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Technical observations of
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Gold and Silver Found Resistance Once Again in May

Following the seasonal high in February, gold has lived up to its bad reputation when it comes to the second quarter of the year. In flat or declining trends it likes to put in a head fake rally in the first half of May and then resume its downtrend (2018, '15, '14, '13, '12, '01, '00, '99, '98, 97, '96, '95, '91, '90, '89, '86, '85, '83, '82, '81, '76 & '75). It takes dominant bull markets such as 1977-80, 1986-88 and 2002-11 to avoid this period of weakness.

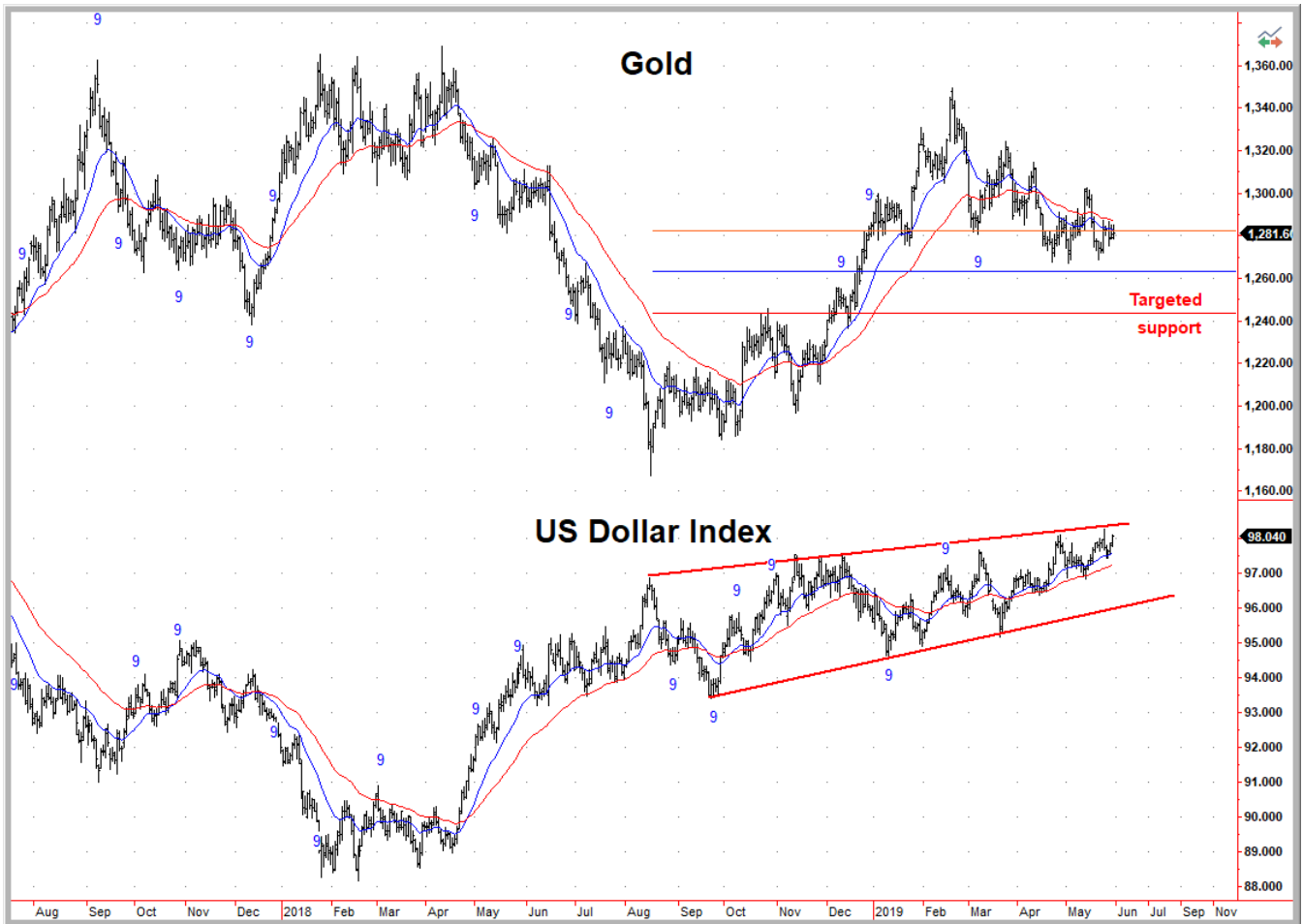
The development of a rolling top since February sets up for a violation of the April/May lows. If broken, additional selling pressure should take prices down to \$1243 making a test the October highs.

Rolling tops in gold



The strength in the US Dollar remains a headwind for the American gold price. However, for investors in most of the world (Europe, Japan, Russia, Canada, Australia, etc.) the price of gold is holding up well; at all-time highs in Australia and through the roof in Turkey and Venezuela. The most important value of insurance is what it does to protect you in times of need. ***The gold price has held well for those that required it.***

The Dollar has been within an ascending wedge since last summer. Support is at 96 and resistance is at 98.40. More immediate support is at the 50-day ema around 97.40. Moving outside these parameters should have a direct impact on the gold price.



Silver continues to track the same pattern (wave structure) seen in the 1969-72, 1980-93 and 1995-97 bear markets. Based upon the current rate of decent, we anticipate a July low. A violation of last November's low would be a classic means of creating a climactic bottom. We will be on the watch for Capitulations or Sequential signals.



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