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Technical Analysis

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Gold Weekly Chart (XAUUSD): In broad sense, gold continues a multi-year compressing triangle shape consolidation within 1180 – 1380 USD range. Numerous attempts to break above 1380 USD level in the past few years resulted in failure; therefore, we continue to observe that present Gold rally starting to lose some of its steam. Long-term support comes at 1180 – 1200 USD level, with the most recent low at 1160 USD.

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XAU/USD, W



Gold Daily Chart (XAUUSD): Since our last update as of March 3, Gold added 9 dollars closing at 1302 USD. As you might remember, we suggested that Gold needs a meaningful correction after it peaked at 1346 USD on February 20th. The awaited correction in Gold came towards the end of February, but in a form of a sharp sell-off and stabilized within our projected 1285 – 1300 USD support zone. **Recent indecisive price action demonstrates that Gold is losing a momentum.** Immediate support comes at 1285 – 1290 USD, immediate resistance at 1300 – 1315 USD range. Gold overcoming 1315 USD level and challenging recent high of 1346 USD will confirm the continuation of bullish momentum. However, failure of gold to overcome its immediate resistance at 1315 USD means that more downside action could come over the coming weeks. Till our trendline is not broken we assume that present bull run in gold continues. Furthermore, we need to closely watch the direction of the US stock markets, which we shall discuss in the end of the report.

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XAU/USD, 240



Dollar Index Daily (DX): No much has happened over the last month with DX as it continues to struggle with overcoming 95.6 – 97.1 USD resistance zone. Immediate support of DX comes at 95.5 USD at trendline that was tested 4 times since May of 2018. With weakening US data and more dovish Fed, DX is stuck in the undecided range trade between 95 – 98 USD. Both Gold and DX has become somewhat neutral over the last two weeks, therefore, we need to see how this indecision will eventually resolve. Q1 GDP data will most likely be a key driver in the resolution of consolidation both in Gold and DX.

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US Dollar Index Futures, (CFD):DX, D



Junior Mining Index (GDXJ): In grand scheme, mining index continues to significantly lag Gold, which continues to raise more concerns about the prospects of present bull run. On the positive side, following the breakout of long term trendline in March, GDXJ made a clean re-test of the same trendline this week. This is a positive sign and gives some optimism; however, we continue to remain very cautious in light of continued underperformance of mining complex as a whole. On the next advance of gold to 1335 USD, GDXJ should take out 36 USD level giving confidence that this bull run is not a fake out.

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VanEck Vectors Junior Gold Miners, United States, NYSE:GDXJ, D



S&P 500 US Stock Market (US500): We have not covered S&P 500 for quite some time; however, recent price action requires our attention. Since the plunge of S&P 500 in October of 2018, the market recovered nearly 80%. For 5 months, 2810 -2814 zone acted as a strong resistance zone, however, this Friday we saw market pierce through and manage to close above this zone at 2822 USD. The advance in stock market was accompanied by weakening economic data, but at the same time dovish Fed. If this market continues to defy gravity and keeps on rising higher and higher on the back of weakening economic data, we may see safe heaven assets such as gold and silver lose its shine. What would be more logical to see is that S&P 500 tops without making all time new high and resumes decline, serving as a trigger for investors to re-consider strongly precious metals.

Presently, we see both Gold and Dollar index forming more of a neutral pattern with S&P 500 attempting to breakout from its resistance level. Coming 1 – 2 weeks will most likely dictate market trends for the next 3 to 6 months.

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S&P 500, United States, NYSE(CFD):US500, D

