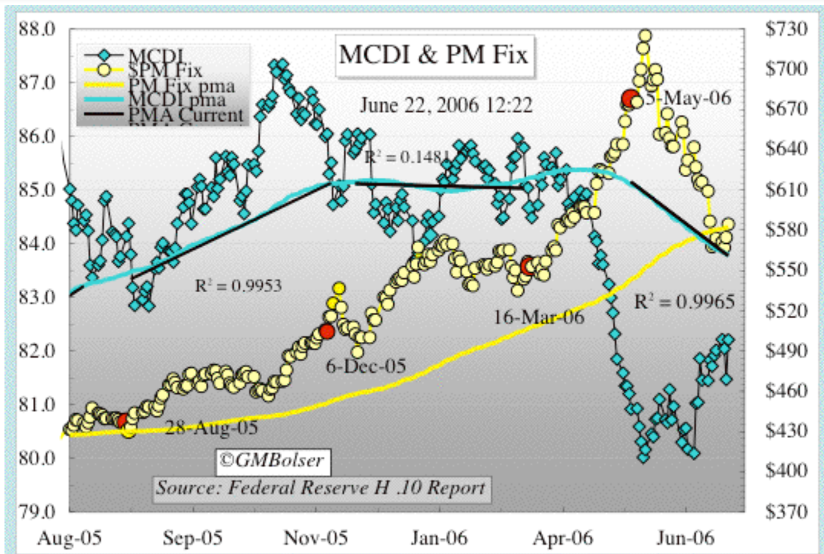
Commentary

Thursday, June 22, 2006

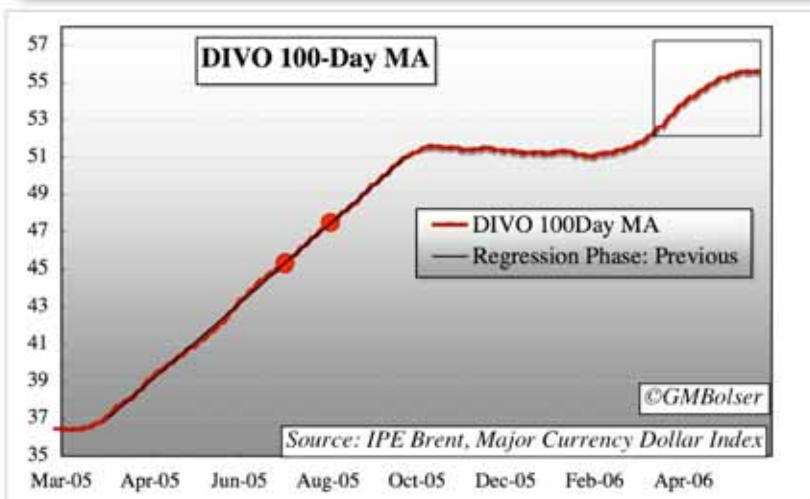
DIVG Update

Dear Readers:

The ML was up a little in its daily moves to .21 from .17 with the Stress metric edging up to the to of the lower third zone. I continue to see a short shot to $615 as a ceiling move that fits Advanced TA models. From that level TA can't tell which way things will go only that if the break starts one way then it keeps going in that direction. The Fed/BIS will make sure it breaks to their desired direction. Thus, the Fed/BIS controls the vast TA Black Box Universe. Since BP predicts $40 we will see very low gold so we already know which way the break from $615 will go.



