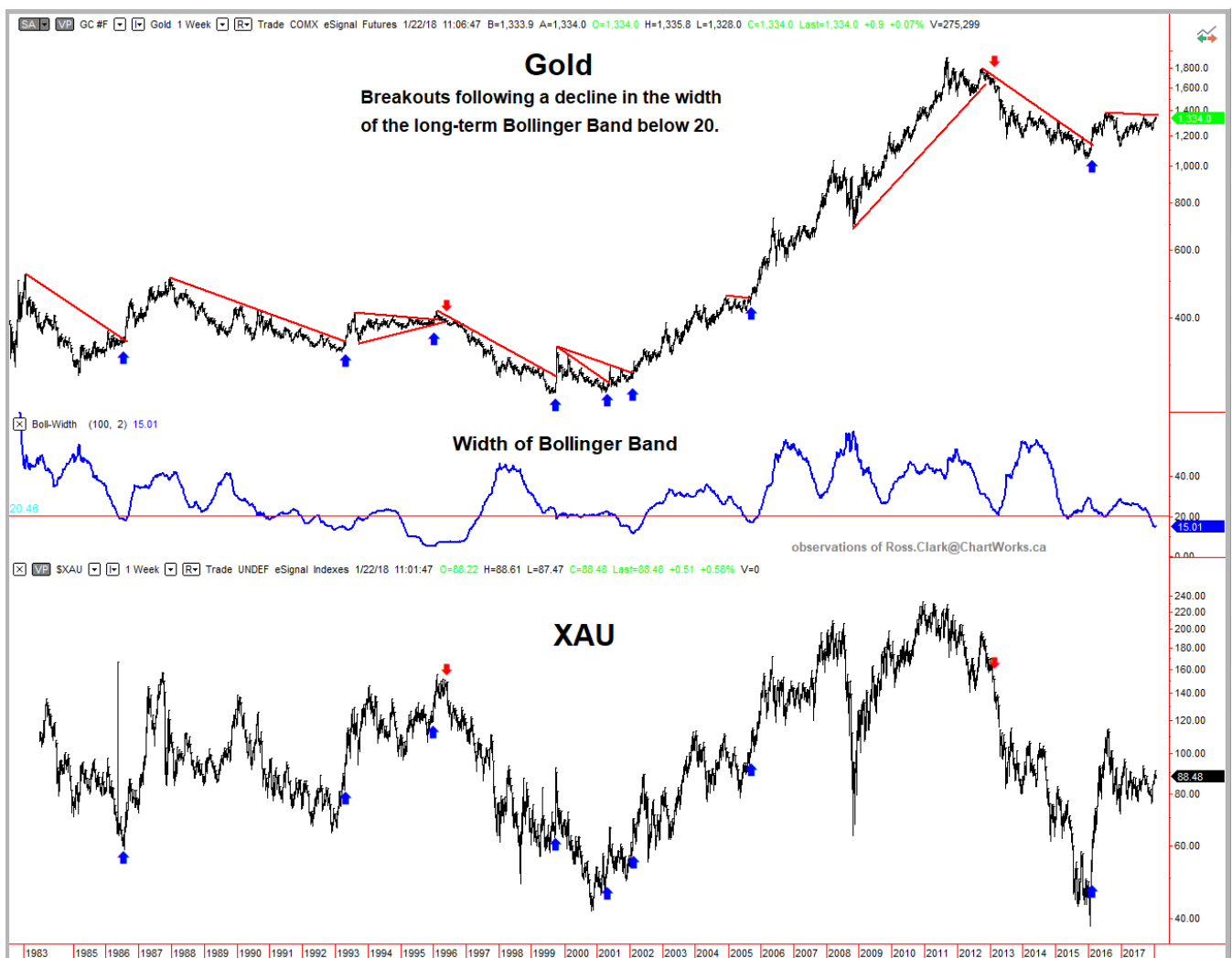


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Technical observations of
Ross.Clark@ChartWorks.ca

The Gold Market is Boxed In

While gold is off to a good start to the year (up 7% since mid-December) it has yet to take out any significant resistance. In terms of volatility, the width of the long-term 100-week Bollinger Band is at its lowest level since 2002. When the band has been this narrow it has been advantageous to go with the breakout of the support/resistance line. Closing above \$1350 or below \$1260 should see significant follow-through in bullion and the miners.

