Don't Buy Gold … Yet!!!

***e*Research Corporation** is pleased to provide an article by Keith Richards of **VALUETREND**.

In this article, Mr. Richards provides the Positives and the Negatives for gold right now. His conclusion is: watch the triangle that gold is forming, because the exit from which will likely dictate the longer-term direction for the commodity.

The article is reproduced below, beginning on the next page, or you can go directly to it at the following link: ***http://www.valuetrend.ca/dont-buy-goldyet/***

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Monday, July 3, 2017

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By: Keith Richards (bio at end)

Currently, gold is in the midst of forming a large symmetrical triangle. See the chart on the next page.

This type of triangle is a consolidation pattern that will, upon a break-out on either the upside or the downside, provide some guidance as to what the next step for gold will be.

An upside break-out would be considered a bullish sign, and a downside break-out from the triangle would be a negative.

You can learn more about triangles by reading my book **Sideways** .

You will also see on the chart that there is considerable resistance (dashed green line) in or around the high 1300s. So a bullish break-out – should that happen – will need a break over that price – let us say $1400 to be safe.

Meanwhile, there are a few internal technical signs that we should note regarding gold, as presented below.

Positives: You will notice on the weekly chart that money-flow, which is primarily represented via the bottom pane Cumulative Accumulation Distribution line, is getting more positive. Meanwhile, money-flow momentum (top pane), at 0.106, is growing. Rising money-flow is a good sign of new interest in gold. Seasonality for gold is positive from July 12th to October 9th according to **Thackray's 2017 guide**

Negatives: The main negative for gold is that of its primary trend. Gold has been in a primary down-trend (along with other commodities) since 2011. Need I emphasize that a primary trend is not something to bet against? Should the triangle noted on the chart break positively, that would carry gold out of its primary down-trend. But that has not happened yet. Momentum studies Stochastics, RSI, and MACD (first 3 panes under the price chart) are showing some stress. They are near-term indicators that are best kept in perspective, but they are peeling back at this time. Meanwhile, MACD, which is the longest momentum indicator that I like to watch, is starting to lose steam. Recall that MACD is a measurement of spread between a faster and slower moving average. As such, it tends to be a little longer-term in perspective. So we should keep an eye on it in particular.

The bottom line for investors looking at gold is … don't buy it …. yet. Let the triangle guide your decisions.

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See **About The Author** on the following page.

ABOUT THE AUTHOR

ValueTrend Founder and Owner, Keith Richards, has been in the securities industry since 1990. ValueTrend manages over $100 million through a discretionary investment service for high-net-worth clients.

Keith Richards has been in the securities industry since 1990 and is a highly regarded member of the small, exclusive community of Chartered Market Technicians in Canada. Mr. Richard's articles appear regularly in INVESTORS DIGEST, MONEYLETTER, GLOBE AND MAIL, and the TORONTO STAR newspapers.

His appearances on BNN Television have inspired producers to acknowledge him as **"one of [our] most accurate technical analysts."** Mr. Richard's first book, SMARTBOUNCE: 3 ACTION STEPS TO PORTFOLIO RECOVERY, is available in bookstores and directly through his blog page **www.valuetrend.ca/blog/**. His second book, SIDEWAYS: USING THE POWER OF TECHNICAL ANALYSIS TO PROFIT IN UNCERTAIN TIMES was released in late 2011. He has been critical of the commission-based, follow-the-pack approach to investing – where brokers succeed regardless of performance.

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