



Elements in Place for a Gold Short Covering Pop

By Teddy Sloup (Oct 6)

December gold futures remain in a steep bear trend, however we anticipate temporary relief as the market approaches crucial technical support. We have been targeting \$1265, the 61.8% Fibonacci Retracement, on a continuous chart over the last several weeks, and this week's low of \$1271 nearly accomplishes this target. If gold is able to hold this level, look for a near term correction to \$1305. The bear camp can use corrective rallies into \$1305 to re-establish or initiate fresh shorts. Only a close above \$1305 reverses the intermediate term trend back to bullish.

We are firm believers that gold will trade according to technicals in the near term as the outside markets and global geopolitical factors are currently carrying little market influence. The Commitment of Traders report continues to reflect a wide disparity between the commercials and speculative longs.

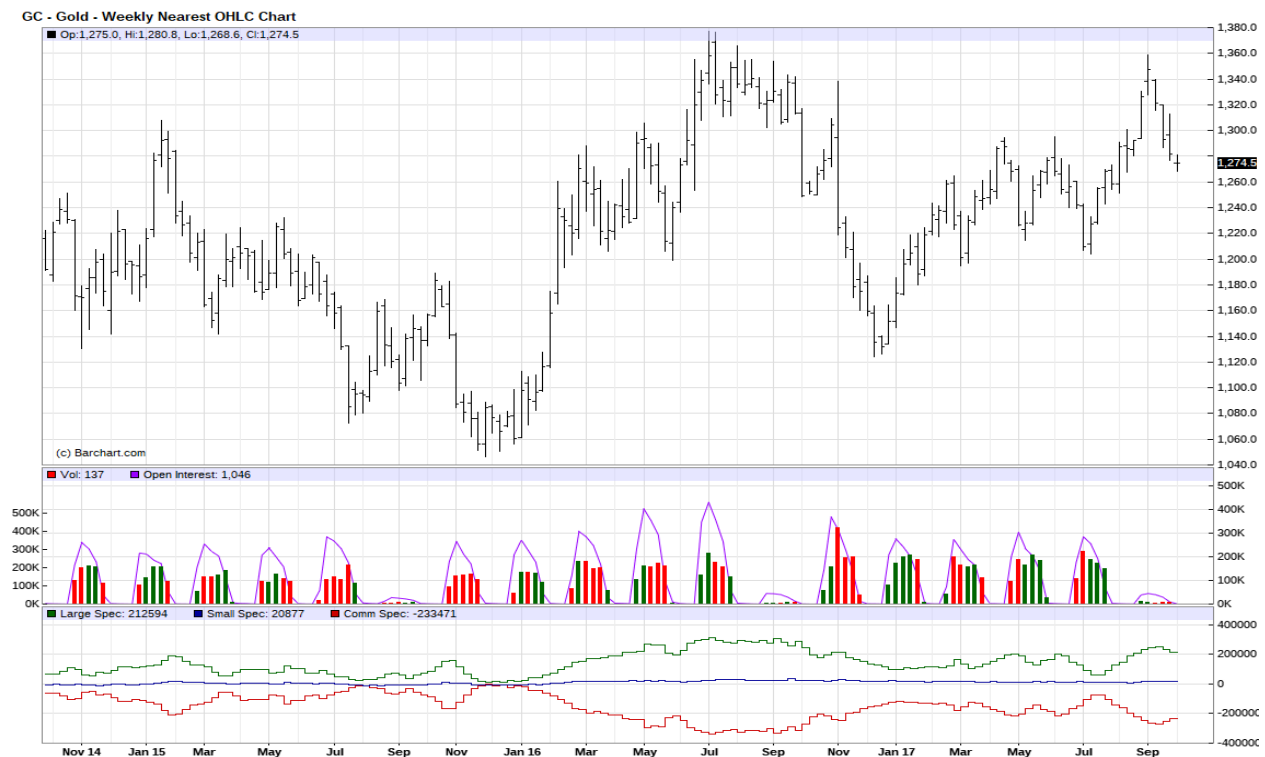


Chart from Barchart.com

This is traditionally bearish and also somewhat surprising to us considering the sizeable recent selloff. A close below \$1265 is significantly bearish and opens up vast bear possibilities to \$1200 and below.

Feel free to call or email me if you have any questions about Gold futures markets.

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