



Gold, May 10th

Next few days	
Trend	Down
Action	Sell
Risk of trend reversal	Medium
Stop loss	
Gold spot	above 1295.5

The trend is likely to reverse when the risk of a trend reversal is high. A breach of a key reversal level implies a neutral position.

Forecast Indicators (120-min chart)

Elliott wave	Bearish
Sentiment	Bullish
MACD	Bullish
DMI	Bearish
RSI	Neutral
MA crossover	Bearish

Target: 1255

Best risk/reward trade:

Sell in the range 1280-1295.5 for a move to 1255

Why?

Indicators are mixed and the Elliott wave is wave (c) down. The latest decline has gone too far which means wave 3 is already over. The current decline is wave 4 in three waves (a),(b),(c) and wave (c) is nearing an end. The 13-period MA has crossed below the 55-period MA (bearish) but the MACD has crossed above the signal line (bullish).

Strong resistance between 1295.5 (Elliott wave resistance) and 1283 (pivot R1).

Next few weeks	
Trend	Up
Action	Buy
Risk of trend reversal	Low
Stop loss	
Gold spot	below 1254

The trend is likely to reverse when the risk of a trend reversal is high. A breach of a key reversal level implies a neutral position.

Forecast Indicators (daily chart)

Elliott wave	Bullish
Sentiment	Bullish
MACD	Bearish
DMI	Bullish
RSI	Neutral
MA crossover	Bullish

Target: 1310

Best risk/reward trade:

Buy in the range 1254-1275 for a move to 1310

Why?

Indicators are mostly bullish and the Elliott wave is wave 5 up. Gold is in a long term advance but the pattern is not impulsive which means gold is probably in the final wave of the advance [wave (5)]. This move is taking the shape of an ending diagonal [1,2,3,4,5], and wave 3 is over. The current decline is wave 4 this move is about to end. The MACD has crossed below the signal line (bearish). The next move is wave 5 up.

Strong support between 1256.5 (pivot S1) and 1254 (support line).

Trade Alert

Contract: Gold Spot

Trade: We buy at 1258, target 1300, stop loss 1238

Key levels & Events

Key levels	Cash	Future	Main events (UK time):		
Resistance line (2)	1320.5	N/A			
Previous high	1303.5	N/A			
Pivot R2	1299.5	N/A			
Pivot R1	1283	N/A			
Pivot point	1273	N/A			
Pivot S1	1256.5	N/A			
Support line (1)	1254	N/A			
Pivot S2	1246.5	N/A			
Elliott wave support	1205.5	N/A			
200-day MA	1154	N/A			
Previous resistance line	1101.5	N/A			
Elliott wave support	1046	N/A			
(1) Drawn from the lows on 14 January and 22 April					
(2) Drawn from the highs on 15 October 2015 and 11 March					
			Tomorrow	09:30	UK industrial production

Events that could change the forecast

None

2-hour chart:



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