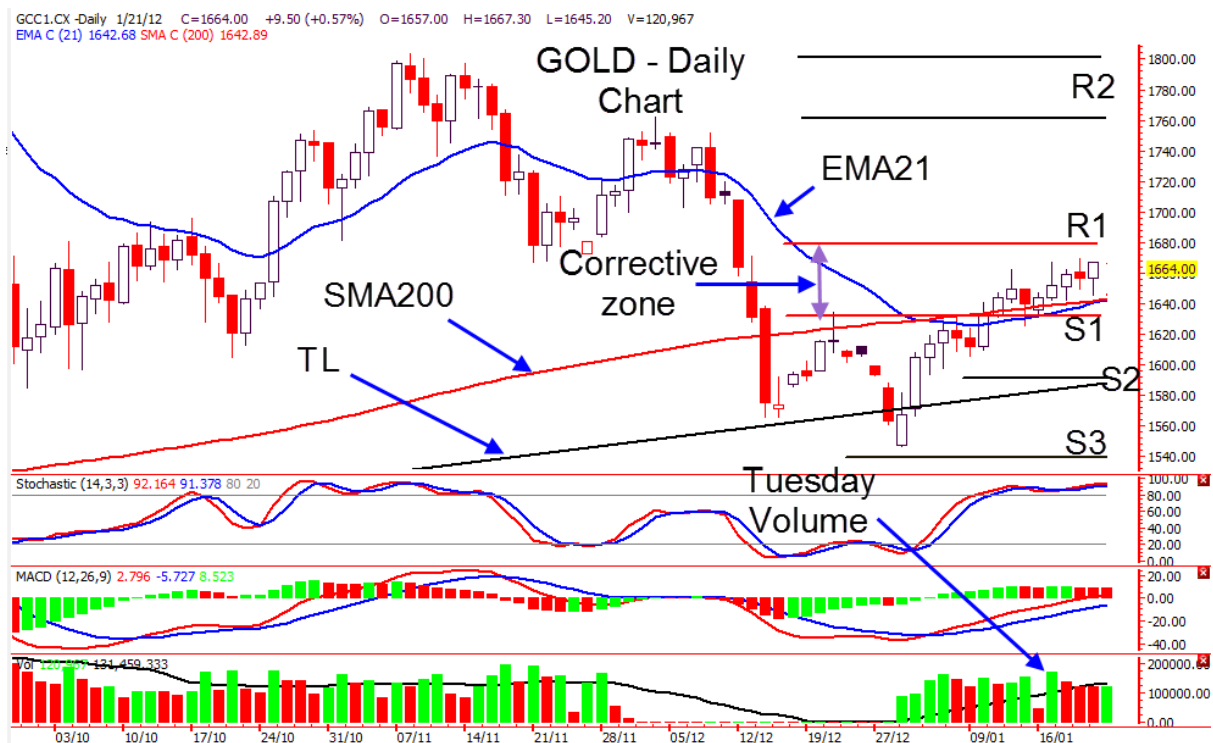


WEEKLY GOLD COMMENTARY by Don Schellenberg

copyright January 21st, 2012

GOLD – Friday's London pm fix – 1667.



COMMENTARY

Gold closed on its' high Friday at 1667, which is the top of the white candle at the extreme right side of the chart. This might appear to be a bullish conclusion to the week but in fact, even though there has been a slight increase in price during the week, the last several price candles convey uncertainty rather than strength.

Volume on Tuesday was the highest for the week and price closed that day in the lower half of its' range. That means that early in the day buyers were dominant but their strength diminished later in the day as sellers more or less neutralized the buying power.

A few details to note:

- 1) For the last 8 trading days price has remained within our corrective zone (between the red horizontal lines).
- 2) The rising 200 day moving average and the 21EMA are both immediately under the current price, adding to support at this time.
- 3) The Stochastic indicator is overbought. The MACD, while rising, is still in negative territory.

Overview:

There is no clear buy or sell signal at this time on the daily chart. The market was choppy throughout the week making it difficult even for day traders to find good trading opportunities.

Patience will be required until we can observe that either bullish or bearish forces have gained control of the market.

A convincing close above 1680 will be considered bullish. A strong move below 1631, if it occurs, could lead to another test of the rising trend line, which at this time is around 1587.

TECHNICALS:

200SMA – rising, at 1642, immediately below the current price.

EMA 21 – rising, at 1642, immediately below price, overlapping the 200SMA

Stochastic – inside the overbought zone.

RSI – flat at 56 (not shown)

Volume – average.

TL – long term rising trend line, currently at 1587.

R1 – Nearby resistance at 1680, at the top of the corrective zone.

R2 – 1760-1804

R3 – all-time high of 1923

S1 – Nearby support at 1681, at the bottom of the corrective zone.

S2 – minor support at 1593, near the rising trend line.

S3 – key support at 1540.

S4 – psychological support – 1500
