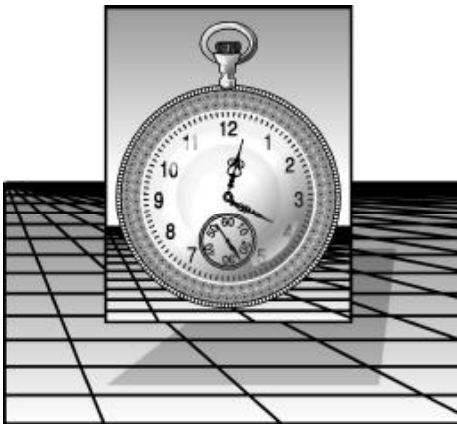


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The next issue will be published January 18.

- The “head fake” comment has an element of truth. Page 2
- The *new* Professional Timing letter will begin with the April issue. You can go to our Web site to sign up. Page 5



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HANGOVER TIME?

Should we wait and have one more drink before the cops show up and bust the party, or should we leave now before another panic starts?



I suppose the argument about the market being a rational price-setting instrument will go on forever. My opinion is that it is not. If the market were rational in any way, you wouldn't have had the crash of 2008 or the rally that led up to it. You wouldn't have had the crash in the dot-com's in 2000-2002, or 5,000 in the Nasdaq at the preceding highs.

Sometimes the market gets it wrong, but it always adjusts. All investors will not wake up at the exact same moment; but sooner or later, something occurs that slaps them to awareness. Unfortunately, in investing with real money, there is no “thanks, I needed that” response.

At its present stage, the current rally reminds me of watching the little pile of sand build up in the lower half of an hour glass. The size of the pile of sand does not help predict the exact time it will give in to its inherent instability. Nevertheless, time without adjustment increases risk. Adjustments devastate those who are not aligned correctly with the market and who stay at the party too long.

The essential key to successful long term investing is to be aligned in the right asset class - to either be invested in hard tangible assets or paper non-tangibles. Getting that right will account for 85% of your investment success. A simple

It should not be assumed that the recommendations made in the future will be profitable or will equal past performance. A list of all recommendations made by this advisor within the past 17 months will be furnished upon request. Professional Timing Service and/or associated individuals will from time to time have positions in the investments mentioned and recommended in this newsletter. All rights reserved - copyright @ 2010 by Professional Timing Service.

comparison of the ultimate paper asset, the Dow Jones Industrial Average, to the quintessential hard asset, gold, will keep you on the right path.

The Dow/gold ratio will cycle from highs in the 30's or 40's to lows, usually at 1 or 2. Currently, the ratio is 9.50. It has been rising since last March when it bottomed close to 7.00. We are clearly not in either the beginning stages of the bull market in commodities or the bear in stocks like we were in 1999 when the ratio topped out at 43.7. The ratio has further to fall before we can turn our back on commodity investing and focus once again on stocks and bonds.

There is a time aspect to the cyclical swing between tangibles and non-tangibles. Typically, it takes approximately 20 years from the top in the ratio until it finds its next low. Having topped out late in 1999, this leaves us but halfway along. If the cycle ends early – say, in only 17 or 18 years - the next low in the ratio (high in the commodity market) should not be expected until 2017-2018. We are not at the end of the commodity bull yet, and you need to invest accordingly. Continue to concentrate on commodities/tangibles in your investment strategy.

The stock market is still in a secular bear, and it will be for at least another 5 to 10 years. There is more downside adjustment to come. The counter-trend rally in the stock market that began last March has little time left in it. I am not sure how much time, but we needn't worry about that. The bearish warning flags have been waving for a couple of months now. The best way to play this out is to ride along on the edge of your seat with both eyes open and be well-protected with sell stops until our timing models give us a sell signal. Then, become extremely defensive.

The Palio model has been positive since a brief exit and re-entry in July. It has been stubbornly attached to the current buy signal since then. I have said many times, it is impossible to forecast your timing models. The models are designed to issue signals when the time comes for action. The caveat is that Palio will, by design, be late. It is not a leading indicator. It is not going to catch the exact top, but it will objectively kick into a definitive sell mode when this rally is over. We also have a timing model specifically aimed at the Nasdaq. The Nasdaq is hyper-important because without the participation of the Nasdaq, the rest of the market will go nowhere. Currently, the Nasdaq Slow Tracker is on a buy, and it will turn negative if the Nasdaq falls to 2,113.90 or lower. Changes will be announced in the online updates.

