



July 15, 2021

Gold – Slow, But Steady Advance

Gold has now retraced 50% of the decline from the June 1st high and generated a Sequential 9 Sell Setup (*nine consecutive days with a close above four days earlier*). This is a natural spot to experience another pause with the 20-day ema (~\$1809) providing support.



Long and Short-Term View of the Miners

Miners topped in 1974 when bullion was \$175. Ten months later US citizens were permitted to own gold. Bullion topped around \$195, and the miners were 40% off their top.

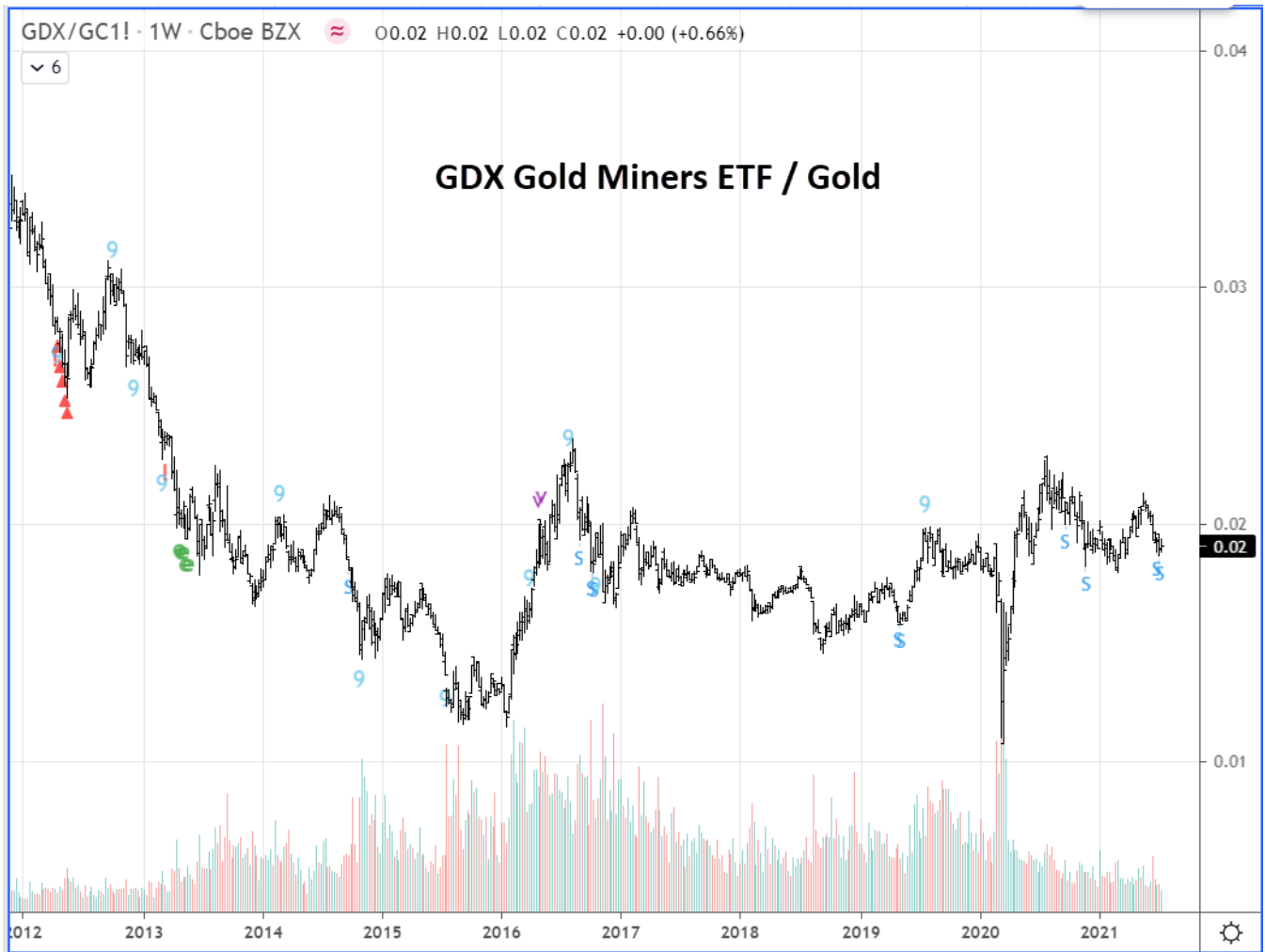
This time, the miners topped in December 2010 and bullion peaked nine months later at \$1923.

The underperformance of the miners since the top in 2011 is like the 1970's. It was only after bullion gained significant momentum in 1979 that the miners came back into favour. An upside breakout of gold's 'Cup and Handle' of the last ten years could become the catalyst for a major move in the miners.



In the near term, the miners outperformed bullion from the March 1st low into the middle of May and then experienced a bearish divergence as gold registered upside Exhaustion alerts into the June 1st top.

The GDJ displayed a small bullish divergence relative to gold at the two June lows and has seen some upside action. However, it has failed to outperform bullion. The GDJ/gold ratio has remained oversold for three weeks. The first week with a higher high would be considered a positive development in the sector.



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