

## Gold – A Pause After a \$50 Recovery

Gold and the miners have stabilized since rallying off the Sequential and Combo Buy Signals in the last month (*bullion on August 15<sup>th</sup>, miners on September 5<sup>th</sup>-7<sup>th</sup>*). These turns have coincided with the topping action in the US Dollar Index which is now back to the July lows. Bullion has exhibited an even closer correlation with the Chinese Yuan.

Gold is currently flirting with the resistance around the August highs at \$1220 and the 50-day ema. A move through there should be a catalyst for a test of the 20-week ema around \$1240 or the 50-week ema at \$1266.





In August we took a fresh look at the action following cyclic troughs in gold. The violation of the 20 and 50-week exponential moving averages and the 100-week simple moving average suggested that it would take time to establish a lasting base.

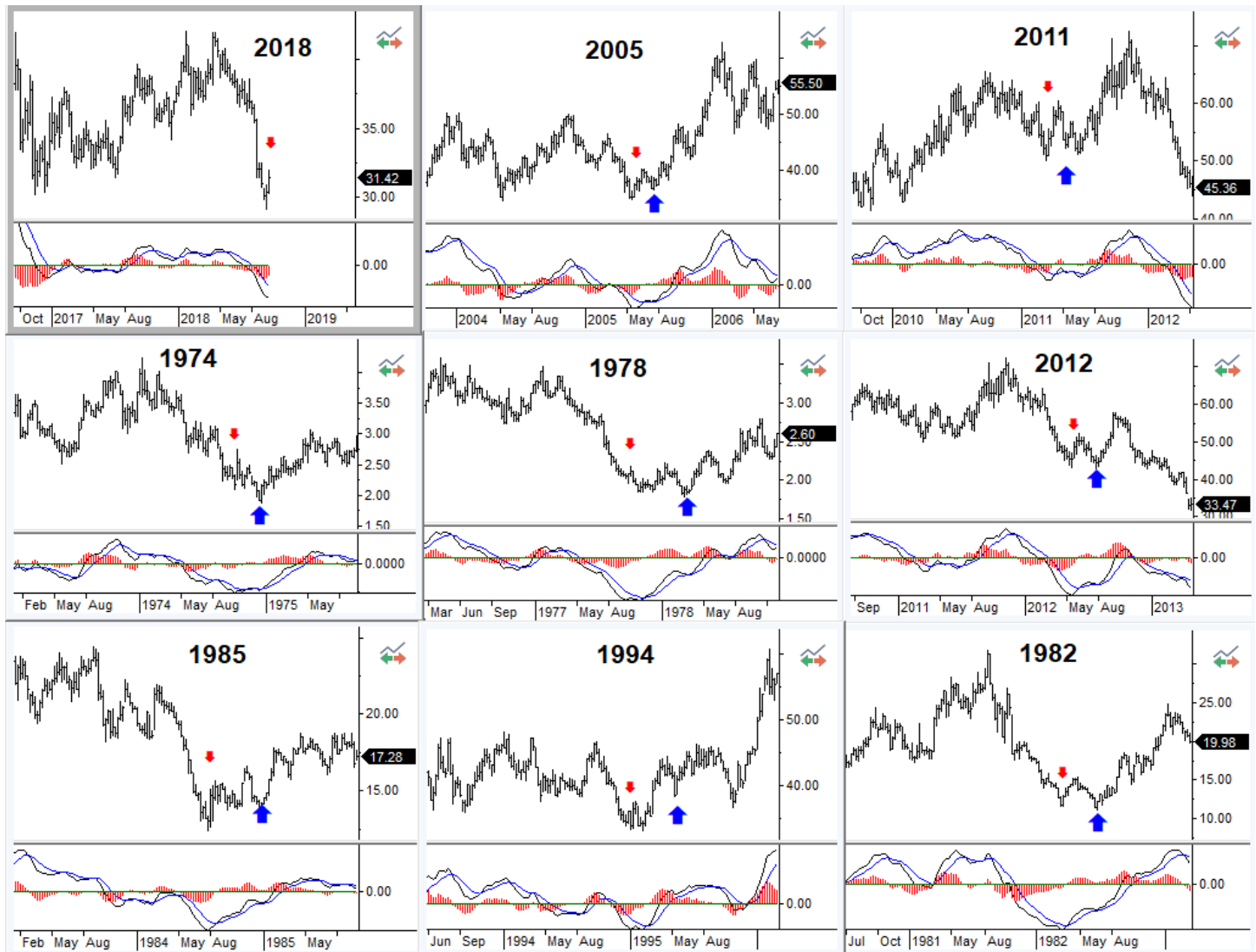
A weekly Sequential 9 Setup was generated on June 15<sup>th</sup>. Since then the Sequential and Combo countdowns had progressed to 9 and 10 respectively. The arrows on the following charts display similar points of Sequential development as of now. In previous cases the price rallied back to

generate a weekly overbought CCI(8) reading (red crosses) at the 20-week ema (blue line) before continuing lower to re-test support.



Newmont has been our poster child for market action in the sector over the last five decades. As noted in August, the bases take time to evolve. The use of a weekly MACD (26,12,9) has proved to be a valuable tool as basing formations evolved. Timely purchases occur once the MACD crosses over its signal line and then comes back down to kiss the line. The blue arrows on the following weekly charts identify such points following the eight previous monthly Springboards. Four of the examples (1974, 1978, 1982 and 2012) generated Wycoff 'Springs' as the MACD kissed its signal line. The current 10% rally could be the early stages of a base. However, it will take many weeks to form an uptick in the MACD above its signal line, let alone a 'kiss' from the higher side. The red arrows identify the most likely positioning.

## *MACD bottoms in Newmont following oversold monthly Springboard alerts*



Opinions in this report are solely those of the author. The information herein was obtained from various sources; however, we do not guarantee its accuracy or completeness. This research report is prepared for general circulation and is circulated for general information only. It does not have regard to the specific investment objectives, financial situation, and the needs regarding the appropriateness of investing in any securities or investment strategies discussed or recommended in this report and should understand that statements regarding future prospects may not be realized.

Investors should note that income from such securities, if any, may fluctuate and that each security's price or value may rise or fall. Accordingly, investors may receive back less than originally invested. Past performance is not necessarily a guide to future performance. Neither the information nor any opinion expressed constitutes an offer to buy or sell any securities or options or futures contracts. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related investment mentioned in this report. In addition, investors in securities such as ADRs, whose values are influenced by the currency of the underlying security, effectively assume currency risk. Moreover, from time to time, members of the Charts and Markets team may be long or short positions discussed in our publications.