



CoTR REPORT – Gold Futures (excluding options)

Note: this analysis concerns the CFTC Legacy report. Our research will shift focus towards the disaggregated report as per early February at soonest. A detailed statement will follow.

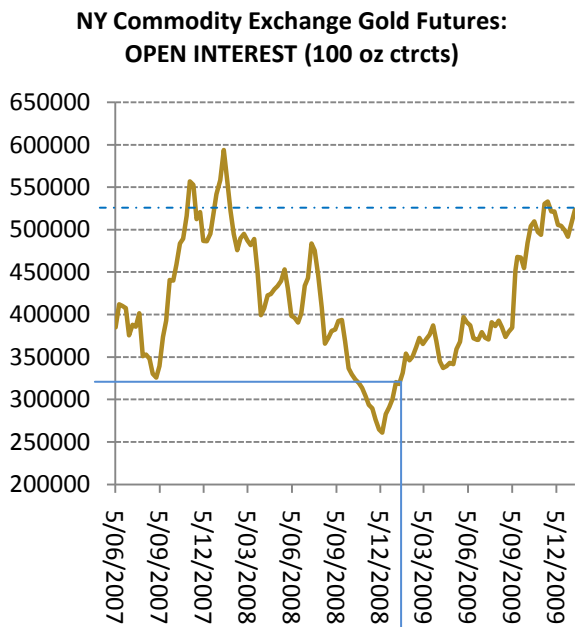


Fig 1: OI, COMEX Gold Futures

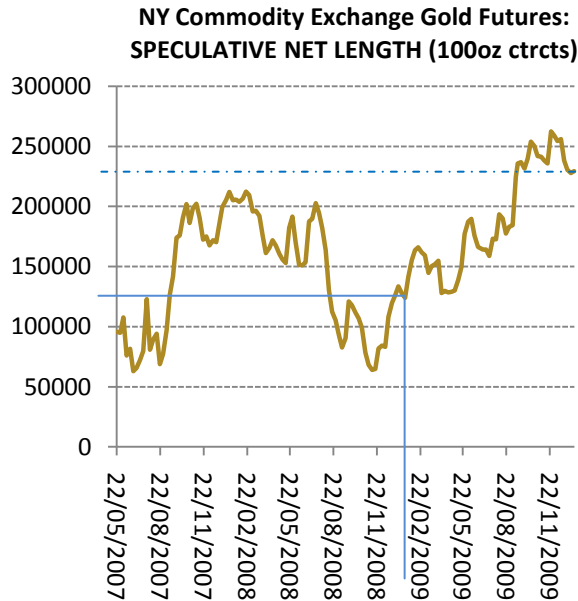


Fig 2: Net Speculative (Non-Commercial) Length

Open interest in COMEX gold futures (excluding options) moved up 15,623 contracts or 3.08 pct in the week to (Tuesday) January 12th, CFTC CoTR legacy data showed on Friday, pointing to a net money-inflow.

Over the period, speculative net long positioning (Non-Commercial Longs minus Non-Commercial Shorts) rose 1,575 lots or 0.69 pct – the equivalent of 4.9 metric tonnes -, while (spot) gold prices rose from around \$1,118 an ounce to just above \$1,160 an ounce on Monday (January 11th), only to slip back towards \$1,125 an ounce on Tuesday (January 12th), thus ending the timeframe slightly higher.

As such, price movements had been mainly bullish.

CoTR analysis confirms by an increase in speculative long positions (+8,252 contracts or +3.14 pct). Nevertheless, when netting data, the increase in net speculative longs is to some extent offset by an increase in speculative short positions (+6,677 lots or +18.95 pct).

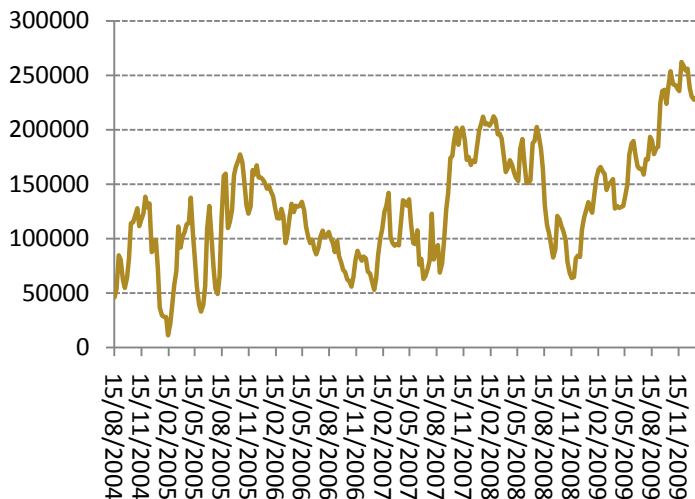
That said, the significant percentage-based increase in speculative non-commercial shorts was moderated by a nearly equal *decline* in short positions held on behalf of small speculators (non-reportables) (-5,244 lots or -18.93 pct).

