Gold, Mining Stocks on the Verge of a Major Bull Market

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In looking at the charts for Gold, Silver and Mining Stocks, it is clear that patterns and wave mappings suggest a bottom is fast approaching, and the start of a major new Bull Market is next. This comes at the same time that sentiment is at extreme pessimism, the place where most major rallies begin.

The big picture shows that Gold is rising inside a long-term ascending trend-channel. The first primary degree leg up, wave (1), topped in September 2011. Since then Gold has been inside a corrective primary degree wave (2) down.

Gold is forming a 3-3-5 Flat pattern for corrective wave (2) down. Gold is about to start wave c-up of B-up.
Above we see a close-up of the Ascending Bullish Triangle for subwave b-down since mid-2016. The wave mapping does allow for this pattern to be complete, with an imminent rise, wave c-up next. Should Gold fall from here, it means wave b-down has morphed into an a-down, b-up, c-down 3-3-5 Flat pattern. Gold should bottom around 1,125ish under this scenario, but then would catapult toward 1,600 or higher in wave c-up.

The next chart below is fascinating and very Bullish. Gold has formed a long-term Inverse Head & Shoulders bottom, with well defined trend-lines acting as boundaries for the bottoms since 2013. Gold just fell to the rising bottoms trend-line from its low in 2016. If this trend-line holds, Gold is about to enjoy a long and powerful Bull Market. Of interest also from this chart is the Weekly Full Stochastics are deep oversold, supportive for a strong breakout higher. The Upside price target for this pattern is 1,600ish.
And a Triangle for Silver as well. This continuation pattern will result in a breakout higher for Silver, perhaps starting soon.
The fly in the ointment is we just received a new Sell signal in our HUI Mining stocks key trend-finder indicators. Precious metals often track this indicator for Mining stocks. This adds some short-term risk to the imminent Bullish case, that Metals and Miners may have another short-term down-leg first before taking off in their next great Bull market.

Mining stocks moved to a new Key Trend-finder Sell signal Friday, July 13th, as the HUI 30 day Stochastic joined the HUI Purchasing Power Indicator on a Sell. The Purchasing Power Indicator shown below is a momentum measure that identifies when momentum is powerful enough to expect the object in motion, price, to continue in motion, either up or down. It last triggered a Sell signal back on June 14th.
Volatility has been absent for Mining stocks over the past five months. The HUI closed at 173.52 on July 13th, and closed at 173.26 on March 1st. In between the range has been very tight.

The next chart below compares the HUI 10 day average Advance/Decline Line Indicator with the HUI price index. What we are looking for are divergences, either Bullish or Bearish between these two measures. When we spot them, they can be nice early warnings of a coming price trend change. At this time, there are no clear divergences evident.
The next chart shows our proprietary HUI Demand Power / Supply Pressure Indicator, which gives both Buy and Sell signals. At this time, this indicator remains on a Sell signal. This chart also can give Bullish and Bearish divergences as early warnings of a coming price trend turn. What we focus on is comparing Demand Power versus the HUI price index. At this time we do not see any clear and obvious divergences.

In studying the mapping charts for Mining stocks, we see that Mining stocks remain inside a rising long-term trend-channel going back decades. The price action the past 7 years has been correcting the powerful rising trend from 2000. Mining stocks are also correcting the powerful 2016 rally leg. This correction should soon be complete. It may need to drop a bit more before it is ready to blow off to the upside. This next rising trend should be very strong. Once we get new Buy signals in our key indicators, we will have confidence this next Bull market is starting.
Below we see a close-up of the pattern and wave mapping for the correction since 2016.

HUI Mining Stocks have broken decisively above the Declining Wedge from 2014 and 2015, signalling a new Bull Market.
What the technical charts and analysis is telling us is that there is an impressive rally phase, a strong Bull market, not far off for Gold bugs to enjoy.

At McHugh’s Market Forecast Services at www.technicalindicatorindex.com we will be watching this development carefully and will report to our Subscribers when the Bull market begins. As traders and investors, we want to be ready and not miss this once in a decade opportunity.