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ChartWorks

Technical observations of
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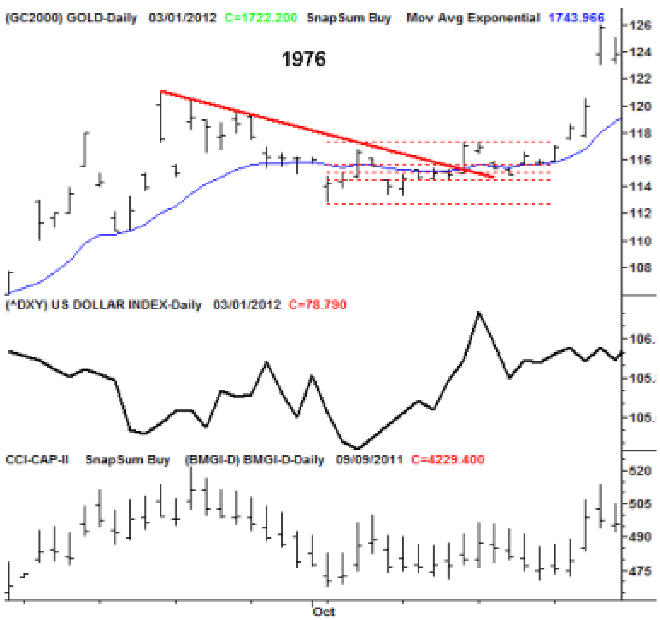
Another Golden Triangle

We've lost count of the number of gold reports that ChartWorks has published related to various styles of triangles. The following examples provide guidance based upon the action surrounding previous occurrences.

The breakout of the descending triangle on January 25th had possible price measurements for a spike in prices into the range of $1840 to $1900 within the time window for an interim high in late February – early March. However, prices met resistance at the November and December highs and reversed hard along with an upside move in the U.S. Dollar during the Bernanke testimony before congress on Wednesday.

As of now prices have retraced 38% of the rally from the December low and are back to the point of the trendline breakout. This test of breakout at a 50% or Fibonacci level is a common characteristic. Unfortunately, the HUI and Dollar Index do not provided a consistent guidance regarding the next move.

The most bullish examples would see the pattern develop into a series of lows around $1690 or an A-B-C correction, as experienced in 2010, which holds around $1660 (50% retracement from the December lows). A close above $1775 would be the catalyst for a challenge of $1900 to $2155. At the other extreme, a failure to hold $1625 (*62% retracement from $1523*) would imply that the December lows will be taken out.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(^DXY) US DOLLAR INDEX-Daily 03/01/2012 C=78.790
CCI-CAP-II SnapSum Buy (BMGI-D) BMGI-D-Daily 09/09/2011 C=4229.400
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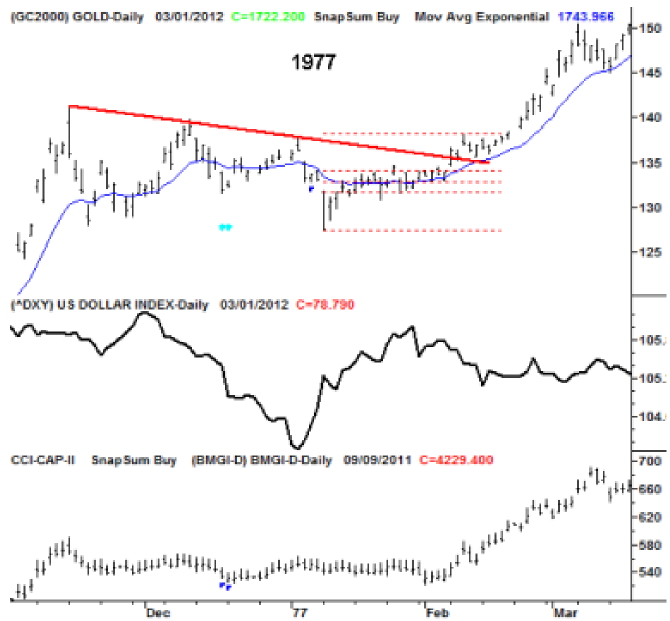
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(GC2000) GC2000-Daily 03/01/2012 C=1722.200 SnapSum Buy Mov Avg Exponential 1743.966
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(GC2000) GC2000-Daily 03/01/2012 C=1722.200 SnapSum Buy Mov Avg Exponential 1743.966
1987
(^DXY) US DOLLAR INDEX-Daily 03/01/2012 C=78.790
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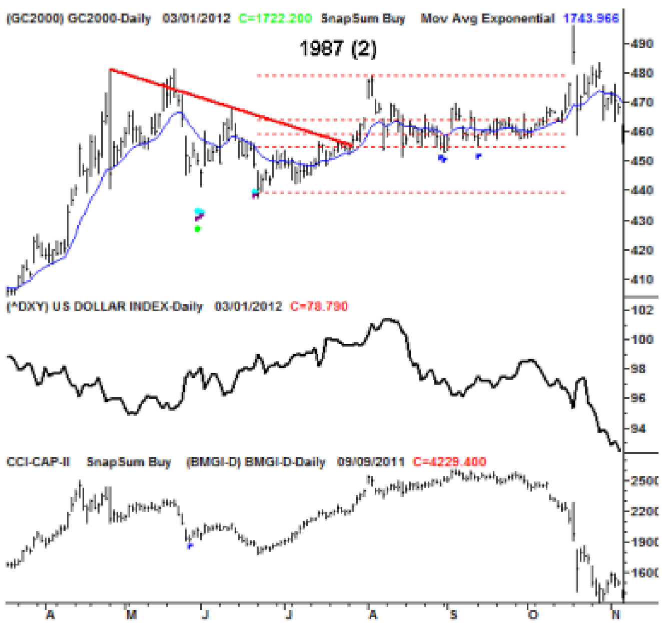
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(^DXY) US DOLLAR INDEX-Daily 03/01/2012 C=78.790
CCI-CAP-II SnapSum Buy (BMGI-D) BMGI-D-Daily 09/09/2011 C=4229.400


(GC2000) GC2000-Daily 03/01/2012 C=1722.200 SnapSum Buy Mov Avg Exponential 1743.966
1990
(^DXY) US DOLLAR INDEX-Daily 03/01/2012 C=78.790
CCI-CAP-II SnapSum Buy (BMGI-D) BMGI-D-Daily 09/09/2011 C=4229.400


(GC2000) GC2000-Daily 03/01/2012 C=1722.200 SnapSum Buy Mov Avg Exponential 1743.966
1994
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(GC2000) GC2000-Daily 03/01/2012 C=1722.200 SnapSum Buy Mov Avg Exponential 1743.966
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(GC2000) GC2000-Daily 03/01/2012 C=1722.200 SnapSum Buy Mov Avg Exponential 1743.966
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(GC2000) GC2000-Daily 03/01/2012 C=1722.200 SnapSum Buy Mov Avg Exponential 1743.966
2006
(^DXY) US DOLLAR INDEX-Daily 03/01/2012 C=78.790
CCI-CAP-II SnapSum Buy (BMGI-D) BMGI-D-Daily 09/09/2011 C=4229.400

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