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Know when to hold-em!  
Know when to fold-em!  
Know where to set stops!  
Know when to run!  
Never count your portfolio  
Until the sells are done..

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**This update gives me some great pleasure as it is the best news in the precious metals market in about 5 years.** Yesterday on the Comex, Gold jumped \$40. I have been somewhat surprised because this occurred during the Chinese holidays, the New Year celebration and times like this were often used for down side interventions. The shorts on Comex had to be in panic yesterday.



It looks like Gold is breaking out as we are seeing a higher high on the Comex, but I would like to see a bit more strength before declaring Gold in a new Bull market but that might not be far off. There is considerable resistance in the \$1200 area so a pull back and consolidation would be natural here.

[The Gold ETFs have seen their biggest surge in demand in 5 years.](#) This highlights a change in investor sentiment, with a rise of more than 8 percent and the biggest five-week surge since March 2011.

There is still lots of doubters and [Goldman Sachs is still dancing to the last song](#) and claims Gold will falter because the Fed will raise rates 3 more times this year.

But there is no doubt with the Gold stocks - **they have started a new Bull Market**

On the Gold Bugs Index (HUI) chart, there has been a couple things I have been watching for. I talked earlier about a break above the down trend line. Second, I wanted to see a close above 140 to make a solid higher high above the October rally high. We have that now!



From the January low of 101 to the current high at 156, **we have a rally of 54%, the strongest rally in the HUI in 5 years.** There is considerable resistance on the HUI chart at 150, that was past support up to about 180 so I am expecting some retreat and consolidation in the near term. The RSI at 80 also points to a short term over bought condition and so does Stochastics.

Yesterday we also seen a candle stick known as a paper umbrella and they often come at tops in the market even if it is a short term top.

I am happy some of our Gold stocks have out performed. Kinross is up 75% from it's low and NewGold up 62% from it's low.

On January 6<sup>th</sup>, I suggested a number of Gold stock Call Options and these are way up so following is



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