



**Royal Gold (RGLD: \$45.60)**

September 30, 2009

**Target: \$65.00**

Reversal Level: \$39.00



### Royal Gold had a major breakout.

From 2006 to 2008, Royal Gold built a large base in the form of a trading range roughly between \$23 and \$37 (see dashed lines). In late-2008, the stock had a sharp rise from about \$25 to \$48 that clearly brought the stock out of its base-building phase (A-B). Given that this sharp rise took place in a short span of 3 months, the stock became extremely overbought. The stock then settled into a wedge pattern made up of higher lows and lower highs (see solid lines) while the 40-week moving average caught up to the price. The recent move to \$48.24 (C) signaled the breakout from this large area of accumulation and the start of a new major up-leg.

Technical indicators including the rising 40-week (200-day) moving average, the CSI and the MACD confirm its bullish status. Only a decline below \$39-38 would reverse the positive status of this stock.

**Technical measurements provide targets of \$57 and \$65 (25% and 42% appreciation potentials from current levels). Significantly higher targets are also visible.**