

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

••• Welcome to *GCRU* #419 on Oct 20, 2010 (in its 9th year). •••

Gold continued upwards following last Wednesday's *GCRU*, breaking out above weekly resistance & making yet another new record high of \$1388.10 on Thursday (basis December futures). However, per last week's password "bungeejumping" Friday & Monday (initially) saw prices slip back on profit taking & chart resistance following a stronger dollar, in spite of Bernanke's remarks on Friday, that there appeared to be a case for further stimulus. We warned last week that the US\$ Index was oversold and looked to have completed 3 waves down, and advised watching the September downtrend line as a guide to short term direction. The US\$ Index is currently trying to hold support of its July 08 – Nov 09 symmetrical triangle line. If successful, a short covering rebound in the US\$ Index towards 79.26 &/or 80.15 &/or 81.06 will weigh on gold's near term advance. Be vigilant, keep a watchful eye on the dollar as a clue to gold's near term direction.

Monday's dip to \$1353.20 and subsequent rebound told us there is strong buying demand on any price setbacks. However, as reflected in our password today "cartelstirs", the gold price strength finally stirred the anti-gold govt-sponsored cartel into action. They called out their storm troopers to attack gold again & managed to set back the price on Tuesday. But global buyers are stepping in on each dip. Tuesday's NY 9:30 AM low was not broken by the close!

Current December gold overhead chart resistance is seen at \$1371.7 then \$1388.10 then \$1400.00, whilst support is seen at \$1325.60 & \$1300.00

Clearly this is NOT a top; there is no indication of it. We have been anticipating a normal healthy retracement of the July – Oct uptrend, which was somewhat overbought. Critics say gold is in a bubble. The *Financial Times (FT)*, Oct 17 ran the following headline "Few Silver Linings when gold bubble bursts." See *HSL Jr* on Sunday for an *Uncle Harry* letter sent to the *FT* rebutting their "scare mongering." The letter says: "The fever/bubble stage will come, but not until gold is 2 or 3 times higher & the public is in the mkt."

Eric de Groot's Insight blog notes that commercial traders have been covering their short positions into strength in silver and gold. Eric says

“rather than shorting strength, connected money has been buying it”. See his charts at <http://edegrootinsights.blogspot.com/2010/10/growing-strain-of-control-in-silver.html>.

The *Amex Gold Bugs Index* had been flirting with neckline resistance of its Mar 08 – Dec 09 reverse H&S. But as we write Tuesday evening it has dropped back to top support of its May – Sept sym/triangle at 495. We expect a strong support band between here (495) & its Oct 08 uptrend line, now at 460.

Our in-house *Schultz Gold Index* gapped down yesterday breaking its July uptrend line. More importantly is the Oct 08 uptrend line (now at 43.23) which should, coupled with top support of its Dec 09 – Aug 10 cup&handle pattern (44.45-45.75), provide solid support.

Our *Schultz Gold Stocks Advance Decline Line* also broke sharply below the July uptrend line. Spinner & MACD are both down trending. A test of the major under-market support band at 5250-5268 is in process.

••• *Bullish Consensus* list gold at 76 (down 6 from last week). The US\$ is at 47 (up 6). BC say “Gold futures are consolidating the recent rally. Signals are cautiously bearish short-term. The intermediate trend is overbought and may lead to a corrective decline.”

Demand for one ounce Krugerrands soars, reports *Business Report* of South Africa. Demand has soared to all-time highs over the past few days, according to Alan Demby, executive chairman of the *South African Gold Coin Exchange*. Demby says investors are "Visualising a systemic change in the factors influencing the price of gold and they anticipate a basic shift in the global financial framework." He continued, “these investors expected the determined stimulation strategies being pursued by the world's power economies to spill over into severe inflationary pressures and that was why they were buying gold.” (At least one reason, yes. We can think of 10 others).

Currencies: We banked remaining profits in the Dec Euro at mkt, take our lead. With a rebound in the US\$ & Spinner lines rounding over a dip towards 1.3230-1.3250 looks likely. • We are flat the UK Pound. Sell short after 2-dc below 1.5670; stop: 1-dc above 1.5940. • The SwFr made another record high against the US\$ Thursday, but appears to have finally completed 3 waves up from its June low. Spinner lines are now in a negative cross. We will wait for a significant pullback of the June rally leg to consider re-entering longs. • We are still long the NZ-\$ but a

technical break & closing near session lows suggests lower prices possible. Prefer to exit at mkt / breakeven and wait for a new technical set-up. • We are still long the Cad-\$ at 97.24 & again at 98.29; but are uncomfortable with current weakness & prefer to exit on a bounce towards 97.60 or use the stop: 1-dc below 96.20. • Some traders exited the A-\$, via tight trailing stops? Look to buy more if strength/support is seen after dips to 94.30 &/or 92.85. • We were short the Swedish Krona at 6.7245, but have banked worthwhile profits at mkt as it also looks to have completed 3 waves down and *Spinner* lines warn of rebound action. We look to possibly re-short at higher levels.

