



# Natusus

## GOLD Swing Trade Week of Aug. 29, 2016

### 1. Futures prices (GCZ16) - LAST WEEK and PRIOR WEEK

Open	High	Low	Closing
1345.00	1348.80	1321.00	1325.90
<b>PRIOR WEEK</b>			
1343.60	1364.30	1340.50	1346.20

### 2. PIVOTS (based on Globex high-low)

	Weekly	Monthly	Yearly
R3	1387.50	1479.57	1485.73
R2	1359.70	1412.77	1299.13
R1	1342.80	1381.23	1179.67
<b>PPT</b>	<b>1331.90</b>	<b>1345.97</b>	<b>1112.53</b>
S1	1315.00	1314.43	993.07
S2	1304.10	1279.17	923.93
S3	1276.30	1212.37	739.33

### 3. WEEKLY SWING TRADING NUMBERS

	Weekly
<b>2<sup>nd</sup> Sell level</b>	<b>1360.50-1358.50</b>
<b>1<sup>st</sup> Sell level</b>	<b>1347.50-1346.50</b>
<b>Key #</b>	<b>1321.00-1323.50</b>
<b>1<sup>st</sup> Buy level</b>	<b>1307.50-1305.50</b>
<b>2<sup>nd</sup> Buy level</b>	<b>1292.20-1293.50</b>

The key # is a control point for up or down moves. When price moves from one side of that line to the other and stays in the new range it often indicates a change in trend and the beginning of a stop run. Look for the price to move toward new support and resistance levels, often at/near our buy or sell range.

**How to trade the weekly swing trade focus numbers:**

Enter at or close to the focus numbers. The stops are activated by a close above (below) the stop. In that case place an order to exit the position at or near your entry as soon as the overnight session opens. Maintain the order in the day session if it is not hit overnight, and use a supplemental stop set for your maximum allowable daily loss. If you enter the trade and the market moves in your favor, take profits at 3, 5, 10, 15 or 20 point intervals. If the price does not approach the entry levels, stand aside.

**4. OUTLOOK FOR GOLD**

**Daily chart**



**Last week**

GOLD bounced around last week as it struggled to decrypt Fed Chair Janet Yellen's message from the Jackson Hole conference.

The yellow metal dropped \$27 in the early part of the week, then rose close to the weekly high in the first 15 minutes of her speech.

But it was all fake. The price dropped back and closed at the low for the week. At the end it lost \$20.30, a net weekly loss of about 1.5%.

## **This week**

Mrs. Yellen's speech sent a clear signal that the Fed can see – or at least is willing to talk about – an interest rate increase at some point in the future. What they don't say is when this might happen.

One sentence shows the Fed may raise interest rates soon, the next says that more QE may be needed. This kind of dual language has been used for the past 5 years. It is no surprise that it generates choppy movements in gold.

During the weekend, investors are likely to digest the speech statement and statements from other Fed officials (which often are contradictory) concerning interest rates.

However as traders we still focus on price action. This week \$1321-\$1323.50 is a major key zone. Remaining above it could lead GOLD price to move back near last Friday's high area for testing.

A break below \$1320 level could run some stops and push GOLD down to \$1305-\$1310 zone to challenge the \$1300 psychological support.

The daily PMI indicator keeps moving down, approaching oversold territory. Longer-term indicators still have an overbought condition.

A brief bounce could be seen. But we expect the bounce will not last very long. There is a potential neckline of a double top pattern at the 1310-08 zone. A failure to hold up this neckline zone will be bearish.

It could open the door to a short-term correction at the \$1220 level.

But long before a breakdown, the \$1335.50-37.50 zone needs to hold GOLD down and prevent it from rallying.

