

GETTING TECHNICAL

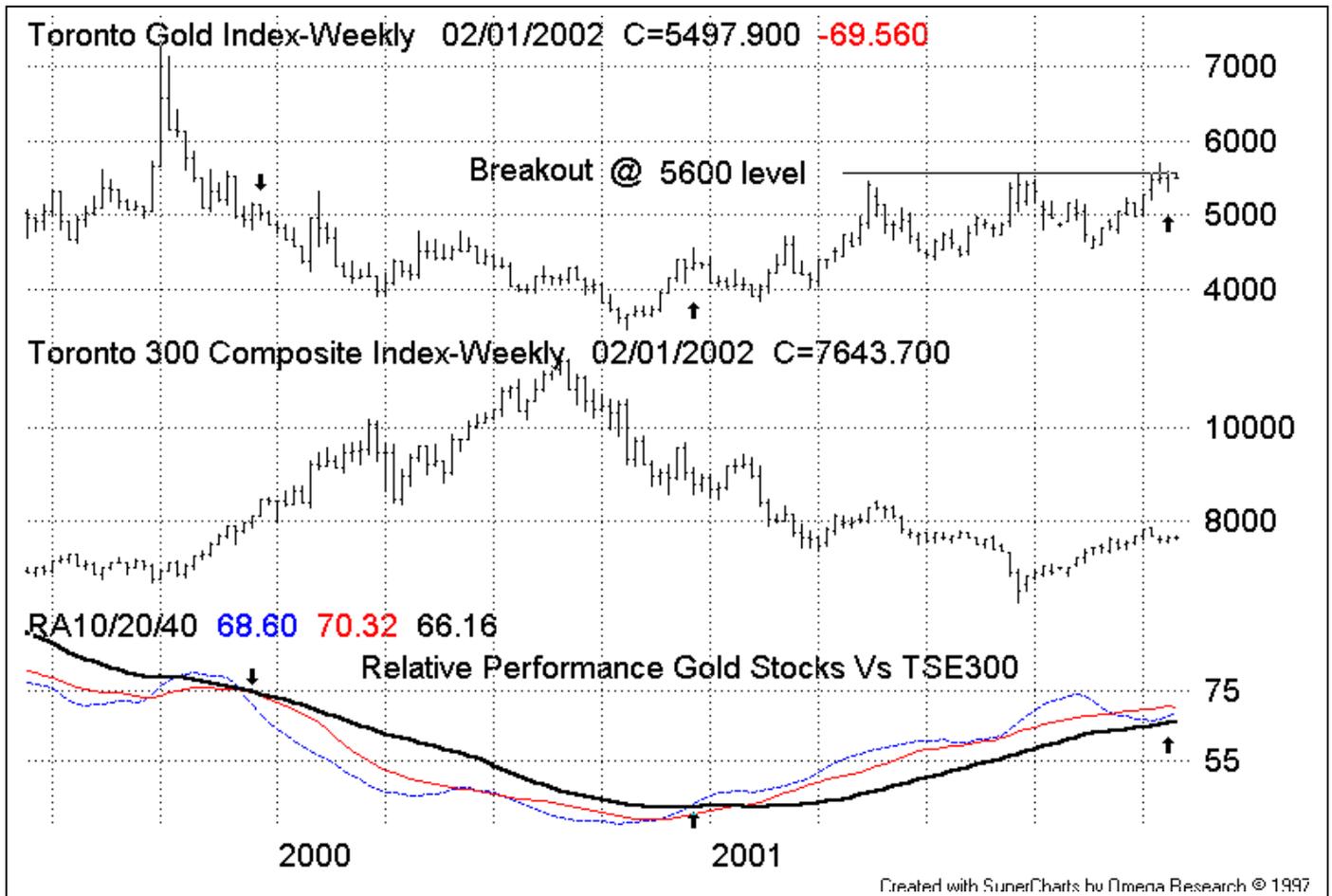
Professional Market Technicians

Editor Bill Carrigan

BI-WEEKLY UPDATE
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DJII 9866
TSE300 7644

