

Rambus Chartology

Moving forward

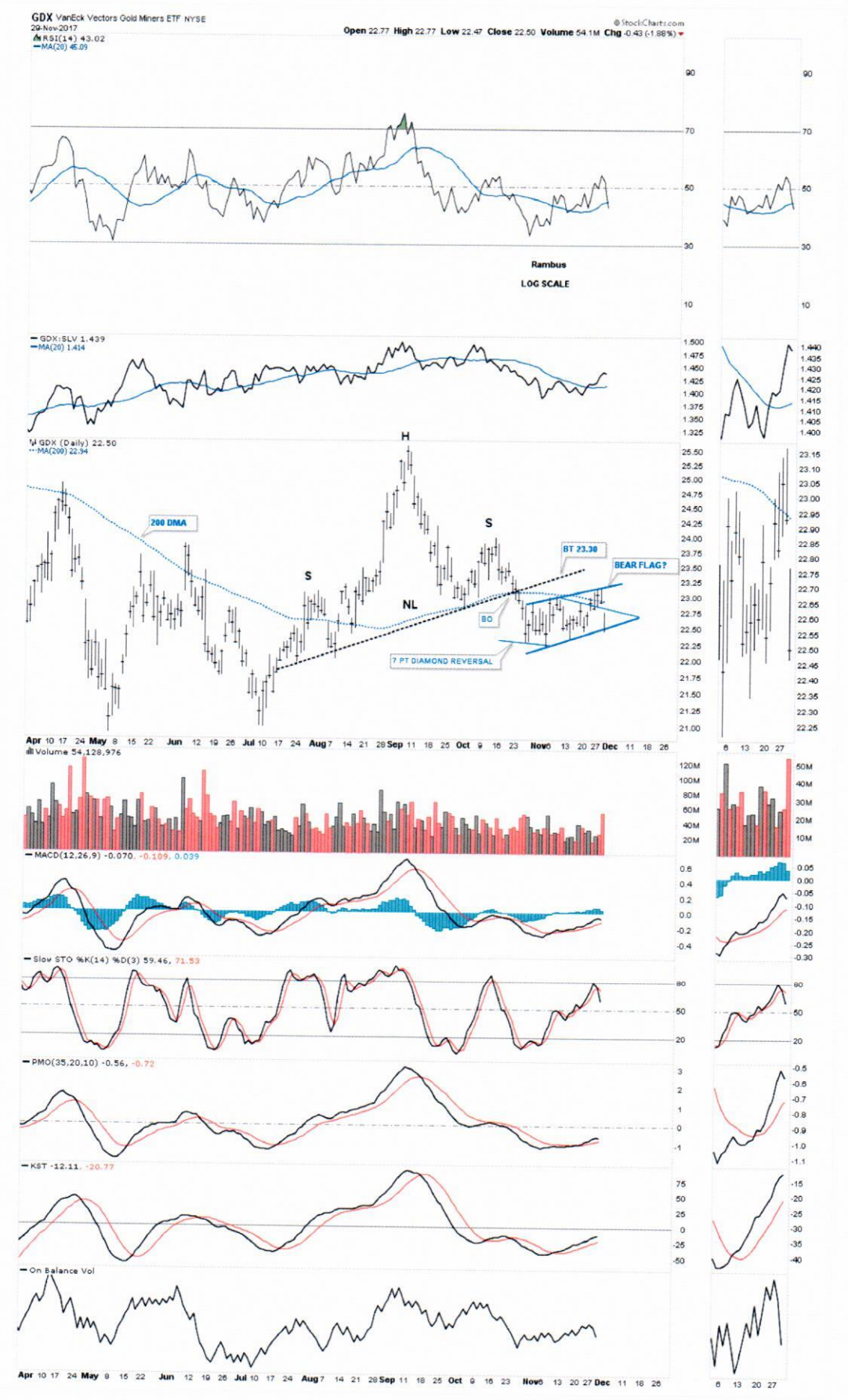
Wednesday Report...PM Complex

Posted on [November 29, 2017, 10:18 pm](#) by [Rambus](#)

For the last six weeks the price action has been walking up the bottom rail of many triangle formations within the PM stock indexes. It's been frustrating for both the bulls and the bears as there has been no trend either up or down in which to get a position to stick. Eventually this is going to change, as it always does, and a big impulse move will take hold.

We have one pattern that we know is still hot and that is the H&S top on most of the PM stock indexes. Starting with a short term daily chart for the GDX you can see the H&S top is still in play. The price action below the neckline is what has been confusing of late. Last week I was showing the pattern under the neckline as a diamond that had broken out to the upside, which put the diamond into the reversal category as it had seven reversal points. Today's price action gapped back below the top rail of the small diamond and closed right on the bottom rail.

Normally when this happens the original pattern is negated and it's time to reevaluate the price action. The thin blue lines represents the original diamond with the heavy blue lines the new pattern which looks like a bear flag. Today the GDX closed back below its 200 day moving average with that gap.

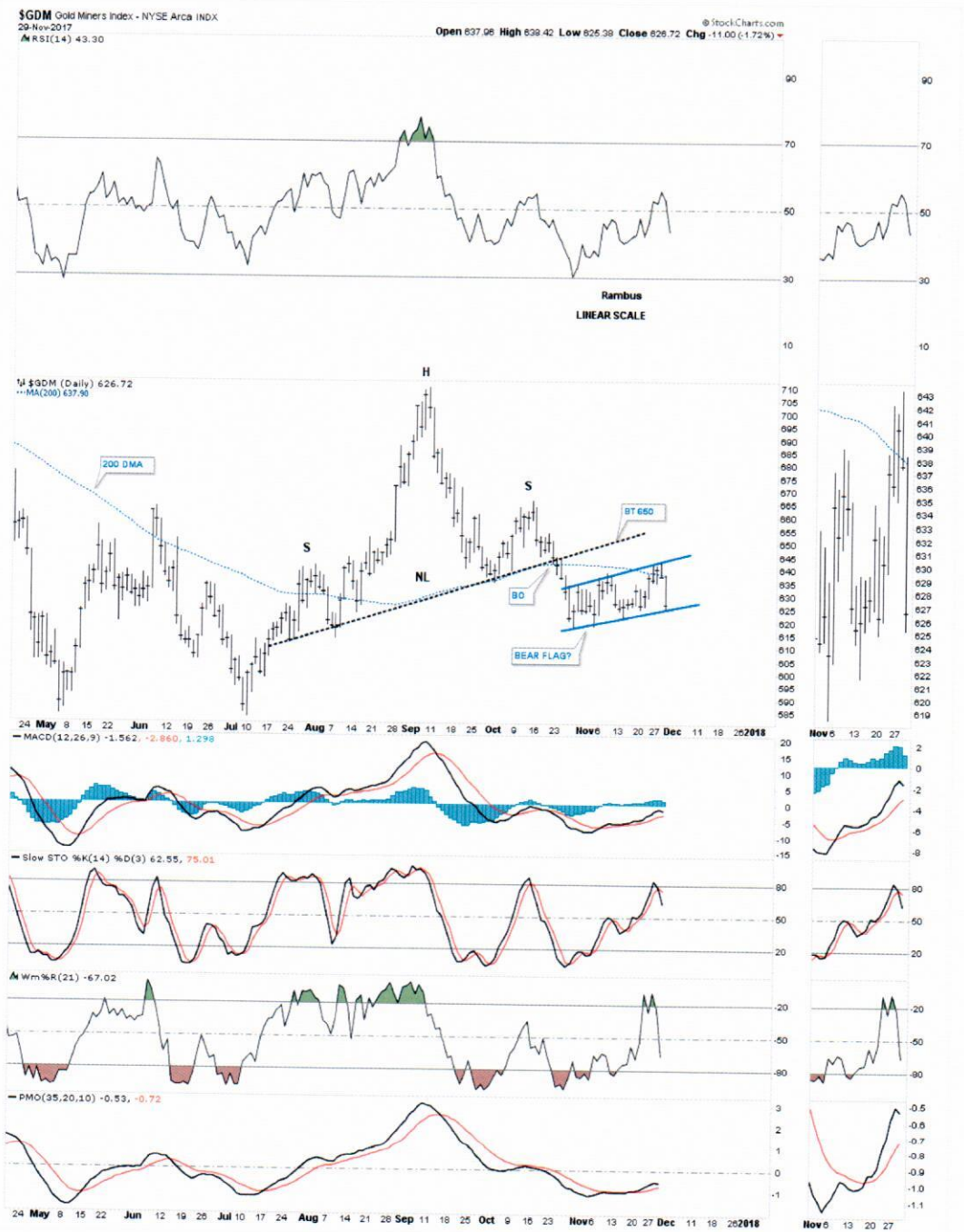


Now lets look at the GDXJ and its morphing pattern just below its neckline. Initially I labeled the original pattern under the neckline as a bear flag, thin blue lines. Normally with a small tight flag like that you generally see a sharp move down similar to the move out of the H&S top. As you can see the price action backtested the underside of the bear flag several times before declining today. Whenever you see two smaller consolidation patterns that are close together it tells you the original pattern is morphing into a bigger pattern. A touch of the heavy bottom blue rail will complete the 4th reversal point in the falling wedge. A

break below the bottom rail will complete a bearish falling wedge.



Below is a short term daily chart for the GDM which is showing a 6 point rising flag that is much more symmetrical than most of the PM stock indexes.



Next is the HUI which is building out a potential 6 point expanding triangle consolidation pattern which will be confirmed when the bottom rail is broken to the downside.



