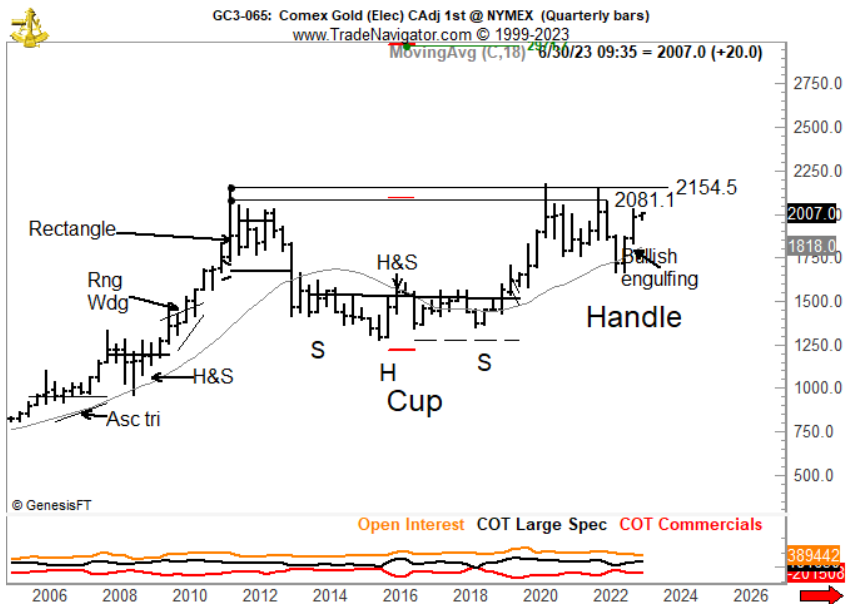




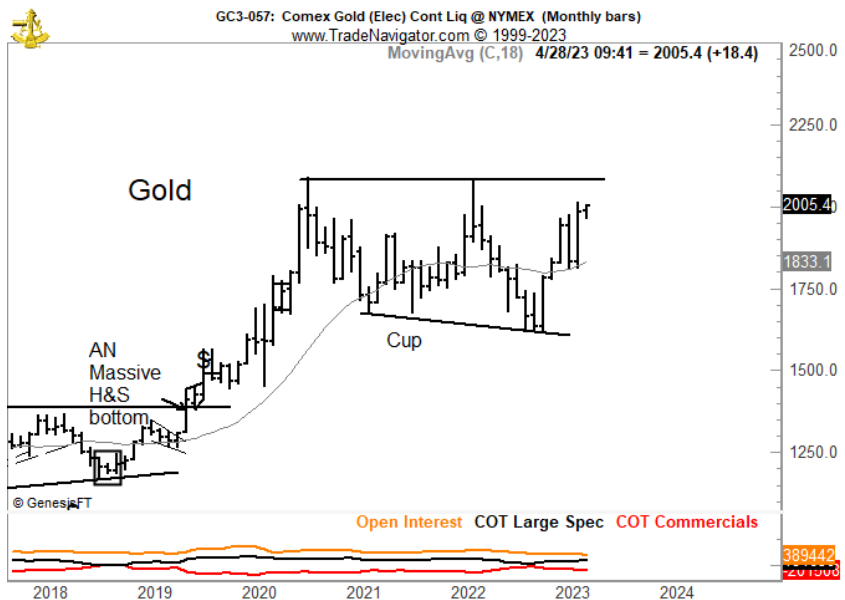
April 4, 2023

Precious metals

Two features of the Gold charts should be noted. First, depending upon the exact chart used (spot, futures continuation versions), the market is in a position to challenge all-time highs. [The 065 back-adjusted chart is shown.] The pattern is an 18-month Cup and Handle that projects prices to \$2,900-plus.



The monthly chart can be interpreted as a right-angled broadening triangle. See Schabacker, Study V, pgs. 150-154. The bottom of this chart displays a red flag for Gold – Commercials have moved into a large short position profile. There have been instances when Gold trended strongly against Commercials (Jul-Aug 2020, Oct 2009 – Aug 2011), but as a rule I am more comfortable when positioned alongside Commercial interests.



