

Gold update March 25/2006

A note to new subscribers and a reminder to existing subscribers: we trade the signals and not the analysis.

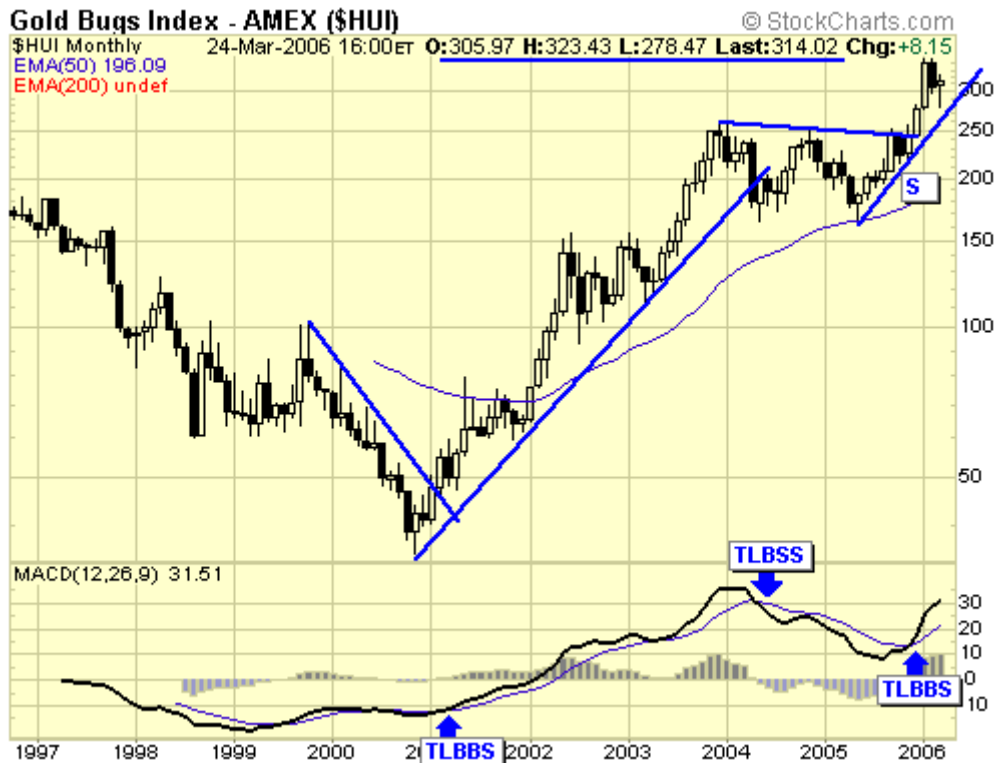
Traders simply buy when we have a buy signal, and exit on a TLB (trendline break); but keep a core trading position until the cycle has topped according to the BPGOLD.

Personally, for risk management purposes, I would not risk more than 3% on any signals, therefore, sometimes I may miss a swing or two, and sometimes I save myself from getting whipsawed. It is up to you whether you wish to use my 3% rule.

Investors who are investing for long term gains simply stay with the trend on the monthly chart, and new money can buy at each cycle bottom according to the BPGOLD. Investors do not cash out until support has been violated on the monthly charts.

Personally, I'm both an investor and a trader. My retirement portfolio is for the longer term (investor), and my trading portfolio is for the shorter term (trader). It is up to you how you wish to differentiate investing from trading. I am not an investment advisor, therefore, I cannot provide individual advice. My signals and analysis are for educational purposes, and not an investment advice to buy or sell equities. Please donate a portion of your profits to a legitimate charity. Wishing you peace and profits.....

