

“Risk in Power, Dollar’s Demeanor Dour”

Dollar Index, Euro, British Pound, Kiwi, Aussie, Yen, Chinese Renmibi, Gold, Silver, Crude Oil, Natural Gas, S&P 500, Dow Industrials, MSCI EM Index, Bovespa, MICEX, NIFTY, Shanghai Composite, ISE 100, Bolsa, DAX, CAC 40, Tel Aviv 25, Wig 20, NYSE Cumulative A/D Line

“The dollar’s demeanor remains decidedly dour” and its direction undoubtedly down as our prolific printing prowess appears poised to make Gutenberg proud. The irony is not lost on us that Johannes Gutenberg, the father of movable type and the inventor of the printing press, was himself a “Goldsmith” by trade. Buy gold, invent a printing press. Genius! And while the molten price action in many of the risky assets featured herein (see charts) may conjure the contrarian within; we implore you to fight this instinct. While we are ardent students of the school of contrary thinking, we are also acutely aware of the preternatural power of the “thundering herd” stampeding the price of risk higher. A true contrarian is not a casino which takes the other side of every bet, but rather a clear thinker with the moxie to control her emotions and make the tough decisions when the situation dictates. That time is now. The dollar is breaking down and the world is breaking out and until our charts suggest otherwise, we are thundering higher. Have a great weekend.

Dollar Index

“I’m Still the Straw that Stirs the Drink”
Reggie Jackson

There is little if anything in this chart to suggest that the decline of the U.S. dollar is anywhere near done. Avoid at all costs; a breakdown to 74 is imminent and a retest of the 2008 All Time low near 70 must be considered a strong possibility.

