



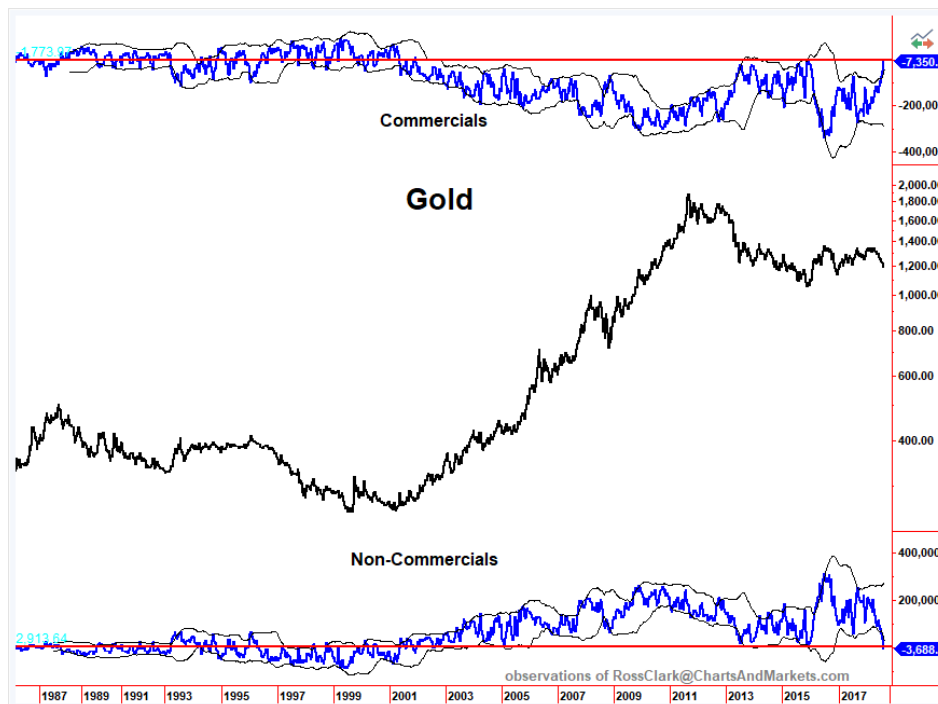
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Technical observations of  
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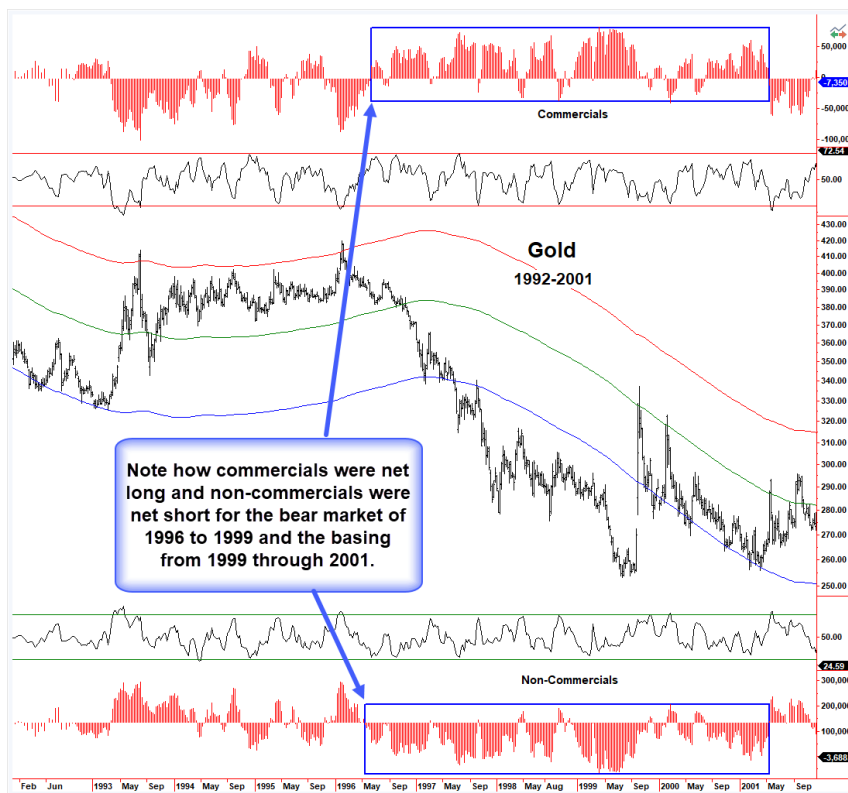
## - Specs in Gold are Now Net Short - Daily Sequential & Combo Buys in GLD

Gold appears ready to put in an interim, but not final low.

