

GOLD: RECENT UPTREND MAY BE TOPPY

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Since June 2018, the Gold weekly chart displays an uptrend to 2092 reached in the summer 2020, followed by a decline to 1673 with a double bottom in March-April 2021. Then the linear rebound of Gold went through the descending 40-week moving average (1842) and through the Ichimoku Cloud (1770-1870). Now Gold is nearing 1935, the Fibonacci 62% of the precedent decline along rising, overbought weekly STO and along with the weekly MACD which is just turning positive. While this strong momentum usually should allow the rise of Gold to extend further, the current price pattern analysis highlights that 1935 could become a strong resistance area, as it is near the previous high area of 1966 and may cap the current rise. Also, the declining weekly upper Bollinger Band (1905) is now flat and becomes a strong resistance area as well.

All these elements would allow envisioning a scenario, which is probably not yet reflected in the price action, namely a wide range (1905-1935) on the

upper side and (1770-1750) on the downside, lasting for a few months. The pullback of Gold may correlate with a rebound of the US Dollar Index, which is nearing a key support area near 90 as shown on the upper panel (red dotted line). Further, the ratio of Silver versus Gold (green solid line) was topy and could extend its initial decline, a sign that there is no speculative fever in the precious metal markets.

Of course, this bearish case for Gold in the coming weeks would be negated by an extension of the recent rise above the resistance area (1931-1966) with widening and rising upper Bollinger Band. This would open a retest of the former high near 2092. This is the Bull case, which the buyers of Gold envision as Gold was crossing above its declining 40-week MA. However, in the past, the signal given by Gold crossing above its declining 40-week MA has not been followed by a bull market for Gold. So, it would be wise to monitor the precious metal in the coming weeks!

Chart of Gold Continuous contract CME in weekly candlesticks with moving average 40-weeks and moving average 20-weeks surrounded by 2 Bollinger bands. Further is displayed the Ichimoku cloud which is near the current price. The declining Bollinger Bands are flattening and narrowing. On the Upper panel is represented the ratio of Silver versus Gold, currently ranging flat (green solid line) and the US dollar index (red dotted line), which may rebound after a declining wedge on daily chart (not shown). On the lower panel are the momentum indicators Slow Stochastic, which is well overbought and may cross down soon and the MACD, which is just crossing the zero line.

Source of data:
Stockcharts.com.

Supports line & parameters are provided by BEST.



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