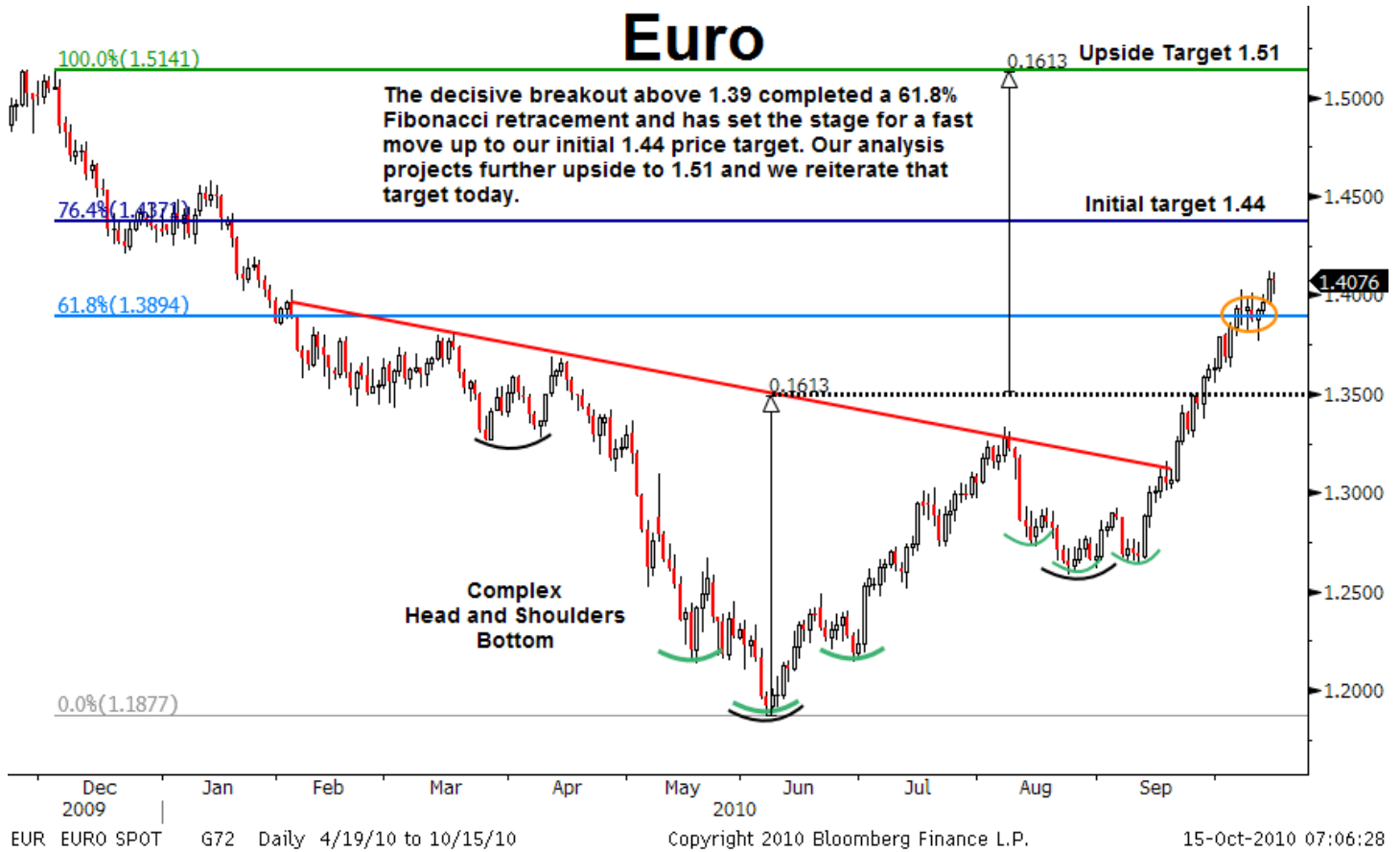


See Important Disclosures and Analyst Certification on Page 15

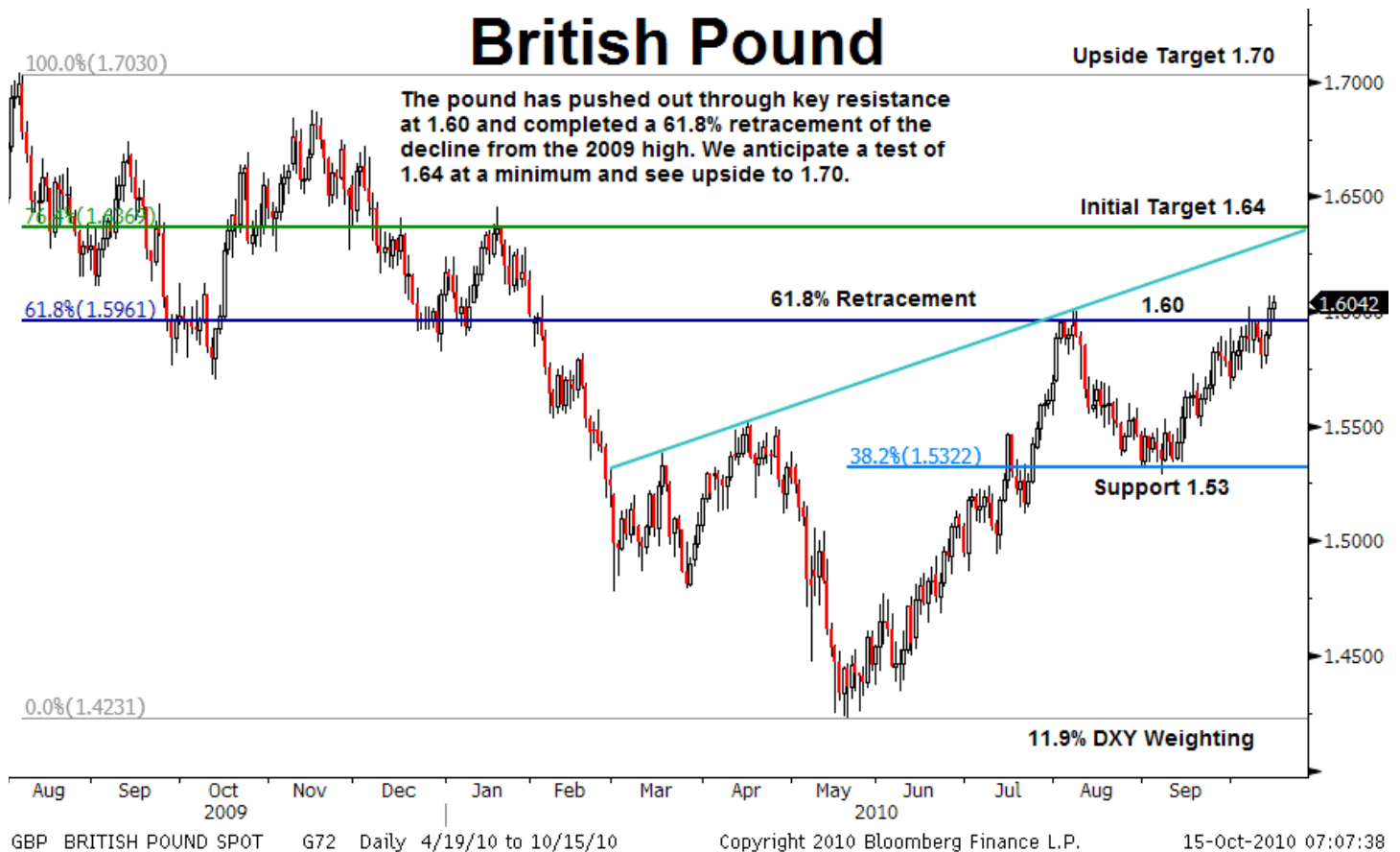
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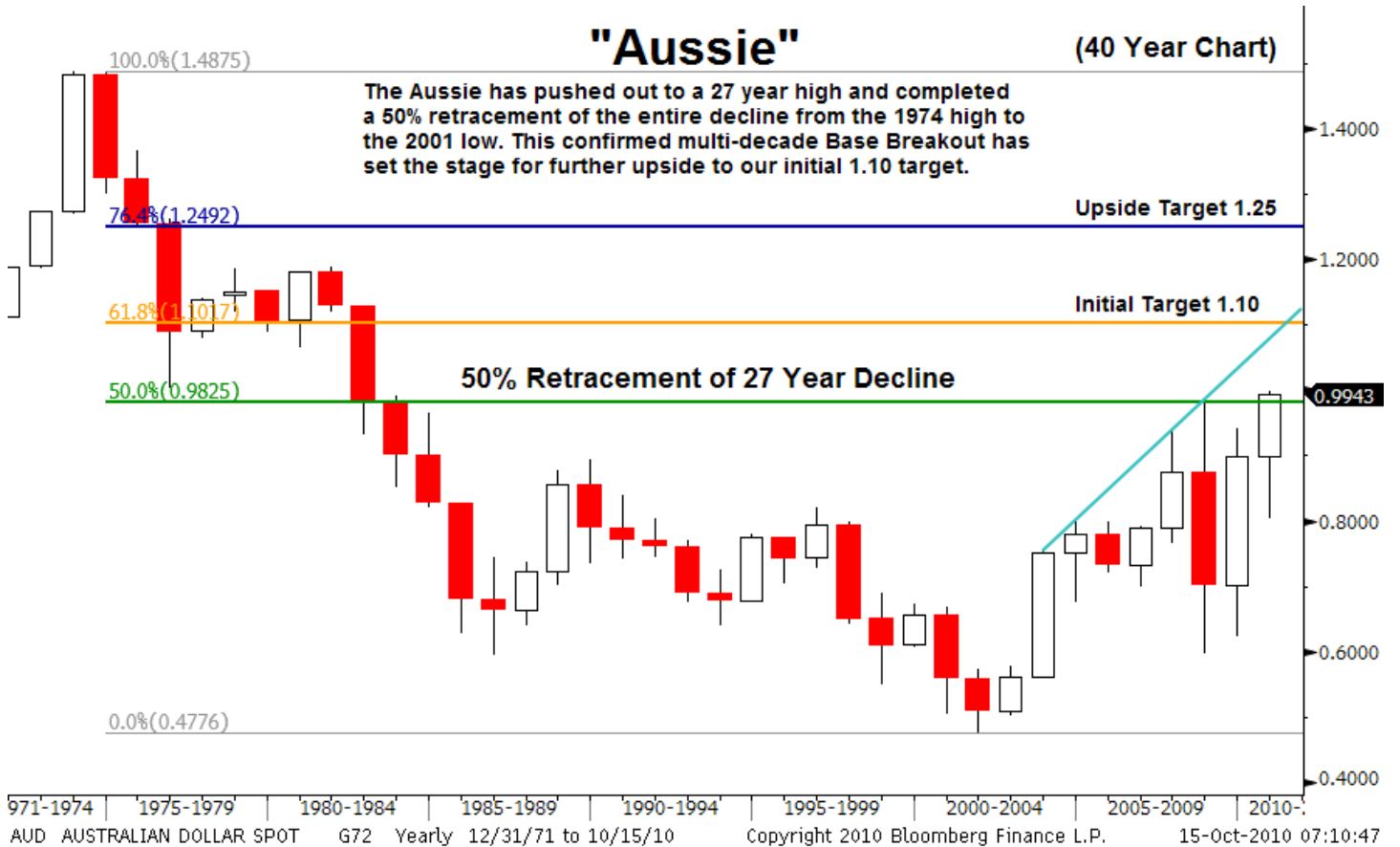
