



July 25, 2020

- COT Data in Gold Continues to be Constructive - - Weekly Exhaustion Alert - - Seventh Consecutively Higher Weekly Close -

The Commitment of Traders report for gold this week (*compiled by the CFTC as of Tuesday*) shows little change. The last point of interest was June 12th when we reported that the commercial and non-commercial positions generated bullish signals by kissing the 50-week Bollinger Bands.

Gold prices rose for the last seven days, with volumes on each of the last three days being the greatest since March 26th. Such activity implies that we would expect increased COT positions in both groups in next week's report. However, it will likely take several weeks before the levels produce warnings in the RSI and around the Bollinger Bands. This not to say that gold could not stage a minor correction.



Lots of usable detail in this chart



Gold has closed higher for seven consecutive weeks. **The most common reaction is a correction giving up 38% of the recent advance and testing the 20-week moving average (currently \$1732) within a month (14 of 15 times since 1970).**



There were only eight times since 1970 that it has rallied beyond seven weeks, with the greatest being twelve in 1980. **Seven of those saw the first week with a lower low triggering a correction back to the 40-week simple moving average.**

The more overbought things become, the harder the eventual correction.

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