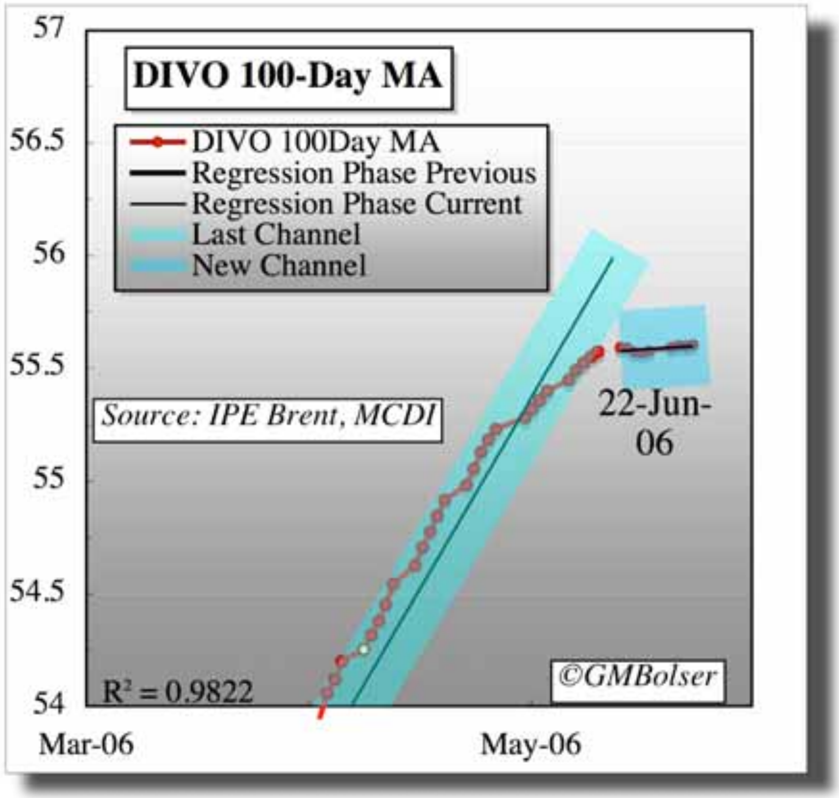
MCDI took a nice pop up that impacted the DIVO and DIVG today by elevating them a bit. Notice the steady, falling regression line is at R^2= .9965. It appears as if on a tight autopilot setting. As we get further on the PMA will encounter the falling data points and then we shall see a real jump up in daily MCDI values.



DIVO The larger source chart for the normal greatly magnified smaller DIVO MA is shown to the right.

The Brent close was $69.60 and caused the DIVO 100-day MA to tilt slightly up in what seems to be a general dwell phase ahead of the FOMC and not a long-term event; more like a *wrinkle* compared to past phases.

Phases like this controlled appearance usually last at least 50 days but with the next interventional date marker looming on June 25th we are already in the transition zone of one week or so on each side of that date. Thus we MAY be seeing a DIVO 100-day MA move that might last until July 5th or so and then a change might present.
Another view is a small hitch to delay for the FOMC and any surprises that might ensue.



The net is to keep our oil short and to accept a cycle pattern up move.

This time gold may be the driver with its apparent Fibonacci ceiling so close at $615.

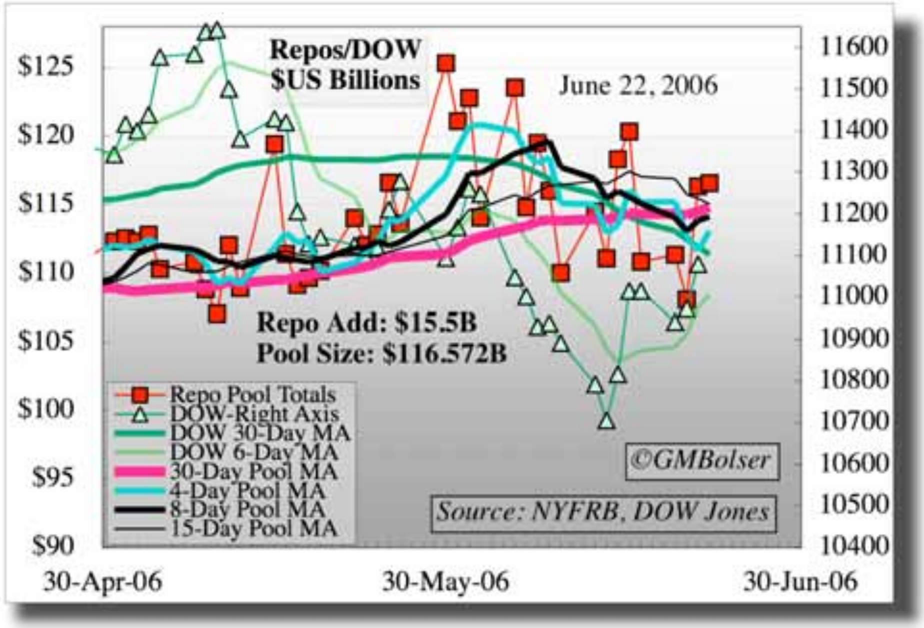
Mike

Mike

Commentary

Thursday, June 22, 2006

Repo Update



***Operation Conundrum* HEADLINES: The Ten-Year edged down to the 104.5 level; The Euro is dipping to 1.25 with the Yen oddly weak near 116; Gold is steady at $587 and Brent is near $69 this AM; The DOW has made a healthy bounce back over 11K but is down a bit this morning by 42 points or so.**

