Gold report

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"Quantitative approach for asymmetric results"

ñRisk onò leads to overweight equities and sideways Gold

☐ **Overall Gold picture**: since latest economic data released picture an overall better than expected economy (Dallas Manufacturing apart) trade of the week was risk on and therefore long equities through also selling exposure in Gold. Due to that Gold is now trading sideways but still away from the first meaningful support at 1630 usd and even further away from what I call the ñMaginot Lineò of 1523 usd.

☐ **Daily Gold chart:** still long with a clear bullish Head and Shoulder pattern. Needs to overcome neckline for confirmation.

☐ **Gold miners**: (ABX, G, K, NEM) looking at Newmont Mining in specific, trend on weekly and daily chart is bearish but now a bounce is probable.

Gold after reaching 1789 usd with a breathtaking run from the December 29th low has been since then drifting lower reaching last week the low of 1627 usd.
That is precisely the 61.8% retracement of the whole leg up from 1523 usd to 1789.

At that level I doubled my position in Gold and Silver (which I havenøt mentioned before, but is basically a substitute for the Gold trade) but since then I havenøt been pleasantly surprised, as Gold spoiled me in the past.

Still the chart I am using since October 6th is still valid to me, also because going on a lower time frame, daily, there is a potential bullish formation in the making.

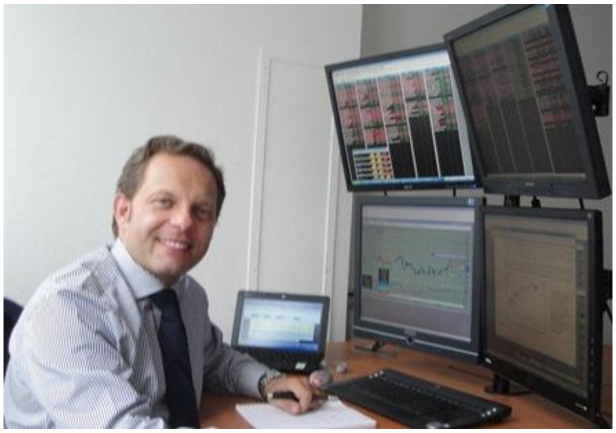
Here I am attaching the daily chart where I can see a bullish Head and Shoulder in the making.
Typically this formations are confirmed once the neckline is violated; however having the chance to spot it early may give and additional advantage as in this case, opening or increasing positions at the low of the right shoulder, as I did.

In this way I am having the best reward to risk, as my stop is below the low of the right shoulder (1627 usd) and my first target is the neckline. Once there I will decide depending on candlestick what to do.

However the weekly chart is still telling me that so far the 2,000 usd target is still valid.

Newmont Mining (NEM US) is telling a different story. This is a weekly chart: definitely way too early to talk about a bearish head and shoulder, but right now this looks like another very conservative long trade, as the stop is below 50 usd (low of the week of March 14th 2011).

Target of the long trade is 63 usd which is 61.8% retracement of the downward movement from the top. If Nem will not go beyond, then chances for the bearish H&S increase dramatically.



Mr. Maggioni has been working in the financial markets for the last 11 years covering different roles and working in tier 1 consulting companies and banks worldwide.

In recent years his studies have been focused on the psycho-emotional aspects of trading and how those aspects have an impact on tradersô behavior.
Before starting this venture, he was head of a hedge fund desk at HSBC Private Bank in Monaco and before that he was employed at Credit Suisse Asset Management (CSAM) in Zurich covering the in-house single manager hedge funds.

Most of his experience in hedge funds was gained while working in a Swiss family office where he was in charge of the research and analysis as well as due diligence for US and European hedge funds. He also performed quantitative analysis and portfolio construction for several funds advised by the family office.

Prior to that he worked as an external consultant for KPMG Financial Services in the Milan office. In 2002 he has been hired by Ernst & Young LLP, San Francisco as auditor for hedge funds, auditing large single funds and fund of funds. In 2000 he joined Ernst & Young in Milan as an auditor for mid-sized companies.

Mr. Maggioni holds an MBA from IUM and a Portfolio Management degree from the University of Chicago GSB.