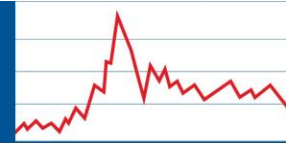


TECH FOCUS

Richard A. Lorusso

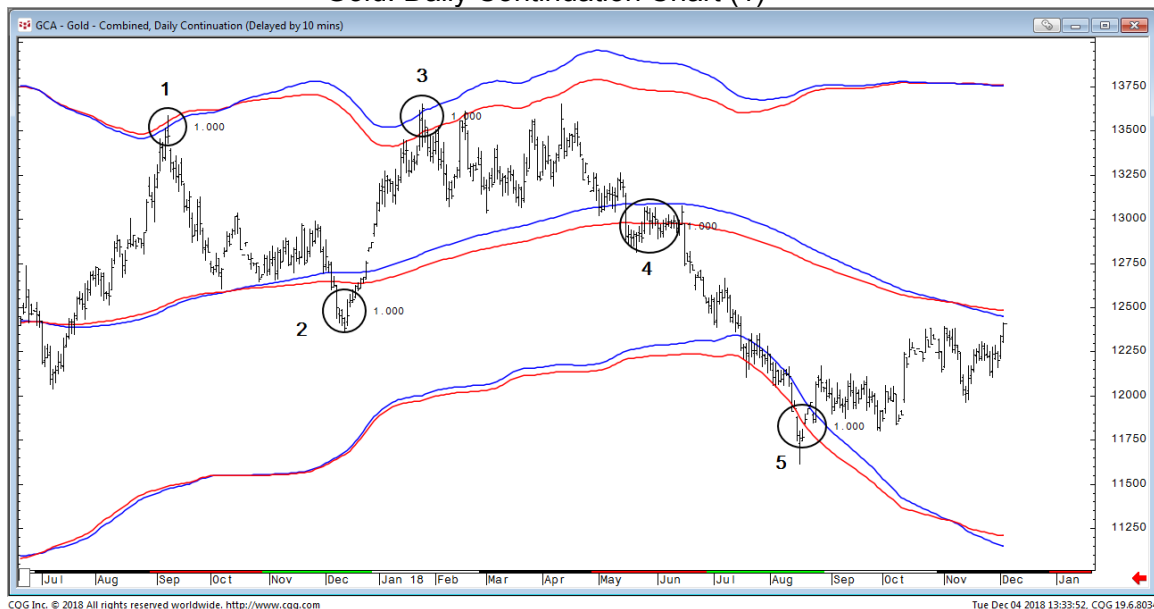


GOLD: *It's About Time (and Other Things)*

December 4, 2018

Gold may not have made our list last week of markets displaying strong or weak long term momentum but it is definitely starting to show other reasons which warrant attention. Let's start with one of our older price models below. This is a daily continuation chart which illustrates a one-year mean value (calculated in 2 different ways) surrounded by two respective (+/-) 2.2 standard deviation bands. Statistically, prices should trade inside the outer bands 98.6% of the time. There are 5 circles indicated. Chronologically they are periods at (1) a high extreme, (2) reversion to or under the mean, (3) a high extreme, (4) reverting to the mean, and (5) a low extreme. Prices are approaching the mean which ranges from \$1244 to \$1249. We don't know if this is a simple reversion to the mean or will it result eventually in a move to the high extreme (currently at \$1375).

