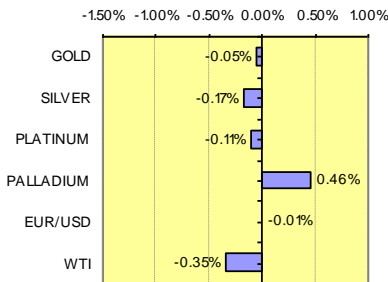
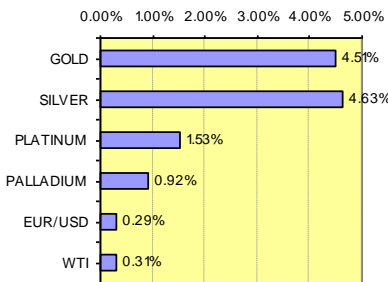


Gold Performance

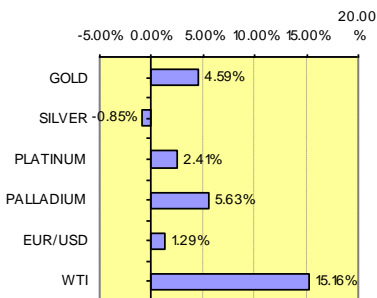
1 Day



5 Session



1 Month



Market Shorts (Wednesday – November 5)

Gold was mixed on Thursday, consolidating a strong run up that led it to a fresh record high the previous day.

“A slightly higher dollar sparked some profit taking as charts have entered a short-term overbought condition and as resistance ahead of \$1,100 is significant”, said Evelyne Winters at Goldessential.com, who added traders were hesitating to add to the already lofty gains ahead of rate decisions by the BoE and ECB, and with U.S. non-farm payrolls coming up on Friday.

A Reuters report quoting an ex-adviser and saying that the PBOC (Peoples Bank of China) would not be interested in buying a part of the IMF gold as Chinese gold was much cheaper, had little impact on the market thus far.

At 12.46GMT, spot gold was quoted \$1,061.60 an ounce, down from \$1,092.20 an ounce late in NY on Wednesday. At the same time, the benchmark gold futures contract for December delivery – GCZ9 – stood \$5.2 higher at \$1,092.50 an ounce, after having earlier hit as high as \$1,095.20 an ounce during overnight trading on the COMEX.

A London-based futures trader added that “the COMEX December contract’s close below the \$1,090 an ounce mark on Wednesday sparked a bit of profit taking, although nothing substantial”.

On Wednesday, the contract stuck a fresh all time high of \$1,098.50, while spot gold rallied to a record high of \$1,097.25 an ounce after the Fed left interest rates unchanged.

“Resistance at the \$1,100 an ounce mark is however expected to be strong” said Carl Johansson, Sr Precious Metals analyst at Goldessential, referring to the large open interest of call options for the December COMEX contract, with strike price at the level. “Some 12,222 calls – the equivalent of around 38 metric tonnes - are currently situated at the \$1,100 an ounce mark”, Johansson said, adding that “the writers of these call options would very much want the price to remain below this level, and may put up a fight, certainly if it concerns bullion banks”.

“A peculiar thing is that the open interest in the COMEX \$1,100 December call option (EGCZC1100) moved up around 40 pct from some 9,000 to above 12,000 lots on October 15, the day the contract backed away from its previous record high of \$1,072 an ounce”, Johansson said, adding that “most likely, someone or some may have thought that things had topped out and that it could prove lucrative to write out these call options”. Johansson believed that the writers of these calls could have had some sleepless nights recently, and that setting up a fight to safeguard the price from breaking too much above the \$1,100 level could be a quite difficult task.

“Speculators are still hunting for it. There are no guarantees on both sides, although I expect the volatility to increase as the price nears”.

Spot Gold - \$ per troy ounce

(hourly)



(daily)



Fig1: EGCZ9 Dec \$1100 Call Option (below, open interest). Above is EGCZ9 (Dec Gold) in \$/oz.

End Of Day Report (November 4th)

NYCOMEX gold futures extended their Tuesday's rally on Wednesday, rallying towards fresh record highs early in the NY session, supported by the U.S. dollar slipping through the entire global session and as the sentiment continued to be upbeat after the IMF sold 200 tonnes gold back to back to the Reserve bank of India. "Increased profit taking was however witnessed ahead of the FOMC meeting statement and as charts felt a little overdone", one COMEX trader said in an interview.

The benchmark gold futures contract –for December delivery, GCZ9 –eventually settled \$2.4 higher at \$1,087.30 an ounce on the COMEX division of the NYMEX, after having hit as high as \$1,096.50 an ounce earlier in the session. The intraday low marked \$1,080.50 an ounce.

The U.S. dollar was on a losing spree across most of the global day, with losses gaining traction after a better than expected U.S. non-manufacturing economic indicator.

