

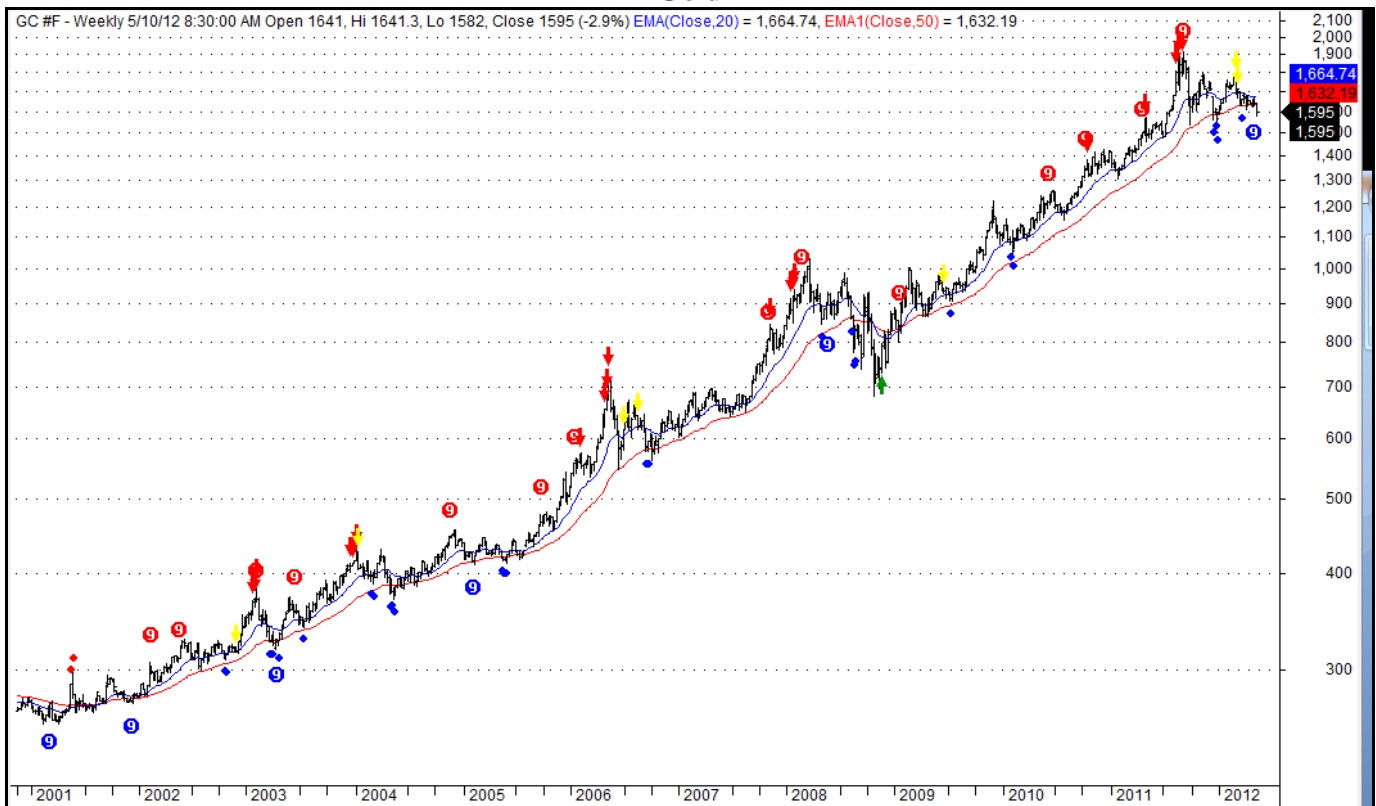
May10, 2012

Technical observations of
 RossClark@shaw.ca

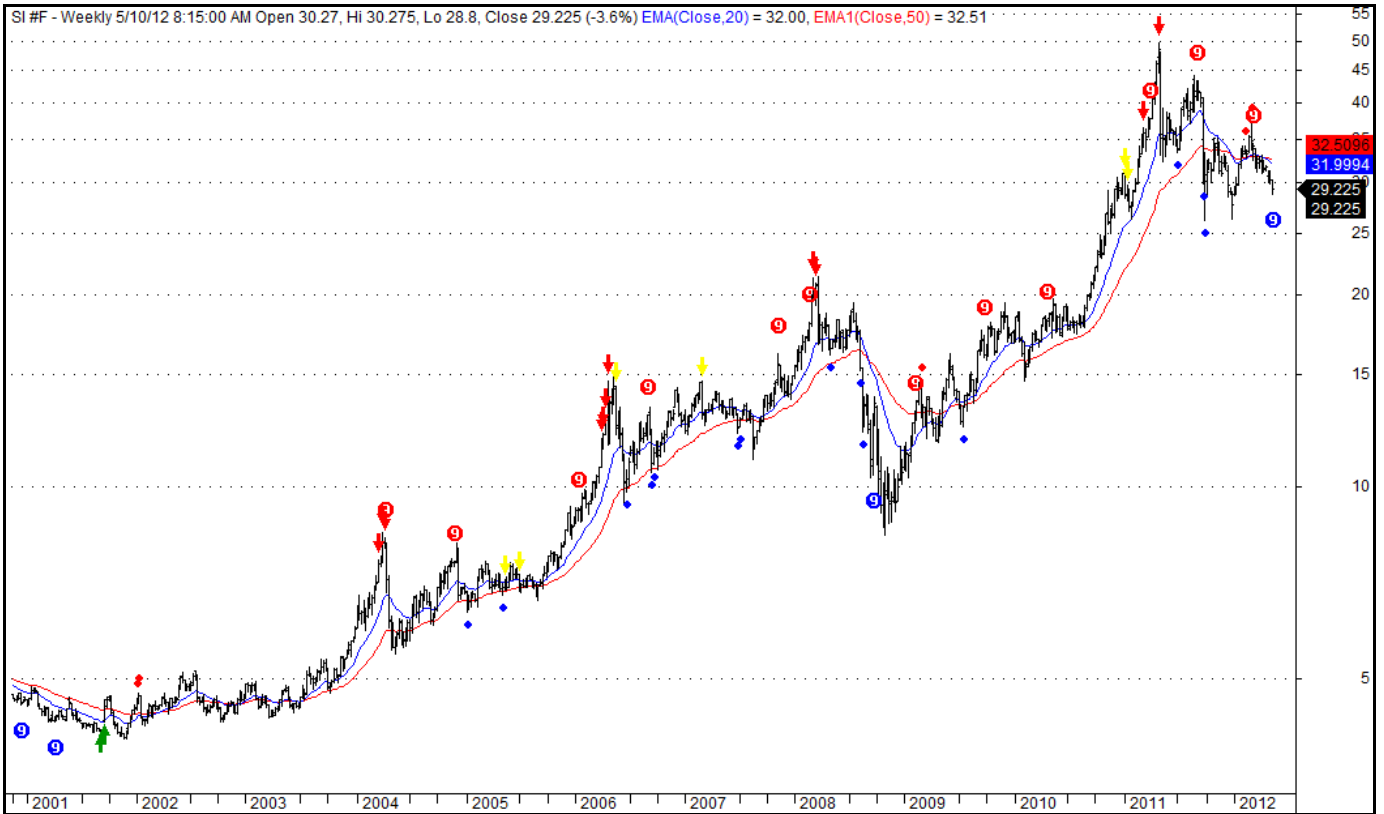
Gold, Silver and XAU

The downside pressure on gold and silver since February 29th 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

