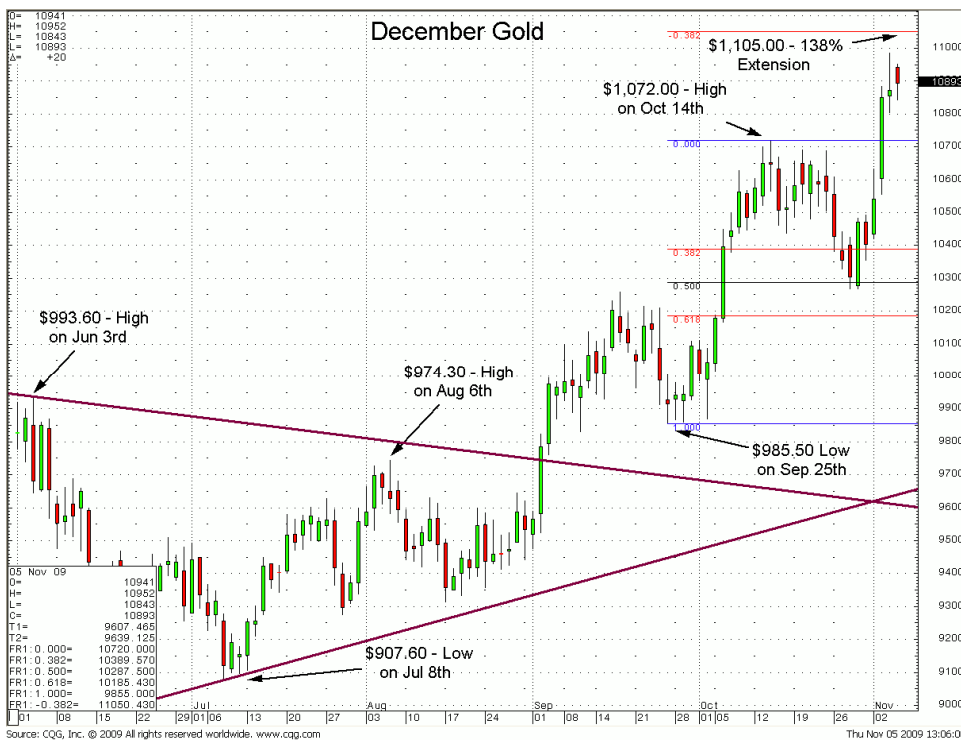


Price Outlook/Trade Recommendations

The gold market will mainly focus on the dollar's reaction to the employment report today, with secondary focus being on technical resistance at \$1,100/oz & \$1,105/oz. MFGR doesn't have a strong opinion on near-term direction in the gold market, as it's both overbought and due for a correction while at the same time has yet to fully test resistance at \$1,105/oz. Certainly a near-term correction is possible, which would enable GCZ9 to retest its Tuesday breakout above the Oct 14th high at \$1,072.00. But with risk/rewards rather large on long positions at current prices, we favor buying a break toward \$1,060 and targeting \$1,200 while risking \$1,040. We also favor holding our long position in GCJ0 entered on Oct 28th to \$1,200.00.



Perspective

Trading action in gold has bordered on pathetic following Tuesday's news that India bought 200 tonnes of gold from the IMF's 403 tonne planned sale. Prices have rallied only \$4.40/oz in two days, failed to break out above the \$1,100/oz psychological level, and created a bearish reversal pattern on Wednesday. The action leads one to believe that there's no confidence that other central banks will buy any IMF gold, or that the pattern of gold rallying for 2-4 days at the beginning of the month is continuing for the third straight time. Such scenarios

support a decline in gold prices toward Tuesday's breakout point of \$1,072.00, which comes from the Oct 14th high. Pressure could be affirmed by Wednesday's warning by the World Bank that new asset bubbles are forming due to "the sudden reappearance of investment capital" bolstered by government interest rate cuts and quantitative easing measures, which have left parts of the world awash in cash.

By the same token, the World Bank's warning could remain a near-term positive influence on commodity markets until either governments clamp down on investment, or another asset class presents better opportunities elsewhere. We don't expect these things to happen for at least several months, or for the carry trade to go away anytime soon. Rates will be kept low for "an extended period" according to the latest FOMC statement made on Wednesday. Numerous well-known hedge fund managers have said they will continue to deploy investment into precious metals as a hedge against both "economic and monetary disaster." Comments from software firm Trayport suggest that investors are becoming more confident in OTC markets revived by a shift to centralized clearing. Suggestions have also been made that investors are moving into allocated gold accounts, which prevents the gold from being loaned in the leasing market. More exchanges are also moving to accept gold as collateral. These factors suggest that gold will not lose its long-term appeal anytime soon, which we think supports our bias to buy breaks.

