

Gold's Bullish Cup and Handle Pattern

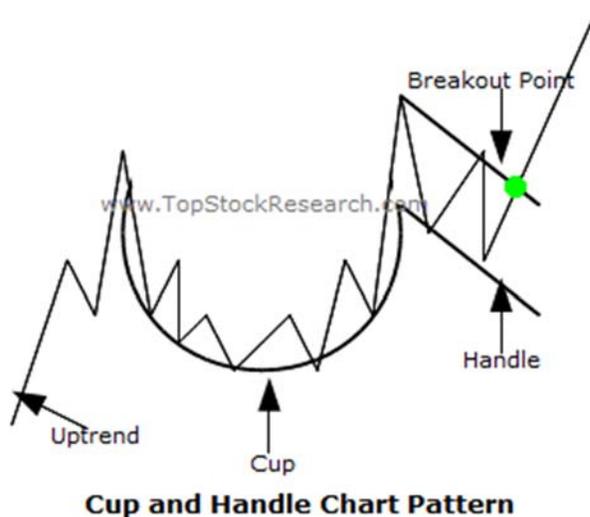
By Robert McHugh, Ph.D.

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In our February 22nd, 2019 article *"A Corrective Decline Approaching within Gold's Long-term Rising Trend,"* we noted that Gold was due for a correction soon. That decline started immediately, taking Gold down almost 60 points to a low of 1,280 on March 7th, 2019. We noted that Gold had completed wave 1-up of a new five wave Bull market, and was due to start wave 2-down. The decline the past few weeks completed the first subwave a-down of 2-down. Friday, March 8th's rally was likely part of subwave b-up of 2-down. Once finished there should be one more declining trend c-down to finish wave 2-down. Then a powerful wave 3-up will take Gold sharply higher.

What is fascinating is that this wave 2-down move is actually the Handle portion of a Bullish Cup and Handle pattern. The Handle is the last part of the pattern before completion, followed by an upward thrust. So, what is a Cup and Handle pattern?

The textbook presents the pattern as follows:

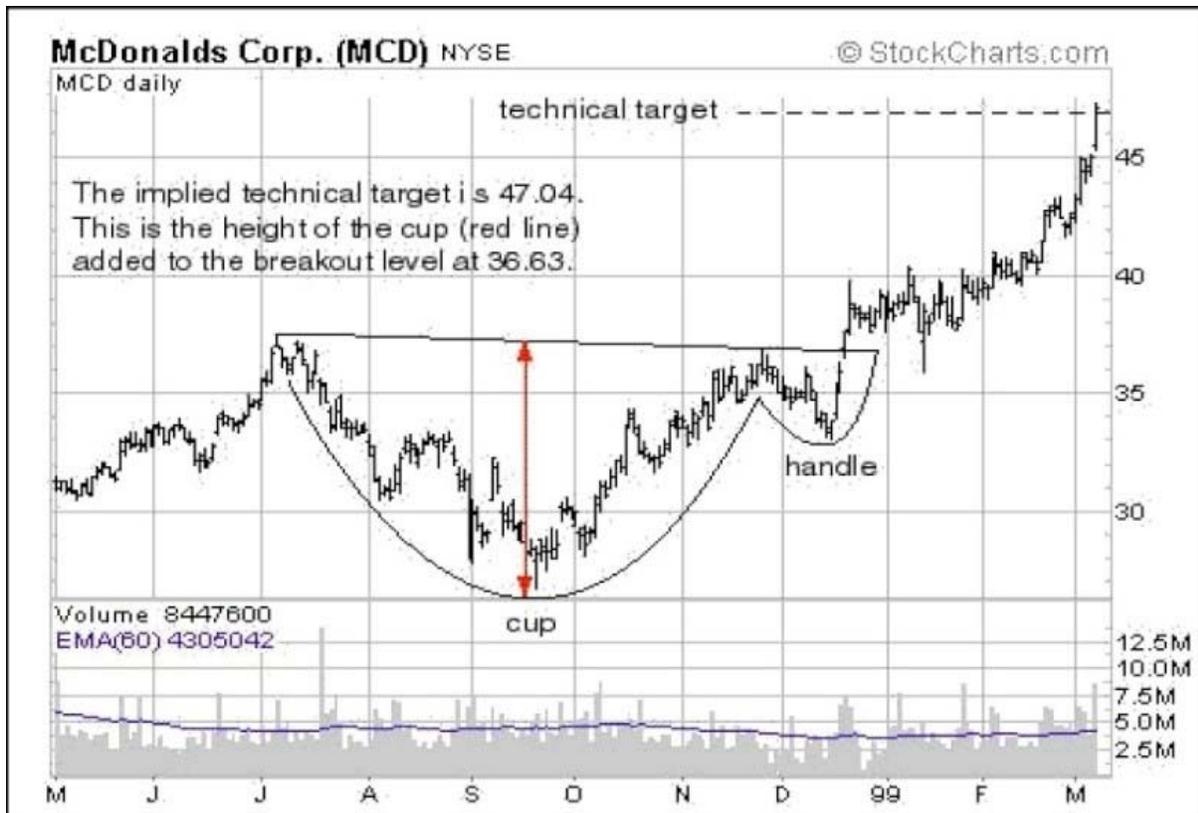


This is a continuation pattern, and in the case of Gold, from its 2016 lows. The breakout higher should be equal to the distance from the bottom of the cup to the top added to the top of the cup where the Handle begins. So, let's look at Gold's Cup and Handle pattern evident this weekend:



Above we see that Gold is finishing a Bullish Cup and Handle pattern, as it is now inside the Handle portion of the pattern, which also happens to be wave 2-down of 3-up. Applying the above formula for the upside price target, Gold should see 1,530ish as wave 3-up matures. This will offer an incredible trading opportunity.

Let's look at a real world example of this pattern and the resultant upside breakout upon completion of the Handle. Below is a chart of this pattern for McDonalds Corp. (MCD):



A Bull's eye hit for Mickey Dees. We can expect a similar upside breakout for Gold. *But how will we know when the Handle has completed?*

Gold prices have a strong correlation with Mining stock prices. When we get new Buy signals in our proprietary HUI Mining stock key trend-finder indicators at www.technicalindicatorindex.com, we will have high confidence that the next major Bull market in Mining stocks, as well as Gold, is starting. Those new Buy signals should correlate and confirm the upside breakout from Gold's Cup and Handle pattern.

In other words, a new Buy signal in our HUI key trend-finder indicators will tell us when the Handle portion of this pattern has finished, allowing traders to get a head start on playing the upside breakout. As traders and investors, we want to be ready and not miss this once in a decade opportunity.

At McHugh's www.technicalindicatorindex.com we have developed several proprietary indicators that help us identify when the next significant move is starting for Mining stocks, and in which direction

the move will develop. We publish these indicators in every Daily Newsletter to subscribers.