

# One Down Two To GO; For Gold

My mother always said “things happen in threes”. Today Gold finally hit the \$1,000 print. It’s taken a long time but it’s been worth the wait. Unfortunately we may have to wait a while longer. There are many recent examples of commodity stocks and indices needing to bump up against major real or psychological resistance three times before building the strength to power through and leave it in the dust.



Back in November 2007 oil began its knock on the hugely significant \$100 a barrel mark. It took four long and highly cynical months for it to overcome that level. But as you can see it has blasted through and looks as if it may hit \$115 before any significant pullback. With \$100 out of the way I expect it will now provide excellent support and a great entry point into the market.



Silver had a painful year and a half consolidation before it finally broke through the \$15 level. Three knocks on door number 15 before a textbook cup and handle formation formed and off to the races it goes. The consolidation period was filled with scepticism and demeaning comments in an attempt to thwart the unstoppable bull. As usual people are listening to the so called experts and are missing out on this bull market. I wish people would just do some of their own simple analysis i.e. supply and demand fundamentals, and cloud out the noise. The general public is still nowhere near getting into this market as the so called experts, funds, banks etc. must get in first which will prove more difficult than imagined because of the small market and market caps of the equities.



For almost two years the 160 mark proved to be too much for the XAU. In late 2007 it finally crossed that magic line and ran to nearly 200 then retested the strong three times tested now support at 160. The XAU now looks poised to break out from the three times tested line near 200.



While not quit as clear, the HUI had some real trouble with 375. It really wanted to break the 375 mark on no less than five occasions and now that it is above, the 375 should remain as long term strong support. The HUI looks poised to break out of a steeply ascending triangle and uptrend line near 500.



The GDX also had three times trouble at 42.50. Now it looks poised to break out from its steep bullish triangle near 55. It's about time if the GDX, HUI and XAU do breakout from their triangles as they have some real catching up to do before the next earnings season falls upon us and expectations are crushed.



On the flip side the US dollar had some trouble getting below the 75 region. Now that it has, 75 should provide strong resistance. Although it does look to be ready for a true dead cat bounce, it will have some real trouble getting above 75 other than to try and set off some computer generated buy signals which will fade quickly.



Natural Gas had a false breakout above \$8.25 and after some consolidation and three knocks on the door broke through the \$8.25 level. Now the chart couldn't look any more bullish.



Gold had some real trouble with \$700 three times. In late August you can see Gold broke out and ran up \$300 dollars or nearly 50%. On the way to today's \$1000 print it formed a bullish triangle from the \$850 to \$800 region. Notice it only took two tries (almost three in mid-November) to get through its former high around \$850. Now it has touched \$1000 and may over run a bit but I fully expect Gold to need three tries to get through the magical and powerful \$1000 price level for good. It may take 3 days, or 3 months. Time will tell but there is no doubt, no matter what the nay sayers' do or say that it will break through \$1,000. In time \$2,000 and \$3,000.

In order to succeed in bull markets you have to understand the fundamentals and keep it simple. Simple technical analysis can help pick entry points but until you see the money honey's in the Comex pits at the top of every hour and your distant long lost relative calls you up and tells you to buy Gold, then KISS (keep it simple stupid) and enjoy the ride.

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