

# INSIIDE Track

## “Gold/Silver Index (XAU) in 2019 - 2020 - II”

### Outlook 2019

#### Aggression III - What If...?

**05-30-19** - *Natural Year 2019 - 2020* (March 20/21, 2019 - March 20/21, 2020) began with indications of what might be expected in the next 10 months. (The *Month of Aggression* - the first month of the *Natural Year* from March 20 - April 19 - often sets the tone for the ensuing ~11 months.)

That period witnessed new terror attacks - in Sri Lanka, specifically targeted at Christians in houses of worship - and another synagogue attack in the U.S. While those attacks perpetuated what has been occurring in recent years, the more noteworthy events (not to downplay those attacks) were the ones that added more corroboration to what has been projected for **2018 - 2021** - leading into the *80-Year Cycle of War* in **2021**. (See May 2019 *INSIIDE Track* for additional analysis.)...

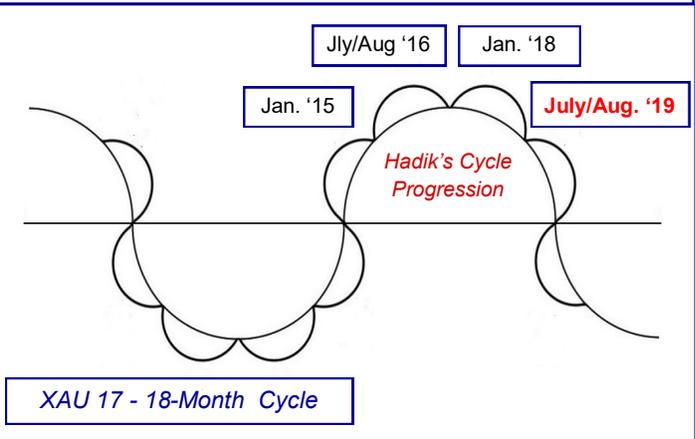
If all goes according to plan, the US will be withdrawing from the *INF Treaty* (the treaty with Russia that prevents the US from developing similar missiles) in Aug. '19. If the administration follows through with this, and there is little reason to suspect it won't, it would also not be surprising to hear a bellicose announcement about America's plans to dive headfirst into the rapid development of these missiles.

And that is likely to generate a more measured, but equally intense, response from China. This comes as the latest incident in the *South China Sea* had Australian navy pilots grounded after being struck with lasers from Chinese fishing boats. (See inset below for related events that involved the US.) The reason for recounting this recent analysis is to lay the foundation for the ensuing discussion...

#### 40-Year Cycle of China Conflicts

As explained last month, **2019** is a complete *40-Year Cycle* from the last time China fought a war (1979) when it invaded Vietnam. In addition, **2019 - 2021** is the latest phase of the *40 Year Cycle* that has im-

Gold/Silver Index (XAU) Reinforcing Sept. '18 Multi-Year Cycle Low. Surge into **July/Aug. '19** & to **~90.0 - 100.0/XAU** Likely.



pacted China and related conflicts, including the *Second Opium War* (1859 - 1861), the *Boxer Rebellion* (1899 - 1901) and the *Second Sino-Japanese War* (1937 - 1945). *Cyclically speaking, 2019 - 2021 is the prime time for renewed conflict.*

**October 2019** is the 70th Anniversary of the *People's Republic of China*. The *70-Year Cycle* is the *Cycle of Kings & Cycle of Governments*. That overlaps the *40-Year Cycle* from both China's last actual war and the time when China began reforms that would lead the nation to where it is today.

With the Yuan trading in the bottom 10% of a decade-long trading range and the *Shanghai Composite* in the lower 20% of its ~5-year trading range, there remain serious financial challenges for China. Currently, they are taking a somewhat diplomatic and measured approach to the trade war, but *what if they get backed further into a corner?*

#### INFLATION MARKETS - METALS

**05/30/19 - GOLD & SILVER** remain in a corrective phase after fulfilling the initial phase of expectations

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for 3Q 2018 into **late-2020/early-2021**. That first phase was a projected rally from Gold's Aug. '18 low into an uncanny convergence of weekly & monthly cycles in late-Feb./early-March 2019.