Trade: Long GCJ0 from \$1030, target \$1,200, risk \$990

Buy GCZ9 at \$1,060, target \$1,200, risk \$1,040

Upcoming Metals/Dollar Events

Fri - Japanese Leading Indicators

Fri - German Industrial Orders

Fri - UK PPI

Fri - U.S. Nonfarm Payrolls (Consensus -175K vs. -263K)

Dec 6-18 - Copenhagen Climate Change Conference

Jan 13th - GFMS Gold Survey Update 2

U.S. ETF Holdings	SPDR Gold Shares ETF Holdings	Barclays Gold ETF Trust Holdings	Barclays Silver ETF Trust Holdings
As of 11/4/09	35,636,130 oz	2,565,917	281,002,495 oz
As of 11/3/09	35,636,130 oz	2,566,709	281,126,170 oz
Inception	11/18/04 - 260,000 oz	1/28/05 - 34,997	4/28/09 - 20,999,768 oz
Max Size As Amended			320,000,000 oz

	Lease Rates (as of 10/30/09)			Previously (as of 9/25/09)		
	Gold	Silver	Platinum	Gold	Silver	Platinum
1 month	0.01%	-0.30%	-0.05%	-0.15%	-0.30%	-0.05%
3 month	-0.01%	-0.27%	-0.02%	-0.13%	-0.28%	0.00%
6 month	0.20%	0.00%	0.35%	0.15%	0.05%	0.45%
1 year	0.60%	0.60%	1.10%	0.60%	0.60%	1.15%

Global Economic & Dollar News

The dollar index traded +0.05 at the metals' open and +0.12 at their close. The dollar traded slightly higher yesterday due to slight risk aversion in non-U.S. markets. It was able to maintain its strength in the U.S. session despite strength in U.S. equities sparked by better-than-expected earnings and despite comments from ECB's Trichet that the Eurozone economy will recover next year.

- **BOJ Minutes** show that board members believe they need to assure investors that interest rates would stay low even after they end emergency programs.
- **PBoC's Qingping** said that the bank would stick to its accommodative monetary policy and work to maintain an appropriate level of liquidity in the banking system.
- **Eurozone Retail Sales** were -0.7% m/m vs. +0.2% expected.
- **The ECB** left rates unchanged at 1.0%. ECB's Trichet said that the Eurozone economy will recover next year. Said that he supported a strong dollar and welcomed an orderly appreciation of Asian currencies.
- **The BOE** left rates unchanged at 0.5% and expanded its QE program by £25B to bring the asset-buying program to £200B.
- **UK Industrial Production** was +1.6% m/m vs. +1.0% expected and vs. -2.5% previously.
- **Economist Nouriel Roubini** said that the economy could be hurt if oil goes to \$100/bbl and that the price increase seen so far was too much too fast. He said that we have new bubbles now because of a wall of liquidity created by the dollar carry trade.
- **The Monster Employment Index** was 120 vs. 119 previously.
- **Initial Unemployment Claims** were 512K vs. 523K expected and vs. 530K previously. Continuing claims were 5.749M vs. 5.797M previously.
- **The Senate** voted to approve the extension of unemployment benefits for up to 20 weeks and extend/expand the homebuyers tax credit.
- **The Pentagon May Request** increased war funding of \$50B on top of the \$130B authorized just last month.
- **Q3 Non-Farm Preliminary Productivity** was +9.5% vs. +6.4% expected and vs. +6.6% previously.
- **The Senate Environment and Public Works Committee** approved a Democratic climate change bill that requires industry to cut Co2 emissions 20% from 2005 levels by 2020. Republicans boycotted the vote, so 10 democrats approved it and one, Max Baucus, voted against it. Baucus said he wants a 17% cut. Sen Kerry is leading an effort at a compromise bill with republicans, which is unlikely to be voted on until next year at the earliest.
- **The House Healthcare Bill** will be voted on on Saturday, according to #2 democrat Steny Hoyer. The vote is expected to be close.

Precious Metals News Stories

- **India's Sensex Index** was +1.0%, China +0.9%, and Japan -1.3%.
- **Toyota Motors** reported a surprise quarterly profit and cut its annual loss forecast in half. However, the stock traded lower on worries over future sales after gov't subsidies end and amid strength in the yen. The company is still trying to cut costs to make up for reductions in revenues.
- **A Former PBoC Advisor** said that China is unlikely to buy IMF gold because buying locally sourced gold was cheaper.
- **Gold Demand in India** was said to be poor once again, due to high prices.
- **Gold Sales in Abu Dhabi** fell by up to 30% in Oct, according to retailers. Higher prices deterred buyers. Retailers said that demand would have been far worse were it not for Diwali.
- **Barclays Silver ETF Holdings** fell 123,675 ounces.