



December 11, 2018

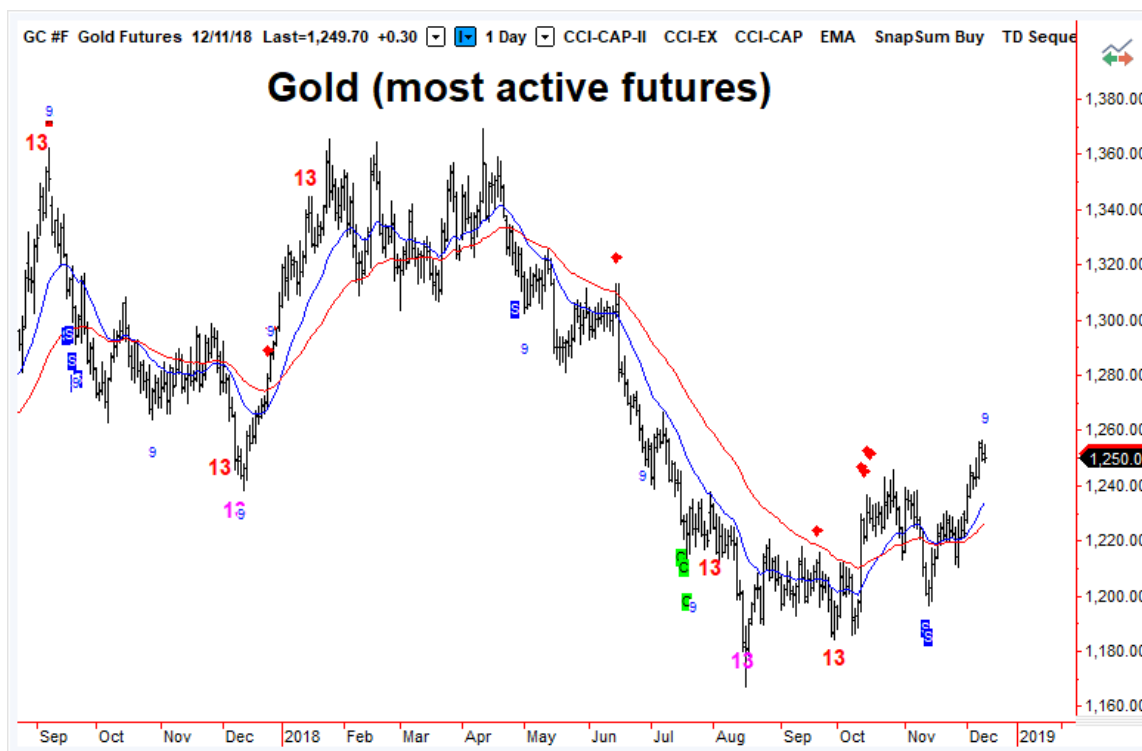
## Gold Update

The eight-year cycle served us well over the last few decades. However, the action since the last cycle low in 2016-17 generated limited upside action. The pullbacks have managed to remain above the cycle low. The recent rally over the \$1240 resistance and 150-day moving average suggest that the negative part of the cycle has yet to take hold.