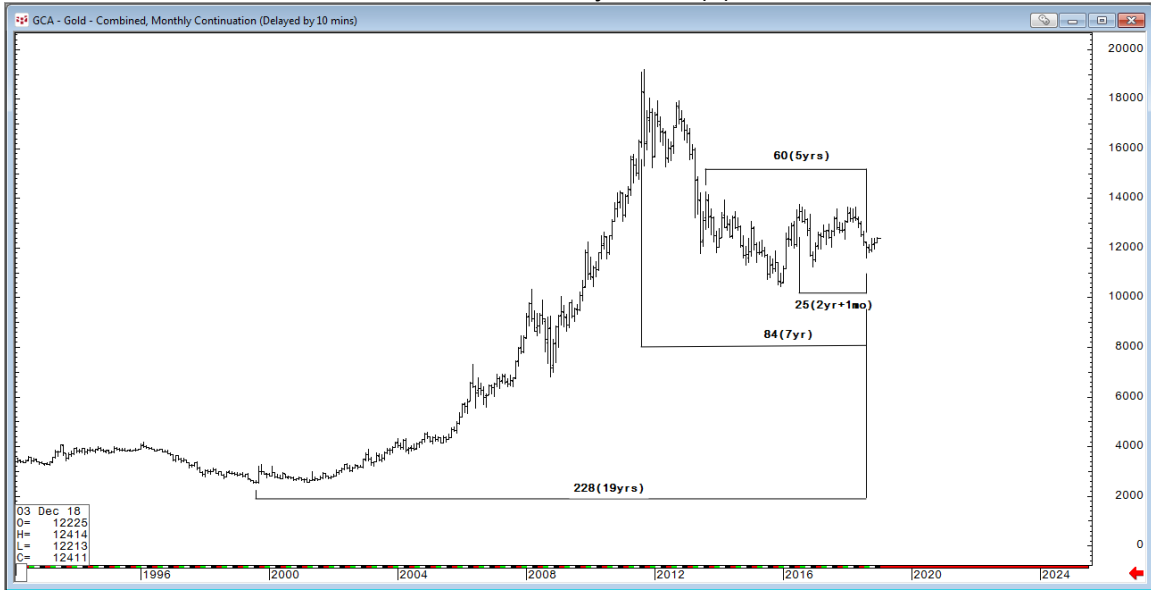
Gold: Daily Continuation Chart (1)



We will now consider some gold charts with a focus on the time axis. Our first chart which follows will be a monthly. It illustrates 4 anniversaries from previous important turns due at the August 2018 low. Two, at 5 and 7 years are also Gann cycles. The shorter term 2-year interval is off by 1-month, the permissible variance when working

with time. The long term measurement of 19-years dates back to the August 1999 low at \$252.50. Ironically, the \$252.50 low was 19.58-years from the January 1980 high at \$875, a previous all-time high and close to equal time swings. It is not a big collection of intervals but 3 of them are quite meaningful and support the idea of a low in August 2018.

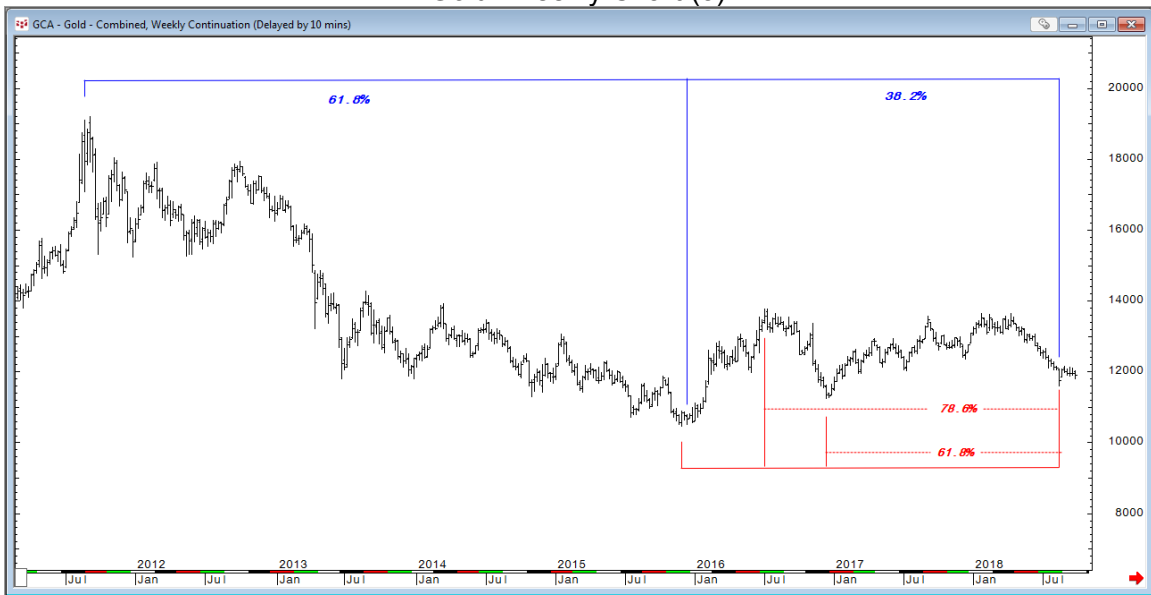
Gold: Monthly Chart (2)



CQG Inc. © 2018 All rights reserved worldwide. <http://www.cqg.com> Tue Dec 04 2018 13:48:29, CQG 19.6.8034

On our next chart below, a weekly, we illustrate a 2.7-year Fibonacci golden section and a long term golden section which is coincident with the 7-year measurement on Chart 2. The termination point of the two sections was at the low in August, 2018.

