

# MARKET UPDATE

## GOLD – ARRIVING AT MAJOR SUPPORT

June 15, 2006



Gold and gold stocks are arriving at their major support and retracement levels in the dramatic finale of the seasonal sell-off. Given the dynamics and emotions of the May-June decline, the bottoming process may be short but volatile, most likely taking a V-shaped route.

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## North American Marketletter

This bullish turn should take place as soon as Gold arrives at strong support in the 575-535 zone: the area of February-March consolidation, the proximity of Gold's rising 200-day moving average and the 61.8% retracement of the July 2005-May 2006 rally.

In our January update on the Gold sector we stated that the main objective of a correction would be to eliminate the discrepancy between the price and the 200-day moving average. The majority of gold stocks have already met this goal, in some instances overshooting to the downside. Such a temporary violation of a rising 200-day moving average during the bull markets is common, especially in the mining sector.

***In sum, the current decline, although dramatic, is happening within a well-established long-term bull market in Gold and gold stocks. Use this opportunity to accumulate the leaders of the Gold sector.***