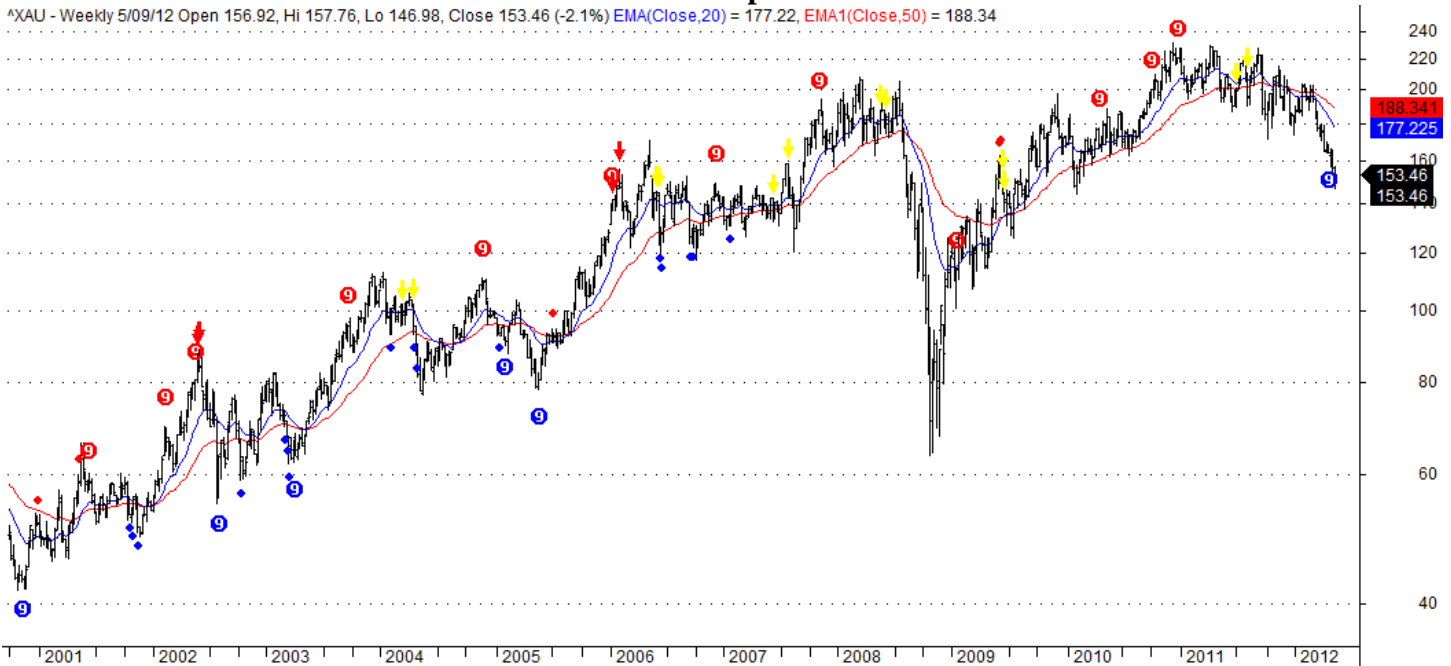


Silver



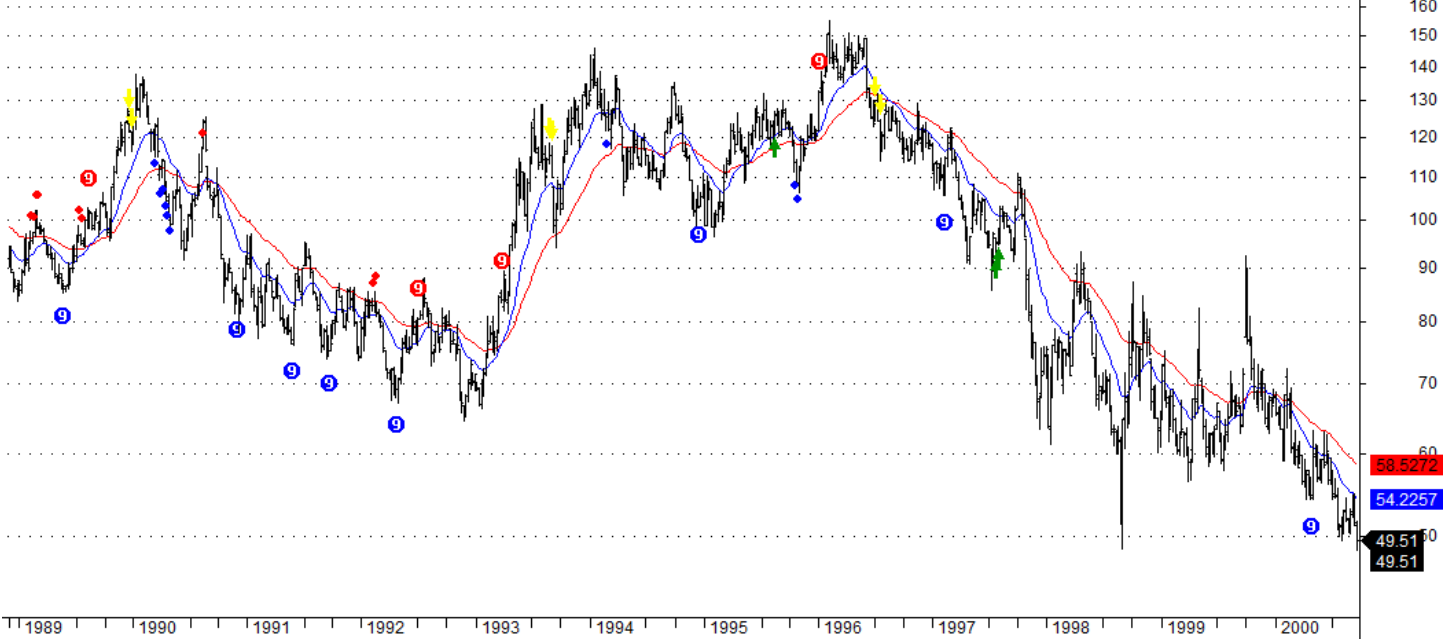
The mining indices (XAU, HUI, GDX and GDXJ) have similar signals. Rallies tend to be capped at the 50-week moving average (red) when prices are below declining 20 and 50-week moving averages.