Investors

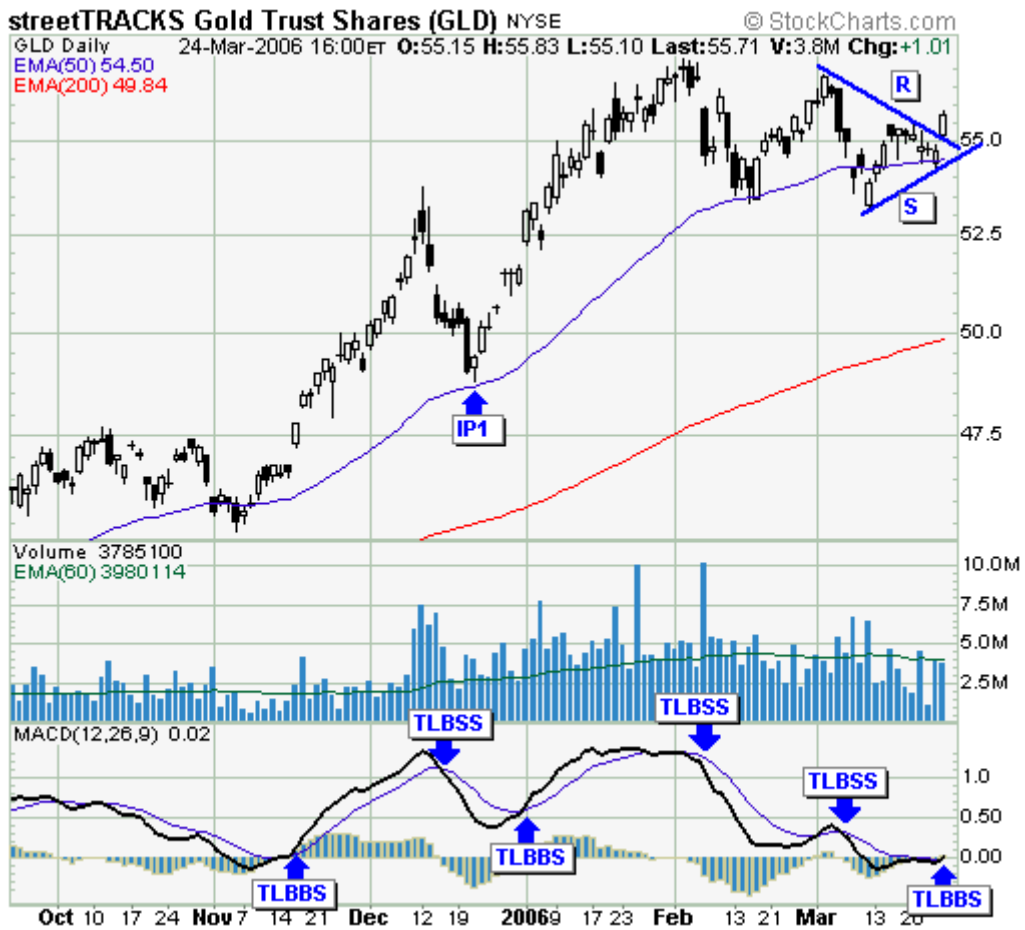


Investors on long term buy signal, sit tight until a TLB. New money bought this week, use trader's stops for now for protection.

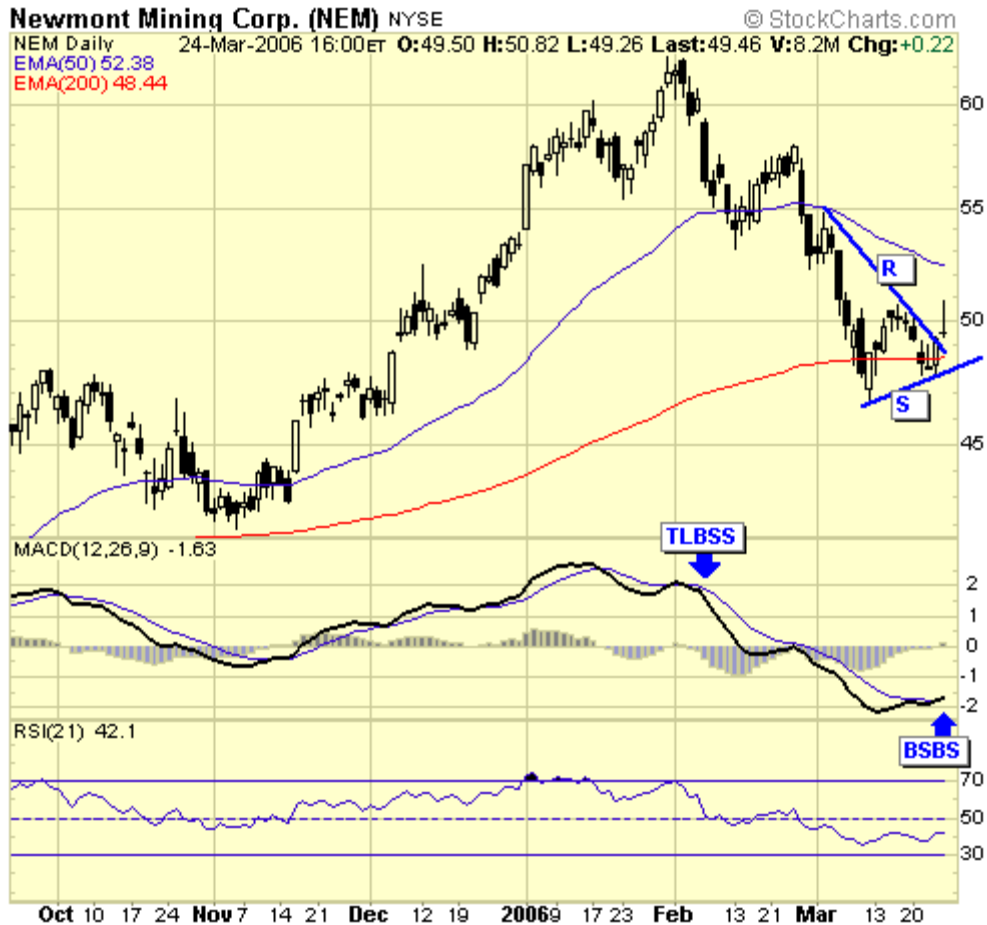
Take a look at the monthly data at top of chart, these numbers are now very bullish. Why? Prices went down to a monthly low of 278.47, and since has rallied back up to 314 today, with five trading sessions left in March, we have a good chance of making a new high for

the month, and that will make a very nice upside “grenade”. But what is more important is a grenade often marks a pivot low, meaning the correction is likely over, kaput.

