

Technical Analysis: MCX Gold Futures [December]

November 6, 2009



Long term: Positive
Short Term: Neutral-positive
Resistance: R1: 16,652 DTL R2: 16,658 R3: 16,675 R4: 17,000 R5: 17,250
Support: S1: 16,427 UTL S2: 16,165 S3: 16,117 S4: 16,115 UTL S5: 16,084 UTL
Moving averages: 7: 16,325 21: 16,042 50: 15,829
RSI Indicator: Flatlining just under the strong buying range

Gold rallied again last night before coming off and closing negatively. While we still think this is bullish consolidation, another failure to close positively could leave it even more vulnerable to a sell-off. Gold has failed to rally since opening this morning, which is indicative of consolidation.

- **Trendline:** Gold has support from several up trendlines [Rs16427-Rs16,115-Rs16,084-Rs15,960-Rs15,389]. It has resistance from a tentative down trendline [Rs16,652].
- **Stochastics:** The K% line is flatlining deep in the bullish buying range, which is very positive.
- **Moving averages:** The 7DMA is trending towards gold. Any interaction with the metal next week will be key in gauging whether there are further upside gains to be had.

Conclusion: [Unchanged] Having just hit a fresh high, some consolidation in the immediate aftermath is to be expected. But when metals spike, as gold did on Tuesday, they expose themselves to large sell-offs through a lack of support from trendlines and DMAs. With this in mind, we will remain neutral-positive but will be ready to flip this perspective if the metal sells off.

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