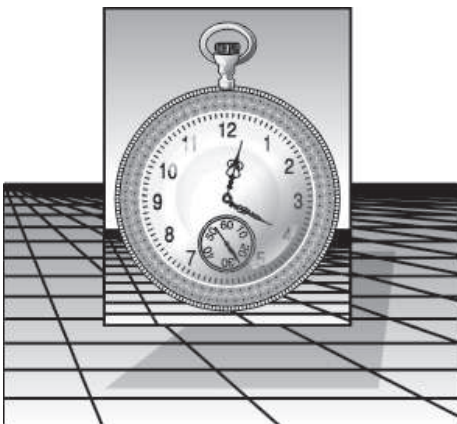


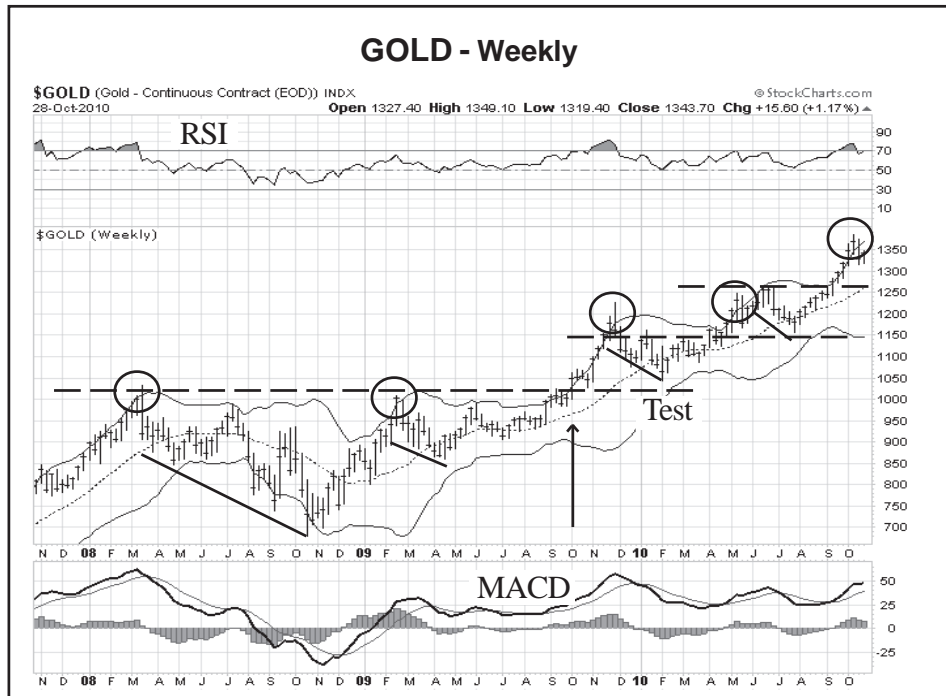
The next issue will be published December 1.

- **Is this the end of the world?**
Page 2
- **First, if I were to buy a gold stock without regard to**
Page 3
- **I have received some questions about emerging country investments.**
Page 4