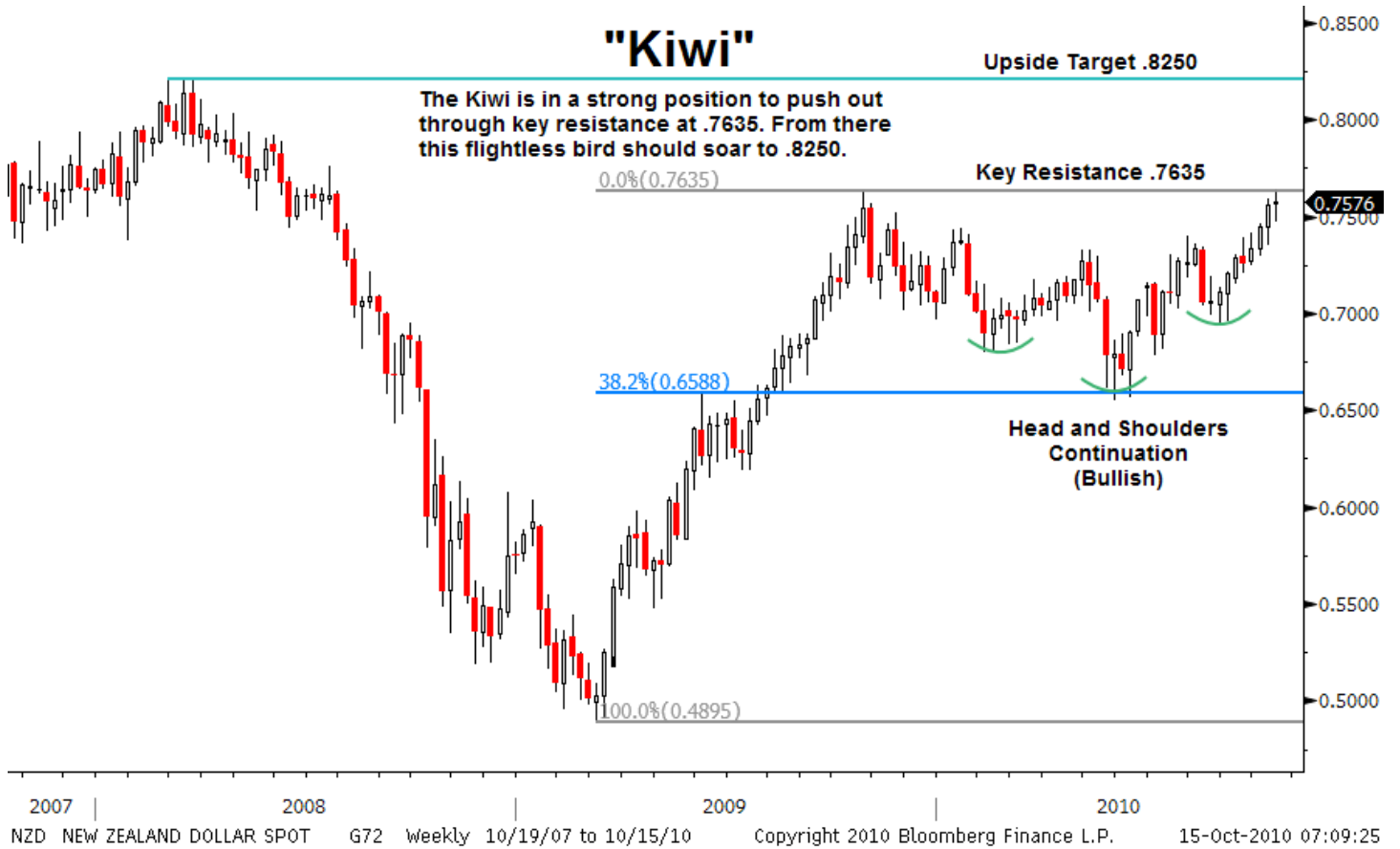
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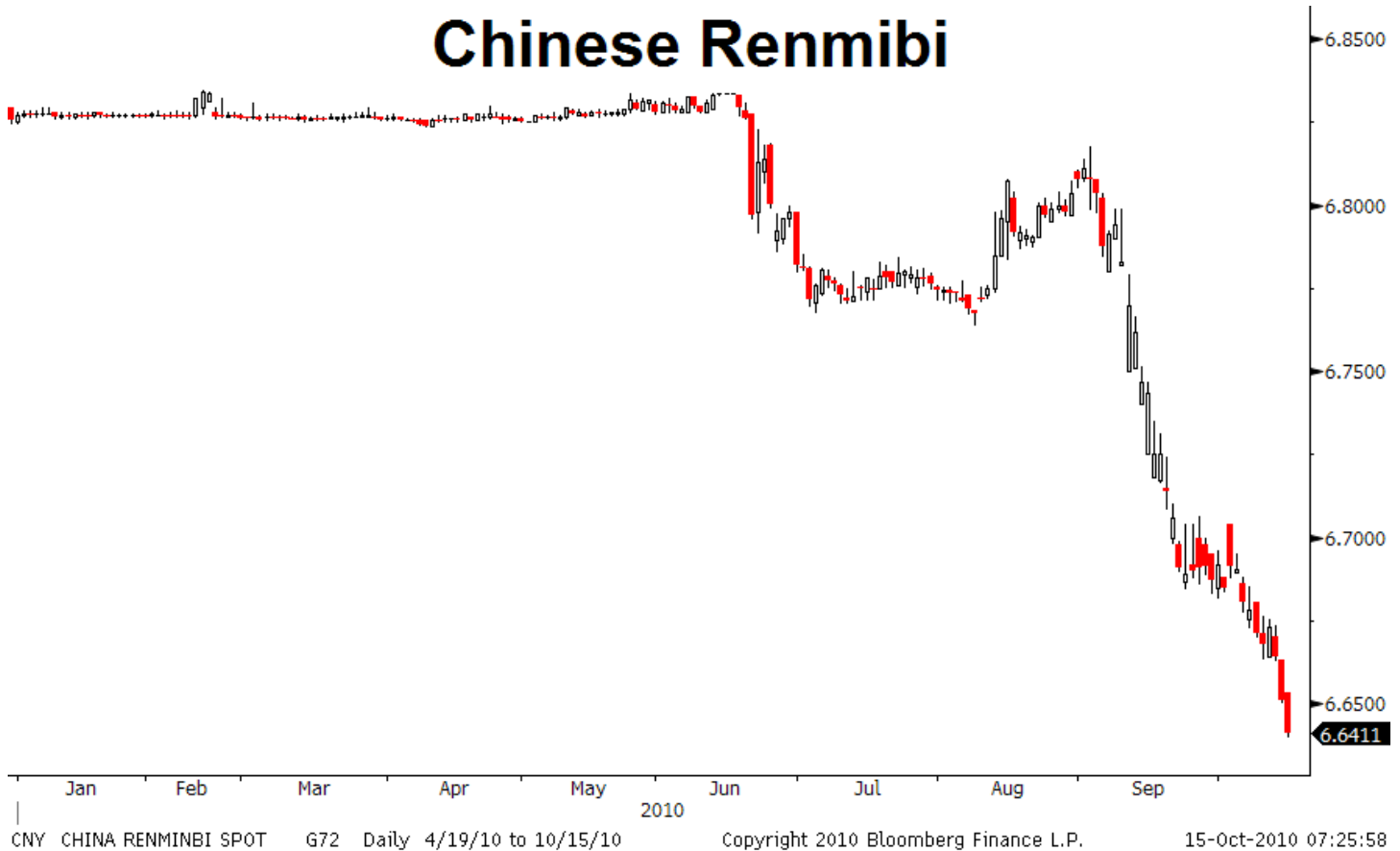
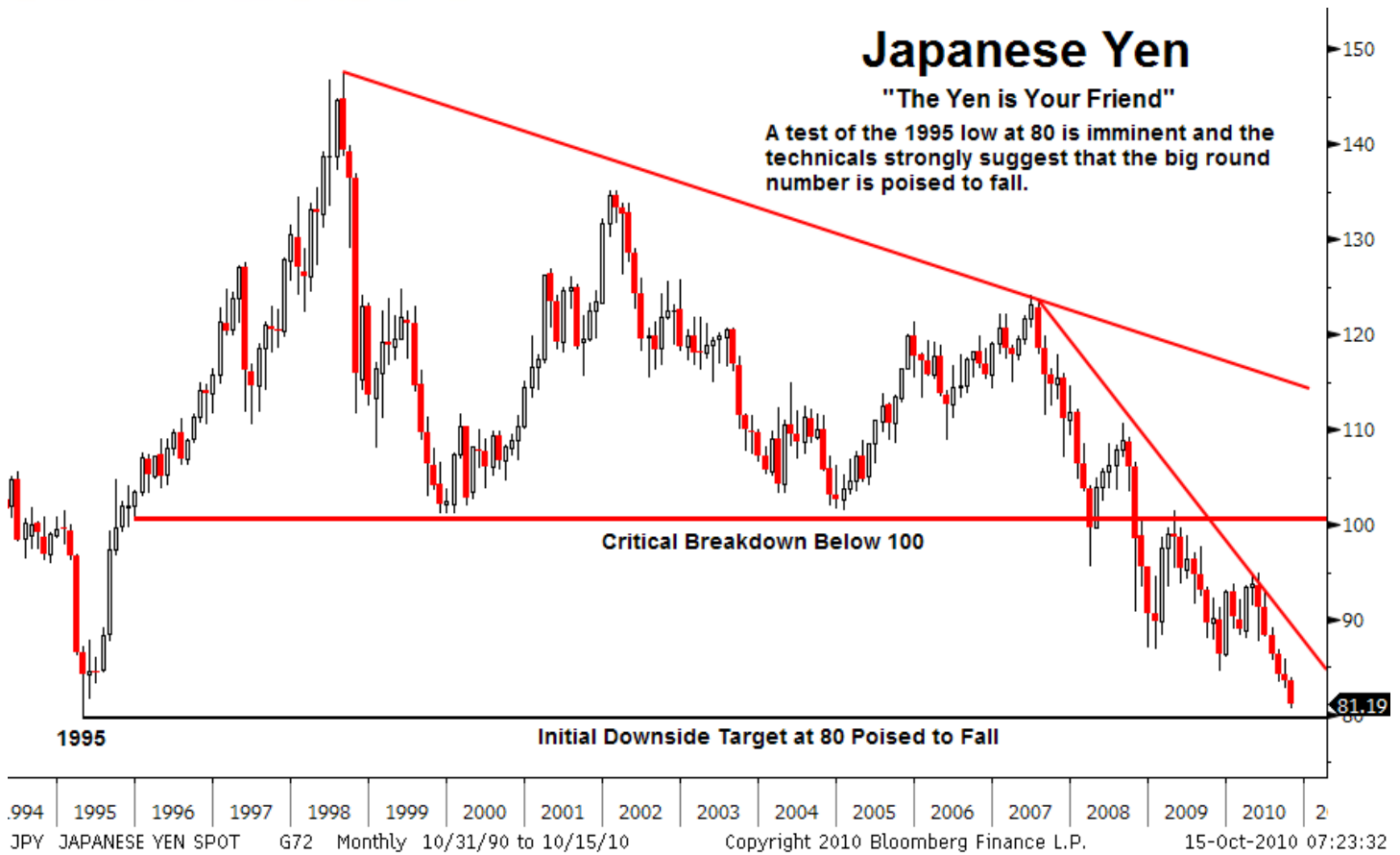
Euro



