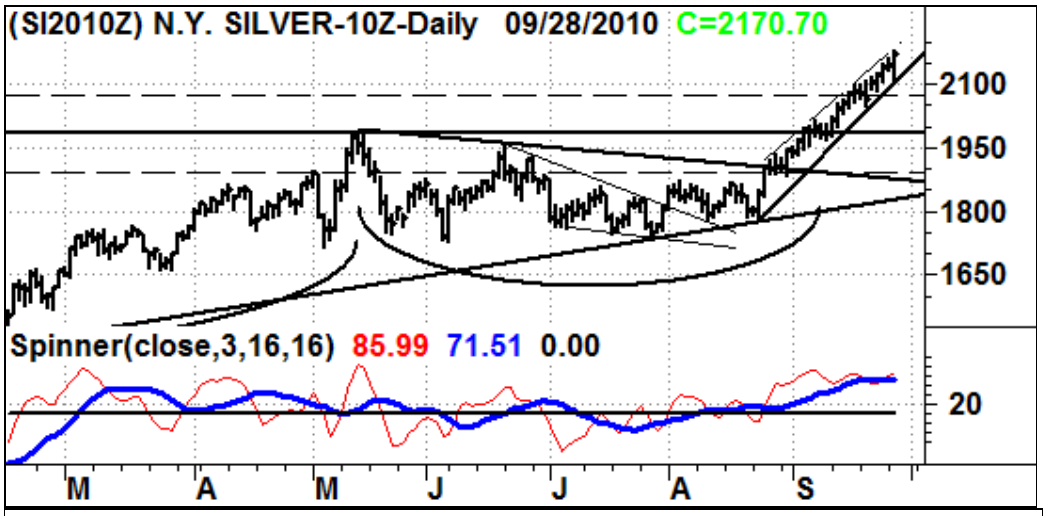


Wesdome Gold Mines (Toronto TSX: WDO-T) gold: CAD$:		
Open trades:	**Long at:** **Stop:** **Profit targets:**	Traders bought at 2.89 & 2.72 (Sept-22-10). S/T: 2.28-stop. M/T: 1-dc below 2.28. 2.95 (if buy low) &/or 3.15 &/or 3.35 &/or 3.55.
New Recom:	If out, spec buy at mkt & if dips to 2.66 & 2.56; stop: 1-dc below 2.28. And/or buy after 2-dc over 2.85.	
Comment:	Projected setback towards upper support of 8-month cup&handle and Dec 2009 sym/triangle; 3.55 target. Spinner crosscurrent; hints additional hesitation possible before new upside starts in earnest.	