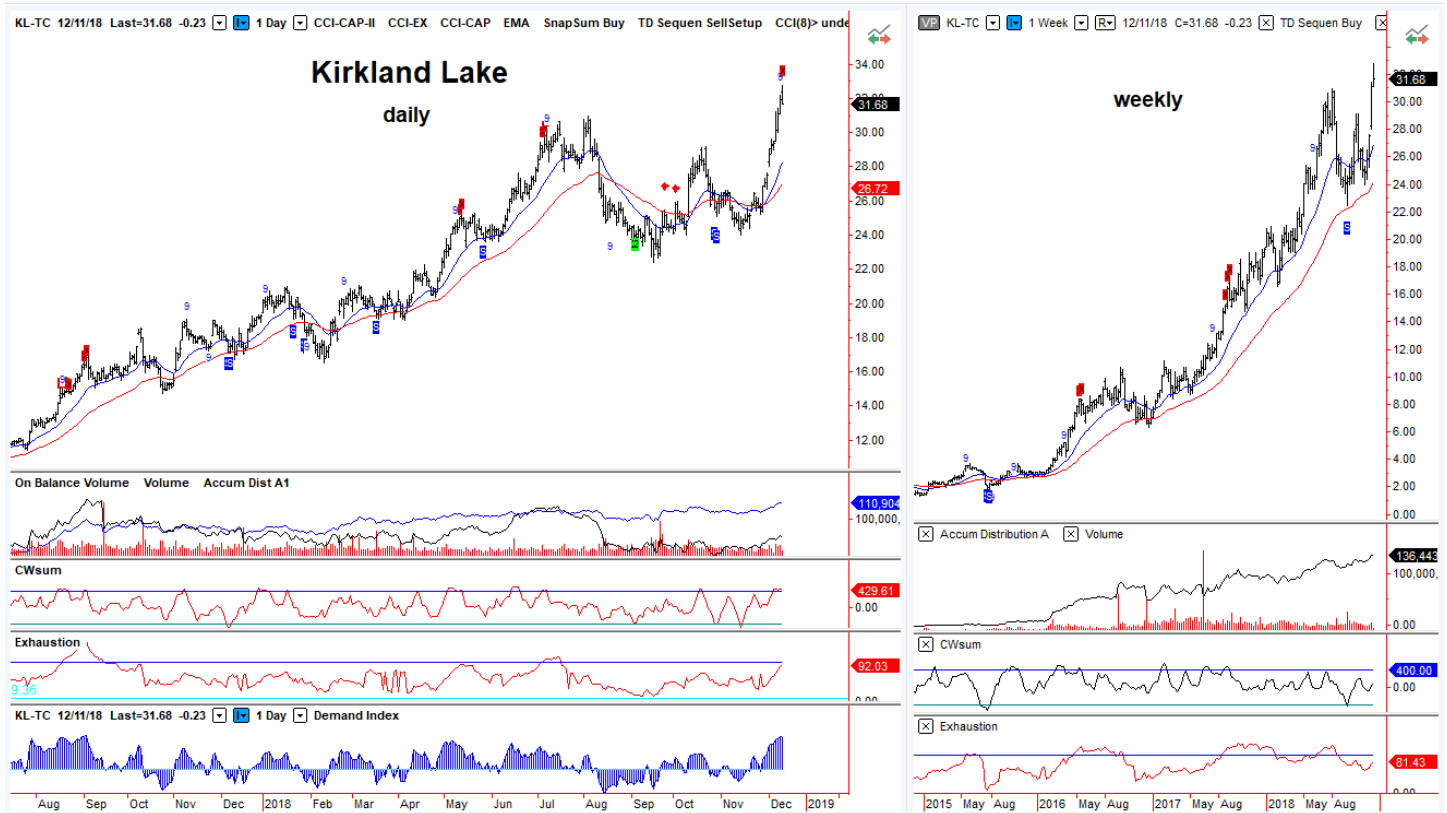
Since 1970, gold has exhibited distinct seasonal patterns around the turn of the year. In the 29 bull market years (*weekly MACD(12,26,9)histogram >0 at the beginning of December*) gold has been reliably strong into January-February. In the 19 bearish years it tends to top in November-December. The years of 2014, '15, '16 & '17 were anomalous, making December lows and rallying into the first calendar quarter. The MACD is currently in a bullish mode.

The **critical supports are** the 20-day ema (**\$1234**) and the lows of last week (**\$1226.60**).

As of today, we have a Sequential 9 Setup. **Any one to four day pause that holds above 20-day ema can be expected to be followed by increased momentum to the upside.** Rallies at this time of the year tend to run until a Sequential 13 or Combo is in place.



Kirkland Lake has been the strongest stock in the sector for the last two years and it is currently generating an upside Exhaustion Alert and Sequential 9, so this is a natural spot for it to pause as the 20-day ema catches up or the price drops back to test the breakout.



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