XAU 2001-present



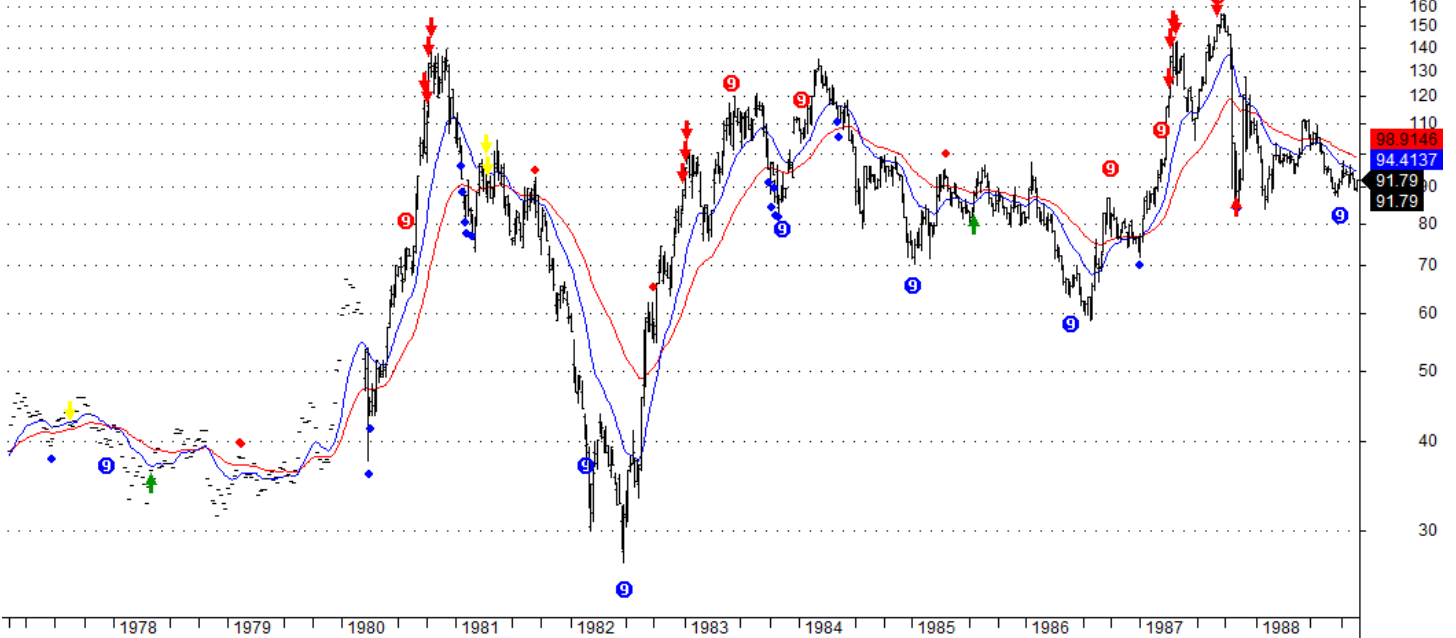
XAU 1989 to 2000

^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

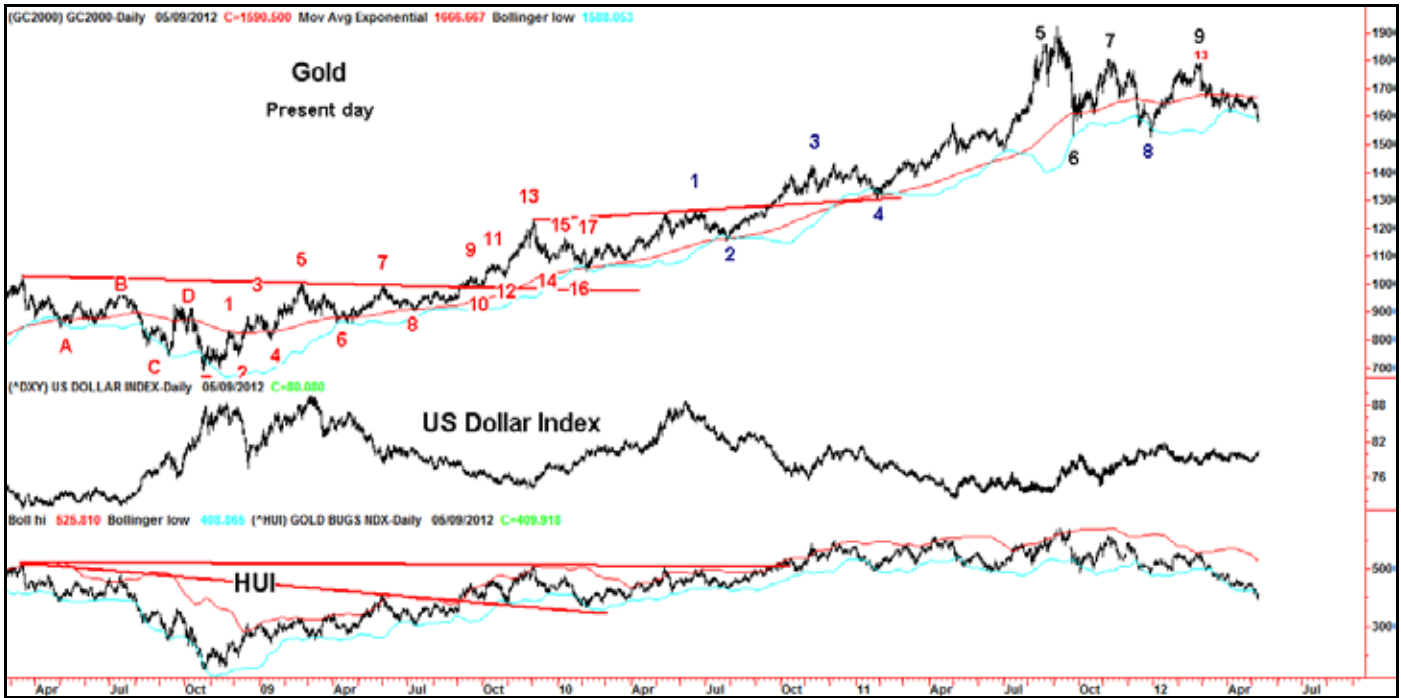


XAU (Homestake) 1977 to 1989

^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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BOB HOYE, INSTITUTIONAL ADVISORS
EMAIL bobhoye@institutionaladvisors.com
WEBSITE www.institutionaladvisors.com