

June 23, 2019

Technical observations of
RossClark@ChartsandMarkets.com

Gold

The continued stressful events in the Gulf pushed gold through \$1400 by the end of last week. It has completed four of a normal five to eight-week rally out of a late-May/June low. The depth of the February to May correction measures to \$1426 and \$1475.

June's rally saw only a minor pause around \$1340 prior to breaking out. The Daily Sentiment Index at an extreme of 94% so the next pause/consolidation should be more dramatic.

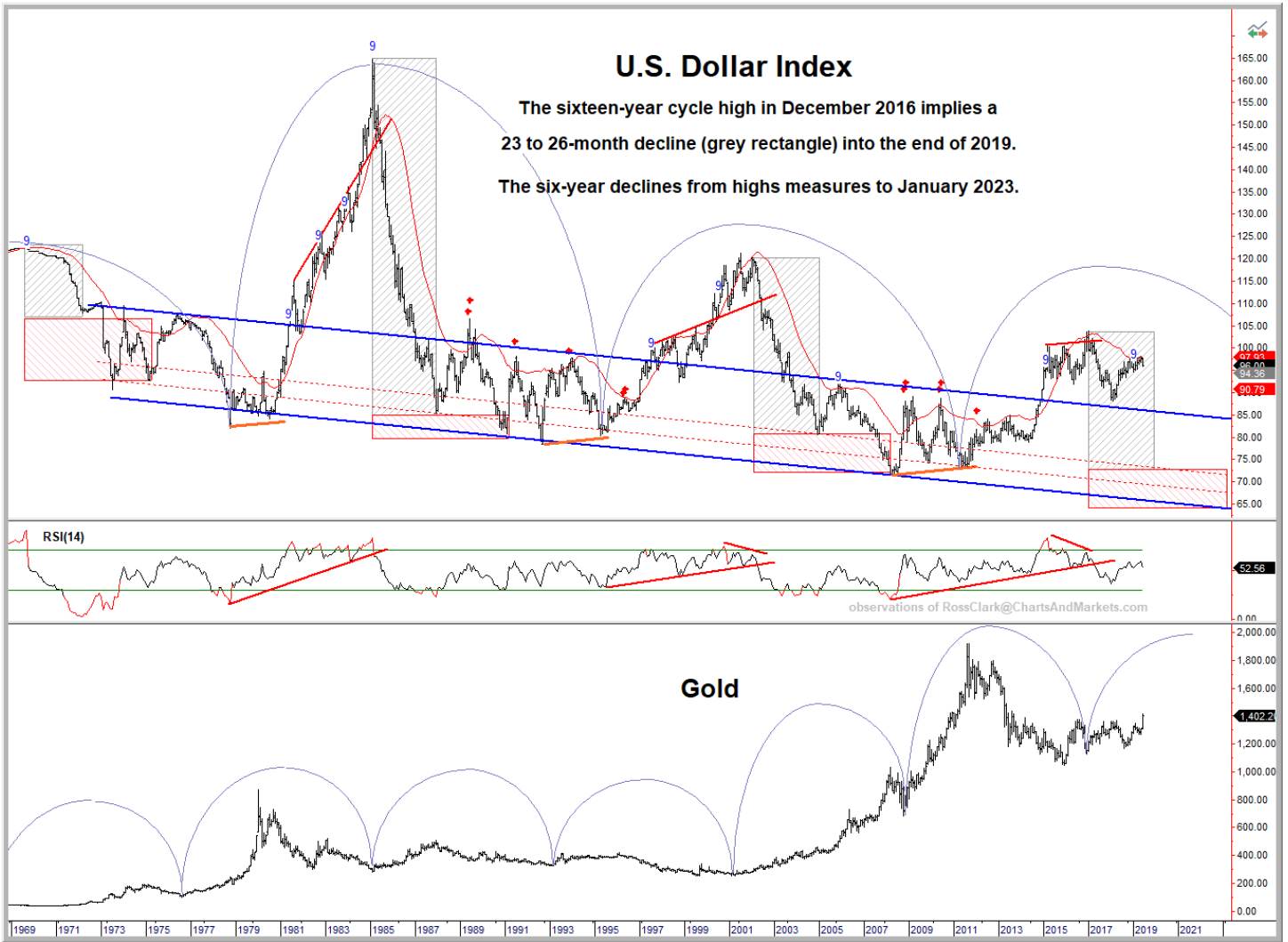
The depth and width of the five-year consolidation, now below the market, has the potential to push prices to all-time highs in the coming years.

