

TKL

Chart of the Week

Week of September 30th, 2019



In this week's **Chart of the Week**, we look at Gold which rallied over \$300 from May to early September and appears to have run out of steam over the last three weeks. Throughout the course of the rally, we saw an overarching downward trending channel in the RSI after the technical indicator peaked on June 24th. On the other hand, gold prices followed an upward trending channel which looks exactly opposite to what we observed in the RSI, and this is very unusual. Our view on this occurrence is that upward momentum has slowly been weakening and the rally hit a point of exhaustion at \$1,566. We now see the upward trending channel (\$1,505) at jeopardy and expect a follow through below \$1,490 this week to confirm a break below the bottom end of that upward trending channel. From there, we watch the bottom Bollinger Band at \$1,481 as a potential point of relief before targeting \$1,450 and our final price target at \$1,385. To the upside, we limit our losses in the case of a sudden reversal and set a stop-loss at \$1,550. Overall, the future is not too shiny for gold prices. All the necessary fundamental factors for a rally are there, yet the metal continues to break down and technicals point to a 7.9% correction.

Farewell and Trade Well,

Adam Kobeissi

Founder and Editor-in-Chief

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