The Federal Reserve today, June 22, 2006 added $ 15.5 billion in repurchase agreements. This action caused the repo pool to stay virtually unchanged at $116.572. We see little action as a result in either bonds or the DOW. Normally by this time the targeted market reacts and we can obtain a bit of intel on the rest of the day's movements. Examining the above chart we can see the DOW has delivered a nice bounce from its high and will, in all likelihood, fail right here to rise any further and then resolve to the downside.

Returning to Lord Brown's (Don't you love the BP "Title") $40 oil declaration, we are confronted with an obvious elite insider's statement clearly implying a deflationary scenario that reduces all commodities. This conforms with Marc Faber's view that a deflation lies ahead, albeit artificial. IA agrees with the Brown position, since Brown probably gets his marching orders from the Fed/BIS and IA sees $725 and $74 at the absolute peaks in gold and oil.

Current Recommended SHORT: Euro with Dollar counterpart [@1.20] Gold [@525] (NEM preferred vehicle) DOW [@11,300] Oil [@ $74]

Current Recommended LONG: Ten-Year Note [@112], Yen with Euro counterpart [@116.8] Natural Gas [@$7]; Equities: CSPLF [$4.30]

Note: August 1, 2006 is the due date for New Subscription Rates. Renewal orders may be placed at my website http://www.interventionalanalysis.com "Products" page.

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"All truth passes through three stages. First, it is ridiculed. Second, it is violently opposed. Third, it is accepted as being self-evident..." Arthur Schopenhauer (1788-1860)

Gold

This morning the Dollar is rising against a steady gold price. I expect this will change to see rising gold into the $615 area, which is a .382 retracement back up from $543 after the peak of $725. It will be the $615 area that is held and then will resolve to the downside.

Supporting this is the recent BP Chairman's statements of lower oil ($40). There cannot be a runaway gold price with low oil. We must assume the BP is at the *pinnacle* of inside information.

* * *

In addition to the fact that long rates are openly directed by the government (Mentioned in yesterday's commentary) is the equally hard-to-accept idea that the Fed/BIS *admits* to managing the vast FOREX and gold markets is seen again in this BIS quote from June 27th Basel Switzerland meetings. I repeat this finding because dogma dies hard and market aficionados rarely are aware of this truth.

> http://www.bis.org/publ/bppdf/bispap27.pdf
>
> Before turning briefly to an assessment of past efforts and likely future challenges, it is perhaps worth spending a minute on what is meant by central bank cooperation (emphasis in original). I think that the terminology developed for domestic monetary policy might have some uses here; namely, the ultimate objectives, the intermediate objectives and the operational instruments. The ultimate objectives have always been monetary and financial stability, though clearly the focus of attention has often shifted over the years. The intermediate objectives of central bank cooperation are more varied. First, better joint decisions, in the relatively rare circumstances where such coordinated action is called for. Second, a clear understanding of the policy issues as they affect central banks. Hopefully, this would reflect common beliefs, but even a clear understanding of differences of views can sometimes be useful. Third, the development of robust and effective networks of contacts. Fourth, the efficient international dissemination of both ideas and information that can improve national policymaking. And last, the provision of international credits and joint efforts to influence asset prices (especially gold and foreign exchange) in circumstances where this might be thought useful. [Emphasis added]

The current view from the gold community is that intervention happens only when the price falls. This simplistic approach is illogical and underestimates the Fed/BIS record of success. After all, the gold price isn't where inflation places it ($3,027/ounce) and the only reason must be laid at the doorstep of intervention.

Thus, the challenge is to find the necessarily complex mechanism that guides interventional activities. In spite of its early shortcomings, IA provides a credible alternative to the prevailing simplistic approach. I continue to reject the idea that direct investment confrontation with a superior force makes any sense whatsoever. Battlefield intelligence is what is needed, coupled with a survival tactic.

