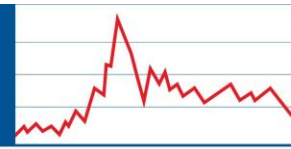


TECH FOCUS

Richard A. Lorusso



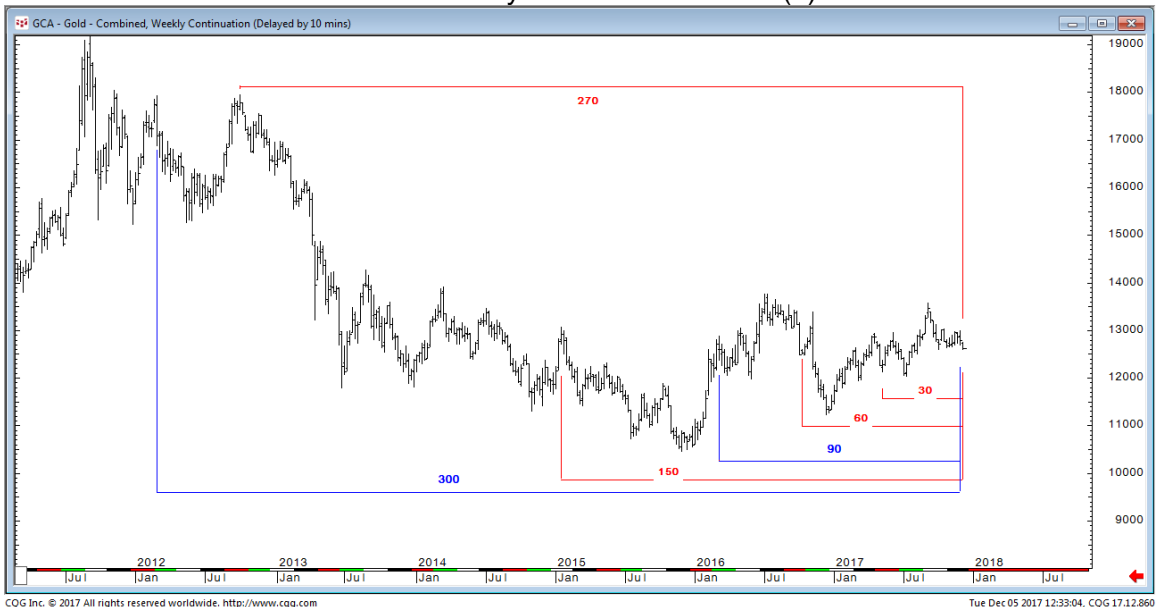
GOLD: *Preparing for a Low*

December 5, 2017

A number of factors we track, particularly on the time axis, are suggesting the gold market is entering a “window” for a turn. Our bias is for a potential low. Today, we will illustrate several of these factors on the following charts.

Our starting point is a timing factor we had observed and researched some years ago which concluded that gold prices display a strong tendency to turn at 30-week intervals and multiples of 30-week intervals from previous turns. The more intervals that are present within in a tightly defined “time window,” the higher is the probability of a turn. These alignments do not occur often nor have we observed this in any other market. On our first chart, a weekly, we are noting 6 intervals. Four are ideally due the week of December 4, and 2 during the week of November 27. When dealing with time we must always allow for a 1 bar variance on either side which extends the window through the week of December 11.

Gold: Weekly Continuation Chart (1)



Having worked with and developed different approaches to quantify time, we are seldom content to rely exclusively on one chart. Our second chart today is also a weekly and follows below. It combines 2 anniversary measures, 2 Gann cycles, and one Fibonacci

