

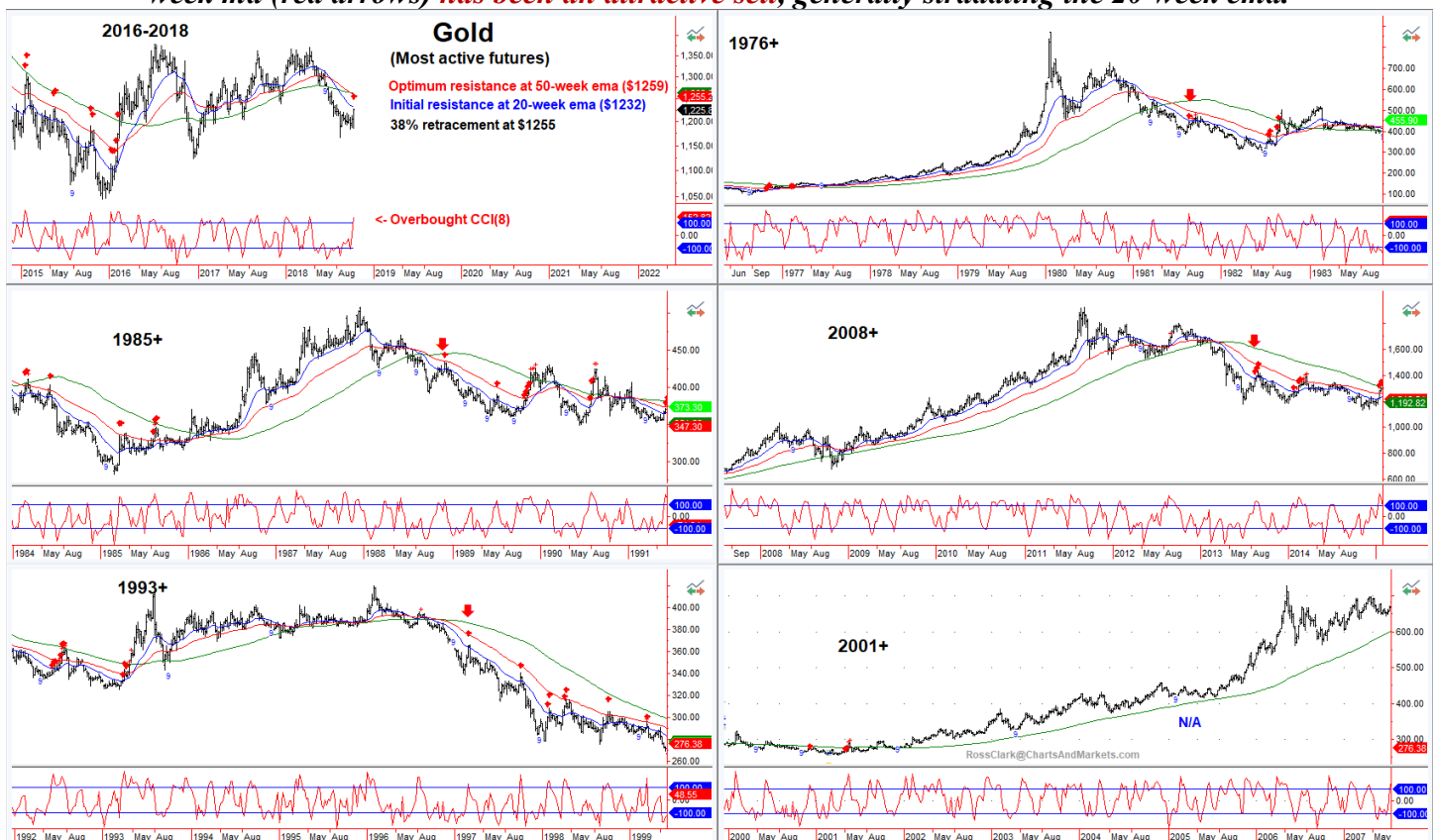
Gold Benefited from Weakness in Equities

Gold benefited last week from the weakness in global equity markets. Such strength is common when the S&P or Dow declines by 5% in a two-week period.

The strength has taken it close to the 20-week exponential moving average and produced a weekly overbought reading in the CCI(8). A second leg of weakness in equities could stimulate the gold market towards optimum selling levels of \$1255 to \$1259.

Action following the bottom of the eight-year cycle.

The first weekly overbought CCI(8) after the bearish cross of the 50-week ema below the 200-week ma (red arrows) has been an attractive sell, generally straddling the 20-week ema.



The GDX is up 12% since the daily Capitulation alert and Sequential buy signals coincided with a bullish divergence in the Demand Index and the weekly Sequential 9 Buy Setup in September.



Opinions in this report are solely those of the author. The information herein was obtained from various sources; however, we do not guarantee its accuracy or completeness. This research report is prepared for general circulation and is circulated for general information only. It does not have regard to the specific investment objectives, financial situation, and the needs regarding the appropriateness of investing in any securities or investment strategies discussed or recommended in this report and should understand that statements regarding future prospects may not be realized.

Investors should note that income from such securities, if any, may fluctuate and that each security's price or value may rise or fall. Accordingly, investors may receive back less than originally invested. Past performance is not necessarily a guide to future performance. Neither the information nor any opinion expressed constitutes an offer to buy or sell any securities or options or futures contracts. Foreign currency

rates of exchange may adversely affect the value, price or income of any security or related investment mentioned in this report. In addition, investors in securities such as ADRs, whose values are influenced by the currency of the underlying security, effectively assume currency risk. Moreover, from time to time, members of the Charts and Markets team may be long or short positions discussed in our publications.