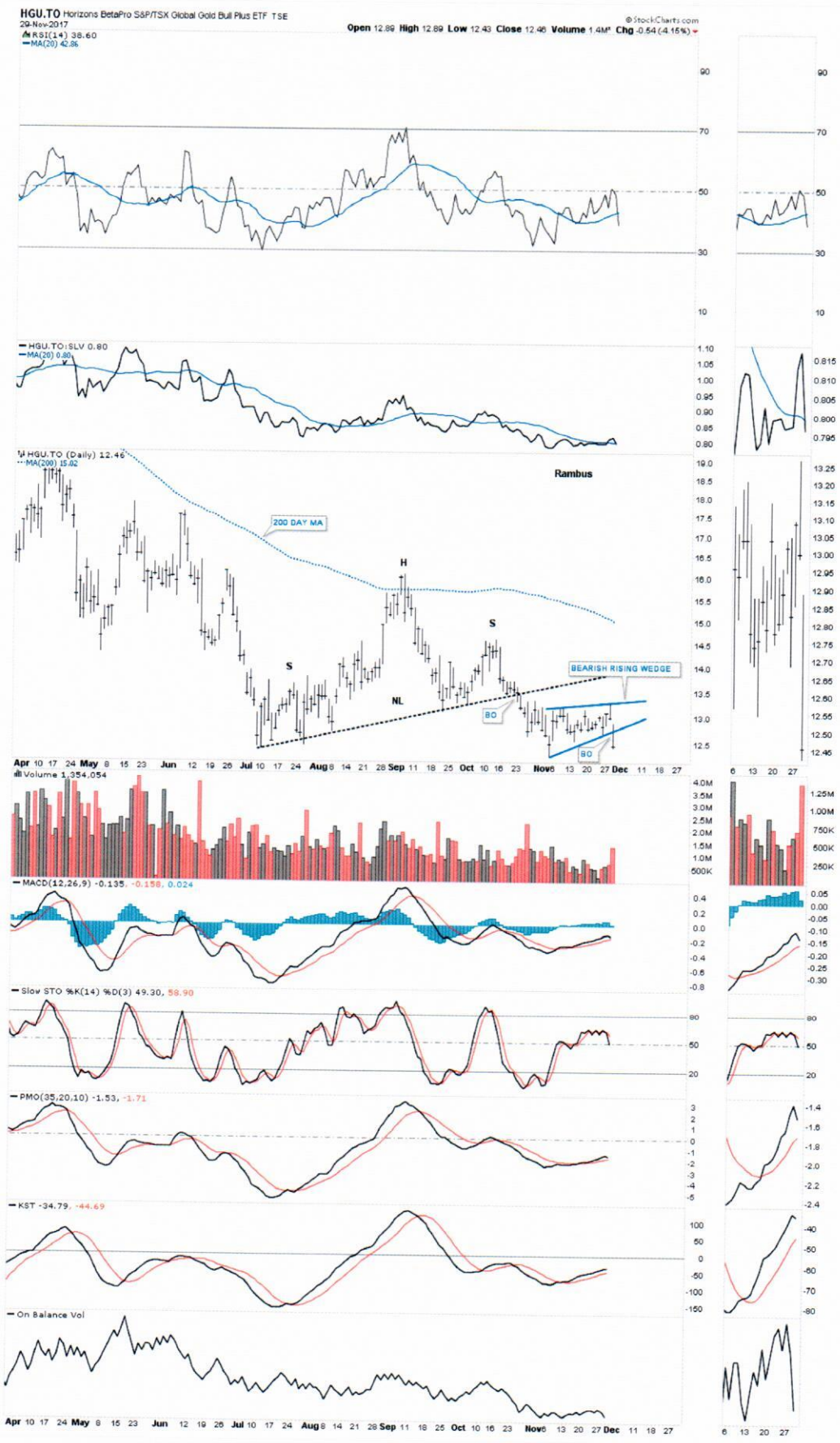
Next is a short term daily chart for the SGDM which closed today below the bottom rail of its bear flag.



The short term daily chart for the SGDJ shows a similar setup to the GDXJ we looked at earlier. A break below the bottom rail should complete the falling wedge.



The daily chart for the HGU.TO Canadian PM stock index, closed today below the bottom rail of its bearish falling wedge.



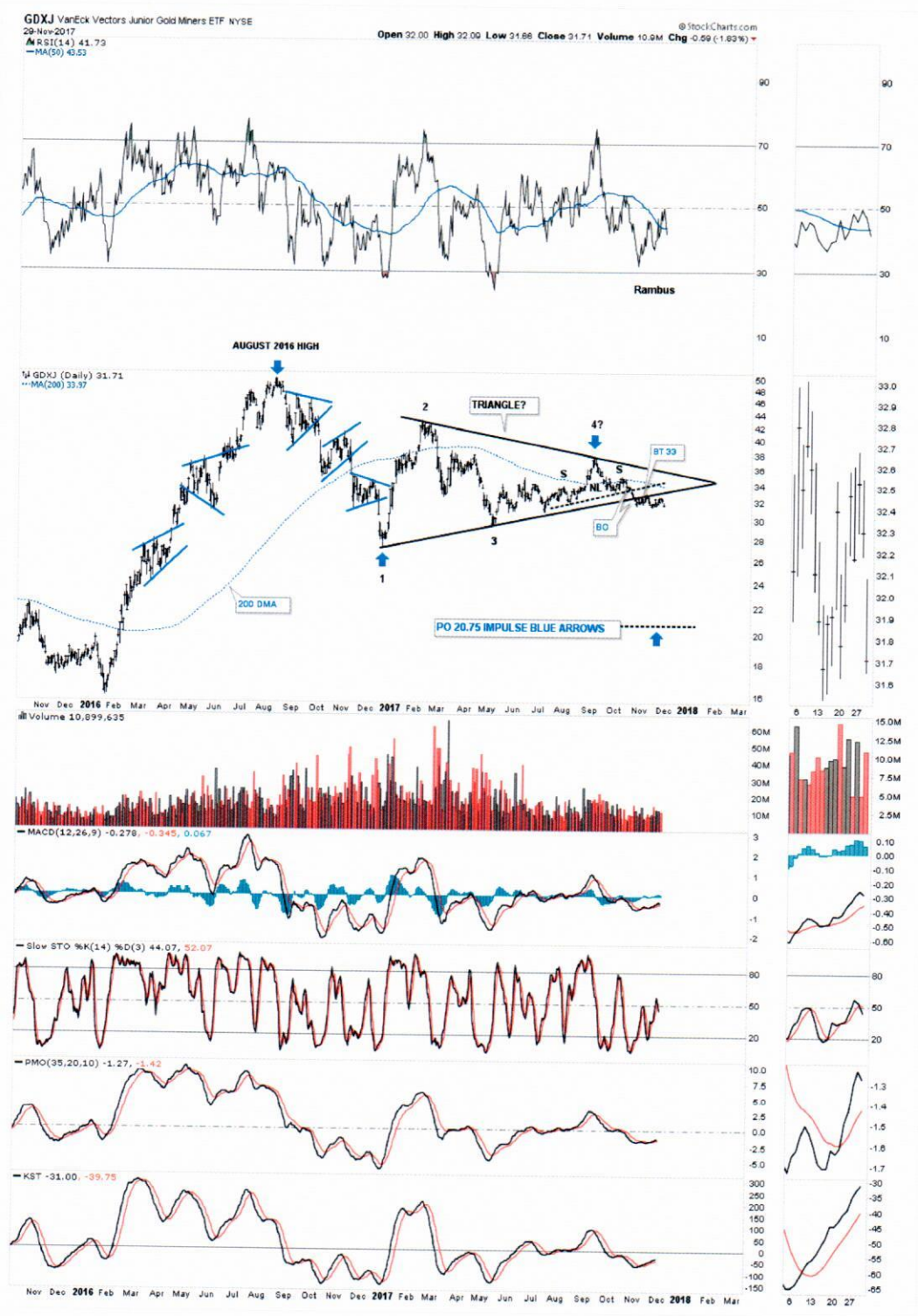
Below is the XGD.TO, the other Canadian PM stock index we follow, which is closing in on the bottom rail of its possible bear flag.



