

## Tech Tips: Gold, Fractals & Elliott Wave

### Fractals

**12-11-19** - Fractals unfold in both timing and price indicators. Before getting into this, it is probably helpful to reiterate the definition and application of 'fractals'. (A head of broccoli is often used as an illustration for this principle.)

The Oct. 2017 *INSIIDE Track* delved into this when discussing the multi-year outlook for Gold...

It had been forecast to see a 6+-month advance in 2016 - signaling a multi-year bottom and what was projected to be a 3 - 5 year uptrend.

Gold's surge into 3Q '16 was forecast to lead to a sharp drop into late-2016 - after which it should unfold in a *fractal-like* manner in 2017 and/or 2018... before a convincing uptrend could take hold in 2018/2019.

To reiterate:

**09-28-17** - *'The whole is greater than the sum of its parts'*, so astutely observed Aristotle.

That simple statement sums up the principle of synergy - describing the *combined* effect of multiple collaborative factors or components and their holistic impact. In very simplistic terms,  $2 + 2 + 2 + 2 >$  (greater than) 8 - when each of those '2s' is working in concert with the others.

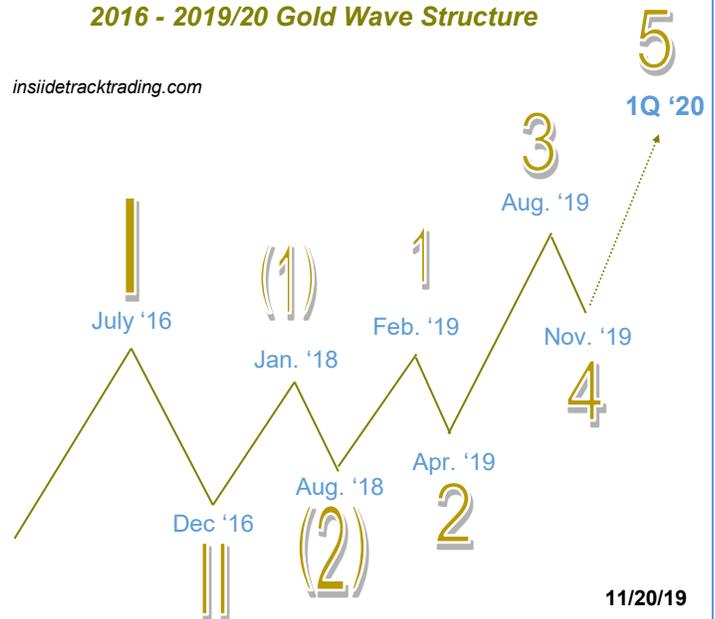
When a trader isolates one cycle or one technical indicator and attempts to utilize it in a vacuum, so to speak, it is far less reliable than when used in tandem with multiple corroborating cycles or indicators.

The collaborative effect of those reinforcing factors strengthens the reliability of the overall structure (or analysis).

That is the same principle observed by King Solomon when he stated *'A cord of three strands is not easily broken'*.

### 2016 - 2019/20 Gold Wave Structure

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### Archetypes & Fractals

There is another form of synergy that might not always be recognized as such. That is the 'synergy' of reinforcing events on a smaller or larger scale and/or on a preceding basis.

In the latter case, I am referring to archetypes\* that serve as a preceding example of what could occur during an ensuing cycle or wave setup (\*a 'type' of something or someone that is still to come).

In the former case, I am referring to *fractals* - where the whole mimics the pattern of its parts, often on multiple levels.

Conversely, the smallest observable increment of that item or cycle mimics the pattern of its composite entity that is still being developed. Google dictionary describes fractal in this manner:

*"a curve or geometric figure, each part of which has the same statistical character as the whole. Fractals are useful in modeling structures (such as*

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*eroded coastlines or snowflakes) in which similar patterns recur at progressively smaller scales..."*

One of the most common examples of a fractal is a head of broccoli in which the pattern of the overall head (*single stem, breaking into multiple stems & topped with florets*) is mimicked by each of the main stems (*single stem, breaking into multiple stems & topped with florets*) & ultimately repeated in each small bite-sized piece (*single stem, breaking into multiple stems & topped with florets*).