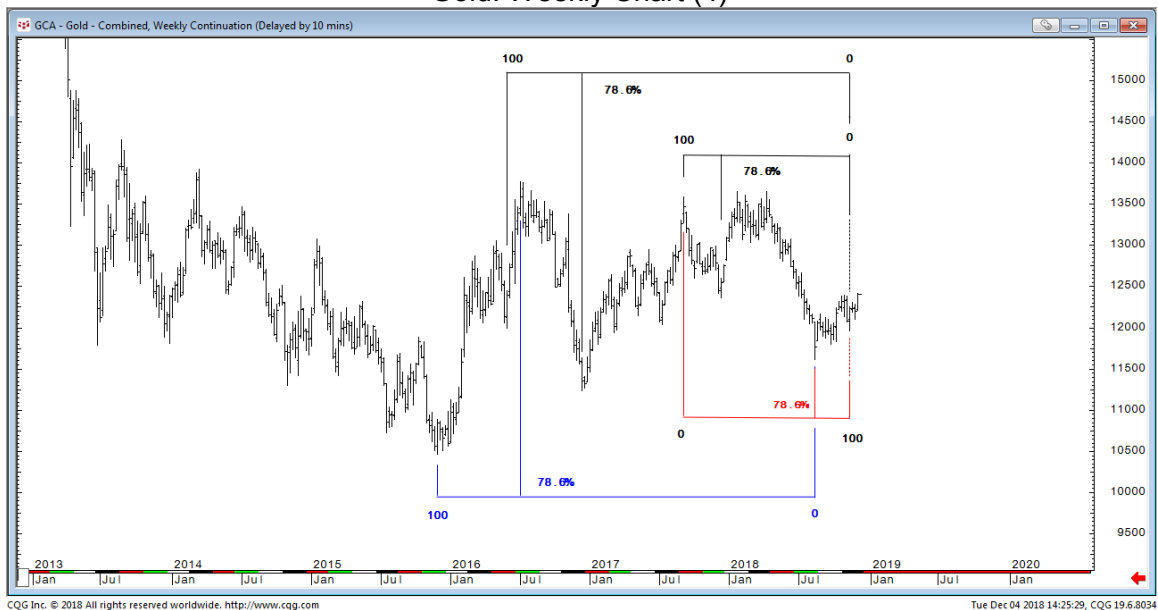
Gold: Weekly Chart (3)



CQG Inc. © 2018 All rights reserved worldwide. <http://www.cqg.com> Tue Dec 04 2018 14:12:02, CQG 19.6.8034

Readers of our Guidelines should recognize the following weekly chart. It details a different type of Fibonacci section. The main difference is instead of the total time duration dividing into the Fibonacci ratios of 61.8% and 38.2%, we are working with the square root of the 61.8% golden ratio which is 78.6%, and the relevant turns at which that ratio appears relative to the total time duration.

Gold: Weekly Chart (4)

