

GOLD—NEAR A STRONG SUPPORT

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In July 2022, the weekly gold chart displays a lower low at 1678 below the previous low of 1785 last May, as a third decline from 1882 was able to break the weekly Cloud. But this low spike at 1678 is near the spike lows of 1676 in August 2021 and 1673 in March 2021. It displays the same oversold momentum on the MACD and STO now as in March 2021. It looks like there is a magic line in the sand at 1675 ... or at least there is strong support at this level. In such a case, investors should be interested to return to gold assets as the current price action provides a good entry point with a tight stop below 1650.

Of course, a bullish case for gold in the coming weeks could correlate with a pullback of the US\$

Index, shown on the upper panel in a strong uptrend, and only a minor pause in the two recent weeks (18-29 July). A weaker US\$ Index has been good support for US equities many times, which are now possibly in a strong bear market rally.

As gold is not an over-owned asset class, it could become a good contrarian call for a rebound of gold from 1678 toward 1920 or even 2000. Once gold reaches the 38% Fibbo retracement of 1820, making a strong rebound more likely, the potential capital gain will be much smaller.

"La fortune sourit aux audacieux".

Chart: Gold Continuous contract CME in weekly candlesticks with 40-wk MA and 20-wk MA surrounded by two Bollinger Bands. Also, the Ichimoku Cloud which is in a bearish mode. The declining Bollinger Bands have been widening recently as the gold decline broke below the Cloud.

On the **Upper panel** is represented the yield of US 10-year US Treasury Notes yield, currently pausing in a bull flag (dotted green line), and the US\$ Index (orange solid line), which is pausing after reaching a higher high above 104.

On the **lower panel** are the momentum indicators Slow Stochastic, which is well oversold and has just crossed up, and the MACD, which is oversold as of March 2021.

Source of data: Stockcharts.com.

Supports line & parameters are provided by BEST.



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