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

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-Gold (& mkts) Charts R Us-

Welcome to *GCRU* #371 on October 21, 2009 (in its 8th year).

--TRADING UPDATE – Trader’s eyes are glued on gold bullion in expectation of a shortterm consolidation cum buying dip *towards* the \$1,007 neckline of gold’s mega bullish March 2008-Sept 2009 reverse H&S base. Top-heavy momentum indicators explain the shortterm lack of buying follow-through & a general hesitation to buy at current levels. But it’s important to understand that oscillators become far *less effective* in trending mkts, & can stay locked at over bought extremes for days/weeks on end (see gold’s weekly chart from Nov 2005 to May 2006, & Sept 2007 till March 2008). So, be willing & prepared to buy just as aggressively on upside breakouts as well as pullbacks – otherwise U risk being left in the dust for new buying. We have personally placed GTC orders to buy bullion on a scale down basis (ie, larger amounts if price falls) every \$10’s down to \$1,000 &/or after a break above \$1070 (basis Dec futures). • Most of the gold shares are still positive due to predominantly bullish *Spinner* lines & the absence of any meaningful retracement in price. However, two *GCRU* gold share picks (Osisko Mining & Jaguar Mining) show signs of shortterm fatigue, & are now on “probation.” IE: we recommend pre-emptive profit taking &/or lightening up at mkt. If their corrections gain negative momentum, jump to the sidelines & let somebody else ride out the weakness. If they break upside, we can always re-buy (or upgrade to *better* R/S charts – see Lake Shore Gold, pg 10). Both of these shares have provided excellent profits, & after such successful runs, it’s logical they need to rest. • Bullion’s heroic push to new record highs has enhanced its global appeal as a currency & safe-haven asset, & enthusiastic buyers (including a growing number of Central Banks!) are expected to greet any dip. Nonetheless, if the US\$ decline becomes “unruly,” govt intervention can be anticipated in the currency markets -- not with a real intent to reverse the US\$’s primary downtrend, but as a tool to frighten & burn traders fingers in the hopes of staging a less disruptive fall. Currency intervention is far more effective when the markets are terribly overbought or oversold (as the US\$ is today), & though any \$ rally is likely to be brief, it could be destructive to \$ shorts & bullion longs. So stay alert, ready to use a break above the US\$’s March downtrend line (now 77.20 basis Dec futures) as a general profit-taking signal in both bullion & the gold shares. •••• *Bullish Consensus* rank gold at 86% (down 2 from last week). The US\$ is listed at 37. B/C says “Gold signals are neutral today, neutral bullish thereafter.” •••• We’ll leave U with this comforting observation from

John Williams of *ShadowStats.com*: “If the methodologies of measuring inflation in 1980 had been kept intact, gold would have to hit \$7,150 to be the equivalent of the 1980 record!” •••• Gold is down \$3.40 in Europe this AM. The US\$ is down 6 cents. •••• *The gold market is friendly & recharging*. Fondest regards, **Uncle Harry**, & Paul. •••• If it’s Wednesday, it’s *Gold (& Mkts) Charts R Us*.

••••**PS**: Only a few members voted their choice between deleting individual under-chart comments or regrouping all trade recommendations into the new ‘*Open Positions & New Recom*’ table. Per last week, those who haven’t yet cast their vote can return our password email with their preference in the subject line, ie: ‘OK to delete’ OR ‘Not OK to delete.’ **We can’t do both & unless more of U vote, we’ll decide.**

GOLD

Comex gold Dec futures – daily – 6 month view



Comex gold Dec 2009 futures – 480 min – 7wk view



Comex Dec 2009 futures Cx - 480-min tick chart (all sessions):

Open trades:	Long at: Stop: Profit targets:	Initial entry point: 942.20 (Aug-05-09). 1-dc below 989.50. Sell bits at 1062.40 (if bought or re-buy low) &/or 1087.50 &/or 1113.80 &/or 1138.60.
New Recom:	If out, buy Dec incrementally (mini Cx) if dips to 1039.50 & 1029.20 & 1020.10 & 1010.00 & 1001.50; stop: 1-dc below 989.50; sell bits at 1062.40 (if re-buy low) &/or 1087.50 &/or 1113.80 &/or 1138.60. And/or buy after 1-dc over 1070.00.	
Comment:	March 2008-Sept 2009 reverse H&S; \$1,323 upside measured target. Spinner in corrective bull mode. Positive volume easing. Can't exclude deeper dip towards or to test Aug uptrend line support (now 1005.50 basis <u>daily</u> chart).	