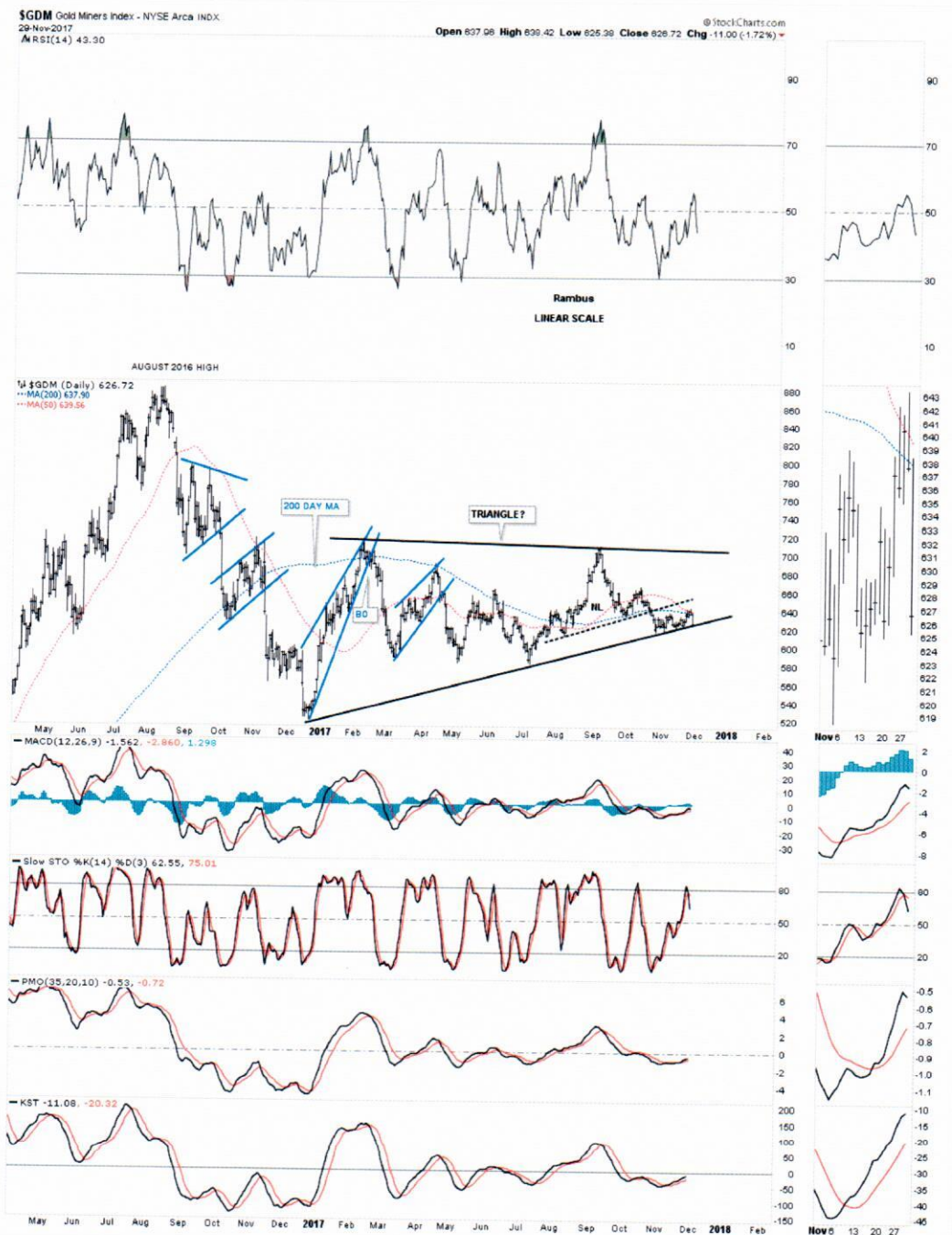
Now lets look at the longer term daily charts and the one year triangle formations that have been building out. What's important to note is the gap that was formed this morning at the bottom rail of the triangle, see thumbnail on the right sidebar. Also keep in mind the H&S top at the fourth reversal points which is suggesting the bottom rail is eventually going to give way. When I first went short about a month or so ago I had no idea that the price action would hang on to the bottom rail for six weeks which is a long time in most cases. The pattern is there, but it just has to show itself. If the one year triangle breaks down the blue arrows measures the minimum price objective.



The long term daily chart for the GDXJ clearly shows the price action trading below the bottom rail of its one year triangle with a completed backtest.



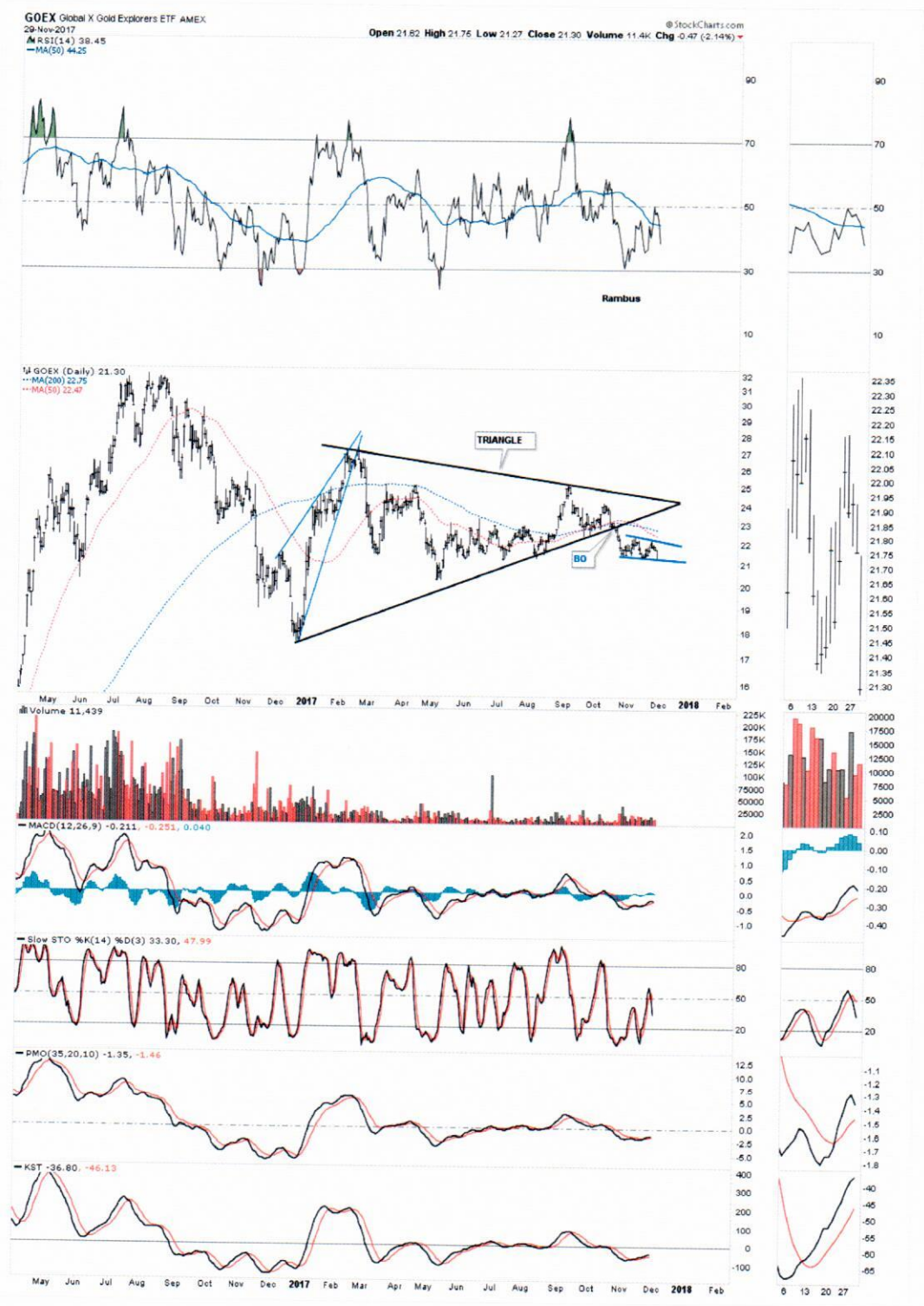
Today the price action closed right on the bottom rail of GDM's triangle.



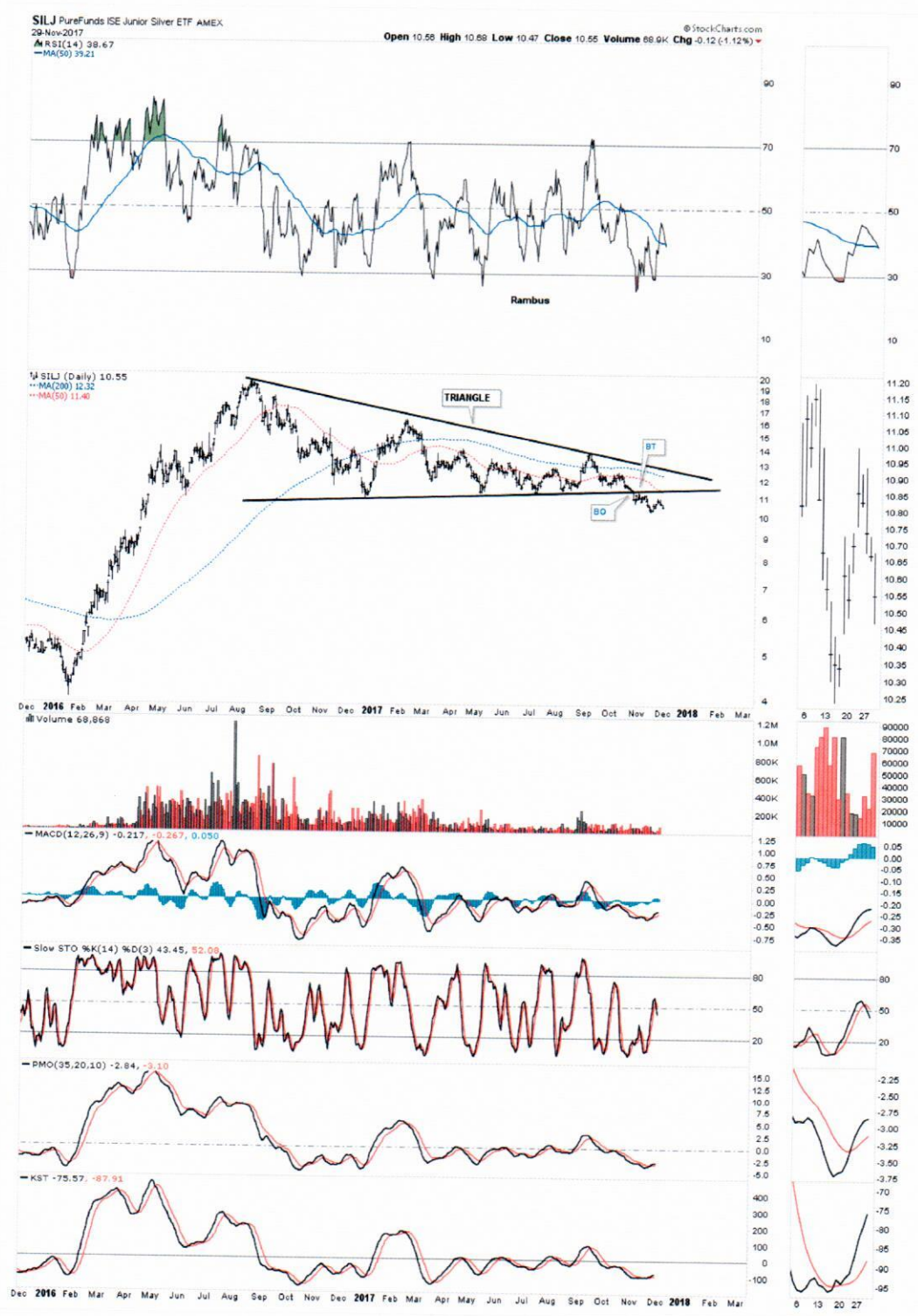
The HUI closed on the bottom rail of its triangle today. Note the bear cross just above the current price action which shows the 50 day ma crossing below the 200 day ma.



