

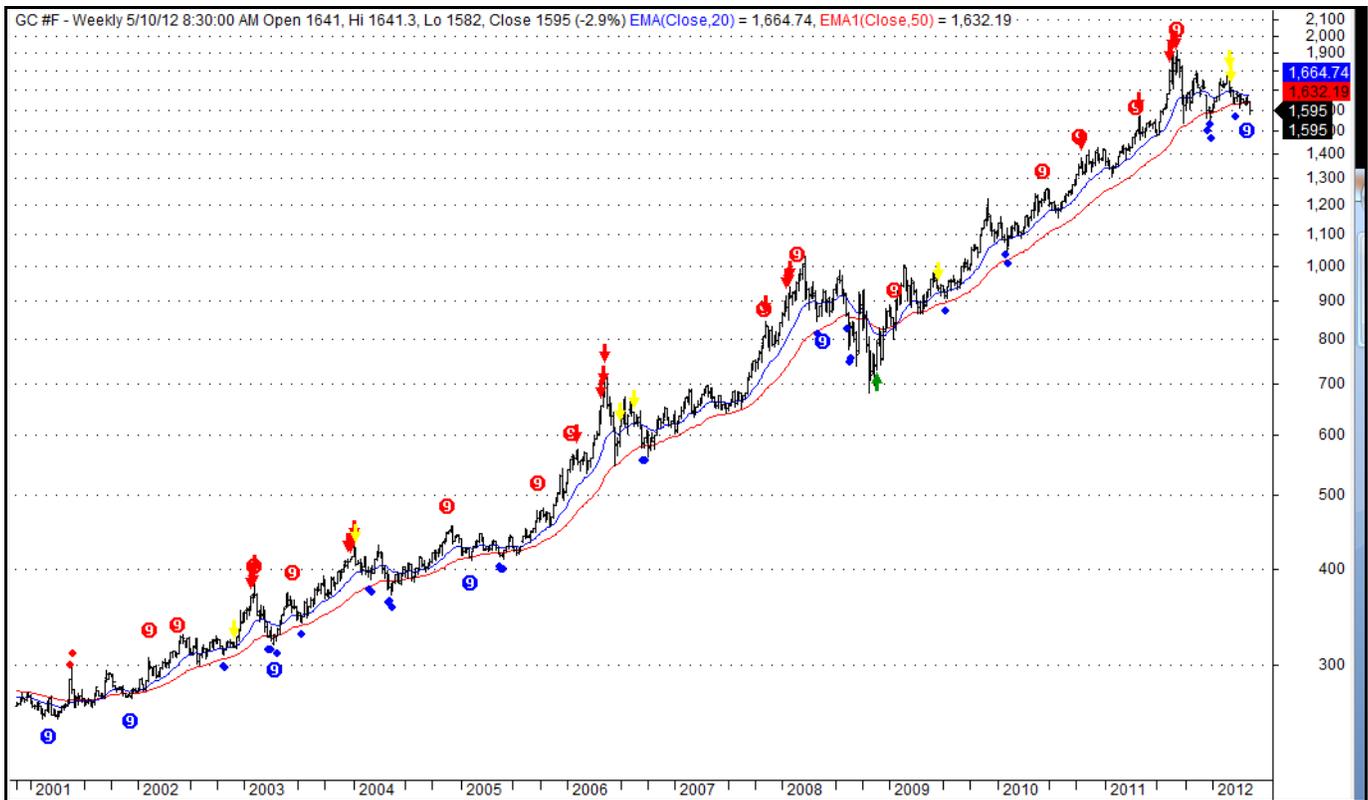
May10, 2012

Technical observations of  
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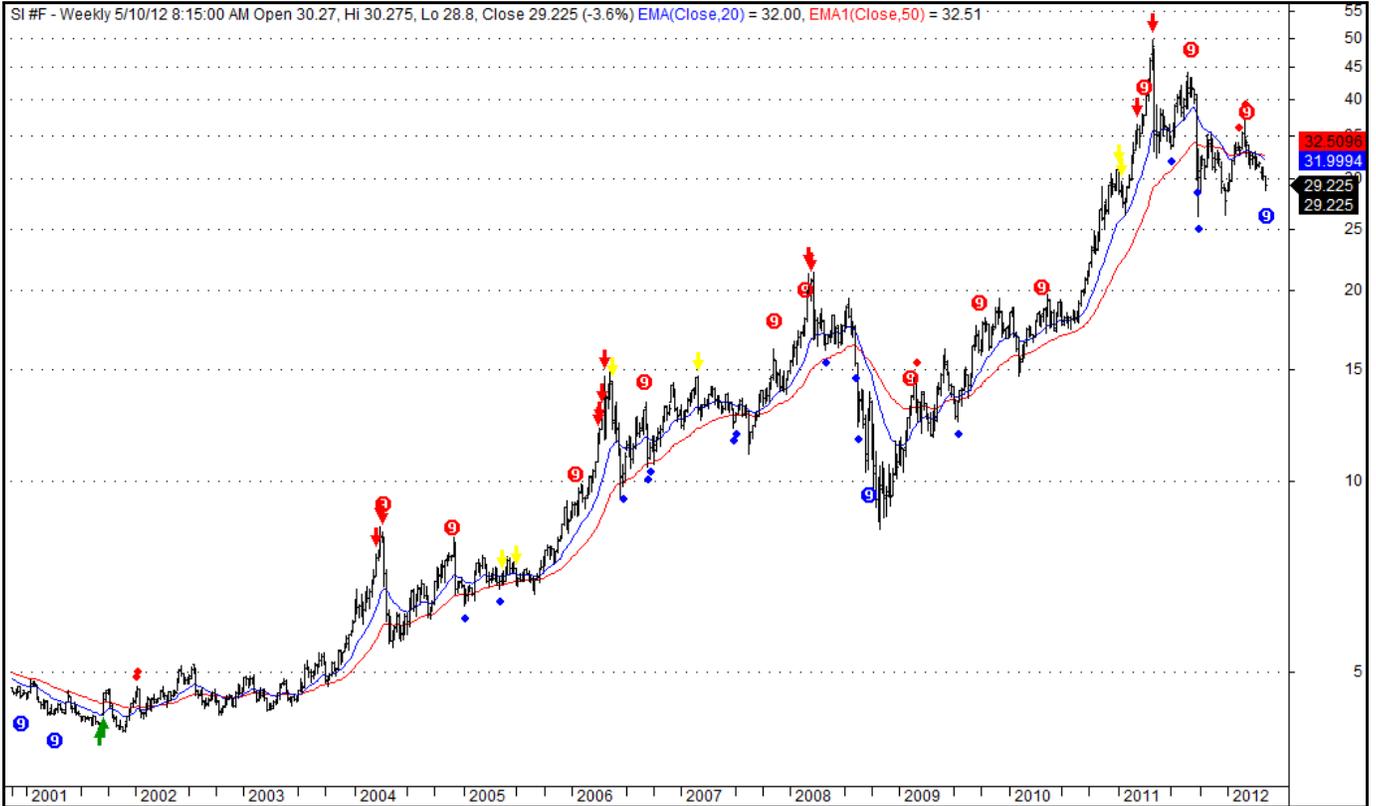
## Gold, Silver and XAU

The downside pressure on gold and silver since February 29<sup>th</sup> is reaching an extreme that is seen around interim lows. In the case of gold it is generating the sixth weekly Sequential Buy Setup since 2001 (**blue 9's**). The smallest rally was 15% in May through July of 2008. Silver has its first weekly signal since 2008. A weekly close above \$30 would imply that a bottom is in place.

