

## Content

### Technical Analysis

- Gold
- GDXJ

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**Gold Daily Chart (XAUUSD):** Gold finished week with massive sell off down from its recent peak 3.9% or 53 dollars. In our February 16 market research we suggested that gold might require further time to consolidate before taking out 1355 – 1370 levels given how overstretched it was. ***Now meaningful correction in gold came but the nature, speed and sharpness of it hints that sell off might now be over yet.*** Better than expected fourth quarter 2018 GDP figure came out at 2.6% and optimism in trade discussions were the main catalysts for gold's sell off.

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XAU/USD, D



**Gold 4-hour chart (XAUUSD):** Our trendline was finally broken after holding up 5 times and upon breakdown we saw a significant downward price action. During February 16 market update we suggested correction to **support zone for Gold at 1285 – 1300 USD** level before it could attempt to take out 1370 level; meaningful correction was a prerequisite for gold's stronger advance.

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XAU/USD, 240



**Gold 4-hour chart (XAUUSD):** So why gold stopped at 1293.52 and how much further it could go down if this is a bull market correction? Well gold stopped exactly at 38% Fibonacci retracement level; next levels to watch are 1272 and 1255 USD, although gold going as low as 1255 could put into question the validity of existing bull market to a larger degree. As such gold stabilizing around 1272 USD level which is 50% Fibonacci retracement could be a solid retracement and qualify for meaningful consolidation. Over the coming few weeks we shall expect gold to consolidate and find bottom within 1293 – 1272 USD levels. However, what we have initially expected to be rather a shallow correction turns out to be a deeper one.

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XAU/USD, 240



**Junior Mining Index Daily Chart (GDXJ):** GDXJ index down from its recent top 10% versus 3.9% in gold. As such we continue to observe weakness in mining complex and disbelief in gold's bull run by miners. We have been warning that lag in mining indexes is not a good sign so here we are with GDXJ selling off massively.

In the February 16 market update we suggested that **“further milestone for GDXJ comes at 33.7 – 34.3 level with support at 31.5 USD”**. Two weeks later we can evidence that GDXJ failed to overcome resistance level and sold off to projected support level. Going forward we want to see mining indexes show much better performance on gold's upside and resilience on gold's downside action. It is possible that worst is over and going forward miners will demonstrate improved resilience and better performance. Once GDXJ takes out 36 USD mark the sky is clear and there is little resistance ahead.

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