

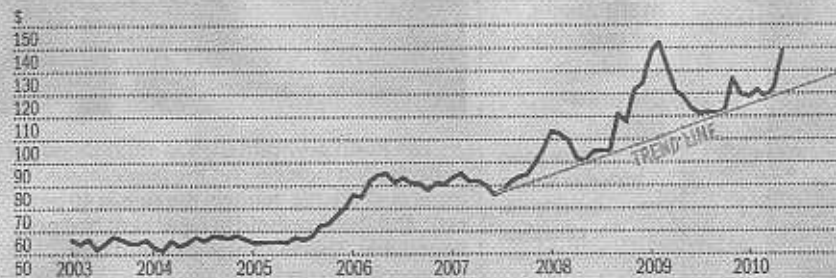
ETF makes gold tradeable without worries about currency risk

**TECHNICAL
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GOLD has been in the spotlight in recent months as its price reached record levels. In US-dollar terms, gold peaked earlier this month at \$US1249.70 an ounce, and yesterday was back at \$US1189. While the booming price has brought the gold bugs out, it leaves a big question for the average punter: how best to get exposure to the gold market.

Technical analyst Mark Umansky says a simple way to get exposure is to buy the GOLD ETF, which is listed on the ASX (ASX code GOLD). Not only does this exchange-traded fund deliver access to the

ASX'S EXCHANGE-TRADED FUND FOR GOLD



gold market, its operations are transparent and because it is sold in Australian dollars it releases punters of the need to try to cope with currency fluctuations.

And currency is a vital issue for gold investors. "Gold and the Aussie

dollar are considered to be positively correlated, as they typically move in the same direction because they are both traded against the US dollar," Mr Umansky says. "But they don't move at the same pace, and it is this difference of pace or velocity

that drives the Aussie gold price. As the world's third-largest producer of gold, this correlation and pace is of utmost importance to local miners and investors alike."

In analysing gold, Mr Umansky makes the following points. The fund's

price does not simply follow the \$US gold price, having touched its highest ever price of \$152.50 on February 23 last year. After that, it tumbled for six straight months, until it reached a point of substantial support at \$110.60 in August 2009.

In early November, the price rose from this support level as growing demand for physical gold pushed prices up, forcing it through various market resistance points. Since then the gold price and currency-related issues have pushed the GOLD ETF into what Mr Umansky sees as a well-supported position in a bull market for gold.

"The accompanying chart of the GOLD ETF clearly confirms that the market has been supporting a rising trend line that commenced on June 29, 2007," Mr Umansky says.

"Should this support continue into the future, it may provide opportunity for the GOLD ETF to break through resistance points and move through its previous high to \$162, where potential resistance from the physical gold and forex market is next anticipated."

This article should be read only as an example of technical analysis. The information does not constitute financial or broking advice.

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