

## GOLD: Bearish Trend to Continue?

17<sup>th</sup> July, 2014

### TECHNICAL VIEW:

Gold made a double bottom of \$1182 on 31st Dec 2013 and bounced back, currently it is trading at \$1305 (up approximately 11% in this year).

The tone is still negative in the market, last week gold made a high of \$1344.77 and then dropped to \$1303 this week and is currently trading near \$1305. On the downside, support comes from last month's low of \$1240 level, a major 61.8% level. This is a strong support so in order to break it the news has to be significantly bad and unexpected. If this support level fails then look for an initial thrust to another 50% level at the \$1206 near year low. Gold will get strong support near this level. Only two successive daily closings below \$1180 may give an indication of breakout and then gold may reach zone of \$1065-940.

For upside immediate resistance appears at March high level of \$1387. A break and close above it may cause testing of 52 week high level of \$1433, here again traders need to wait and watch for confirmation. If it breaks above \$1433 then it may test 50% Fibonacci level of 1546.

In the Indian markets `27500 is a nearby support level to watch out for, next is at `26600. A break below `26000 will take Gold in next bearish zone and it may reach `21500. Upside resistance appears at `28600 and `29100. Price can move towards `30500 if it breaches `29100 level in the near term.

### RECOMMENDATION:

**Based on the charts and explanations in our view Gold is in a continued bear trend and should test a level of `21500 in the next eighteen months.**

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