Schultz Gold Share Index (SGI) -- daily



Schultz Gold Index (SGI) – daily chart (revised May 19):

Comment:	March 2008-Sept 2009 reverse H&S base; 47.60 theoretical upside target. Sept bull flag & breakout morphing into mini (9-day) consolidation range. Spinner in crosscurrent bull mode. The lack of significant price retracement hints at underlying strength.
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Schultz Gold Shares Advance/Decline Line -- daily



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

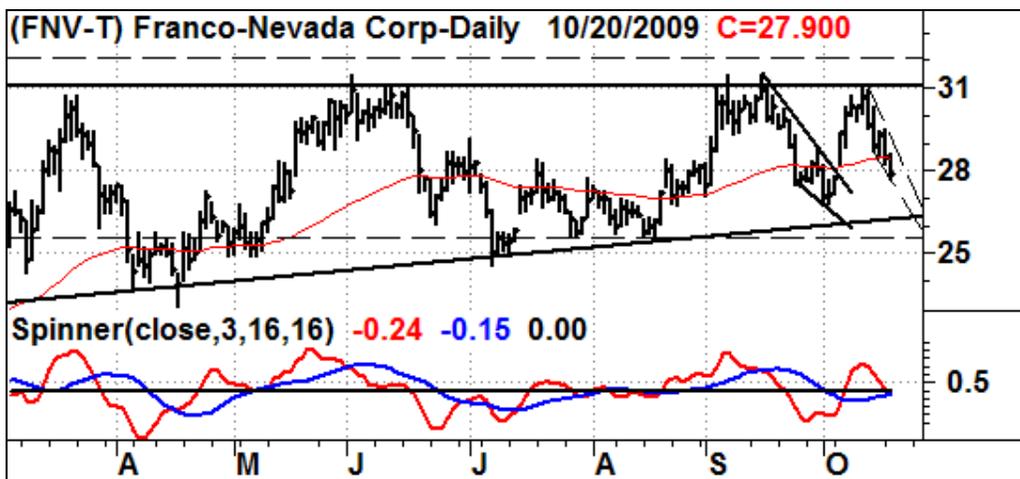
Comment:	Aug 2008-May 2009 cup & handle base; 5265 upside measured target. Spinner neutral+. New bull flag development from Oct high. Technical focus on July uptrend line support. No major worries in sight.
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TOP CHART PICKS OF THE WEEK GOLD SHARES



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

Open trades:	Long at:	Initial entry price: 35.70 (Nov-26-08). Traders re-bought at 72.90 & 68.55.
	Stop:	S/T: 1-dc below 60.90. M/T: 1-dc below 56.60.
	Profit targets:	76.00 &/or 79.80 &/or 83.80.
New Recom:	If out, buy at mkt & if dips to 68.10; stop: 1-dc below 60.90. And/or buy after 1-dc over 73.00.	
Comment:	July 2008-Sept 2009 reverse H&S base; 104.30 upside target. Setback to test breakout point of Sept peak bull flag morphing into a second, smaller bull flag. Spinner in crosscurrent bull mode. June peak sym/triangle; 76.00 target. Resilient.	



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

Open trades:	Long at:	Initial entry price: 30.99 (Sept-16-09). Traders re-bought at 30.95 & 29.20 & 28.40.
	Stop:	1-dc below 25.50.
	Profit targets:	35.60 &/or 38.50 &/or 41.40.
New Recom:	If out, buy bit at mkt; stop: 1-dc below 25.50. All buy again big after 1-dc over 31.20.	
Comment:	Jan-Oct bullish ascending triangle; 38.50 upside measured target Volatile setback cum 5-day bull wedge. Spinner backfilling but requires little upside in price to trigger a major bull cue. Coiling.	



