

GOLD—Soon A CLASSIC BUY SIGNAL

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Gold's daily chart displays a rebound from 1913 into the Upper Cloud (1974) along a rising overbought STO and a crossing up positive MACD, suggesting strong short-term momentum. This momentum is likely to soon break the descending trendline (1977) and the Cloud allowing a rise toward the Fibo target of 2018 and then to 2071. Looking at the rise from 1810 in March to 2085 in May, followed by a consolidation in a Bull flag until the low at \$1913 in August, a longer-term target of \$275 can be added to a breakout point at \$1975, suggesting \$2250.

Considering Gold is also entering the most Bullish seasonal period in September, the technical setup should produce some fireworks!

As a side effect, this also calls for the inverse correlation with the US\$ Index (green dotted line on the upper panel) and monitoring the US\$ Index, which could start declining from the top of its actual trading range of 100-104. A stronger Gold could put some pressure on the US\$ Index..

Chart: Gold Continuous contract CME in daily candlesticks with 40-day MA and 20-day MA surrounded by 2 Bollinger Bands, and the Ichimoku Cloud which is in neutral mode. The declining Bollinger Bands have been narrowing as Gold rebounded above its 40-day MA (1956).

Upper panel: the ratio of Copper versus Gold (orange solid line) remains flat and the US\$ Index (dotted green line) which is pausing below 104.

Lower panel: momentum indicators Slow Stochastic in an overbought area and the MACD crossing up in a positive area

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



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