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A clarion is a medieval trumpet that had clear, shrill tones. Trumpets were often used to get people's attention when making announcements. We are also using "clarion" in the context of making announcements, as well as being thought-provoking when sharing our information and opinions with those people who are interested in new investment ideas.

for your Information

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Topic: Gold's Rally

Article courtesy of The Technical Speculator

After a sharp rally in late August and early September, the precious metal has reached an inflection point at \$1360.



Gold's recent advance, fueled by geopolitical concerns (North Korea) and a delay from the Fed's credit-tightening stance, the safe-haven metal has surged almost 6% in recent weeks.

However, gold's rally appears to have reached a short-term resistance level.

Technical models point to an over-bought reading in early September. A similar level was also achieved in mid-April, just before a 6% decline.

Bottom Line: The driving forces (North Korea, weak US\$, Fed interest rate delay) for gold all appear to be playing favourably for the metal. But now what?

For traders, look for a short-term pullback to \$1300-\$1350 as this rally starts to weaken. Add to positions on confirmation of support.

For all other investors, we suggest remaining on the sidelines. The current driving factors for gold can quickly shift leaving a short-term position into a long-term hold.

The Fed will increase its interest rates again in early 2018 giving the greenback more tailwinds and playing against any long term movement in gold.

Donald W. Dony, FCSI, MFTA

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Bob Weir, CFA, and Director of Research