The Gold Stocks Are Talking -- Maybe We Should Listen

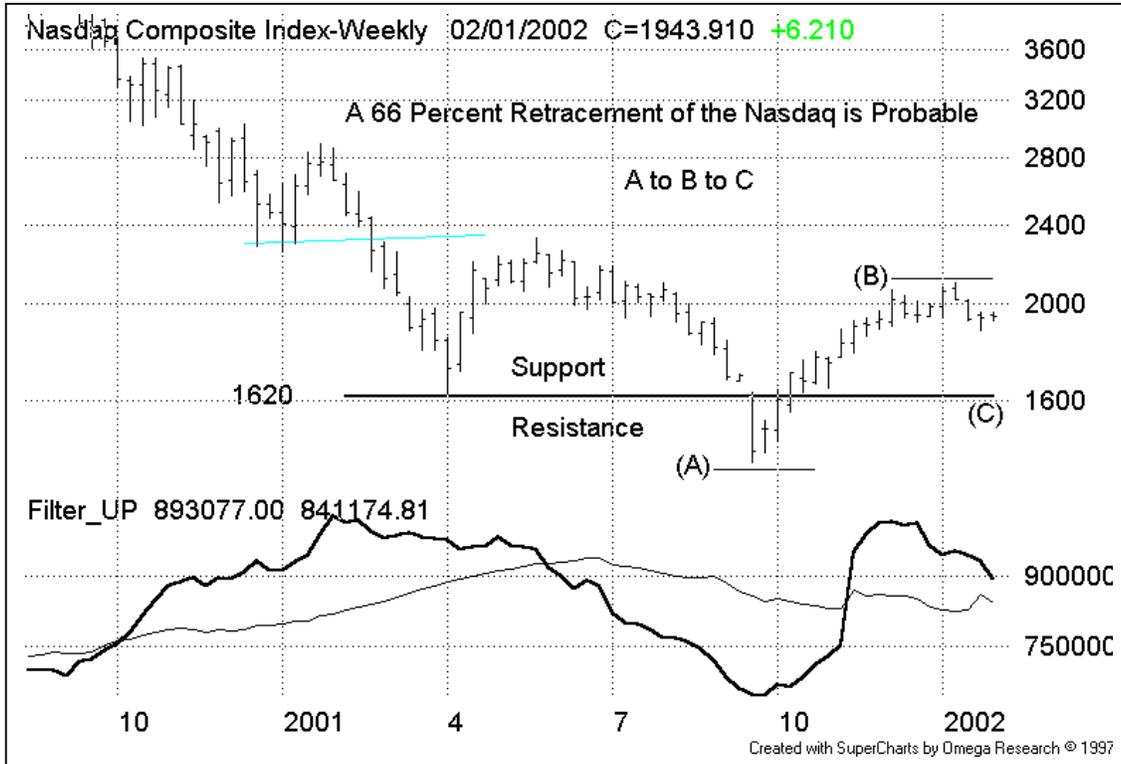


The TSE Gold & Precious Metal Index Vs. the TSE300. The lower plot demonstrates months of relative under performance by the gold stocks in 1998 through to late 2000. Note the declining ratios. In December 2000 (up arrow) the TSE gold stocks began a persistent advance that began as an early out-perform in January 2001. This advance then developed into established out-perform by mid 2001. Note the wide up-trending bands in mid 2001.

Temporary weakness into gold complex occurred in the weeks subsequent to the September 11 terrorist attacks. This resulted in a brief band touch - (see the up arrow to the right) to be followed by a new signal for another round of early out-perform status for the TSE Gold Index.

