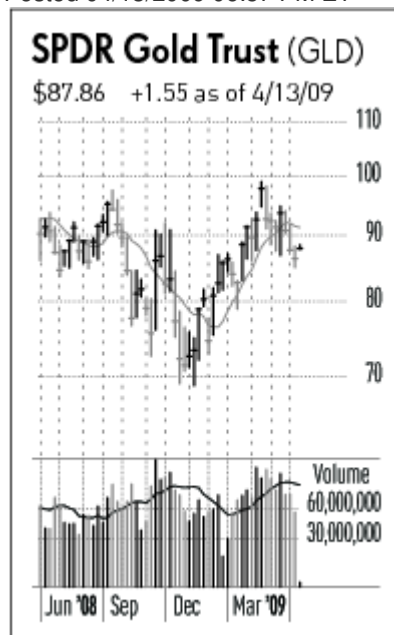


Gold ETFs Rise On Safe-Haven Buying

By TRANG HO, INVESTOR'S BUSINESS DAILY

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Gold prices rose Monday in their biggest advance in three weeks on safe-haven buying, as stocks gapped down in morning trade and the dollar fell against major currencies.

The April gold futures contract closed up \$12.50, or 1.4%, at \$894.70 an ounce on the Nymex.

SPDR Gold Shares ([GLD](#)), a fund that corresponds to about one-tenth the price of an ounce, gapped up 1.8% to 87.86, closing between the 50- and 200-day moving averages. The ETF has been trending lower since the week of Feb. 20. It's trading 11% below its 52-week high.

iShares Silver Trust ([SLV](#)) rose 3.3% to 12.57, closing right on its 200-day average and just below its 50-day line. It's 34% off its 52-week high.

Market Vectors Gold Miners ([GDX](#)) advanced 2.2% to 33.75 in low volume.

The ETF closed near the point where its 50-day line crossed above its 200-day line. The basket of mining companies outpaces the commodity on the up- and downside.

Meanwhile, news of strong demand and low inventories in China sent industrial metal copper soaring to a six-month high.

iPath Dow Jones AIG Copper Total Return ([JJC](#)), an exchange traded note tracking copper prices, advanced 2.7% to 30.02 in above-average volume.

PowerShares DB Base Metals ([DBB](#)), which buys futures contracts on aluminum, zinc and grade-A copper, surged 2.4% to 14.56 in nearly double average volume. The ETF has risen for five weeks straight, rallying 34% off its February low of 10.90. But it faces resistance at its 40-week moving average, trading 44% below its 52-week high.

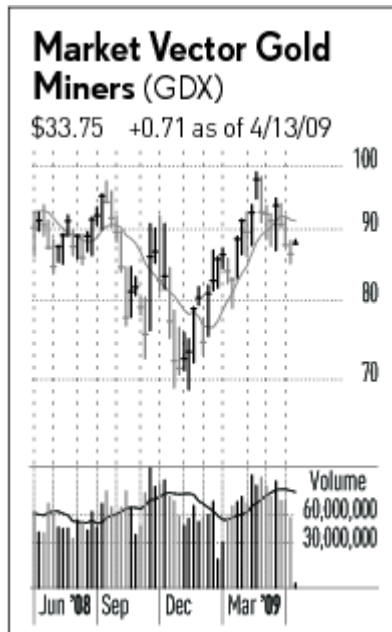
Technical Analysis

After topping at \$1,011 an ounce in March 2008, gold's chart has formed a bearish head-and-shoulders pattern, which was completed when gold fell below support at \$890 an ounce, says Mark Arbeter, chief technical strategist at Standard & Poor's.

"Prices had already broken trendline support that had been in place since the November lows, and have put in a lower high and a lower low," Arbeter wrote in a weekly technical report. "Sentiment toward gold and silver has backed

off, and may have further to go. Commercial hedgers (smart money) are not showing any hurry to buy the current decline in gold as only 27% of their positions are buys, as opposed to 37% near the bottom in November."

The next downside target for gold would be around \$800 an ounce, where gold has previously found support. That price also corresponds to a target area based on Fibonacci technical analysis, according to Arbeter.



Janice Dorn, a gold futures trader and founder of TheTradingDoctor.com, says traders should continue to short gold on rallies because the monthly and weekly charts for the yellow metal and silver are flashing sell signals.

"As long as gold can't get above (prior resistance at) \$893, I will continue to short rallies," Dorn said. "As long as the broad markets rally, monies will come out of gold and silver and go into equities. There is evidence that investors and traders are becoming less risk-averse."

Hedging Uncertainty

But it would be "prudent to modestly hedge investment portfolios against inflation" via gold and gold stocks, said Sam Subramanian, chief investment officer of Alpha Profit Investments.

"The rise in the price of gold combined with falling mining costs provides opportunities for gold miners to widen margins," Subramanian wrote in a client newsletter. "As for risks, fickleness of hedge funds owning gold, a stronger dollar, and improving confidence in the financial system can cause gold-related investments to be highly volatile."

Yiorgo Aretos, founder of TheTMPProject.com, recommended Monday that his clients take a long-term position in gold. He projects gold shooting up to \$1,350-\$1,500 an ounce by June 2010 because of the uncertainty of the U.S. dollar's value as the world moves away from using it as a reserve currency.

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