The Feb. 20, 2019 *INSIIDE Track Report: Gold & Silver 2019 - Cycle Crescendo?* revisited an uncanny 55 - 59 week cycle - unfolding since the major peak in Sept. 2011 - that was projecting a multi-month peak in **late-Feb./early-March** (the accompanying diagram is taken from that report).

The next phase of that cycle comes into play in **March/April 2020** and should time another important peak. Gold & Silver surged into **Feb. 20**, fulfilling weekly & monthly cycles, attacking decisive (extreme) resistance levels and upside targets, and - in the case of Silver - generating daily & weekly trend sell signals at the peak.

That was projected to usher in a substantial correction with Gold dropping to **1270.0/GC** (potentially as low as **1256.0/GC**) & Silver triggering weekly & monthly trend signals that forecast a drop back to **14.350/SI** or lower. Gold has fulfilled that repeatedly as Silver is nearing its Nov. '18 low.

Once again, this corrective phase coincided with a bullish phase in Bitcoin & cryptocurrency - the other primary Dollar alternatives. For all intents and purposes, the Dollar peaked in Dec. '18, the precise time that Bitcoin bottomed. However, Gold was already in an uptrend and took the lead at that time - surging into late-Feb. as the Dollar languished near its high and Bitcoin went through a bottoming phase.

When Bitcoin triggered an initial weekly buy signal, in early-to-mid-Feb, Gold made its final push upward as the Dollar remained in a trading range. Then Bitcoin took over, generating a second buy signal in mid-March and projecting an April/May surge. Since the Dollar remained steady, Gold needed to retreat to

maintain this 'a + b = c' equation that has been described repeatedly.

In that equation, Bitcoin and Gold will only rally convincingly, and in tandem, during a solid downtrend in the Dollar (and vice-versa). Otherwise, there is only room for one anti-Dollar alternative to shine... and that continues to vacillate.

If Bitcoin fulfills cycle analysis for a peak in **June '19**, that would open up a new window of opportunity for Gold. And that dovetails nicely with cycle analysis that has been in place this year...

A second pivotal peak is expected in **~July '19** (+ or - 1 month) - the latest phase of a 17 - 18 month high-high cycle that has timed five successive highs, including the July '16 & Jan. '18 peaks. (Some metals and the XAU have a greater synergy of cycles in **August 2019**.) As long as Gold holds support at **1256 - 1270.0/GC**, it has the potential to rally back to its late-Feb. high as part of the next overall advance.

3 - 6 month & 6 - 12 month traders & investors, after exiting long positions in late-Feb. w/avg. gains of about \$11,500/contract, can be re-entering long positions (futures, cash, ETFs, etc.) when the Aug. futures are trading at 1274.5 down to 1256.5. Risk/exit on a weekly close below 1240.0/GCQ.

The **XAU** extended its decline and turned its weekly trend down before dropping into **May 22**, the latest phase of an 8-month high (Jan. '18) - low (Sept. '18) - low (**May '19**) *Cycle Progression*, which included a 5-month rally and 3-month decline (.618 ratio).

It bottomed after a 3-month/90-degree decline from the late-Feb. peak (which arrived after a ~3-month/90-degree advance from the Nov. '18 low), inverting related cycle expectations.

That **May 22** low set the stage for a 5-week rally that is expected to last into **June 24 - 28**, the first

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stage of an overall advance that could last into **July/Aug. '19** and fulfill a 17 - 18 month high-high-high-high-(high) AND a ~9-month high-high-high-high-(high) *Cycle Progression*. It would also fulfill a ~36-month high (Aug. '13) - high (July/Aug. '16) - (high) *Cycle Progression*...

If the XAU can turn its weekly trend back up - while rallying into late-June - it would be positioned for a brief pullback and then another advance into the **July/Aug. '19** cycles.

**Palladium** continues to lead the other metals. In Aug. & Sept. '18, *INSIIDE Tracks, Weekly Re-Lays* and the 9/18/18 *The Bridge - Metals & Miners: What's Ahead?* [see excerpt on page 8] explained how Palladium had completed a major 'a-b-c' correction (a '2' wave that retraced 50% of the two-year '1' wave advance from Jan. '16 into Jan. 18) and was ready to lead the other metals higher into **2020**.

Palladium was entering a type of '3' wave advance - on one and possibly two magnitudes of impulse waves - the rally that is usually the most dynamic.