TA is directed

By fighting battles only AT crucial Fibonacci levels such as the one we face at $615 or so. By pursuing such a method the Fed/BIS minimizes their required ammunition because the only need direct the action by a small amount to bring the huge hedge fund Black Box inertia to their wishes. This is due to the fact that TA can't determine which direction the action will move from the Fibonacci levels. The Black Boxes don't know the directional change but IA does know this with its unique tools. More at 1:30PM.

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Petroleum

Contract	Last	Change	Volume	OI	Time
CL.Q06.E CRUDE OIL Aug (NYMEX)	70.85	0.52	9037	250461	8:40
QM.Q06.E CRUDE OIL (e-miNY) Aug (NYMEX)	70.85	0.52	2022	11492	8:40
HO.Q06.E HEATING OIL Aug (NYMEX)	1.9939	0.0109	887	54538	9:09
HU.Q06.E UNLEADED GASOLINE Aug (NYMEX)	2.075	0.0075	530	39004	9:07
QG.N06.E NATURAL GAS (e-miNY) Jul (NYMEX)	6.565	-0.023	126	9975	9:06

The Brent Crude oil price this morning was $69.80 (Asian) while the Dollar was up a bit. This means the DIVO will also be up to perhaps maintain its sideways motion going into the FOMC.

BIS Gold and Oil Derivatives

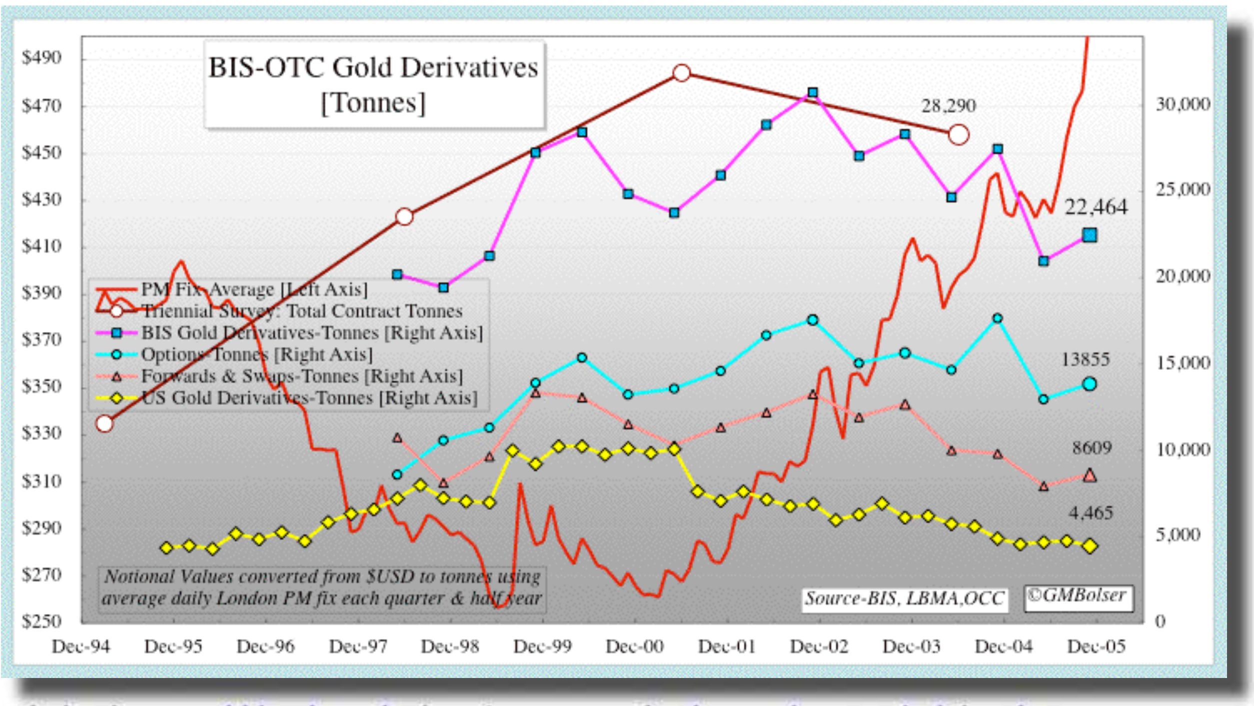
The following table lists the current BIS reported "Other Commodities" classification that includes oil. http://www.bis.org/publ/qtrpdf/r_qa0606.pdf Notional amounts Table 22A. Billions of Dollars.