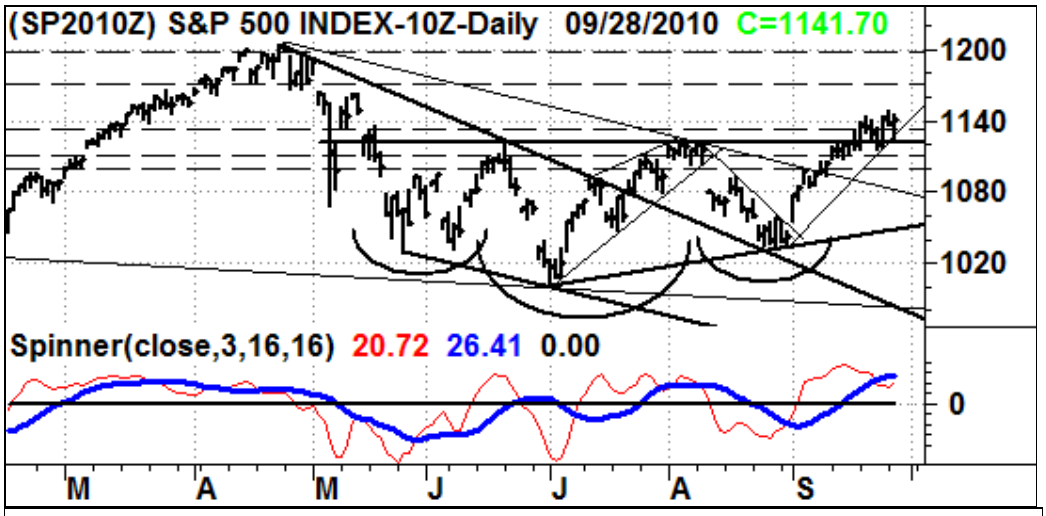
FUTURES



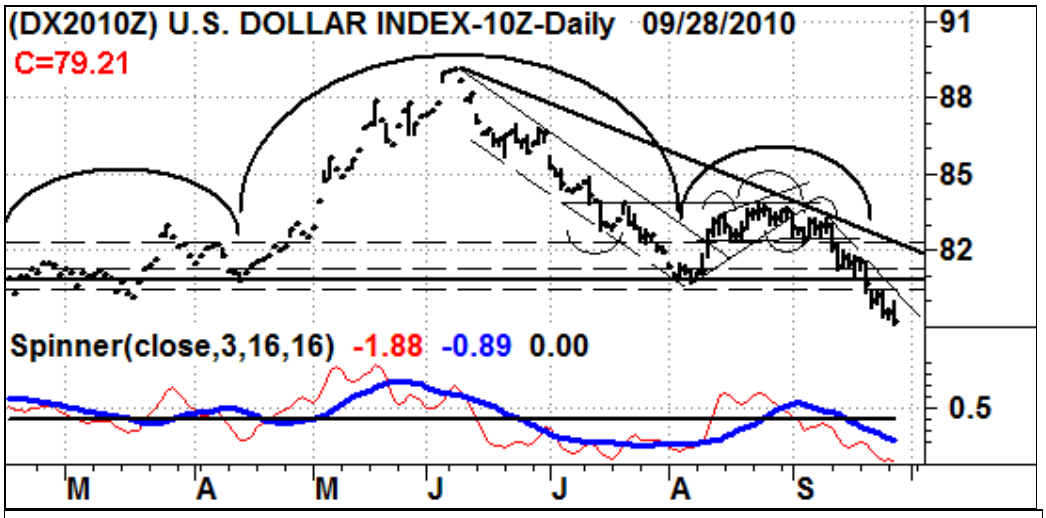
Crude Oil NY Dec 2010 futures – daily chart:		
Open trades:	**None:** **Stop:** **Profit targets:**	Exited Dec longs via 75.40 stoploss ☹. Grrr. 75.40-stop (if re-buy). 81.80 &/or 83.70 &/or 85.70 (basis Dec).
New Recom:	If out, buy Dec after 2-dc over May downtrend line (now 79.20); stop: 75.40-stop. Or, gamblers sell short Dec after 1-dc below 75.40; stop: 78.10-stop; cover ½ at 71.80 &/or trail stop weakness.	
Comment:	Expanding massive 73.04-84.05 trading range (basis L/O/C). Converging resistance of May downtrend line vs support of Aug uptrend line. Spinner predominantly bullish in daily & weekly chart; hints price is coiling for a major upside move. But…..	



Silver Dec 2010 futures – daily chart:		
Open trades:	**Long at:**	Initial entry price: 19.07 (Aug-30-10). Gamblers re-bought bit at 21.02.
	Stop:	S/T: 20.70-stop. M/T: 1-dc below 18.90.
	Profit targets:	At mkt &/or 22.55 &/or 23.35.
New Recom:	If out, wait to buy strength after next significant dip.	
Comment:	Dec-Sept cup & handle; 24.70 target. Spinner faltering. Growing upwedge risk. If not already aboard, we are hesitant to recommend new buying at this tardy stage of the current rally-leg.	



S&P500 Index Dec 2010 futures – daily chart:		
Open trades:	**Long at:**	Initial entry price: 1084.60 (Sep-02-10) (Dec cx). Traders re-bought at 1134.80 & 1122.50.
	Stop:	S/T: 1098.40-stop. M/T: 1-dc below 1098.40.
	Profit targets:	1178.50 &/or 1196.80 &/or 1241.00. Some took profit at 1146.50 ☺.
New Recom:	If out, spec buy at mkt & if dips to 1132.10; stop: exit, or sell ½ at 1109.60-stop, ½ after 1-dc below 1109.60.	
Comment:	May-Sept reverse H&S & budding upside breakout; 1241.00 upside target. Spinner mixed. Seemingly poised for higher highs.	