British Pound







Gold

"I'm Just Getting Started"

The methodical nature of Gold's powerful advance suggests that further upside remains. We crossed 1,300 on September 28th and are well positioned to cross 1,400 by October 28th. I have a strong suspicion that by December 28th we will be discussing 1,500.



GOLDS GOLD SPOT \$/OZ G72 Daily 10/15/09 to 10/15/10 Copyright 2010 Bloomberg Finance L.P. 15-Oct-2010 07:46:07

Silver

Initial Target 26.50

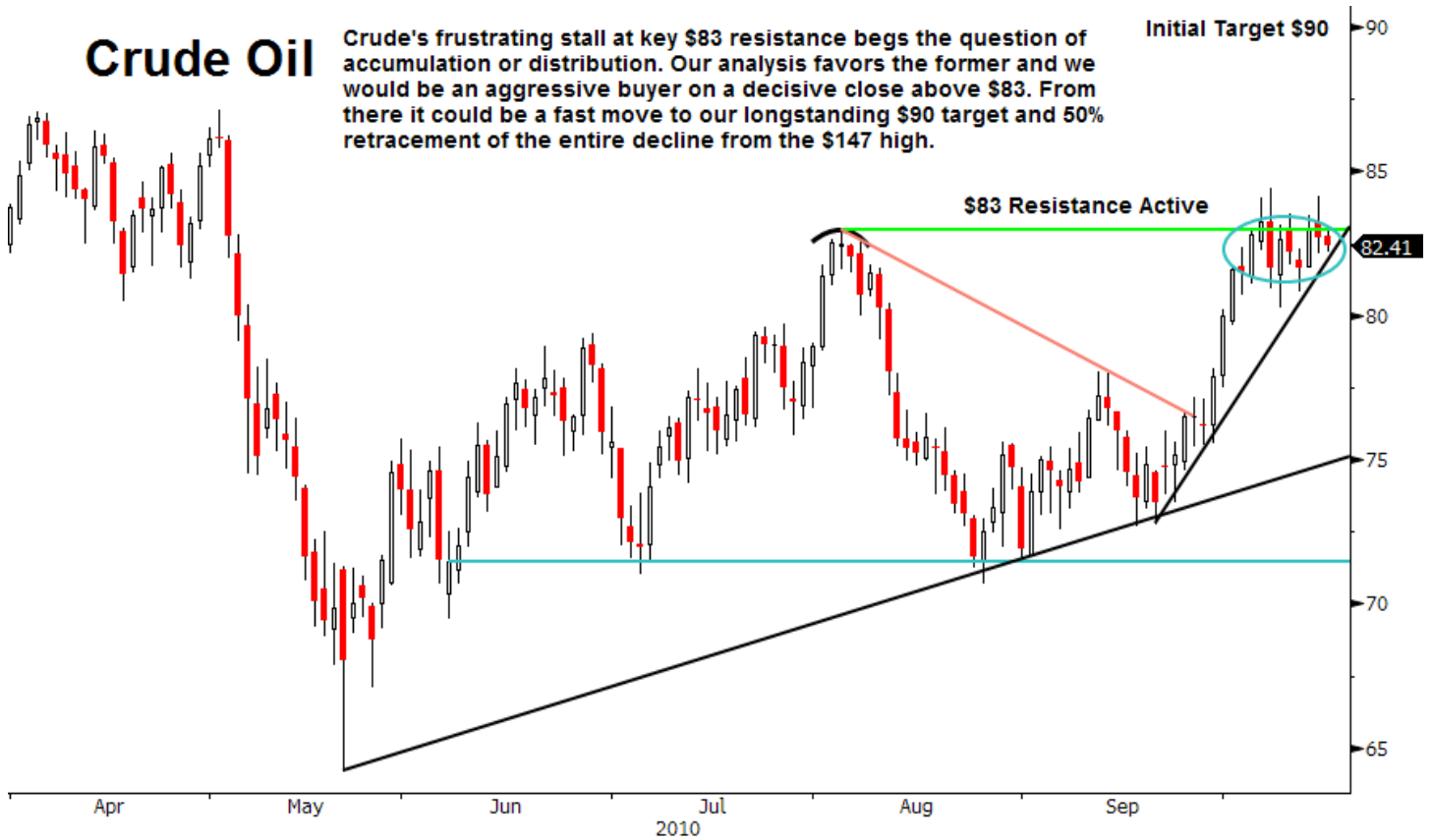
Silver has taken out "Reagan Era" Resistance at 23.50 and even the Hunt Brothers would be sitting on a profit at these levels. Prices have a much longer memory than people, and Silver has traded as high as 49.45. A move up to 31.92 would complete a 61.8% retracement of the entire decline from Peak (49.45) to trough (3.56). I would settle for a 50% retracement to 26.50, our initial Upside Target.



007 | SILV SILVER SPOT \$/OZ G72 weekly 10/5/07 to 10/15/10 Copyright 2010 Bloomberg Finance L.P. 15-Oct-2010 08:01:46

Crude Oil

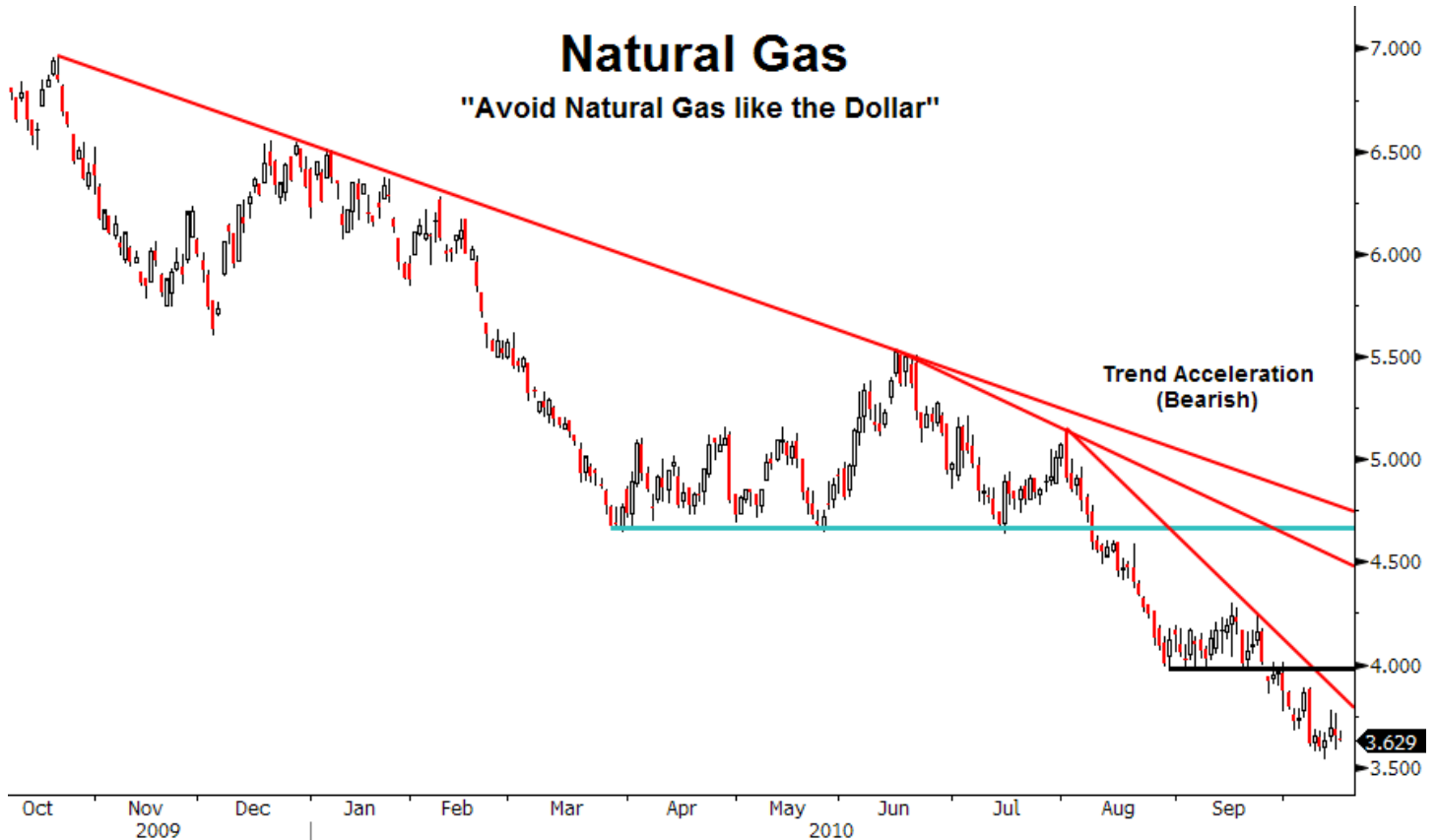
Crude's frustrating stall at key \$83 resistance begs the question of accumulation or distribution. Our analysis favors the former and we would be an aggressive buyer on a decisive close above \$83. From there it could be a fast move to our longstanding \$90 target and 50% retracement of the entire decline from the \$147 high.



