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Approaching the Time for a Breakout in Gold

Gold has been trading within a contracting range for sixty-four trading days since it reached our long-term Fibonacci target in April. This marks the fourteenth occurrence of such a rally and consolidation pattern in the past fifty years, and we are nearing the optimal time for a breakout. Historically, half of the moves were upside breakouts that continued uninterrupted for several months. While three breakdowns did experience temporary declines, they quickly rebounded above the midpoint of the consolidation and then continued their upward trajectory. The fact that mining stocks (XAU, HUI, GDX, and GDXJ) have outperformed gold bullion since April suggests that an upside breakout has a strong chance of continuing higher.





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