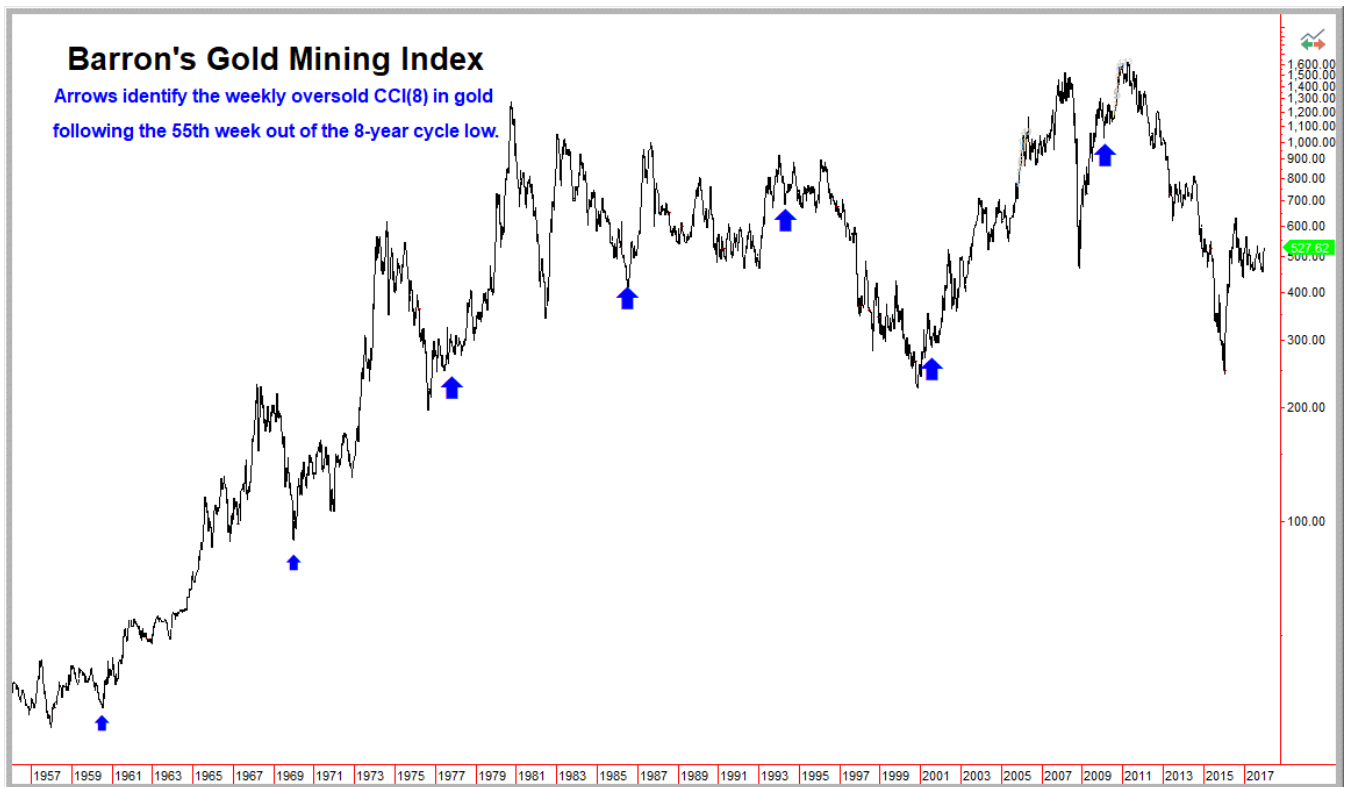


Last week's high of \$1345 came 57 weeks after the December 2016 bottom that we are identifying as the eight-year cycle low. As previously noted, highs typically occur from the 55th to 64th week and are followed by a downside correction to the 20-week moving average envelope (\$1267) with an oversold CCI(8) reading of -100. From there, four of the five examples rallied to multi-year highs. Even the 1994 exception did manage to rally 8% and the XAU by 28% in the following five months. The first week with a lower low would now be considered the catalyst for the correction.

On a daily basis the GLD registered a TD Combo 13 sell on January 16th and the Sequential is at 11 of a possible 13 count. Prices will need to close below 'four days earlier' to create a bearish 'flip'. However, we would want to see a close below \$125 in GLD and \$1318 in gold (*the midpoint of the January 2nd to 11th consolidation*) to confirm an interim top is in place.

Blue arrows identify the oversold CCI(8) at this point in the 8-year cycle





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BOB HOYE, INSTITUTIONAL ADVISORS
 EMAIL bhoye.institutionaladvisors@telus.net
 WEBSITE www.institutionaladvisors.com