If you gave someone a small piece of broccoli and instructed them to draw an entire head or plant of broccoli - using only that piece as the model, they could easily do it.

(In contrast, if you gave someone a bite-sized piece of orange or banana and instructed them to use that piece as a model for drawing the entire plant, it would be inaccurate.)

### **Market & Wave Movement**

That fractal principle is at the core of at least one form of technical analysis - the *Elliott Wave Principle*.

In that approach, the larger macro-economic 'waves' (up and down movement) break down into interim waves, which break down into intermediate waves that break down into minor waves that even break down into minute & minuette waves - all of which follow the same pattern.

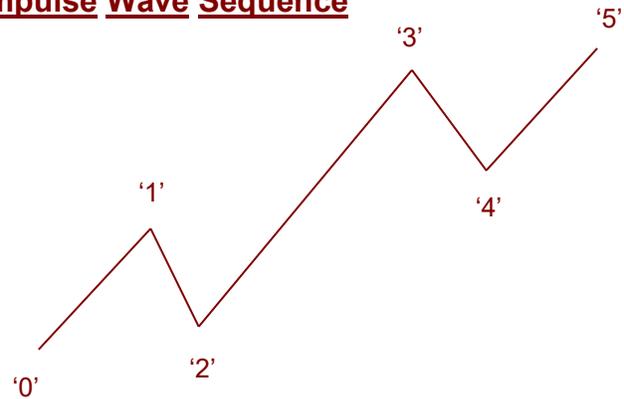
One of the market applications of this principle involves the outlook - and the confirming action - of Gold in 2017.

In the years leading up to 2016, that future year was described as *'The Golden Year'* - with a very specific definition attached.

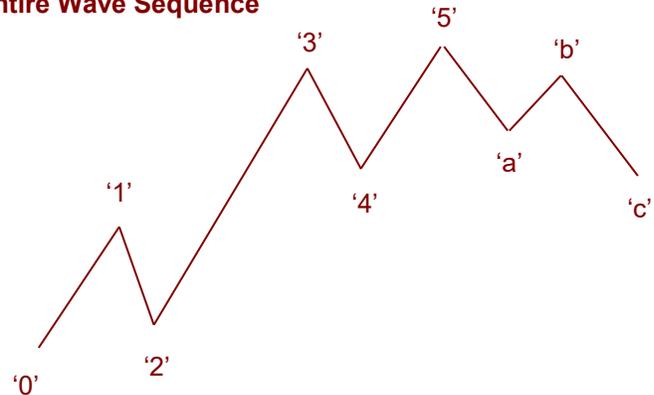
It was described as the year when Gold should signal a multi-year bottom by experiencing its largest & longest advance of the preceding 3 - 4 years (ideally, exceeding 6 months in duration).

At the same time, it was repeatedly warned that that advance would - if unfolding as expected - soon

### **Impulse Wave Sequence**



### **Entire Wave Sequence**



yield to a contrasting decline into late-2016, when a secondary (higher) bottom was likely."

On a larger-magnitude basis, Gold traced out a I and II wave with its 2016 advance and subsequent decline.

From Dec. '16 into Aug. '18, it traced out a similar (fractal) (1) and (2) wave on one lower-magnitude basis.

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And then, from Aug. '18 into Feb. '19, it traced out an even lower-magnitude 1 wave that was followed by a 2 wave decline into late-April '19.

In Elliott-speak, that sequence of progressively smaller and smaller rally-and-correction patterns is also known as a '1-2, 1-2, 1-2' - the ideal setup when anticipating an accelerated '3' wave advance.

The reason is that a III wave has been unfolding since the II wave bottom (late-2016) and a (3) wave has been unfolding since the (2) wave bottom (Aug. '18).

So, the establishment of the 2 wave low (late-April '19) ushers in the 3 of (3) of III wave rally - typically a dynamic and accelerated move.