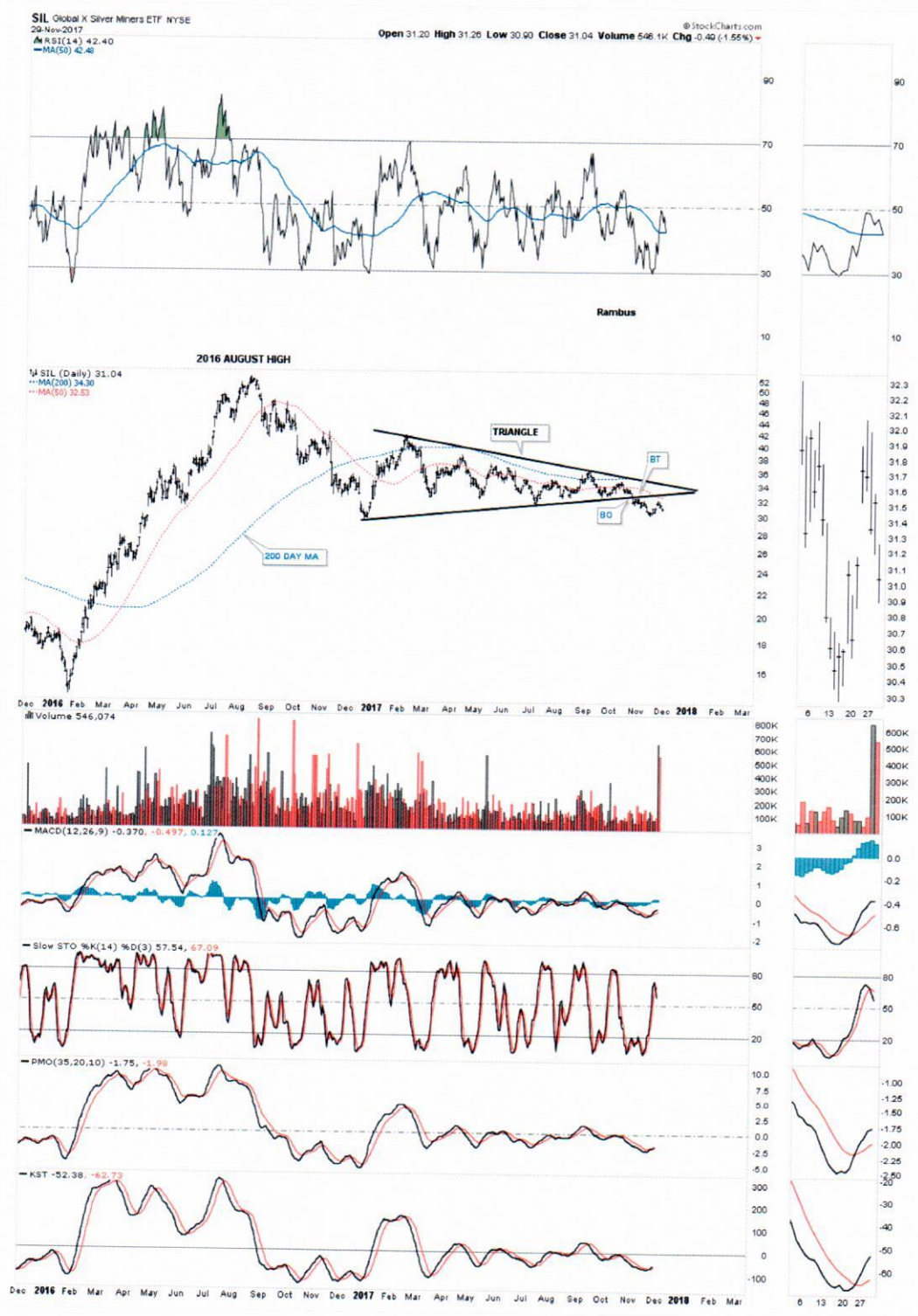
Next is the GOEX, gold explores, which has clearly broken below the bottom rail of its one year triangle consolidation pattern and is currently working on a possible bearish falling wedge.



The SILJ, silver juniors etf, has also broken down from its one year triangle consolation pattern with a completed backtest.



SIL is the silver miners etf which is another PM stock index which has broken down below the bottom rail of its triangle consolidation pattern and has been the leader to the downside.



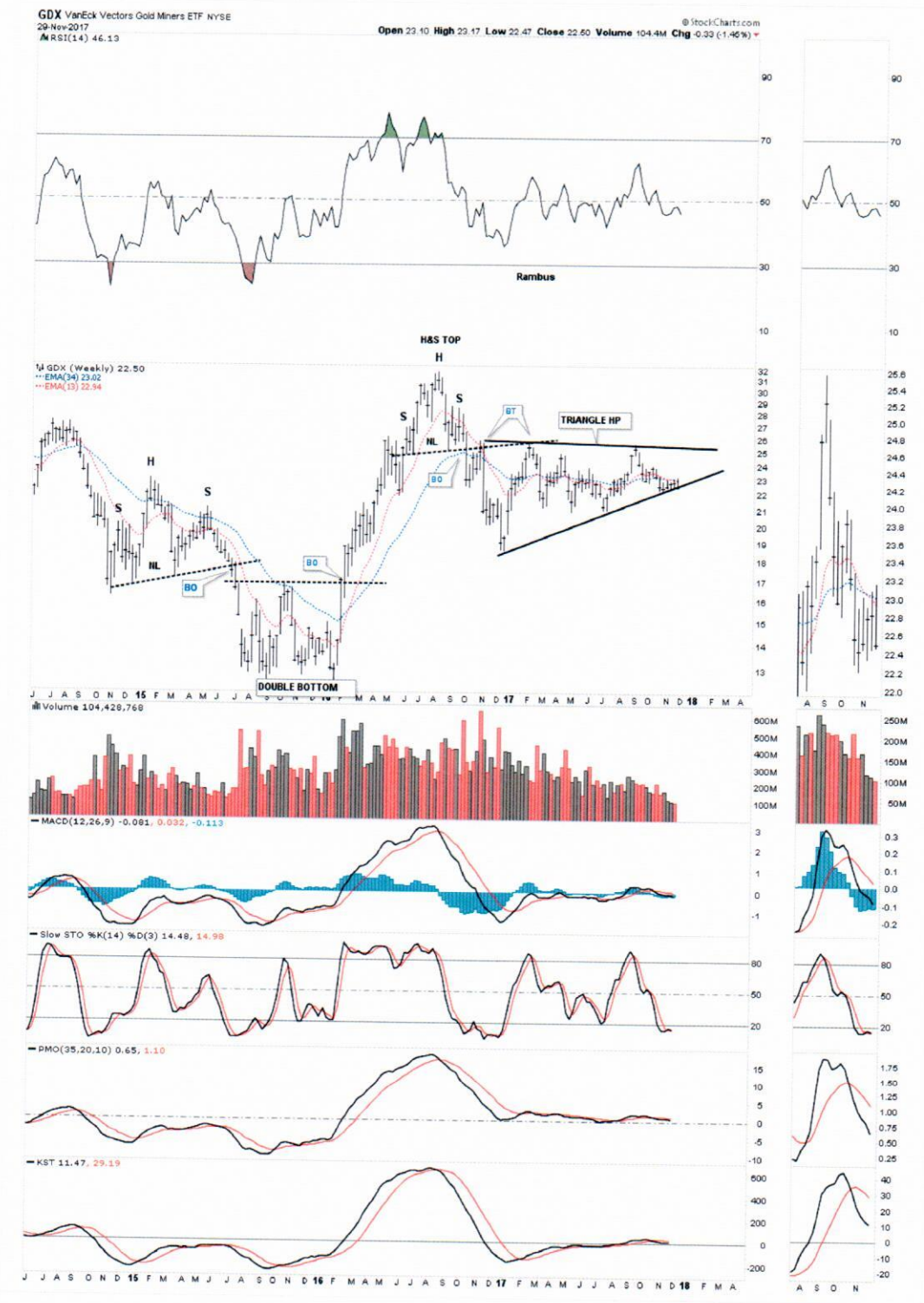
ZIG.TO is another junior index which closed right on the bottom rail of its triangle today.



Below is another Canadian PM index which has closed below the bottom rail of its triangle consolidation pattern with a long drawn out backtest.



