



GOLD Swing Trade Week of Dec. 12, 2016

1. Futures prices (GCG17) - LAST WEEK and PRIOR WEEK

Open	High	Low	Closing
1182.60	1190.20	1157.80	1161.90
PRIOR WEEK			
1184.40	1197.70	1162.20	1177.80

2. PIVOTS (based on Globex high-low)

	Weekly	Monthly	Yearly
R3	1234.77	1566.87	1485.73
R2	1202.37	1396.47	1299.13
R1	1182.13	1284.23	1179.67
PPT	1169.97	1226.07	1112.53
S1	1149.73	1139.83	993.07
S2	1137.57	1055.67	923.93
S3	1105.17	885.27	739.33

3. WEEKLY SWING TRADING NUMBERS

	Weekly
2nd Sell level	1203.50-1207.50
1st Sell level	1195.50-1193.50
Key #	1178.50-1175.50
1st Buy level	1150.00-1148.70
2nd Buy level	1128.50-1131.50

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 continued to decline, but in slow motion. It managed to hold the price above \$1150 level, which is very near our first downside target at \$1145.50. The short-term selling could get exhausted soon.

This week

FOMC Policy announcement is this Wednesday, amid fevered speculation – as usual – about a potential rate hike. The Fed hike rate, if any, will determine the price movement in Gold. Last week federal-funds futures were implying a 93% chance of rate hike this week.

It shouldn't surprise anyone if the Fed does hike. But the further speculation of two further increases in 2017 may be overblown. Talk of further increases to come poses a big risk for GOLD.

GOLD moved into a bear market after Fed officials forecast two rate hikes in 2017 last September. Now the short-term and intermediate-term are oversold.

If the Fed does raise rates this week, but uses dovish language in the Fed statement – that's a double conditional – traders should be prepared for GOLD short covering that may push the price back up to the \$1200 broken support level area or higher if buyers regain control of \$1212

\$1178.50-83.50 will be a key zone for GOLD this week. A move above it could push GOLD up to \$1193-\$1203 zone to test previous strong support.

Because the long-term is still bearish, any bounce up to a major resistance zone may be countered by new sellers entering the market.

In particular, when the short-term indicator recovers from the oversold condition and moves into overbought territory the selling should resume again.

In an alternative scenario we may see a further sell-off if GOLD fails to break above \$1185.50 line, but instead breaks below \$1150-45.

In that case GOLD can go to the next downside target \$1092, and the short-term oversold condition can get more oversold, especially if the Fed expresses clear and strong support for two more rate hikes in 2017.

For now, Gold is all Fed, all the time.