

ChartWorks

PUBLISHED BY INSTITUTIONAL ADVISORS

April 24, 2010

Technical observations of RossClark@shaw.ca

Precious Metals

Complacency was Welcome, but is Likely Nearing an End

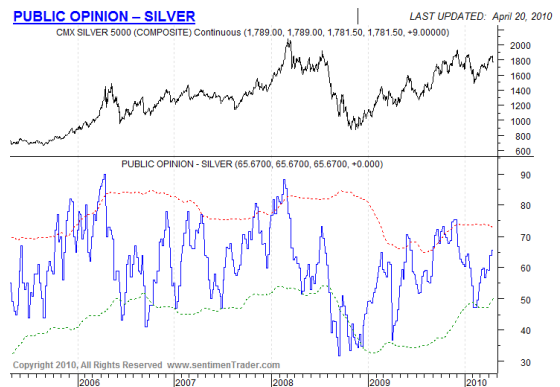
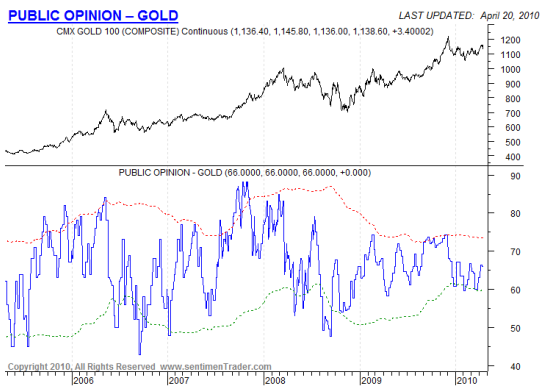
Speculation in gold and silver remains at muted levels with the Commitment of Traders data only showing small increases in positions this week. Sentiment lingers in the mid 60's. We see these conditions as constructive. The best moves start quietly when a large number of investors are on the sidelines and culminate once the media frenzy carries the story to the front pages. Platinum continues strong and our target is now calculated to be \$1955.

In gold, this week saw two tests of \$1130 and a strong close on Friday. It is now twenty-one trading days since the March bottom and an optimum point for the price to build upside momentum. Time counts continue to point toward late May – early June for a spike high.

Mid March lows generally result in 9 to 11 week rallies



No extremes in COT numbers. Lots of room for new participants



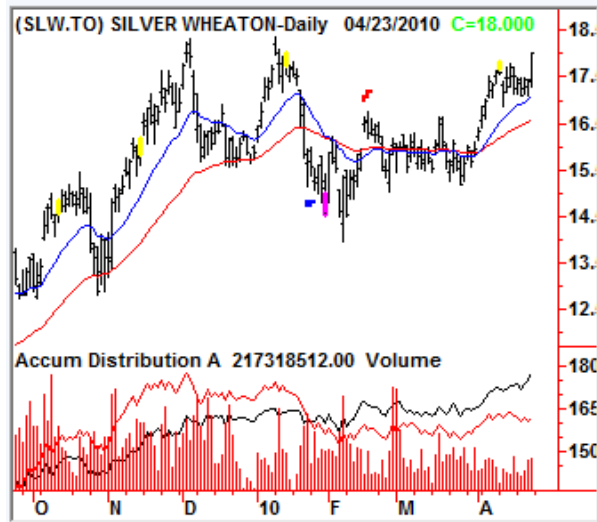
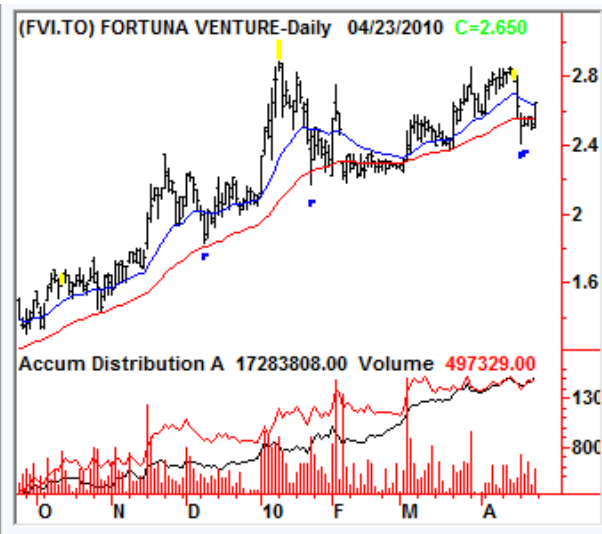
Public opinion charts from www.sentimenTrader.com