Traders

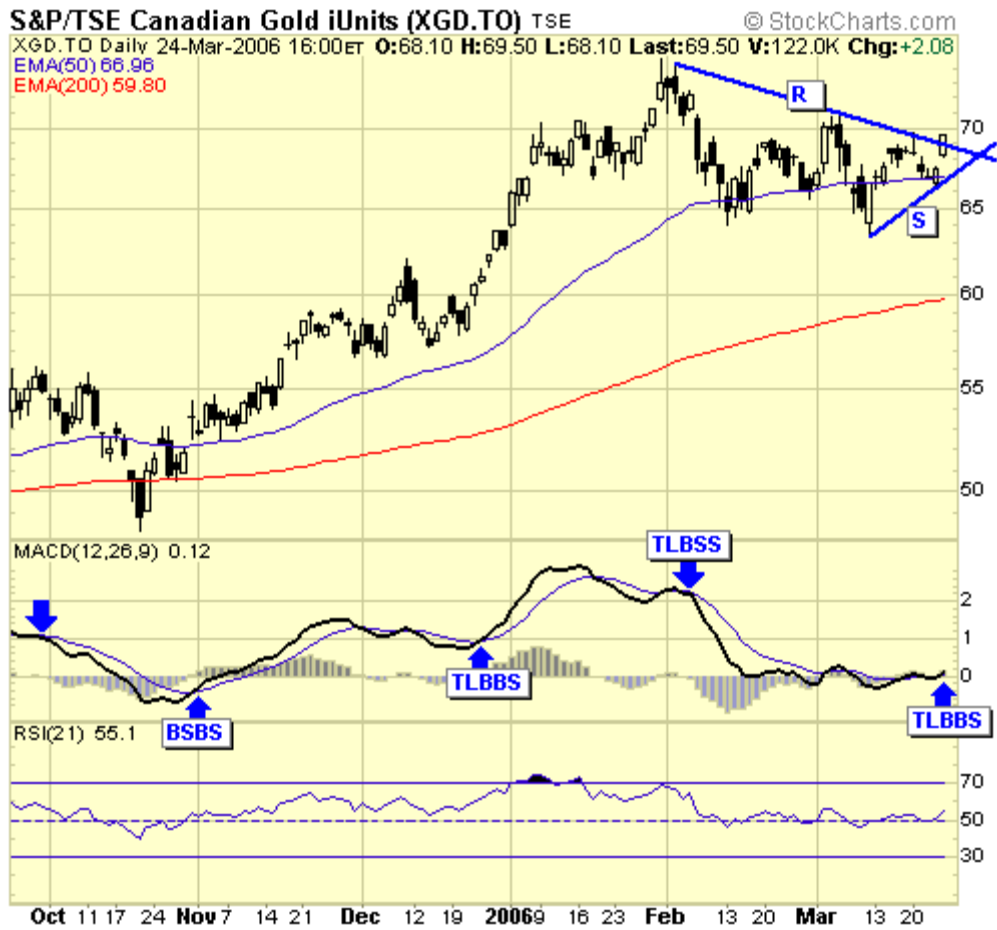


GLD – TLBBS today. Bought MOC at \$55.71, exit on a TLB of S, currently near \$54.50, risking about 3%.