•••• Gold is up \$1.50 in NY as we write. The US\$ is down 75 cents. •••• Apologies for the late posting due to mega tech hassle ☹. •••• Fond wishes from *Uncle Harry*, and helper Martin. •••• If it's Wednesday, it's *Gold (& Mkts) Charts R Us*

Articles we strongly recommend you read:

China's not the villain if the West tries to debase its debt through QE
<http://www.telegraph.co.uk/finance/comment/liamhalligan/8068335/China-not-the-villain-if-the-West-tries-to-debase-its-debt-through-QE.html>

Currency War: Germany about to lose 66% of its gold reserves
http://www.chaostheorien.de/artikel/-/asset_publisher/haR1/content/currency-war-germany-about-to-lose-66-percent-of-its-gold-reserves?redirect=%2Fstartseite

Fed Wants to Hoodwink Public, Only Fools Itself: Caroline Baum
<http://www.bloomberg.com/news/2010-10-15/fed-wants-to-hoodwink-public-fools-itself-commentary-by-caroline-baum.html>

OPEC Members Seek \$100 Oil to Counter Dollar Weakness
<http://www.bloomberg.com/news/2010-10-15/opec-members-seek-100-a-barrel-oil-as-sliding-dollar-cuts-real-revenue.html>

U.S. is currency war's "tomb maker" -China economist

<http://www.reuters.com/article/idUSTOE69D04120101014>

ETF investor turns paper into gold bullion for the first time

<http://www.citywire.co.uk/money/etf-investor-turns-paper-into-gold-bullion-for-the-first-time/a439461?ref=citywire-money-latest-news-list>

BIS taking in more gold - who are the counterparties this time?

<http://www.mineweb.com/mineweb/view/mineweb/en/page33?oid=112890&sn=Detail&pid=102055>

Jim Rickards - Last Gasp of the Fiat Money Regime

Written in response to Edwin Truman's Financial Times article, October 12.

http://kingworldnews.com/kingworldnews/KWN_DailyWeb/Entries/2010/10/13_Jim_Rickards_-_Last_Gasp_of_the_Fiat_Money_Regime.html

America should open its vaults and sell gold

By Edwin Truman

<http://www.ft.com/cms/s/0/2bbd4dbe-d5fe-11df-94dc-00144feabdc0.html?ftcamp=rss>

US Cities Face Half a Trillion Dollars of Pension Deficits

<http://www.cnbc.com/id/39626759>

America's Currency Crisis is Now Underway

<http://inflation.us/currencycrisisunderway.html>

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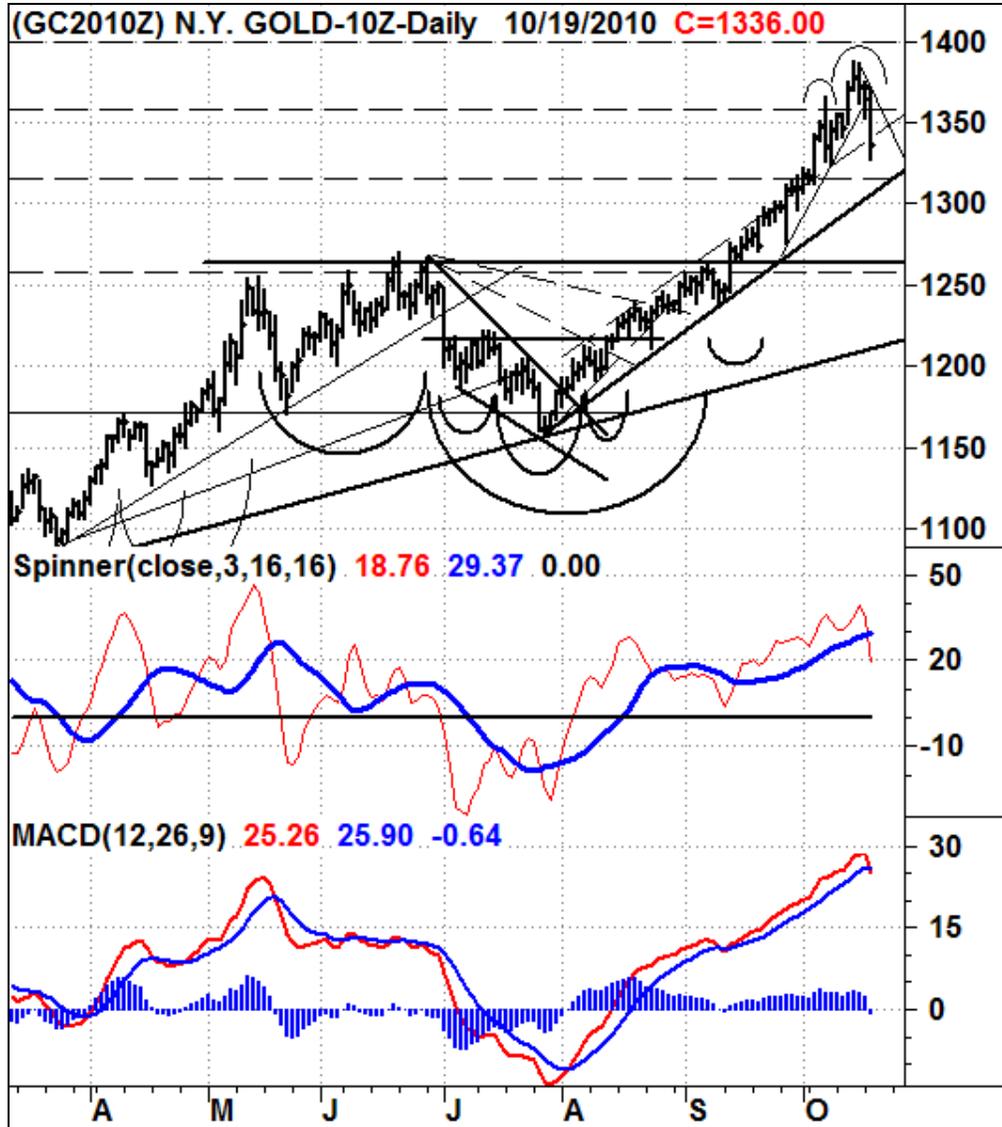
Agnico Eagle (Tor/NYSE)
B2Gold Corp (Tor)
Crude oil (NYMEX)
Detour Gold (Tor)
Eldorado Gold (Tor & NYSE)
European Goldfields (Tor & NYSE)
Franco Nevada (Tor)
Gold daily (NY)
Gold tick chart (NY)
Guyana Goldfields (tor)
Iamgold (NYSE & Tor)
Osisko Mining (Tor)
Randgold (Nasdaq)
S&P500 (CBOT)
Schultz Gold Index
Schultz Gold Stks A/D line
Semafo Inc (Tor)
Silver (futures)
Silver Wheaton (NYSE/Tor)
Timmins Gold (Tor)
US Gold Corp (Amex & Tor)
US\$-Index
Wesdome Gold Mines (Tor)

