TECH FOCUS

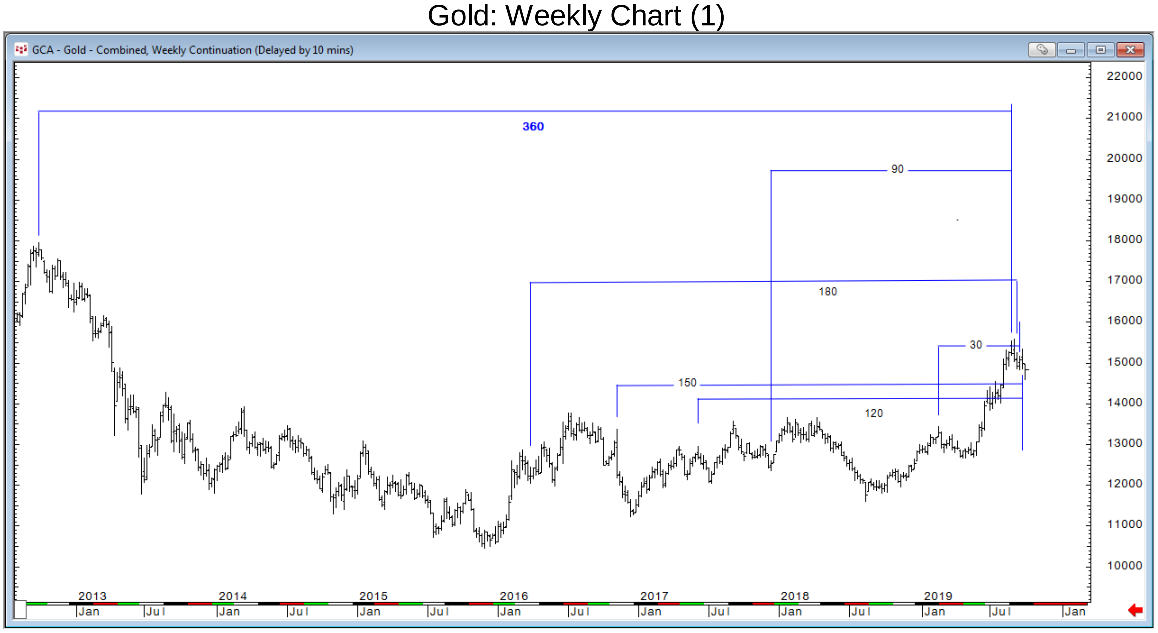
Richard A. Lorusso

GOLD: *Revisited, Caution Advised*

October 1, 2019

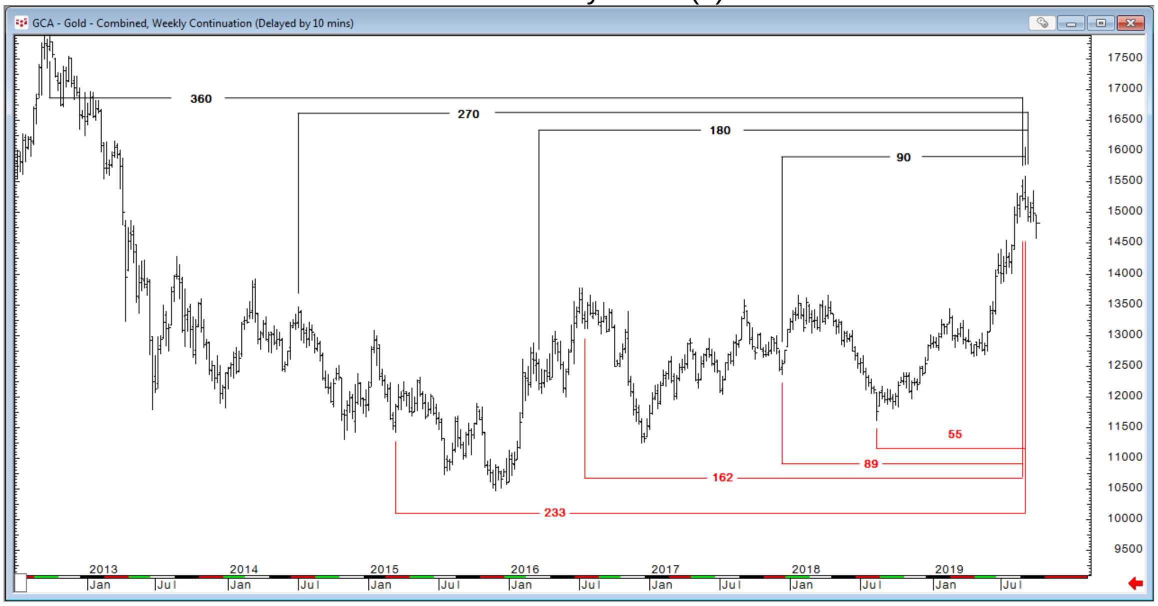
In mid-August we last focused on the gold market. There were relevant signs developing which raised the question of whether prices were approaching a speed bump or more seriously a stop sign. We were early but as noted on the chart below, September was shaping up as a key area in ***time***. We noted the tendency we discovered some years ago calling for turns in gold prices at 30-week intervals and multiples of 30-week intervals from previous market turns.

