

The Bridge

“Metals & Miners: What’s Ahead?”

09-18-18 - The entire metals' complex is at an inflection point. 3 - 6 month, 6 - 12 month & 1 - 2 year downside price targets have been met. Multi-month & multi-year support levels have held (in most cases). Monthly & yearly cycles are bottoming. All that synergy sets the stage for a decisive reversal higher.

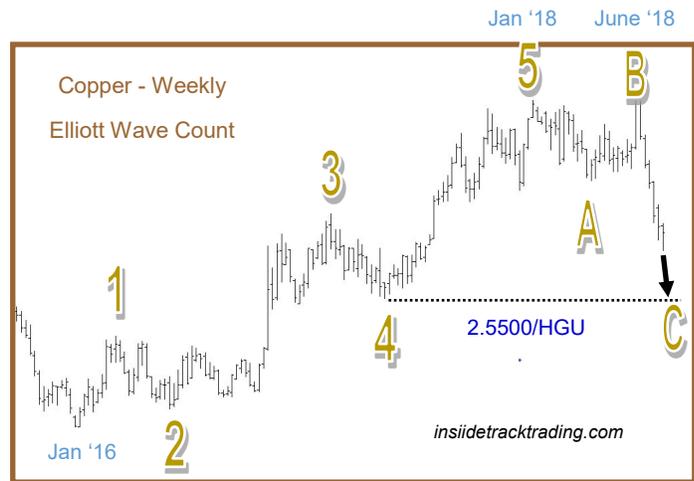
But, price action must confirm!

With such a pivotal time unfolding, it is important to bring together the converging analyses in all these metals and see what it reveals for the coming months and years. In some cases, the current action could impact price movement stretching into 2021.

Since late-Jan. 2018, most metals markets have struggled to find support and gain their footing. Late-Jan./early-Feb. 2018 was when all of the metals markets were projected to set multi-month or multi-quarter *peaks* in line with a host of weekly, monthly and even yearly cycles.

Gold, Silver & the XAU Index fulfilled multi-month upside price objectives in late-Jan. - with the XAU surging precisely to its monthly extreme upside target - as Silver perpetuated a 7-month cycle, discussed throughout late-2017. (The next phase of that ~7-month cycle is **late-Aug./early-Sept. 2018.**)

Throughout much of the past year, another metal



has led these decisive turning points and trends, often providing advanced notice of overall reversals in the making. That remains the case (and may be reinforced by today's rally)...

In Jan. '18, Palladium fulfilled multi-year upside targets AND cycles that had projected a surge to ~1150/PA and into 1Q 2018, the recurrence of a 7-year and 3-5 year cycle, as well as monthly cycles. The Nov. & Dec. 2017 *INSIIDE Tracks* stated:

(Continued on page 2)

The Bridge Publications: In an effort to provide a more comprehensive, balanced & holistic perspective on the markets, and to add necessary context to cyclic and technical outlooks, I will be periodically adding additional publications to *bridge* current events with prior analysis, to *bridge* fundamental events with technical patterns, or to simply add related analysis to markets that do not normally receive primary coverage in other publications. *The Bridge* Publications are currently provided to **Weekly Re-Lay** subscribers as an added bonus even though that is not part of the package of publications in a paid subscription. If that were to change, subscribers would be notified in advance.

Please Note: Currently, there is not a specific publication schedule. That allows *The Bridge* publications to be compiled at any time - when markets or current events warrant additional coverage. Also, markets addressed in *The Bridge* are not signaling the beginning of regular coverage. In some cases, a particular market might only be addressed one time - due to a unique set of circumstances.

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10-31-17 - “Palladium retested its Sept. ‘17 peak and remains in an all-out uptrend, increasing the likelihood for new highs in the coming weeks. Both a 7-year high-high cycle (from the Feb. 2011 peak) and an intervening 3.5 year high-high-(high) Cycle Progression (from the Aug. ‘14 peak) project a multi-quarter high for **1Q 2018**... ~**1150.0/PA** could be tested by then.

