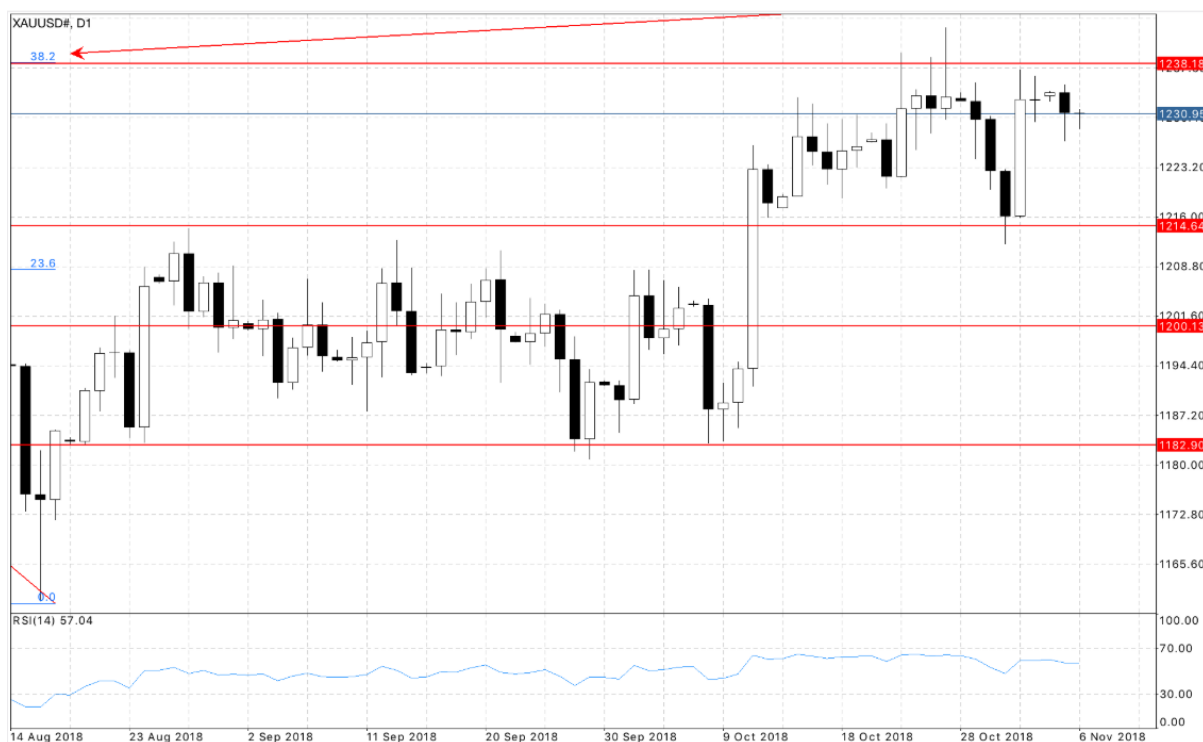


Gold

Last week was a volatile one after failing to test the 1238 Fibonacci level, before heavy selling, dipping briefly below the 1214 support and finally staging a recovery. So far this week, Gold has been muted in comparison and early trading today sees it trading circa 1230. This Fibonacci level mentioned above is the 38.2 retracement of the move down that began last April. Unless Gold can post a close above this point, then it represents just a healthy bounce. The situation still favours the Bulls even if there is another pullback. Until 11th October, it had been stuck in a lower range but, the big rally on that day took Gold to a new higher area where it may reside for a period. As mentioned above, a close above 1238 would be required for Gold to expect further gains and only a close below 1214 would swing circumstances back in favour of the Bears.

Gold Daily Chart



Currencies

Last Thursday, GBP made significant gains against USD, moving from a low of 1.2764 to close up at 1.3002. With early indications from the US showing that President Trump may lose some power in the mid-term elections, there is potential for further gains. It is currently circa 1.3060, which has been a pivot point in recent weeks, so this could prove to be a problem. In the very long-term this remains just a healthy bounce from the selling that began in April when it was trading at 1.42. The levels to watch are quite wide at the moment with the first resistance of note coming in at 1.3257, and again at 1.3298. In the other direction, the first major support is down at 1.2921.

GBPUSD Daily Chart