www.protiming.com
e-mail: info@protiming.com

GOLD ... Perhaps A Little Help From Our Friends



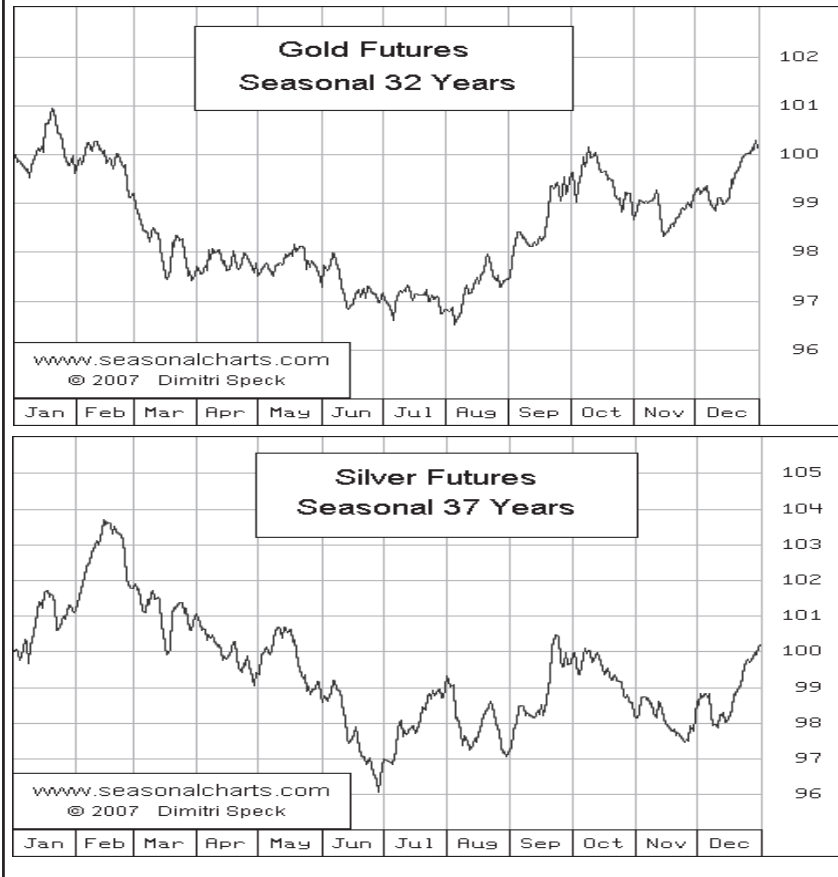
I mentioned in the past how China, India, and Russia have been overt in their desire to accumulate significant quantities of gold as an alternate currency reserve. I do believe we are seeing this process in effect, and it is acting to put a floor on the downside price of bullion. From a purely technical point of view, we should see gold come back to at least the June highs of \$1,260. An outside target would be \$1,150, but I don't think our foreign friends will wait that long to jump in and counter sellers. Nevertheless, my admonishments to not buy into strength have been rewarded by a pullback – but, so far, only toward the \$1,330 level.

In a world of outright lies and misdirection, technical analysis is often your only friend. The news we are fed by the media is quite simply biased and is deliberately twisted to mislead. Misinformation is rampant in the government, in medicine, in finance, and just about everywhere.

That said, I hope to not get tedious here ... but indulge me for a moment of technical investigation. You can see on the chart that gold finally broke over the former \$1,000 ceiling in October 2009. It then backed off to test that breakout in February 2010. We were able to make some decent buys during that test after avoiding chasing strength into the previous December high. All in all, since October 2008, the gold market has worked higher, albeit with an occasional correction along the way.

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.

Gold and Silver Seasonal Tendency



I have warned lately against chasing strength as bullion prices have advanced to new highs above \$1,380/oz. Note the five circled points on the weekly chart (Page 1) where prices have exceeded the upper Bollinger Band. These occasions are typically followed by some degree of selling. Once again, we are witnessing a cyclical period of profit-taking. This correction should, by all rights, bring prices back at least to \$1,260 where highs were established last June and July.

The 21-week moving average (that dashed line between the upper and lower Bollinger Bands on Page 1) sits at \$1,260. The lower band is right at \$1,150, the outside target I mentioned on Page 1. I would rate that as a very outside expectation at this time since the big question is whether our foreign friends, along with recently burned euro holders, will step in and take up the slack, thus holding prices from correcting back to traditional technical targets.

That is a possibility, but I still can't be seduced into the "it's different this time" argument. Note that on the weekly gold chart, RSI (the Relative Strength Indicator) reached overbought readings as extreme as those seen at the December 2009 peak and the highs in March 2008. MACD is also overbought; and although it has not produced an official sell signal yet, it has stalled out and has not matched the level it hit at the December 2009 highs. Negative divergence is always bearish.

The U.S. dollar is severely oversold, which is what happens when no one wants your currency. They sell it. That typically means they swap dollars for some other bankrupt country's money. However, of late, euro weakness and dollar weakness has prompted investors, traders, and central banks to swap some of that failing paper for gold. Dollar weakness has been at the root of some of the recent rally, and an oversold bounce in the dollar would soften gold prices some near term. However, I don't expect dollar strength to be as great an influence as it might have been in the past.