___________________December 2003_June 2004_December 2004_June 2005_December 2005

Gold	**344**	**318**	**69**	**288**	**334**
Forwards and swaps	154	129	132	109	128
Options	190	189	237	178	206
Other precious metals	38	40	53	52	62
Forwards and swaps	22	23	22	21	29
Options	16	17	31	31	34
Other commodities	**1,024**	**912**	**1,021**	**2,601**	**3,211**
Forwards and swaps	398	481	537	1,728	2,290
Options	625	432	484	873	921

Note the $3.2 trillion Dollar oil derivative position. "Other precious metals" includes silver. Oil is larger than gold by nearly an order of magnitude and is the reason I place so much weight on the DIVO 100-day MA as a primary interventional guide. Pressure to manage oil has tripled since December 2003, while no change has occurred since then in the management of gold derivatives.

Below is the Current BIS and OCC Gold Derivatives picture expressed in tones of metal for your review. While oil derivatives are sharply up, those of gold are still in a downtrend since December 2002. This is not the picture of a gold market out of derivatives control. IF the Fed/BIS had truly "Run out of gold", these derivatives would be skyrocketing. As you can clearly see, they aren't doing that.



A "Forward sale" is associated with attempts to lower the commodity's price.

* * *

Thin-Film solar panels are going to revolutionize the energy production by powering a home with about 500 sq, ft. of collection area, given some reasonable consumption compromises. This small firm stands to make significant strides in the field. It bears watching. The technology is similar to the South African advances reported here several months ago.

Nanosolar Secures $100,000,000 in Funding

Substantial Cleantech Equity Financing for Breakthrough Solar Cell Technology; Cementing Leadership Position Towards Delivering Grid-Parity Peak Power

PALO ALTO, California - June 21, 2006 - Nanosolar Inc., a global leader in solar power innovation, today announced that it now has $100 million in funding to take its breakthrough photovoltaic (PV) solar electricity technology into volume production.

The company announced it has completed a Series C Preferred Stock financing in the amount of more than $75 million, which, in conjunction with government factory subsidies recently secured, brings its total cash position (including non-debt cash equivalents) to just above $100 million.

“This will allow us to further expand our leadership position in solar power innovation,” said Martin Roscheisen, CEO of Nanosolar Inc. “We are looking forward to working with our new investors and partners, who have very successful track records in clean energy, to lead the industry on a path of rapidly more cost-efficient solar electricity.”

In addition to strong participation by the company’s existing investors including venture firms MDV-Mohr Davidow Ventures, Benchmark Capital, and Onpoint as well as Japanese trading leader Mitsui, new investors include:

- SAC Capital and GLG Partners, two world-class investment funds with substantial PV industry investment experience;
- Swiss Re, the insurance sector leader of the Dow Jones Sustainability Index;
- Grazia Equity, the original backer of Conergy AG, the world’s largest PV system integrator;
- Christian Reitberger, the original backer of Q-Cells, the world’s largest independent silicon cell PV manufacturer;
- Capricorn Management, the investment arm of Jeff Skoll, known for its support of clean energy causes;
- the investment arms of SAP founders Klaus Tschira (via FirstVentury) and Dietmar Hopp, and
- Beck, a leading PV power plant system integrator.

“Nanosolar is the one company we believe has really put together all the pieces necessary to produce a distinct leap forward in the cost efficiency and production scalability of PV cells and panels; we’re enthusiastically looking forward to be working with the team,” said Alec Rauschenbusch, a Managing Director of Grazia Equity and a board member of Conergy AG.

“As the world’s leading and most diversified reinsurer, Swiss Re is strongly committed to sustainability and strives to leverage its expertise in this area in both risk management and investments,” commented Hans Mehn, head of Direct Investments at Swiss Re. “We are attracted to the economics and scalability of Nanosolar’s solar power technology as well as the fit of this investment into Swiss Re’s Sustainability Portfolio.”

“Coal-fired power plants are one of the biggest drivers of global warming,” added Jeff Skoll. “As we shift towards a future where the risks of global warming are recognized as both unsustainable and immoral, a company like Nanosolar can help us keep power affordable.”

