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Technical observations of  
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## Gold's Summer Rally Progresses Through its Countdown Phase

The current up leg in the gold rally from the May 22<sup>nd</sup> low is now into its thirtieth trading day. In each of the seven years that gold managed to make a new high close in July the rally lasted 18 to 40 days with the most common being 32-34 days (*pointing to next week*). Daily or weekly Sequential 13's or Combo's were seen around the highs.

A Sequential 9 Sell Setup was generated early in June. The current Sequential and Combo countdowns are at 7 of a potential 13. Therefore, the earliest a completed count could occur is July 11<sup>th</sup>. Once a countdown is complete it would appropriate to place trailing stops below the previous day's low.

All the July rallies were followed by a correction back to or below the 50-day exponential moving average.

- If this remains a very strong gold trend (i.e. 1978 & '79) we can look forward to a nine-day correction back to the 50-day exponential moving average and 20-day Bollinger Band.
- If this is to result in a consolidation within a methodical uptrend (i.e. 1971 & '72) the correction should be back to the 100-day simple moving average with RSI(14) readings below 40.
- The 1993, 2011 and 2016 examples saw initial tests that held at the 100-day moving average for a few weeks and then staged a harder break.



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