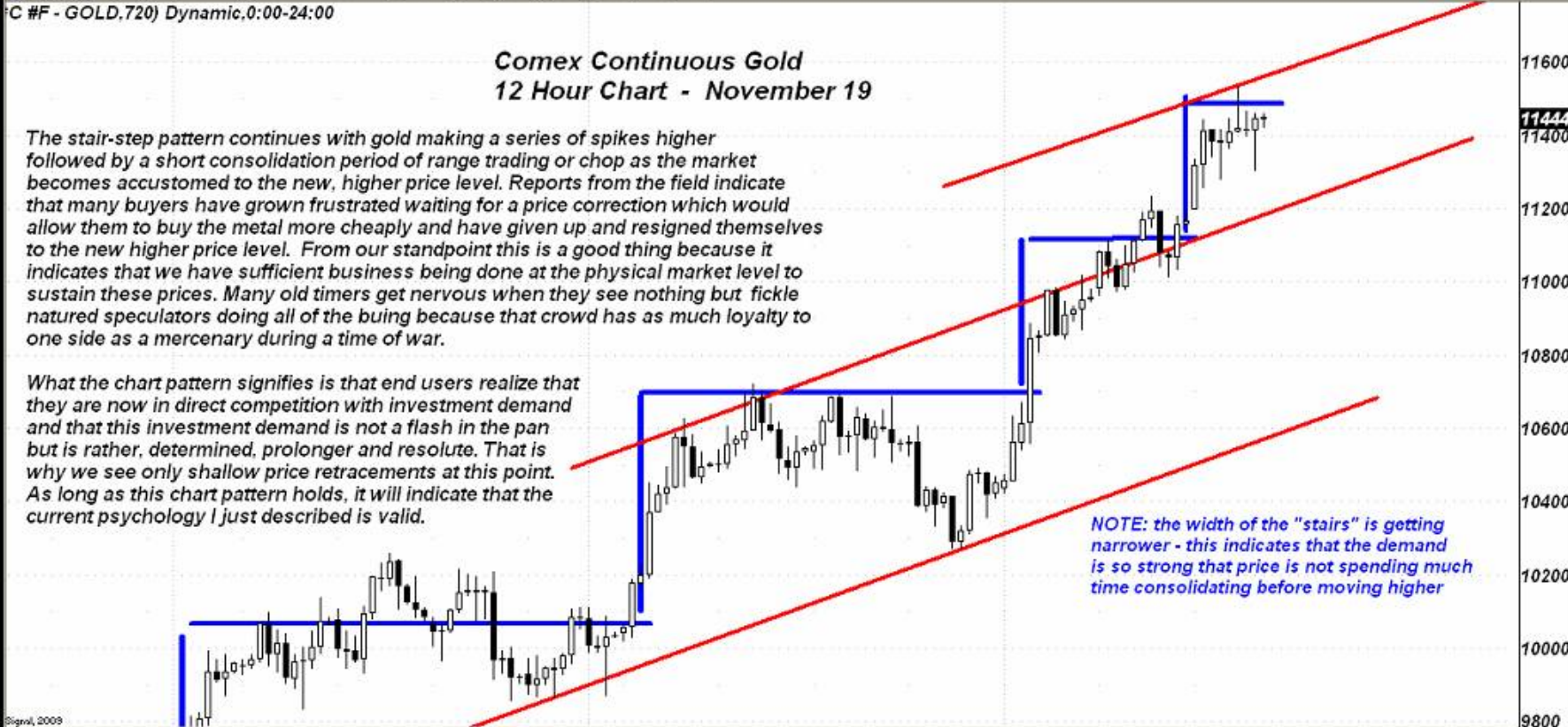


### Comex Continuous Gold 12 Hour Chart - November 19

The stair-step pattern continues with gold making a series of spikes higher followed by a short consolidation period of range trading or chop as the market becomes accustomed to the new, higher price level. Reports from the field indicate that many buyers have grown frustrated waiting for a price correction which would allow them to buy the metal more cheaply and have given up and resigned themselves to the new higher price level. From our standpoint this is a good thing because it indicates that we have sufficient business being done at the physical market level to sustain these prices. Many old timers get nervous when they see nothing but fickle natured speculators doing all of the buying because that crowd has as much loyalty to one side as a mercenary during a time of war.

What the chart pattern signifies is that end users realize that they are now in direct competition with investment demand and that this investment demand is not a flash in the pan but is rather, determined, prolonger and resolute. That is why we see only shallow price retracements at this point. As long as this chart pattern holds, it will indicate that the current psychology I just described is valid.

*NOTE: the width of the "stairs" is getting narrower - this indicates that the demand is so strong that price is not spending much time consolidating before moving higher*



*RSI is overbought but has not broken down and is moving sideways at a high level*