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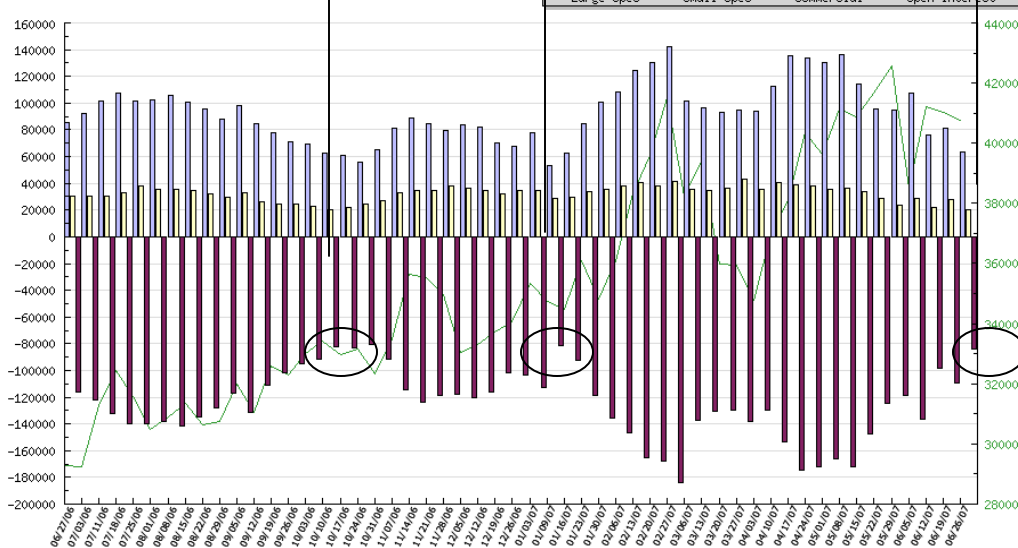
Gold outlook, Commodity bull market questioned

(Excerpts from the June/July 2007 Issue of EGS Dated June 29, 2007)

Net Commercials give a Buy signal



(GC.comex-ccc) Gold,NY - Net Commitments of Traders



--- Large Speculators ---				--- Commercial ---				--- Small Speculators ---				Open
#	Long	Short	Bullish	#	Long	Short	Bullish	#	Long	Short	Bullish	Intrest
05/29/07	242	134,404	39,507	77%	76	125,989	244,684	34%	57,428	33,630	63%	425,688
06/05/07	228	143,052	39,435	80%	71	106,068	242,464	30%	44,105	15,326	74%	385,046
06/12/07	236	125,076	49,180	72%	72	133,800	231,805	37%	42,095	19,986	68%	412,150
06/19/07	236	126,207	44,602	74%	73	127,209	236,429	35%	44,071	16,456	73%	410,324
06/26/07	244	119,068	55,991	68%	79	133,598	217,182	38%	41,791	21,284	66%	407,640

charts compiled by
offshore North LLC

The April highs around \$690 are looking more and more like the seasonal high, so our task now is to anticipate the lows. The charts are pointing for a low to come in at anywhere from \$640 to \$600. The 200-day moving average is around \$640. It may need to dip down below the 200-dma for a spell as it has in previous years. But this shows it is getting close now. I thought it might be useful to check the COT data to help pinpoint the low and I discovered an unusual coincidence that's happening again now!

Take a look the lower chart above. It's a noisy one, looking like one of those "Rorschach" psychology tests turned sideways. Don't be intimidated by it. For now, just focus on the *red bars in the lower half of the chart*. Those are the *Net Commercial* positions; that is, the number of short contracts minus the number of long contracts. Use the scale on the left hand side. Notice how they are always net short because they are constantly moving producer bullion into the end user market. The net short positions tend to grow as the gold prices rises and they tend to fall when the prices come down.

Now notice where I have drawn two circles to the left. These are the only two times in the past year when the number of Net Commercial contracts dropped to as low as 80,000; last October and once again in January. Sure enough, check the Gold price chart above and see how these lows in the COT data also coincide with important lows in the gold price itself.

Changes in just this past week indicate we are at or very near a cyclical low. As of June 19th this number was sitting at roughly 114,000 well down from the April highs of around 160,000. *Well, don't look now, but this past week the Net Commercials dropped to 83,000, all but a Buy signal!*

Sources to track this

CommitmentofTraders.com

You need to register for these special charts. The free service lasts for one month. Sign up and you can access "Rorschach tests" for all the major commodities at their site.

321gold.com

For a tidy weekly summary of COT, visit **Bob Moriaty's** web site each Friday (listed in our HOTLINKS section if you forget). You'll find a link to the COT summary in the second section from the top entitled: "Reports Charts". Click the "Gold" link. Then you just subtract the latest numbers of Commercial shorts from longs to arrive at the net position. The URL directly to this is: www.321gold.com/cot_gold.html

ALSO IN THIS (June/July-07) ISSUE No. #5-07:

- Storm clouds forming over stock market, economy
- Biotech with battered stock, strong product pipeline (\$0.42)
- Gold/Mexican near producer (\$0.56)

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