US$ Index Dec 2010 futures-daily chart:		
Open trades:	**Short at:**	Initial entry price: 82.19 (Sep-13-10). Traders re-sold short at 80.49.
	Stop:	1-dc over 82.40.
	Profit targets:	78.40 &/or 77.20. Some took profit at 79.60 ☺.
New Recom:	If out, sell short Dec at mkt &/or if rallies to 80.45 & 81.25; stop: 1-dc over 82.40. Or, buy Dec after 2-dc over 82.40; stop: 1-dc below 80.80.	
Comment:	Feb-Sept H&S top & accelerating downside breakdown; 72.50 downside target. Spinner oversold. Use any rebounds to actively sell short/hedge at higher levels.	

Sept-29-10

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 69.10; stop: 1-dc below 62.80.	L	Apr-16-10	58.90	69.31	70.85	1-dc U/62.80 1-dc U/57.40	72.50	76.40	77.70
B2Gold Corp	BTO-T	If out, spec buy at mkt; stop: 1-dc below 1.68. Buy more after 2-dc over 2.05.	L	Sep-22-10	2.05	1.92	1.97	1-dc U/1.68 1-dc U/1.58	2.28 (if buy low)	2.46	2.65
Detour Gold	DGC-T	If out, gamblers buy at mkt; stop: 1-dc below 27.20. All buy again after 2-dc over 32.60.	L	Aug-13-10	29.29	32.85 32.10 31.10	30.33	1-dc U/27.20 1-dc U/24.40	Hit at 32.80 ☺	34.90	36.90
Eldorado Gold	ELD-T	1-month bull flag. If out, buy after 2-dc over 20.30; stop: 1-dc below 17.70.	L	Feb-12-10	13.31		19.61	1-dc U/17.70 1-dc U/16.70	21.95	23.60	24.90
European Goldfields	EGU-T	If long, tight trail stop strength. If out, shorterm traders only spec buy at mkt; stop: 1-dc below 10.40. Buy more after 2-dc over 12.10.	L	Aug-18-10	9.36		11.19	1-dc U/10.40 1-dc U/8.55	Hit at 12.25 ☺	13.20	14.40
Franco Nevada	FNV-T	3-month sym/triangle. If out, buy after 2-dc over 33.40; stop: 1-dc below 29.40.	L	Sep-16-09	30.99		32.46	29.40-stop 1-dc U/28.90	35.60	38.50	41.20
Guyana Goldfields	GUY-T	If long, bank partial profits at mkt. If out, nibble buy bit after 2-dc (or decisive rise/close) over 10.80; stop: 1-dc below 9.80.	L	Aug-18-10	8.27		10.65	1-dc U/9.80 1-dc U/8.60	11.80	12.90	13.90
Iamgold Corp	IAG	Possible 5-month reverse H&S. If out, buy after 2-dc over 19.10; stop: 1-dc below 15.40.	L	Feb-17-10	14.90		17.66	15.40-stop 1-dc U/15.40	20.95	22.65	24.35