In the December monthly letter, we began discussing a rally in the U.S. dollar. At the time, most of the Street was looking for the dollar to continue its southerly march unabated. However, at the time, my technical work was indicating otherwise. We are now in the midst of a dollar rally that has surprised most of the Street. I am hearing that this “bounce” is but a “head fake” and the dollar will reverse its rally at any time. My take is that, indeed, the secular long term dollar bear is not over, and we will see the dollar fall not only to new lows, but likely to half of today's value before the bottom is in. As the dollar continues to decline over the next 5 to 10 years, the commodity bull will continue and paper assets will suffer.

The “head fake” comment has an element of truth. I don't see this rally as anything more than a needed technical correction, as expressed in the December letter. I don't see it turning back down just yet either. My upside target is 80.00 basis March. I can make a strong argument that the Dollar Index will carry as high as 82.00. Bottom line, there is more in store for the dollar rally near term. As a guide, our Rydex dollar trading program - which has been long the dollar since early December - will turn negative if the March dollar falls to 74.65 or lower.

As the U.S. dollar continues to meander higher, gold will feel the weight of its strength. The gold market got a little ahead of itself in early December as prices were breaking over \$1,200. Too much enthusiasm and a pending rally in the dollar prompted us to put stops on some of our gold positions, and several have been stopped out (see Page 6). I fully anticipate reinvesting this money as the dollar rally comes to full fruition. Remember, prices cycle and wiggle their way along a trend, and the dollar is taking a breather as the year ends. This has given gold a little support, but it is a good

bet that there is another pop coming in the dollar and a commensurate final drop in gold and the gold stocks. This adds up to an opportunity for us to focus on some potential buys.

Buy **Goldcorp** (GG-NYSE-\$39.34) at \$34.50. Goldcorp is likely the very best mining company on the planet. It should be the anchor to all precious metals portfolios.

I am removing the sell stop on **Royal Gold** (RGLD-OTC-\$47.09) and am recommending that you enter open buy orders at \$43.50. Incidentally, Royal Gold, being a royalty company, is sometimes a good leading indicator for the mining company prices. Often, it will change trend early (just a tidbit FYI).

Yamana (AUY-NYSE-\$11.38) is an old favorite of mine, and I encourage you to buy it or add to current positions at \$10.50 or better. Personally, I am going to add to my position at \$10.50 and then put in another open order at \$9.50 (stink bid). My strategy will be to buy two-thirds of my intended purchase at \$10.50 and the balance at \$9.50. Yamana has been a great company for us, and it continues to look good from a comparative strength perspective.

We were stopped out of **Market Vectors** (GDX-NYSE) just a bit higher than it is trading now. GDX does evidence decent comparative strength here, but I am very uncomfortable with ETF's in general. I am not going to recommend reinvesting in the **Spyder Gold Trust ETF** (GLD-NYSE) just now for the same reason. I plan on writing a piece on ETF's this year that subscribers will be privy to once I get the new Professional Timing letter up and running. I have both of these stocks on my radar, but I am not going to recommend repurchase at this time. If an opportunity develops that offsets the added risks I see in participating in ETF's in general, I will address them again. For now, there are better places for our money.

Until they improve technically, I am also not interested in buying back **Agnico-Eagle** (AEM-NYSE) or **Kinross** (KGC-NYSE). I am seeking other choices for the future. For the time being, stick with the above recommendations.