Breaking out of the five-year resistance has attracted abundant attention. Inflows to the GLD ETF on June 21st established a record. Inflows over one billion dollars have been infrequent and only occurred on multi-month breakouts (red lines) such as now. Each saw an interim high within the next few weeks and a pullback to the 34-week ema within two months (↑) as the weekly RSI(9) dropped by 30 points or more. A daily reading in the RSI(9) below 30 became the attractive buying opportunity.



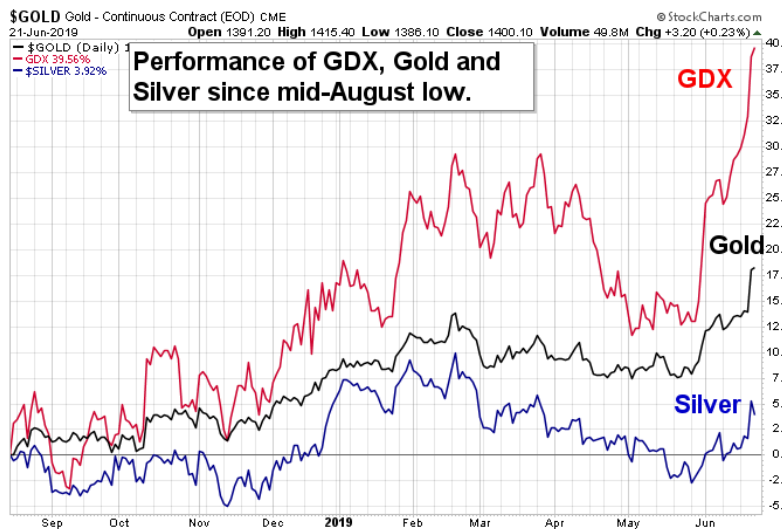
Gold has been doing well since last August, particularly bearing in mind the head wind of an upward bias in the US Dollar Index through May. Now that the Dollar failed badly in June, gold had an easier path to the upside.

The sixteen-year cycle high in the Dollar Index topped in December 2017. It would be expected to initially decline into late 2019, 23 to 26 months from the high. A longer six-year decline in the dollar as seen into 1975, 1991, and 2008, measures out to 2023.



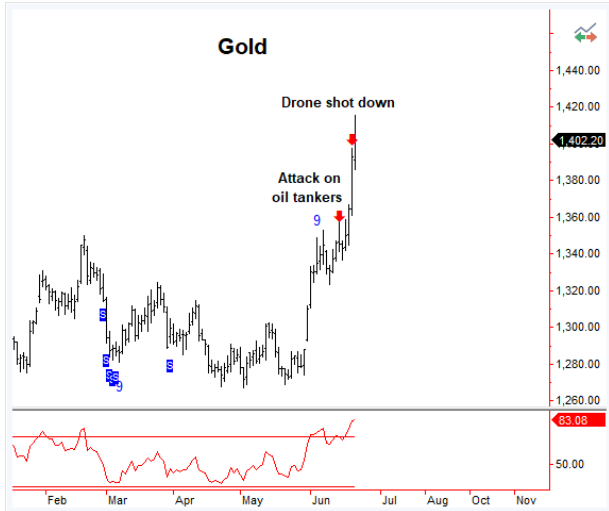
It is good to see the miners (HUI & GDX) outpacing gold, which is outpacing silver. However, after three consecutive days of upside Exhaustion Alerts we should anticipate a correction/consolidation to start soon.

Expect Silver to come into its own during the late stages of the bull market as seen in 1979-80 & 2010-11.