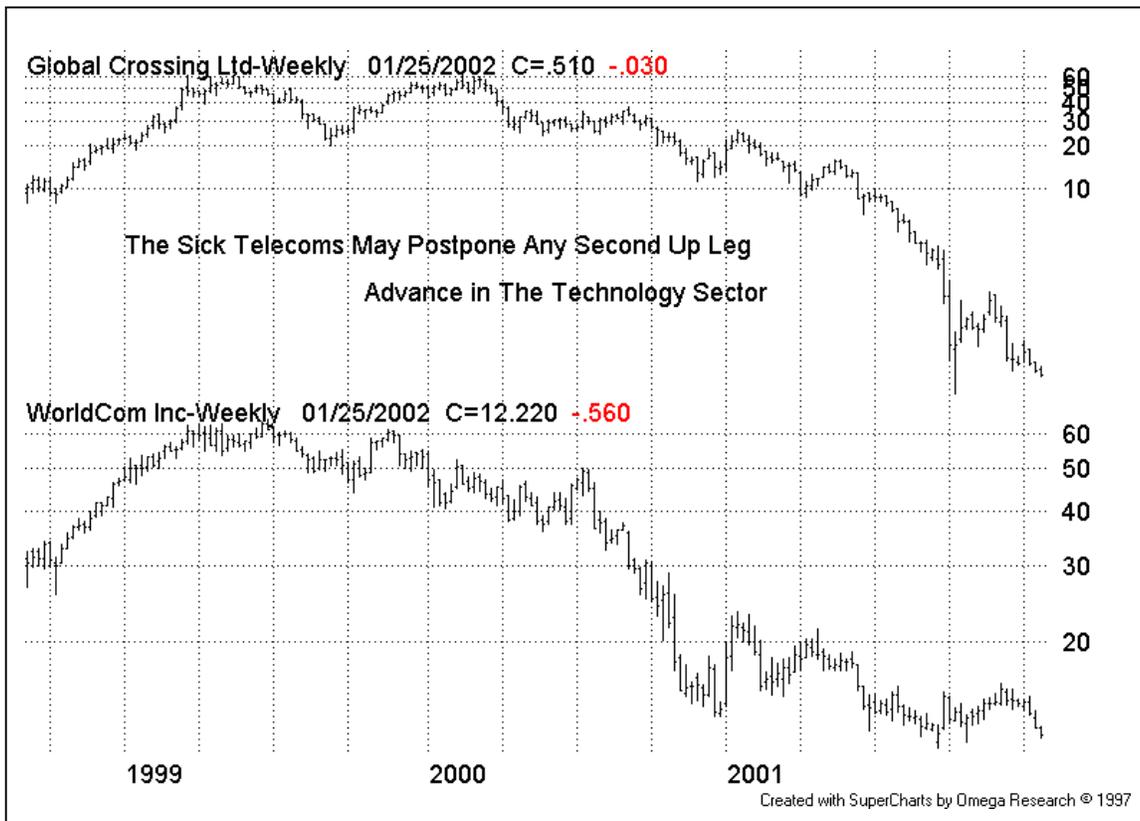
Why is there such persistent demand for the gold stocks? Is the U.S. dollar headed for a tumble? Is there inflation ahead because of the big increases in the U.S. money supply? Is there an economic boom ahead? Perhaps investors are worried about questionable accounting practices and a repeat of the Enron fiasco. Perhaps the gold complex is simply an asset class that is operating inverse to the broader indices. Perhaps all of the above. Don't lose sleep over these issues, own some gold stocks!

Note our three gold portfolios on page three configured to capture gains relative to risk. Tier one is low risk, tier two is moderate risk and tier three is high risk. -Bill C



The Nasdaq intermediate correction signaled on November 20, 2001 is still underway. (see GT 1079) In view of the weakness in telecom, and the Enron fallout we now anticipate a two third retracement on the Nasdaq down to support at 1620

The culling of the herd. The eventual loss of the weak is a normal process that typically occurs during a second wave correction. The potential total loss of Enron, Calpine, Global Crossing, Worldcom, Kmart, Western Wireless and Tyco suggests that conditions are as bad or worse than the September 2001 low. A test of market lows may occur under these conditions before a third up wave gets underway.