A move in the December dollar over 78.62 would be a short term positive. If you are following the Rydex dollar trading program, you should exchange from the Rydex Weakening Dollar Fund into the money market if 78.62 December basis is hit. This is a change from our previous reversal price of 84.01 listed in the online updates.

Is this the end of the world? No. Regardless of the growing appetite for gold investing around the globe, the correction that began from the \$1,388 highs in mid-October likely has a little time and distance left. I am encouraged by the tendency of the gold mining shares to form lows during the fourth quarter. There was an old seasonal trade that used to be written up in *The Stock Trader's Almanac*, compiled by Jeff and Yale Hirsch and published by John Wiley & Sons. The study showed that if you bought ASA at its November low and sold it at its high in the first quarter of the next year, the average gain was 87.8%!



Once gold topped out in 1980 and lost its popularity, the Almanac stopped reporting the study each year. My intent is to not advise the purchase of ASA, which is a closed-end fund of South African mining stocks this month. What I want to point out is that gold stocks tend to make important seasonal lows in November, and the ride into the first quarter of the next year is well worth it. We are likely on our way toward those lows.

The reliability of the Almanac's seasonal gold stock trade is reinforced by the seasonal tendency in gold and silver. The two charts on Page 2 say it all. Look at the rally into January and February on those charts.

With the Quantitative Easing II on the cusp, with Iran about to bring their reactor on line, with massive shipments of military hardware in the cue for the Saudis, and with central banks in disarray, November looks like a great place to put some more money into precious metals. With our foreign friends potentially so anxious to join our buying spree, we need to review our buying parameters carefully.

First, if I were to buy a gold stock without regard to price, it would be **Goldcorp** (GG-NYSE-\$44.59). Recently, it jumped sharply higher due to an excellent record cash flow, a four-fold increase in earnings, and a 100% dividend increase. I like companies that are willing to share the wealth. The annual dividend is not a big deal as overall yield goes, of course, but it does compete with T-bills. Goldcorp should be at the core of your precious metals' portfolio.

We were able to buy some CG at our previous \$40.00 downside buy price last summer, but it is time to make an adjustment in the price for future purchases. First, if you don't own any gold at all, I think you are alright buying a small pilot position under \$45.00 and then adding to it at \$42.50 or better. I have always liked Goldcorp, and they have treated us well over the years. Weakness back to the \$42.50 level will provide an excellent opportunity to accumulate.

Two other issues on our recommended list that I am especially anxious to position during further weakness are **Central Gold Trust** (GTU-NYSE-\$51.70) and the **Central Fund of Canada** (CEF-NYSE-\$17.70). We made a nice initial purchase of Central Gold Trust in July at \$45.50. The premium over NAV for GTU is only about 2.6% now, and that likely reflects some cooling off on the part of the gold buyers. GTU did manage to dip as low as \$49.62 last month, but that was shy of our \$48.00 buy price for additional shares. Since then, it has rallied back into the trading gap left when gold broke on October 19. Nevertheless, it is a good gamble that we will see another retracement in accordance with my overall outlook for gold over the next month or two. I am raising the buy price to \$49.90.

Central Fund of Canada is a little trickier. Remember, Central Gold Trust holds only gold bullion physically in trust for the shareholders. Central Fund of Canada holds about a 50/50 split between gold and silver bullion for their shareholders. While silver has actually been holding up better than gold, it is due to encounter further profit-taking. Silver should come back at least to \$21.00. In line with this expectation, I am raising the buy price a bit to \$15.50.

Of course, any of the items on our list qualify for purchase at their respective posted buy prices. However, I am particularly interested in nailing down some GG, GTU, and CEF in this correction.

I have received some questions about emerging country investments. Frankly, that emerging market business makes me nervous because these countries do not usually embrace normal reporting standards. Cronyism is rampant, and getting at the truth is more difficult than in the so-called developed countries. Often, “emerging market” refers to India, China, and the like. I am sorry, I just don’t trust them. Getting at the truth in the U.S. is difficult enough.

