

Intra-Week ALERT for Wednesday – Aug. 15, 2018

“XAU: Trend Signal Fulfilled; Wave Targets Near” [Excerpt]

Volatility is increasing as the US enters new trade battles by the week. The latest, with Turkey, is reinforcing the favorite target of reciprocal trade wars - American tech products. Those battles have also had the secondary effect of driving the Dollar to new 2018 highs. And that has driven another market complex - Gold stocks - to new multi-year lows.

That has allowed the XAU to finally reach a primary objective by dropping below **71.63** and fulfilling the minimum necessary to validate the monthly downtrend. In another validation of the *90/10 Rule of Cycles*, the accelerated move down is occurring during the latter phase of a ~2.5-year cycle.

On a broader scale, the XAU has been expected to complete a ~2-year downtrend and set a 3 - 6 month (or longer) bottom in **Aug. - Nov. 2018** - the latest phase of a 30 - 34 month high-low-low-(low) *Cycle Progression*. Within that time frame, **Aug. 2018** has greater synergy of cycles - identifying the more likely month for that bottom to take hold.

With the minimum target for the monthly trend now fulfilled, the synergy of other multi-year (2 - 3 year) downside targets comes into focus - merging wave objectives, retracement levels, range-doubling targets and other multi-month & multi-year indicators.

This price target had no real time constraints (which is why other factors need to be integrated for clarity) - simply identifying the final objective for the overall leg down (that began in Aug. 2016).

This target is also linked to the action of Aug. - Dec. 2016 - the 'a' leg of a type of 'a-b-c' wave down. The 'b' wave peak of Feb. 2017 perpetuated that sequence and calibrated the first of multiple downside wave targets that reach fruition at **54.00 - 59.00/XAU**. As explained during 2017:

5-31-17 INSIIDE Track - *“The XAU remains in a more negative structure (than Gold & Silver) after spiking up to 2--3 month resistance (89.72--90.03/XAU) in April and quickly reversing lower.*

*That was expected to lead to another drop into **May 2017**, which unfolded on schedule after that Index triggered a monthly 2 Close Reversal Combo sell signal.*

*The combination of monthly & weekly downtrends and that signal increased the potential for the XAU to ultimately extend its decline (from the early-Feb. cycle high) beyond the early-May cycle low. That remains the outlook. (A weekly close below **79.45/XAU** is necessary to confirm that.)...*

While examining these intermediate (1--2 month) cycles, the bigger-picture outlook & structure should not be overlooked. The monthly & weekly trends are a primary factor in that analysis.

As explained in late-2016, the XAU had turned its monthly trend down - a signal that could create a second wave down after a bounce from the Dec. 2016 bottom.

That is one of many reasons why I repeatedly stress the distinction - and often divergence - between the metals (Gold & Silver) and the miners.

They are two very different entities that must be treated that way. That is why almost every multi-year turning point has had a lag or lead of 6--12 months or more.

So, the XAU does not automatically benefit from a more positive structure and trend pattern in Gold & Silver. And, the outlook does not mimic that of Gold & Silver.

With that said, Gold stocks (XAU) could still see a drop below the Dec. 2016 low (even though that is far less likely in Gold).

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*That was reinforced when the XAU rebounded into early-Feb. cycle highs and was unable to neutralize its monthly downtrend. And that is why it turned down so much sooner than Gold & Silver... the XAU could drop as low as **54--59.00** during this overall leg down.”*

That analysis was reiterated in **Weekly Re-Lay** publications, including one focusing on the growing divergence between Gold and Gold Stocks (XAU):

5-31-17 Weekly Re-Lay Alert: “Gold, Silver & Gold Stocks: Divergence Mounts” - *The XAU has steadily declined since rebounding into mid-month & attacking monthly resistance (87.79--88.61/XAU)... while also reaching its weekly LHR (intra-week extreme upside target) - a signal that projects a 1--2 month peak...*

*From a larger-degree wave & price perspective, the XAU could still ultimately see a drop to **54--59.00**... but the timing for that test is not clearly defined.”*

There were several factors corroborating synergy of downside targets, with only one (monthly 21 MARC) having disappeared since then. In its absence, additional wave targets and range-trading targets have emerged - reinforcing that 2 - 3 year downside objectives. They are revisited later in this **Alert**.

In the interim...

STOCK INDICES reversed lower on **Aug. 8 - 9**, the culmination of multiple geometric cycles that was initially validated by daily 2 *Close Reversals* lower on Aug. 9 and the attainment of extreme upside targets (weekly *LHRs*) in bellwether stocks like AMZN & MSFT.

The Aug. 9 peaks also included several stocks and indexes rebounding to secondary highs after turning their daily trends down. That was an indication of a 'b'

wave bounce, prior to a more dynamic 'c' wave decline. Those 'c' wave declines appear to be taking hold as the indexes break to new multi-week lows while turning their daily 21 MACs down.

This drop has also reached decisive levels with the DJIA & S+P not yet turning their daily trends down. As stated over the week-end,

*“The DJIA has identified a pivotal range of support for the coming week that includes the weekly HLS, weekly 21 High MAC & MARC. It comes into play at **24,944 - 24,977/DJIA**. That would need to be broken to signal weakness on anything greater than a 3 - 5 day basis.”*

The S+P had related support at **2806.5 - 2811/ESU**. Both indexes have attacked those levels with the DJIA hitting **24,965** and the S+P hitting **2803.0/ESU**.