••Our Abbreviations:

10 1dc = 1-day close (the share price
must close above or below the
11 indicated price level, before our
17 recommendation is activated).
11 2dc = 2-day close (consecutive).
20 Bot = bought.
CAD\$ = Canadian dollar.
12 H&S= Head & Shoulder.
20 L/O/C= Line On Close.
7 L/T = Long Term.
8 M/T = Medium Term.
12 N/L = neckline.
P/F = Portfolio.
20 P/O = Price Objective.
13 Recom = Recommended.
13 R/H&S = Reverse Head &
18 Shoulder.
9 R/S = Relative Strength.
9 S/T = Shortterm.
Sym/tri = symmetrical triangle.
14 Tgt = Target.
18 Unch = unchanged.
14 Vol = Volume.
15 Wk = week.
15 Ystdy = yesterday.
19
16

GOLD

Comex gold Dec futures – daily – 7 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:	Some spec bought at 1195.90 (Aug-04-10). Gamblers re-bought at 1351.50; active traders at 1377.60.
	Stop:	S/T: 1-dc under 1313.40. M/T: 1-dc U/1256.50.
	Profit targets:	1400.00 &/or 1423.30 &/or 1446.80. Some took profit at 1376.80 ☺.
New Recom:	If out, wait to buy after next major pullback &/or buy after 2-dc (or decisive rise/close) over 1357.50; stop: 1-dc below 1313.40.	
Comment:	Spinner in new negative cross; hints healthy reaction of July uptrend rally has further downside to run. May-Sept reverse H&S; \$1,400 upside target. Give it time to stabilize.	

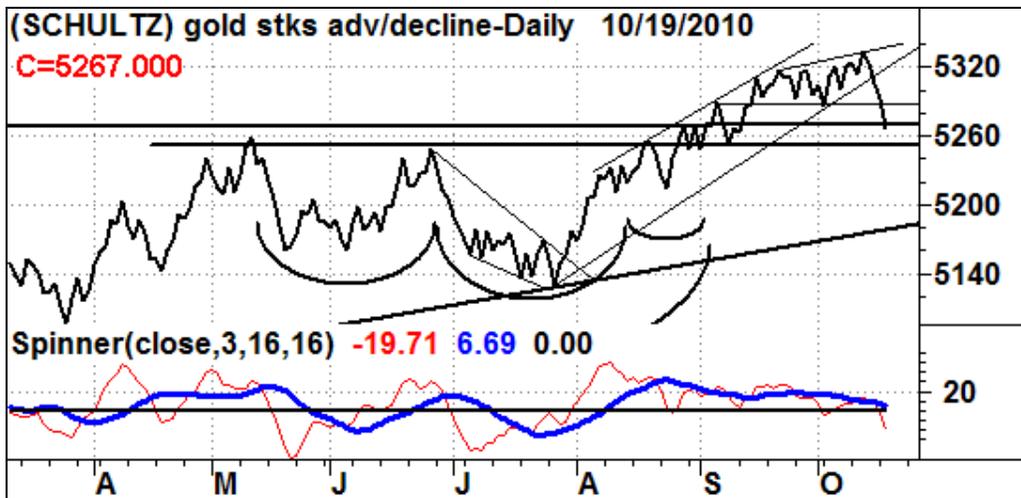
Schultz Gold Share Index (SGI) – daily (revised Sept 1)



Schultz Gold Index (SGI) – daily chart (revised Sept 1):

Comment: Gap break below July uptrend line. Strong support band is expected between the cup&handle breakout point at 45.65 & the Oct 08 uptrend line at 43.23. Cup&handle target; 57.20. Needs time to build new & reliable base action.