Multi-year cycles corroborated the likelihood for a 1 - 2 year (or longer) bottom, fulfilling the latest phase of a ~2.5 year/~31-month high (Feb. '11) low (June '13) - low (Jan. '16) - low (**July/Aug. '18**) *Cycle Progression* that next comes into play in **1Q 2021**.

Considering the wave and cycle structure of that expected bottom, Palladium is likely to invert its ~31-month cycle and ultimately extend its rally into a 1 - 2 year peak in **1Q 2021**. (That dovetails with what was also discussed for the XAU in that same Sept. '18 *The Bridge*.)

A multi-year peak in **1Q '21** would also perpetuate a 10-year high (Jan/Feb. '01) - high (Feb. '11) - high (**Jan./Feb. 2021**) *Cycle Progression*.

A couple possibilities can be gleaned from the turning points of the past couple years. One is that Pal-

ladium could reinforce this scenario with an intervening low in/around **Oct. 2019**. That would be the midpoint of the ~2.5 year cycle and create a corroborating ~1.25-year/~15-month low-low-(high) *Cycle Progression* targeted for **Jan. 2021**.

The second is that an intervening peak could be seen in/around **July/Aug. '19** - dividing in half the 3-year period/cycle between the Jan. 2018 peak and a potential **Jan./Feb. '21** peak. That would also perpetuate a ~1.5-year/~17 - 18-month high-high-(high) *Cycle Progression* that would next recur in **1Q '21**.

That scenario (for a multi-month and possibly multi-quarter peak in **July/Aug. '19**) corresponds with ongoing analysis in other key metals.

**Mid-2019 (July '19)** is also the ~3.5-year midpoint of the ~7-year low (late-2001) - low (late-2008) - low (early-2016) - (low; **late-2022/early-2023**) *Cycle Progression* that helped pinpoint the Jan. 2016 bottom.

In the interim, Palladium surged into the latest phase of a 29 - 31 week high-high-high-high-high-low-high *Cycle Sequence* - perpetuating a ~7-month cycle that dates back to Oct. 2015 - as well as an over-arching ~14-month/59 - 61 week high-high-high-(high) *Cycle Progression*, both of which project a multi-month peak in the middle half of **March '19**.

It fulfilled that while spiking above **1550.0/PAM** - the minimum wave objective (3 = 1) - where some initial profit-taking is common. That does not, however, signal that the '3' wave is complete. From this point forward, the Jan. '19 peak of **1133.0/PAM** should be viewed as powerful support.

The preceding analysis is taken directly from the June 2019 *INSIIDE Track* and is reprinted - along with the following excerpts - to update newer readers on the outlook for the Gold/Silver Index to surge into **July/Aug. '19** - and potentially test **100.00** - before a multi-month peak takes hold..

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If this is fulfilled, it would powerfully reinforce the overall outlook for a ~2-year advance - from major cycles lows in Sept. '18 into **late-2020/early-2021** (to at least **140.00/XAU**).

On an intermediate basis, Gold just triggered a monthly *2 Close Reversal* buy signal on **May 31**, projecting follow-through higher in **June & July '19**.

That adds powerful corroboration to the late-April/early-May buy signal (**1274.5/GCM**) and increases the likelihood for an overall surge into **July**, with the XAU poised to stretch that rally into **Aug. '19**.

In the midst of this, Bitcoin is confirming its early-Feb. & mid-March buy signals, projecting an overall surge into **late-June '19** and up to **11,500 - 11,800**. Since this could have an impact on Gold - as a competing anti-Dollar 'currency' - it should be monitored.

The following is some corroborating analysis from recent **Weekly Re-Lays...**

06/01/19 **Weekly Re-Lay**: “**Gold & Silver** began the week with Silver spiking to new lows... if Gold was going to also (potentially) fulfill its ~7-week low-low-low-high-high-high-(high) and a corresponding 13 - 14 week low-low-high-(high) *Cycle Progression* - both of which were critical in identifying the Feb. 20 multi-month peak - it needed to rally above **1304.2/GCM** by/on **May 31**.”

After starting the week negatively, but not reversing its prevailing intra-month uptrend, Gold recovered and did rally into **May 31** and did exceed **1304.2/GCM...**

That completed an *Intra-Month N* pattern in which a market sets an intra-month low and high in the first half of the month, then drops back to retest (and hold) the low before rallying into month-end and re-testing the high.

