

GOLD: BUYING SIGNAL

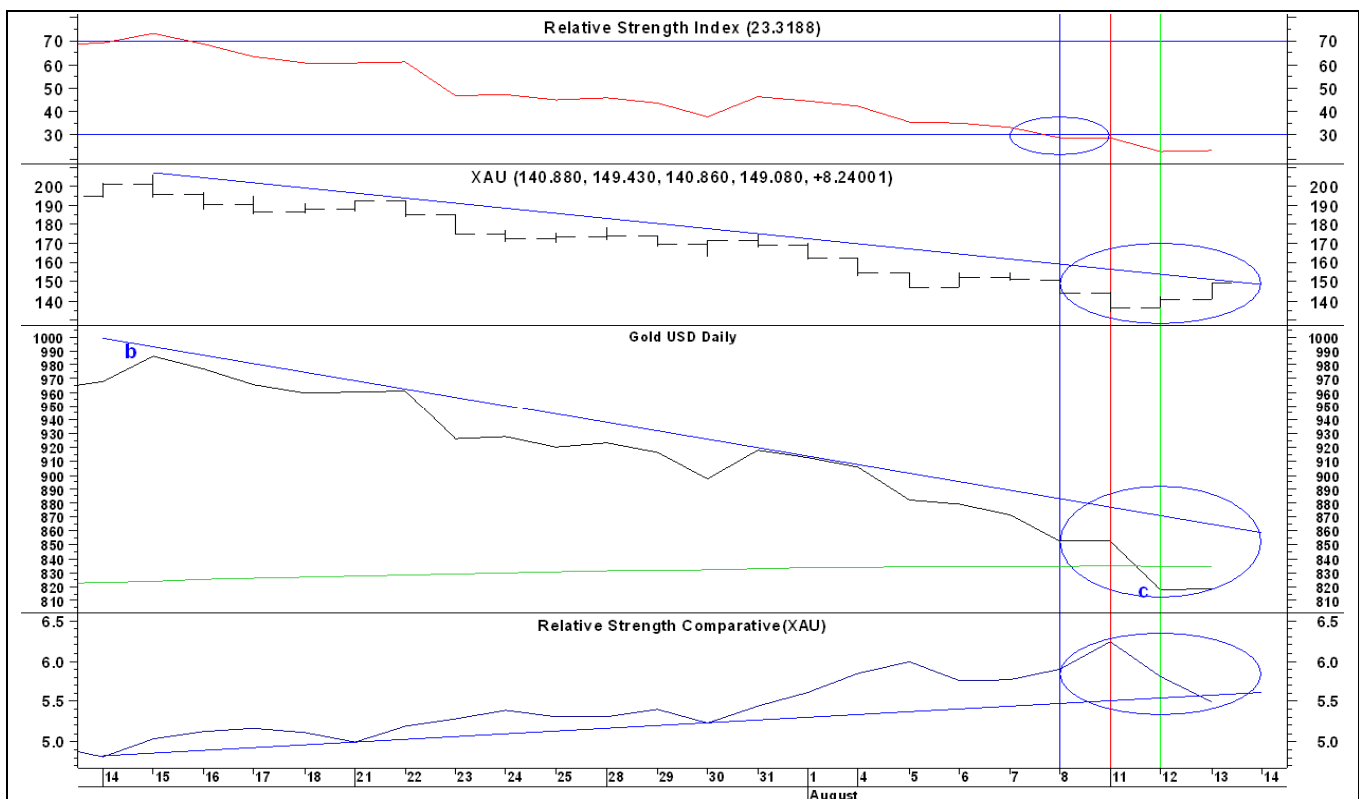
The following is a copy of a **Global Speculator** update sent to subscribers on the 14th of August 2008. It is a follow up to an article posted recently on Friday the 8th of August which can be read at the following link:

<http://www.globalspeculator.com.au/documents/CorrectiveLowWhattoLookFor.pdf> .

What to look for with the XAU?

The last few days has seen a definitive signal that the **b** to **c** low in the gold price and the corrective low in the gold shares has in all probability been made (green vertical line). The sell off on Friday saw the RSI (top section of the chart) of 30 broken with a London close in the metal of around US\$850 (blue vertical line). This was followed by a sell off on Monday, which saw the gold price and the XAU plunge heavily with the Gold/XAU ratio peaking (red vertical line) as the shares continued to underperform the metal. The 300 day moving average (in green) was also breached. What followed on Tuesday and Wednesday was a solid rally in the XAU which climbed to over 149 with the gold price by and large remaining relatively flat. A look at the Gold/XAU ratio over these days demonstrates exactly what we have been waiting to see. That is, the gold shares significantly outperforming the metal (see the circled bottom section). What would solidify this over the next few trading days would be a nice rally in the gold price preferably breaking intermediate term resistance at about US\$855. If the XAU can continue to outperform the gold price during this rally and break the intermediate term resistance at 150, this would serve to strengthen our case that the **b** to **c** corrective low has been achieved.

Gold 2008 Corrective Stage (b to c)



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