



## Upside Reversal in Gold

Last week's downside reversal in the US Dollar Index was coupled with an inverse move in gold. This gold reversal comes on the heels of overextended COT numbers, daily TD Sequential and Combo Buy readings and extremes in negative sentiment. Having reversed higher early in the week and successfully tested the low on Thursday, gold managed to close higher on the week. As noted in our previous report: **"The first week with a higher close will now be considered the catalyst for a rally to the 55-day moving average (\$1248) or 20-week ema (\$1262)."**

*Commitment of Traders data continues to remain at extremes*



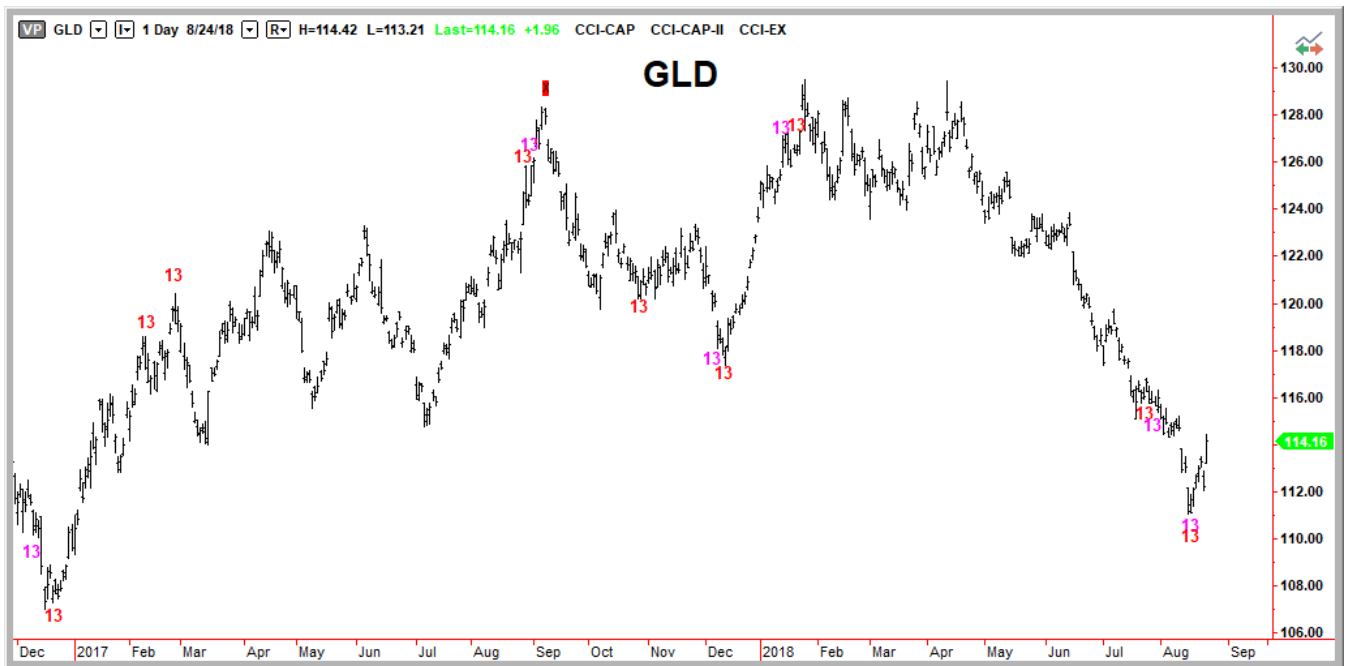
Last week we took a fresh look at the action following cyclic troughs in gold. The violation of the 20 and 50-week exponential moving averages and the 100-week simple moving average suggested that it would take time to establish a lasting base.

A weekly Sequential 9 Setup was generated on June 15<sup>th</sup>. Since then the Sequential and Combo countdowns had progressed to 9 and 10 respectively. The arrows on the following charts display

similar points of Sequential development. In those cases the price rallied back to generate a weekly overbought CCI(8) reading (red crosses) at the 20-week ema (blue line) before continuing lower to re-test support.



The daily charts of gold bullion and the GLD ETF have reversed higher from TD Sequential and Combo buys on August 15th.



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