

BULL vs. BEAR ANALYSIS

Gold

10th October 2019

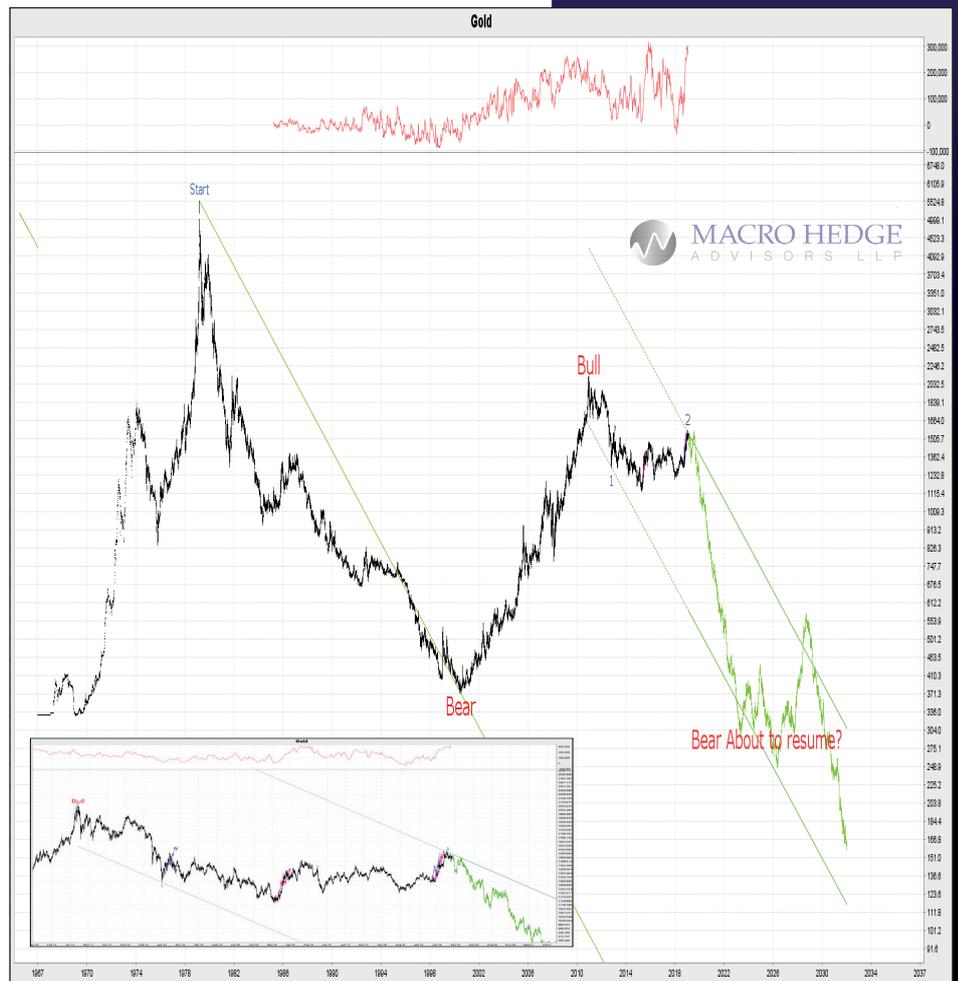
Bear Case

a) The bear case suggests that, since the all-time high in return space posted in Jan. 1980 ('Start'), the market has completed one major **Bear** and **Bull** phase, with a second major bear leg being presumed to have started in Sep. 2011. This current phase should assume the broad characteristics of its predecessor, which would require a near-term resumption of declining prices after a pause (from 1 to 2) that originally commenced in July 2013.

b) In support of the bearish outcome is the fact that speculative CFTC positioning is close to an all-time high at circa 300,000 contracts, as shown in the upper indicator window.

c) For this case to stay intact, we would hope not to break the recent high (2) at \$1566; \$1630 resistance should certainly cap the market if one last squeeze happens to materialize first.

d) The **green simulation** shows one example of how the market might be expected to evolve from here, with an extended sell-off due to commence yielding possible targets sub-\$400 as early as year-end 2023.



Bull Case

a) The bull case for Gold assumes that a new bull phase got underway in August 2018 after a 10 year sideways pause in returns.

b) Furthermore, such bull phase would be expected to take on the **rough form** of the previous bull which ran from April 2001 (**Start**) to March 2008 (**Bull**). So far, so good.

c) Some leeway for bullish trades is required as it is difficult to find a closer level to current prices with which to tie Gold down, but for this idea to remain intact, the \$1415 support level should be expected to hold.

d) Potential near-term upside appears to be in the region of \$1900 by Q1 2020.

REFERENCE LEVELS (Close 9th Oct.):

Spot: \$1505.23
Dec. Future \$1506.10

N.B. Levels referred to in the text and chart are basis Dec. Futures prices.