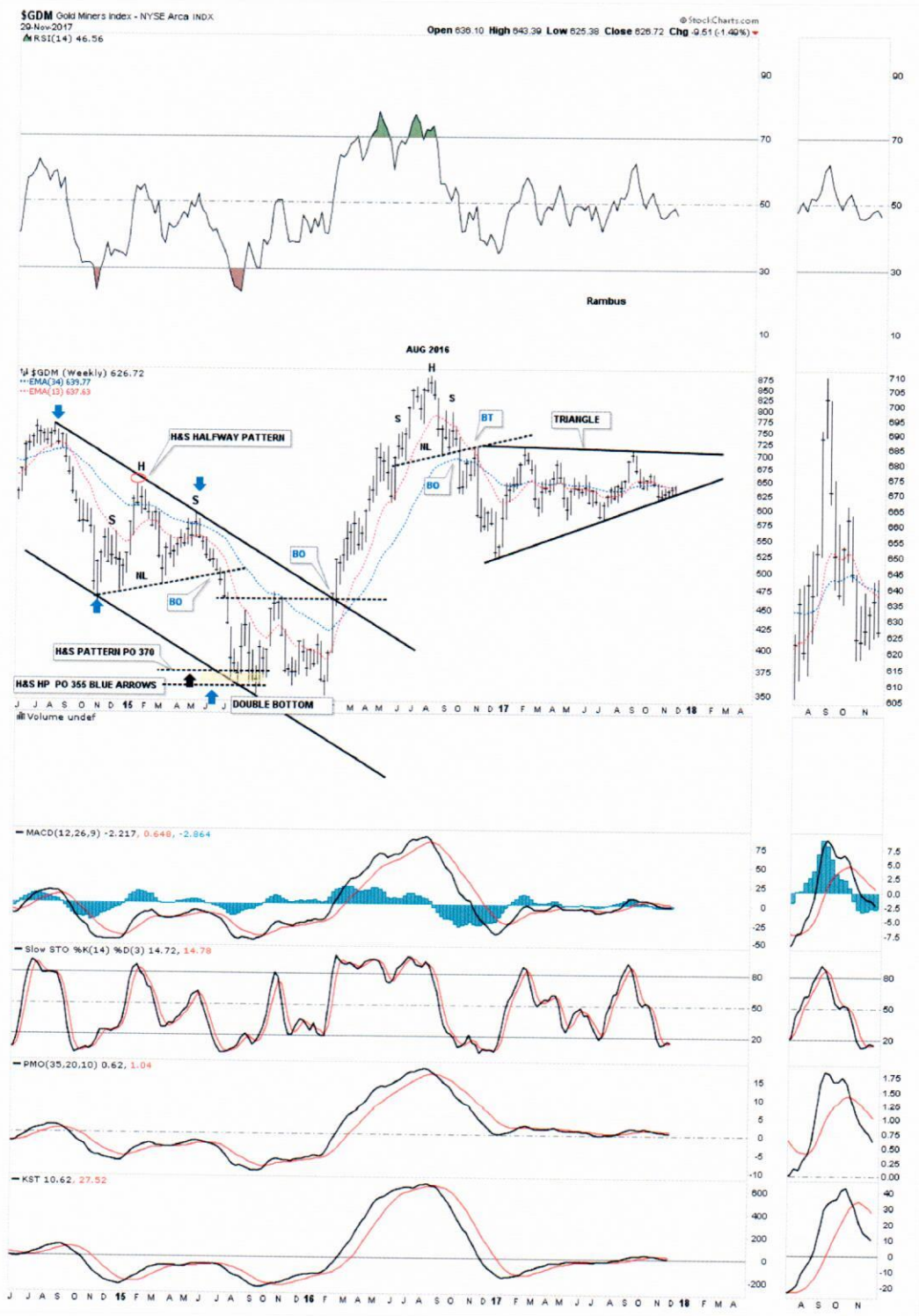
Now lets look at the weekly charts to put that one year triangle in perspective starting with the GDX. Since this triangle has formed below the 2016 high the odds favor a downside breakout unless we see a rally right here to put in a 5th reversal point. Note the 13 week ema just crossed below the 34 week ema for a sell signal.



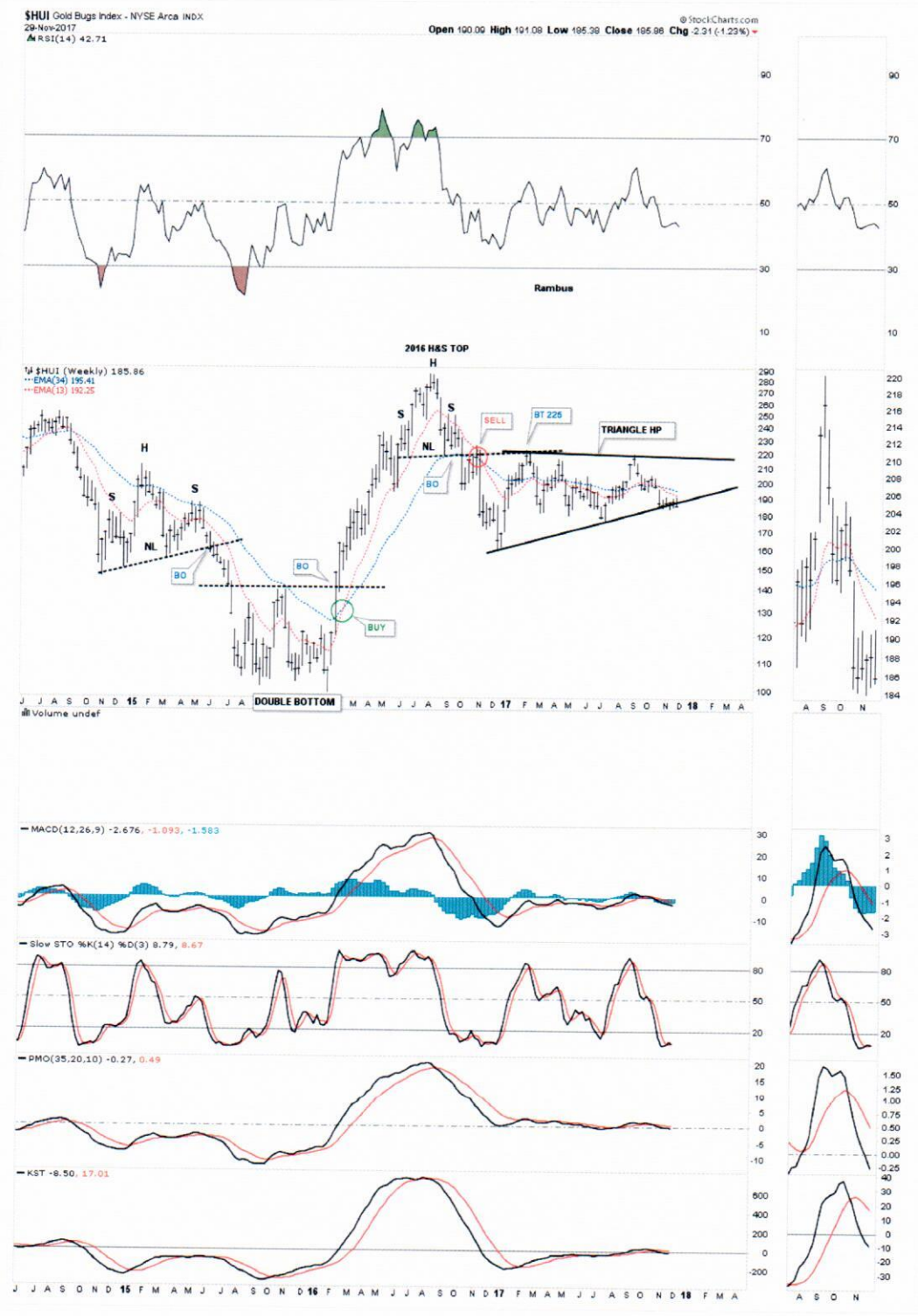
The weekly chart for the GDXJ shows a clear breakout with a negative cross of the 13 and 34 week ema's.



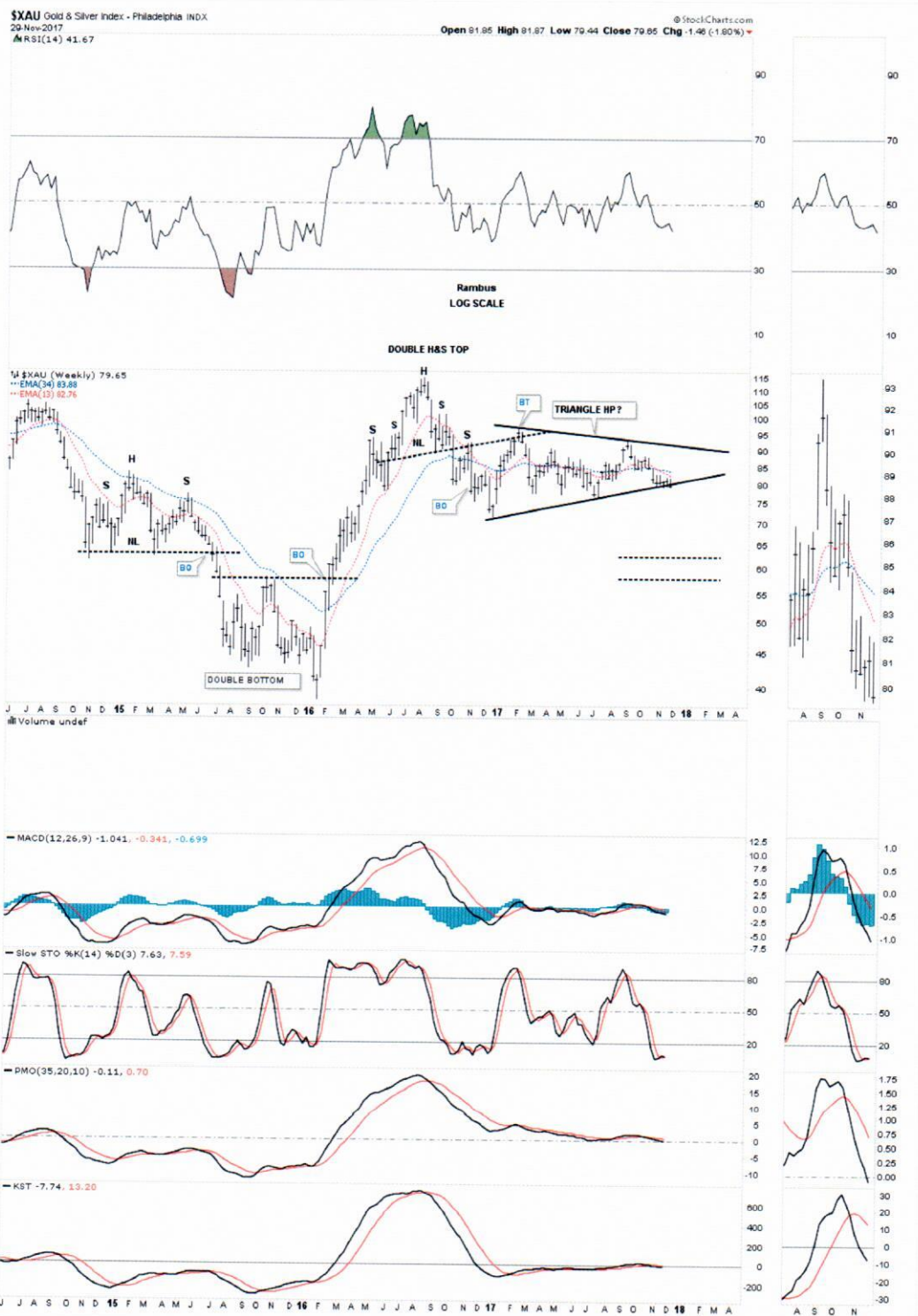
GDM is trading right on the bottom rail with a negative cross of the 13 and 34 week ema's.