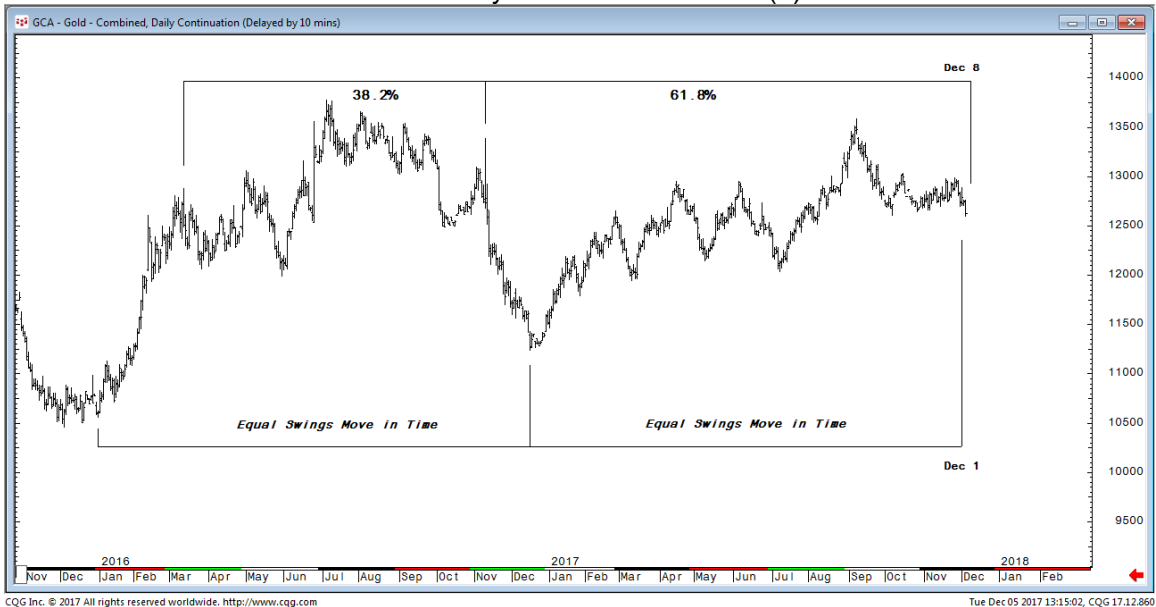
representation of time. The resultant is a window from the week of November 27 through the week of December 18 within which a turn is likely.

Gold: Weekly Continuation Chart (2)



We will now zoom in on a daily continuation chart which illustrates an equal swings movement in time and a Fibonacci golden section. The first week full week of December is the suggested focus for a turn using these 2 shorter term measurements.

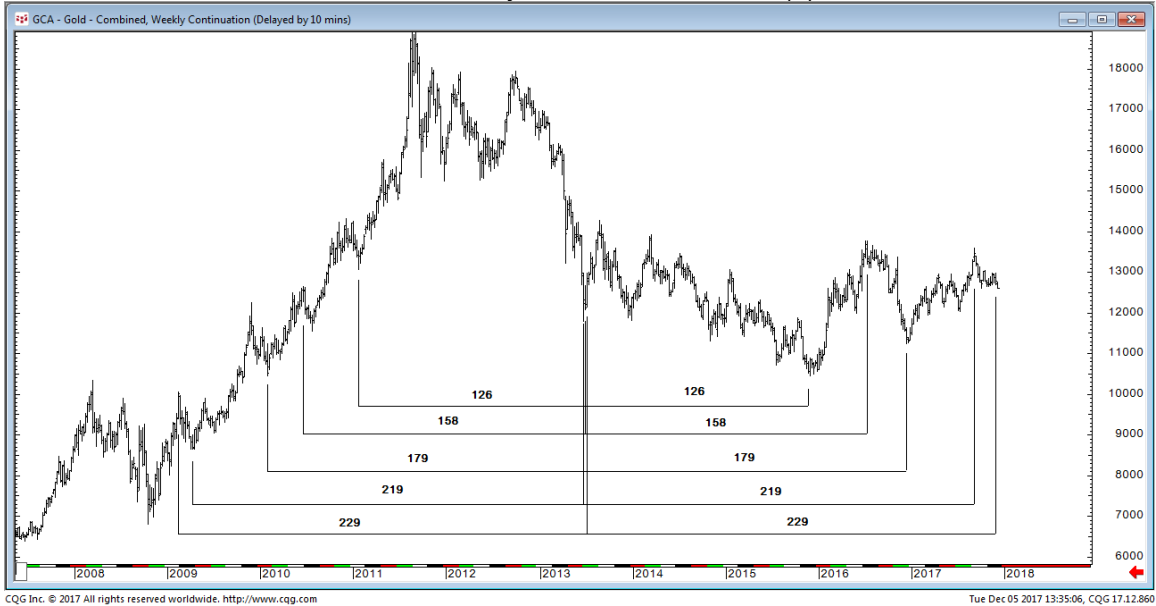
Gold: Daily Continuation Chart (3)



Below on a weekly continuation chart of gold, we illustrate a mirror image chart with a focal point at the initial lows in 2013. Because we are considering the focal point a period of 3-weeks rather than one discrete observation, there is inherently more variability than