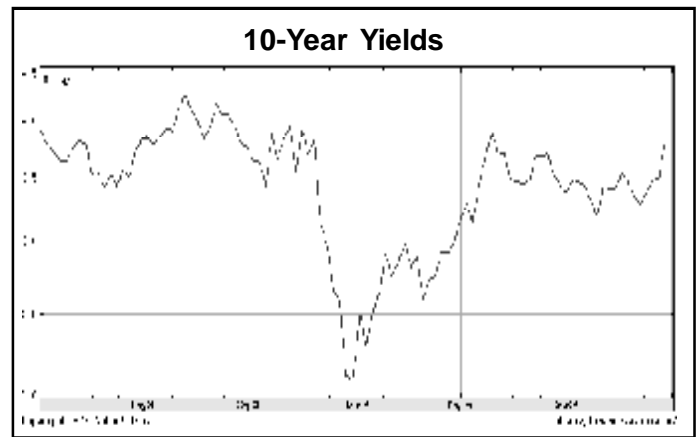
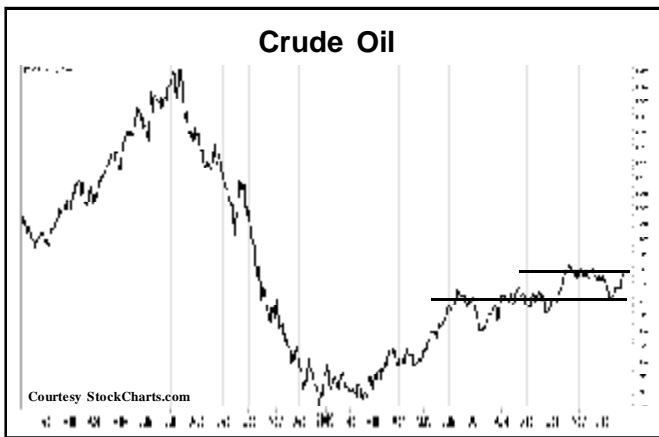
Silver is always intriguing. It definitely follows gold's trend, but its relative performance versus gold is a subject for the silver bugs, as evidenced in the gold/silver ratio. There are those who like to play the ratio, but I am not interested in that. The problem is that silver is a substitute in the precious metals game. Secondly, it is an industrial metal fraught with all the economic problems that go along with the industry; and unlike gold, it is consumed in the process. Nevertheless, a little stake in silver is not a bad idea from a diversification point of view. Sometimes, silver will outperform gold.

In that light, my favorite is **Silver Wheaton** (SLW-NYSE-\$15.02). Silver is largely a by-product of mining other metals, like copper, and Silver Wheaton essentially contracts to buy silver from these mines. SLW is a simple play on silver. They will not have a big motherlode discovery, but they will benefit directly from higher silver prices. Buy Silver Wheaton at \$13.50 or better; and if you want to put in another "stink" bid, you can try to purchase some at \$12.00. Although \$12.00 is a level of major support, I would be surprised to see it fall that low.

Silver Standard (SSRI-OTC-\$21.87) has not been one of my best choices, and I am going to leave it on hold for now. I would like to find a good place to sell it as the next leg of the precious metals bull unfolds later this spring.

I am leaving the juniors on hold until we see just how this gold correction progresses.

Crude oil has been frustrating for me of late. Although I was looking for support at \$66.00 - as written in the December mid-month letter - I was still touting a longer term drop to \$60.00. Basically, we did see a move off \$68.50, but prices have recovered back to \$80.00 again. The result is a trading range essentially confining crude prices between \$70.00 and \$80.00. It is going to be difficult for crude to break over \$83.50, and a trip back to \$70.00 is likely.



I want to add a new stock to our energy list; and since the market is not as opportune as I would like at the moment, I am going to tell you to scale into this one, like we recommended with Linn Energy (LINE-OTC) in the December letters. Buy a pilot position in **Prospect Capital Corp.** (PSEC-OTC-\$11.81) under \$12.00. I would recommend, say, 25% to 30% of your intended position. Then buy the rest under \$11.00. If our pilot acquisition is a little early, I think we can take advantage of future weakness to build our position, and I love the dividend. This one is a little risky, so don't go overboard just because they pay a great dividend.

PSEC is a closed-end investment company that lends money, primarily to energy companies. Most of their clientele are privately held companies involved in the exploration and production of oil, natural gas, and coal. They have some stake in natural gas processing and delivery, electric power generation, and oil service and equipment providers. Their list of projects is impressive, and you can dig through the details at their Web site www.prospectstreet.com. PSEC is yield oriented; and as you can see if you study their dividend history, they are very willing to share the wealth. In the current credit environment, they are able to lend to projects with a good historical cash flow and solid collateral.

As the credit markets tighten and smaller energy concerns find it more difficult to raise capital, Prospect's prospects will brighten, as will their shareholders'. The current dividend is 13.8%, and they pay quarterly. Incidentally, they just announced their 21st consecutive quarterly cash distribution increase. I don't expect them to be able to keep that up indefinitely, but they have a remarkable record and seem to be in the right place doing the right thing at the right time.

