

Super Force Signals
A Leading Market Timing Service
We Take Every Trade Ourselves!
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Weekly Market Update Excerpt
Jan 28, 2011

Gold and Precious Metals

UUP (US Dollar Proxy) Chart



US Dollar Analysis:

- Your focus is gold, I know. But I want you to focus also on the fact that the action of the US dollar in the last week is not impressive. I have said repeatedly that when the natural trend is up and all you get is *distribution followed by lower prices*, we may be entering the look out below season prematurely. That time is now.
- There are rumors in the last few days that the Fed might announce an end to QE. Personally, I don't think that is possible, not now. That would require strong leadership. We don't have strong political leadership. Conservatives in congress have talked about real solutions and they are ridiculed. Liberals and socialists want nothing to do with responsible spending and governing; their desire is for power. The action of the Fed works hand in hand with this insanity by bailing out politicians with money printing.
- One of the headlines in the past few days is from the World Economic Forum: "*Over US\$ 100 Trillion Additional Credit Needed to Support Global Growth*"... This is Keynesianism on steroids! What is not as obvious in this headline is that it's that credit is DEBT!
- The Dollar and Euro are already in trouble and this would have a profound impact on all currencies, and therefore on the value and price of Gold. Everyone is focused on the correction (which I predicted would occur and has, with a \$1260 target for gold). Focus on what |\$100 trillion in new debt means for gold, not today's \$10 drop or whatever. Currencies around the World are already being diluted and that dilution is accelerating.
- I have said in recent months, "After this Chapter of History is written no one will trust Fiat Currencies." The Federal Reserve is diluting the

currency to the tune of \$75 billion per month while claiming that lower asset prices mean there is no increase in the money supply.

- Consider the following facts: Metal now represents only 0.6 % of total global financial assets which is stocks, bonds and cash. Correction or no correction.... ***Gold is tremendously undervalued.***
- In 1980 Gold accounted for roughly 22% of financial assets. Today? A mere 5%. These facts make my longer term target of \$4000 per ounce for Gold look very reasonable.
- A Gold Standard in some form will have to be reintroduced eventually, and that will see Gold revalued considerably higher. Not buying Gold now has been called a “medical insanity” by one fund manager.

SGOL (gold bullion proxy) 6 Mth Chart



- I issued a **SFS** buy signal for SGOL on Jan 27. ***I still expect a move to \$1260 for gold.*** We have made further progress towards my target this week and I have bought all the way down.
- Since the Momentum chasers ran out of gas in October, sentiment has turned quite negative. We have come from a frothy mkt to a depressed one, in just a couple of months. I must say this is healthy and normal, and essential to keeping the bull intact.
- On Tuesday one large Hedge Fund was selling large leveraged gold stock positions. This is unbelievable. Just as this fund manager was

dumping his shares, I am loading up SFS subs and hopefully the gold community too. I have recommended buying more Gold shares than any time since last summer, and done so myself. This is the kind of news that lets you know the bottom is near or here in these Gold stocks.

- Fundamentally, nothing has changed. Inflation is moving up and ***QE will continue until the system is destroyed.*** That is the game plan of our controllers. They should examine the history of money printing. It has never worked anywhere, any time. A look at the most recent COT Report made it clear that panic selling is likely creating the best opportunity of the year to buy the premier asset on the globe, gold.
- When buying like the last two weeks is the action in smart money, again that is the action of my *SF60 program*. My timing program is a model of buying weakness and selling strength created thru our proprietary blend of quality indicators, so writing losses doesn't happen. The latest *SF60* Closed Trades Summary is 75 wins 0 losses since mid October 2010.

SGOL 14 Month Chart



- A look at the 14 month chart shows Gold is getting closer and closer to my correction target OF \$1260. I mentioned a week ago, the center line had been crossed and this week's downside action has continued.

\$GOLD- Historical High-Level RSI Market Action Chart

Thursday 27-Jan-2011

Open:	1342.50	Ask:	P/E:	▼	-2.16%
High:	1353.00	Ask Size:	EPS:	Chg:	-29.00
Low:	1310.30	Bid:	Last:	Last:	1313.50
Prev Close:	1342.50	Bid Size:	VWAP:	Volume:	0



- The RSI weekly chart is one of the tools that enabled me to successfully call the gold top last fall. At that time I established a target for the current correction. ***As I look at volume this week, I believe the correction is not over;*** I continue to look for Gold \$1260. I'm a gold buyer, all the down to the target. As of today, it not "all the way down" anymore. It is a little bit further down.

Gold Juniors GDXJ Chart



Gold Juniors Analysis:

- I issued a Super Force Buy signal on Jan 20th at \$34.30 for GDXJ. This is a *SFS 75 Buy Signal*, a fairly intense buy signal.
- The largest part of the selling is done on Gold stocks. A look at the volume of the last three months shows far more distribution than

buying. The hot money crowd moved in, ran price higher and now are on fire looking for an extinguisher.

- All precious metals sectors show a three month topping process. ***I am looking for a two month bottoming process from here.*** MACD is very close to what I view as a buy signal. I want to be loaded prior to any MACD buy signal. Be prepared for several MACD fake outs before price rises.

GDX 6 Month Chart



- The GDX ETF has a *SFS 75* buy signal on it as of Jan 20. This is another investment now at my targeted buy zone.

- Technically the RSI has already been under the key 30 mark. I think the gold stocks will be the leaders as we come out of this correction in gold.
- I advocate selling domestic general equity stocks in favor of Gold stocks. I am doing this in my own accounts.

GDX Massive Breakout On 3 Year Chart

Friday 28-Jan-2011 9:32 am
 Open: 53.89 Ask: 53.33 P/E: -118.49 ▼ -1.15%
 High: 55.20 Ask Size: 300 EPS: -0.45 Chg: -0.62
 Low: 52.46 Bid: 53.31 Last: 100 shrs Last: 53.32
 Prev Close: 53.94 Bid Size: 400 VWAP: 53.59 Volume: 61,118,880



SIVR (Silver Proxy) 6 Mth Chart



- I have a SFS 50 buy signal on silver. The fact that the Gold and Silver physical markets are outrunning the paper markets indicates that the correction may end quite quickly. It's interesting to look at recent past corrections in silver, and note the difference this time around. The relative strength is impressive. Silver has far outperformed Gold to the upside yet this correction is not that much deeper.
- The relative strength situation is pointing to very bullish times ahead for silver. I have bought physical silver in the current correction. Count me as a Bull, and count yourself in too!

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