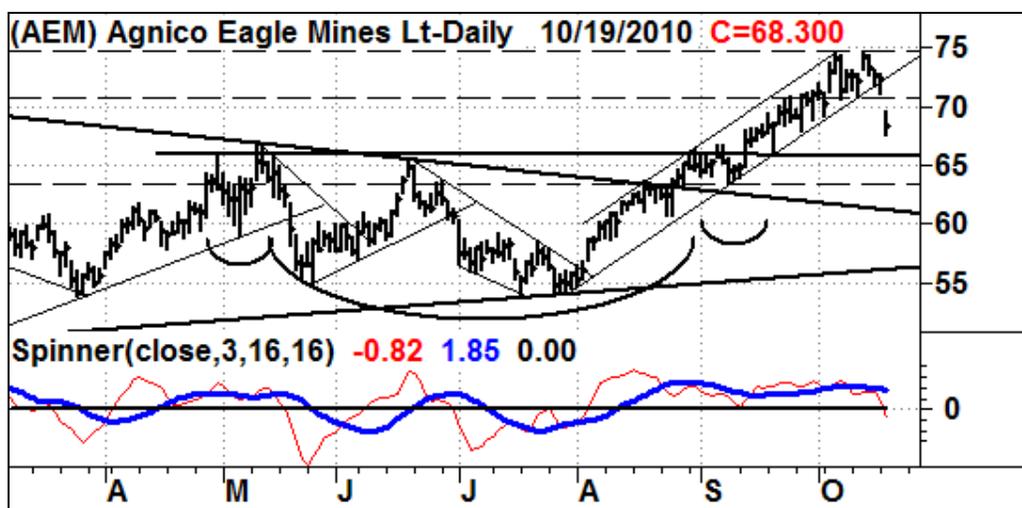
Schultz Gold Stocks Advance/Decline Line -- daily



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

Comment: Unpredictable rejection of new highs. Sharp break below July uptrend line. Spinner & MACD point to a test of the major under-market support band at 5250-5268. May-Aug reverse H&S; 5380 upside target. We watch for signs of base building. This chart is updated daily on our website. On the *GCRU* home page click: [View Schultz Gold Stocks A/D Line.](#)

GOLD SHARES



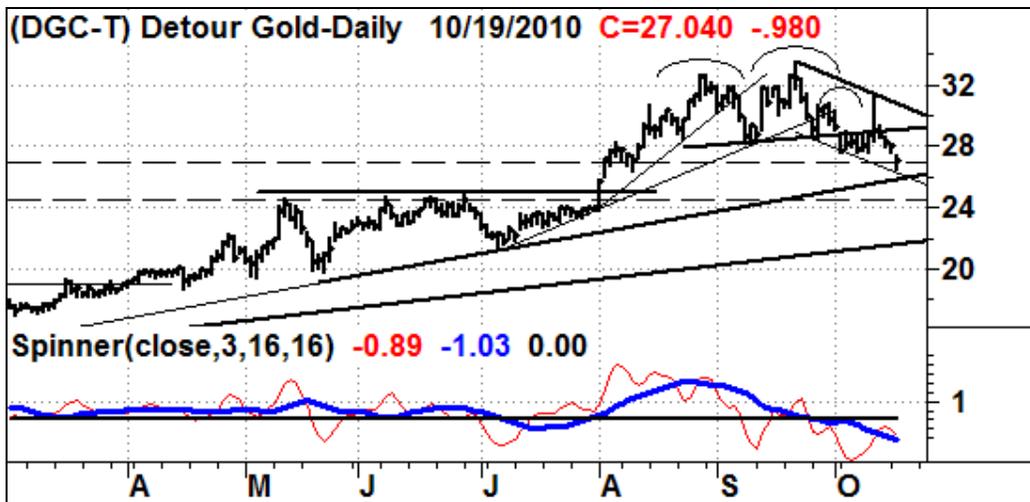
Agnico Eagle (NYSE: AEM; Toronto TSX: AEM-T); gold: US\$:

Open trades:	Long at:	Initial entry price: 58.90 (Apr-16-10). Traders re-bought at 74.17 &/or exited via 69.80 stoploss / profit stop.
	Stop:	M/T: 1-dc below 63.80.
	Profit targets:	76.40 (if bot/buy low) &/or 77.70 &/or 87.85.
New Recom:	If out, wait to buy after proven support has formed above 63.80.	
Comment:	9 day mini double top formed at the prior Oct 09 highs. Broke July uptrend line with large gap down. Probably dip towards & find strong support between the Oct 09 sym/triangle line at 61.50 & 66.00 neckline support of the May-Sept R/H&S: upside target 76.40. Watch/wait for signs of dependable base action.	



