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Technical observations of
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Gold – Successful Test of Breakout

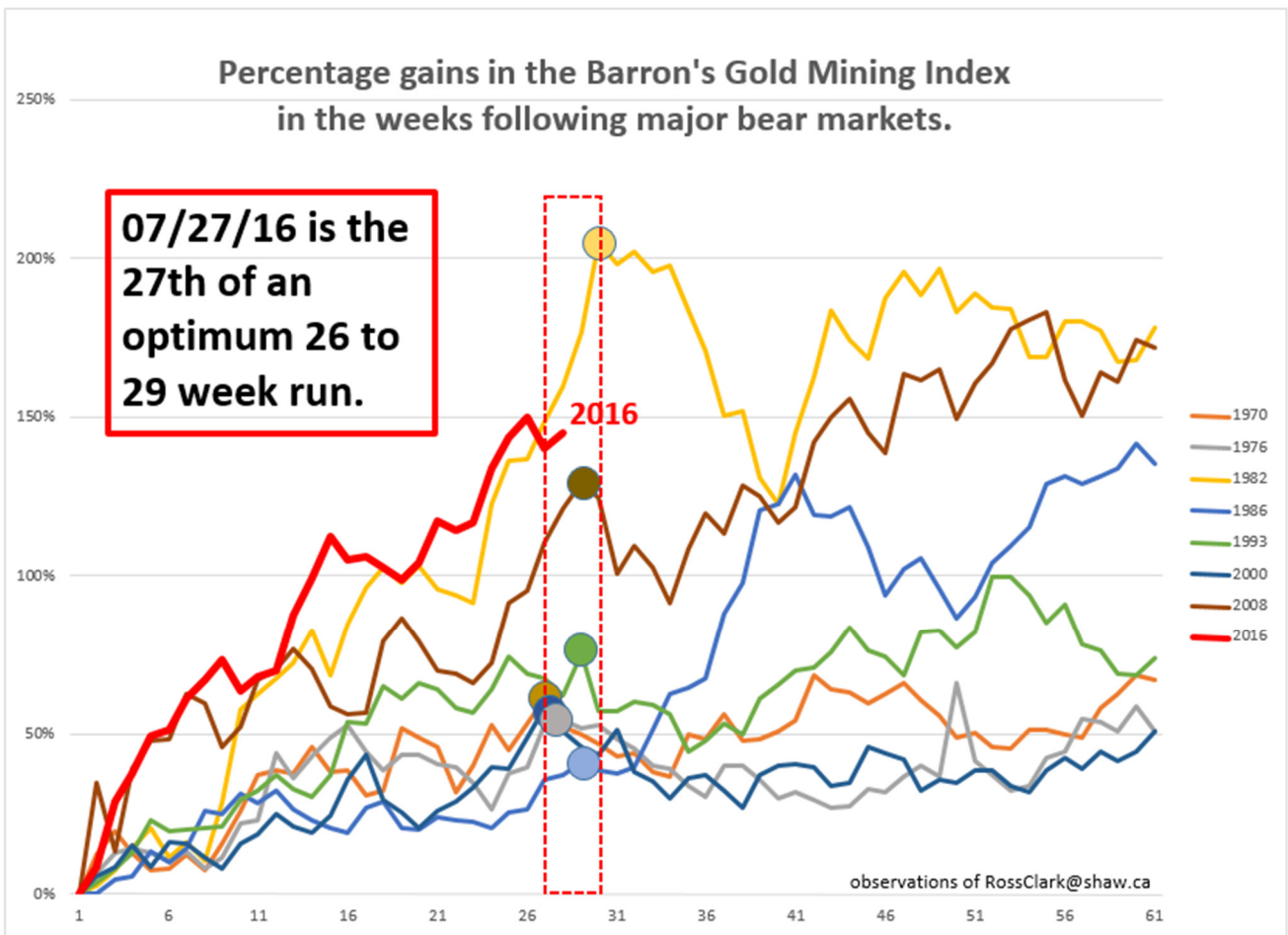
The recent pullback in gold and miners managed to hold above the June highs. However, in the process, they violated the 20-day exponential moving averages which we have warned would then set the stage for a finally rally in this first leg of the bull market. TD Sequential 9's and Springboard alerts were generated in gold, GDXJ and HUI during the pullback. Traders should now raise their stop loss parameters to this week's lows.





We continue to view this year's action in miners as similar to 1983 & 1993:

1. Generate an Upside Exhaustion Alert with weekly RSI(14) readings in the 70's (April ✓)
2. A 12% pullback to the 50-day ema in the next three weeks testing the most recent breakout (May ✓)
3. Another rally to new highs with divergence versus gold
 - If any pullback overlaps the 20-day ema without violating the May-June top (July ✓) it would indicate that the next rally would become the top, with or without divergence.
 - The optimum timing for the Point 3, interim high, is in the 26th to 29th week from the bottom, July 18th to August 5th. (see chart on last page)
4. A 25%+ decline (typical in the early stages of a bull market)



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