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Total resulting speculative net speculative length in the non-commercial category (futures only) stood at 229,342 contracts or 713.33 tonnes (+4.9 tonnes), off a record high of 815.94 tonnes that was hit in the week to Tuesday, November 24, 2009.

COMEX Gold Futures, Net Speculative Length, in contracts (100 ozs)

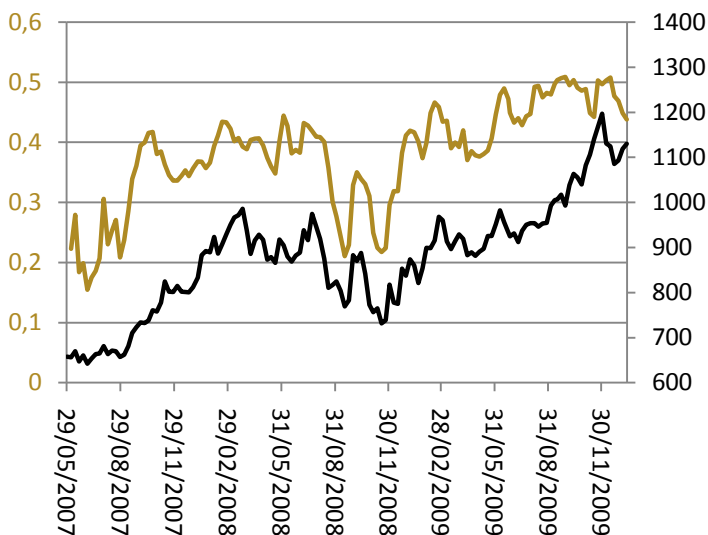


(left: Fig 3: Total speculative (non commercial) net longs in COMEX gold futures (100 oz contracts)

Comparing this to the same week one year ago (week to January 13th, 2009), we see that open interest was up 64.45 pct, where speculative net long positioning rose 79.71 pct year-on-year. The price of gold has risen by around 38 in comparison to the same week last year.

Looking at the Speculative Net length to Open Interest ratio (NSL to OI), we note a decrease of 2.31 pct to 43.83 pct in the week to (Tuesday) January 12th, and a rise of 9.28 pct in comparison to the same week one year ago.

Net Spec Length to Open Interest Ratio, vs Spot Gold (\$/oz)



Conclusion:

A decline in the share of Net Speculative Longs in the total Open Interest (NSL to OI) was seen as open interest rose at a faster pace than the Net Speculative Long positioning.

This decline has taken a bit of the pressure off a bullishly-skewed market positioning and has – in our eyes – slightly increased the short-term sustainability of gold prices above \$1,100, backed by prices having so far held up well over the last weeks, when speculative long positioning fell.

That said, the absolute level of the NSL to OI ratio remains well above its 2-year average, which indicates that a predominantly long

positioning amongst large speculators still exists, implying enough liquidation power to spark sizeable downside movements if a substantial deterioration in sentiment would take place.

Goldessential subsequently estimates the chances “very real” for a drop to at least the \$1,000 an ounce support mark to take place later in the year.

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COMEX Gold Futures (Legacy Report - COTR) As per 1/12/2010 - in 100oz ctrcts

OI 523,266
 Chng OI 15,623
 Pct 3.08%

Details

Non-Commercial			Commercial		Total		Non Reportable Positions	
L	S	SP	L	S	L	S	L	S
271,260	41,918	75,955	100,451	382,939	447,666	500,812	75,600	22,454
263,008	35,241	67,958	98,195	376,746	429,161	479,945	78,482	27,698
Change from 1/5/2010 (previous reporting)								
8,252	6,677	7,997	2,256	6,193	18,505	20,867	-2,882	-5,244
3.14%	18.95%	11.77%	2.30%	1.64%	4.31%	4.35%	-3.67%	-18.93%

Net Speculative Length 229,342 **NSL to OI ratio:** 43.83 (pct)
 Change 1,575 Change -1.0 (pts)
 Pct 0.69% Change -2.31 (pct)
In tonnes 713.33
 Change 4.9

Table 1: CoT Breakdown (COMEX gold futures – excluding Options), to January 12th.

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