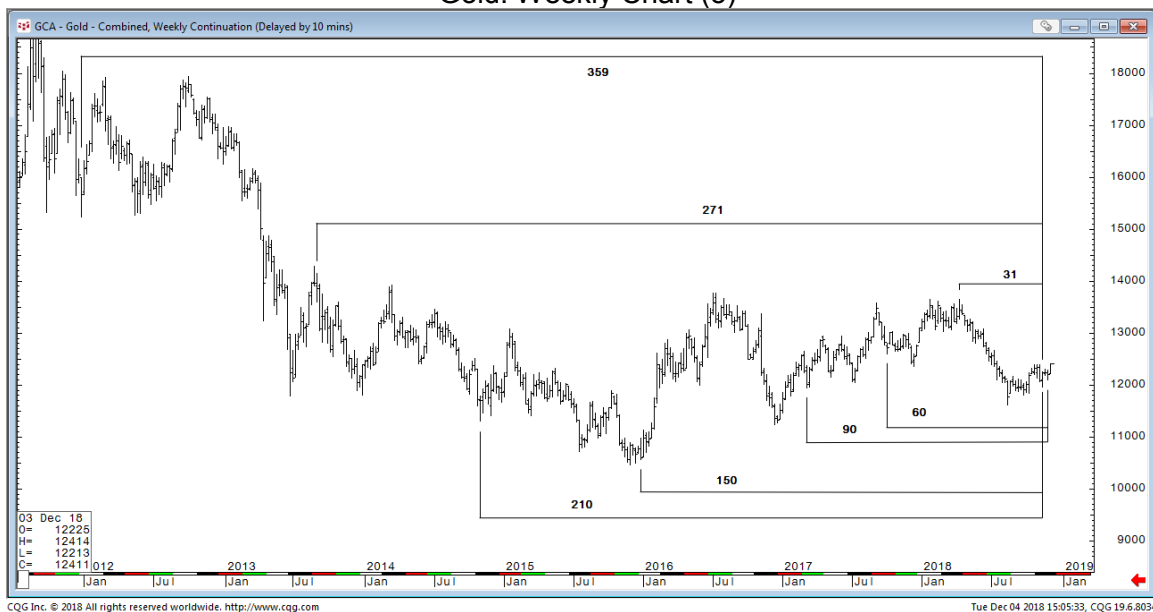


On the chart above we are measuring left to right and right to left to determine the 78.6% point. Two sections terminated at the August low and interestingly, 3 sections terminated on the second higher low following the August low during the week of November 12. The start and end of each section plus the 78.6% point we observe coincide with turning points in price. This chart supports the idea of an August low **and the low which followed 13-weeks later or exactly one-quarter.**

We will now move to older original research which does not make its appearance in the gold very often. Our work suggests that $\frac{1}{\sqrt{5}}$ (and multiples thereof). The more the greater is the reliability.

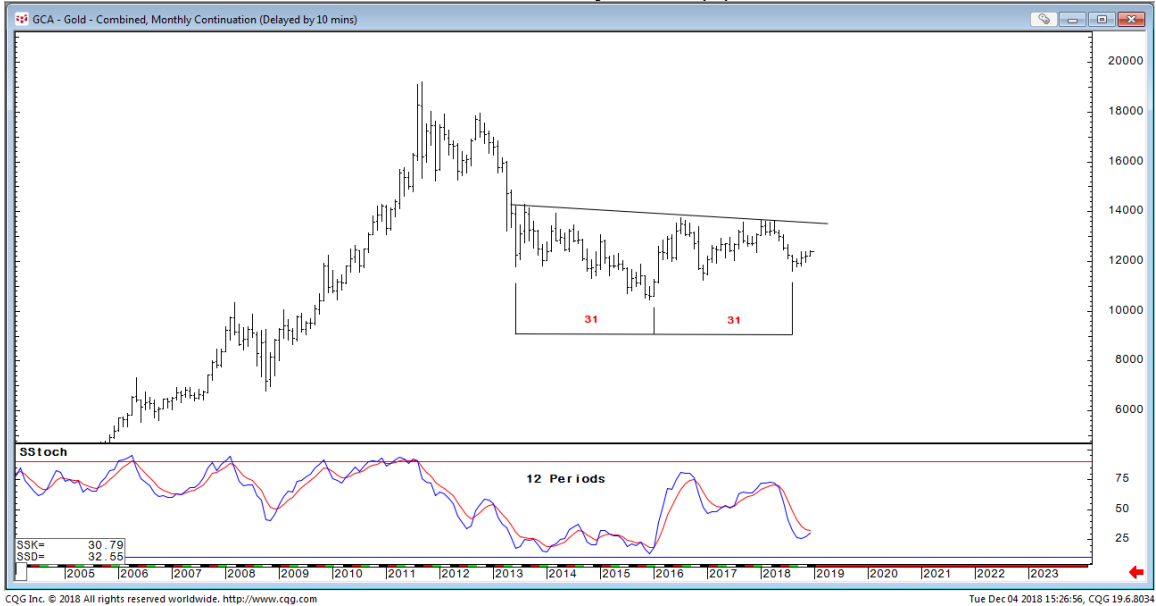
What is surprising about the current line-up below is it did not occur in August but much more recently at two higher weekly lows in November similar to Chart 4 above. We show 7 measurements, 3 of which are 1 week from an exact 30-week multiple and the 4 others which are exact.