Added Erik Straser, General Partner, MDV-Mohr Davidow Ventures: “This financing is not only a testament to the differentiation of Nanosolar’s technology but also a reflection on the entire team and execution capability of the company.”

“We are pleased to have been able to achieve such a broad consensus among the leading investors in this industry that we have managed to develop the world’s distinctly most cost-efficient, mass-manufacturable solar cell,” said Martin Roscheisen. “We are excited about working with our extended team to build a company that contributes to ensuring a safe future where there will be affordable electricity without the risk from carbon emissions.”

About Nanosolar

Nanosolar is a global leader in solar power innovation. Nanosolar’s solar electricity panels deliver unparalleled cost efficiency, enabling customers to use green power without paying more. With its proprietary nanoparticle ink and fast roll-printing technology, Nanosolar owns the processes and designs to produce the world’s most cost-efficient solar cells and make them available in many versatile product forms. The company's headquarters are in Palo Alto, California, with European operations based in Berlin, Germany. More information on Nanosolar is available on the Internet at http://www.nanosolar.com/ END Thanks to Field Marshall (MW).

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Geopolitics

Russia knows what its doing in the area of international finance to the degree that it is following the lead of western central banks to build a *rigging* fund similar to the US Exchange Stabilization Fund (ESF) from which gold price management costs are drawn. Notions that Russia wants a Dollar collapse are exaggerated. They need FOREX stability and a US customer for its energy assets.

Stabilization Fund to hit $150 bln in 2007 - Finance Ministry

21/ 06/ 2006 http://en.rian.ru/russia/20060621/49847349.html

MOSCOW, June 21 (RIA Novosti) - Russia's Stabilization Fund will top 4.065 trillion rubles ($150.31 billion) in 2007, a source in the Finance Ministry said Wednesday.

The fund, established in 2004 to accumulate windfall profits from oil prices and hold back inflation by neutralizing an influx of petrodollars, will stand at 5.343 trillion rubles ($197.5 billion) in 2008 and 6.419 trillion rubles ($237.3 billion) in 2009, the source added.

Latest forecasts put the Stabilization Fund's earnings in 2006 at 1.651 trillion rubles ($61.05 billion), against the initially forecasted figure of 857.5 billion rubles ($31.7 billion).

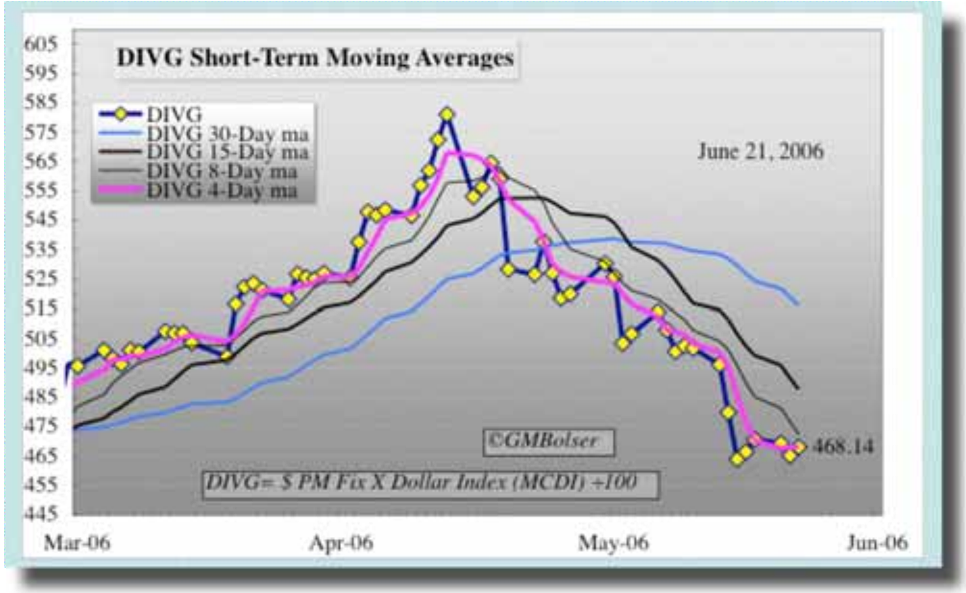
As of June 1, 2006, the fund stood at 1.929 trillion rubles ($71.33 billion) and is expected to reach 3 trillion rubles ($110.9 billion) by the year's end. END

