

ChartWorks

PUBLISHED BY INSTITUTIONAL ADVISORS

August 19, 2009

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Rare Earths

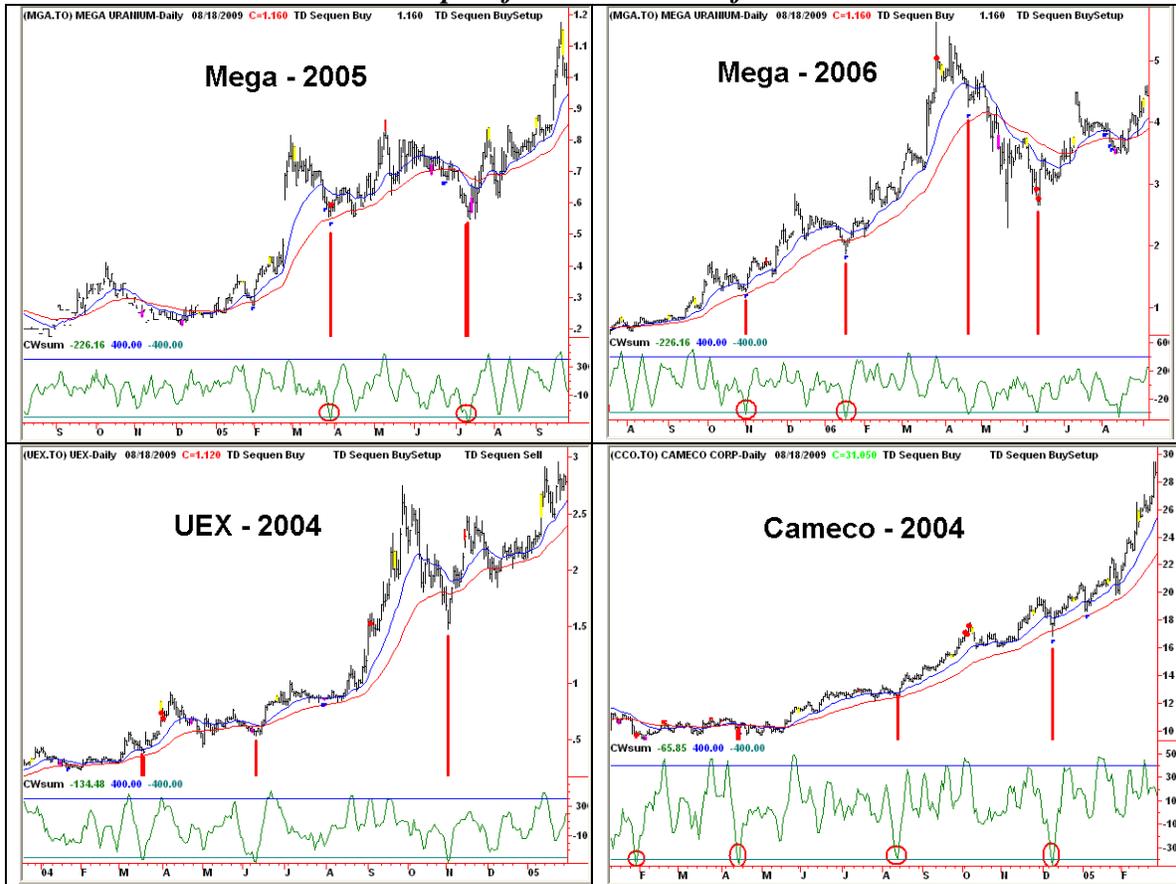
Rare earth metals and lithium have come into the limelight in the past few months. China dominates the sector, having gained control of upwards of 97% of the world's Rare Earth production. The publically traded stocks are primarily junior companies that had very little in the way of volume and capitalization until recently. The price action is reminiscent of the uranium sector back in 2003-2005, prior to the wide public awareness in 2007. Initial rallies can be expected produce parabolic moves followed by 38% to 50% retracements back to the 20 & 50 day moving averages. Optimum purchases are typically available once our Summation Index produces an oversold reading within the rising trend (see examples of uranium's on the last page).

The following charts display stocks that we are currently monitoring in the sector.





Red histograms identify oversold conditions in rising trends in this sample of uranium stocks from 2004 to 2006



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