The HUI weekly chart.

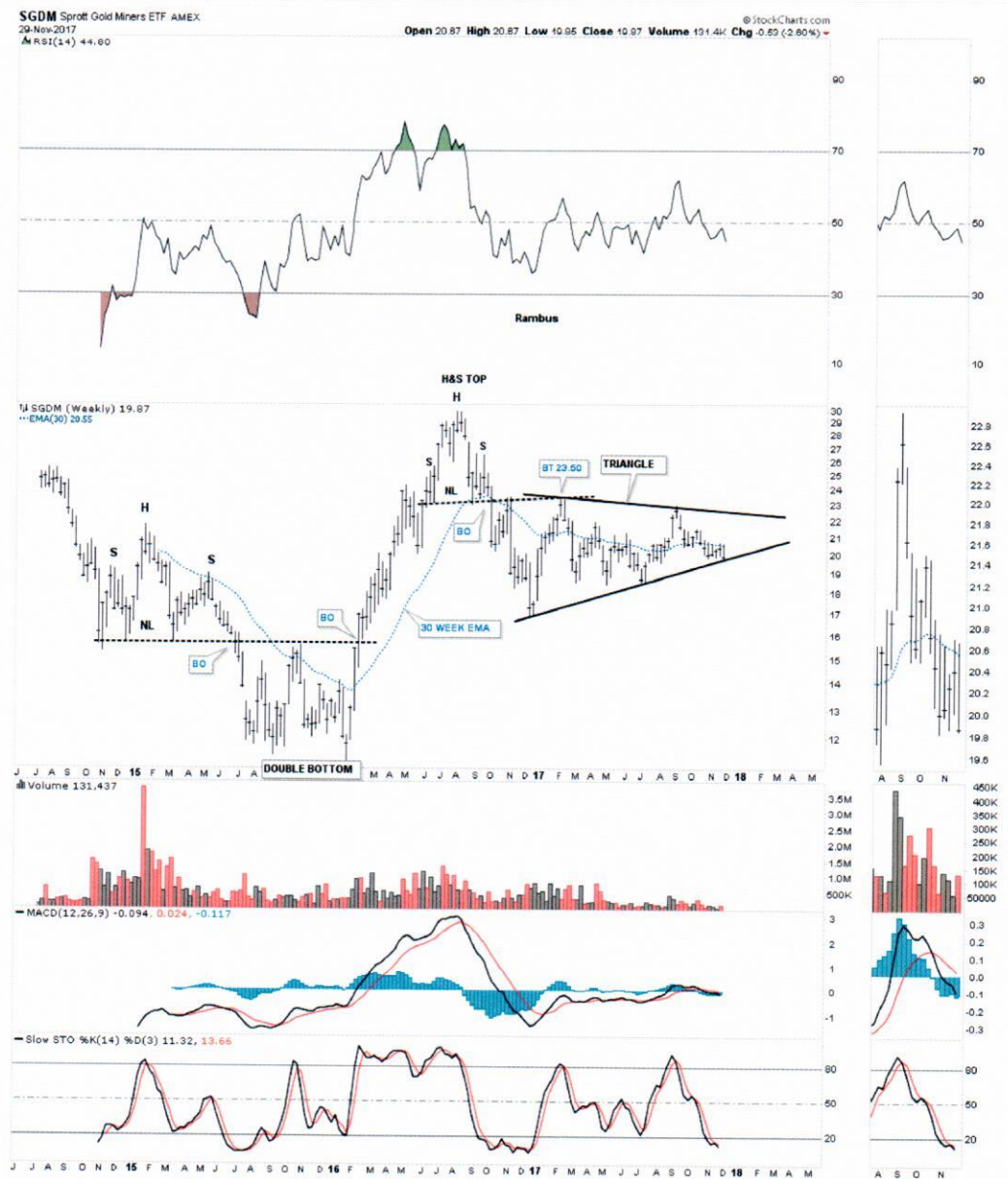


The weekly chart for the XAU.





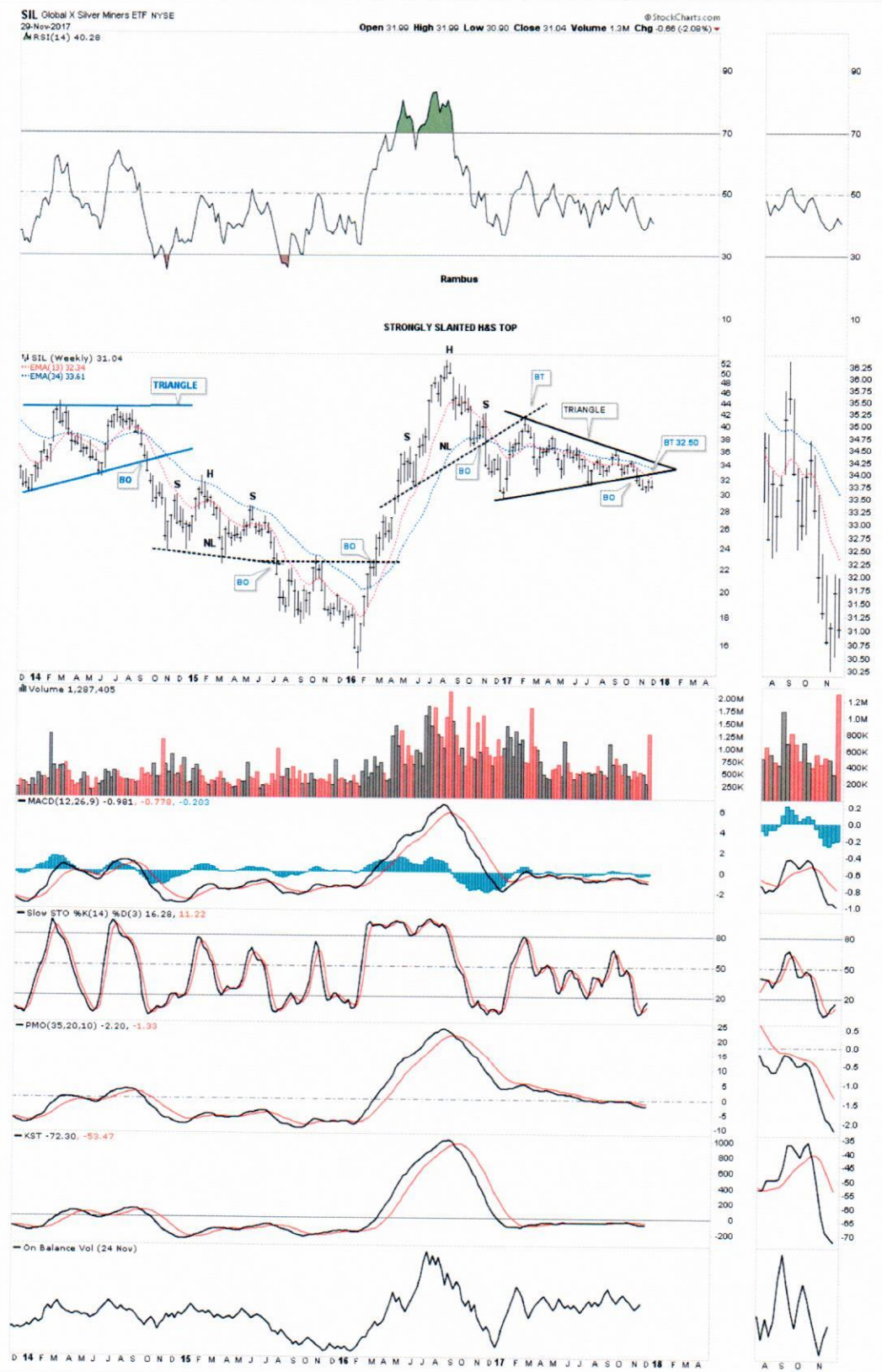
SGDM weekly chart.