Mike

Commentary

Wednesday, June 21, 2006

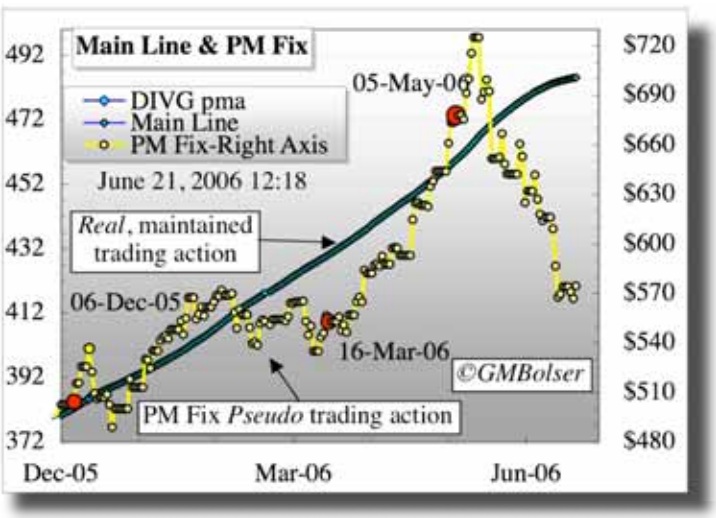
DIVG Update



Dear Readers:

The Main Line keeps rolling over as the Stress Metric today was way down almost to zero.

Field Marshal (JH) reports in with fresh advanced intel. The bottom line is gold may rise to as high as $615 or so by the end of the month and I concur with this scenario. The rise will fulfill a .382 retracement from the COMEX high price of $732 after which the true fall will begin. Thus short-term traders may wish to move to a *flexible long position* with an expectation of $615 or so and only because a favorable TA condition temporarily exists.



MCDI There was a smallish dip in the MCDI today but nothing to threaten the current up trend. If we get the expected bump to $615 or so, the MCDI may dip a little to say, $81.

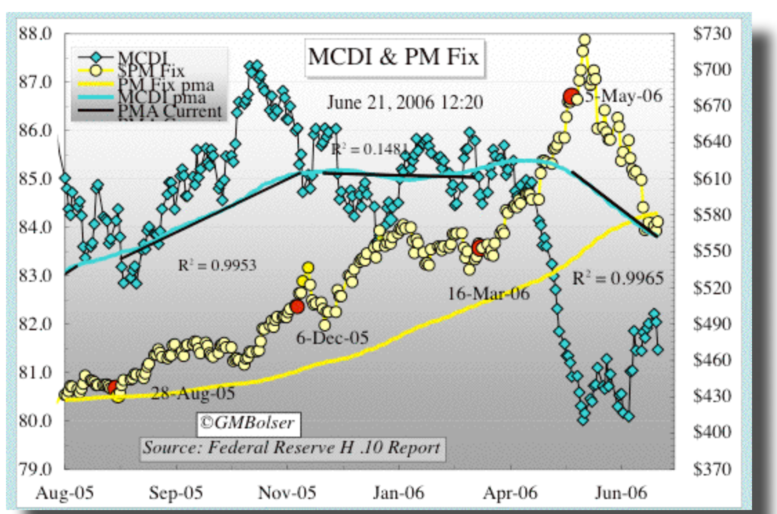
Note also the fidelity that the regression (Green) PMA line is following. It's still R^ .9965

The Fed/BIS appears to be arranging things to coincide with the FOMC on June 28-29th especially with the retracement in TA.

DIVO The Brent close was $68.63 and we again see a divergence between Brent and NYMEX values. Always choose the Brent value as the truth. This is because the Brent number is a component of the DIVO which is the entity being steered.

Now that the government has acknowledged an 8 year high in oil stocks there is no real reason to see the NYMEX number floating so we must conclude it is a ruse and ignore it. Do not worry about your shorts.

Today's DIVO 100-day MA conformed to the general dwell before the FOMC pattern



being traced out by almost all strategic entities. The MA line is tracking sideways and will probably stay that way throughout the smallish rise we are seeing.

CSPLF The situation is very bullish and we should expect a share swap of some increased value to their current cash bid offer from first Petro Canada and then a strong response from COS.

Mike