There are a couple of other adjustments I would like to make to our recommended list. **Apache Corp.** (APA-NYSE-\$103.17) is, in my humble opinion, the only major oil company you should own. Their operations are in relatively safe areas, and they have a knack for being able to squeeze that last bit of oil from aging fields. As the major oil fields on the globe dry up, this is a very valuable asset. I am raising the buy price for Apache to \$90.00.

Keep your eye on **Baytex** (BTE-NYSE-\$28.30). They are doing very well in this rally, and I am raising the buy price to \$24.00. They are an excellent dollar hedge, and it's a great way to position for \$120/barrel oil later this year. Another diversified commodity play on our list that has done very well of late is **BlackRock Energy and Resources Trust** (BGR-NYSE-\$25.63). I am raising the downside buy price for BGR to \$23.00.

The most likely time for the next seasonal low in crude would be late February or early March. My work is forecasting crude at \$120.00 this year; but near term, we are likely heading to another trip to bottom of the current trading range. This should provide us with an opportunity to advantageously add to energy portfolios.

On December 21, our Rydex bond trading program triggered a sell signal. The program exchanged to the Rydex Inverse Government Bond Fund, which rises along with interest rates as bond prices fall. The program may not appeal to everyone, but the signals are still worth keeping track of. This bond sell signal may end up being highly significant.

Bond prices have turned surprisingly weak, and interest rates on longer term issues are moving smartly higher. As you can see on the 10-year Treasury yield chart on Page 4, the yield on the 10-year is now breaking over 3.80%. This is accompanied by a widening spread between the shorter and longer maturities. The widening spread is indicative of problems in the credit markets – again – and should not be ignored. If the 10-year moves over 4.00%, the stock market will not continue to rally. Here is the Web site for the chart: <http://finance.yahoo.com/echarts?s=^TNX>.

This may be a warning that there is a “fat tail” in the bond market, which means the odds of another credit calamity is higher than anyone recognizes. The government’s appetite for increasing public debt is insatiable. Recently, the Treasury opted to guarantee Fannie Mae and Freddie Mac with no limits. You simply cannot generate an economic recovery under present circumstances, and bad policy decisions have always been disastrous to the economy. Perhaps 10-year rates can be manipulated by the Fed near term and abated back to 3.00% to 3.20%. Nevertheless, the widening spread has me concerned that there are serious credit problems lurking in the wings.

Finance and the markets are based on confidence. Liquidity is based on confidence. If confidence evaporates - which can happen very quickly - the pile of sand suddenly collapses and rationale goes out the window. When confidence is shaken or destroyed, gold is your best bet. One day, there will be a Treasury auction and no one will show up. It is intuitively obvious that the Fed cannot monetize 100% of federal borrowing. In fact, the limit - although empirically unknown - is somewhere between here and that 100% - likely closer to “here.” Eventually, the longer term bond market will break the Fed’s rather weak grip, and the bubble will pop. When that happens, the dollar will cave in, gold will go crazy on the up side, and essential commodities like crude oil will follow gold.

To address other diversified commodity positions on our list, **Gabelli Global Gold Natural Resources and Income Fund** (GGN-NYSE-\$16.33) has been on our list for several years, and I still like this stock. The problem is that they have been acting more like the Dow Jones Industrial Average or S&P 500 than a commodity stock. The reason is that they are very diversified in the natural resources sector, which detracts from their energy and precious metal holdings. This is a closed end fund - which is quite different from an ETF, by the way - and the dividend has been a saving grace. I would like to recommend buying this again to average our purchases made at higher prices, but I don’t see an advantage at current prices. The dividend is attractive at 10%, but GGN will remain on hold.

Besides BlackRock Energy (which I previously mentioned), a decent diversified commodity candidate is **IRR Risk Managed Natural Resources Fund** (IRR-NYSE-\$17.08). Our original purchase was at \$16.25, and that remains my downside buy price for IRR. The indicated dividend should be about 9.5% at that price. The **Pimco Real Return Strategy Commodity Fund** (PCRAX-\$8.18) recovered nicely last year. However, I don’t see an advantageous buying opportunity here, and I am putting it on hold for now.

The *new* Professional Timing letter will begin with the April issue. I have had an overwhelming positive response to my continuing the newsletter. I would like to hear from you regarding suggestions and features you would like to see included in the new service. I can’t promise that I can satisfy everyone, of course, but I am interested in fitting the letter to your needs in any way possible. It is your letter more than mine. E-mail me at info@protiming.com. If you would like to sign up now, go to our Web site www.protiming.com to do so.