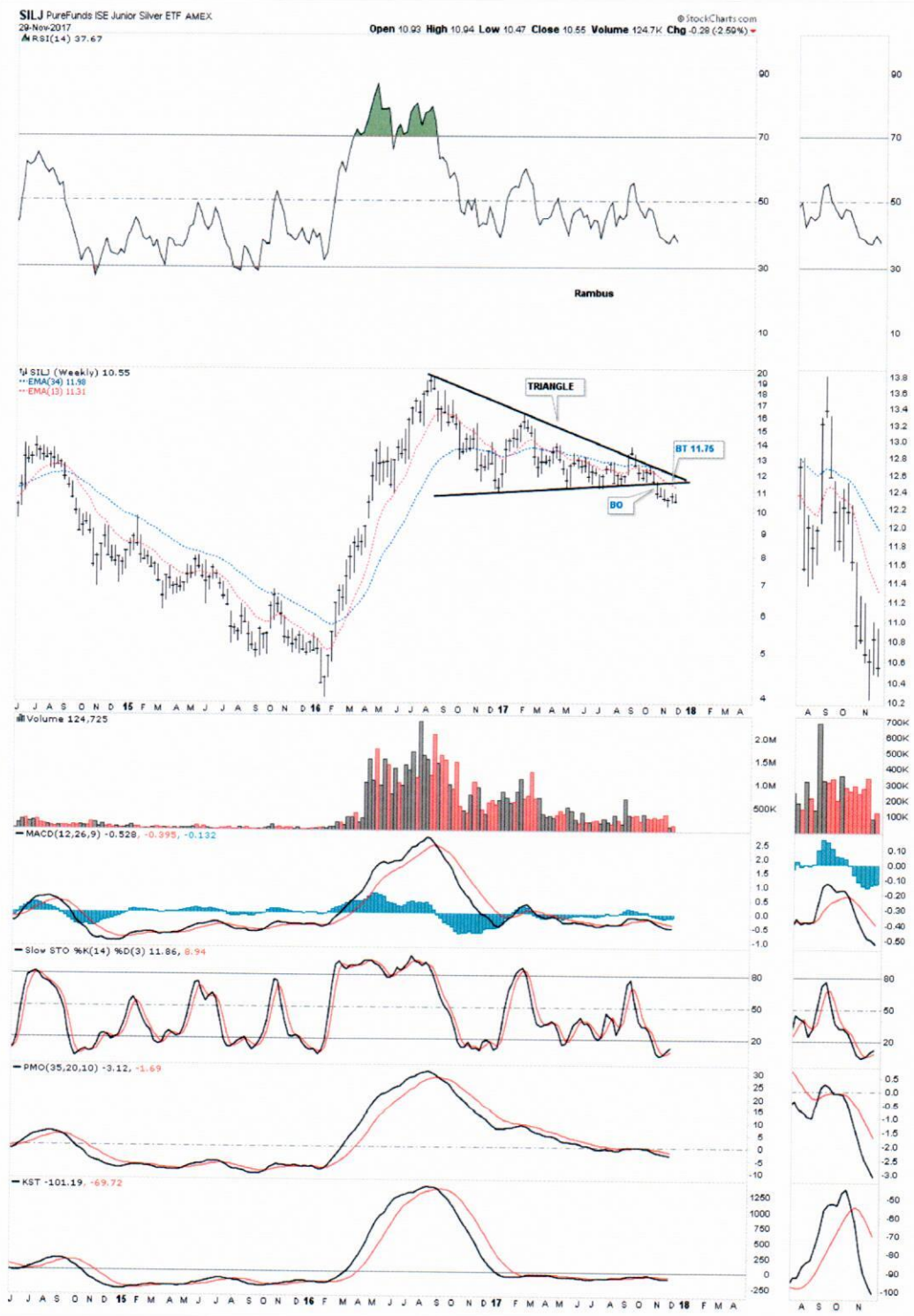
SGDJ weekly chart.



SIL weekly chart with breakout.



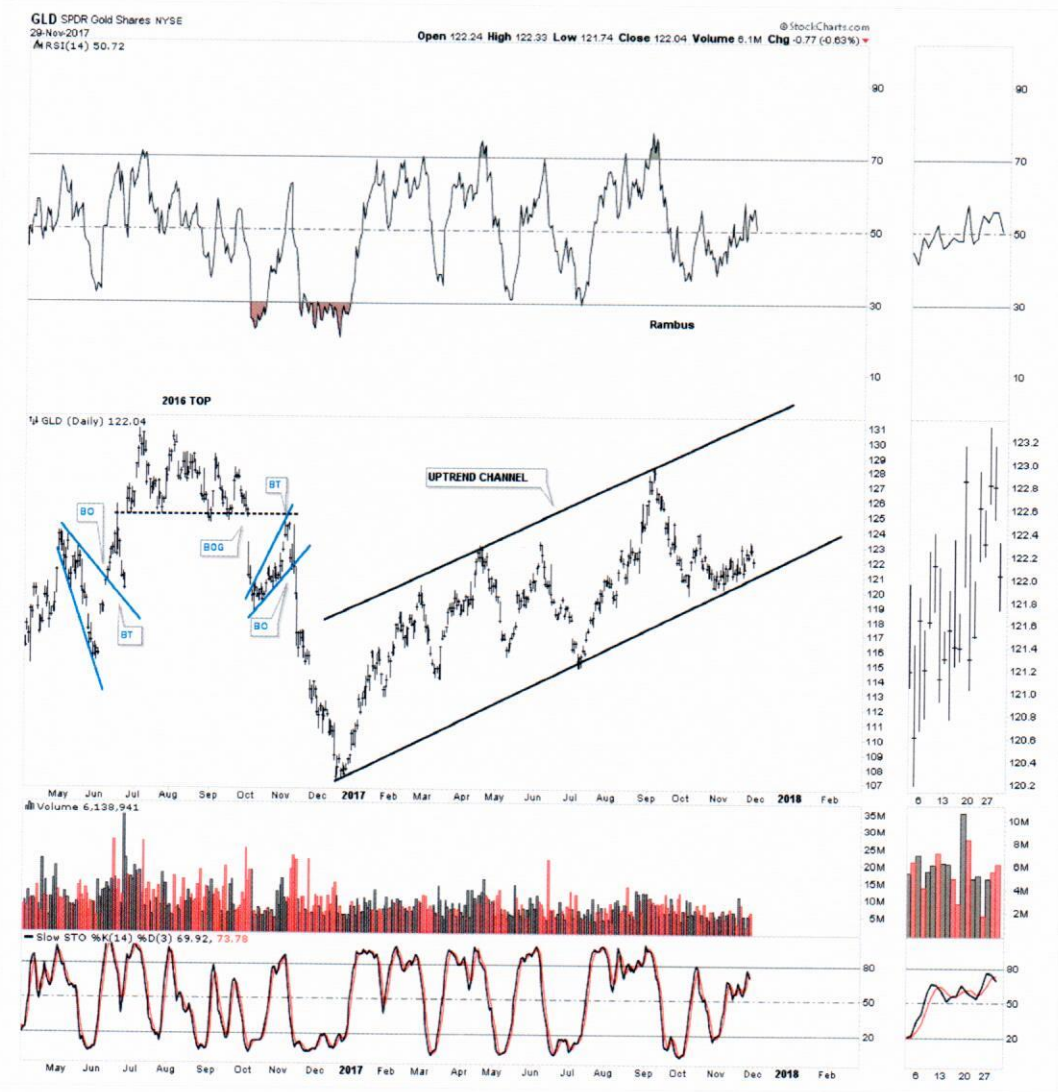
SILJ weekly breakout.



XGD.TO weekly chart.



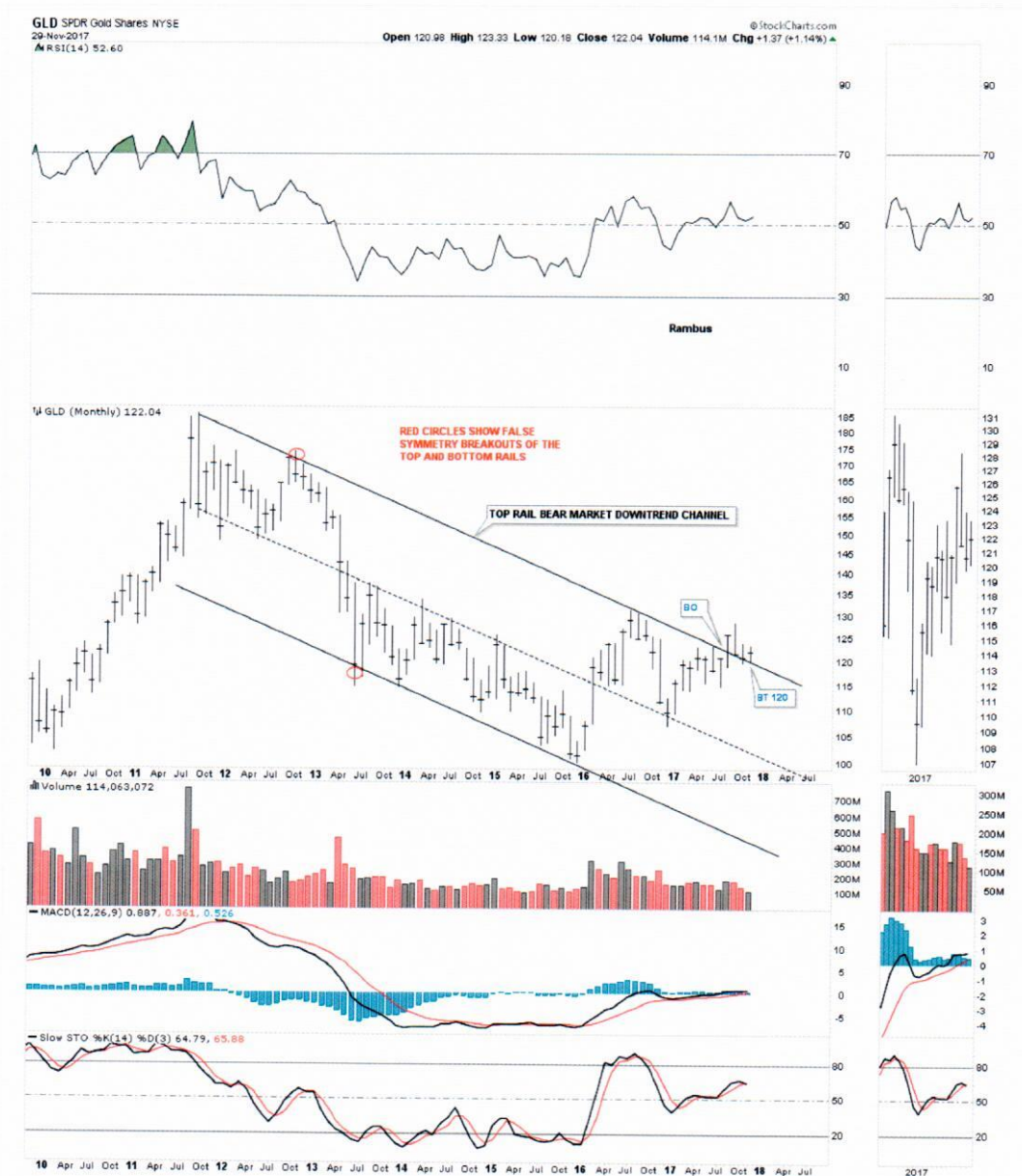
Now lets turn our attention to GLD as it has been the strongest area within the PM complex. For all of 2017 GLD has built out an uptrend channel which is still in play. Just like the PM stock indexes we looked at above, GLD has been walking up the bottom rail of its one year uptrend channel.



