

# Some positive signs for gold, and silver. 6/30/2007

Current price action in gold and gold ETFs is not pretty, but what can we expect during a bottoming process? If indeed we are in that process. This week, some very positive development are occurring, and I want to share with you what I see.



#1 – COT data this week showed the commercials have trimmed their net shorts to 83k, which is at levels of previous bottoms during this year long correction.



#2 – the dollar broke support with a TLBSS this week. What surprised me is the lack of buying in gold and silver, perhaps they will play catch up?



#3 – silver capitulation.

This week's sell off in SLV was on very high volume, and if past history is a guide, we are looking at a short term bottom at the minimum.



#4 – my proprietary cycles in the \$HUI.

From my observation of trading the gold sector the past six years, I have noticed that there is a very repetitive pattern, and if that pattern continues, we are looking at a strong second half in 2007 at the minimum.

Roughly speaking, since 2001, there has not been a year when both the first half and second half have the same price action.

If the first half is flat or down, then the second half is up.

If the first half is up, then the second half is either flat or down.

But we never had a calendar year when both the first and second half are either flat or down, and we never had a calendar year when both the first and second half are up.

Interesting, isn't it?

## Summary

Recent price action in the gold sector has caused some “pro gold” analysts to turn cautious, and some even outright bearish; understandably so. However, from what I can see, this is the ideal time for gold to begin the next leg up. Whether it will or not, we don't know. But I do know what we need to see if we are at the beginning of the next bull leg up. We have been preparing for quite some time now, first with our plan A, then with our plan B (revised to reflect the new lows this week) in the event we don't have the proper set ups or if the set ups fail. Both of these two trading plans are in our tutorial section at the website, please review them again and often. It will help filter out the noise and helps us to stay focused on the big picture.

End of report