Gold: Weekly Chart (1)



As we moved into and through September we started to see other supporting evidence that prices were growing vulnerable to perhaps more than a normal high. The charts which follow illustrate this quite clearly but mostly with respect to time. The first, also a weekly, illustrates additional intervals of 90-weeks, a Gann cycle, and also 3 Fibonacci sequence periods as well as the 1.618 golden ratio expressed in weeks of time all originating from a previous high or low. *They all terminated in a very tight cluster in September*.

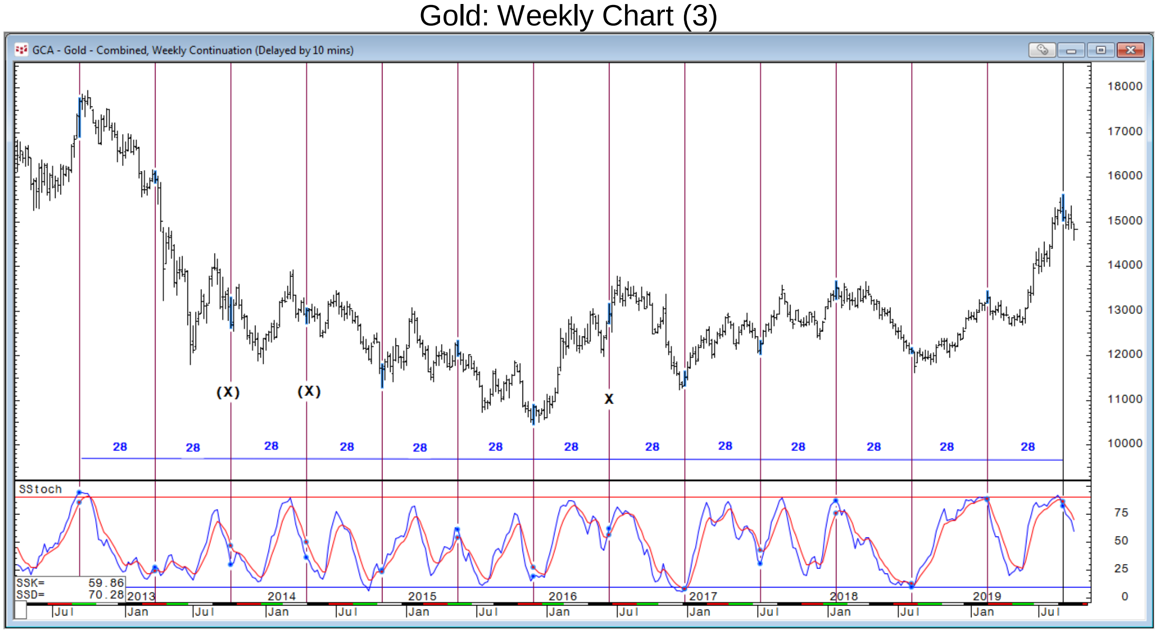
Gold: Weekly Chart (2)



 Tue Oct 01 2019 13:07:35, CQG 19.12.8117

A second more recent finding of ours shows a 28-week harmonic on the weekly gold chart below. Not counting the September high, there are 12 previous iterations of this 28-week period. With the exception of **x** where the cycle failed to materialize, and the two (**x**)'s where it proved to be a very short lived turn, all the vertical lines were exact or extremely close to very relevant turning points.