As we delve into 2010, will we suffer a hangover from the bull’s party of 2009? My opinion is, yes, we will. If we see another credit crisis - which is likely - all asset classes will initially come down as they did in 2007 ... but investors do learn from the immediate future. They will quickly shift out of financials and into tangibles, especially gold, next time around. Consequently, I don’t expect to see the commodity sector get hit like it did in 2008. Commodities will become viewed as a new safe haven from a dying dollar. Until the Dow/gold ratio falls at least to 5, you needn’t be concerned about the end of the commodity bull or the end of the secular bear in financials that began in 2000.

Recommended Stocks For Buy And Hold

Note: You can get quotes on Canadian stocks in Canadian dollars by using the symbols we have listed at www.bigcharts.com. Thus, if you want a quote for Peyto Energy, go to www.bigcharts.com and type in CA:PEYUN. You can approximate the price in U.S. dollars by multiplying the Canadian dollar quote by .956. You should buy at or below the posted downside buy price. The downside buy price does not imply that this level will necessarily be reached, but that this is the maximum price we recommend that you pay for the issue. Changes since our last posting are in bold letters.

Company	Symbol	Exchange	Initial Recom. Date and	Price	Price 12/30/09	Downside Buy Price	Div 12/30/10	Target-T Stop-S	Web Site
U.S. \$									
Agnico-Eagle	AEM	NYSE	1/10/2007	36.00	54.00	12/15 Sold on stop at \$60.00			agnico-eagle.com
Alliance Res.	ARLP	OTC	9/29/2004	27.98	43.37	HOLD	7.01%	S=\$36.20	arlp.com
Apache Corp.	APA	NYSE	3/5/2007	68.00	103.17	90.00	0.58%		apachecorp.com
Baytex Energy	BTE	NYSE	5/18/2004	9.00	28.30	24.00	7.30%		www.baytex.ab.ca
BlackRock	BGR	NYSE	8/3/2005	25.99	25.63	23.00	6.32%		blackrock.com
CurrShrs. Euro ETF	FXE	NYSE	8/22/2008	148.57	142.91	12/11 Sold on stop at \$146.05			currencyshares.com
Enerplus Res.	ERF	NYSE	11/20/2008	19.00	22.96	HOLD	8.82%	S=\$20.95	enerplus.com
Gabelli Glb. Gld.	GGN	NYSE	1/3/2006	22.10	16.33	HOLD	10.29%		gabelli.com
Goldcorp	GG	NYSE	7/24/2008	40.00	39.34	34.50	0.46%		goldcorp.com
IRR Risk Mg Nat.Res.	IRR	NYSE	10/2/2009	16.25	17.08	16.25	8.95%		infunds.com
Kinder Morgan LP	KMP	NYSE	Buy at \$54.00		60.98	54.00	6.89%		kindermorgan.com
Kinross Gold (1)	KGC	NYSE	6/6/2002	2.39	18.40	12/17 Sold on stop at \$18.50			kinross.com
Kinross Gold	KGC	NYSE	1/4/2007	11.00	18.40	12/17 Sold on stop at \$18.50			kinross.com
Linn Energy LLC	LINE	OTC	11/18/2009	24.72	27.88	24.00	9.04%		linnenergy.com
Mkt. Vectors, ETF	GDX	NYSE	9/11/2006	37.00	46.21	12/15 Sold on stop at \$47.40			n/a
Pimco Com. Fund (2)	PCRAX		3/2/2005	11.89	8.18	HOLD	4.54%		pimcofunds.com
Prospect Capital	PSEC	OTC	Buy at \$12.00		11.81		13.84%		prospectstreet.com
Royal Gold	RGLD	NYSE	7/8/2009	38.00	47.09	43.50	0.76%		royalgold.com
Schlumberger	SLB	NYSE	1/18/2008	75.00	65.09	HOLD	1.29%		slb.com
Silver Standard	SSRI	OTC	1/4/2007	30.00	21.87	HOLD	n/a	S=\$11.60	silverstandard.com
Silver Wheaton	SLW	NYSE	3/10/2006	8.40	15.02	13.50	n/a	S=\$11.80	silverwheaton.com
Spdr Gold Trust	GLD	NYSE	9/11/2006	58.85	107.31	12/8 Sold on stop at \$110.65			n/a
Transocean (3)	RIG	NYSE	1/4/2007	75.00	82.80	12/4 Sold on stop at \$82.50			deepwater.com
Yamana	AUY	NYSE	4/14/2005	2.90	11.38	10.50	0.35%		yamana.com
Canadian Dollars									
Altius Minerals	CA:ALS	TSX	8/9/2007	17.88	8.72	HOLD	n/a		altiusminerals.com
ARC Energy	CA:AET.UN	TSX	9/8/2008	25.85	19.94	HOLD	6.02%		arcresources.com
Crescent Point En.	CA:CPG	TSX	9/16/2008	30.20	39.49	34.00	6.99%		crescentpointenergy.com
Brookfld Ren Pw (4)	CA:BRC.UN	TSX	12/17/2008	15.99	19.20	17.00	6.51%		greatlakeshydro.com
Peyto Energy	CA:PEY.UN	TSX	7/18/2003	8.75	14.06	HOLD	10.24%		peyto.com
Silvercorp Metals	CA:SVM	TSX	1/21/2008	8.00	6.97	HOLD	1.15%		silvercorp.ca