Both the U.S. and Canadian junior mining ETFs (GDXJ & ZJG) closed at new highs for the year



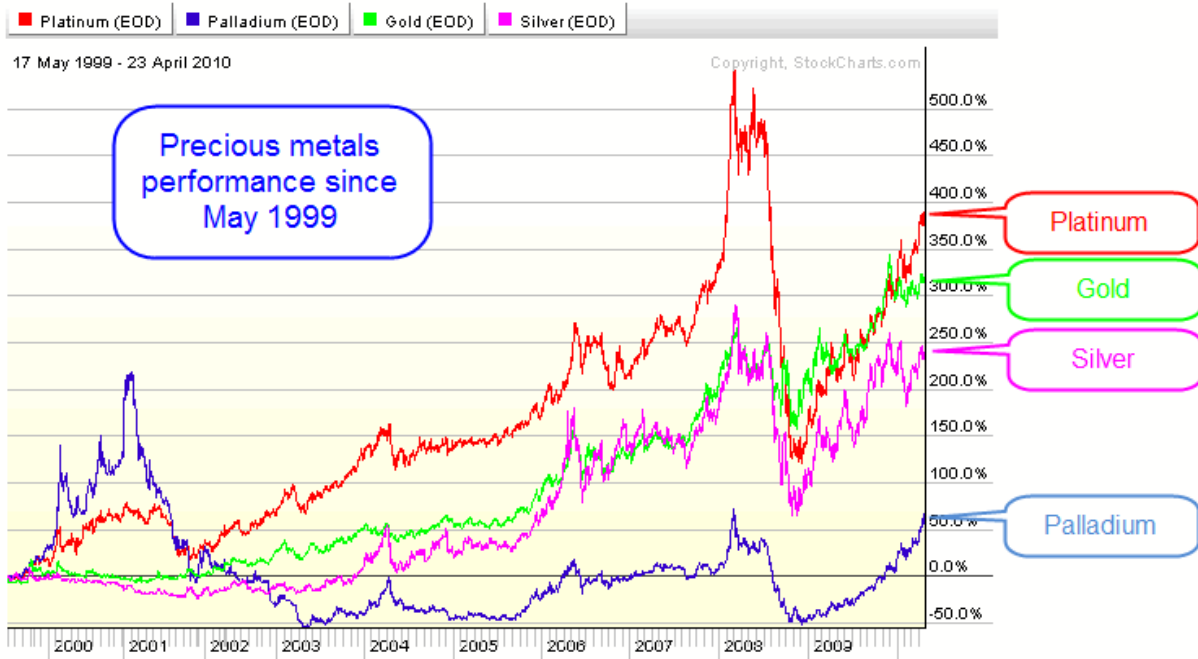
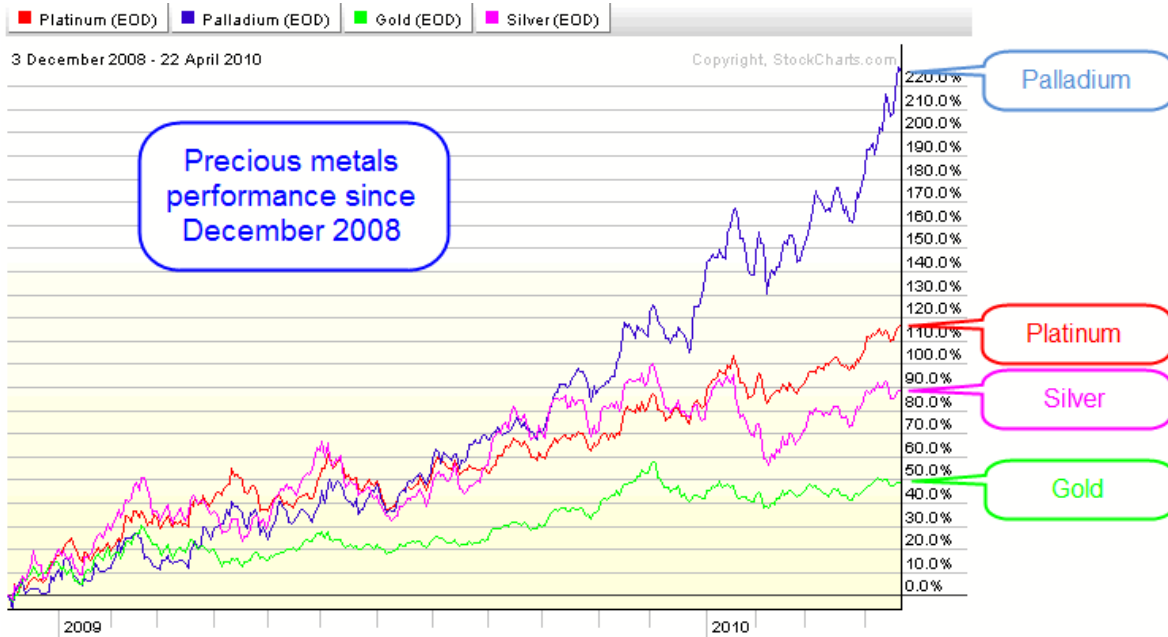
Silver

For traders, stops on silver stocks should be raised to the lows of the past two weeks.

