eResearch

Third Party Research September 7, 2017

Gold's 13-1/2 Month Cycle: Right Translation

***e*Research Corporation** is pleased to provide a weekly commentary, authored by Tom McClellan, entitled "The McClellan Chart-In-Focus", which is a free technical analysis article published each week.

In this article, Mr. McClellan reviews the historical performance of gold over its 13 ½-year cycle and gives commentary on gold's current status.

The article is reproduced below, beginning on the next page, or you can use this link to go to the article directly:

http://www.mcoscillator.com/learning_center/weekly_chart/golds_13-1_2_month_cycle_right_translation/

You can also visit the McClellan Financial Publications Home Page at the link below. This is a subscription service, and there are two publications which can be subscribed for: (1) **The McClellan Market Report**; and (2) **The Daily Edition**.

Here is the link to the Home Page: http://www.mcoscillator.com/

***e*Research** was established in 2000 as Canada's first equity issuer-sponsored research organization. As a primary source for professional investment research, our Subscribers (*subscription is free!!!*) benefit by having written research on a variety of small- and mid-cap, under-covered companies. We also provide unsponsored research reports on middle and larger-sized companies, using a combination of fundamental and technical analysis. We complement our corporate research coverage with a diversified selection of informative, insightful, and thought-provoking research publications from a wide variety of investment professionals. We provide our professional investment research and analysis directly to our extensive subscriber network of discerning investors, and electronically through our website: www.eResearch.ca.

Bob Weir, CFA
Director of Research

September 7, 2017

The McClellan Chart-In-Focus

by Tom McClellan (bio at end)

Gold's 13-1/2 Month Cycle: Right Translation

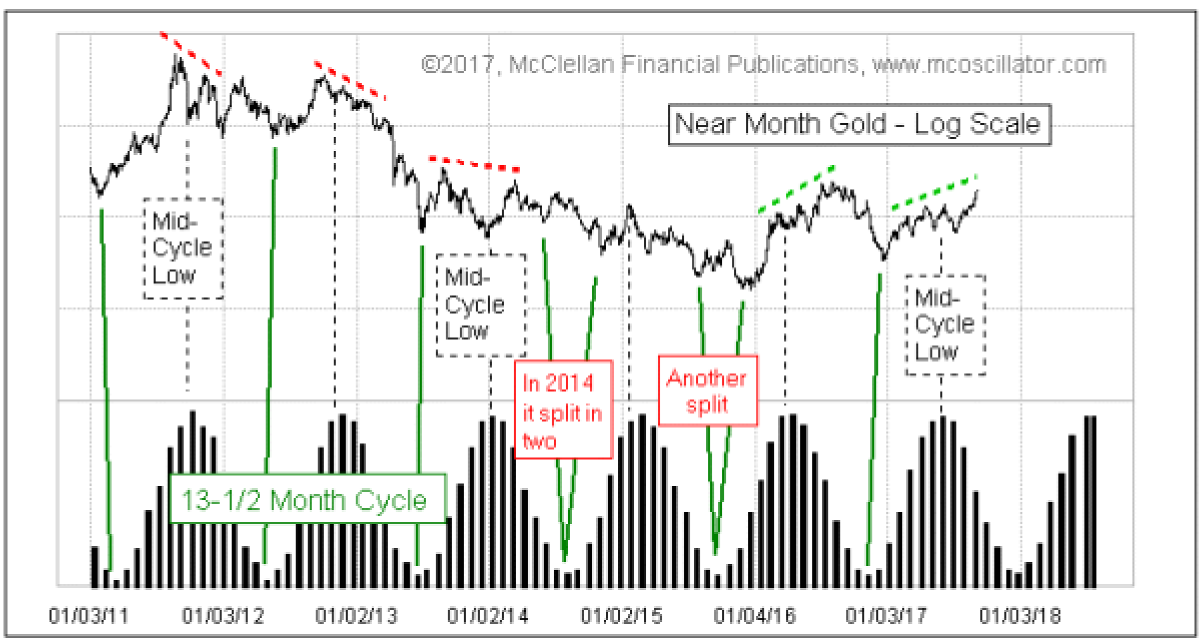
Gold has been pushing up to higher closing highs, which is getting the gold bugs all excited. But, we are now late in the 13-1/2 month cycle that is dominant in gold prices and, so, we should expect a drop into the major cycle low due at the end of 2017.

However, there is a lot more to the 13-1/2 month cycle than just when to expect the major lows. For starters, there is a mid-cycle low that usually arrives around the mid-point of the whole cycle. The mid-cycle low is usually not as punctual as the major cycle low, but it is still important for figuring out the message that gold prices have to convey.

Just noting the existence of a mid-cycle low is not all there is. How prices behave around that mid-cycle low conveys information about what lies ahead. If the high for the cycle arrives before that mid-cycle low, that is known as "left translation", and it carries a bearish message about what lies ahead, because it says that the price bottom at the major cycle low should take out the last cycle's bottom.

"Right translation" occurs when a higher high occurs after the mid-cycle low, and this says that gold prices are in a more bullish mode. The prior cycle low should not get taken out at the next cycle low.

That is the condition we see right now, with gold prices pushing up to a higher high.



So now that we have this message of a more bullish condition in gold, we have some assurance that the December 22, 2016 low of 1130.70 for near-month gold futures should not get taken out. That still leaves a big distance that gold could drop between now and the end of 2017 without violating this "rule".

However, the general point is that strength late in the cycle breeds strength again during the next cycle. So, once we get past the major cycle low at the end of 2017, we should be able to look forward to larger gains again for gold prices. Until then, though, gold has some late-cycle corrective work to do, if only to get the whole world convinced that gold can never go up ever again. Once that work is done, the set-up will be complete for the next up-trend.

Tom McClellan

Editor, The McClellan Market Report

BW: Information on Tom McClellan and *The McClellan Market Report* and *The Daily Edition* follows on the next page.

ABOUT THE AUTHOR

Tom McClellan

Tom McClellan has done extensive analytical spreadsheet development for the stock and commodities markets, including the synthesizing of the four-year Presidential Cycle Pattern. He has fine-tuned the rules for inter-relationships between financial markets to provide leading indications for important market and economic data.

Tom is a graduate of the U.S. Military Academy at West Point, where he studied aerospace engineering, and he served as an Army helicopter pilot for 11 years. He began his own study of market technical analysis while still in the Army, and discovered ways to expand the use of certain indicators to forecast future market turning points.

Tom views the movements of prices in the financial market through the eyes of an engineer, which allows him to focus on what the data really say rather than interpreting events according to the same "conventional wisdom" used by other analysts.

In 1993, he left the Army to join his father in pursuing a new career doing this type of analysis. Tom and his Father spent the next two years refining their analysis techniques and laying groundwork.

In April 1995 they launched their newsletter, The McClellan Market Report, an 8-page report covering the stock, bond, and gold markets, which is published twice a month. They utilize the unique indicators they have developed to present their view of the market's structure as well as their forecasts for future trend direction and the timing of turning points.

A Daily Edition was added in February 1998 to give subscribers daily updates on their indicators and also provide market position indications for stocks, bonds, and gold. Their subscribers range from individual investors to professional fund managers. Tom serves as editor of both publications, and runs the newsletter business from its location in Lakewood, WA.

#####