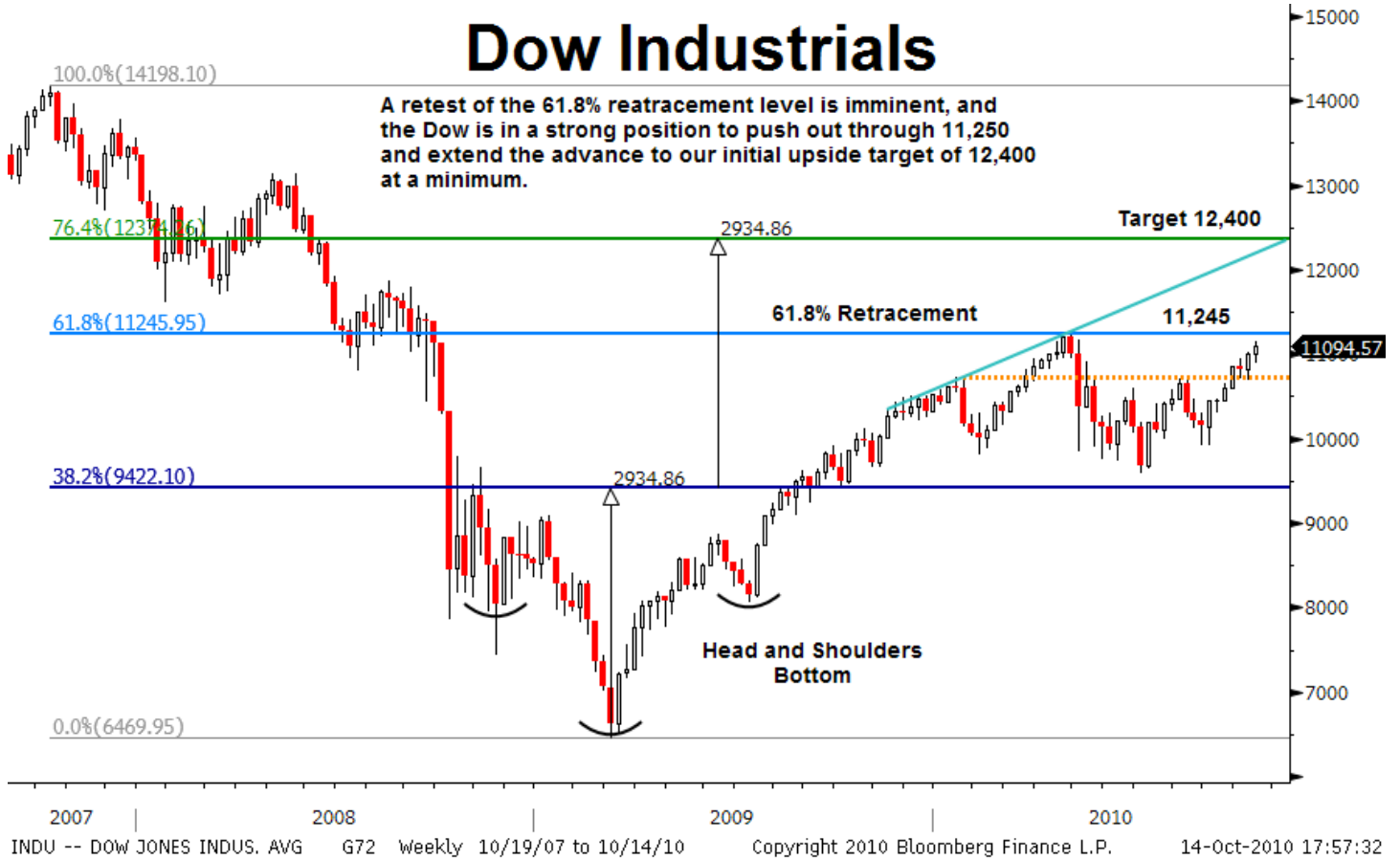
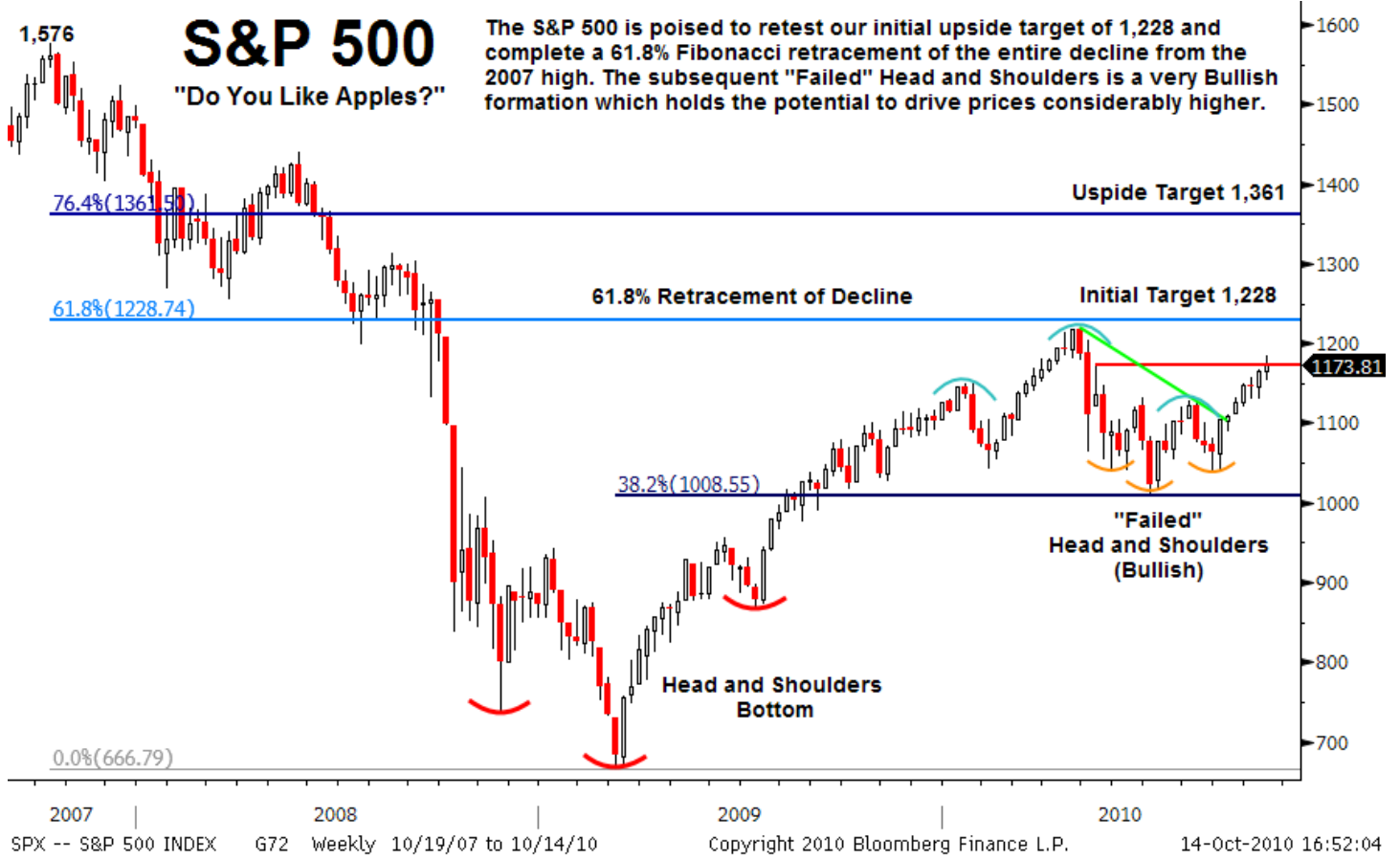
CL1 -- Generic 1st 'CL' Future G72 Daily 10/15/09 to 10/15/10 Copyright 2010 Bloomberg Finance L.P. 15-Oct-2010 08:11:05

Natural Gas

"Avoid Natural Gas like the Dollar"



NGX0 -- NATURAL GAS FUTR Nov10 G72 Daily 10/15/09 to 10/15/10 Copyright 2010 Bloomberg Finance L.P. 15-Oct-2010 08:13:34



MSCI EM Index

161.8%(1175.89)

Initial Target 1175

150.0%(1152.14)

"If a picture says a 1,000 words, our charts say 10,000"

138.2%(1128.38)

"Either You're In, or You're Out"
Ocean's Eleven



MXEF -- MSCI EM G72 Daily 10/15/09 to 10/14/10 Copyright 2010 Bloomberg Finance L.P. 15-Oct-2010 08:53:15

MSCI EM Index

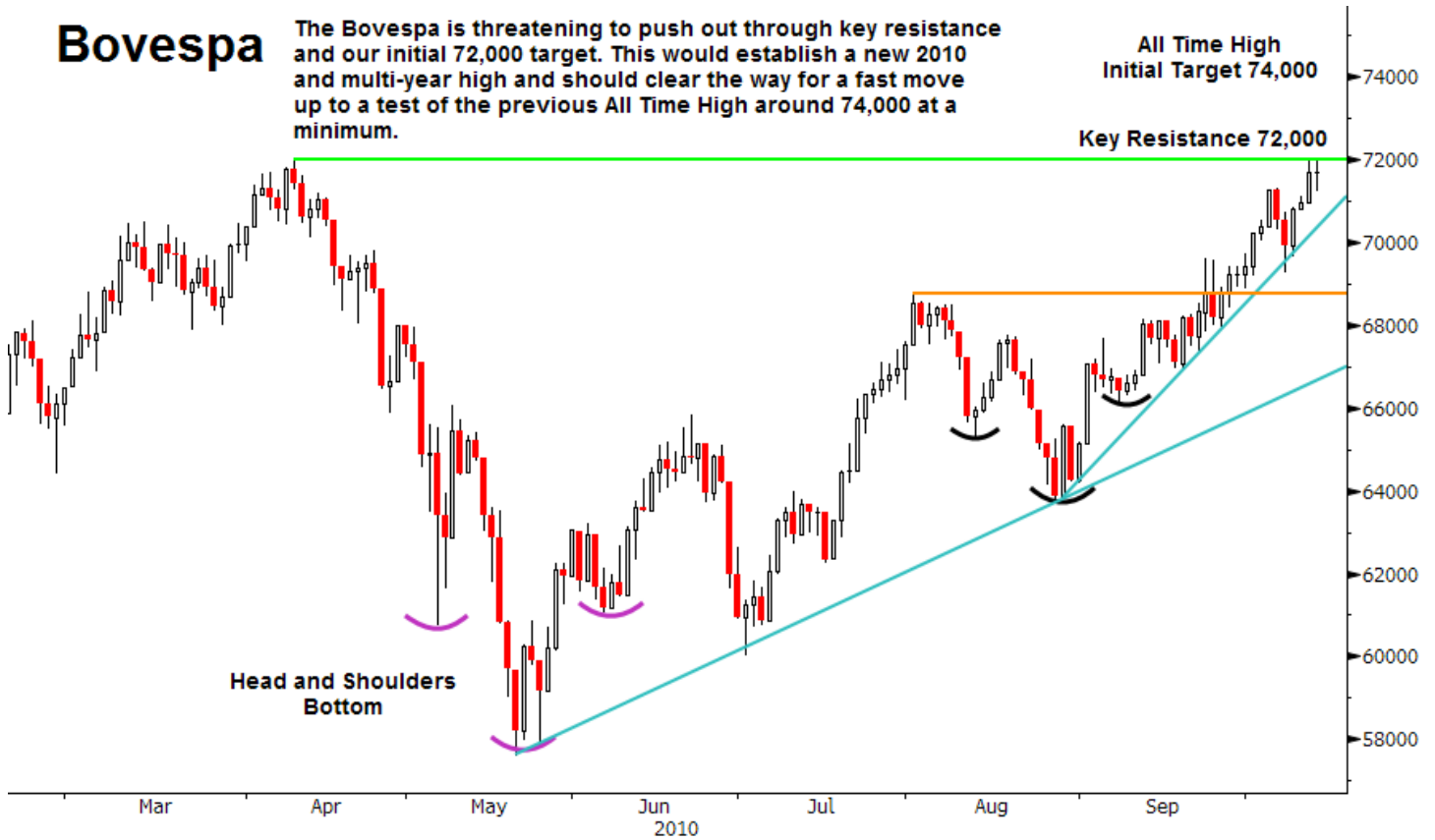
The Emerging Markets Index has rallied sharply into key resistance at 1,132 and is on the verge of completing a significant 76.4% retracement of the precipitous decline from the 2007 peak to the 2008 trough. While risks are increasing, momentum remains strong, price action Bullish, and we believe the Index remains in a strong position to extend the advance.