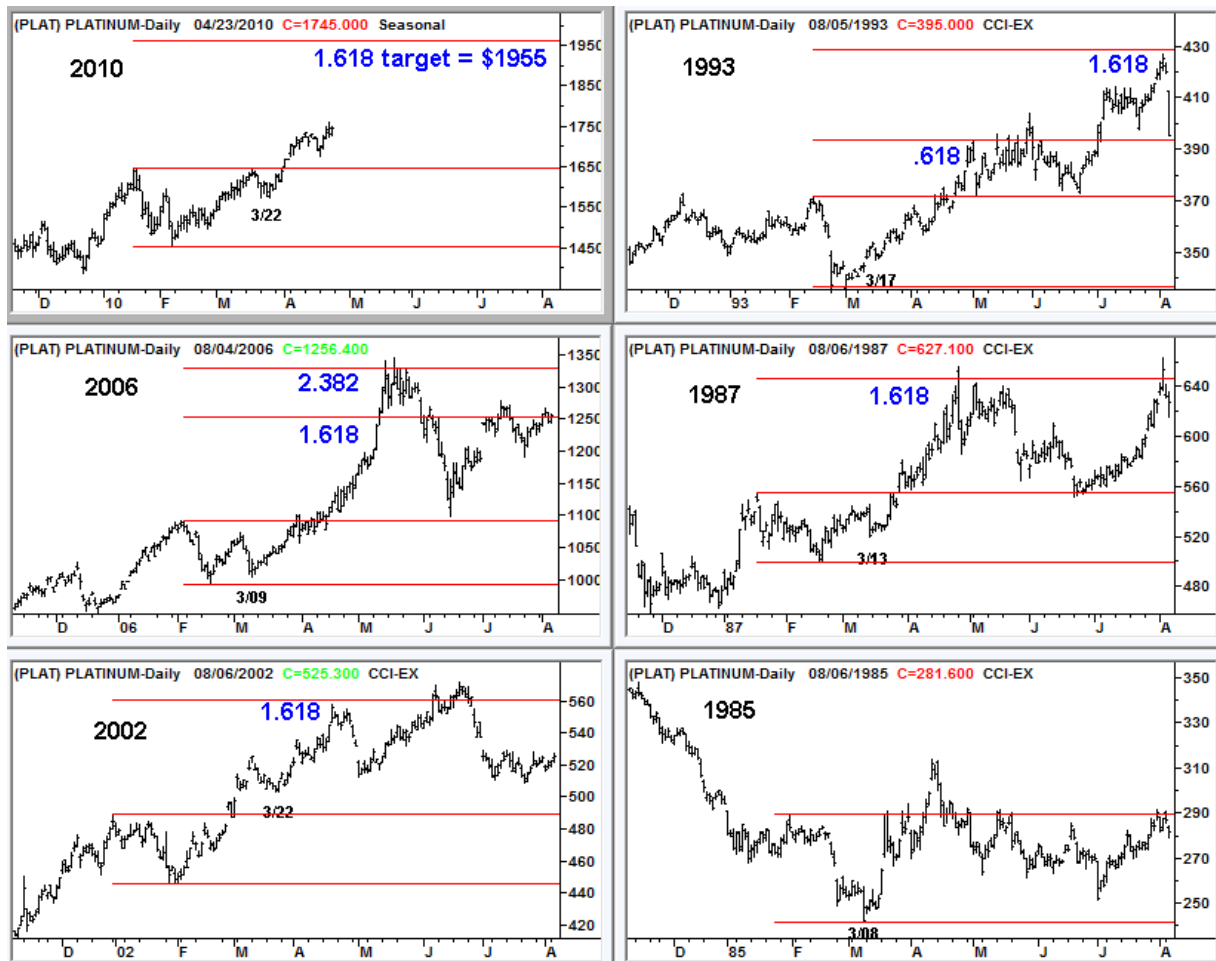


Platinum

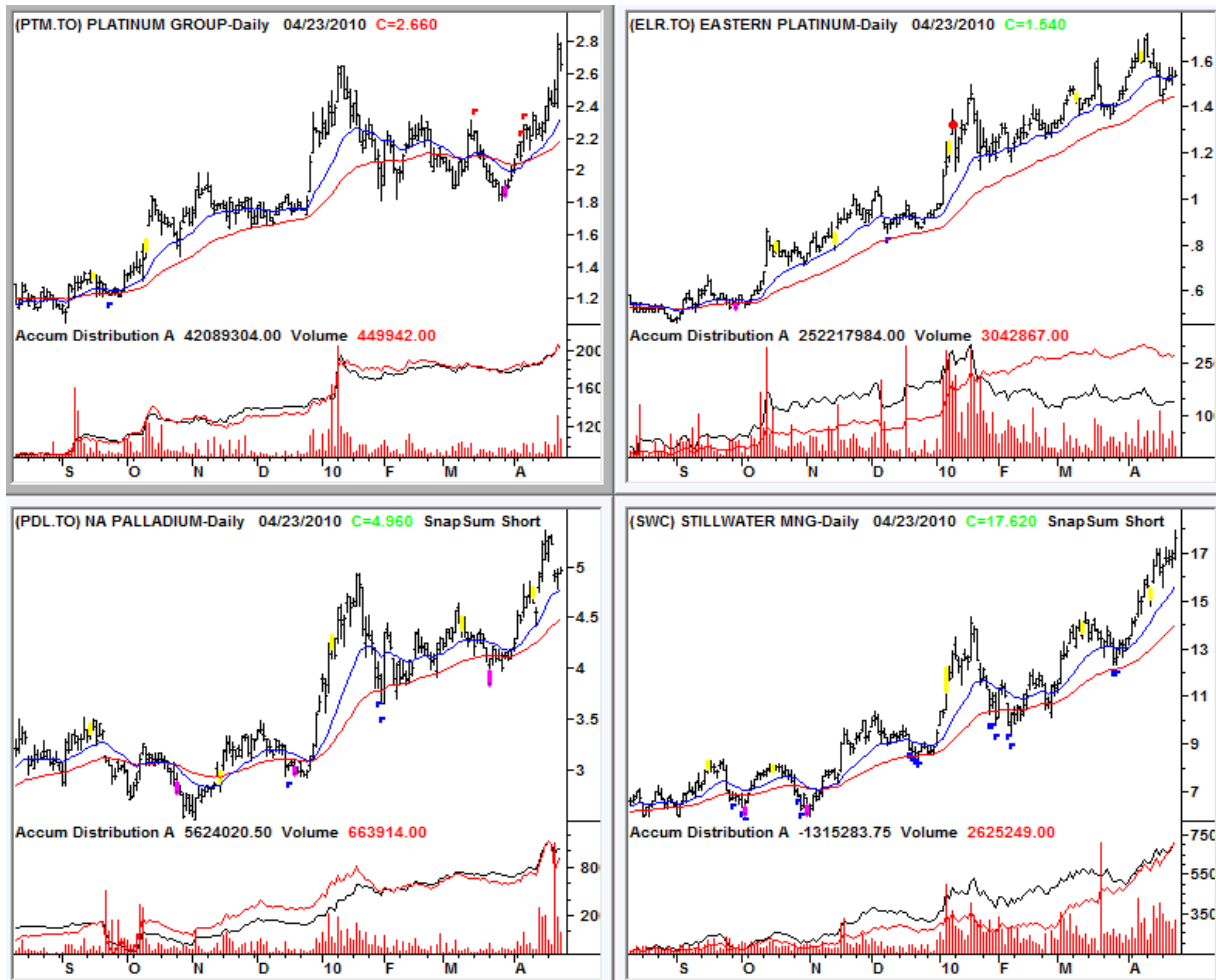
Platinum and palladium have been the star performers in the precious metals rally since the December 2008 bottom, however palladium is still well off the highs of 2001.



The January through March consolidation and subsequent breakout during April in platinum can be used to provide a measured upside target. In the context of the years with mid-March lows for gold we see that this upside leg in platinum's action should advance a **Fibonacci 1.618%** of the height of the \$1645 to \$1452 consolidation. **The target is calculated to be \$1955.**



The On-Balance-Volume and money flow indicators continue to be strong in PTM.TO, PDL.TO and SWC. This week's lows should hold, however we would look for the 50-day moving averages (red) to provide support if there are any surprise selloffs.



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