

Brodrick UWDVideo110309 Opportunity Is In the Zone for Gold Miners

Hi, this is Sean Brodrick for UncommonWisdomDaily.com . Let's look at some recent developments on gold, and then I'll have an opportunity for you.

On the bearish side, both gold and gold mining stocks got shellacked last week. Gold dropped 1.5%, and gold miners, as measured by the Market Vectors gold Miners ETF, or GDX, dropped 9%. Ouch! That's more than double the 4% drop in the S&P 500 Index. But there's also bullish news.

India's gold sales during the festival season just ended actually rose 5.7% from a year earlier to 56 tons despite near-record prices, the World Gold Council said Friday. Meanwhile, China's golden week holiday saw jewelry demand stronger than in previous years. And consumer demand is roaring back in Dubai as well.

So why did gold go lower? The U.S. dollar finally caught a bounce last week. And this set up an opportunity for gold and gold miners. Look at this chart of the GDX, which holds a basket of miners.



You can see that last week's sell-off brought the GDX back into support. There's no line in the sand, so I've drawn support as a zone. When GDX gets close to the zone – like it did in September and like it did last week – it's usually a buying opportunity.

On the bottom of the chart, I've shown the ratio of the GDX to the price of gold, as tracked by the GLD. By this measure, the GDX is cheap now. And when that ratio has turned up in the past, the chart shows us that GDX can bolt higher.

So, I think we're seeing a real opportunity in gold and gold miners.

Before I leave you, I want to mention that I'll be hosting a webinar on Friday. This is NOT part of the Weiss group, but is instead, another organization I belong to, The Secret Order of Jurojin. Jurojin covers the gamut of the commodity markets, from ETFs and stocks to futures and futures options.

Due to unprecedented demand our Webinar was overbooked on the first day. Therefore, we've opened up the registration so more people can sign up. However, be aware that while more people can register, only the first 1,000 people who log in on Friday will be able to actually attend the event. You can register for the event at a weblink (<http://tinyurl.com/ydpfoca>) that you can find on my blog.

And if you miss it, don't worry -- you'll be able to watch rebroadcasts of this Jurojin event later on.

This is Sean Brodrick – thanks for watching.