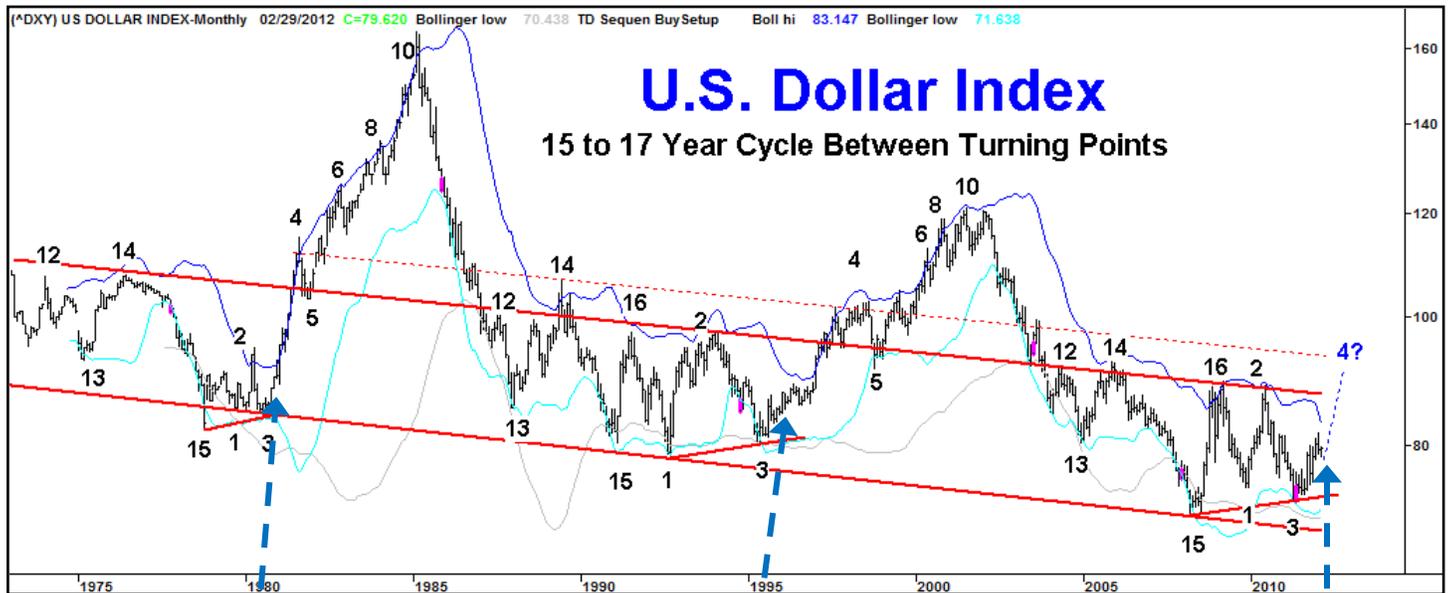


February 19, 2012

Technical observations of
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US Dollar & Gold

The U.S. Dollar is positioned between points 3 and 4 on the monthly chart and around point F on the daily charts. Assuming that support holds close to this month's lows, the upside target is 93 within the next two years (33 months from the May 2011 low).