### Gold

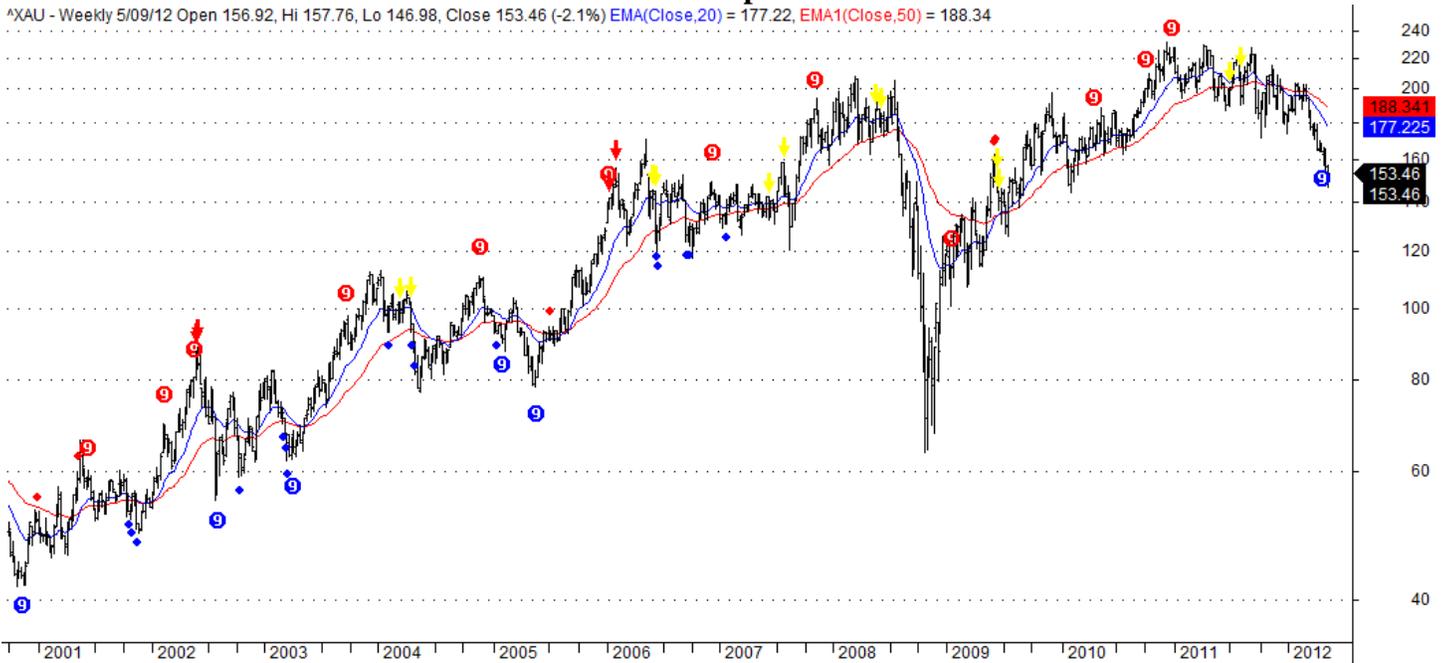


# Silver



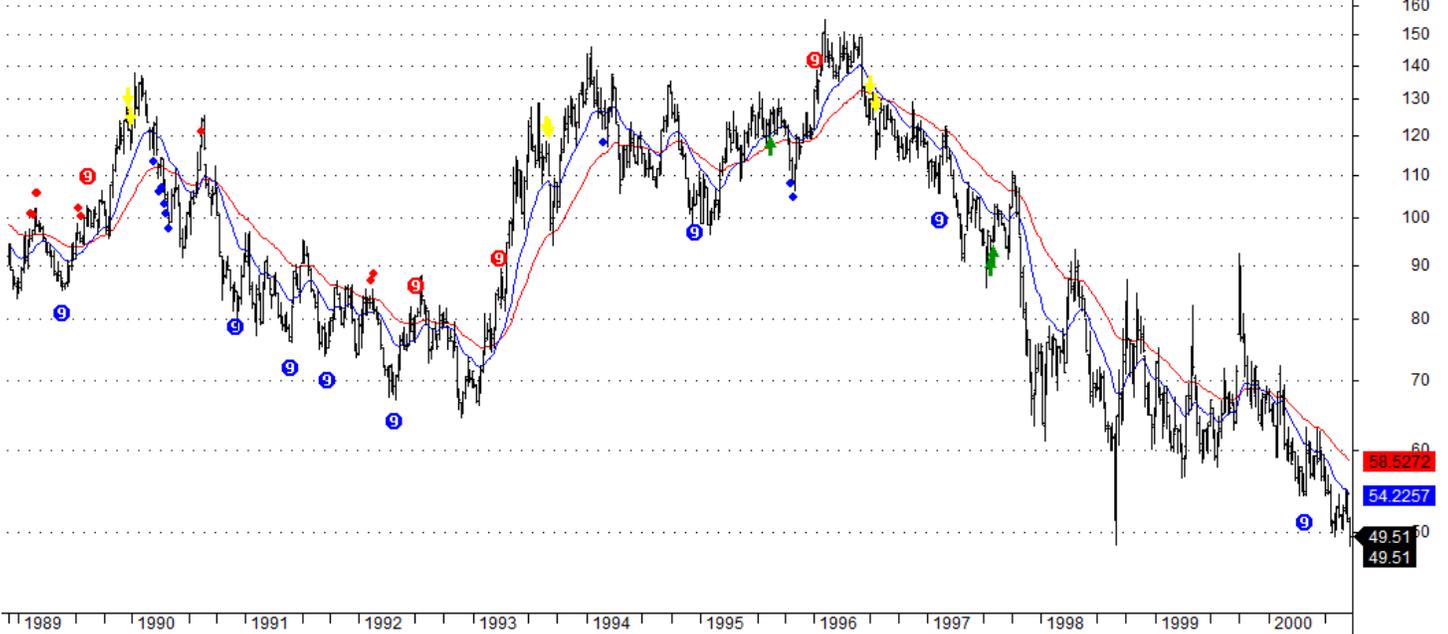
The mining indices (XAU, HUI, GDX and GDXJ) have similar signals. Rallies tend to be capped at the 50-week moving average (red) when prices are below declining 20 and 50-week moving averages.