The COT numbers in gold will make headlines this weekend with the speculators now net short for the first time since 2002. However, it is not so uncommon when viewing the period prior to the bull market of 2001-2011.



We view the levels of net positions of commercials and non-commercials as secondary to the manner in which they move. In bear markets the non-commercials tend to be short for extended periods of time (1995-1999). It is only when there is an urgency on their part to increase net shorts (*RSI < 30 and outside the Bollinger Band*) for countertrend rallies to emerge. We have been in such a position for the last three weeks. As noted, the market needs a catalyst to provide a reversal through resistance that squeezes the shorts. We initially viewed \$1232 as the key, lowering it to \$1219 a week ago. **The first week with a higher close will now be considered the catalyst for a rally to the 55-day moving average (\$1248) or 20-week ema (\$1262).**

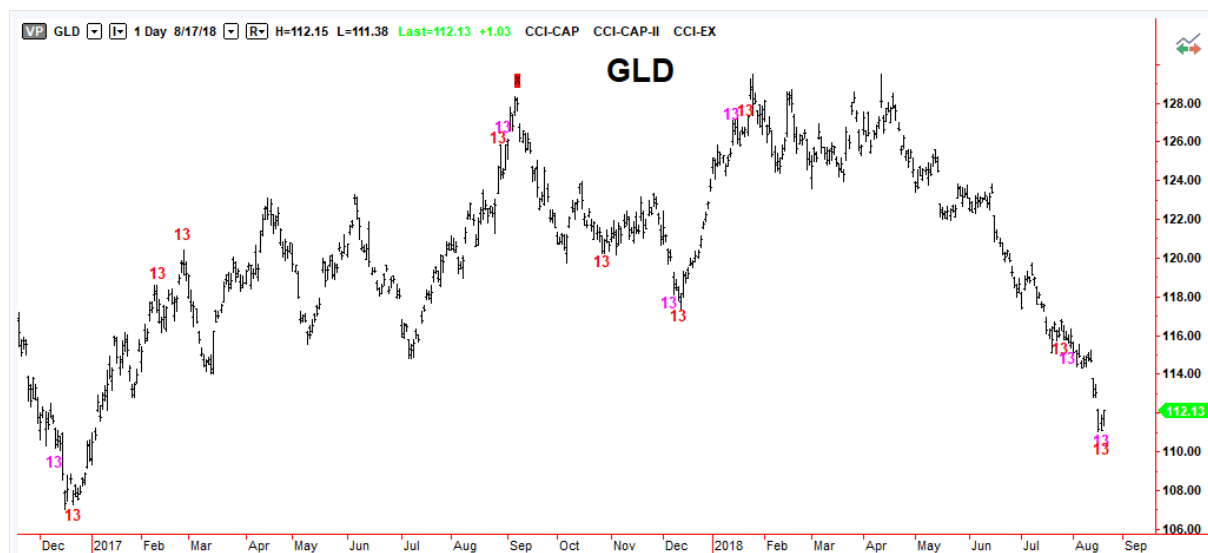


We've taken a fresh look at the action following cyclic troughs in gold. The violation of the 20 and 50-week exponential moving averages and the 100-week simple moving average suggest that it will take time to establish a base.

A weekly Sequential 9 Setup was generated on June 15<sup>th</sup>. Since then the Sequential and Combo countdowns have progressed to 9 and 10 respectively. The arrows on the following charts display similar points of Sequential development. In those cases the price rallied back to generate an overbought CCI(8) reading (red crosses) at the 20-week ema (blue line) before continuing lower to complete the countdowns to 13.



The daily charts of gold bullion and the GLD ETF have generated another set of TD Sequential and Combo buys as of Thursday. The signals in July failed to be followed by an upside price flip (*a close above four days earlier*). Let's see if these resolve with better action.



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