MXEF -- MSCI EM G72 weekly 10/19/07 to 10/14/10 Copyright 2010 Bloomberg Finance L.P. 14-Oct-2010 18:29:44

Bovespa

The Bovespa is threatening to push out through key resistance and our initial 72,000 target. This would establish a new 2010 and multi-year high and should clear the way for a fast move up to a test of the previous All Time High around 74,000 at a minimum.



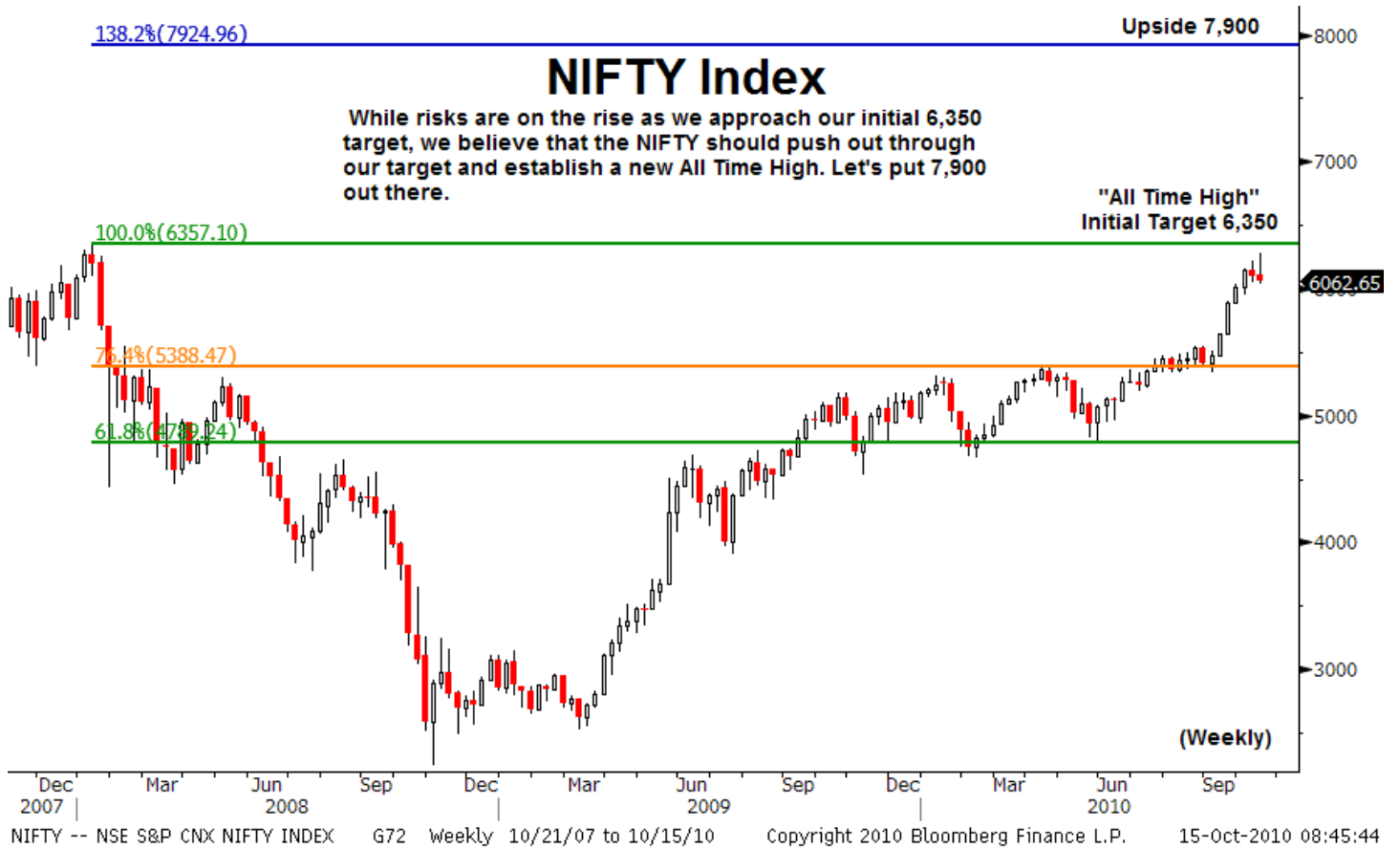
IBOV -- BRAZIL BOVESPA INDEX G72 Daily 4/19/10 to 10/15/10 Copyright 2010 Bloomberg Finance L.P. 15-Oct-2010 08:48:03

MICEX

The MICEX remains in a strong position to challenge 1,540 and establish a marginal new 2010 High.



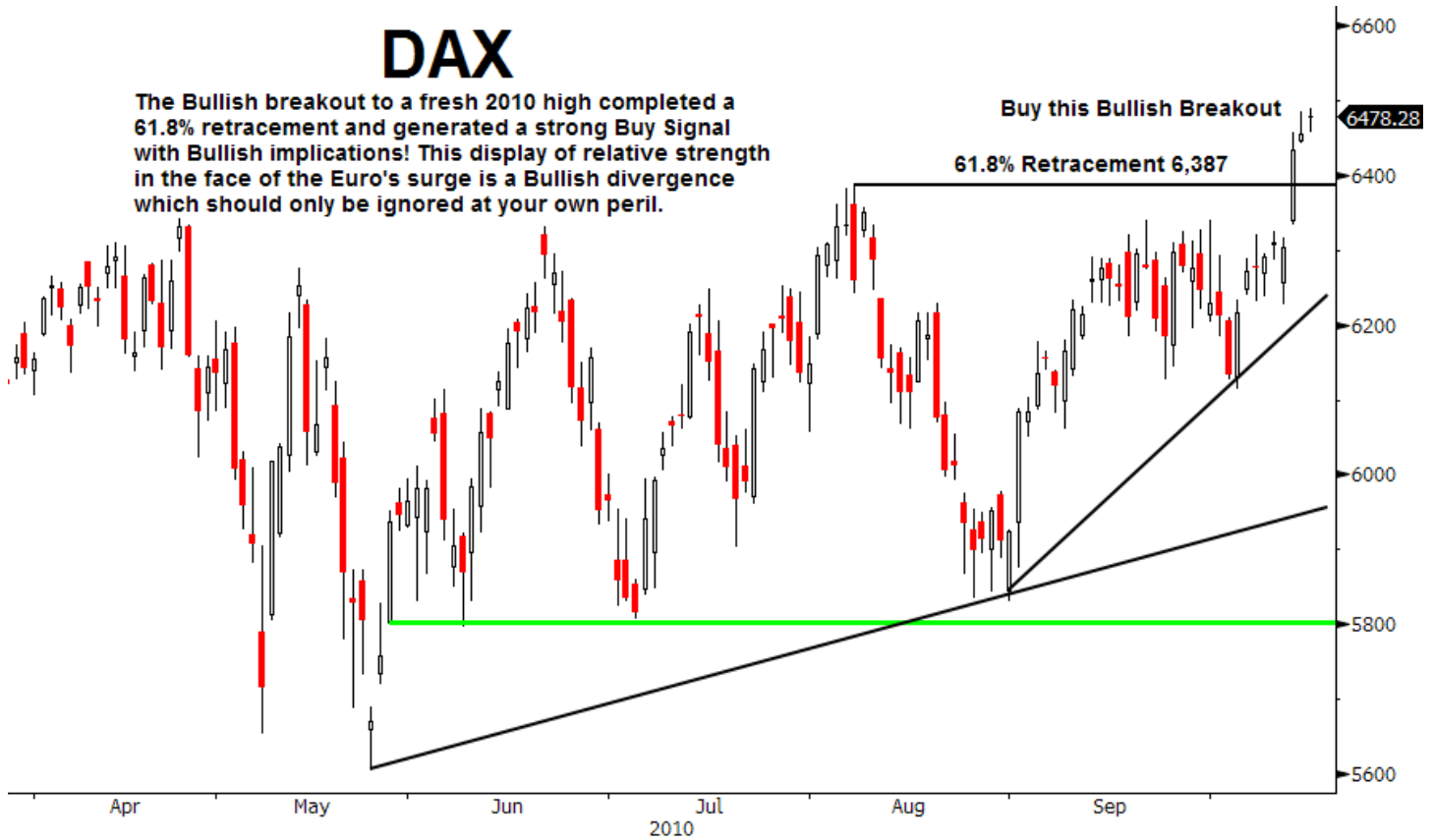
INDEXCF - MICEX INDEX G72 Daily 4/19/10 to 10/15/10 Copyright 2010 Bloomberg Finance L.P. 15-Oct-2010 08:46:52