Gold: Weekly Chart (3)



 Tue Oct 01 2019 13:26:30, CQG 19.12.8117

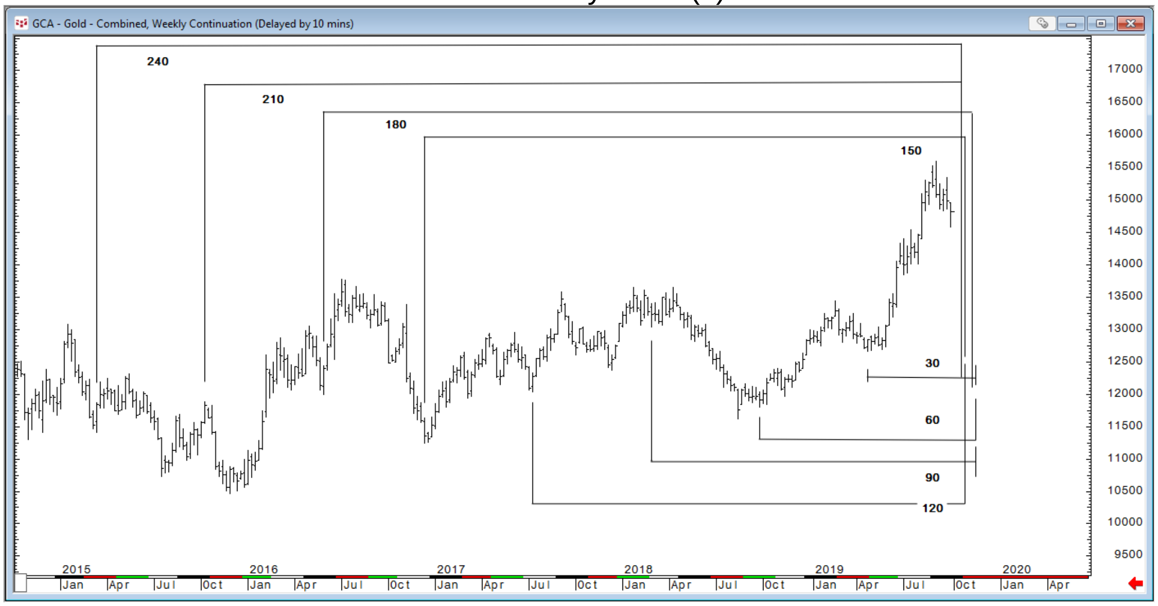
Our last chart concerning September and prices follows below. The time axis continues to deliver repeating golden Fibonacci sections which divide into the well know Fibonacci ratios of 61.8% and 38.2% in time. Each section is composed of 3 points in time, each of which was a significant turning point for the market. The last projected high on the chart was one week early but within our permissible variance of one weekly price bar. The price high was also at a point where the last leg up was a Fibonacci 1.618 expansion of the first leg (x) up. Completing the chart is an Andrew's pitchfork pattern (in blue) where the median line objective is coincident with the recent gold high.

Gold: Weekly Chart (4)

By now you are probably wondering why we are focusing on something that has already occurred? What we have tried to illustrate above is that there is a very strong confluence of technical factors strongly suggesting that a high has been seen in the gold market. It has materialized accompanied by a period of extreme bullish sentiment. It is also of some concern that during this mark-up in prices, the net commercial position in gold has reached an all-time high of net short 401,612 futures and delta weighted options. Unless we are reading this wrong, the market is not only due for a correction but perhaps something more serious to cleanse and reset recent extremes in both sentiment and price. Gold prices will then be in a more favorable and less dangerous condition to again move higher.

Seasonally, gold prices usually peak in late September/early October and then move down into a November low. The following is not a forecast but if that occurs this year and should our 30-week interval work prove to be applicable, the following chart would suggest that gold prices will move down into a time window between late October and early November with a possibility of extending that into the second half of November. Readers should exercise a healthy degree of caution over the next 4 to 6 week period.

Gold: Weekly Chart (5)



Tue Oct 01 2019 14:40:19, CQG 19.12.8117

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.