

Gold Weekly Recap

It has been a mixed week for Gold with heavy selling on Monday and a strong rally yesterday. After spending an extended period in the 1182-1214 without any break-outs in either direction, 1182 again performed excellently as support on both Monday and Tuesday. Modest gains followed on Wednesday but as nerves impacted on US equities, there was a 'flight to safety' scenario as investors rushed to Gold. This was once a common occurrence, but with equity markets being on a steady run, it has been losing volatility.

Gold Daily Chart



Gold the Week Ahead

Yesterday saw Gold stage an impressive rally, finally breaching the 1214 resistance that has been a cap since August. It is slightly softer in early trading this morning and it will be interesting if 1214 now performs as support, which technically should be the case. The key will be if it can close above this point at end of trading today. If so, then the Bulls may target the next important resistance, which comes in at 1238 and is the 38.2 Fibonacci Retracement of the move down that began last April. There is also a heavy work area from last July and approaching this level could prove tough (circled on the chart). If yesterday was indeed a 'flight to safety' play, then US equity markets should be monitored for signs of a recovery, as this could be the catalyst for unwinding this hedge.

Currencies

EURGBP still requires monitoring as it may have completed the fifth leg in an Elliot Wave formation (arrowed on the chart). On Wednesday, it posted a low of .8723, just a fraction above a strong support at .8718, the low from 15th June. Technicians will now look for an ABC correction which is a three-leg up move. This is only a corrective move or a bounce and there are some resistance points that need to be monitored. The first comes in circa .8775 but the key resistance should the bounce continue, comes in at .8814.

EURGBP Daily Chart

