



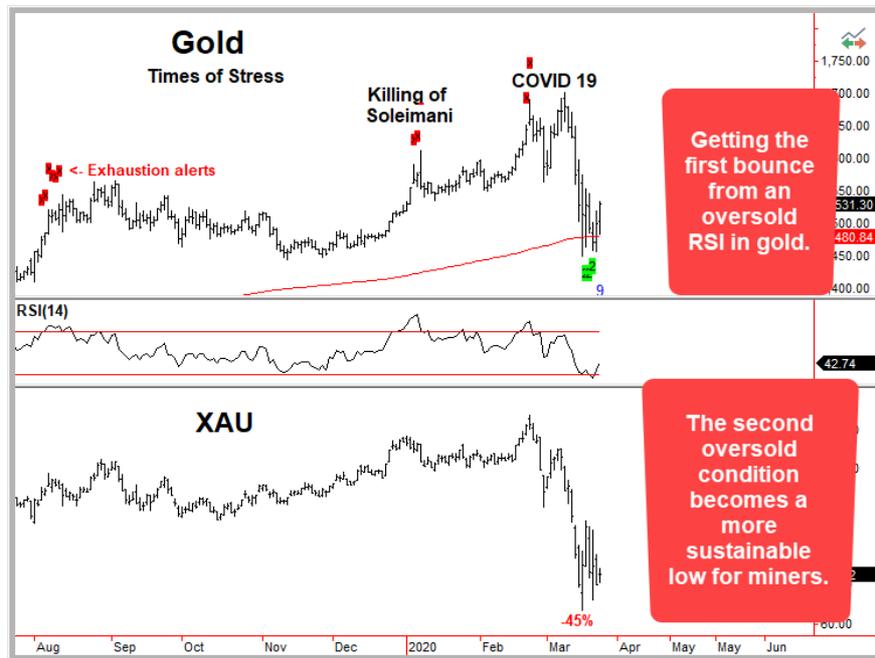
Gold and Miners

The gold miners have always been more volatile than bullion, outpacing in bull markets and dropping harder in bear markets. The tail end of bull moves will frequently see the miners underperform and this is readily apparent in the RSI of the ratio of miners versus gold. The most recent occurrence was in February.

The current drop in the ratio has generated a weekly RSI at 29, getting close to a good oversold condition. Such occurrences have been capable of generating interim lows in the miners. If this develops into a bullish divergence in the coming months, with the miners (XAU, HUI, GDX) bouncing and then putting a lower low while the RSI puts in a high low, we could be looking at a more sustained advance.



As reported on March 16th, gold was oversold and ready for an initial bounce.
 Look for resistance starting at \$1547 (38% retracement)
 and more importantly around \$1577 (50%).



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