

GOLDS
At 8:
GOLDS CO



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Morning Comments January 27, 2009

Our commentary from last week holds, "SPX prices are building resistance around 840 now this is a minor level currently but bears further watching to see if this level strengthens. The more important level is 855 from which prices broke down near the middle of the range that has prevailed since the post Nov 21 stabilization. We view the level from roughly 815-818 as the most critical level right now for the bulls to hold, we do not believe that the lows made on Nov 20 and 21 have any particular significance. What is significant is pushing the 10/10 buyer out of the money too far we note the 10/10 low at 840. We understand that the seller which can break the market right now is the buyer that stabilized the market in the October climax. Should these buyers be forced to admit that was the wrong price then they will liquidate in a final leg down. The more time that passes and volume builds below this level the greater the propensity to stop out."

I guess we are all pretty much fx traders now. Spot yen is trying to stabilize having found support at 88 after making a fresh 52 week low on 1/21. Likewise the Eur Yen cross is stable having plumbed fresh lows and is now gingerly testing the levels from which it broke down. While neither looks very promising a bit more consolidation is in order. DXY has caught itself this morning after a quick move down as momentum selling from yesterday abated. Gold stopped exactly on its downtrend. Net, we read these as being modestly negative for gold in near term and we expect very moderate dollar strength and stability for the next few days. Copper and oil have taken clues from gold recently and have been bidding for dollar weakness so expect these to consolidate here.

GOLDS ↓ **896.85** -6.5 ANON 896.5/897.2 ANON Msg:J.IVARONE
At 8:01 Op 903.4 Hi 907.7 Lo 892.95 Prev 903.35
GOLDS COMDTY Show GPC - Candle Chart Page 1/19



Technical Analysis and Strategy

The results presented should not and cannot be viewed as an indicator of future performance.
Charts courtesy of Bloomberg Finance L.P.

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