Goldcorp (Toronto: G-T; NYSE: GG); gold: CAD\$:

Open trades:	Long at:	Initial entry price: 25.00 (Nov-05-08). Traders re-bought at 44.66.
	Stop:	S/T: 1-dc below 38.90. M/T: 2-dc below 38.90.
	Profit targets:	47.80 &/or 55.70 &/or 58.90 &/or 62.50.
New Recom:	If out, buy at mkt & if dips to 42.60; stop: 1-dc below 38.90. All buy again big after 1-dc over 45.80.	
Comment:	Mix of Sept peak bull flag cum irregular 7-week reverse H&S. Spinner rounding out to positive. Dec 2008-Sept 2009 bullish ascending triangle; 62.50 upside target. Good potential.	



Kinross (Canada: K-T, NYSE: KGC); gold: CAD\$:

Open trades:	Long at:	Initial entry price: 14.45 (Nov-05-08). Traders re-bought at 24.58.
	Stop:	S/T: 1-dc below 20.60. M/T: 2-dc below 20.60.
	Profit targets:	27.50 &/or 30.30 &/or 32.85 &/or 35.75.
New Recom:	If out, buy at mkt & if dips to 23.10; stop: 1-dc below 20.60. All buy again big after 1-dc over 24.90.	
Comment:	Combo of Sept peak bull flag & possible 7-week reverse H&S. Spinner neutral in lower zone of overbought territory. Mega bullish March 2008-Sept 2009 reverse H&S base; 35.75 upside target.	



Lake Shore Gold (Canada: LSG-T); gold: CAD\$:

Open trades:	Long at:	Traders not in yet.
	Stop:	1-dc below 2.80.
	Profit targets:	4.15 &/or 4.38 &/or 4.65.
New Recom:	Buy at 3.50-stop; stop: 1-dc below 2.80.	
Comment:	Aug-Oct reverse double H&S; 4.15 initial upside target. Volume++. Spinner easing from neutral to bullish. Promising.	



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

Open trades:	Long at:	Initial entry price: 40.24 (Dec-10-08). Traders re-bought at 74.61 & 76.39.
	Stop:	S/T: 1-dc below 59.60. M/T: 2-dc below 59.60.
	Profit targets:	81.60 &/or 85.60 &/or 89.50 &/or 94.35.
New Recom:	If out, buy if dips to 71.10; stop: 1-dc below 59.60. And/or buy after 1-dc over 76.40.	
Comment:	Mar 2008-May 2009 reverse H&S base (89.50 target) underpinned via tentative stab above 4½-month bullish cup&handle base; 94.35 theoretical upside target. Spinner bull cue. Good R/S. Encouraging.	



Red Back Mining (Toronto: RBI-T); gold: CAD-\$:

Open trades:	Long at:	Initial entry price: 6.76 (Dec-11-08). Gamblers re-bot at 13.93; all others bot at 12.65.
	Stop:	S/T: 1-dc below 10.30. M/T: 2-dc below 10.30.
	Profit targets:	14.95 &/or 16.20 &/or 17.70.
New Recom:	If out, spec buy at mkt & if dips to 12.10; stop: 1-dc below 10.30.	
Comment:	Mini setback below top boundary resistance of June uptrend channel. Spinner in forceful negative hook; hints additional consolidation possible. Volume+. Impressive R/S. Progressing.	



Royal Gold (Nasdaq: RGLD); gold: US\$:

Open trades:	Long at:	Initial entry price: 45.37 (Mar-20-09). Traders re-bought at 49.69 & 46.80.
	Stop:	S/T: 1-dc below 40.60. M/T: 2-dc below 40.60.
	Profit targets:	53.20 &/or 57.80 &/or 62.60.
New Recom:	If out, buy if dips to 45.70; stop: 1-dc below 40.60. And/or all buy again big after 1-dc over 49.40.	
Comment:	Churning below neckline resistance of Dec 2008-Oct 2009 bullish reverse H&S; 62.60 upside target. Spinner mixed to bullish. Sept bull wedge cum 6-week reverse H&S base. Xlnt risk/reward.	