11-30-17 - “Palladium remains in an all-out uptrend & fulfilled the likelihood for new highs. Both a 7-year high-high cycle (from the Feb. 2011 peak) and an intervening 3.5 year high-high-(high) Cycle Progression (from the Aug. ‘14 peak) project a multi-quarter high for **1Q 2018**...

~**1150.0/PA** could be tested by then.

After surging into mid-Jan. and reaching **1133/PA**, the Feb. 2018 *INSIIDE* Tracks concluded:

01-31-18 - “Palladium completed a 2-year advance from its mid-Jan. 2016 bottom, initially fulfilling cycles projecting a multi-quarter high in **1Q 2018**. It came within a few points of its primary upside objective (~**1150.0/PA**) and within two weeks of perfectly fulfilling a 7-year high-high cycle and an intervening 3.5 year high-high-(high) Cycle Progression.

That could usher in a drop back to ~**910.0/PA** - the level of its previous high (now support).”

That occurred at the same time Copper had fulfilled multi-year upside objectives - in time and price (see chart on page 1 and corresponding analysis in the July 24, 2018 *The Bridge*) and was projected to plummet back to its ‘4th wave of lesser degree’ support around **2.5000/HG**.

Platinum also projected a peak for late-Jan./early-Feb. ‘18 and an ensuing sell-off. The synergy of converging cycles ushered in a bearish period.

4th Waves of Lesser Degree

In the most basic of descriptions, the ‘4th wave of lesser degree’ is the low that immediately preceded the final rally of an overall advance. That low becomes support - and a primary downside target - for the ensuing correction.

*A perfect example was in Bitcoin where it was projected, since its peak in mid-Dec., to drop back to the Nov. 12, 2017 low - the low that immediately preceded its parabolic final rally (~**5,500 - 5,850**). Copper is similar. There are, however, some important nuances and key filters that are used in conjunction with this basic support structure.*

Gold maintained more relative strength and was able to retest its late-Jan. peak and multi-year highs (the highest levels since the Dec. 2015 low) - in April 2018, even as most other metals set lower highs.

That fulfilled its prevailing weekly (up) trend pattern and ushered in a pivotal period leading into May 14 - 18, ‘18 - when intermediate cycles forecast a subsequent low. By that time, other metals had validated their 2018 outlooks and confirmed that larger-degree corrections were in store.

All that was exacerbated when Gold turned its weekly trend down in early-May - removing any positive influence and clarifying what was to be expected in mid-June, when the next multi-month cycle high had been anticipated. That weekly trend pattern made it clear that a *lower* high would be seen and a new wave down would emerge after mid-June.

That corroborated what had been projected in other metals markets - like Copper and the XAU. Both of those remained poised for substantial declines that were expected to last into **3Q 2018** - with significantly lower price objectives still to be achieved.

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90/10 Rule & Parabolic Culminations

As is so often the case, that weekly trend reversal in Gold - and the ensuing intermediate high in mid-June - ushered in an onslaught of selling in all the metals, leading into **3Q 2018**.

Up until that time, Gold had been maintaining some resilience while other metals were struggling. Then the rug was yanked out from under them.

The XAU accelerated lower while Copper experienced its entire decline from early-June (a double-top or 'b' wave peak) into mid-Aug. During the same period, Palladium experienced a trio of progressively larger and sharper declines - taking it down to major support and downside targets while giving back half of what it had gained in the previous two years.

The Aug. 18 & 25, 2018 *Weekly Re-Lays* set the stage for a pivotal low in Palladium & Copper, in sync with a myriad of cycle lows in Aug. '18:

08-18-18 - “Palladium did drop to new lows and spiked down to its weekly HLS (extreme downside target) while completing a 50% retracement of its 2016 - 2018 advance. That is an optimum setup for (at least) an intermediate bottom...”