The strategy in emerging market investing is to get money away from the U.S. dollar and the Fed and their ridiculous quantitative easing tactics. I think you have a better bet looking to Canada as a dollar alternative. Canadian politicians can lie like all the rest, of course. Remember the October massacre when they broke their word and decided to tax the trusts? Nevertheless, Canada is perhaps the lesser of evils in today’s Western world, and they are fiscally sane.

The mining companies we follow are primarily Canadian companies, although mining operations will be global for most. The best “anti-dollar emerging market” plays will be in energy if you are looking for yield, and the Canadian energy companies we follow, by and large, operate in Canada and to some extent in the U.S. as well. The Canadians slapped us in the face when they withdrew the tax advantages for the trusts, but most of these companies have adjusted. I am loving the action in **Baytex** (BTE-NYSE-\$37.36) and **Enerplus** (ERF-NYSE-\$27.42), our old friends.

There are some issues on our recommended list on Page 7 that I am removing. The market has run away, so I am taking **American Semiconductor** (AMSC-OTC), **Kinder Morgan LP** (KMP-NYSE), **Northern Oil and Gas** (NOG-AMEX), and **Suncor** (SU-NYSE) off the list. The first three have run away from our buy prices, and SU - although pulling back - will be best left for purchase at a later date. It is time to hold the energy positions we have and wait for the market to sell off and provide us with new opportunities.

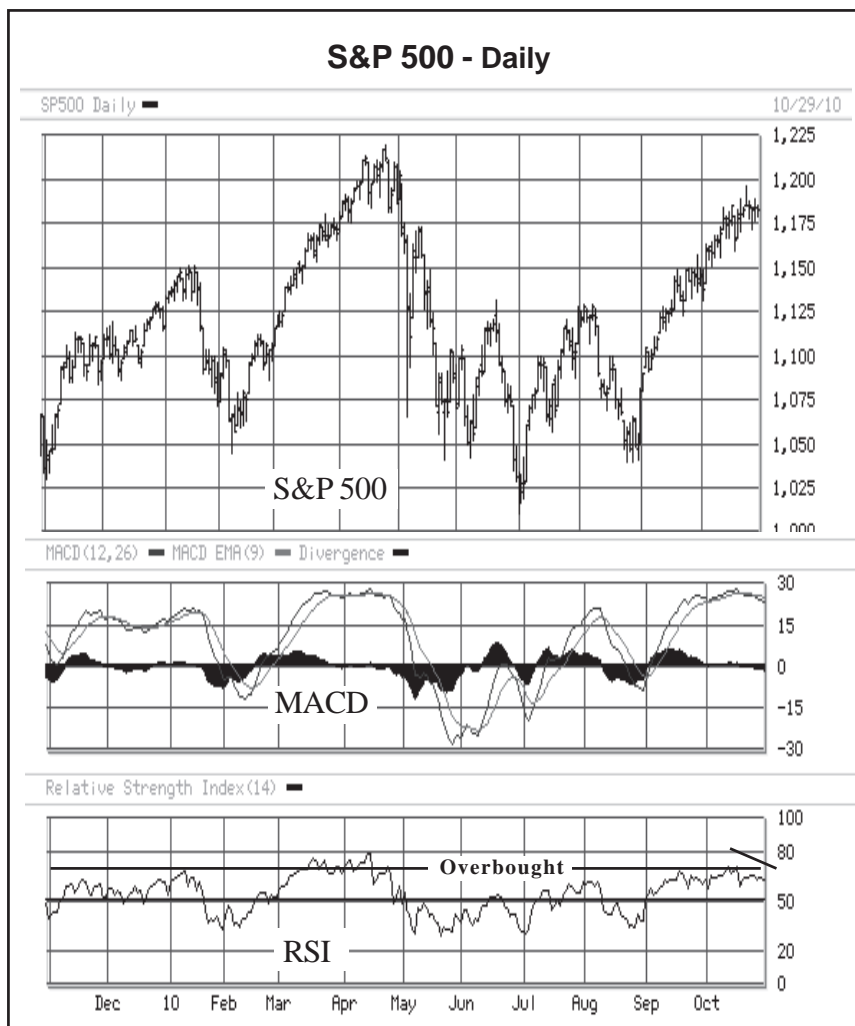
In the meantime, stick with the scale-in strategies for **Legacy Reserves** (LGCY-NYSE-\$26.03). We have made an initial buy at \$24.00 and are waiting to accumulate another 1/3 at \$22.00 and the final 1/3 at \$20.50. The stock has fallen off some of late, and we have a decent shot at the second 1/3 at \$22.00. I will wait until we see what happens with this before deciding whether or not to raise the price for the final purchase.