TOP CHART PICKS OF THE WEEK FUTURES



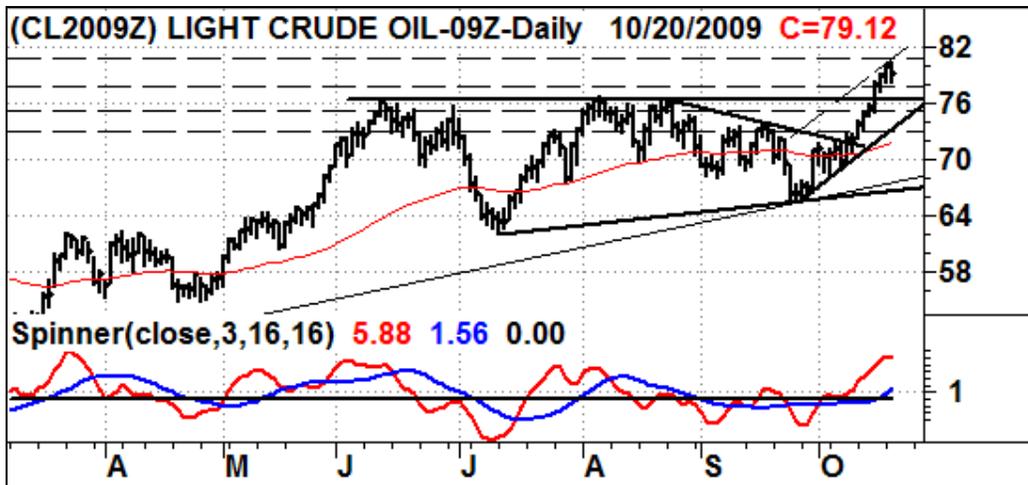
Coffee Dec futures – daily chart:

Open trades:	Long at: Stop: Profit targets:	Gamblers bought at 138.75 &/or 137.40. Exit, or sell ½ at 134.80-stop, ½ after 1-dc below 134.80. Sell bits at 146.00 &/or 153.00 &/or 161.00 &/or 168.00.
New Recom:	If out, spec buy Dec if dips to 139.80; stop: exit, or sell ½ at 134.80-stop, ½ after 1-dc below 134.80.	
Comment:	Surge break above June peak sym/triangle; 168.00 upside target. Volume supporting price. Spinner in strengthening bull mode. Seemingly poised for a significant upside run.	



Cotton Dec futures – daily chart:

Open trades:	Long at:	Initial entry price: (avg) 65.66 (Oct-13-09). Traders re-bought at 65.88.
	Stop:	Exit, or sell ½ at 61.90-stop, ½ after 1-dc below 61.90.
	Profit targets:	Sell bits at 69.80 &/or 72.20 &/or 75.15.
New Recom:	If out, buy Dec at mkt & if dips to 64.80; stop: exit, or sell ½ at 61.90-stop, ½ after 1-dc below 61.90.	
Comment:	Dip towards breakout point of May-Sept bullish ascending triangle; 75.15 target. Spinner shortterm overbought. Mini dip then higher?	



NY Dec Crude Oil 2009 futures Cx - 480-min tick chart (all sessions):

Open trades:	Long at:	Initial entry price: 70.94 (Sept-30-09). Traders re-bought at 74.94 & all at 78.08.
	Stop:	Exit, or sell ½ 72.90-stop, ½ after 1-dc below 72.90
	Profit targets:	80.80 &/or 83.60 &/or 86.90 &/or 90.60. Some took profit at 75.40 &/or 77.90 ☺.
New Recom:	If out, spec buy Dec (mini Cx) if dips to 77.75 & 76.40 & 75.05; stop: exit, or sell ½ at 72.90-stop, ½ after 1-dc below 72.90.	
Comment:	June-Oct bullish ascending triangle & upside breakout; 90.60 measured target. Price & Spinner shortterm overbought.	