Sept-29-10

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											
Osisko Mining	OSK-T	If out, buy at mkt & big if dips to 14.10; stop: 1-dc below 12.30.	L	May-13-09	5.90	13.59 14.66	14.66	1-dc U/12.30 1-dc U/11.50	14.85	15.70	16.90
Randgold Res.	GOLD	If out, spec buy at mkt & if dips to 100.50; stop: 1-dc below 89.50.	L	Feb-17-10	74.42	101.28	103.73	89.50-stop 1-dc U/89.50	105.60	110.60	115.60
Semafo Inc	SMF-T	If out, spec buy at mkt; stop: 1-dc below 8.35. All buy again after 2-dc (or high volume break) over 9.65.	L	Mar-03-10	5.00	9.42	9.42	1-dc U/8.35 1-dc U/7.45	10.60	11.40	12.20
Silver Wheaton	SLW	If out, spec buy if dips to 25.10 & 24.20; stop: 1-dc below 22.20.	L	Feb-17-10	15.84	25.66	26.75	1-dc U/22.20 1-dc U/19.10	27.20	29.20	31.20
Timmins Gold	TMM-V	If out, buy at mkt & if dips to 2.12 & 2.05; stop: 1-dc below 1.88.	L	Aug-16-10	1.88	2.19	2.19	1-dc U/1.88 1-dc U/1.62	2.35	2.55	2.75
US Gold Corp	UXG	If out, gamblers buy at mkt; stop: 4.50-stop. All buy again after 2-dc over 5.30.	L	Sep-22-10	5.42	5.05	5.10	4.50-stop 1-dc U/4.50	5.98	6.52	6.98
Wesdome Gold Mines	WDO-T	If out, spec buy at mkt & if dips to 2.66 & 2.56; stop: 1-dc below 2.28. And/or buy after 2-dc over 2.85.	L	Sep-22-10	2.89	2.72	2.77	2.28-stop 1-dc U/2.28	2.95 (if buy low)	3.15	3.35
Futures											
Crude oil	CL Z0	Exited Dec longs via 75.40 stoploss ☹. If out, buy Dec after 2-dc over May downtrend line (now 79.20); stop: 75.40-stop. Or, gamblers sell short Dec after 1-dc below 75.40; stop: 78.10-stop; cover ½ at 71.80 &/or trail stop.					77.41	75.40-stop (basis Dec)	81.80 (basis Dec)	83.70 (basis Dec)	85.70 (basis Dec)

Sept-29-10

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 8.	L	Aug-04-10	1195.90	1288.70 1277.70	1308.30	1246.40-stop 1-dc U/1246.40	At mkt	1333.20 (basis Dec)	1354.80 (basis Dec)
Silver	SI Z0	If out, wait to buy strength after next significant dip.	L	Aug-30-10	19.07	21.02	21.70	20.70-stop 1-dc U/18.90 (basis Dec)	At mkt	22.55 (basis Dec)	23.35 (basis Dec)
SP500	SP Z0	If out, spec buy at mkt & if dips to 1132.10; stop: exit, or sell ½ at 1109.60-stop, ½ after 1-dc below 1109.60.	L	Sep-02-10	1084.60	1134.80 1122.50	1141.70	1098.40-stop 1-dc U/1098.40 (basis Dec)	Hit at 1146.50 ☺	1178.50 (basis Dec)	1196.80 (basis Dec)
Sugar	SB H1	If long, tight trail stop strength (ie, currently no lower than 23.80). No new trade recom this week. We missed the pullback & don't want to chase a run-away upside mkt.	L	July-14-10	17.12		25.29	23.80-stop (basis Mar)	Hit at 25.20 ☺	26.26 (basis Mar)	
US$-Index	DX Z0	If out, sell short Dec at mkt &/or if rallies to 80.45 & 81.25; stop: 1-dc over 82.40. Or, buy Dec after 2-dc over 82.40; stop: 1-dc below 80.80.	S	Sept-13-10	82.19	80.49	79.21	1-dc O/82.40 (basis Dec)	Hit at 79.60 ☺	78.40 (basis Dec)	77.20 (basis Dec)