DAX

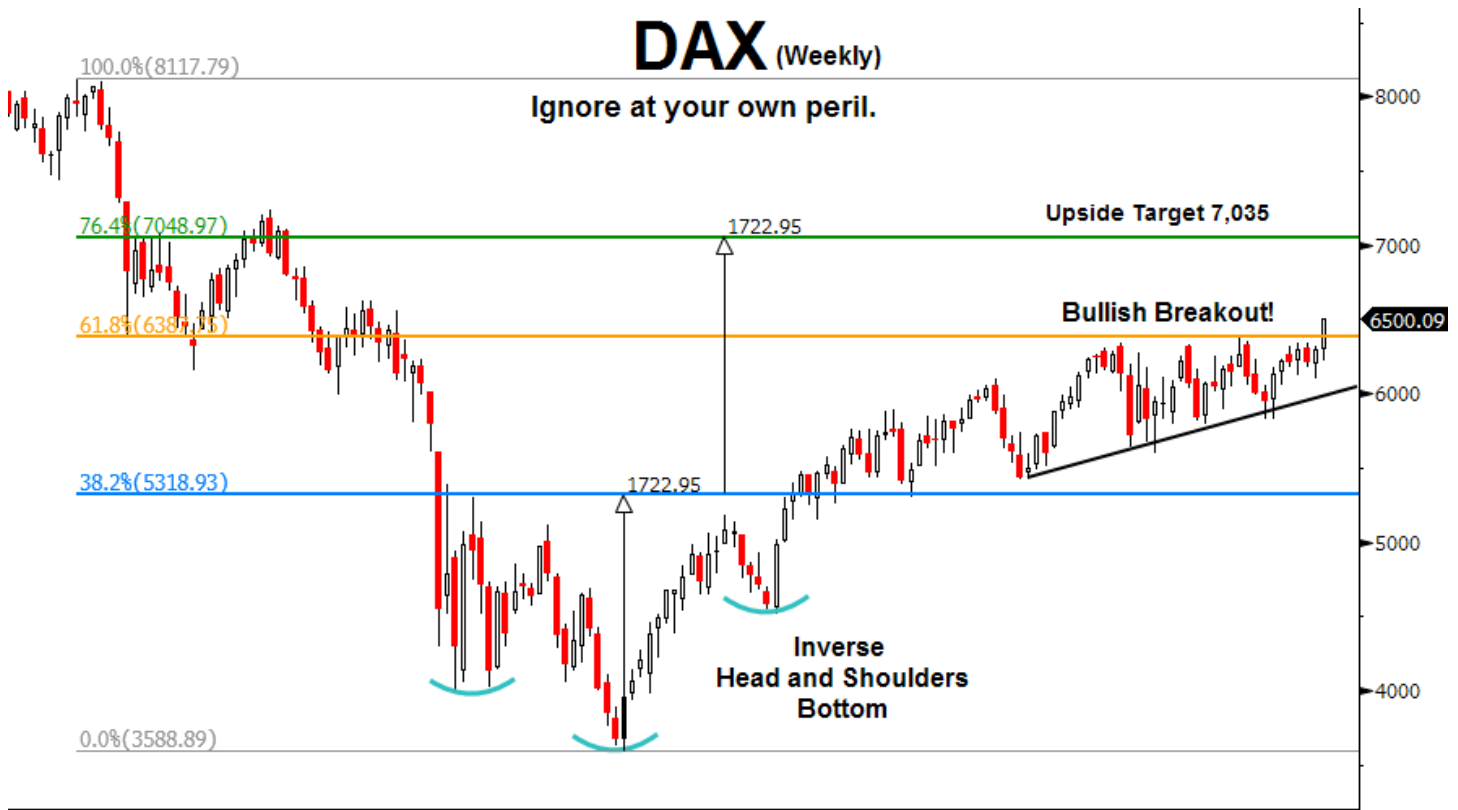
The Bullish breakout to a fresh 2010 high completed a 61.8% retracement and generated a strong Buy Signal with Bullish implications! This display of relative strength in the face of the Euro's surge is a Bullish divergence which should only be ignored at your own peril.



DAX -- DAX INDEX G72 Daily 4/19/10 to 10/15/10 Copyright 2010 Bloomberg Finance L.P. 15-Oct-2010 08:29:33

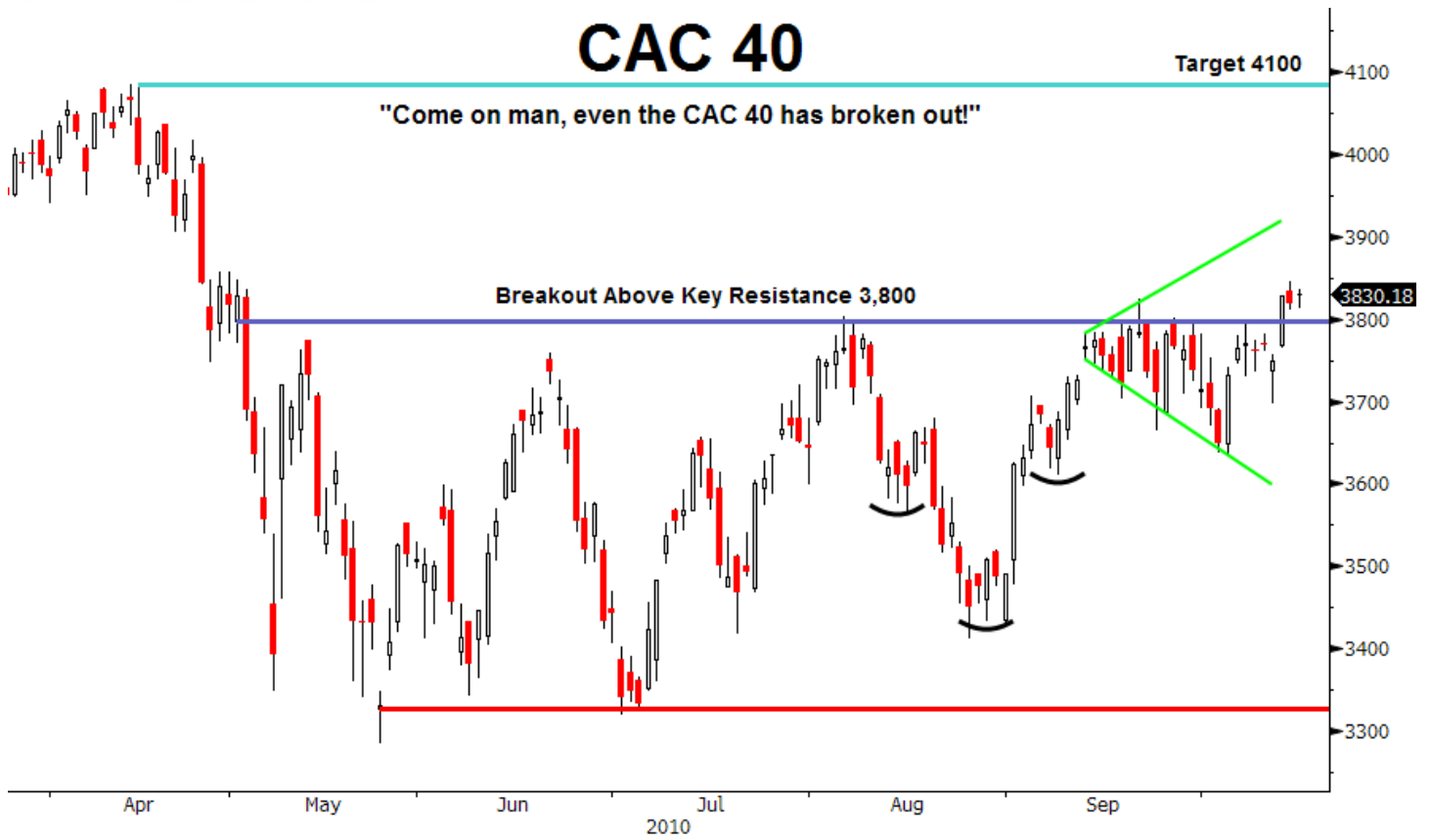
DAX (Weekly)

Ignore at your own peril.