S&P500 Index Dec futures – daily chart:

Open trades:	Long at: Stop: Profit targets:	Gamblers bought at 1072.20. Exit, or sell ½ at 1069.80-stop, ½ after 1-dc below 1069.80. Sell bits at 1112.90 &/or 1131.90 &/or 1150.00.
New Recom:	If out, spec buy Dec at 1101.20-stop; stop: exit, or sell ½ at 1069.80-stop, ½ after 1-dc below 1069.80. <u>Or</u> , sell short Dec if breaks below Mar uptrend line support (now 1032.20); stop: 30 points above your entry level; cover ½ at 976.30.	
Comment:	Sept bull flag & upside breakout. Spinner+. Nov 2008-July 2009 reverse H&S base; 1197.50 upside target. Bullish but fragile.	



Wheat Dec futures – daily chart:

Open trades:	Long at: Stop: Profit targets:	Traders bought at 511.20. Exit, or sell ½ at 463.10, ½ after 1-dc below 463.10. Sell bits at 546.20 &/or 572.20 &/or 597.00 &/or 622.10.
New Recom:	If out, spec buy Dec at 535.50-stop; stop: exit, or sell ½ at 463.10, ½ after 1-dc below 463.10.	
Comment:	June peak bull wedge; 738.00 possible upside target. Spinner in corrective bull mode; hints at mini price dips only. Volume++. May dip to build larger right shoulder of 9-week R/H&S base.	

Oct-21-09

OPEN POSITIONS & NEW RECOMMENDATIONS RECAP

Sectors	Symbol	Trade recommendation	Long Short	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	AEM	If out, buy at mkt & if dips to 68.10; stop: 1-dc below 60.90. And/or buy after 1-dc over 73.00.	L	Nov-26-08	35.70	72.90 68.55	69.68	1-dc U/60.90	76.00	79.80	83.80
Franco Nevada	FNV-T	If out, buy bit at mkt; stop: 1-dc below 25.50. All buy again big after 1-dc over 31.20.	L	Sept-16-09	30.99	30.95 29.20 28.40	27.90	1-dc U/25.50	35.60	38.50	41.40
Goldcorp	G-T	If out, buy at mkt & if dips to 42.60; stop: 1-dc below 38.90. All buy again big after 1-dc over 45.80.	L	Nov-05-08	25.00	44.66	43.58	1-dc U/38.90	55.70	58.90	62.50
Iamgold Corp	IAG	If out, buy at mkt & if dips to 13.50; stop: 1-dc below 10.90. Buy more after 1-dc over 15.80.	L	Nov-26-08	4.25	15.10	14.06	1-dc U/10.90	15.40	16.70	17.90
Jaguar Mining	JAG-T	If out, buy after 1-dc over 10.80; stop: 1-dc below 8.60.	L	May-20-09	8.65	10.44 9.90	9.95	1-dc U/8.60	12.20	13.40	14.60
Kinross	K-T	If out, buy at mkt & if dips to 23.10; stop: 1-dc below 20.60. All buy again big after 1-dc over 24.90.	L	Nov-05-08	14.45	24.58	23.63	1-dc U/20.60	27.50	30.30	32.85
Lake Shore Gold	LSG-T	Buy at 3.50-stop; stop: 1-dc below 2.80					3.24	1-dc U/2.80	4.15	4.38	4.65
Osisko Mining	OSK-T	If out, spec buy after 1-dc over 8.10; stop: 1-dc below 6.90.	L	May-13-09	5.90		7.61	1-dc U/6.90	9.70	10.60	11.55

Oct-21-09

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Gold Shares

Queenston Mng	QMI-T	If out, buy if dips to 6.05; stop: 1-dc below 5.40. And/or buy after 1-dc over 6.60.	L	May-06-09	4.39	6.40	6.35	1-dc U/5.40	6.90	7.40	7.90
Randgold Res.	GOLD	If out, buy if dips to 71.10; stop: 1-dc below 59.60. And/or buy after 1-dc over 76.40.	L	Dec-10-08	40.24	74.61 76.39	74.03	1-dc U/59.60	81.60	85.60	89.50
Red Back Mng	RBI-T	If out, spec buy bit at mkt & if dips to 12.10; stop: 1-dc below 10.30.	L	Dec-11-08	6.76	13.93 12.65	12.90	1-dc U/10.30	14.95	16.20	17.70
Royal Gold	RGLD	If out, buy if dips to 45.70; stop: 1-dc below 40.60. All buy again big after 1-dc over 49.40.	L	Mar-20-09	45.37	49.69 46.80	47.25	1-dc U/40.60	53.20	57.80	62.60