•••• "**The desperation of QE2**." The US Federal Reserve is ready to embark on the second round of Quantitative Easing, comments Jim Willie CB of the *Hat Trick Letter*. "QE2 is pure cancer within the monetary body. Foreign creditors are walking away, distancing themselves from the US Treasuries, and especially the US Agency Mortgage Bonds. The Fed and Treasury are therefore being isolated. Their US Treasury auctions are often *disguised failures*, but with the benefit of an unrewarding US stock market, bond demand has risen. The cancer of QE2 cannot be emphasized enough. My forecast a few months ago was for no Exit Strategy implemented. The Fed balance sheet will NOT be reduced. Interest rates will NOT be permitted higher. …The desperate action to launch QE2 will be quite evident in the coming weeks. It will even become a national priority. The bankers and politicians will rush to destroy whatever credibility remains in the US Dollar, or any fiat paper currency. **The challenge to banking leaders will be to conceal their desperation and panic**. …. Fiat paper money is dissolving before our eyes. Notice the assaults on sovereign debt in Europe, a trend that will hit US shores, in time. Economists do not expect it, since the American bankers possess the Printing Pre$$. They will be blindsided by gold, which pulls the carpet from under the US$-based foundation inside its very structure. **The gold bull market will outlast the US Treasury Bond bubble run**. The key word to be heard in the next few months will be confidence, as in the absence of it when viewing the US financial helm. ….**QE2 will be more cancerous than QE1, as *full* dependence upon monetary inflation will come**. QE2 will produce three major effects, all ruinous. A) The reliance upon new money growth to monetize rapidly growing debt in the US financial system will undermine all things US$-related. **The continued artificial support of US Treasury Bonds will transfer risk to the US Dollar**. B) Whatever respect and prestige the Fed has will vanish quickly. The bravado of helicopter drops will be seen as hollow, amateurish, and invite mockery in the open among the respected brain trust. C) The smartest people in the room will begin to declare that the current global monetary system is irreparably broken, and **that past and future response, even if amplified, will be doomed to fail**. **We are on the doorstep of hyper-inflation**." End quote. Bernanke's intent to push ahead with Quantitative Easing II, in spite of the damage to the US$, & the risk of triggering a bond market crash (as bond holders understand they will be paid in worth-less paper), hints the gears of change are shifting. The financial elite may finally be ready to let gold rise to serve its personal agenda. •••• "**Investors seeing farmland as safer bet than stocks**." Wary of fluctuations on Wall Street, more wealthy Americans, private funds and foreigners are putting money into parcels of cornfields, fruit orchards and other US

agricultural products, remarks the *LATimes*. "Farmland has become hot. Average US farm real estate prices including the value of land and buildings have nearly doubled in the last decade to $2,140 an acre, according to the US Department of Agriculture's statistics service. Since the recession began in December 2007, financial analysts say, agricultural investments have easily outperformed the Standard & Poor's 500 index. Wealthy Americans and private funds alike are gobbling up Washington apple orchards, Illinois cornfields and Louisiana sugar plantations. So are foreigners. In California, investors from countries including Spain, Switzerland, China, Egypt and Iran collectively boosted their holdings 2.5% from February 2007 to February 2009 to 1.08 million acres or about 5% of the state's total farmland. Overseas, US and other investors are snapping up tens of millions of hectares of farmland in Africa, Central America and Eastern Europe. Investors also understand that land is a finite commodity. The amount of arable land worldwide is dwindling, while the world's population is forecast to jump to more than 9 billion by 2050 from 6.9 billion today." End quote. Precious metals, farming, farmland and their associated products & services will be the "trades of the decade." The fundamentals are red hot in both sectors, and smart investors will be holding tangible things that have true intrinsic value when the fiat currency system collapses. Farming also provides food & financial security via the production of essential goods in the case of hyperinflation. •••• "**The gold standard is America's Plan B**." Interviewed on *CNBC*, Jim Rickards of *Omnis*, explains the maths behind his gold price forecast. "Take M1 which is about $1.5 trillion, it varies a bit. Take the US gold supply which is a little over 8,100 metric tonnes, and just do the division, & you come out with a number of about $5,000/oz. In other words, when you have a sequential collapse of paper currencies, & the US has to go to plan B, which is the gold standard, & you have to peg it at a non-inflationary level. The problem in the 1920s was not the gold standard itself, but that they pegged it at $20/oz, which was the pre WWI price, which was highly deflationary. Pegging it at say $50/oz in 1925 might have helped prevent the Great Depression. So when we have to go back to gold now, it's vital not to peg it too low. There is a range when you do the math, depending on whether you use M1 or M2, but that range is between $5-11,000/oz. So, it's not really a forecast, but back-of-a-table-napkin maths, and where gold will end up once the US$ collapses." End quote. The media & net is awash with predictions for future gold prices, which vary in method & sophistication. Nevertheless, plain common sense points to substantially higher & sustainable gold prices, as bullion will have to rise to several thousand dollars to remediate monetary inflation, & restore credibility to a failed monetary system via a modernized gold standard. •••• Ireland's recovery from the deepest recession of any eurozone country came to a quick and unexpected end last Thursday, when the Irish govt announced that

