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Technical observations of
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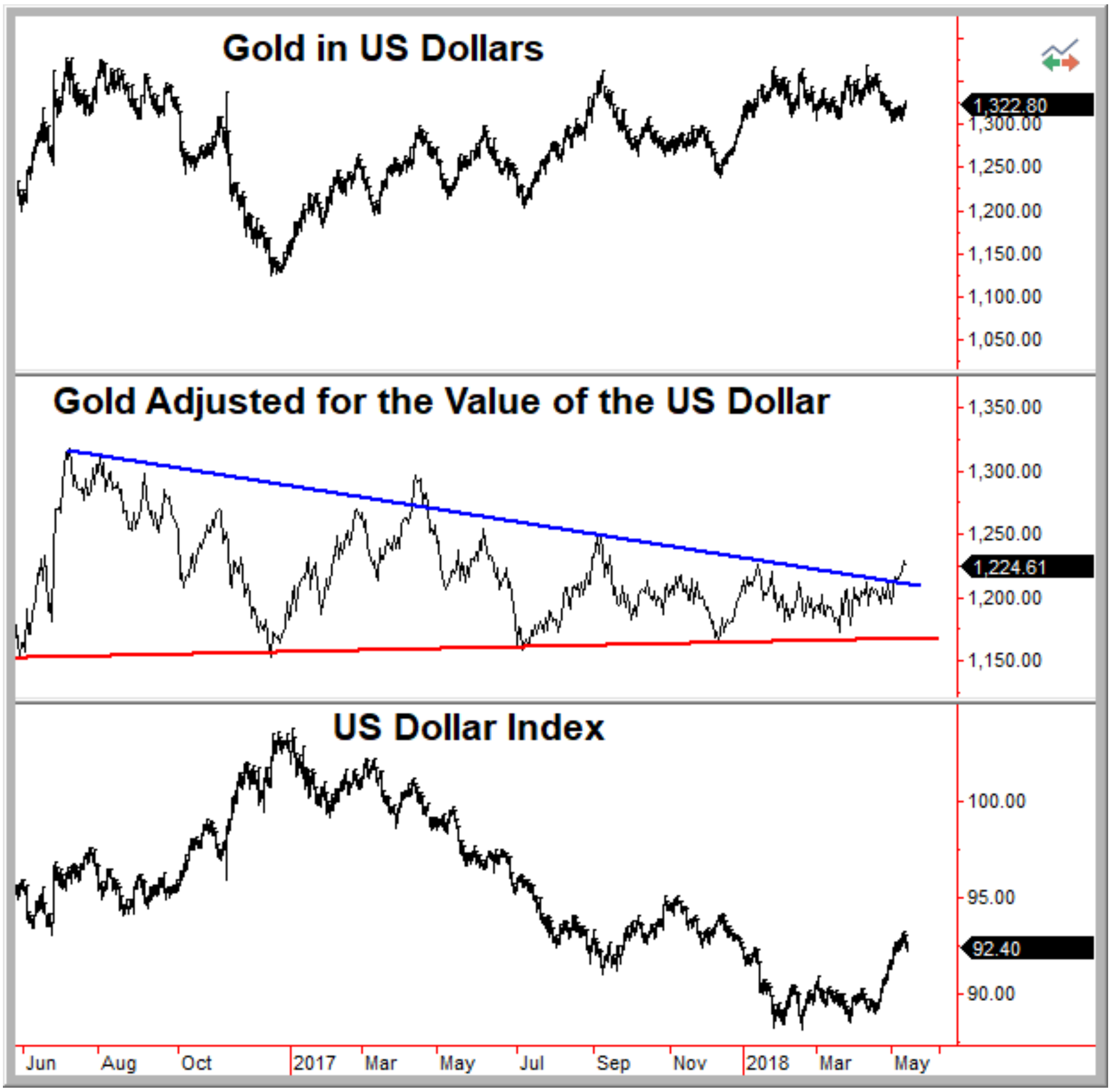
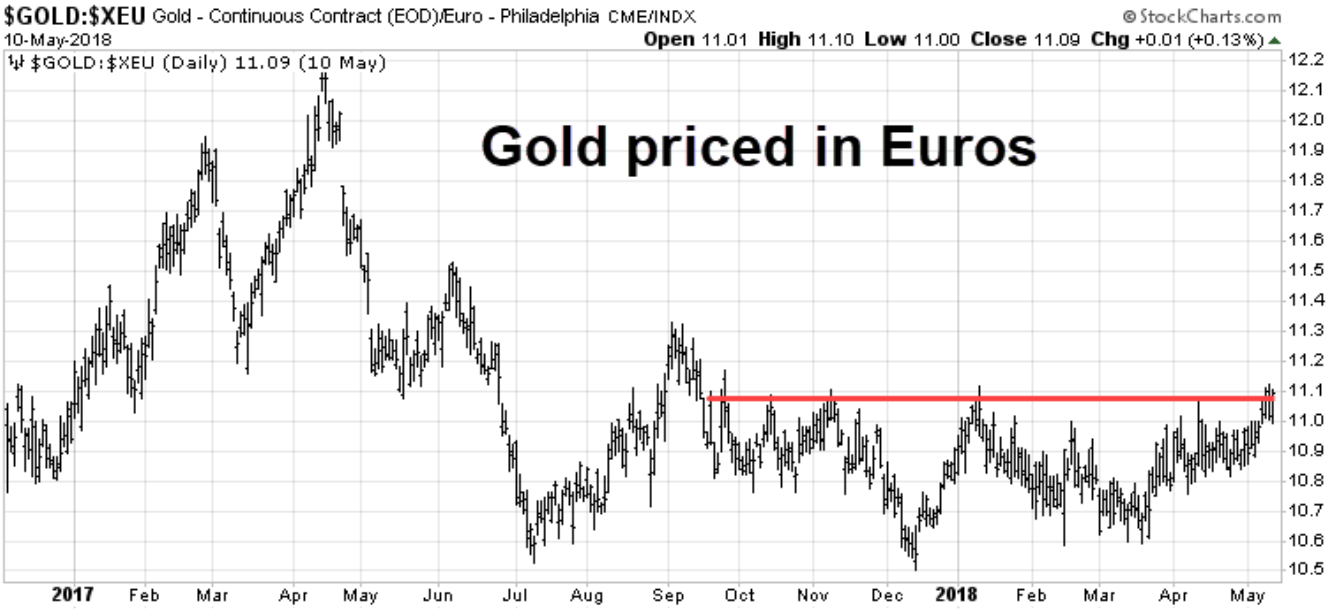
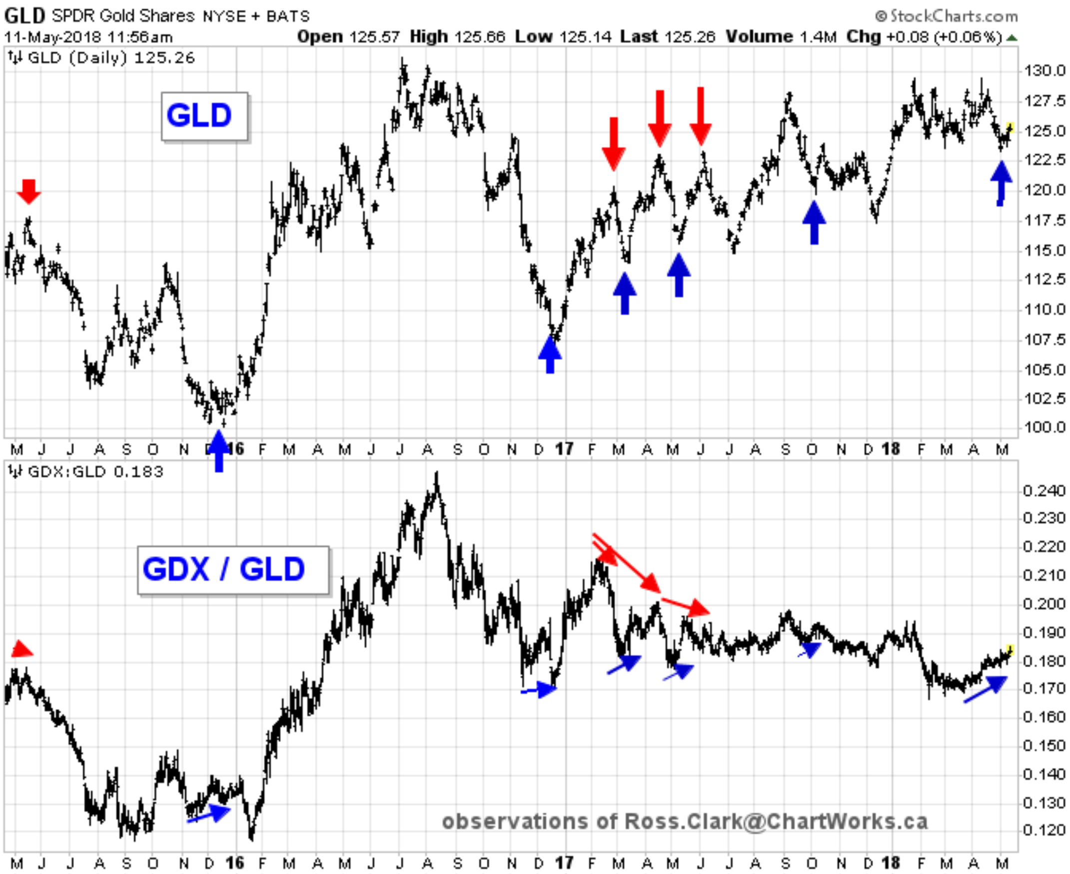
Gold Relative to the Euro and Miners

