

Notes From The Rabbit Hole

eResearch Corporation is pleased to provide an article, courtesy of NFTRH.com, and written by Gary Tanashian, with a bio on the Author provided at the end of the article.

The article, starting on the next page, is entitled:
“Two Gold Articles”

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Along the way, a geek-like interest in technical analysis, a long-time interest in human psychology, and various unique macro market ratio indicators were added to the mix, with the result being a financial market newsletter (and dynamic interim updates), Notes From The Rabbit Hole (NFTRH) that combines these attributes to provide a service that is engaged and successful in all market environments by employing risk management first, and opportunity for speculation second.

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Notes From The Rabbit Hole

Two Gold Articles

We provide two articles on gold by Gary Tanashian. The first is brief comment dated January 23, and the second is a more comprehensive look at gold and the miners with an opinion on the sector.

Gold Miners Maintain Rally Parameters

By **Gary Tanashian** (bio at the end of the article)

January 23, 2018

As of now the gold miners, rising along with everybody else since the USD broke down (in other words, calm down, it's all part of the 'inflation trade') have maintained the series of higher highs and higher lows. Would people who try to make sense of Elliott Waves tell us that a 5th wave up is in the offing? There is a pretty decent upside objective if this higher low holds.





Notes From The Rabbit Hole

A Few Words on the Gold Sector

By **Gary Tanashian** (bio at the end of the article)

January 24, 2018

As the long-term interest rate [Amigo](#) continues upward, the anti-USD 'inflation trade' continues onward, and more and more gold-bug writers emerge from the woodwork, it is time for a little antidote to the inevitable pitches and hype to come.

Everything is playing to script, and with this little pull-back to a higher low in the miners being resolved in the favored direction, the writer-bugs are going to further their bullish message and try to get more reader bugs to follow their guidance. But absolutely nothing has changed.

We caught the seasonal rally amid much disgust by writer and reader bugs, and it has simply not yet concluded. Nothing more to read into it than that. While I think 2018 is likely to see the confirmation of a new bull market, a selling opportunity is probably up-coming amid gold bug bravado and pomp (oms) because the fundamentals are not yet in order.

Everybody is gonna be touting inflation when yields hit their limiters (again, ref. Amigo #1), and run-away inflation is not the proper lock & load fundamental backdrop. The miners can go a long way as inflationist bugs tout gold, silver, oil, copper, and resources of all kinds. But the other stuff is cyclical and the best case for gold mining is counter-cyclical.

Anyway, here is some droning from [NFTRH 483 \(1.21.18\)](#)...

Gold has obviously been bullish vs. both the U.S. dollar and long-term Treasury bonds and each of those conditions is indicative of an 'inflation trade'. Please see the weekly [Gold-Eagle article](#) to be linked at [nfrh.com](#) later today for more on the sector and why I think its rally is nearing its end, if it is not already complete.

While said 'inflation trade' is ongoing as part of the risk 'on' macro party, the gold sector is an also-ran. If you would like self-reinforcing gold bug feel-good sentiments, then you can find them aplenty out there now, and that is part of the problem. The bugs are on the tout.

I won't play that game. The fact that the gold herd is getting more bullish now only reaffirms that profit-taking is a good idea, with the question being, did the rally end last week or is it going to take a final leg up per the still-intact uptrend?

So as noted in Thursday's update, HUI remains on its uptrend from December and, thus far, holds a higher low. **Another leg up (or 5th wave) could be the best yet and really cement gold bugs into a full bull view.** A loss of the SMA 200 and the January low brings on a stern warning that the rally ended at the 1st target of 205 (ultimate target near <omitted>).

<inserting an updated, and more detailed chart (than the one in NFTRH 483), which tells the story of the index since we caught the top at 220, got frustrated w/ a couple of failed bounce attempts, caught the sentiment washout and seasonal bottom in December and began managing the ongoing rally and its intact series of higher highs and higher lows>



Notes From The Rabbit Hole



Right or wrong, I am not going to mince words because I have seen the cheerleaders become most vocal at exactly the wrong time too many times over the years and I have sometimes regretted being delicate, in hindsight.

Among good, sharp analysts the sector is also populated by charlatans, pitch-men, people who desperately want you to be bullish because they know that emotion sells (there is no fever like gold fever) and, finally, non-analysts pretending to be analysts. I believe that many regular people who want to be bullish on gold feel in their hearts the reasons why; they abhor dishonesty and they respect integrity. But that is what the gold cult “community” uses as currency. It sells good (vs. evil). But these are the financial markets and there is nothing inherently good about them. They are what they are.

I see no reason to change the play now. The fundamentals have not improved appreciably as the ‘inflation trade’ moves forward. The seasonal factor is now mature and the pompoms are no longer afraid (or embarrassed) to tout gold. I think 2018 will be good for gold, but a selling opportunity may well come first. And this would be it.

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See NOTES, on the next page and Author on the following page.



Notes From The Rabbit Hole

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Biiwii.com is proud to be included in the **50 Blogs Every Serious Trader Should Read** from [TraderHQ.com](#).



See **ABOUT THE AUTHOR** on the following page.



Notes From The Rabbit Hole

ABOUT THE AUTHOR



Gary Tanashian is a financial market analyst, writer, and editor. He provides “Accurate financial market analysis and commentary focused on unbiased reality as opposed to preconceived assumptions.”

As a long-time participant in financial media (published at leading outlets like SeekingAlpha, Investing.com, and many more), Gary has learned how to communicate with people about often-complex material. He knows that it requires hard work, but he believes that there is no other way in order to provide the highest quality service to the public.

Gary is the owner of Biiwii.com (launched in 2004) and, later, NFTRH.com (launched in 2014).

Biiwii is a financial website that got it RIGHT in the run up to 2008, unlike many in the financial services industry.

He is the owner and publisher of the weekly premium financial market report Notes From The Rabbit Hole, which was launched in September, 2008.

Notes From The Rabbit Hole is a premium newsletter service (including detailed in-week updates) for people who care more about financial market realities than having their preconceived notions reinforced. <http://nftrh.com/nftrh-premium/>

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