That usually spurs some follow-through buying in the

early part of the ensuing month, corroborating other recent analysis.

If Gold were to extend this rebound into **June 3 - 7**, it would complete a 50% rebound in time - 10 weeks down & 5 weeks up... or 71 days down & 35 - 36 days up. That remains a possibility.

Gold was able to complete a monthly *2 Close Reversal* - projecting 1 - 3 months of upside follow-through - while neutralizing its weekly downtrend.

That reinforces the broader outlook for a new rally into **~July 2019**.

At the same time, Silver recovered enough to maintain the potential for a rally into **June 3 - 7** and up to **15.000 - 15.080/SIN...** Gold continues to hold its early-May low and is reinforcing the overall outlook for a rally into **July 2019**.

The **XAU** is validating the potential for a new ~5-week rally from its May 22 low. At the time, it bottomed while testing and holding the lower end of monthly support (at **65.85 - 67.30**) and its weekly support at (**65.63 - 66.38/XAU**) - holding key levels of intermediate support.

This was occurring as the XAU was completing a 3-month/90-degree decline from the late-Feb. peak and bottoming in sync with an 8-month high (Jan. '18) - low (Sept. '18) - low (**May '19**) *Cycle Progression*, the latest phase of which included a 5-month rally and 3-month decline (.618 ratio).

That **May 22** low set the stage for a 5-week rally that is expected to last into **June 24 - 28**, the first stage of an overall advance that could last into **July/Aug. '19** and fulfill a 17 - 18 month high-high-high-high-(high) AND a ~9-month high-high-high-high-(high) *Cycle Progression*.

It would also fulfill a ~36-month high (Aug. '13) - high (July/Aug. '16) - (high) *Cycle Progression...*

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If the XAU can turn its weekly trend back up - while rallying into **late-June** - it would be positioned for a brief pullback and then another advance into the **July/Aug. '19** cycles.”

06/05/19 **Weekly Re-Lay Alert - Gold & the 90/10 Rule:**

“**Gold & Silver** surged into **June 5** and right to extreme upside targets - fulfilling price and timing objectives and ushering in the potential for a 1 - 2 week high. That would only remain the case, however, until daily closes above **1348.9/GCQ & 15.040/SIN**.

If those highs hold in the coming days, Gold could see a quick pullback to **1310 - 1315.0/GCQ**, where multiple levels of support converge (even as Silver could drop back toward its low).

As explained in the beginning of this **Alert**, a rally into June 3 - 7 and up to **15.000 - 15.080/SIN** was the ideal scenario for Silver, which has just been fulfilled. That allowed Silver to test the convergence of three consecutive weekly *LHR* levels, while Gold tested its own weekly *LHR* (**1349.2/GCQ**).

While this increases the potential for an *initial* high, it also reinforces the potential for another rally (in Gold) into **June 24 - 28**, in sync with XAU analysis...

The **XAU** has powerfully validated the potential for a new ~5-week rally from its May 22 low - after fulfilling weekly & monthly cycles.

This rally should last into **June 24 - 28** and perpetuate an 18-week high-high-high-(high) *Cycle Progression* that is part of a larger 18 - 20-week *Cycle Sequence* dating back to Aug. 2016. It would also complete the fourth 5-week rally since the Sept. '18 low.

If the XAU can turn its weekly trend back up - while rallying into **late-June** - it would be positioned for a brief pullback and then another advance into the **July/Aug. '19** cycles.”

06/08/19 **Weekly Re-Lay:** “Gold & Silver rallied into **June 3 - 7** and are now poised for a brief pullback...

**Gold & Silver** surged into **June 7** and up to extreme upside targets (weekly *LHR* levels) - fulfilling price and timing objectives and ushering in the potential for an *initial* high. It also reinforces the potential for another rally in June...

On a broader scale (2 - 3 month horizon), Gold completed a monthly *2 Close Reversal* higher in May - confirming its late-April/early-May buy signal and projecting 1 - 3 months of upside follow-through.

It has now twice neutralized its weekly downtrend, requiring a weekly close above **1352.7/GCQ** to reverse that trend back to up.

That needs to occur in order to extend this advance beyond June (the minimum for the 17 - 18 month high - high cycle) and stretch this advance into **July** (or even **August**) **2019**.

