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Chart Works

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Technical observations of
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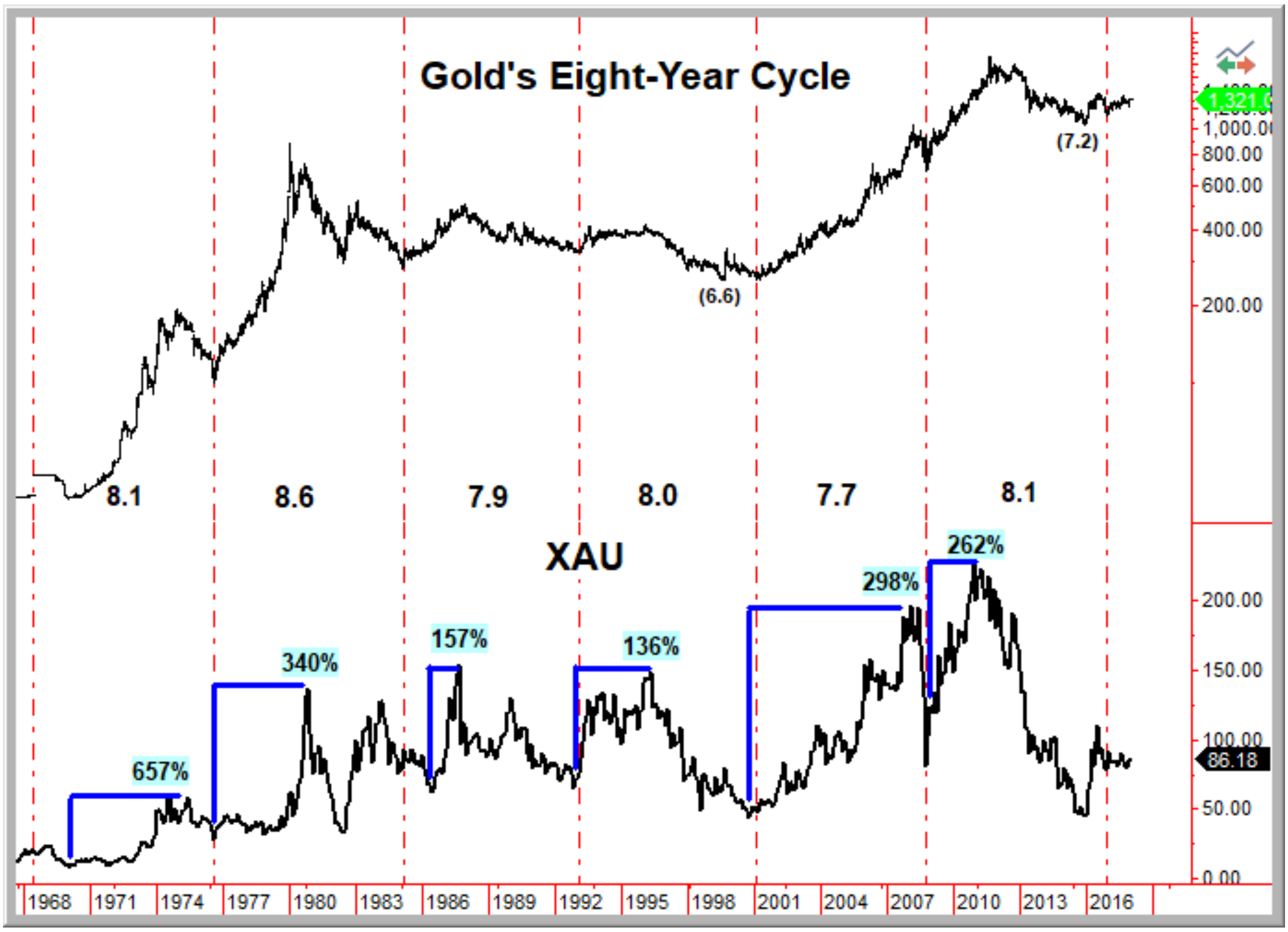
Gold's Eight-Year Cycle

We have written about the eight-year cycle numerous times. Important lows have occurred on a regular basis for fifty years. The most recent was in December 2016, one year after a premature low at 7.2 years in December 2015.

Look for new buying opportunities in bullion and more importantly, the miners in the coming weeks.



After an initial surge off the cycle lows, the price tends to move methodically higher for the first two years. During that period, we have found that a lower 20-week moving average envelope provides support. This was most recently tested in December 2017.

As of last Friday, the rally was 55 weeks in duration. The previous points in the cycle produced interim highs at the 58, 61, 55, 55 and 64-week mark. Except for 2002, a trailing one-week stop after the 55th week, kept participants in the market until the first week after the top.

The first correction that then produced a weekly CC(8) below -100 became an optimum entry for new positions (**blue arrows**).

In our view, the Barron's Gold Mining Index has been the best indicator of the action in the gold miners over the last century. The following chart identifies the timing of the first weekly CCI(8) below -100 following the 55th week out of gold's 8-year cycle bottom.

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