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### GOLD update after the Fed...

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Today's action or rather talk by the Fed appears to have been designed to assist Wall St in achieving a better end to the 1st quarter, for the purpose of bonuses etc, and as usual to be devoid of substance.

The temporary "risk on" mentality it induced caused gold to rally about \$20, which as we can see on its 6-month chart, it was perfectly entitled to do as it had become short-term oversold, as shown by its MACD histogram, in the vicinity of its rising 50-day moving average. This rise does not alter the overall bearish picture, with persistent heavy volume on the choppy sideways pattern up to now, and the COTs remaining strongly bearish.

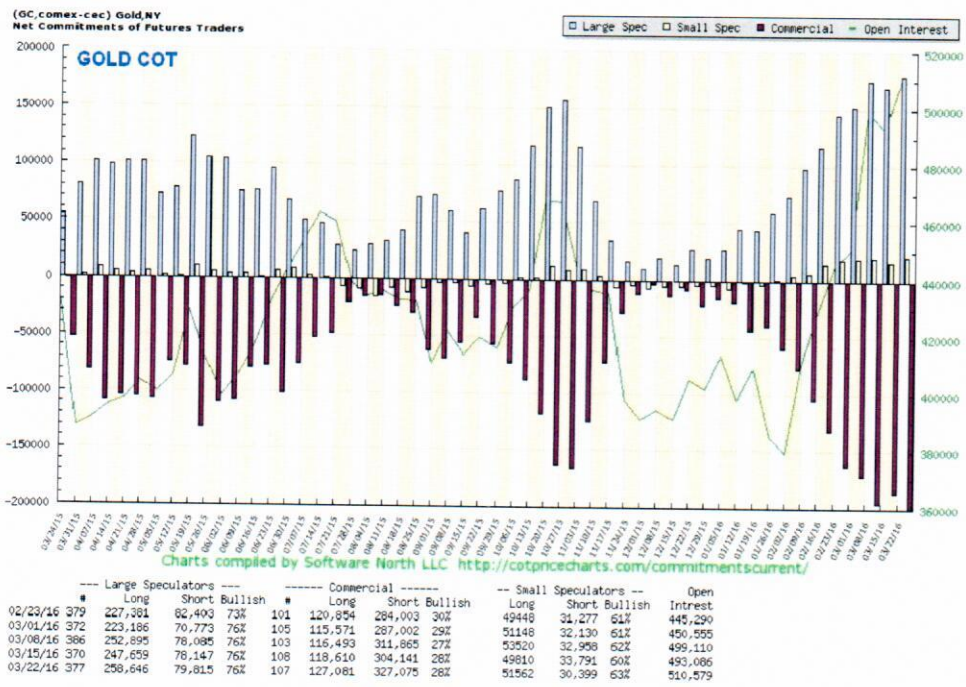
**Gold was entitled to a bounce after dropping back to its rising 50-day moving average, but it doesn't change anything. Today's \$20 rise was no big deal and the bearish case for the short to medium-term remains intact, supported by high volume as the recent pattern has formed and the super-bearish COTs.**



It looks like what is happening is that gold is rising up to form the Right Shoulder of a Head-and-Shoulders top pattern as shown. If this is so then we can expect it to rise perhaps a few dollars more before reversing to the downside and then going on to break below the tentative heavy black "neckline"

of the pattern, which would trigger a more serious decline back to our target in the \$1130 area. An upside breakout to new highs would invalidate this interpretation.

**"Coffins ready and waiting sir". Last week's COT was even worse, although it doesn't factor in data after Wednesday's sharp drop in the gold price. It continues to point to a substantial reaction in the gold price over the short to medium-term.**



Click on chart to popup a larger clearer version.

Investors are still VERY bullish on gold stock, as shown below, which is a bad sign...



Investors are still VERY bullish on gold stocks, which is not positive.



End of update.

Posted at 8.30 pm EDT on 29th March 16.