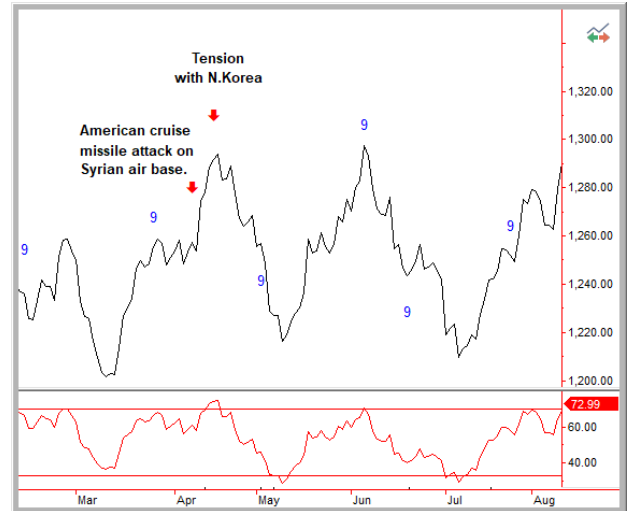


Times of international stress are followed by buying opportunities on drops in the RSI(9) to 30

2019



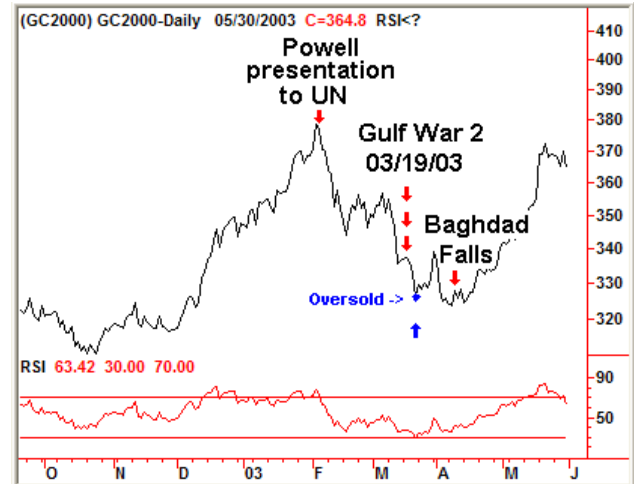
2017



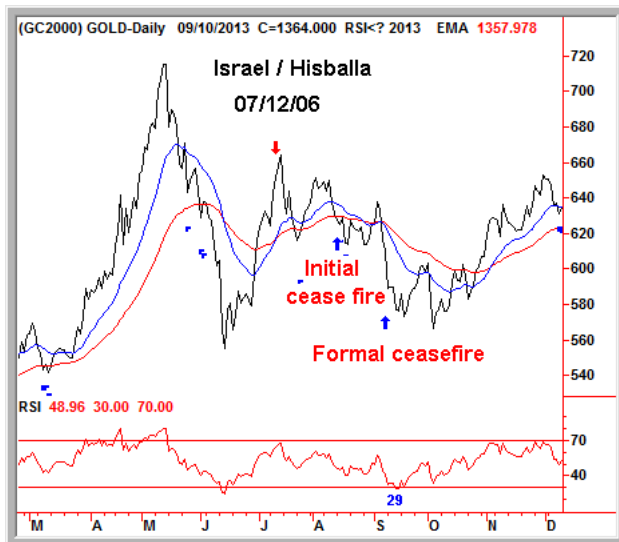
2014