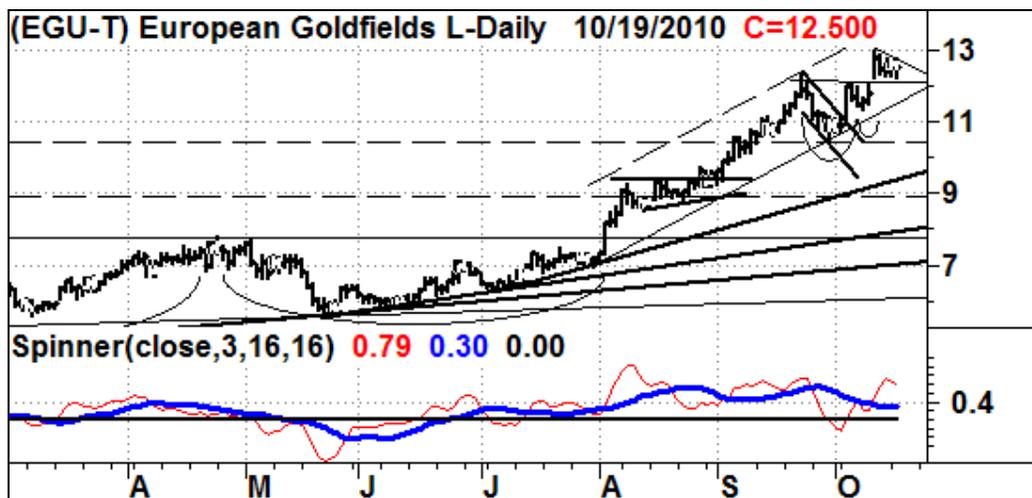
B2Gold Corp (Toronto TSX: BTO-T); gold: CAD\$:

Open trades:	Long:	Initial entry price: 2.05 (Sep-22-10). Traders re-bought at 2.08.
	Stop:	S/T: 1-dc below 1.82. M/T: 1-dc below 1.62.
	Profit targets:	2.28 (if buy low) &/or 2.46 &/or 2.65 &/or 2.85.
New Recom:	Look to buy strength after a dip that holds on or above Nov 09 uptrend line, (now at 1.70) &/or all buy again after 1-dc over 2.10; stop: 1-dc below 1.82.	
Comment:	Risk of 18-day double top vs joint support of July uptrend line & neckline of May-Sept ascending triangle; 2.46 target. Spinner weak.	



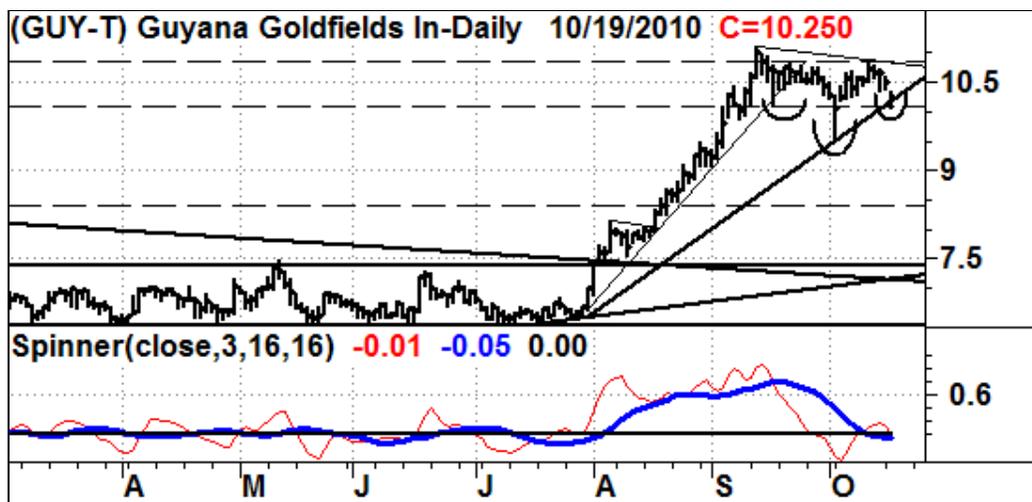
Detour Gold (Toronto TSX: DGC-T); gold: CAD\$:

Open trades:	Long at:	Initial entry price: 29.29 (Aug-13-10). Some exited via 27.20 stoploss. ☹️
	Stop:	M/T: 1-dc below 24.40.
	Profit targets:	34.90 &/or 36.90 &/or 39.80.
New Recom:	If out, wait to buy Spinner confirmed strength &/or buy after 2-dc above Sept downtrend line (now 30.70); stop: 1-dc below 27.20.	
Comment:	1½ month H&S top & break down. Spinner declining. May uptrend line may not hold. Under performer. Moving to back burner page.	