I want to also put in a sell stop and a sell target over the market for **IRR. IRR Risk Managed Natural Resources** (IRR-NYSE-\$15.40) has not done as well as I had hoped. This stock should be acting stronger in this environment. I want to put a sell stop on it at \$14.00 and an upside sell target to sell at \$16.50 or better. If one price fills, cancel action on the other. I know the dividend is good, but this one does not look great technically.

Gabelli Global Gold and Natural Resources (GGN-NYSE-\$17.61) is another that is disappointing, but I have more confidence in them than IRR. Our best plan is to continue with the strategy to try and double up at \$15.50 or better. If we get a selloff in the general market as well as some softness in gold this quarter, we have a good chance of buying some at that price. In the meantime, it does pay a decent return while we wait.

Note also that **UTS Energy** (UTS-TSX) was purchased by **Total E&P Canada** for C\$3.08/share on October 1. Thus, it has been removed from the list.

The stock market seems to want to move higher, regardless of the fact that the government has lost their financial compass, regardless of the fact that consumer demand is in the tank and is sinking well below snorkel depth, regardless of the fact that job growth is all but nonexistent, regardless of the fact that the government is intent on killing what is left of the economy with tax hikes, and regardless of the fact that gold is telling us that inflation is a specter we should be watching out for. Unless you are standing in the money flow from quantitative easing, or have a major corporation you can pillage and ruin, or you have found a niche in the health care industry, the future does not look that rosy. So, where is all this buying coming from in the stock market?



First of all, I caution you that average volume has been low in this rally, which is not a long term bullish sign. There has also been a good deal of inventory replacement going on. This bumps up earnings in some cases and gives the illusion that things are turning for the better when there is only a temporary abatement in the problem. Bottom line, until unemployment begins to improve, the economy will stay in the dumps.

There is another low probability but possible reason for the summer rally. Some investors may be seeing the stock market as an inflation hedge. There have been inflationary rallies in stocks in the past, but I have a hard time with that - likely because I cut my teeth in the 1960's and suffered through the 1970-1974 crash along with the runaway inflation of that period. Nevertheless, some may think owning equities versus the dollar with no yield is a prudent thing to do.

Still, one cannot argue with the fact that September and October were great months in the stock market this year, which flies directly in the face of normality. Perhaps

this is the exceptional year that only proves the general rule that September and October should be avoided by stock investors. The timetable is certainly off, but the eventual outcome is not. If you dig into the technicals, you will see that regardless of the unusual strength we have seen, the market looks dangerous.

Note that at first glance, this looks like a test of the late April high. MACD is wafting about and is looking sour. RSI hit overbought levels and is falling off. CCI, the Commodity Channel Index (not shown), sits at +145 on the weekly chart and is falling. Once it breaks below +100, it will be an important sell signal.

Our proprietary model Palio seems to confirm these observations. It is still positive, having remained so since its excellent September 1 buy signal. However, conditions are such that it is becoming easier for a sell to emerge. Of course, we will send you an update when that happens.

I listed a trading strategy for the **ProShares Short S&P 500 ETF** (SH-NYSE-\$47.00) in the October 20 online update. The trade was to first consider what you wanted to risk and then buy SH at \$47.00 or less with 25% of the money. The original instructions went on to buy another 25% if SH rallied to \$48.05. That order can be placed as a stop order since it is above the market.

The initial purchase of \$47.00 was met. However, I am revising the buy price for the second purchase a little. If you are following this trade, you should buy the second 25% if SH rallies to \$47.50 rather than \$48.05. If this second order fills, you should use a sell stop to liquidate the position and abandon the trade if SH falls to \$46.45.