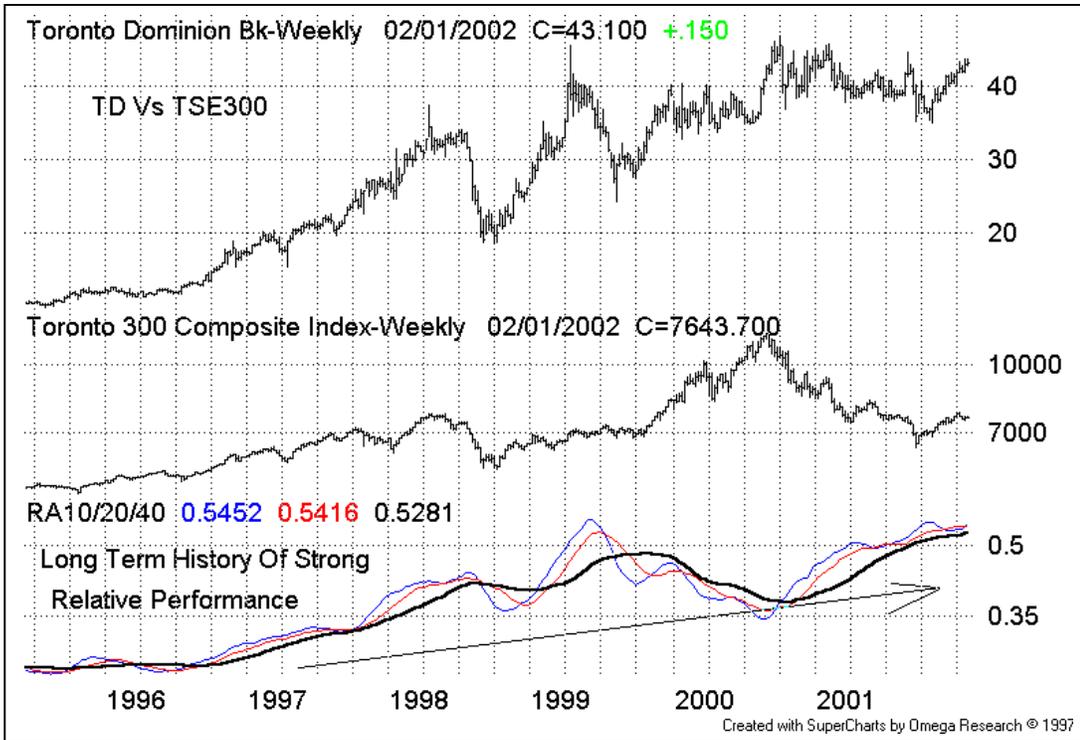


The Dec / January 2002 correction continues as over-bought technology is hit by normal profit taking.

The culling of the herd is a normal market process.

This will set the stage for mid 2002 third wave or second up leg advance in the North American Indices.

The Bank Stocks Continue Their Strong Relative Outperform.



The TD Bank continues to outperform the TSE300.

It is well above the 1998 bull market peak and close to the 2000 peak

The TSE300 is still below the 1998 bull market peak.

Strategy: retain Banks for above market returns in 2002

A possible stock shortage in the Canadian resource sector through 2002 is bullish argument for metals

The First Tier Gold Portfolio		Acquired	Jan 29,2002	Stop Loss Set	Stop %
iUnits S&P/TSE CDN Gold Index	XGD-TSE		\$ 38.70	\$ 34.75	-10.21%

The **Low Risk** ETF (above) should be an insurance component in all portfolios.

The Second Tier Gold Portfolio		Acquired	Jan 29,2002	Stop Loss Set	Stop %
Kinross Gold Corp	K-TSE	\$	1.40	\$ 1.08	-22.86%
TVX Gold Corp	TVX-TSE	\$	0.83	\$ 0.64	-22.89%
Glamis Gold Corp	GLG-TSE	\$	6.51	\$ 5.48	-15.82%
Iamgold Corp	IMG-TSE	\$	4.70	\$ 3.81	-18.94%
Echo Bay Mines Ltd	ECO-TSE	\$	1.02	\$ 0.82	-19.61%

The **higher risk** Second Tier (above) and Third Tier portfolios (below) are levered to gold prices over \$290. A plus \$320 gold price will set up a bullish stampede into the group. - They are risky.

The Third Tier Gold Portfolio		Acquired	Jan 29,2002	Stop Loss Set	Stop %
Aurizon Mines	ARZ-TSE	\$	0.36	\$ 0.31	-13.89%
Eldorado Gold	ELD-TSE	\$	0.53	\$ 0.41	-22.64%
Wheaton River	WRM-TSE	\$	0.82	\$ 0.70	-14.63%
Miramar Mining	MAE-TSE	\$	1.15	\$ 0.97	-15.65%
Metallica Resources	MR-TSE	\$	1.30	\$ 1.08	-16.92%

The opinions are based on technical analysis and more information should be obtained before making an investment decision. There no such thing as a perfect investment and there is no such thing as a perfect recommendation.

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