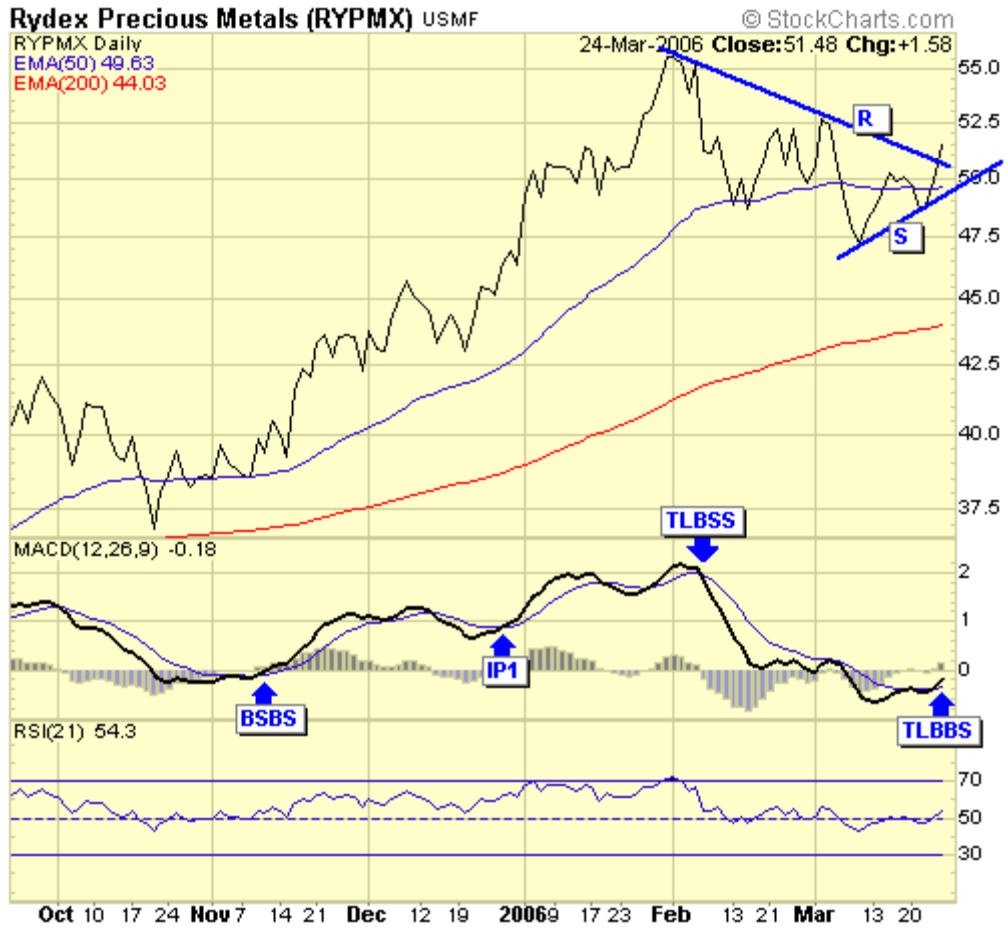


NEM – BSBS today but no entry. For newcomers, this is an excellent example on the difference between a signal and a set up.

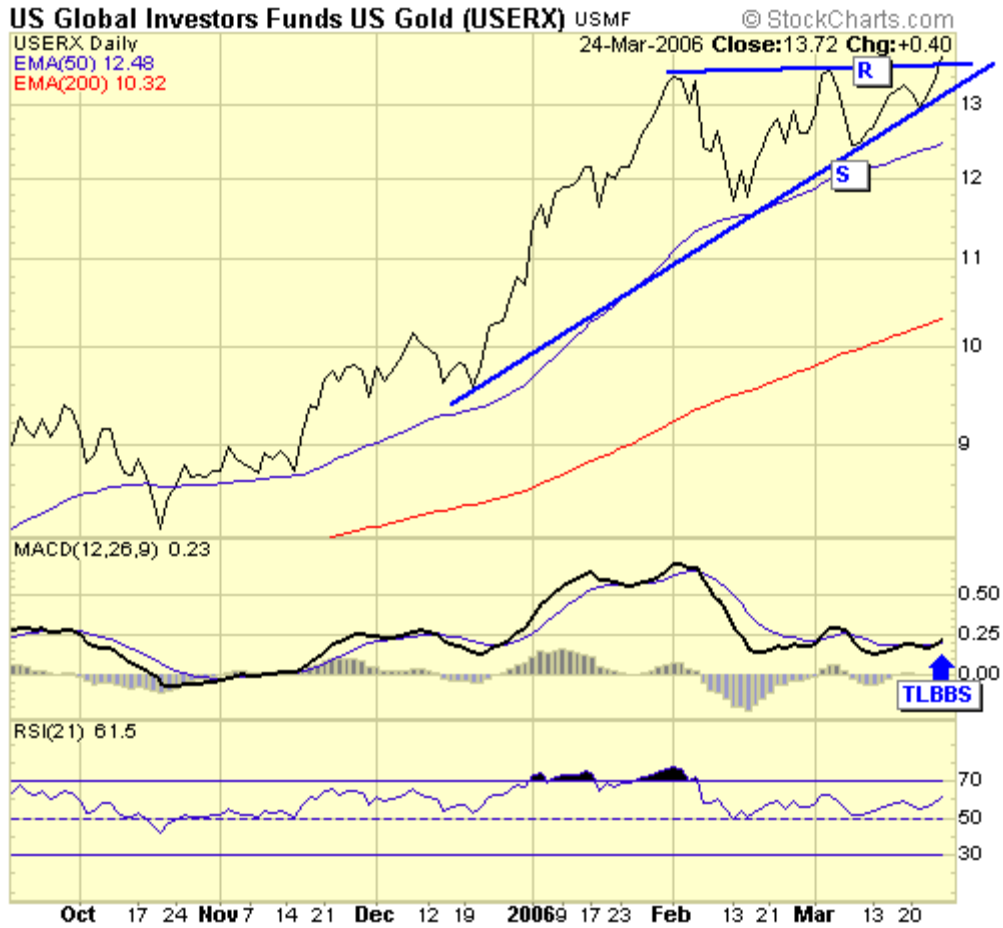
We have a buy signal today. (BSBS) But we have no set up. A set up is a reversal with risk at 3% or better. There was no reversal today because close was lower than open. We needed an upside reversal which is when close is higher than open and previous close. Again, this is not our official trade, trade at your own discretion.