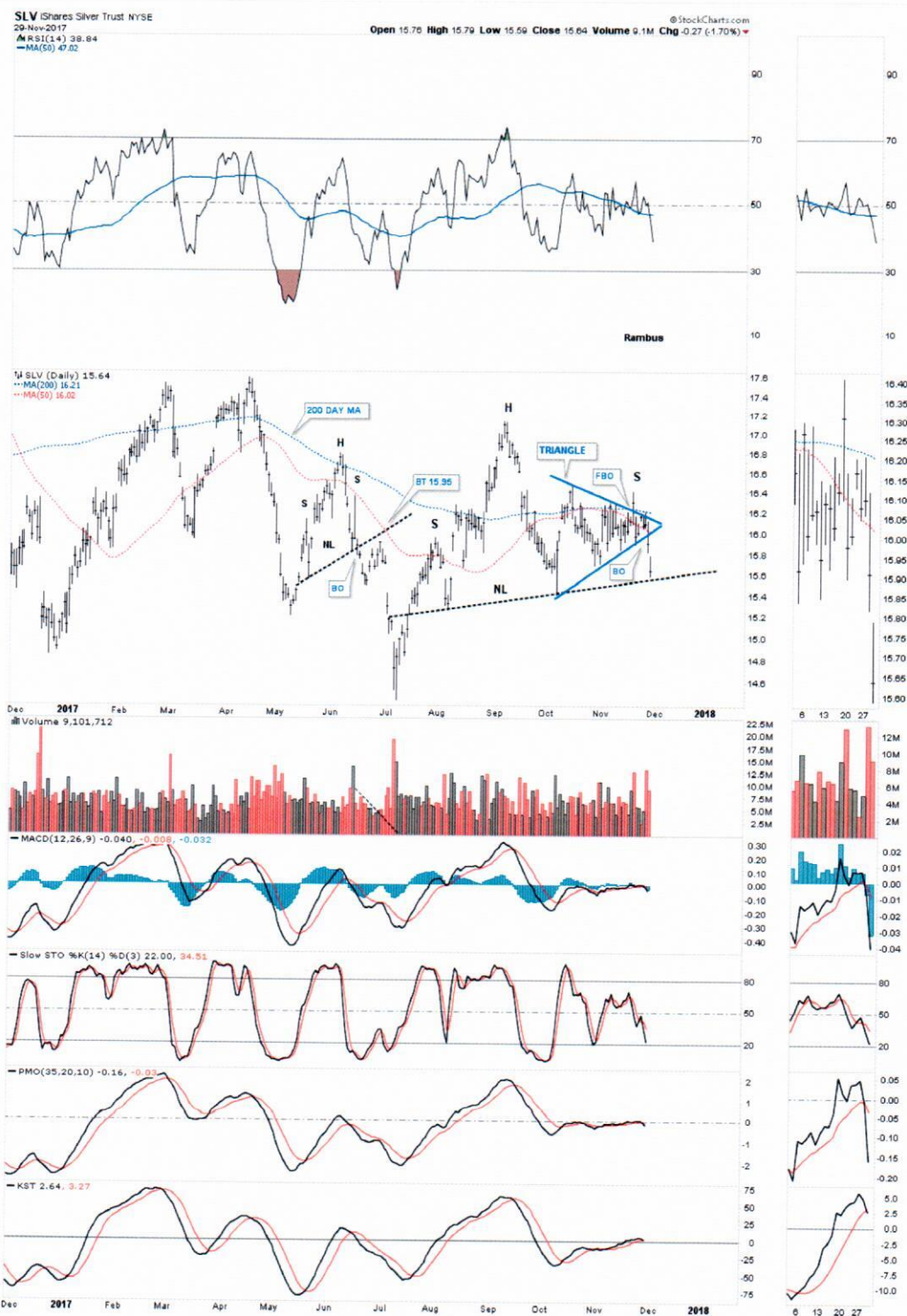
Below is a weekly chart for GLD which shows its one year uptrend channel that keeps finding resistance at the 2016 H&S top neckline extension. GLD still shows a positive cross of the 13 and 34 week ema's.



The 10 year monthly chart for GLD shows its bear market downtrend channel with a breakout above the top rail and now the backtest is underway. As long as GLD trades above the top rail the breakout remains viable, but a monthly close below the top rail will negate the breakout under the 120 area.



Now lets look at SLV which is showing some interesting price action. SLV has been working on a two month triangle which had a false breakout to the upside last week. After closing back inside the blue triangle SLV had one more set of reversals points before breaking through the bottom rail yesterday. Today we got some more follow through with the price action close to the H&S neckline. Outside of a little kiss in October the 50 and 200 day moving averages have been in a bearish alignment.



If you recall we were looking at a possible large diamond earlier this year which was forming just below the top rail of SLV's bear market downtrend channel. This is the same chart I posted earlier this year which shows a false breakout out below the bottom rail of the diamond and then a false breakout above the top rail putting the diamond consolidation pattern in question.

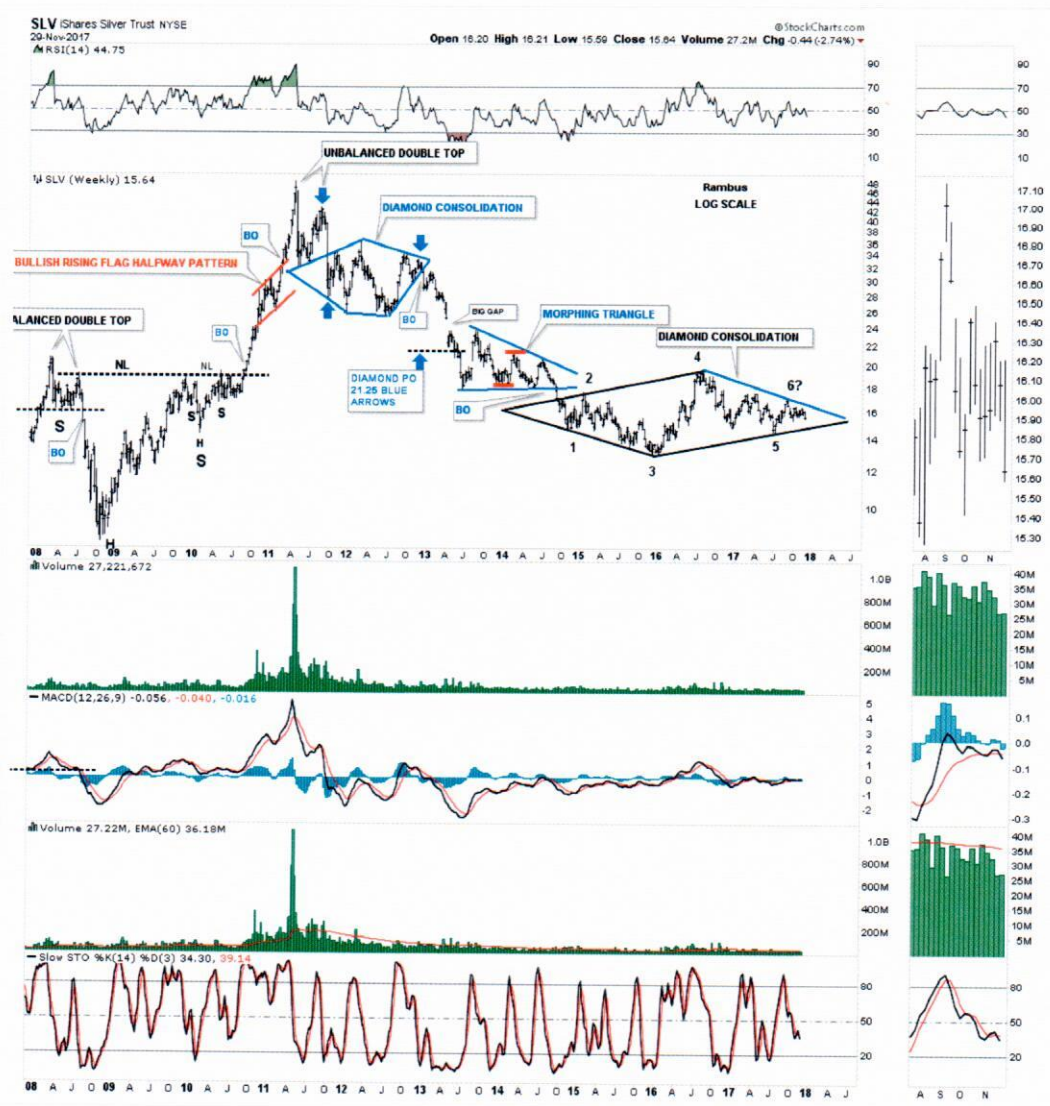


Below is an updated version of the diamond formation which has completed 5 reversal points so far, but is working on a possible 6th reversal point which won't be completed until the bottom rail is hit. Earlier we looked at the possible H&S top that was forming on the daily chart for SLV. This weekly chart puts that possible H&S top in perspective as the 6th reversal point within the 3 1/2 year diamond.



This last chart for tonight puts the diamond pattern in perspective. Is our current diamond going to be just another consolidation pattern in the ongoing bear market or will it find support on the bottom rail and rally back up to complete a 7th reversal point?

The bottom line is that the PM complex is still at a critical juncture right here. As we've seen tonight some of the one year triangles are slowly giving way to the downside. At some point there is going to be an impulse move that will be undeniable as to what it is. The markets have a way to push you right to the limit of your endurance before the move you were looking for takes place. All the best... Rambus



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