

Gold Bullion \$396.0 / Troy oz



- Support: 385; **374**; 368; 342; 320; **300-306**; 279; 266; 253
- Resistance: **400**; **422-30**; 444; 470; 570-600
- The short-term technical position of gold remains broadly positive
- The medium to longer term profile however retains clear vulnerability
- Gold has responded positively to 368-373 safety net support with a good rally out of the “W” bottom
- The 1/3 retracement target to 393 has been met. The 50% retracement target is to 401
- The rally has penetrated the short moving averages which will converge shortly at 387-388
- These averages will then augment initial, albeit minor, physical, support at 385
- Short-term position pivotal as the price approaches the 50% retracement target and attacks resistance
- Minor physical resistance is exacerbated by the deteriorating long average and psychological supply
- In turn the broken twelve month uptrend exacerbate resistance in the low 400s
- The best case short term scenario interprets a small flag-type continuation formation
- This pattern projects a target to 405 - just clear (albeit not safe) above pivotal resistance
- Unfortunately the speed & direction indicators are in line with no strong directional divergence
- Neutral to positive short momentum plus the support of the short averages will aid a follow-on
- To pull out of the danger zone gold needs to push through and hold above 410
- On balance there is reasonable support for further near-term strength
- The medium to longer term profile remains dominated by resistance in the 420s up to 430
- Current pattern development has all the hallmarks of broad top development rather than the early stages of a major break out advance
- On a one to three month view the downside appears well protected between 368 and 374
- A confirmed break of 368 would confirm a downtrend with target risk to 340 and lower
- On a two to four week view however there is rally potential through to 405 if not 410

A

Amanda Sells, Technical Analysis Services
 amanda@home-place.u-net.com