Copper is becoming even more intriguing as it just fulfilled its 6 - 9 month downside target. For ~8 months, since Copper fulfilled published analysis for a surge to ~**3.3000/HG**, the outlook has been for a multi-month drop back to the May 2017 low... In Sept. futures, that May '17 low was **2.5480/HGU**.

On Aug. 15, Copper spiked to **2.5520/HGU** - almost perfectly fulfilling that target!

In doing so, Copper plummeted right to its weekly extreme downside target (weekly HLS) at **2.5715/HGU**. And this fits perfectly with weekly, monthly and yearly cycles. As stated repeatedly:

August 2018 is the ideal time for a bottom, based on the latest phase of a ~2.5-year/28 - 31-month high-low-low-(low) Cycle Progression (dating back to Copper's Feb. 2011 major peak). The monthly trend pattern is corroborating those cycles - pinpointing **August 2018** as the ideal month for a bottom.

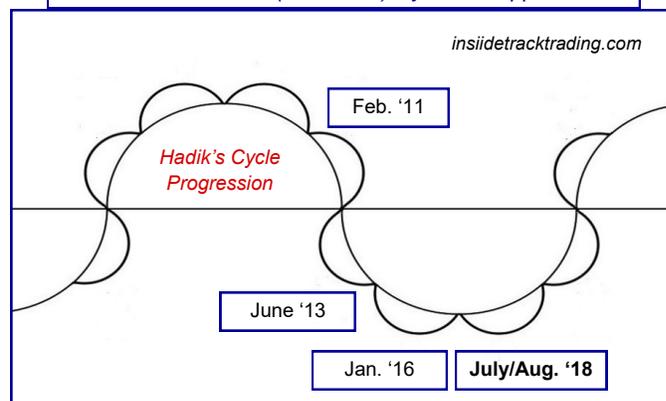
And the intra-month downtrend pinpoints **mid-Aug.** as the ideal time for an intra-month bottom...this is the ideal time and place to exit short positions and enter new long positions.

That applies to 3 - 6 month & 6 - 12 month investors and/or hedgers. The minimum risk point/trigger for new longs would be a weekly close below **2.4500/HG**. Use that trigger for related positions in cash positions, ETFs, etc.”

08-25-18 - “Palladium is leading the metals recovery after spiking down to its weekly HLS (extreme downside target) while completing a 50% retracement of its 2016 - 2018 advance. That was an optimum setup for (at least) an intermediate bottom and was validated when Palladium rallied and turned its daily trend up...”

Copper is recovering after fulfilling its 6 - 9 month

28 - 31 Month (~2.5 Year) Cycle in Copper



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downside target and bottoming mid-month while testing and holding its extreme weekly downside target (HLS).

For ~8 months, since Copper fulfilled published analysis for a surge to ~**3.3000/HG**, the outlook has been for a multi-month drop back to the May 2017 low.

In Elliott Wave terminology, that is known as the ‘4th wave of lesser degree’ and is the primary downside target for a major correction. It is also the most decisive level of 6 - 12 month support.

There were many other indicators projecting similar targets (synergy), many of which were recently fulfilled - portending a bottom. That May 2017 low, in the Sept. futures, was **2.5480/HGU**. On Aug. 15, Copper spiked to **2.5520/HGU** - almost perfectly fulfilling that target!

In doing so, Copper completed a ‘doubling of the range’ - after trading between **2.9735 - 3.3550/HGU** from Sept. ‘17 until late-June ‘18. And that fit perfectly with weekly, monthly and yearly cycles.

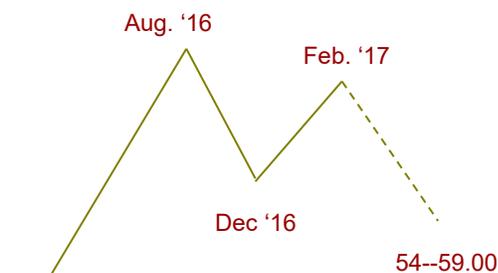
August 2018 remains the ideal time for a bottom, based on the latest phase of a ~2.5-year/28 - 31-month high-low-low-(low) Cycle Progression (dating back to Copper’s Feb. 2011 major peak).