These indexes have attacked 1 - 2 week support and now find themselves **[reserved for W.R. subscribers; see current publications for corresponding analysis & trading strategies. With equities reaching these near-term targets and the daily trend patterns projecting a rally back toward the highs, the action of Aug. 16 - 17 is critical!]**....

BONDS & NOTES rallied further, fulfilling analysis for a rally into **Aug. 13 - 15** that was reinforced by these markets surging to weekly *LHR* levels - at **144-16 - 144-20 & 120-02 - 120-11/TYU** (overlapping new monthly resistance) last week.

Bonds failed to turn their daily trend up, and would not do so until a daily close above **144-25/USU**, increasing the potential for an *initial* top at this time.

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1 - 4 week traders could have entered long positions in Sept. 10-Year Notes futures down to 119-12. Move sell stops to **[reserved for Weekly Re-Lay subscribers; see current publications for trading strategy and for analysis on a brief pullback]**....

The **DOLLAR INDEX** is nearing weekly resistance, extending its rally after breaking through critical resistance.

On a longer-term basis, it needs a monthly close above **95.26/DXU** to turn that monthly trend up and diminish any potential to retest the early-2018 lows.

The **Euro** is the opposite and also in a decisive month after neutralizing its monthly uptrend multiple times. It would not turn that trend down until a monthly close below **1.1582/ECU**.

The Euro is nearing weekly resistance and the monthly **HLS** - at **1.1300/ECU**.

The **YEN** pulled back to daily **21 MAC** support and a daily **HLS** and then resumed its uptrend. It remains capable of rallying to its monthly **LHR** - at **.9167/JYU** - and weekly **LHR**, at **.9197/JYU**.

1 - 4 week traders could have entered long positions in Sept. Japanese Yen futures at .9031 down to .9015 and should **[reserved for W. R. subscribers; see current publications for trading strategy]**....

GOLD & SILVER are fulfilling their daily trend patterns by declining to new lows and extending this sell-off into mid-month. This accelerated drop is showing that the timing for a multi-month bottom could be close (*90/10 Rule of Cycles*) even though more downside is possible.

Silver, after dropping below **16.00/SI**, could see a drop back to its **~13.50/SI** - the next phase of an ongoing **~2.50** point range of trading.

The **XAU** is fulfilling analysis for an overall decline into **August 2018** - the recurrence of monthly cycles. After almost two years, it has fulfilled the primary price target for the monthly trend pattern (a drop below **71.63**) and could conceivably reach the convergence of 2 - 3 year downside wave targets at **54.00 - 59.00/XAU**.

That range is where the decline since Feb. 2017 would match the magnitude of the Aug. - Dec. '16 decline ('c' = 'a' wave equivalence) and where a .786 retracement comes into play. It is also **[reserved for W.R. subscribers; see current publications for corresponding analysis as the XAU nears its ~2-year downside price targets, corroborating the potential for a major low in 3Q 2018]**....

SOYBEANS, CORN & WHEAT continue to sell off on Dollar strength with Wheat turning its daily trend down while Soybeans & Corn twice neutralized their daily uptrends but have not turned them down. This action reinforces that a new range of congestion has been entered, with Corn still capable of spiking to new lows.

CRUDE OIL, UNLEADED GAS & HEATING OIL did drop to new recent lows, providing the potential for an intermediate low on **Aug. 13 - 17** - the latest phase of a **~4-week high-low-low-(low) Cycle Progression**. If that takes hold, it could spur a rally back to the highs.

Natural Gas is fulfilling analysis for a rally into **mid-August** but could still reach key resistance (**~3.0500/NG**).

COTTON has fulfilled the potential for a drop into **mid-August** after turning its daily & intra-month trends down last week. It is also poised to turn its weekly trend down, needing a weekly close below **82.94/CTZ** to do so.

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LIVE CATTLE remains negative on a 2 - 4 week basis and is still likely to correct into **early-Sept.** - creating a 5-month high-low-(low) *Cycle Progression*.

A spike low in **early-Sept.** would also create a larger-degree 23-month high (Nov. '14) - low (Oct. '16) - (low; Sept. '18) *Cycle Progression* and arrive 1 year/360 degrees from the late-Aug./early-Sept. '17 low.

1 - 4 week traders [**reserved for W. R. subscribers; see current publications for trading strategy**]....

The preceding is an excerpt of the Aug. 15, 2018 **Weekly Re-Lay Alert** - elaborating on expectations for Gold stocks (XAU) to complete a ~2-year downtrend by fulfilling wave targets described throughout the past 12 - 18 months.

The Aug. 15, 2018 **Alert** also updated the outlook for many other markets, including stock indices that

were expected to drop to 24,944 - 24,977/DJIA & 2806.5 - 2811/ESU this week, before finding support.

Both these indexes have fulfilled that and their Aug. 15 action - particularly their daily trend patterns - project a rally from this support. **Weekly Resistance is the first objective and could/should be attacked on Aug. 16 or 17.**

Out of loyalty to current **Weekly Re-Lay** subscribers, specific targets & trading strategies have been redacted from this excerpt.

Please refer to complete Aug. 15, 2018 **Weekly Re-Lay Alert** and to corresponding **Weekly Re-Lay & INSIDE Track** publications for these and other specifics.



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