

## Gold Oversold

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

In this article, Mr. Richards gives evidence that supports his opinion that, on a short-term basis, gold is oversold and due for a near-term bounce. However, he is less sanguine as to how far the bounce could go as there is plenty of overhead resistance.

The article is reproduced below, beginning on the next page, or you can go directly to it at the following link: <https://www.valuetrend.ca/gold-oversold/>

You can also visit the **VALUETREND** website at the link below:  
<http://www.valuetrend.ca/>

---

---

**eResearch Corporation** was established in 2000 as Canada's first equity issuer-sponsored research organization. As a primary source for professional investment research, its Subscribers (subscription is free!!!) benefit by having written research on a variety of small- and mid-cap, under-covered companies.

eResearch also provides unsponsored research reports on middle and larger-sized companies, using a combination of fundamental and technical analysis.

eResearch complements its corporate research coverage with a diversified selection of informative, insightful, and thought-provoking research publications from a wide variety of investment professionals.

eResearch provides its professional investment research and analysis directly to its extensive subscriber network of discerning investors, and electronically through its website: [www.eResearch.ca](http://www.eResearch.ca).

eResearch does not manage money or trade with the general public, provides full disclosure of all fee arrangements, and adheres to the strict application of its Best Practices Guidelines.

Bob Weir, CFA: Director of Research

<p><b>Note:</b> 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.</p>
-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

Wednesday, August 29, 2018

## Gold Oversold

By: Keith Richards (bio at end)



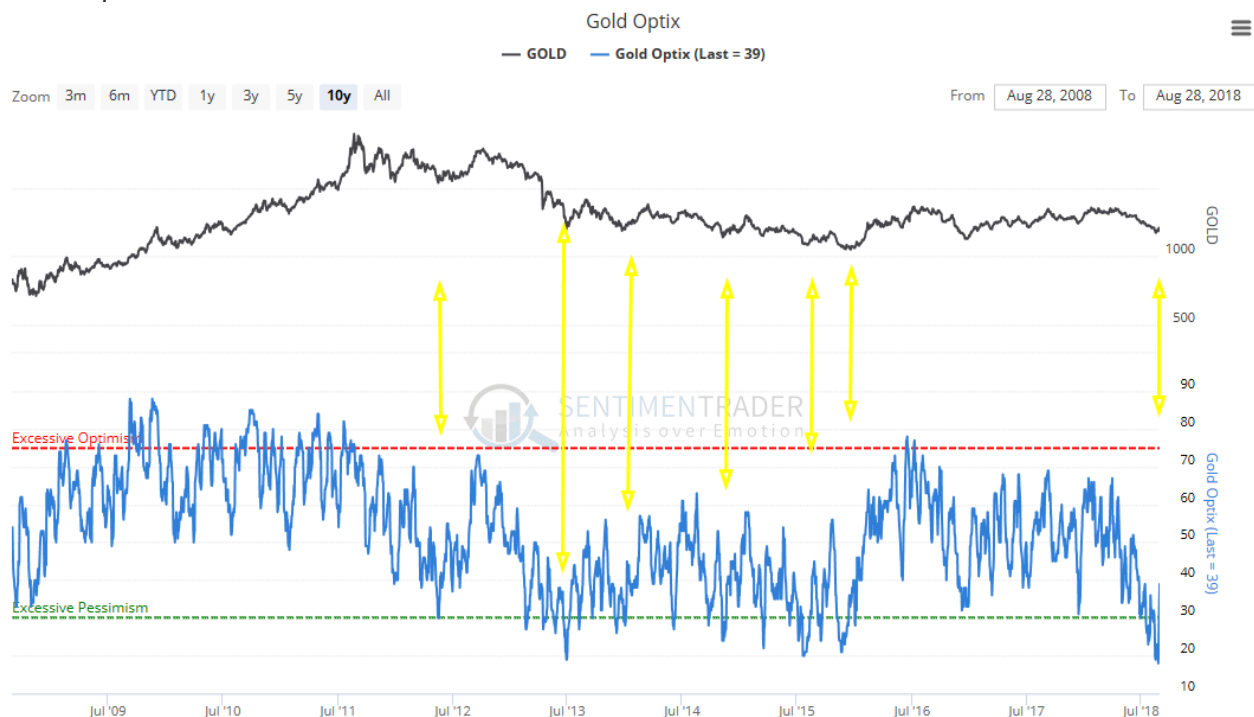
BW: Comment on graph on the next page.

I have presented this gold chart (above) on my blog in the past. In my [May 2018 blog](#), where you can see this same chart, gold had just broken \$1300. In the blog I noted that sentiment was setting up for a short rebound – but I did not feel that we would see the metal go past its historic \$1360 wall of resistance. It didn't.

On my old chart, as on this chart, you will note the dashed horizontal green line sitting around \$1175. That predictive line is still on today's chart, and it does seem to have been the stopping point for gold's decline from my prior prognostication of the \$1360 ceiling.

On my updated chart, you will note that I have circled the oversold levels and subsequent hooks on stochastics and RSI. At the top of the chart you will also note oversold money-flow momentum (Chalkin money-flow). While cumulative money-flow (very bottom pane) remains bearish for gold, the flow of funds is overdone on a temporary basis-as is momentum. These indicators present a possible setup for a short term oversold bounce.

Adding to the case for an oversold bounce on gold: The sentimentrader optix index, which I also noted on the prior blog, is right back into "over-pessimistic bounce" territory. You can see that the optix (below) has recently hooked up from its buy point – a sign that helped indicate a pending rally for gold in the past. I have drawn yellow arrow's indicating past occurrences – where you will see at least some sort of near-term upside.



Gold typically has its best months from July through October. It hasn't this time around – so far, anyway. But, there is still time in its seasonal pattern to live up to its tradition.

I am pretty convinced that we could see a rally on gold shortly. What I am not sure of is the extent of such a rally. For that reason, it is a trade that I am going to pass on. Very near-term traders who use tight stops might want to consider it as a high probability long trade. That, with the understanding that there is enough interim resistance between here and \$1360 to make a price prediction on a rally difficult.

#####

INVESTMENT ANALYSIS | WEALTH MANAGEMENT | PORTFOLIO MANAGEMENT  
LIMIT YOUR RISK. KEEP YOUR MONEY.

See **About The Author** below.

## 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/](http://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.

#####