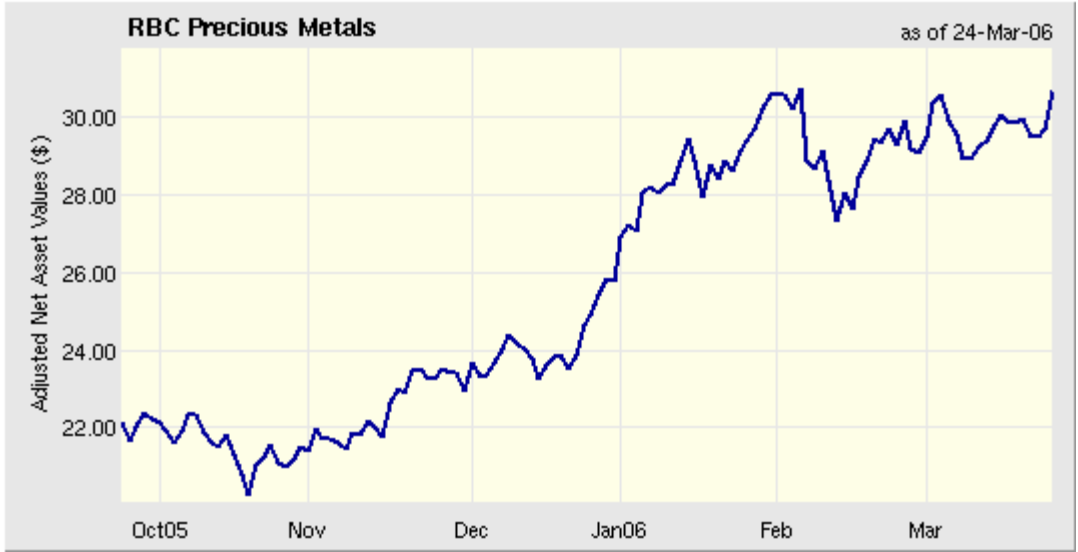
XGD.TO – TLBBS today. Buying MOC at \$69.50, and exit on a TLB of S, currently near \$67, would be risking 4%. To keep risk under 3%, buy it at \$69 or better, anytime next week.



RYPMX – TLBBS today. Bought MOC at \$51.48, exit on a TLB of S, currently just below \$50, risking about 3%. Investors bought this fund in Nov at \$40.46, now up 27%, continue to hold until a TLB of S on \$HUI’s monthly chart.

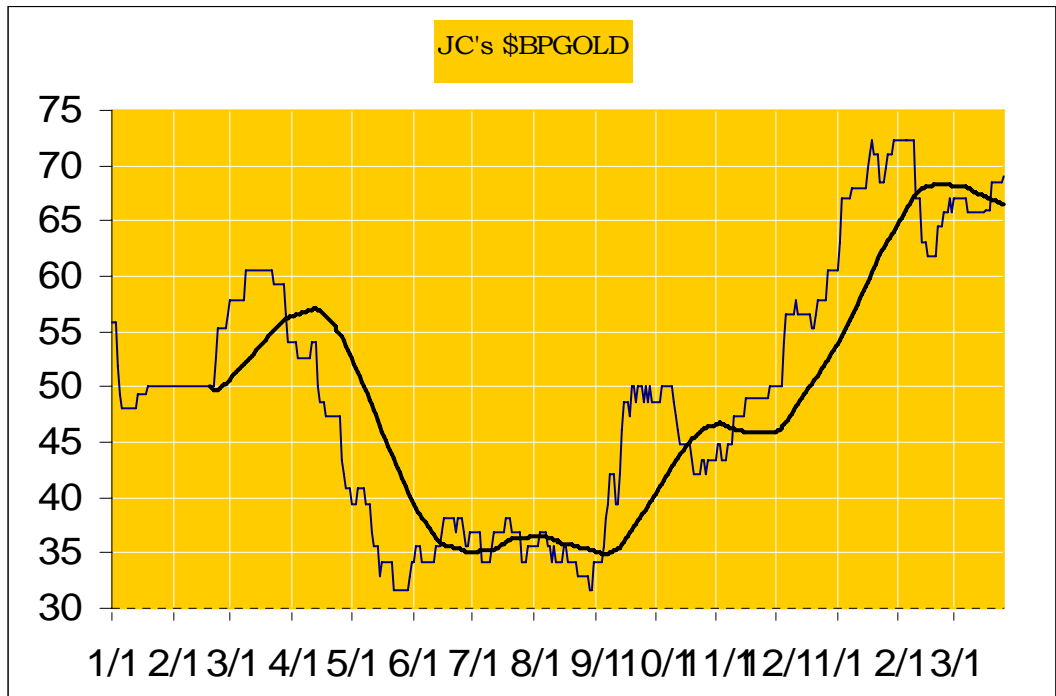


USERX – TLBBS today. Bought MOC at \$13.72, exit on a TLB of S, currently near \$13.20, risking 4%, which is OK for this fund's out performance.