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

Open trades:	Long at:	Initial entry price: 9.36 (Aug-18-10). Gamblers re-bought bit at 12.25, others at 12.78.
	Stop:	S/T: 1-dc below 10.75. M/T: 1-dc below 8.90.
	Profit targets:	13.20 (if bought low) &/or 14.25 &/or 15.70.
New Recom:	If out, buy after 1-dc above 12.78; stop: 1-dc below 10.75.	
Comment:	Sept-Oct cup&handle pattern and upside breakout; 14.25 upside measured target. Bulls in control above July uptrend line. Spinner confirming line needs time to catch up with price. Good R/S.	



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

Open trades:	Long:	Initial entry price: 8.27 (Aug-18-10).
	Stop:	S/T: 1-dc below 9.80. M/T: 1-dc below 8.80.
	Profit targets:	11.80 &/or 12.90 &/or 13.90.
New Recom:	If out, buy strength following a dip towards 8.35 &/or spec buy after 2-dc over 10.75; stop: 1-dc below 9.80.	
Comment:	Failed breakout of Sept bull flag, morphed into possible reverse H&S with 10.75 neckline resistance. Spinner neutral. Sharp slide possible if breaks 9.80 support.	



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

Open trades:	Long at:	Initial entry price: 5.90 (May-13-09). Traders re-bought at 15.56.
	Stop:	S/T: 1-dc below 12.75. M/T: 1-dc below 11.80.
	Profit targets:	16.50 &/or 17.50. Some took profits at 15.70 ☺.
New Recom:	If out, spec buy after 1-dc over 15.27; stop: 1-dc below 12.75. All buy again after 1-dc above 15.55.	
Comment:	Upside bullish breakout from & setback to test top support of Aug-Sept ascending triangle; 17.50 upside target. Spinner positive. Buy more on follow through confirmation.	



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

Open trades:	Long at:	74.42 (Feb-17-10). Traders re-bought at 105.12 &/or exited via 97.85 stoploss / profit stop.
	Stop:	M/T: 1-dc below 89.80.
	Profit targets:	110.60 &/or 115.60.
New Recom:	If out, buy Spinner confirmed strength after a dip that holds above 90.00 &/or buy after 1-dc above 105.25.	
Comment:	Double top & gap break down below Aug uptrend line. Spinner negative, warns lower prices possible. Probing for support.	



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

Open trades:	Long at:	Initial entry price: 5.00 (Mar-03-10). Traders re-bought at 10.66.
	Stop:	S/T: 1-dc below 9.00. M/T: 1-dc below 8.10.
	Profit targets:	12.20 &/or 12.96. Some took profits at 11.40 ☺.
New Recom:	If out, spec buy if dips to 10.30 & 9.85; stop: 1-dc below 9.00. And/or buy after 1-dc over 11.35.	
Comment:	Reached upside target of 3½ week ascending triangle and July upper channel line. Spinner in pullback bull mode. Short term overstretched? Good relative strength.	



Silver Wheaton (NYSE: SLW; Toronto TSX: SLW-T); silver/gold US\$:

Open trades:	Long at:	Initial entry price: 15.84 (Feb-17-10). Traders re-bought at 27.48.
	Stop:	S/T: 1-dc below 25.10. M/T: 1-dc below 19.80.
	Profit targets:	29.20 &/or 31.20 &/or 33.60.
New Recom:	If out, buy strength after a dip that holds above 22.60 &/or buy after 1-dc over 27.35.	
Comment:	Aug uptrend line broken. May build right shoulder of Sep-Oct H&S top. Nov 2007-Apr 2010 (irregular) reverse H&S base; 33.60 target.	



Timmins Gold Corp (Toronto TSXV: TMM-V) gold: CAD\$:

Open trades:	Long at:	Initial entry price: 1.88 (Aug-16-10). Some exited via 1.85 stoploss.☹
	Stop:	M/T: 1-dc below 1.58.
	Profit targets:	2.35 &/or 2.55 &/or 2.75.
New Recom:	If out, look to buy strength following a dip that holds above 1.58.	
Comment:	False breakout of Sept bull flag & strong downward correction breaking the July uptrend line. Spinner negative. Mar 2008-July 2010 cup&handle neckline at 1.58 seen as the next major support level. Let it stabilize. May rise to build right shoulder of H&S top.	



US Gold Corp (Amex: UXG, Toronto TSX: UXG-T) gold&silver: US\$:

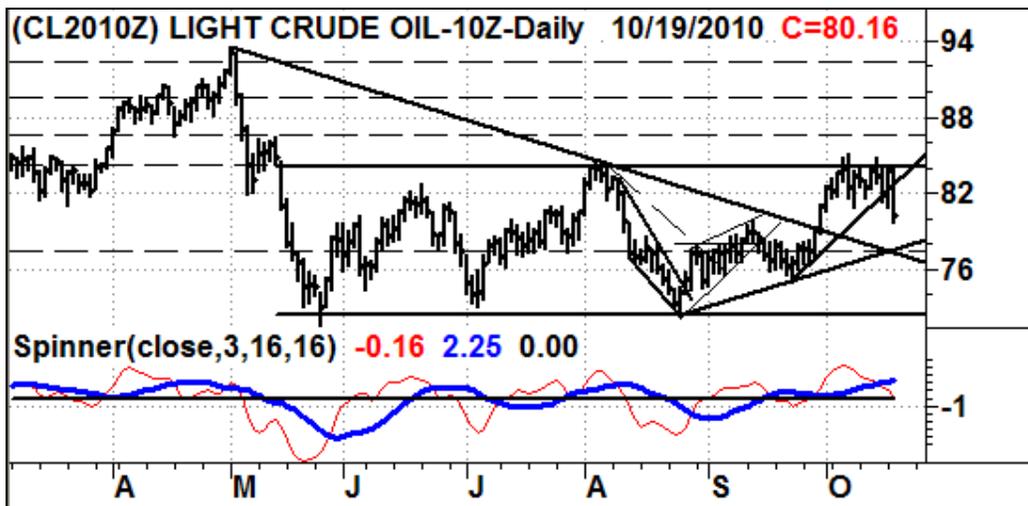
Open trades:	Long at:	Initial entry price: 5.42 (Sep-22-10).
	Stop:	S/T: 4.50-stop. M/T: 1-dc below 4.50.
	Profit targets:	5.98 &/or 6.52 &/or 6.98 &/or 7.50.
New Recom:	If out, buy after 2-dc above 5.45; stop: 1-dc below 4.50.	
Comment:	Jun-Oct ascending triangle cum cup&handle; 6.52 upside target. Tuesday's down day, shows we were right not to jump the gun.	



Wesdome Gold Mines (Toronto TSX: WDO-T) gold: CAD\$:

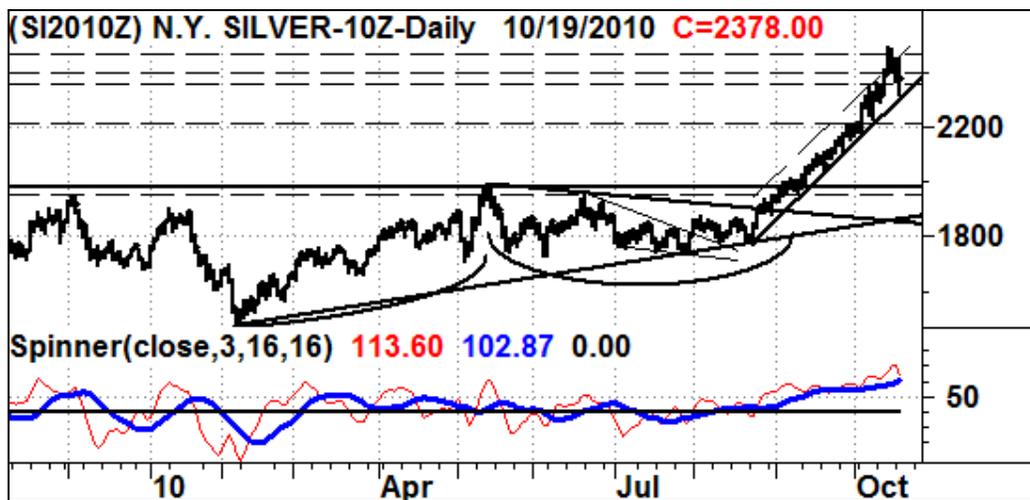
Open trades:	Long at:	Initial entry price: 2.89 (Sept-22-10). Traders re-bought at 2.77.
	Stop:	S/T: 1-dc below 2.42. M/T: 1-dc below 2.28.
	Profit targets:	2.95 (if buy low) &/or 3.15 &/or 3.35 &/or 3.55.
New Recom:	If out, buy Spinner confirmed strength after a dip that holds above July uptrend line (now at 2.50). And/or buy after a 2-dc above 2.85.	
Comment:	3-week tentative bullish down flag. Spinner in forceful downturn. Possible retest of the July uptrend line. Longer-term Dec 2009 sym/triangle; 3.55 upside target	

FUTURES



Crude Oil NY Dec 2010 futures – daily chart:

Open trades:	Long:	Initial entry price: 80.67. (Oct-1-10). Traders re-bought at 80.75 & 79.85.
	Stop:	S/T: 77.30-stop. M/T: 76.80-stop.
	Profit targets:	86.55 &/or 89.50 &/or 93.89.
New Recom:	If out, buy after 2-dc (or decisive rise/close) above 84.10.	
Comment:	10 day trading range & breakdown. Prefer not to enter further under market buy orders at this time, and have lowered the stoploss to 76.80-stop on half of the position in an attempt to avoid sideways chop. 5½-month May-Oct trading range; 93.89 upside target. We wait!	



