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Gold Bullion Price (London Fixing): 1,221.4 USD / ounce

[Bloomberg Ticker: XAUUSD:CUR]

Graph Analysis and Technical View

Gold has seen an overall (positive) lift-off since the lows of late December 2016 at around \$1,125. Technically the area of \$1,300-\$1,310 has been very tough to be penetrated by the buyers once that level was lost immediately after the US Presidential election (November of 2016). An optimist can argue that gold has found an important bottom in late 2015 when it traded to as low as \$1,045 and therefore all action since then is a base-building (bullish) formation. It could be. However, at the recent mini sell-off once again from the resistance level of \$1,300, the pullback has coincided with overall US dollar weakness. A pessimist would argue that if gold cannot rally amid US dollar weakness that would spell even greater trouble ahead.

The longer-term chart formation argues for listless back and forth trading as long as \$1,300 is NOT penetrated to the upside. But of immediate attention in early July has been the support price range between \$1,194 and \$1,204. As long this area of support is defended by the buyers, one cannot become very bearish. If that support area gives way to selling pressure then the late December lows at \$1,125 will be tested in all likelihood and perhaps fail. In case of such a failure the next downside target would be at the \$1,065-\$1,085 area, and not far away from the so far multi-year low of \$1,045 (December 2015).

In the near-term we could argue that as long as prices are between \$1,194-\$1,204 and \$1,260 the trend is neutral, short-term bullish above \$1,260 and bearish below \$1,194. If gold prices elect to rally above and beyond \$1,300, then the 2-year bottoming formation might be of a bigger importance and very much bullish.

Gold Bullion Price (London Fixing) since July 16, 2012



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