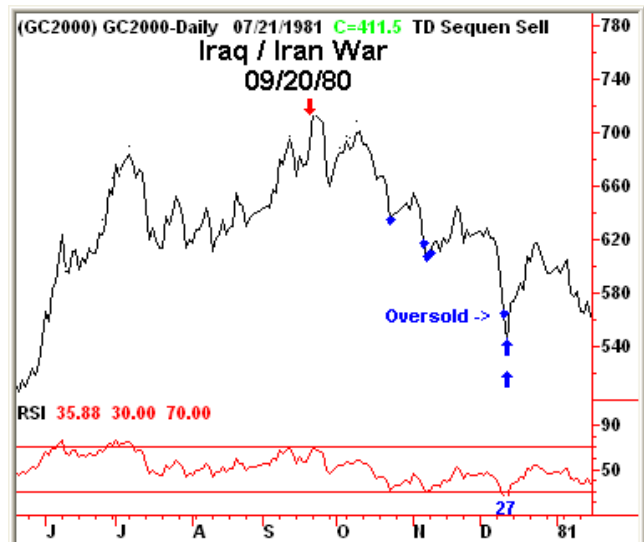
2006



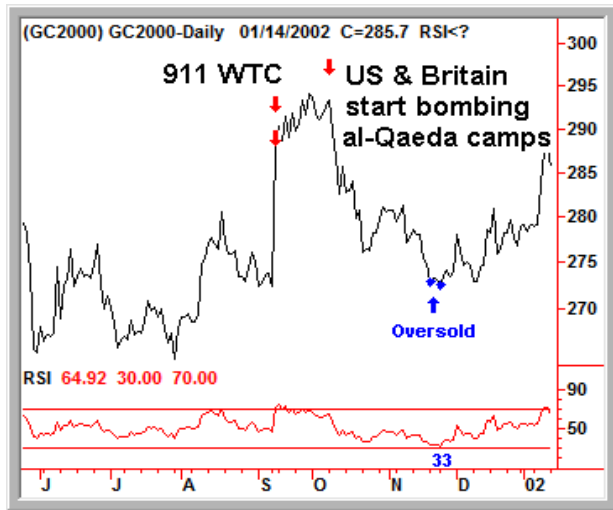
2003



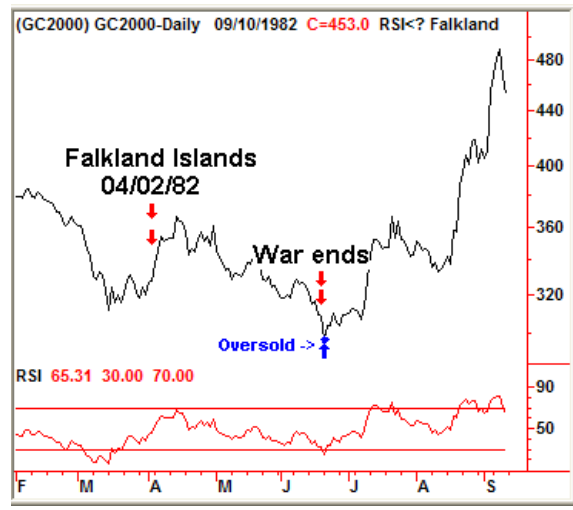
1980



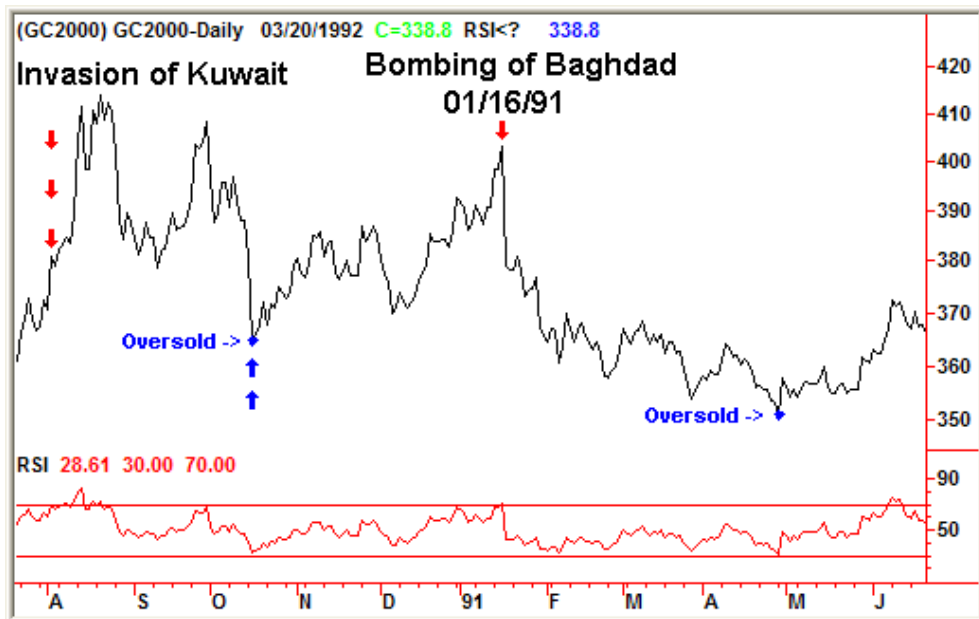
2001



1982



1990-91



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