In after-hours trading, gold added to gains in choppy trading, rallying to a fresh record high of \$1,098.50 an ounce following the Fed's decision to leave benchmark interest rates unchanged and relatively uninspiring comments. However, as the \$1,100 an ounce resistance mark failed to give way, profit taking again regained the upper hand and eventually sent it back to near settlement values.

Total final estimated volume for the COMEX benchmark contract –GCZ9 – was again heavy at some 176,017 lots.

Spot Gold (XAU/USD)

Technicals (Spot Gold)

5SMA	1074.20
10SMA	1057.30
30SMA	1042.49

* in \$/ozs

LDN AM FIX	1088.00
Chng	-2.00

COMEX Futures

GCZ9	
Spec Length	241777
Chng	-8330
As of	10/27/2009

5SMA	1071.80
10SMA	1057.10
30SMA	1043.38

* in \$/ozs

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Technical Analysis – Spot Gold



Fig2: XAU/USD, Daily Charts, \$/oz. Source: MetaS tock.

NOV5 – LAST: \$1,090.10 – DLOW: \$1,083.50 – DHIGH: \$1,093.95

Prices are still seen engulfed inside Wednesday’s boundaries, with prices fluctuation around the \$1,090 an ounce mark for now as charts deal with a short-term overbought condition and as strong resistance ahead of the \$1,100 mark has contained upside momentum thus far.

Initial resistance at \$1,090, \$1,095 an ounce, followed by \$1,092 and \$1,094-\$1,095 an ounce, although key short-term support is at \$1,100. Above here opens for a stab higher, targeting \$1,110 channel resistance. To the downside, support emerging on the hourly charts at \$1,088, \$1,084 and \$1,080 an ounce. Below the latter could open for deeper profit taking, targeting \$1,076-\$1,072 an ounce. A break south here could see some short-term reversal, with initial target at \$1,061 an ounce.

RSI studies still indicate a slightly extended reading.

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Daily Gold ETF Monitor – Nov 4

	Nov 3rd	Nov 4th	Ozs	Pct	Kilo Chng	Update	Total Tonnes
SPDR	35,636,130	35,636,130				Nov 4th	1,108.41
GBS	4,237,282	4,126,073	-111,209	-2.62%	-3,458.98	Nov 4h	128.34
Ishares	2,566,709	2,565,917	-792	-0.03%	-24.63	Nov 4th	79.81
ETFs	3,248,291	3,249,063	772	0.02%	24.01	Nov 4h	101.06
NG	1,694,034	1,694,015	-19	-0.01%	-0.59	Nov 4th	52.69
CFOC	1,242,370	1,242,370				Nov 4h	38.64
ETFAus	462,372	462,372				Nov 4th	14.38
CGT	396,834	396,834				Nov 4h	12.34
DUBAI	4,987	4,987				Nov 4th	0.16
JULIUS BAR	2,145,775	2,145,775				Nov 3rd	66.74
ZKB	4,817,608	4,817,608				Oct 23	149.84
TOTAL *	51,634,784	51,523,536	-111,248				1,603
KILO	1,606,021	1,602,561	-3,460.20				
TOTAL **	56,452,392	56,341,144	-111,248				1,752
KILO	1,755,866	1,752,405	-3,460.20				

* in troy ounces

** Total, in ounces, including the ZKB ETF Data

Gold holdings on behalf of investors in the ten (eleven) by Goldessential.com monitored bullion backed exchange-traded funds were seen dropping 3.46 tonnes on Wednesday, November 4. The decline was the consequence of a drop in two of the monitored trusts, namely the Gold Bullion Securities (GBS) where 111,209 ounces or 3.459 tonnes (-2.62 pct) flowed out and the COMEX Ishares Gold Trust, where 792 ounces (two London good delivery 400 ozs bars) or 0.25 tonnes (-0.03 pct) were removed.

The decline was only minimally offset by a 772 ounces or 0.24 tonnes increase (+0.02 pct) in the ETFs Metal Securities trust (PHAU).

A small decline in the NewGold ETF did not represent an actual physical flow.

Total holdings (excluding ZKB data) as such dropped to 1,603 tonnes.

Total holdings (including ZKB data) dropped to 1,752 tonnes.

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Legend:

SPDR = SPDR Gold (SSGA)

GBS = Gold Bullion Securities (ETF Securities)

ISHARES = COMEX Ishares Gold Trust (Barclays)

ETFS = ETFS Metal Securities ETF (ETF Securities)

NG = NewGold Debentures (Absa, South-Africa)

CFOC = Central Fund of Canada (CFOC)

ETFAUS = Metal Securities Australia (ETF Securities)

CGT = Central Gold Trust (Central Gold Trust, Canada)

DUBAI = Dubai Gold ETF (DMCC)

Julius Baer = Julius Baer Physical Gold ETF (Julius Baer)

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