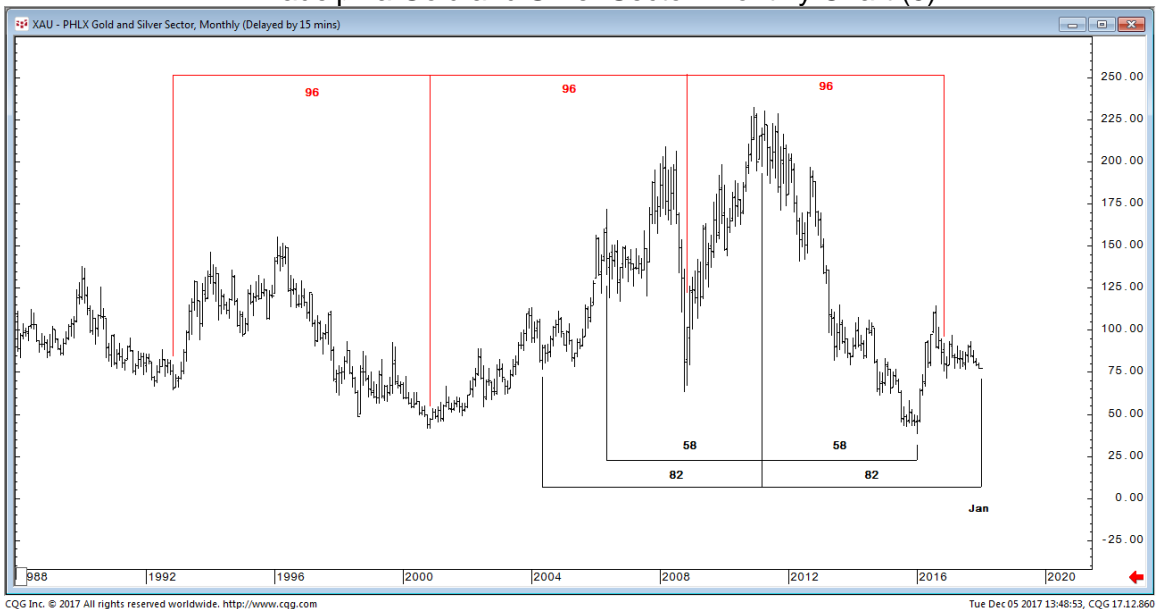
in the other foregoing approaches. One advantage however is the numerous longer term observations of equal time measures which relate turns before the focal point to turns after the focal point. The last measurement suggests an almost imminent turn in time.

Gold: Weekly Continuation Chart (4)



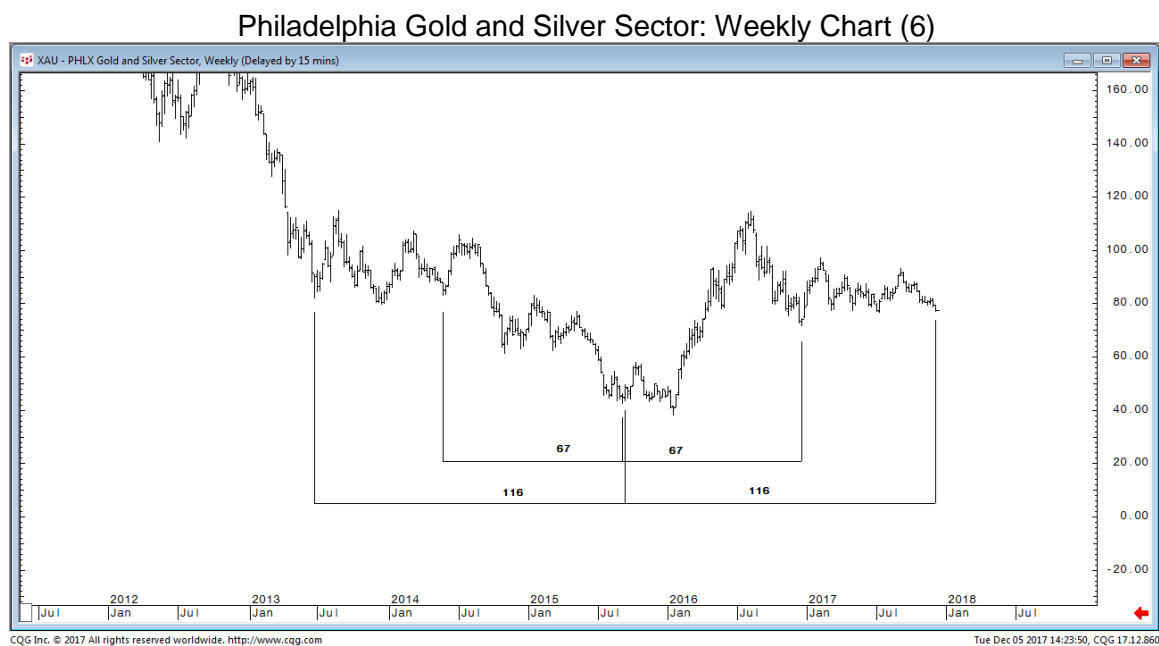
At this point we thought we might add something a little different as we have been aware that some of the gold and silver stock related indices such as the Philadelphia Gold and Silver Sector (XAU) have vastly underperformed the metal. We thought an acceptable way to view this would be with a monthly and weekly mirror image chart. The monthly follows with a couple of observations.