If we are still in the trade (having not been stopped out at \$46.45), the final 50% should be purchased when Palio issues its next sell signal. I will confirm that when I send you the update announcing that sell. Any changes for this trade will be e-mailed in a special update. Also, if any of this is confusing to you, my advice is to not take the trade. I am merely trying to put on a hedge against the next market decline, not complicate your life. Nevertheless, the need to be diligent and on top of this may not be suitable for everyone.

The question we all have is what to do with cash. First, don't chase yield and do try to diversify and balance your portfolios. You all have a different financial makeup, different tolerance of risk, and different future needs and desires. I cannot give you a definite portfolio allocation by percentages because without the personal and individual knowledge that requires, it would be irresponsible to do so. That said, we all are looking for somewhere to put cash. There is no magic answer.

I like CD's as long as one minds the FDIC coverage. There is an excellent site for quickly checking out the health of an individual bank – <http://www.bankrate.com>. You will find several interesting tools to use at the site, but scroll down somewhat on the left side to a box titled "Safe and Sound Ratings." Click there and you will find ratings on most banks and credit unions. That is a good place to start when you see an ad from some bank offering what appears to be very generous yields on their CD's.

I am not a bond bull; and although long bonds may see lower rates and thus a rise in price, I think long fixed income instruments should be left to the traders. Pimco is the king of the bond markets, and it is interesting to see what their top man has to say from time to time. Bill Gross is also quite eloquent. You might find this piece stimulating - <http://www.pimco.com/Pages/RunTurkeyRun.aspx>.

I am becoming quite anxious about the condition of the banking industry overall. As the details come to light concerning the 2008 fiasco in the banking industry, the depth and extent of the corruption is astonishing. Loans were made fraudulently in order to be bundled and sold. Bad loans were mixed in with good loans using statistical sampling anomalies to sneak them by the requirements for inclusion in various products. Then those infected products were sold to unsuspecting investors. The chain of title is in question in many - perhaps as many as 90% of foreclosures - which could conceivably mean homeowners can argue against payment and still keep their homes. It is simply a mess, but this is going to come back on the banks eventually. People will go to jail, and banks and investment firms involved may end up being out a ton of money. The financial industry is not off the potential bankruptcy block yet - not even close.

That means you need to be careful of your CD's and vet the banks you are using. Check into them, even if they are old friends you have banked with for years. I am not saying that all banks are in a pickle, but you need to be careful with your money and take nothing for granted. I do think that the FDIC program will protect deposits for the next few years, but one has to wonder what the buying power of his cash will shrink to in that time. Our cash is essentially being confiscated by stealth. We get no yield - in return I suppose for protection from the FDIC and SIPC - while the buying power of that cash is eroded by inflation. Negative yield is simply another tax.

I am investigating some new investment ideas for cash in Canada and will hopefully have some interesting ideas for you next month. Finally, if you need to contact me, please do so via e-mail. I am not able to conveniently chat on the phone, and my schedule is irregular. If you need something, feel free to e-mail me. I am on top of my e-mails, even when traveling, and I can better assist you by that medium.