Futures

Coffee	KCZ9	If out, spec buy Dec if dips to 139.80; stop: exit, or sell 1/2 at 134.80-stop; 1/2 after 1-dc below 134.80.	L	Oct-14-09	138.75 137.40		141.80	134.80-stop 1-dc U/134.80	146.00	153.00	161.00
Corn	C Z9	If out, spec buy Dec at mkt; stop: exit, or sell 1/2 at 360.30-stop, 1/2 after 1-dc below 360.30.	L	Sep-28-09	338.30	381.10	384.20	360.30-stop 1-dc U/360.30	394.00	429.00	463.00

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OPEN POSITIONS & NEW RECOMMENDATIONS RECAP

Sectors	Symbol	Trade recommendation	Long Short	Entry Date	Initial Entry Price	Traders re-bot/ sold at	Last Closing Price	Trailing Stoploss	Target #1	Target #2	Target #3
Futures											
Cotton	CTZ9	If out, buy Dec at mkt & if dips to 64.80; stop: exit, or sell 1/2 at 61.90-stop, 1/2 after 1-dc below 61.90.	L	Oct-13-09	65.55 (Avg)	65.88	67.23	61.90-stop 1-dc U/61.90	69.80	72.20	75.15
Crude oil	CLZ9	If out, spec buy Dec (mini Cx) if dips to 77.75 & 76.40 & 75.05; stop: exit, or sell 1/2 at 72.90-stop, 1/2 after 1-dc below 72.90.	L	Sep-30-09	70.94	78.08 74.94	79.12	72.90-stop 1-dc U/72.90	80.80	hit :-)	Hit -)
Gold	GCZ9	If out, buy Dec incrementally (mini Cx) if dips to 1039.50 & 1029.20 & 1020.10 & 1010.00 & 1001.50; stop: 1-dc below 989.50. And/or buy after 1-dc over 1070.	L	Aug-05-09	942.20		1058.60	1-dc U/989.50	1087.50	1113.80	1138.60
S&P500	SPZ9	If out, spec buy Dec at 1101.20-stop; stop: exit, or sell 1/2 at 1069.80-stop, 1/2 after 1-dc below 1069.80. <u>Or</u> , sell short Dec if breaks below Mar uptrend line (now 1032.20); stop 30 points above your entry level; cover 1/2 at 976.30.	L	Oct-14-09	1072.20		1089.40	1069.80-stop 1-dc U/1069.80	1112.90	1131.90	1150.00
Soybeans	S 10F	If out, wait to buy strength after next significant dip &/or buy Jan after 1-dc over 1018.00; stop: exit, or sell 1/2 at 957.50-stop, 1/2 after 1-dc below 957.50	L	Oct-09-09	953.50 (Avg)		985.10	1-dc U/900.00	1018.00	1056.00	1092.00

Oct-21-09

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Sectors	Symbol	Trade recommendation	Long Short	Entry Date	Initial Entry Price	Traders re-bot/ sold at	Last Closing Price	Trailing Stoploss	Target #1	Target #2	Target #3
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Futures

US\$-Index	DXZ9	If out, sell short Dec at mkt & if rallies to 76.25; stop: 1-dc over 77.70. <u>Or</u> , buy Dec after 2-dc over 77.70; stop: 1-dc below 75.80; sell 1/2 at 80.75.	S	Jun-23-09	80.80	76.03	75.73	1-dc O/77.70	75.05	73.40	71.30
Wheat	W Z9	If out, spec buy Dec at 535.50-stop; stop: exit, or sell 1/2 at 463.10-stop, 1/2 after 1-dc below 463.10.	L	Oct-14-09	511.20		517.20	463.10-stop 1-dc U/463.10	546.20	572.20	597.00