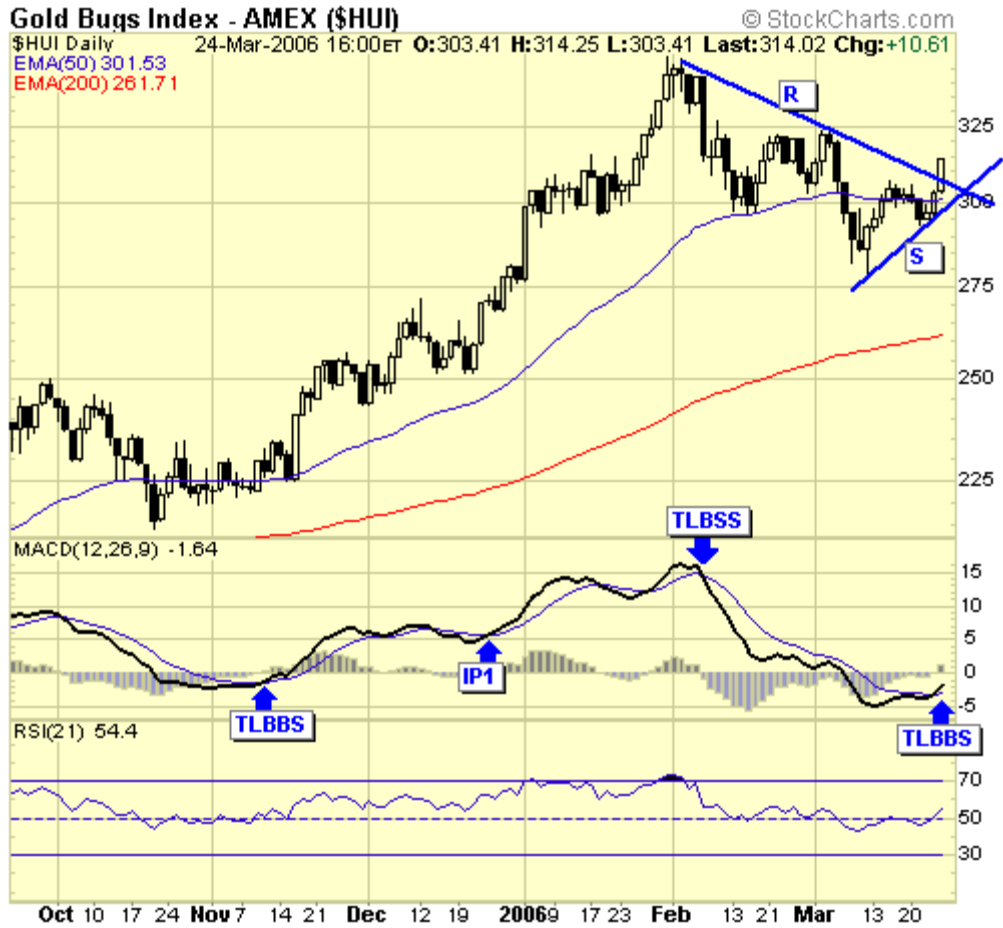


RBF468 – Bought MOC at \$30.71, which like USERX, a breakout to new high. Canadian investors bought this fund in Nov at \$22.65, now up 35%, continue to hold until a TLB of S on the \$HUI’s monthly chart.