The monthly trend pattern corroborated that - pinpointing **August 2018** as the ideal month for a bottom. And the intra-month downtrend pegged mid-Aug. as the ideal time for an intra-month low.

Not only that, but Copper completed a perfect 1/1 retracement in price AND time. From May 2017, Copper rallied for 33 weeks from its low at **2.5480/HGU**. Since the Dec. ‘17 peak, Copper has declined for 33 weeks and right back to the May ‘17 low...

33 weeks up/33 weeks down...

Projected XAU Wave Structure: ‘a-b-c’ Decline



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~.8000/HG up/~.8000/HG down.

Copper is showing near-term signs of reversing but needs a daily close above **2.7400/HGU** to validate.

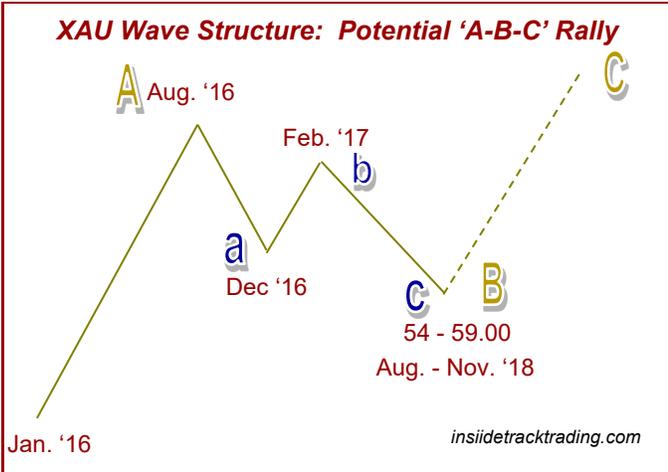
3 - 6 month & 6 - 12 month investors and/or hedgers could have exited short positions and entered new long positions near those lows. The minimum risk point for new longs would be a weekly close below **2.4500/HG**. Use that trigger point for related positions in cash positions, ETFs, etc.

The Sept. 2018 *INSIIDE Track* reiterated this analysis, summarizing Palladium’s outlook this way:

08-31-18 - “Palladium dropped sharply into mid-Aug. - completing an ‘a-b-c’ correction in which the ‘c’ wave equaled the magnitude of the ‘a’ wave. It did that while retracing 50% of the Jan. ‘16 - Jan. ‘18 advance - setting the stage for a multi-month bottom. Palladium has rallied and twice neutralized its weekly downtrend, needing a weekly close above **971.8/PAZ** to reverse that trend to up.”

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The 'c' Wave Decline

With Palladium & Copper precisely fulfilling downside price targets, retracement levels, wave objectives and monthly cycles, it provided a critical foundation for other metals to begin their bottoming phases.

Similar to the roller-coaster analogy for a *topping* phase in different market complexes, market *bottoms* are also often set in sequential manner.

And it is not until the final (weakest) member signals a bottom that the entire complex is liberated to enter a more convincing advance. (The inverse is what took place with Gold in May/June.)

The Gold/Silver Index (XAU) is one component that often tops early (2010) and bottoms late (2016). So, it is not surprising that it has spiked to new lows in **early-Sept. 2018**. That has also allowed it to come within ~1.5 points of its multi-year, **54 - 59.00/XAU** downside price target - the ideal range for a bottom.