EDITORIAL SECTION –

••• **Gold: the absolute necessity.** As we have previously warned, the unrestrained & excessive use of quantitative easing tells us govts are **already** in “default.” Euro-based top notch analytical think-tank *GEAB* (www.leap2020.eu) concur: “The US and UK have **begun** defaulting on their debt: both countries are monetizing their debt by the devaluation of their respective currencies and their Central Banks are printing money at an increasing pace, as illustrated by the growing proportion of their own state bonds being purchased by these Central Banks. **Today, this proportion is above 50% in both countries.** Minutes from Fed, & Bank of England meetings indicate they are increasingly worried about how they can give up ‘quantitative easing’ without seeing their economies crash & their public deficits explode.” In conclusion, *GEAB* say gold, as well as currencies such as “Euro, Yen, Yuan and the Real have become essential alternatives to the US\$ and UK Pound.” We agree, & include the A-\$ & Cad-\$ in the mix. But a sudden collapse in the US\$ & the UK Pound risks severely destabilizing confidence in the entire fiat monetary system, & stronger currency nations may be tempted into “competitive devaluations” to save their own economies from financial savaging. A race to the bottom in terms of fiat currency values vs gold is possible. ••• **17% of US national banks are now considered “problem banks.”** Comptroller of the Currency John Dugan said: “**Credit quality continues to deteriorate across almost all classes of banking assets, in nearly all sizes of banks.**” ••• **From bubble to bubble: the stock market is now the most expensive in history.** 140... That’s the current P/E for the S&P 500 based on reported earnings that include write-downs, according to Graham Summers of *OmniSans Research*. “The Tech Bubble, which by all accounts was an *extraordinarily* overpriced market, traded around a P/E of 40 during its peak. I realize not everyone likes to use such reported earnings as a measure of value. After all, all those write-downs that are obliterating reported earnings are a one-time event due to the worst credit collapse in 80+ years. So let’s look at Operating Earnings (OE), earnings without write-downs included. **Today, the S&P 500 trades at a P/OE of 27.6. Put another way, assuming no earnings growth, if you bought the entire market at its current value today, it would take 30 years for you to break even on the deal.**” Wall St oligarchs have engineered a taxpayer-funded stock market rally while the real economy crashes & burns. The arrogance, incompetence, greed, & failure to learn from mistakes at the origin of the financial crisis are still with us. ••• **The elitists are currently trying to buy time for the US dollar**, and stall the rally in precious metals, by weakening other currencies until they are ready

for the big stock takedown/correction, says Bob Chapman of the *TheInternationalForecaster.com*. “We believe that the Illuminati will probably try to punish all the stock shorts in mid October by having one final round of short-covering before taking the markets down for the big correction to start a [possible] **US\$ rally**, just as the precious metals seasonal rally goes into full swing. They will make money on the big [stock market] rise from short-covering, and then will *reverse* course to profit from the big takedown, all through the unregulated dark pools of liquidity, so no one can see what is happening. This will be their last hurrah when it comes to suppressing precious metals, and gold and silver will come roaring back as any and all confidence is lost in the stock markets and the economy, and as the elitists are forced to start driving the markets back up again to avoid revolution. **The US\$ rally will quickly fizzle, and the elitists will start ratcheting the \$ back down again, this time toward the 71 area on the \$-Index, and who knows where from there.**” End quote. A sharply lower dollar (& consequently significantly higher gold) is part of the elitist plan. And U guessed it; informed insider interests (a la Goldman Sachs) will always be one step ahead of us, milking the “cash cow” at every *contrived* twist & turn. ••• The Obama administration has closed the book on fiscal 2009. Falling revenue plus soaring spending leads to a \$1.42 trillion deficit, the biggest US deficit since wartime 1945. We all know, if we ran our family/business budgets in the same manner we’d be in bankruptcy court! ••• **Wall St is on track to award record pay.** The *WSJ* reports: “Major US banks and securities firms are on pace to pay their employees about \$140 billion this year -- a record high that shows there’s no change in culture despite regulatory no-pain scrutiny of Wall St’s pay. **Workers at 23 top investment banks, hedge funds, asset managers and stock and commodities exchanges can expect to earn even more than they did the peak year of 2007.**” *JessesCrossroadsCafe* comments: “*While the world suffers, Wall Street pays itself record bonuses, larger even than the peak year of 2007. These bonuses are being paid with your [bail-out] money, and your children’s money. And while this happens, the US credit card banks are raising interest rates to 20%+ even on customers with excellent payment records and jobs, which is certainly usury, and with an arrogant impunity. The insider trading scandals and tales of govt graft yet to be told are so blatant and shocking that only a captive mainstream press keeps them from being investigated. While Americans are pacified by bread and circuses, the rest of the world looks at a painful reality show in the US, a country in a death spiral of corrupt leadership and public apathy.*” Goldman Sachs is on course to pay \$20 billion to its employees in 2009 -- or nearly \$700,000 *per person*! Where is the outrage many are saying? It’s time for the people of America to stand up and protest against the destruction of their economy. ••• **81% of economists say the US recession is over,**