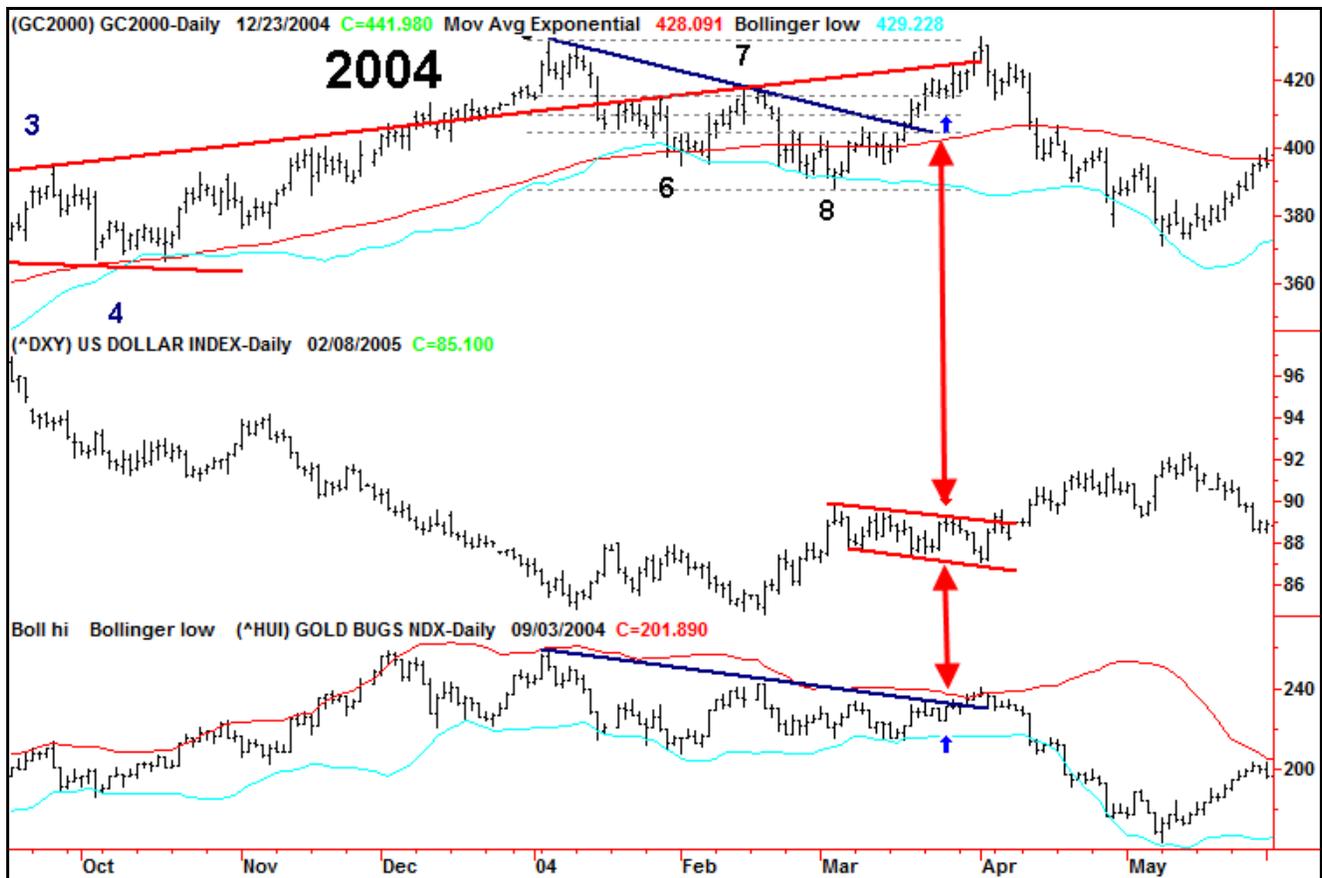


The recent four-week correction fit the parameters of 1981 and 1996 well:

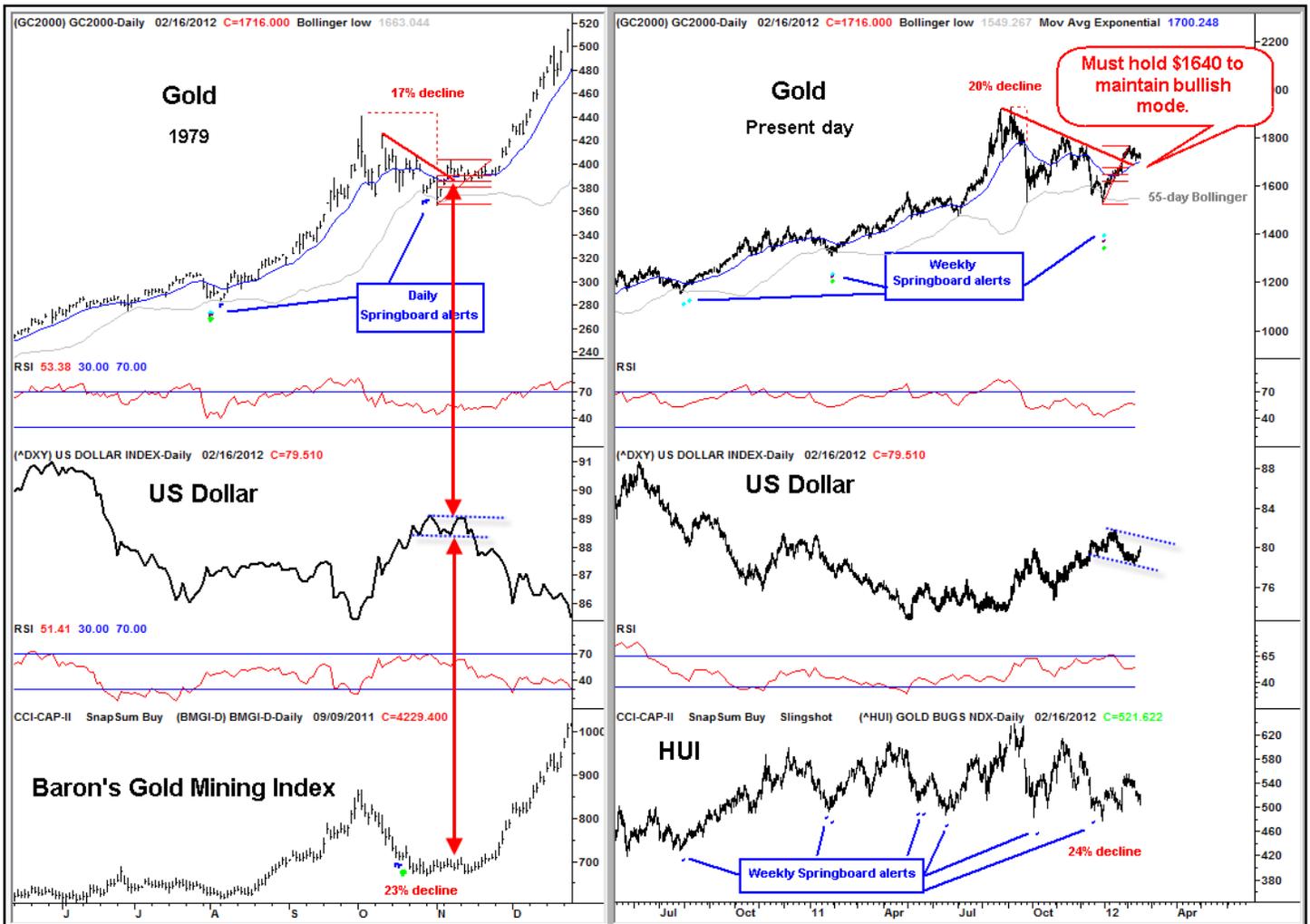
- Tested 89-day exponential moving average
- Tested 34-day Bollinger Band
- Generated RSI(14) of 36
- Retraced 49% of the rally from October

First resistance is at 80.50. A failure to close through there could result in another test of support around 78.25. Next target is the upper channel line at 84.

Gold, HUI and the Dollar also continue to track the 2004 model. Therefore, we now recommend that traders view last week's lows as the critical support in gold and the miners. Independently, timing models point towards a late February to early March high in gold.



The correlation of Gold's decade long bull market with the 1976-80 run from \$100 to \$850 continues to center around the action of the U.S. Dollar. The current price patterns relate to November 8, 1979. A close above 81 in the Dollar and a close below \$1640 in gold would be outside the model. However, a close below 78 would be a catalyst for upside action in virtually all asset classes (except T-Bonds).



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