

ChartWorks

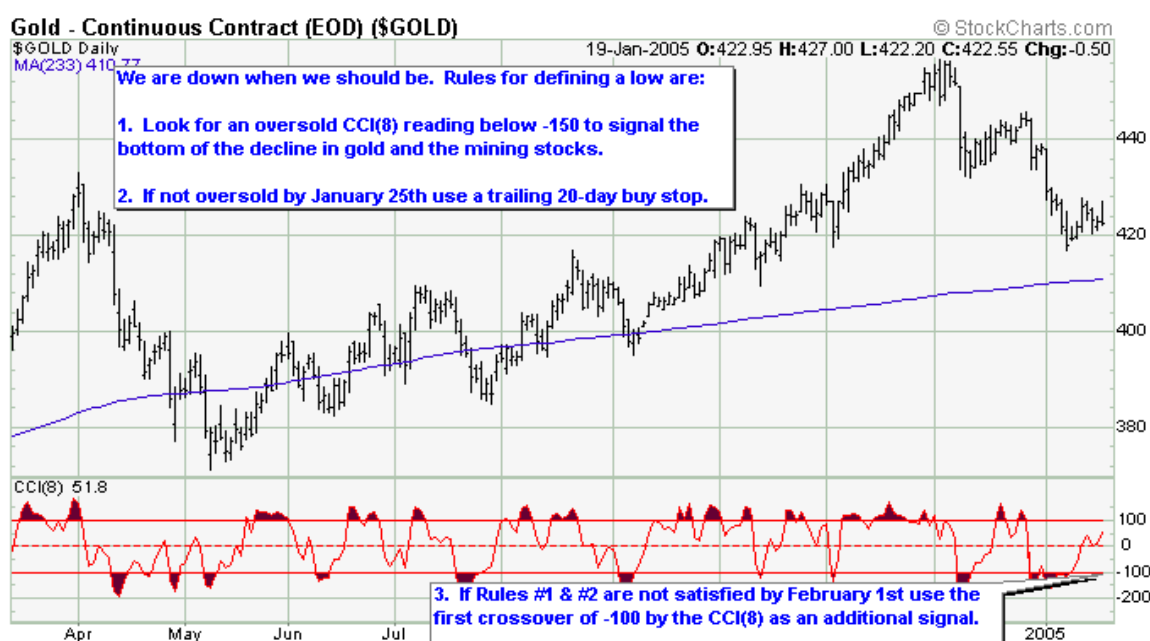
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GOLDS THE "RULES" FOR AN INTERMEDIATE LOW

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A decline in gold during the first half of January was possible following the Economic Confidence Cycle date of January 1st. Enough time has now passed that we can start looking for oversold readings in order to identify a bottom. Having researched the market action around the past 33 cycle dates (*back to 1969*) there are three rules that have provided optimum buying points.



1. Starting as of January 18th, buy on the first day that the CCI(8) oscillator achieves an oversold reading of -150.
2. If no buy signal has occurred by January 25th continue to use Rule #1, but also place a trailing 20-day buy stop.
3. If neither buy signal has occurred by February 1st then continue to use Rules #1 & #2, but also buy if the CCI(8) moves up through -100 from a minor oversold reading.

This series of rules allows us to follow the market down until the selling becomes excessive or prices show the first signs of an upside reversal.

The initial upside action in the XAU (*Homestake analyzed prior to 1985*) is typically three to five weeks, however forty percent of the signals resulted in rallies lasting over two months and twenty-five percent produced rallies lasting over five months.

You can monitor the CCI(8) oscillator with this link from StockCharts.com:

[http://stockcharts.com/def/servlet/SC.web?c=\\$gold,uu\[w,a\]daoanyay\[pb233\]\[vc60\]\[ild8\]\[J43637876,Y\]&listNum=1](http://stockcharts.com/def/servlet/SC.web?c=$gold,uu[w,a]daoanyay[pb233][vc60][ild8][J43637876,Y]&listNum=1)

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