according to a *National Association for Business Economics* survey. Sometimes we wonder why we worry ☺. ••• **How much imaginary gold has been sold?** Further evidence that physical metals do not back all gold trades comes from a must read article by *GATA*'s Adrian Douglas (go to: <http://www.gata.org/node/7908>). "If the London over-the-counter market (OTC) was selling only gold that the participants own, there could never be a lack of liquidity. The panic that occurred at the end of September confirms that there is a *chronic* lack of liquidity. This necessarily implies that there is **multiple ownership of the same ounce of gold** and it is, therefore, fraudulent." If Adrian's estimates are correct, he believes: "**Somewhere between 64,000 and 150,000 tonnes of gold have been sold against a reserve of only 15,000 tonnes. But how much of even this 15,000 tonnes remains?**" More worryingly, Adrian says that **each ounce of gold held by ETF investment GLD could have at least four owners**. "I think this is probably very conservative because the GLD vehicle is set up to be easily traded and in units as small as a tenth of an ounce. I would guess that it is more likely to be as high as 10 or even 20 owners to every ounce, particularly when the banking world has used a 5-10% reserve ratio with fiat money for a long time and bankers are creatures of habit." When gold inventories are exhausted only cash settlement can replace physical delivery. Gold is the ultimate insurance *only* if YOU have it in-hand. ••• This year's 99 US bank failures have already cost the Federal Deposit Insurance Corp more than \$25 billion, pushing the FDIC's insurance fund into the red for only the second time since its founding in 1933. ••• **A Sterling fall is a life-saver for UK economy**. The sharp slide in the UK Pound has been a godsend for the UK economy and may have helped Britain avert a much more serious crisis, according to the German bank *Dresdner Kleinwort*. From the *UK Telegraph*: " 'If the currency had not gone down so far, think how much worse it could have been. A weaker sterling is just what you need in the current situation,' said *Dresdner*. **People who fret about a sterling crisis should remember what happened early 1930s when Britain was the first major economy to leave the Gold Standard and reflate through devaluation (and rate cuts). While the episode was humiliating at the time, it was a key reason why the UK economy contracted by just 5% during the Great Depression compared to 15% for France and 30% for the US.**' A crashing currency is not a pretty sight. Yet the iron rule is that once you have debauched your economy, you must let the exchange rate reflect reality. To pretend otherwise is to dig your nation deeper into a hole." If govts were to get out of the way and allow the free market to work, the economy would make a painful correction, but then a relatively rapid recovery. Sadly, the mistakes of the Great Depression are being repeated, & misguided political intervention is aggravating & extending today's economic crisis. ••• **Foreclosures: worst three months of all time**. "The

number of foreclosure filings hit a *record* high in the third quarter -- a sign **the plague is still spreading**,” says *Money.CNN.com*. “During that time, 937,840 homes received a foreclosure letter -- whether a default notice, auction notice or bank repossession. That means **one in every 136 US homes were in foreclosure, which is a 23% jump over the third quarter of 2008.**” The countdown to “meltdown” is *accelerating* on all fronts. ••• Watch for *HSL* this Sunday.

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

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