Philadelphia Gold and Silver Sector: Monthly Chart (5)



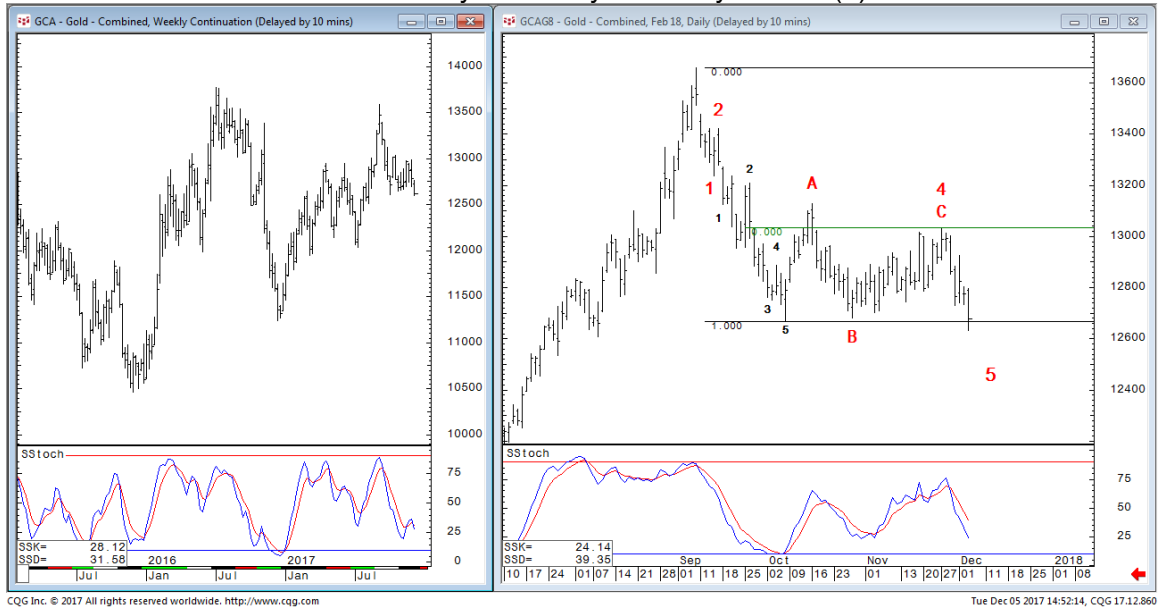
Initially, we see a 96-month, low-to-low measurement (in red) which raises the possibility that the November/December period of 2016 was a very significant low. It was within the 1 bar variance when working with time but that low has yet to be confirmed. Conceivably, it may be tested in the immediate weeks ahead. As far as mirror images, we show 2 with the case that a low in January 2018 low (plus/minus 1-month) will relate to the May 2004 low. This is not inconsistent with the time implications of the foregoing gold charts.

For a shorter term perspective, we have a weekly chart of the Philadelphia Gold and Silver Sector which follows. It also illustrates a mirror image pattern. Ideally, the index is now in week 116 following the focal point in September 2015, 116 weeks from the low in June 2013.



Our last chart is a short term look at futures basis the daily February contract. With many of the foregoing time charts zeroing in on dates predominantly during December, it seems appropriate to complete our article with attention on the short term status of prices. A section of the weekly chart is also included primarily for momentum considerations. On the daily chart at right, prices topped in September followed by a decline which appears to now be in the 5th wave down of a 5-wave progression. Currently, we are anticipating completion at either **\$1256** or as low as **\$1227**. Ideally on the daily chart, wave-5 will sub-divide into 5-smaller waves which would be helpful in initially identifying a low. It will however be far more important to wait for minimal confirmation that the upside is reasserting.

Gold: Weekly and Daily February Charts (7)



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