national output dropped by 1.2% in Q2, 2010, reports the UK Guardian. "Jeremy Cook, chief economist of World First, said: 'When I saw the figure I honestly thought it was a misprint; it's just horrible. **Trading today had kicked off with rumors of Anglo Irish Bank defaulting on debt and has led to the Irish CDS (credit default swap) – insurance against the Irish <u>govt</u> defaulting – move to a record 5%. To put that in context, the market believes that Ireland is twice as likely to default on its debt as Vietnam**'." End quote. It is impossible for the world to dig out from under the mountains of toxic derivative debt. Sustained recovery has not occurred, anywhere. We've just seen the occasional & momentary relief from the pain of an end-stage financial disease. •••• "**We're only halfway through a four-year cycle of currency devaluation**." Interviewed by *The Gold Report*, US Global Investors' CEO Officer Frank Holmes makes some interesting observations on the fiat currency crisis. **FH:** "Gold has taken off; it's in motion. The last thing you want is for it to shoot up thousands of dollars overnight. That would be a crisis of serious magnitude. But let's back up. **Over the past 400 years, there have been 47 credit currency crises. That means about one every decade. When there is a currency crisis, it takes about <u>16 quarters</u> to turn around**. That's a very long, four years. Most people confuse what we're seeing as a recession induced by rising interest rates, but <u>those</u> recessions last only four quarters." **TGR:** "So we're in the midst of a currency credit crisis rather than a recession?" **FH:** "Yes. Because these crises continue for 16 quarters, we're a little more than halfway through it. I think it's important to go back and look at these historical cycles. It's like the '30s, which is significant. **China has not had such a currency disaster, but Asia did—Thailand, Indonesia, etc. in '97. It took four years; it was 2001 before they bottomed. Russia's was in '98, and they didn't bottom until about 2002, another four-year cycle. In a micro way, in America, the S&L crisis in '87 didn't bottom until '91**. So this play-out takes place and there's lots of volatility. An important pattern that drives these currency issues is leverage. The number-one factor is over-borrowing by govts and citizens. That takes time to wear away, so you're going to have deflation. Govts will panic, and to get exports to create jobs, they'll devalue their currency with policies. It's basically human nature that has 400 years of data points to give you a view of this." **TGR:** "So if we're halfway through the four-year cycle of the currency devaluation, what can we expect in the next two years?" **FH:** "My thoughts are that in the next five years gold's going to double. That means it's going to grow at a 15% compounded rate of return, which is much greater than what's expected of bonds. The next five-year bond will grow at 2%. What's interesting is that gold's volatility for the past 10 years has been less than the S&P's volatility. If it doubles in five years, we're only going to get back to 1980 inflation-adjusted prices, at still a 15% compounded rate of return." **TGR:** "What

does that mean in terms of gold stocks?" **FH:** "What that means to gold stocks is much more significant because there's an approximate leverage of almost 3-to-1. So if gold doubles, you can turn around and get three times that in gold stocks." End quote. This scenario doesn't consider the possibility of hyperinflation as the last gasp of a doomed currency, & the sudden *deterioration & acceleration* of events it **creates**. Gold will double & more, and in a far shorter time frame than 5 years in our opinion. As for the leverage this will create in the ever-changing top Relative Strength gold shares, it will be undreamed of! *GCRU* will enable traders to capitalize on this which the buy & hold crowd will miss! •••• "**Hyperinflation; 'loading the musket'**." Quoting from *Wikipedia*, Fofoa.blogspot says a collapse of confidence is what brought hyperinflation to Germany: "During the first half of 1922 the Mark stabilized at about 320 Marks per Dollar accompanied by international reparations conferences, including one in June 1922 organized by US investment banker JP Morgan, Jr. When these meetings produced no workable solution, **inflation changed to hyperinflation** and the Mark fell to 8000 Marks per Dollar by December 1922." Hyperinflation was the result of the *collapse of confidence* after the conferences failed, continues Fofoa. "**The wheelbarrows that soon followed were the *effect* of this collapse of confidence, not the *cause*. The initial printing in 1921 'packed the musket.' The loss of confidence in mid-1922 fired the musket**. **And then the real printing began out of necessity!** By November of 1923 wheelbarrows were no longer big enough. The banks were counting their money by the ton." End quote. Bernanke's QEII is loading the hyperinflationary "musket." But who can tell which *psychological* 'catalyst' event will cause the whole straw house to collapse?

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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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