

Analyst Article

January 4, 2018

TECHNICAL CHARTING OPINION

eResearch Corporation is pleased to feature a technical opinion by Chris Kimble of Kimble Charting Solutions.



Mr. Kimble states, on his website <u>www.kimblechartingsolutions.com</u>, that his goal for his investment research is to:

... help people to enlarge portfolios regardless of market direction by looking for patterns at extreme points of "exhaustion" with a high probability of reversing, called TBNM: tops, bottoms, no middles. The intent is to simplify the decision-making process.

Mr. Kimble has been in financial services for over 30 years.

His research is intended to simplify investment decisions and increase confidence with charts that are clear as to the pattern at hand and action to take. His strategy is to look for chart patterns at extreme exhaustion points that have a high probability of reversing. These extremes reflect excess fear and greed of global investors and, therefore, they can be capitalized upon.

By providing research showing markets at extremes of long term resistance or support, and including bullish/bearish sentiment readings when available, Mr. Kimble attempts to help investors simplify their decision-making, reduce risk, increase confidence, and improve results.

Today's articles begin on the following page, and are all about: **Gold**

You can access his website and subscribe to his service at the following link: www.kimblechartingsolutions.com

Note: All of the comments, views, opinions, suggestions, recommendations, etc., contained in this Article, and which is distributed by eResearch Corporation, are strictly those of the Author and do not necessarily reflect those of eResearch Corporation.



Thursday, January 4, 2018

Gold Bulls Would LOVE To See This Support Break!

(To enlarge the chart below, place cursor on chart, and <Ctrl-Click>)

Typically, a falling Dollar bodes well for commodities (which are priced in dollars). We have seen this dynamic play out with Gold and precious metals of late.

One indicator that gold bulls and bears like to watch is the U.S. Dollar / Gold ratio. I have charted the 30-year chart below.

When this ratio if rising, it means the dollar is showing relative strength to gold... (and Gold usually struggles). See periods 1987-2001 and 2011-2016 on the chart below.

When this ratio is falling, it tends to be a tailwind for gold prices. See 2002-2011 on chart below.

Is the ratio beginning another period of weakness? Gold bulls sure hope so.



<CTRL-CLICK> ON CHART TO ENLARGE



After bumping up against a convergence of price resistance, the ratio has fallen to test important support at point (1). This support level has been tested twice in the past couple of years and each time it held (and stalled gold rallies).

Remember, precious metals bulls want to see this ratio keep falling... so Gold bulls would LOVE to see support break at point (1). Stay tuned!

Here is a Kimble report from December 29 on Gold

Gold Bulls Hope This Chart Pattern Leads To Big Rally

The past 6 years have been difficult for gold bulls. After the 2011 market top for precious metals, gold experienced a waterfall decline followed by a "lower low" and more sideways price action. Every rally seemed to stall out. Every hope was met with "not this time".

That type of price action is grueling and tends to grind out weak hands. To put it mildly, it is very difficult to hold an asset that goes nowhere while the stock market zooms higher.

Gold Bulls Last Stand?

So, is there any hope for gold now? Looking at the chart below, it appears so.

We may be looking at a very bullish chart pattern in action: an "inverse head & shoulders".

Here is a breakdown of the chart setup below:

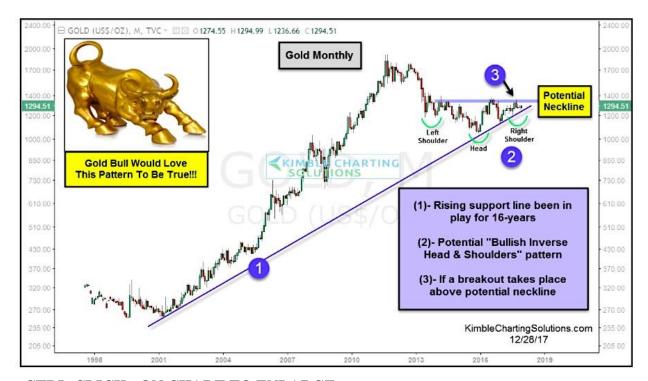
- Point (1) represents the uptrend line dating back to 2001.
- Point (2) highlights a bullish "head and shoulders" price pattern.
- Point (3) highlights the "neck line" of that pattern.

If the neck line is broken to the upside, gold bulls will be able to have some fun again. Traders and portfolio managers should watch this neck line closely – a strong move through this price area would signal higher prices ahead.

(BW: looking at a more detailed chart, the neck-line seems to be between 1360 and 1390, a "fat" neck; so we need a break-out above 1400!)

<continued>





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eResearch Corporation

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Bob Weir, CFA Director of Research