**Gold & Silver** surged into **June 7**, when an initial week peak is likely. While Gold turned its daily trend up in late-May - confirming the potential for a surge into the first week of June - Silver waited until recent days to turn its daily trend up.

That indicates that Silver should ultimately add to recent gains, most likely after an intervening pullback, while also identifying the likely time for an initial peak (and the onset of that pullback; *now*).

The **XAU**, like Gold & Silver, surged into **June 7** without turning its new intra-month trend up.

It has gained about 15% since bottoming on May 22 while completing a 3-month/90-degree decline from the late-Feb. peak and fulfilling an 8-month high (Jan. '18) - low (Sept. '18) - low (**May '19**) *Cycle Progression*, the latest phase of which included a 5-month rally and 3-month decline (.618 ratio).

That **May 22** low signaled the onset of a projected 5-

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### Excerpt from April 2019 *INSIIDE Track*

**03-29-19** - The **XAU** has consolidated since peaking at critical resistance levels and during pivotal cycles surrounding **Feb. 20** - also completing the third consecutive advance (since Sept. '18) of 11 - 12.00 points.

It quickly dropped to its initial support and minimum downside target - at **72.22 - 72.85** - and bounced.

Similar to Gold, the XAU is expected to see a new advance - from mid-April into **3Q 2019**.

The greatest synergy of cycles comes into play in **July/Aug. '19**.

That would perpetuate a 17 - 18 month high (Aug. '13) - high (Jan. '15) - high (July/Aug. '16) - high (Jan. '18) - (high) AND a ~9-month high (July/Aug. '16) - high (Apr. '17 - secondary) - high (Jan. '18) - high (Oct. '18 - secondary) - high *Cycle Progression*.

It would also fulfill a ~36-month high (Aug. '13) - high (July/Aug. '16) - (high) *Cycle Progression* and complete a 3.5-year advance (1/2 of a 7-year cycle)

from the Jan. 2016 bottom.

It could also perpetuate an 18 - 20 week high - high cycle that has timed six consecutive intermediate highs since April '17.

On a 1 - 2 year basis, **~110.0/XAU** remains as the primary (initial) upside price target. (On a 2 - 3 year basis, **~140.0** is a similar target.)

Depending on where the XAU reaches by/in **3Q '19** - and whether it is above or below **90.00** at that time - the timing for a test of **~110.0** should become more clear.

The monthly trend will also play a crucial role in determining the outlook for **3Q '19 - 1Q '20**.

That trend needs to turn up to confirm that a multi-year low is intact... Most likely, the XAU will peak in **3Q '19** and then enter a 3 - 6 month corrective phase that includes a 25 - 50% pullback of its 3Q '18 - 3Q '19 advance.

[End of excerpt from April 2019 *INSIIDE Track*.]

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week rally that is expected to last into **June 24 - 28** and perpetuate an 18-week high-high-high-(high) *Cycle Progression* (part of a larger 18 - 20-week *Cycle Sequence* dating back to Aug. 2016).

A rally into **June 24 - 28** would also perpetuate another cyclic pattern, completing the fourth 5-week rally since the Sept. '18 low (wave equivalence).

If the XAU can turn its weekly trend back up - while rallying into **late-June** - it would be positioned for a brief pullback and then another advance into the **July/Aug. '19** cycles.”

Gold's May 31 monthly buy signal, reinforcing its late-April buy signal, powerfully validates the 6 - 12 month, 3 - 6 month and 2 - 3 month outlooks for an overall advance into **July 2019**.

The XAU is corroborating that potential while ful-

filling its own longer-term and intermediate analysis - projecting another surge (after a brief pullback) in **June** through **July/Aug. 2019**.

If the XAU has exceeded its 3Q '17/1Q '18 peaks (**92.95 - 93.39**) by then, and turned its monthly trend up in the process, a new bull market would be confirmed. Keep in mind, however, that monthly trend signal would likely usher in a reactive correction before a new advance takes hold.

Traders should also keep an eye on Bitcoin as it completes a projected surge into **late-June '19**.

The **Weekly Re-Lay** will continue to update the near-term and intermediate trends, strategies and outlooks, including what to expect from the coming days. The longer-term & higher magnitude analysis will be elaborated in future issues of *INSIIDE Track*.



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