

LE COIN TECHNIQUE

GOLD – Expect a Further Short-Term Uptrend

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The Gold daily chart displays an uptrend in December with higher highs & lows. The last low held well above the slightly rising 40-day MA (1863), which should be acting as a support in the coming weeks. However, the Ichimoku Cloud is still just above current prices near 1900-1915, and the descending trendline, joining the highs since late August, is near 1925.

Given that the current decline from the August high (2060) has lasted about four months until the low at 1767 in November, it is likely that the current rebound in December has a minimum target of 2000 in the coming weeks. As this short-term target is well above the Cloud, this will signal a confirmation of the resumption of the medium-term uptrend since July 2018. For the medium-term uptrend, the targets are much higher near the 2700-

2800 area. In the surprising case of a failure of Gold to rise above 1925, the weekly chart, not shown here, would suggest a pullback toward the rising 40-week MA (1836) or the lower weekly Bollinger Band (1810). Then from mid-January, the weekly Cloud is rising toward 1750 and 1800 at the end of the month providing some support allowing a resumption of the rise later in Q1 2021.

On the upper panel, the ratio of Copper versus Gold (orange line) is an indicator correlating with improving economic growth. Since August the ratio is rising, accelerating in November, and recently pausing at a higher level in December. It also correlates with a higher perception of potential inflation and should continue in an uptrend if Gold is moving above a key resistance level of 1925. At the same time, the green dotted line represents the US\$ Index, which has broken down its range in November to establish a downtrend again, which is only marking a pause in the second half of December. It should resume its downtrend, as Gold is breaking above its key descending trendline from August.

Thus, despite six months of poor performance, the outlook for Gold is expected to shine again in 2021.

Graph:

Gold continuous contract CME in daily candlesticks with 40-day MA and 20-day MA surrounded by two Bollinger Bands. Further is displayed the Ichimoku Cloud that is capping the current rebound. The previously flat Bollinger Bands are now slowly rising. On the upper panel is the ratio of Copper versus Gold (orange line), currently pausing, and the US\$ Index (green dotted line) remains in a downtrend. On the lower panel is the momentum indicator Slow Stochastic, which is declining toward a neutral level, and the MACD, which is barely above the zero line – both suggesting slowly improving momentum during December.

Source: Stockcharts.com
Supports line & parameters are provided by...



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