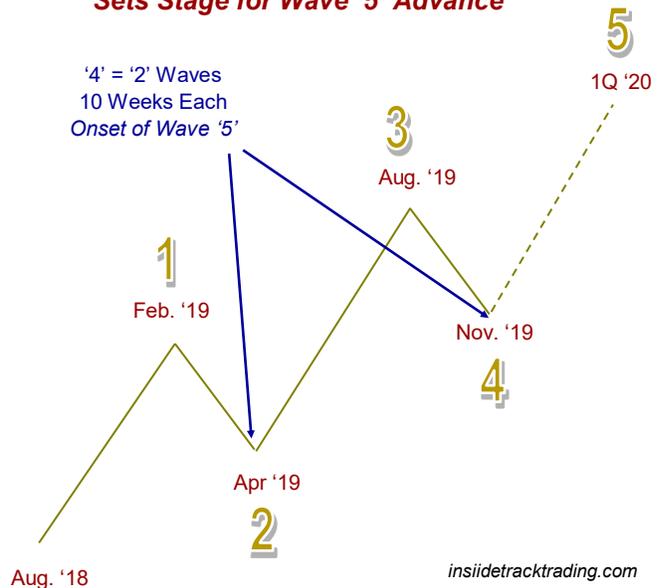
Gold experienced that from late-April into late-Aug. but that still leaves open the potential for a 5 of (3) wave rally and a (5) of III wave rally to unfold in **2020/2021**.

So, from that perspective, at least two more multi-month advances are likely. The 5 of (3) wave rally could easily culminate [see current publications for latest updates on specific timing and price analysis].

The preceding is an excerpt of the Dec. 11, 2019 **Weekly Re-Lay Alert** and is another example and elaboration of the *Tech Tips* and technical analysis tutorials provided in our publications.

This particular one updates the outlook for Gold to see additional surges into **1Q 2020** and subsequent cycle highs as part of the ongoing outlook for a multi-year advance from late-2015 into **late-2020** and possibly longer. Platinum and Palladium are providing some clarifying action and analysis, as well.

### Gold Wave Structure: Nov. '19 Low = '4th Wave' Sets Stage for Wave '5' Advance



Gold, Silver and the XAU recently (in Oct. & Nov. '19) signaled the onset of Wave #5 advances - expected to surge into **1Q 2020** and complete the overall 5-wave structure from the late-2018 lows - a fractal of the overall advance from late-2015. (That does NOT signal the end of the overall uptrend, just the culmination of this particular phase of it.)

**Weekly Re-Lay** excerpts on page 4 elaborate.

*INSIIDE Track* will continue to update the longer-term trends and cycles while the **Weekly Re-Lay** will address the short and intermediate-term cycles, trends and trading strategies throughout this potentially volatile and uncertain period.

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The following are recent **Weekly Re-Lay** excerpts elaborating on the onset of a '5th' wave advance...

11/09/19 **Weekly Re-Lay**: "There are other reasons why the coming weeks could be pivotal. Most of these deal with the monthly trend, monthly cycles, monthly 21 MACs and larger-degree wave structure - topics that are usually reserved for *INSIIDE Track*..."

Gold & Silver have the potential to set a secondary (higher) low in **Nov. '19** - 1 year (360 degrees) from Silver's major low in Nov. '18. That would also perpetuate ~6-month/~180-degree low (Nov. '18) - low (May '19) - low (**Nov. '19**) *Cycle Progressions* - most obvious in Silver.

From a price/wave perspective, Silver's test of its **16.50 - 16.80/SI** downside target means it is attacking the highs of Jan. '19 - a pivotal level of 6 - 12 month '*resistance turned into support*'.

At the same time, it is completing a .618 (Golden/Fibonacci Ratio) retracement of its entire 2019 advance... AND testing the level of its monthly 21 High MAC as that channel is flattening and beginning to turn positive.