Gold: Weekly Chart (5)



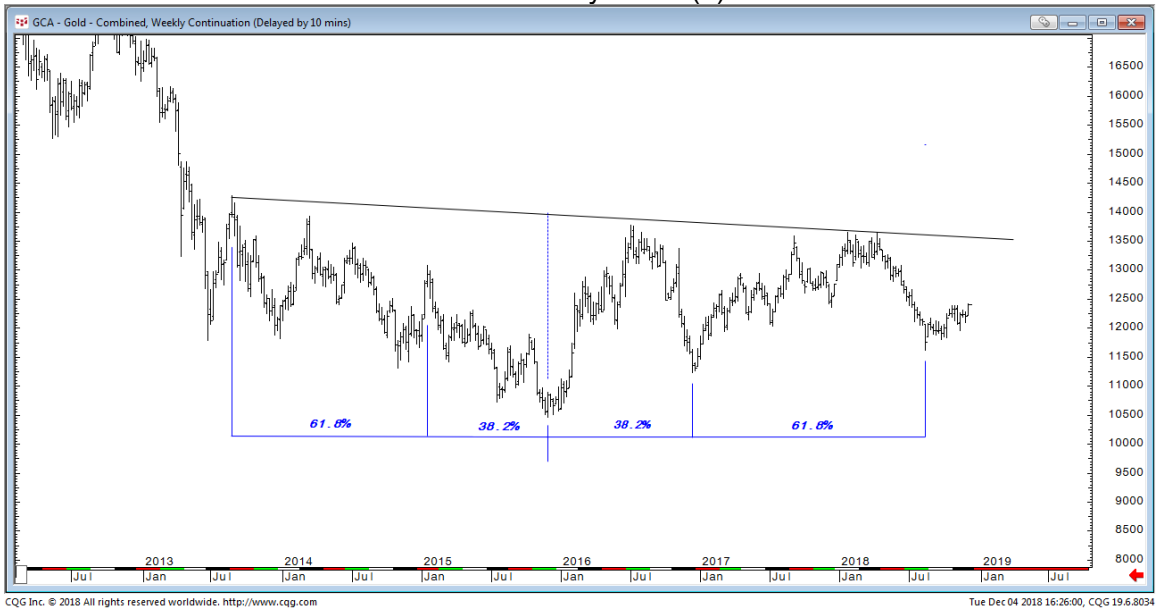
Our next chart which follows is a monthly and is primarily concerned with the price pattern which has been developing over the past 66-months. The pattern is viewed as a viable candidate for a classic inverted head and shoulders. Experience with the pattern suggests a higher degree of reliability if there is time symmetry present. We think there is and have noted it on the chart as two-31 month periods. We would also note that the stochastics is attempting to turn up. It is set to 12-periods and therefore is a one-year oscillator, a more meaningful longer term factor.

Gold: Monthly Chart (5)



Our last chart today is the weekly gold chart below. It is a reiteration of our comment above regarding the pattern having time symmetry. The chart is weekly and we would describe it more accurately as having Fibonacci Time Symmetry, two Fibonacci sections with their beginning sections of 38.2% coincident with the head of the head and shoulders.

Gold: Weekly Chart (6)



We think the gold market is working on a larger bottom than can be appreciated from looking strictly at the daily charts. Some of the recent timing suggests important lows materialized in November. *We cannot guarantee that* but if accurate it warrants getting involved on the long side while the risk is relatively low.

Disclaimer:

This information is not to be construed as an offer to sell or a solicitation of an offer to buy the futures or futures options named herein. The information in this report has been obtained from sources believed to be reliable but is not necessarily all inclusive and is not guaranteed as to the accuracy, and is not to be construed as representation by us. The market recommendations contained herein represent the opinions of the author. Such opinions are subject to change without notice. Reliance upon information in this market report is at the sole risk of the reader. Trading in futures and options on futures involves substantial risk of loss and should not be considered appropriate for everyone. Past performance is no guarantee of future performance and it should not be assumed that future profits will match or exceed past profits.