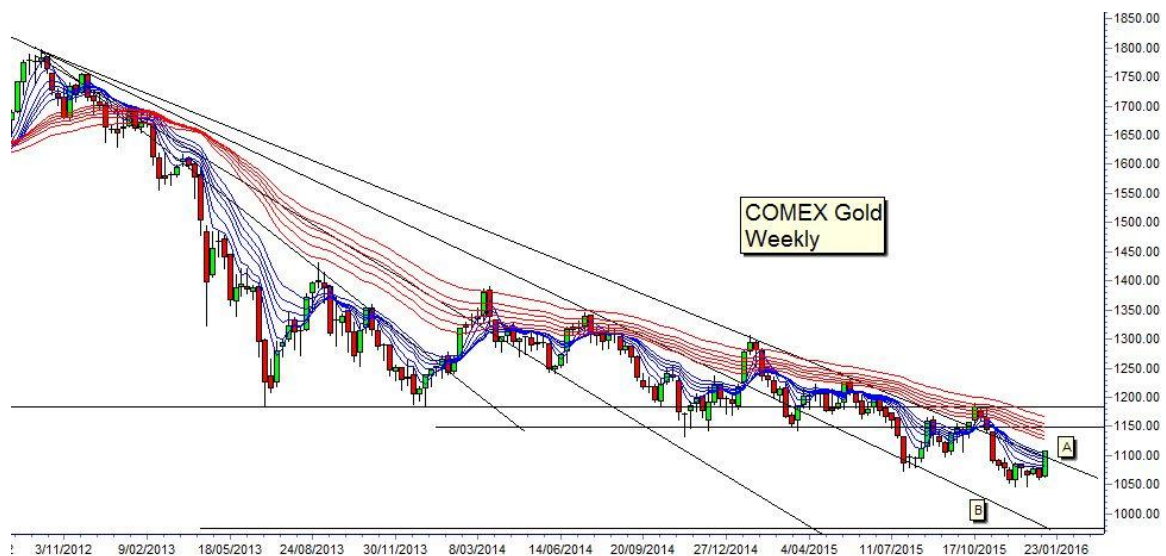


GOLD

By Daryl Guppy

Gold continues to fall below the key support level near \$1150. The rally has resistance from trend line A and the \$1150 level. The fall below \$1150 is significant and moves the price towards the next support target near \$980.

The gold price behavior is best understood using trading band analysis and a weekly chart. The gold price has moved sideways for two years starting 2013 June. Between 2013 June and 2015 January the sideways movement was below the long term trend line. The fall below the lower edge of the trading band near \$1150 signals the continuation of the long term downtrend.



This is a continuation of the long term Fan pattern. Strong resistance comes from fan trend line A. Good support comes from fan trade line B. The gold price is moving down inside the fan lines A and B. The price has some rally and retreat behavior between the fan trend lines, but the direction of the trend is down.

The historical support level for gold is near \$1150. This support level has been tested many times. The fall below \$1150 in 2015 November is very bearish because it is also a fall below the value of trend line A.

The long term group of GMMA averages remains well separated and moving downwards. The rally attempts in 2014 March, 2014 July and 2015 February have not been able to stay above the upper edge of the long term GMMA. This confirms the strength of the downtrend. Since 2015 March the lower edge of the long term GMMA has been a strong resistance feature. It continued as a strong resistance feature in 2015 October when Gold again retreated from the long term GMMA.

The bearish features on the gold chart show there is a higher probability of a continuation of the downtrend towards historical support near \$980. The bearish outlook is confirmed by three features.

The first feature is the strength of the long term GMMA group of averages. These averages remain well separated. Compression in this group is required before a new uptrend can develop.

The second feature is the failure of the short term group of moving averages to break above the upper edge of the long term group of averages. This is a bearish environment and confirms the downtrend strength.

The third feature is the long term downtrend line A. This downtrend line acts as a resistance level in a falling market but the value of resistance is lower and lower every day. The market slides down the downtrend line until it reaches the horizontal support level near \$980.