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GOLD COMMENT

GOLDEN POTENTIAL, BUT FIRST A MINOR CORRECTION.

Since mid-2019, Gold has performed extremely well and continues to have significantly higher upside potential.

The eight-year chart below shows that Gold remained in a large, bullish *Inverse Head-and-Shoulders* formation from 2013 to 2019 (solid lines). It had a major breakout above the neckline of this pattern in mid-2019 (dotted line) and remains in a long-term up-trend (rising solid line). This large trading range supports significantly higher Point & Figure targets.

The two-year medium-term chart highlights Gold trading within a well-defined rising channel for the last year and a half (dashed lines). The 10-week Moving Average (10wMA) oscillates in the middle of this channel, while the 40-week Moving Average (40wMA) rests parallel along the bottom. This suggests that Gold has very good support near \$1,550.

The short-term status shows Gold near the top of this channel and quite far above its rising 40wMA (green line). It has been tightly bound by the top of the channel and

the rising 10wMA since April; a decline below the 10wMA would suggest the start of a correction toward the middle of the channel. There is good support near $\pm \$1,650$; only a sustained decline below \$1,550 would violate the channel.

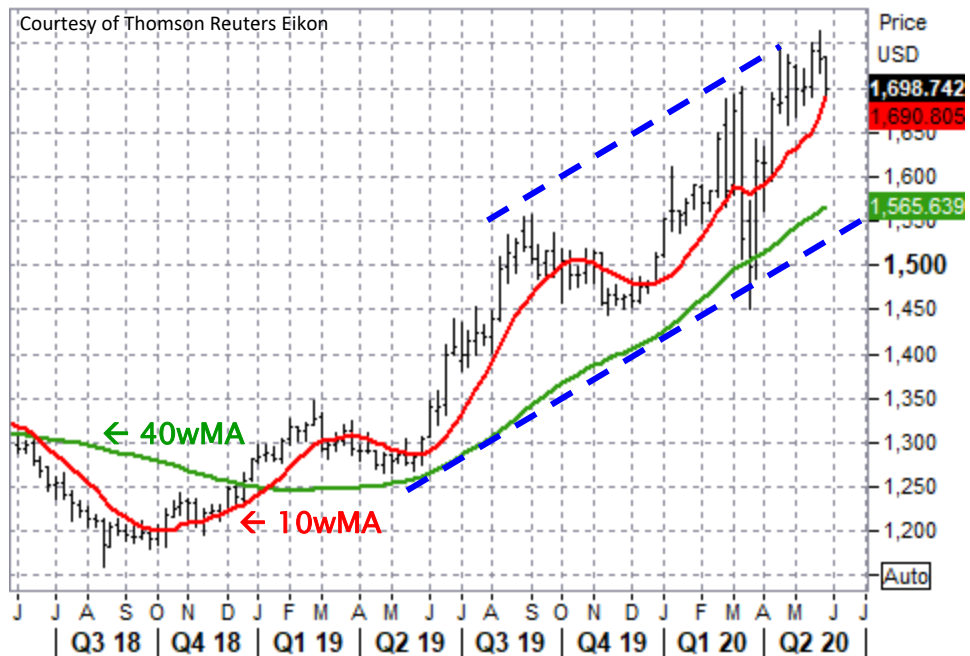
Gold stocks are also quite far above their respective 40wMAs and will likely experience a correction toward their averages. Accordingly, we have tightened support levels on Gold stocks in our List of Investment Ideas. Once the correction is complete, a “golden opportunity” will emerge providing another good entry point.

A decline below the 10wMA would suggest the start of a correction toward the middle of the channel. Only a sustained decline below \$1,550 would cause Gold to fall below the rising parallel channel. Investors may choose to lock in profits on a decline below the 10wMA while others may choose to stay the course and ride out the correction.

Gold Spot (XAU) – eight-year weekly chart



Gold Spot (XAU) – two-year weekly chart



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