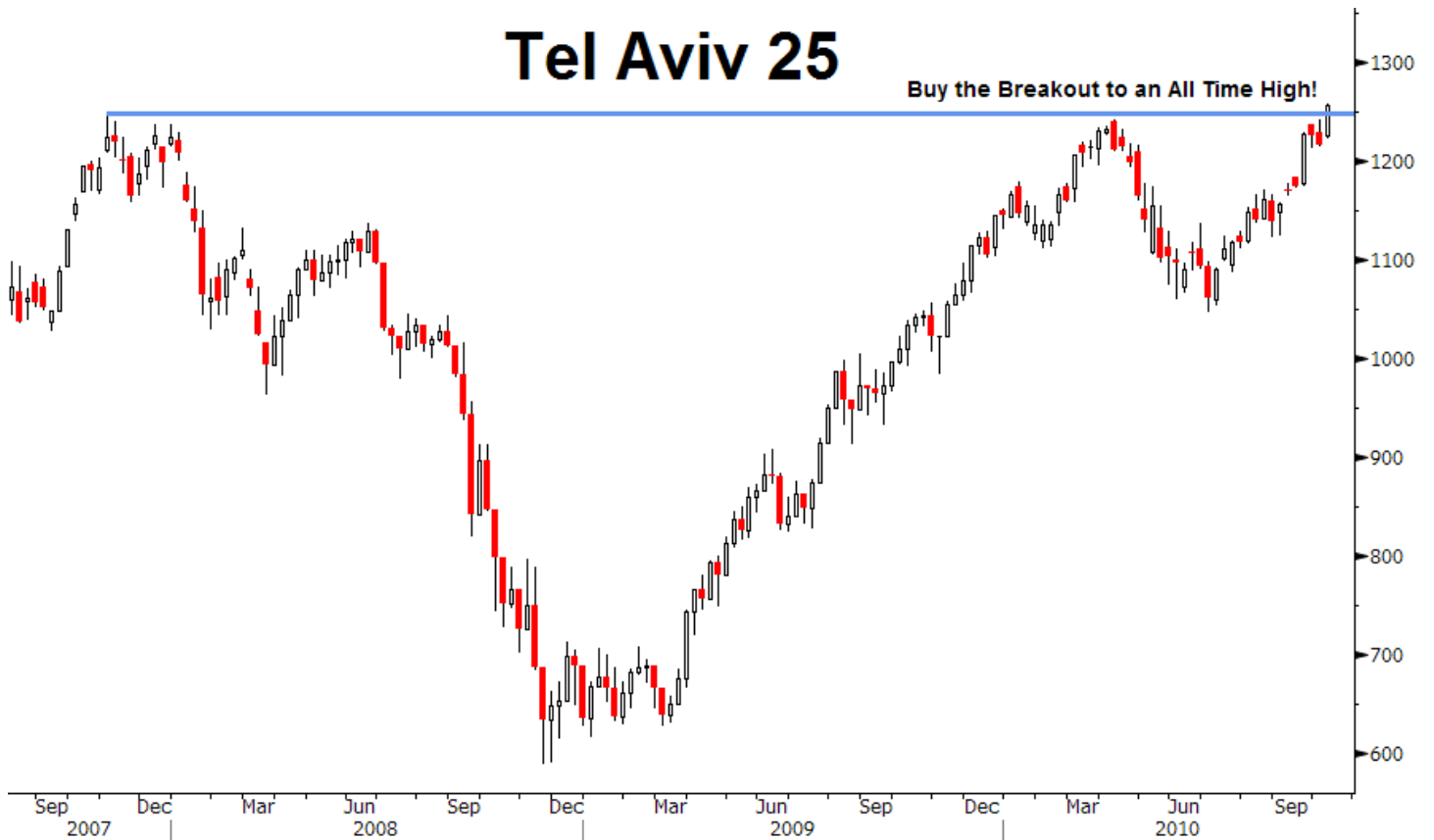
DAX -- DAX INDEX G72 Weekly 10/19/07 to 10/15/10 Copyright 2010 Bloomberg Finance L.P. 15-Oct-2010 08:33:40

CAC 40



CAC -- CAC 40 INDEX G72 Daily 4/19/10 to 10/15/10 Copyright 2010 Bloomberg Finance L.P. 15-Oct-2010 08:31:25

Tel Aviv 25



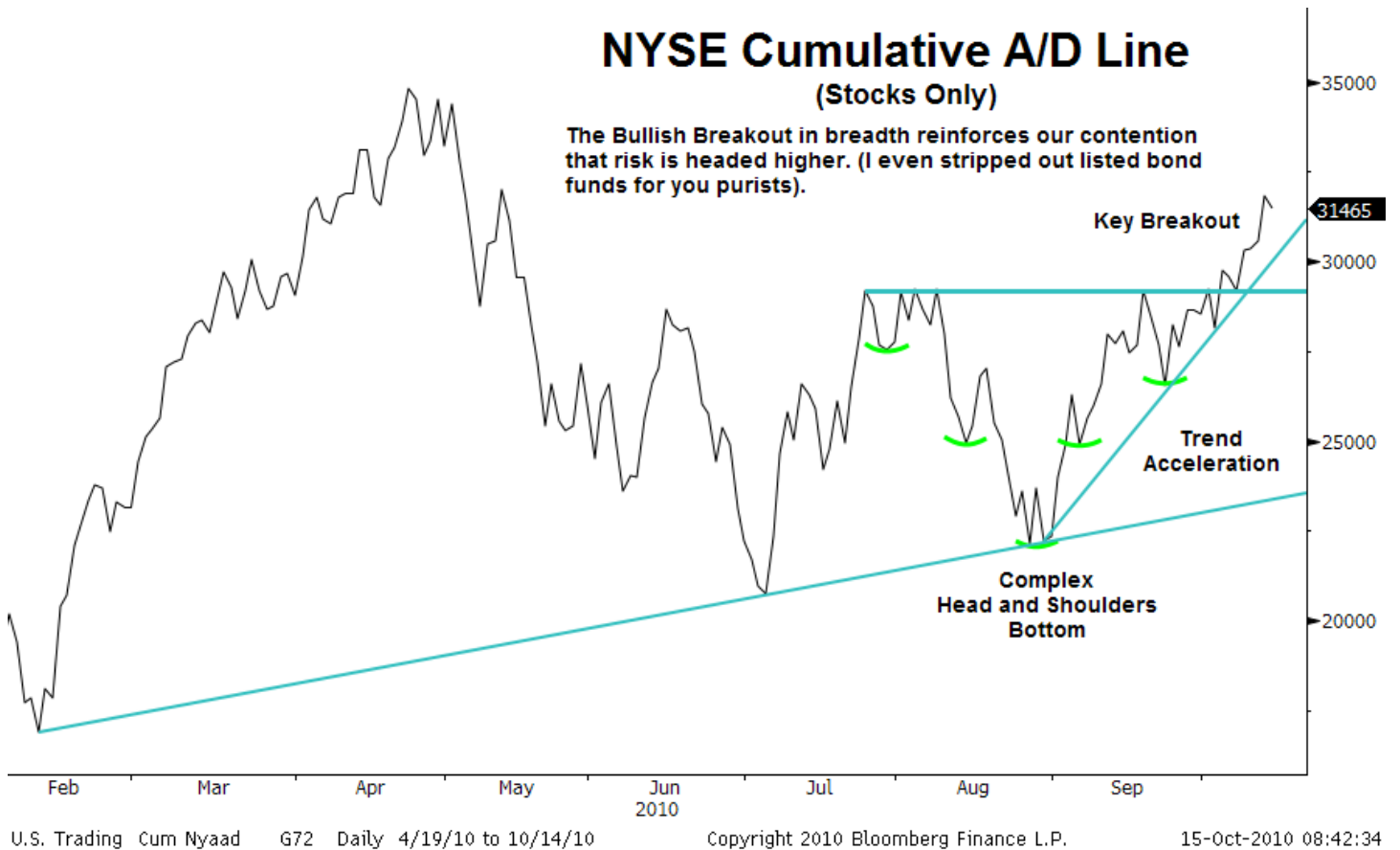
TA-25 -- TEL AVIV 25 INDEX G72 Weekly 10/18/07 to 10/15/10 Copyright 2010 Bloomberg Finance L.P. 15-Oct-2010 08:35:31

WIG 20 Index



NYSE Cumulative A/D Line (Stocks Only)

The Bullish Breakout in breadth reinforces our contention that risk is headed higher. (I even stripped out listed bond funds for you purists).



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