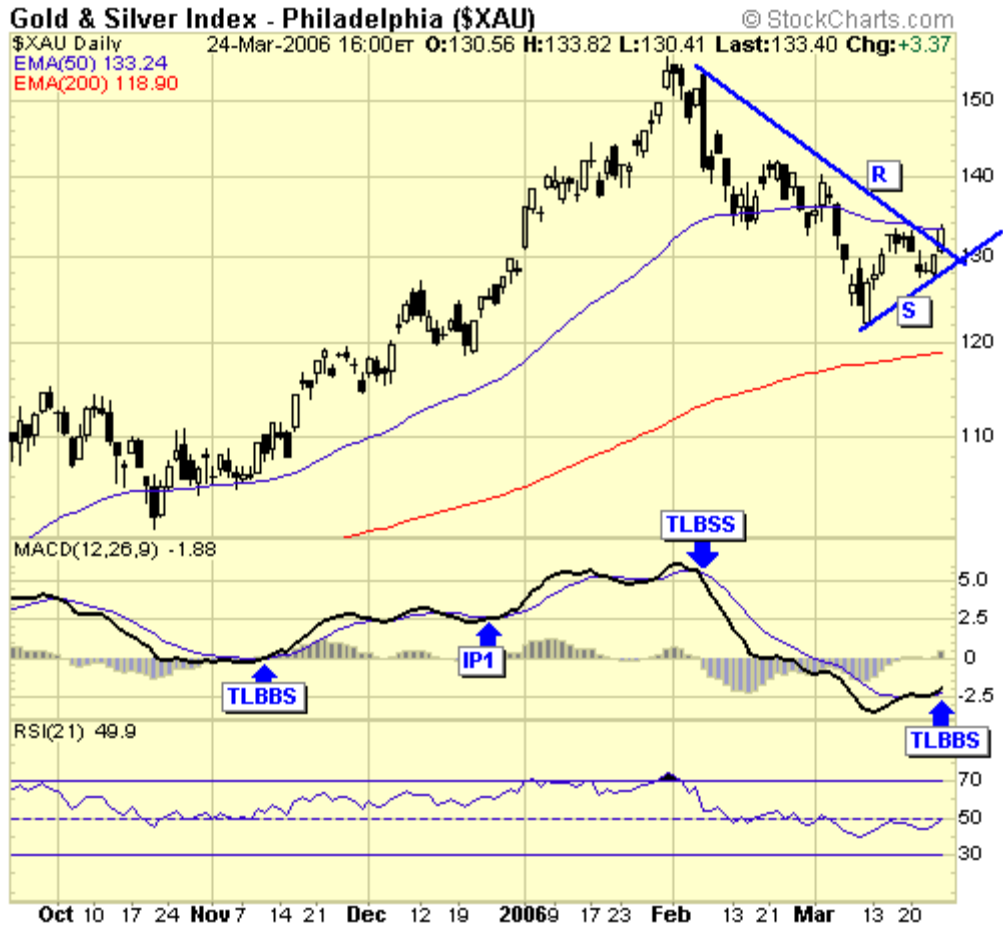
Analysis



BPGOLD – cycle reversed up this week, confirming the buy signal. Investors with new money bought today, and can buy more by “cost average” in over the next five days.



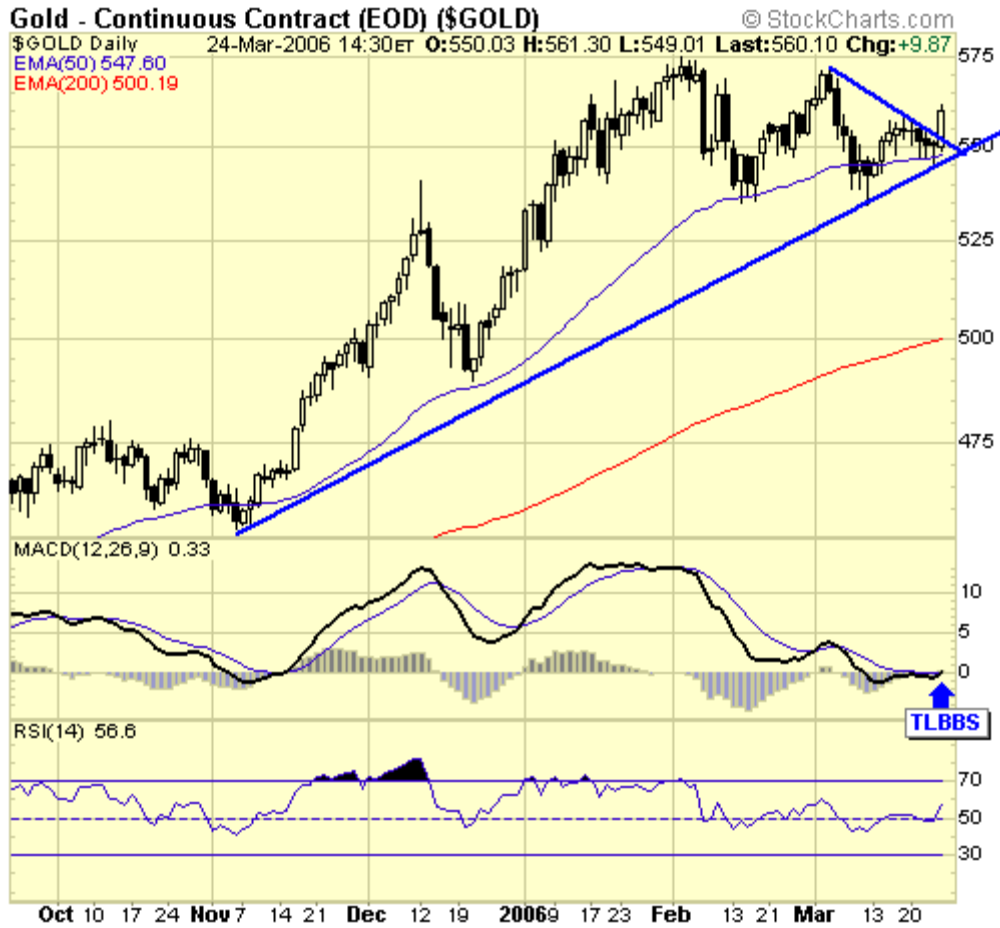
\$HUI – TLBBS today, a beautiful breakout, no doubt about it.