Gold prices did a good job of holding marginally below the March lows while the US Dollar Index screamed though its March resistance levels. The rally in the last few days now puts gold at its highest level since September when viewed in Euros or adjusted for the value of the Dollar Index. It is the constructive type of action that was seen at this stage in three of the four eight-year cycles.



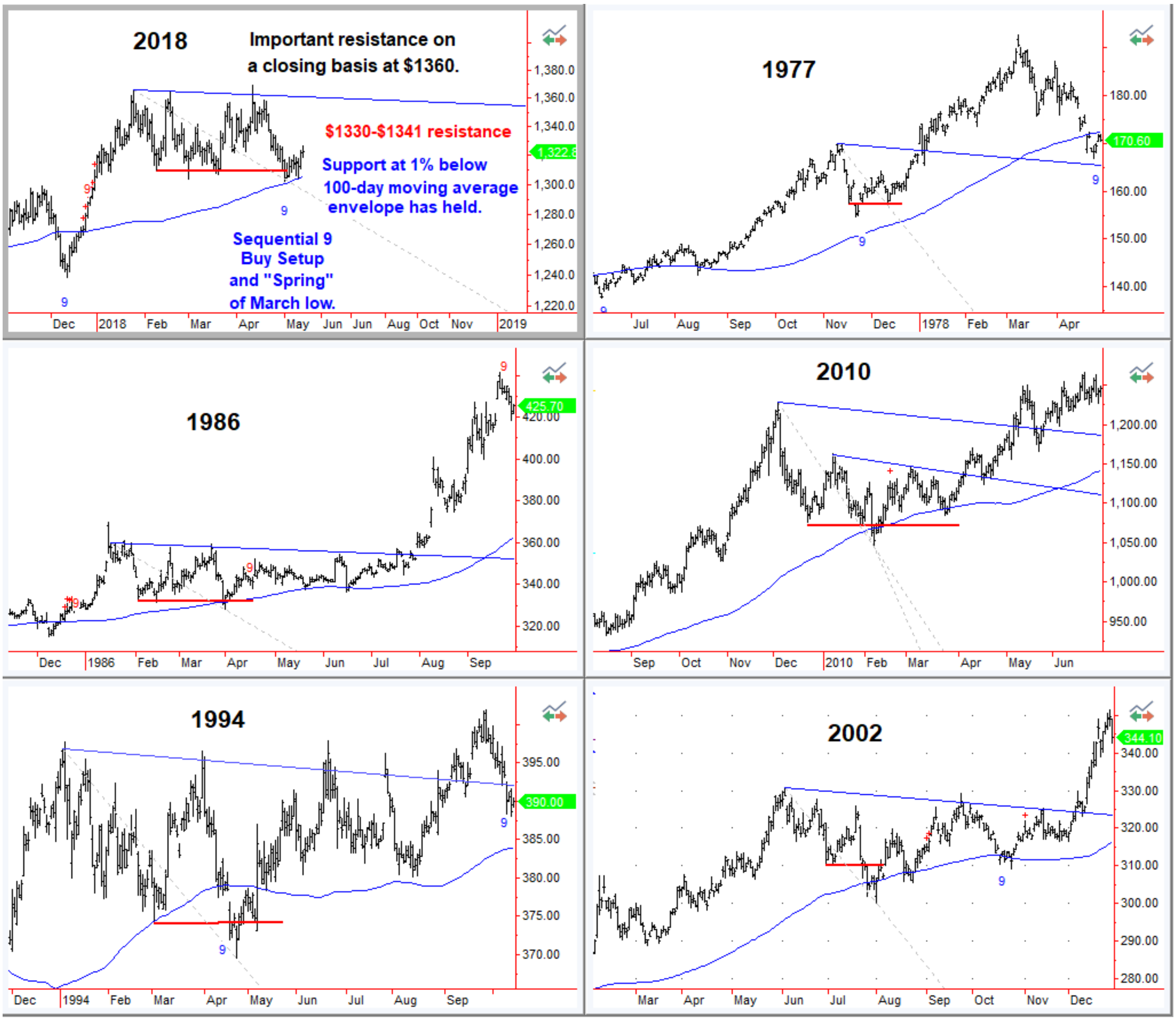


The positive divergence in the miners versus bullion over the last six weeks is another ingredient we like to see around bottoms.



Our modelling of the eight-year cycle in gold continues to call for a methodical uptrend, gaining momentum later this year.

Having successfully ‘Sprung’ the March low and kissed the lower 100-day moving average envelope with an oversold CCI(8) we should be looking for this retracement rally to find resistance around $1330 to $1344.



In the last few days the Dollar Index generated upside Exhaustion alerts while the Euro saw downside CAP II alerts, so a pause in both markets is appropriate. Both also recorded Sequential 9 Setups. These tend to occur one to four days prior to interim reversals in currencies.

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