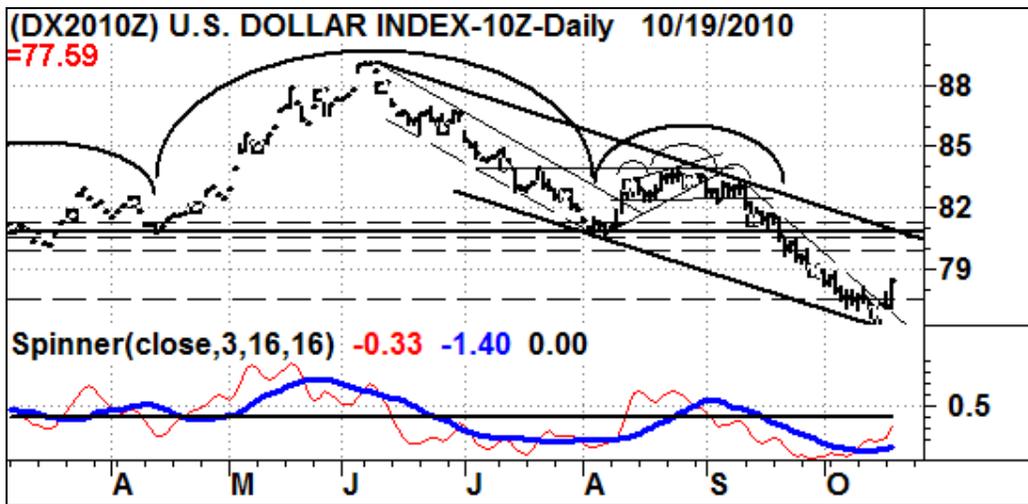
Silver Dec 2010 futures – daily chart:

Open trades:	Long at:	19.07 (Aug-30-10). Active traders/gamblers re-bought at 23.93.
	Stop:	S/T: 22.10-stop. M/T: 1-dc below 19.50.
	Profit targets:	25.15 &/or 25.84. Took profits at 23.95 & 24.70 ☺
New Recom:	If out, active traders/gamblers buy after 1-dc over 24.50; stop: 1-dc below 23.25. Or, look for a possible re-entry around 22.40.	
Comment:	Dec-Sept reverse H&S cum cup&handle target of 24.70 met. Overbought. Prefer to wait for pullback of the Aug-Oct rally leg.	



S&P500 Index Dec 2010 futures – daily chart:

Open trades:	Long at:	1084.60 (Sep-02-10). Traders re-bot at 1174.30.
	Stop:	S/T: 1149.50-stop. M/T: 1-dc below 1117.40.
	Profit targets:	1196.80 &/or 1241.00. Some took profits at 1178.50 ☺.
New Recom:	If out, buy a dip that <u>holds</u> above 1122.00 &/or buy after 1-dc over 1182.00; stop: exit ½ at 1149.50- stop, ½ after 1-dc below 1149.50	
Comment:	Joint break below Aug uptrend line cum possible upwedge. If long at high levels consider lightening up or sell ½ on further weakness or on a rebound towards 1173.00. Under mkt support 1122.00.	



US\$ Index Dec 2010 futures-daily chart:

Open trades:	Short at:	Initial entry price: 82.19 (Sep-13-10).
	Stop:	M/T: 1-dc over 81.20.
	Profit targets:	At mkt &/or 75.60 &/or 74.10 &/or 72.50.
New Recom:	Short-term traders bank worthwhile profits <u>at mkt</u> . We will look to re-enter short if technical weakness is seen at 79.26 &/or 80.15.	
Comment:	Looks to have completed a 3 rd wave down. Spinner in positive cross with both plotlines up-ticking in lower zone of oversold window. Warns of technical oversold rebound only.	

Oct-20-10

OPEN POSITIONS & NEW RECOMMENDATIONS RECAP

			Short	Entry Date	Entry Price	re-bot/-sold at	Closing Price	Stoploss	#1	#2	#3
Gold shares											
Eldorado Gold	ELD-T	Traders exited via 17.70 stoploss/profit stop. Bull flag failure & breakdown. No new buy recom this week.	L	Feb-12-10	13.31		17.54	1-dc U/16.70	21.95	23.60	24.90
Franco Nevada	FNV-T	Traders re-bought at 34.35. 4-month sym/triangle & upside breakout. All buy again after 2-dc over 34.35; stop: 1-dc below 31.50.	L	Sep-16-09	30.99	34.35	33.96	1-dc U/30.50 2-dc U/30.50	35.60	38.50	41.20
Iamgold Corp	IAG	Negative gap breakdown weakens technical picture. No new buy recom this week.	L	Feb-17-10	14.90		16.71	1-dc U//16.40 1-dc U/15.40	20.95	22.65	24.35

“When the Government fears the People, that is Liberty. When the People fear the Government, that is Tyranny.” - Thomas Jefferson

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• Fax subscribers please note this week’s password to access ***Schultz Gold Index & Schultz Gold Share Advance/Decline Line*** charts daily via our website is: *cartelstirs*.

•Subscribers can obtain free online chart updates for all gold shares in *GCRU* via: www.bigcharts.com. To view Canadian stks the following prefix must be used before the symbol: CA: (ie, to view Agnico Eagle (Toronto) you must use CA:AEM).

•**Note:** U should NOT feel our recommended prices are set in concrete. If mkts suddenly feel hot or cold to U, or dramatic news occurs, U can buy or sell, or stop at slightly higher or slightly lower prices. It also hinges on your experience level. Some people can use our prices as guides & know when they can take bigger risks.

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