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 1.01. 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 10/29/10	Downside Buy Price	Div 10/29/10	Target-T Stop-S	Web Site
U.S. \$									
Apache Corp	APA	NYSE	3/5/2007	68.00	101.02	95.00	0.59%		apachecorp.com
Baytex Energy	BTE	NYSE	5/18/2004	9.00	37.36	28.00	6.92%		www.baytex.ab.ca
Blackrock	BGR	NYSE	8/3/2005	25.99	25.36	23.00	6.39%		blackrock.com
Enerplus Res.	ERF	NYSE	11/20/2008	19.00	27.42	23.00	7.88%		enerplus.com
Gabelli Glb. Gld.	GGN	NYSE	1/3/2006	22.10	17.61	15.50	9.54%		gabelli.com
Central Gold Trust	GTU	NYSE	7/27/2010	45.50	51.70	49.90	n/a		gold-trust.com
Central Fund of Can Goldcorp	CEF	AMEX	Buy at \$15.50		17.70	15.50	0.06%		centralfund.com
Goldcorp	GG	NYSE	7/24/2008	40.00	44.59	42.50	0.81%		goldcorp.com
IRR Rsk Mg Nat Res	IRR	NYSE	10/2/2009	16.25	15.40	16.25	9.43%	S=14.00/T=16.50	ingfunds.com
Jaguar Mining	JAG	NYSE	3/30/2010	9.50	6.47	5.50	n/a		jaguarmining.com
Legacy Reserves	LGCY	OTC	8/6/2010	24.00*	26.03	22.00*	7.99%		legacylp.com
Linn Energy LLC	LINE	OTC	11/18/2009	24.72	34.99	22.00	7.55%		linnenergy.com
Pimco Com. Fund	PCRAX		3/2/2005	11.89	8.65	7.35	7.34%		pimcofunds.com
Prospect Capital	PSEC	OTC	1/5/2009	12.00	9.91	8.00	12.20%		prospectstreet.com
Prospect Capital	PSEC	OTC	2/1/2010	11.00	9.91	8.00	12.20%		prospectstreet.com
Royal Gold	RGLD	NYSE	7/8/2009	38.00	49.51	46.00	7.30%		royalgold.com
Schlumberger	SLB	NYSE	1/18/2008	75.00	69.89	45.00	1.20%		slb.com
Silver Standard	SSRI	OTC	1/4/2007	30.00	24.28	HOLD	n/a		silverstandard.com
Silver Wheaton	SLW	NYSE	3/10/2006	8.40	28.75	18.50	n/a		silverwheaton.com
Yamana	AUY	NYSE	4/14/2005	2.90	10.99	10.50	0.73%		yamana.com
Canadian Dollars									
Altius Minerals	CA:ALS	TSX	8/9/2007	17.88	10.53	HOLD	n/a		altiusminerals.com
ARC Energy	CA:AET.UN	TSX	9/8/2008	25.85	21.56	20.00	5.57%		arcresources.com
Crescent Point En.	CA:CPG	TSX	9/16/2008	30.20	40.40	37.00	6.83%		crescentpointenergy.com
Brookfld Ren Pw	CA:BRC.UN	TSX	12/17/2008	15.99	21.48	20.40	6.05%		brookfieldpower.com
Peyto Energy	CA:PEY.UN	TSX	7/18/2003	8.75	15.45	HOLD	9.32%		peyto.com
Silvercorp Metals	CA:SVM	TSX	1/21/2008	8.00	9.54	HOLD	0.84%		silvercorp.ca

*Legacy - Scale in 1/3 at \$24.00, 1/3 at \$22.00, and 1/3 at \$20.50

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

Company	Symbol	Exchange	Initial Recom. Date and	Price	Price 10/29/10	Downside Buy Price	Div	Target-T/ Stop-S	Web Site
U.S. \$									
Coeur d'Alene	CDE	NYSE	9/2/2003	31.90	20.61	14.50	n/a		coeur.com
Endeavor Silver	EXK	NYSE	7/26/2007	4.60	4.89	3.00	n/a		edrsilver.com
Great Basin Gold	GBG	NYSE	12/21/2007	2.45	2.81	HOLD	n/a		greatbasingold.com
Nova Gold	NG	NYSE	2/29/2008	11.50	11.22	5.75	n/a		novagold.com
Rubicon Min.	RBY	AMEX	2/1/2010	4.00	3.68	3.80	n/a		rubiconminerals.com
Taseko Mines	TGB	NYSE	7/24/2006	2.40	6.31	4.50	n/a		tasekomines.com
US Gold Corp	UXG	NYSE	9/9/2005	1.70	5.23	4.50	n/a		usgold.com
Canadian Dollars									
Everton Res.	CA:EVR	TSX	1/4/2007	1.30	0.25	HOLD	n/a		evertonresources.com
Golden Valley	CA:GZZ	TSX	2/20/2007	0.50	0.34	0.30	n/a		goldenvalleymines.com
Laramide Res.	CA:LAM	TSX	3/16/2006	5.20	1.96	HOLD	n/a		laramide.com
Mega Uranium	CA:MGA	TSX	5/1/2007	6.75	0.78	HOLD	n/a		megauranium.com
Minera Andes	CA:MAI	TSX	9/11/2006	1.20	1.97	1.20	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 .99 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.