# XAU 2001-present



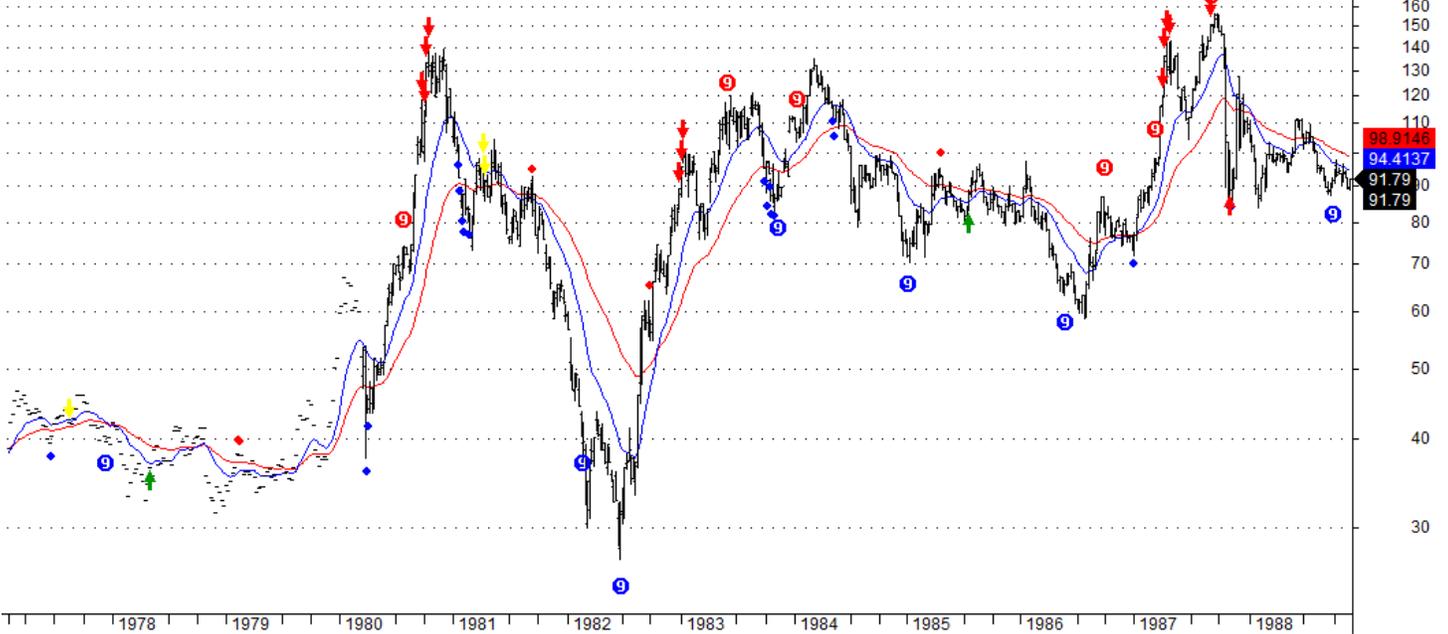
### XAU 1989 to 2000

^XAU - Weekly 9/22/00 Open 51.51, Hi 51.81, Lo 48.46, Close 49.51 (-3.3%) EMA(Close,20) = 54.23, EMA1(Close,50) = 58.53

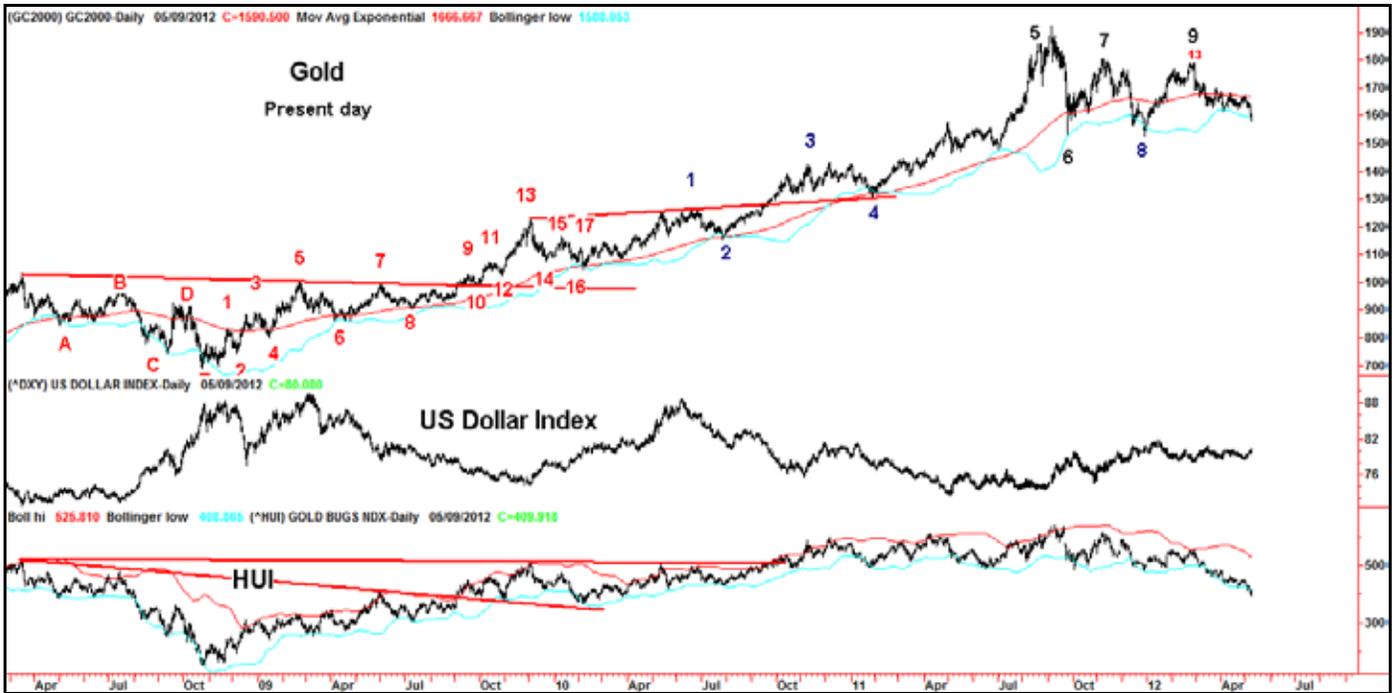


### XAU (Homestake) 1977 to 1989

^XAU - Weekly 11/25/88 Open 89.31, Hi 91.79, Lo 88.72, Close 91.79 (2.6%) EMA(Close,20) = 94.41, EMA1(Close,50) = 98.91



The most direct correlations continue to be with 2004 and 1979. Both would call for an upside reversal within the next few weeks.



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