(1) Frontline dividend based on regular payment of \$0.625 per quarter. Extras have been paid, bringing the dividend on the past 12 months' payments to 13.38%. (2) On 2/27/07, Kinross acquired by exchange for Bema, originally purchased at \$1.06 on 6/6/02. (3) Ship Finance Intl. was acquired as a spinoff from Frontline on 3/6/07. (6) Transocean merged with Global Santa Fe on 11/27/07, receiving .6996 shares in the new Transocean plus \$33.03 in cash.

Buy And Hold Junior Gold & Silver Stocks - The Option Alternative

Company	Symbol	Exchange	Initial Recom. Date and	Price	Price 12/30/09	Downside Buy Price	Div	Target-T Stop-S	Web Site
U.S. \$									
Coeur d' Alene (5)	CDE	NYSE	9/2/2003	31.90	18.06	HOLD	n/a		coeur.com
Endeavor Silver	EXK	NYSE	7/26/2007	4.60	3.64	HOLD	n/a		edrsilver.com
Great Basin Gold	GBG	NYSE	12/21/2007	2.45	1.71	HOLD	n/a		greatbasingold.com
Nova Gold	NG	NYSE	2/29/2008	11.50	6.13	HOLD	n/a		novagold.com
Taseko Mines	TGB	NYSE	7/24/2006	2.40	4.22	HOLD	n/a		tasekominer.com
US Gold Corp.	UXG	NYSE	9/9/2005	1.70	2.48	HOLD	n/a		usgold.com
Canadian Dollars									
Everton Res.	CA:EVR	TSX	1/4/2007	1.30	0.20	HOLD	n/a		evertonresources.com
Golden Valley	CA:GZZ	TSX	2/20/2007	0.50	0.32	HOLD	n/a		goldenvalleymines.com
Laramide Res.	CA:LAM	TSX	3/16/2006	5.20	1.59	HOLD	n/a		laramide.com
Mega Uranium	CA:MGA	TSX	5/1/2007	6.75	0.76	HOLD	n/a		megauranium.com
UTS Energy	CA:UTS	TSX	5/15/2006	6.50	2.28	HOLD	n/a		uts.ca
Minera Andes	CA:MAI	TSX	9/11/2006	1.20	0.81	HOLD	n/a		minandes.com

C\$ Denotes Canadian dollar. Quotes for Canadian stocks can be obtained on the U.S. OTC Bulletin Board (pink sheets) with the following symbols. I want to caution you, however, that OTCBB quotes are not always current. They can be a day or more old at times. You should take the quote in Canadian dollars (as described above) times .956 to see if the OTC quote looks correct. You can access these OTCBB quotes by using www.barchart.com. Peyto Energy-PEYUF Laramide-LMRXF UTS Energy-UEYCF Minera Andes - MNEAF

Target-T A price in this column preceded by "T" represents the price at which you should liquidate the position and take profits. **Stop-S** A price in this column preceded by "S" represents the price at which you should place a sell/stop. Do not short on the target price or the stop price. There will not always be a target or stop price listed. For a further definition of a sell/stop, see the Welcome Letter.