Silver has been trading above that channel since early-Aug., so a return to it is a textbook '*test of strength*' move that should be followed by a new rally. *These are various forms of support.*

Since these are all monthly-related levels and indicators, more leeway is inherent in them. So, Silver could still see additional downside (perhaps reaching **16.50/SIZ**) before a final low takes hold...

In the case of Gold, there are multiple timing indicators that could produce an intermediate low in the coming week...

They include the potential for successive, 10-week corrections (late-Feb. - early-May and early-Sept. - **Nov. 11 - 15**) - a potential '*4<sup>th</sup> wave = 2<sup>nd</sup> wave (duration)*' prior to a '*5<sup>th</sup> wave advance*'.

A low would also perpetuate a 36 - 40 day low (May 2) - low (June 11) - high (July 19) - high (Aug. 26) - low (Oct. 1) - low (**Nov. 6 - 11**) *Cycle Sequence*...

The XAU continues to validate the low it set while perpetuating an 18 - 19 week low-low-low-(low) *Cycle Progression* in October - a cycle that was fulfilled while that Index was attacking its intermediate downside target at **86.00 - 86.80/XAU** (low was **86.84/XAU**). The weekly trend pattern remains constructive, which is why the XAU could rally back to its 3Q '19 high..."

11/13/19 **Weekly Re-Lay Alert**: "Gold & Silver remain below the late-Aug./early-Sept. '19 cycle highs - peaks that were projected to hold for at least 2 - 3 months... However, Silver just spiked into its primary (multi-month) downside target at **16.50 - 16.80/SIZ**, fulfilling a larger-magnitude downside objective.

With both Gold & Silver now fulfilling critical downside targets... the time is ripe for at least a multi-week low. From a price/wave perspective, Silver's test of its **16.50 - 16.80/SI** downside target also has it attacking the highs of Jan. '19 - a pivotal level of 6 - 12 month '*resistance turned into support*'...

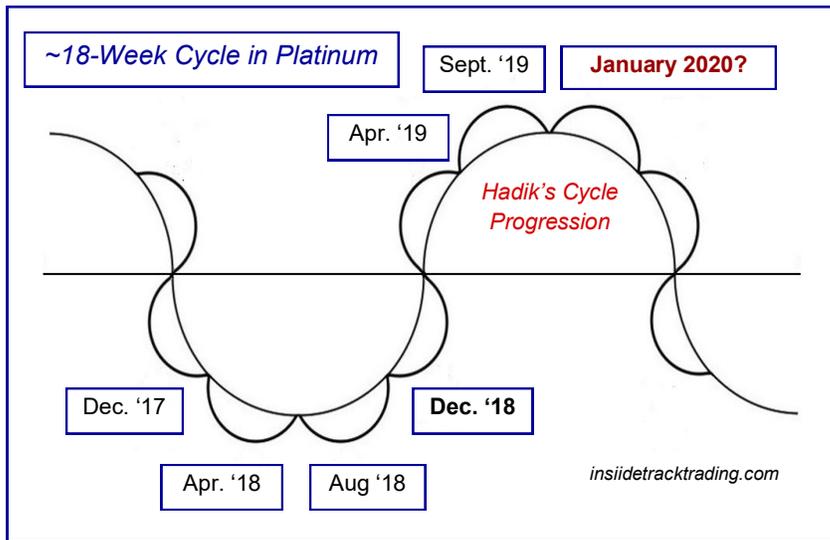
Gold has also just fulfilled what was necessary to complete successive, 10-week corrections (late-Feb. - early-May and early-Sept. - **Nov. 11 - 15**). It needs a daily close above **1474.5/GCZ** (and **17.18/SIZ**) to give the first sign of reversing higher.

The **XAU** remains more bullish and has pulled back to test and hold monthly support (**90.54 - 91.17/XAU**) and its daily 21 Low MAC support (**90.75/XAU**) as it perpetuated a 28 - 29 day low (Aug. 19) - low (Sept. 16) - low (Oct. 15) - low (**Nov. 12/13**) *Cycle Progression*."

Please refer to the most recent **Weekly Re-Lay** for up to date analysis and trading strategies in precious metals and other markets.

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