As described in late-2016 & early-2017, and repeatedly since then, the monthly trend was the prevailing

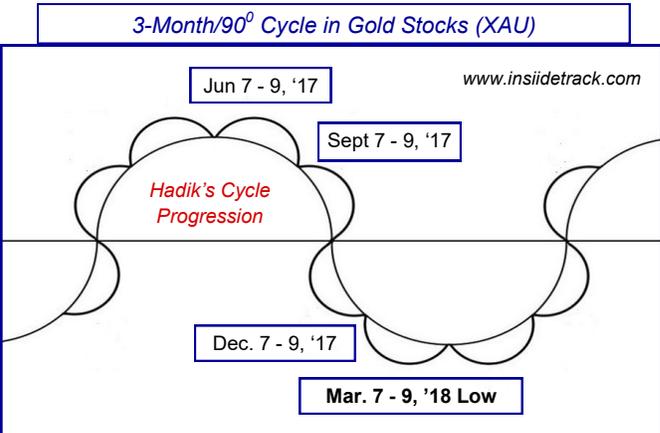
factor that continually projected a drop below the Dec. 16 bottom as part of an overall correction. So, this index has remained in a much weaker structure.

That is in contrast to Gold, which is still expected to bottom above the level of its Dec. 2016 bottom. Once again, it is price action - and crucial technical filters - that hone the cyclic outlook.

In the case of the XAU, the rally into Aug. 2016 is perceived to be the 'A' wave of a larger-magnitude 'A-B-C' corrective advance (that could last into **2020**).

The subsequent decline - into Dec. '16 - had to be the 'a' wave of a smaller-degree 'a-b-c' decline (that would ultimately comprise the 'B' wave pullback) since the monthly trend projected a *subsequent* drop to new lows (below the Dec. '16 low).

IF this is the correct wave interpretation (multiple indicators will need to corroborate that), then the Gold/Silver Index could enter a new advance in **4Q 2018** (the onset of the 'C' wave rally) - one that is capable of lasting into **late-2020/early-2021** and being related to the initial 'A' wave advance of Jan. - Aug. 2016 (rally = rally?).



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Geometry in the XAU

The Aug. 3, 2018 **Weekly Re-Lay Alert** recapped a lot of what has been forecast for the XAU - leading into a projected drop to **54 - 59.00** and a 6 - 12 month cycle low in/around Aug. 2018. The recent, **early-Sept.** spike low reinforces that and fulfills some intermediate, geometric cycles as well.

The accompanying 3-month/90-degree *Cycle Progression* diagram is reprinted from the March 2018 *INSIIDE Track*, detailing why a 1 - 2 month low was expected in early-March.

The two subsequent phases of that ~90-degree cycle should also produce lows - in early-June and **early-Sept. 2018**, before the cycle likely inverts and leads to an **early-Dec. 2018** (1 - 2 month) *high*.

A low in **early-Sept. 2018** would also fulfill an overarching ~180-degree high (Sept. '16) - low (Mar. '17) - high (Sept. '17) - low (Mar. '18) - low (**Sept. '18**) *Cycle Sequence* AND a larger-degree ~360-degree high (Sept. '16) - high (Sept. '17) - low (**Sept. '18**) *Cycle Progression*.

With the higher-magnitude 30 - 34 month *Cycle Progression* averaging 32 months, a **Sept. 2018** low would arrive 32 months from the Jan. 2016 bottom. So, *there is a strong argument that the XAU could be producing an intermediate bottom in early-Sept.*

The XAU is poised to turn its daily trend up, validating that potential. Considering that the XAU has fulfilled about 95% of the downside that has been expected of it, a bottom could form at any time. The action in the other metals could help filter that.

Long-term cycles could produce the next multi-year peak in **late-2020/early-2021**. The greatest synergy of cycles occurs in **4Q 2020**. That includes a recurring ~5-year cycle that dates back to early-1996 and late-2000. It would also fulfill a ~10-year low (4Q '00) - high (4Q '10) - high (**4Q '20**) *Cycle Progression*.

That longer-term & higher magnitude analysis will be elaborated in future issues of *INSIIDE Track*. The **Weekly Re-Lay** will update trading strategies in Gold & Copper. *More to follow.*



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