The daily chart displays a possible pennant pattern (see Schabacker, pgs. 210-211).

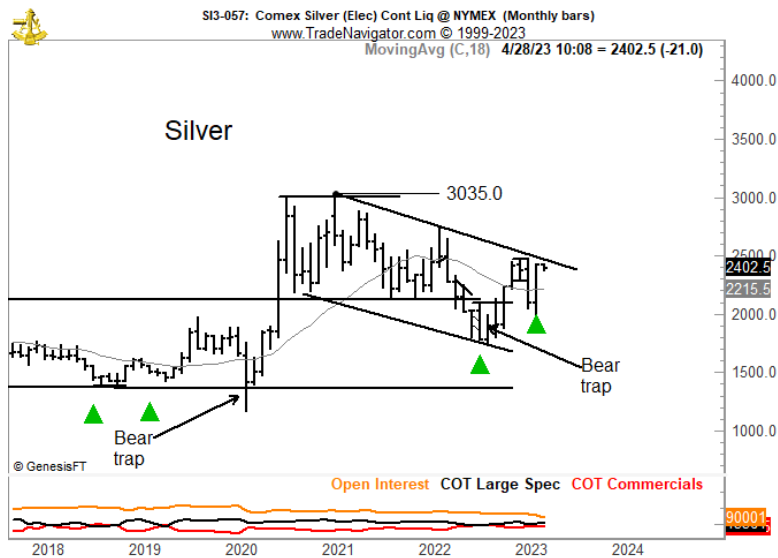
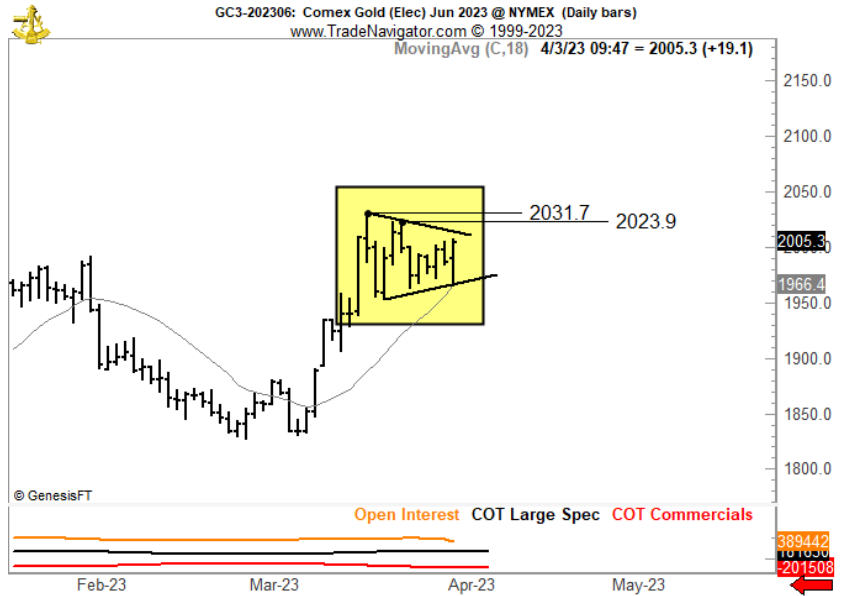
Market analysis and opinion are all fine to pursue. But at the end of the day what matters is the trades that are made. And as we transition from market analysis to execution human emotions play a big role (perhaps even the starring role).

I look at Gold pretty simple – it is just another trade. And the reality is that I am wrong just as often as I am right.

My plan is to buy a breakout of the pennant. My risk will be 80 basis points. This trade falls into a category I define as “the Law of Least Regrets.” In trading I attempt to avoid trading events that can become regretful. If Gold breaks out and fails, well then, I chalk that up as another loss, taken in stride (no regrets). But if Gold breaks out and thrusts higher without me aboard, then that becomes a large regret.

Tactically, I have a buy stop (with limit) above the market with an anticipated risk of \$33 per oz. I will refine the protective stop when the buy order is filled.

In Silver, I am monitoring the 18-month bear channel for an entry buy set up.



plb

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