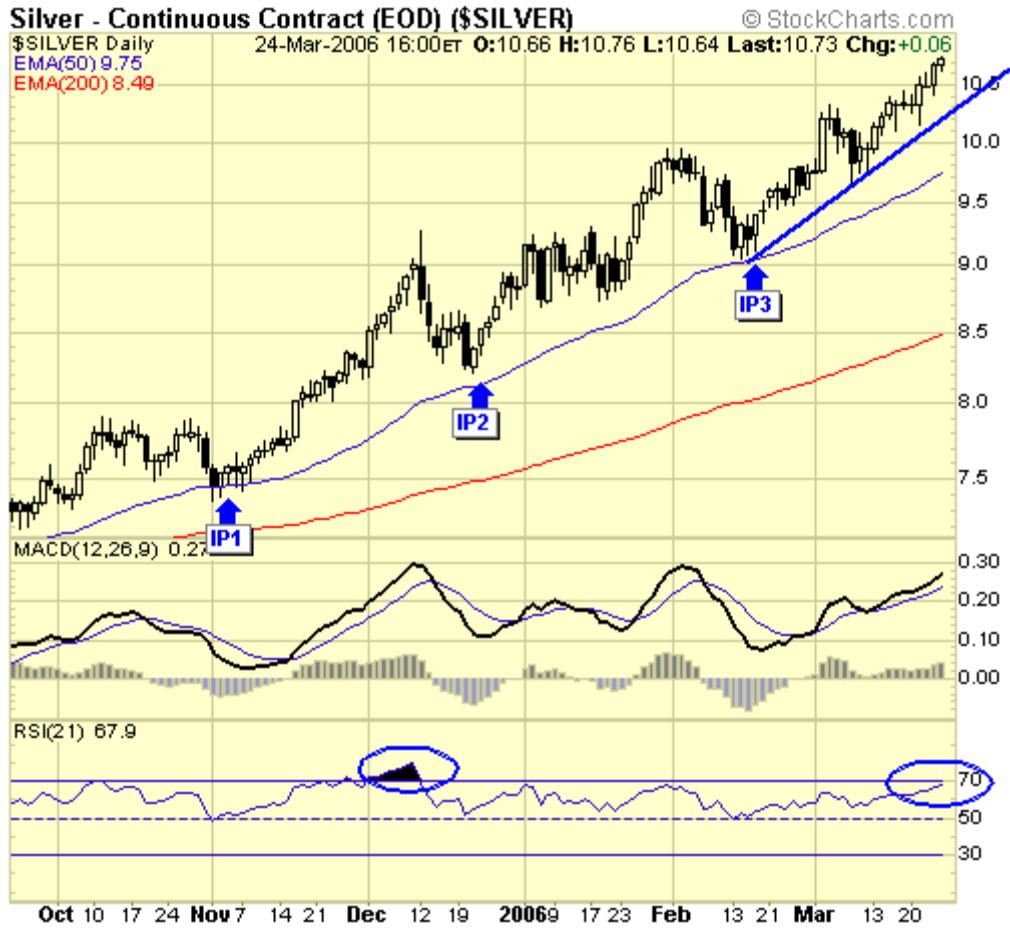
\$XAU – TLBBS today, like the \$HUI, a near perfect “U” bottom.



The IP/CP model also confirms with a TLBBS.



Gold gave us a TLBBS today also. Prices have found support and now ready to challenge resistance at \$575.



Silver is in IP, and no where close to overbought, perhaps this time IS different.

Summary

Well, we expected a tradable bottom, and now we have it. What has turned a potentially bearish intermediate term into a more bullish one, is the fact that BPGOLD has reversed up, indicating more gold stocks are now breaking out, which also indicates the current buy signal is a continuation of the rally from May 2005, which means we should see a new high in the gold indices, and not in a trading range as I thought previously. The funds are ideally suited for this scenario.

Some members did not execute MOC on Friday, no worries. Because the cycle has reversed up, and we are on a buy signal, those who have not bought or wish to buy more, can simply “cost average” in next week. Suppose you have 100k allocated for the gold sector, buy 20k everyday for the next five days as long as buy signal is valid. Your risk may be more than the 3% initially, but as TL support steepens, your risk will decrease. Investors can risk up to 6%.

Personally, I am currently 30% in gold, 25% in energy, 25% in tech, and 20% cash. I will cost average in during the next five days, buying 4% each day, and by next Friday, I’ll be 50% in gold, 25% in energy and 25% in tech.

End of report