

Alps Precious Metals Group

Commentary – November 14, 2022

Time Out for Technicals



Gold Price History

Source = <https://goldprice.org/gold-price-history.html>

What Is a Triple Bottom in Technical Chart Analysis?

A triple bottom is a bullish [chart pattern](#) used in technical analysis that's characterized by three equal lows followed by a [breakout](#) above the resistance level.

- A triple bottom is a visual pattern that shows the buyers (bulls) taking control of the price action from the sellers (bears).
- A triple bottom is generally seen as three roughly equal lows bouncing off support followed by the price action breaching resistance.
- The formation of triple bottom is seen as an opportunity to enter a bullish position.

Source = <https://www.investopedia.com/terms/t/triplebottom.asp>

In June of 2019, our Commentary was entitled “Break on Through to the Other Side” (<http://www.alpspmg.com/wp-content/uploads/2018/03/Alps-June-2019-Update.pdf>), in commemoration of Gold’s price breaking out higher from a 6 year range which had contained Gold’s price at approximately \$1350 per ounce. Since then, Gold has never looked back.

In fact, Gold ultimately rallied more than 50% from that breakout, double-topping out at approximately \$2050 per ounce in both August of 2020 and March of 2022. Since the last high, Gold fell to around \$1627 per ounce, or about 20% from its all-time high. What is significant about the \$1628 level is that it has reached that price three times in the last 3 months; on Monday, September 26th (\$1628/oz.), Thursday, October 20th (\$1627/oz.), and Thursday, November 3rd (\$1629/oz.). Additionally, the downdraft from the high of \$2050 to \$1627, a fall of \$423 per ounce, is right on the button of a 61% Fibonacci-sequence retracement pattern which would have as its starting point the aforementioned \$1350 breakout price. Such a 61% Fibonacci price retracement defines a watershed moment in technical analysis. That analysis would suggest that we are about to head much higher or much lower from here.

Lower from here is a viable conclusion. As the Jay Powell-led Federal Reserve has not shrunk from its efforts to raise interest rates in order to strengthen the Dollar, and, among other things, fight inflation, Gold has suffered along with most all other assets. Should the Fed’s resolve not be deterred, and the Dollar strengthen further, it is totally conceivable that Gold’s price could break that triple bottom and head even lower, perhaps even towards that break-out price of \$1350. But before taking that position, consider the following chart which is but a week later than the graph which launched this edition:



Gold Price History

Source = <https://goldprice.org/gold-price-history.html>

We would argue that given the recent price action, inclusive of taking out a number of previous highs that go back five months to June 2022, one would be prudent to at least take on *SOME* sort of position – whether brand new for the first-time buyer of Physical Precious Metals, or additive to one’s current holdings. Rarely has such a triple bottom technical formation occurred in Gold’s price action; and just as importantly, as the definition for a bullish triple-bottom states above, we have indeed seen “...three roughly equal lows bouncing off support followed by the price action breaching resistance....”.

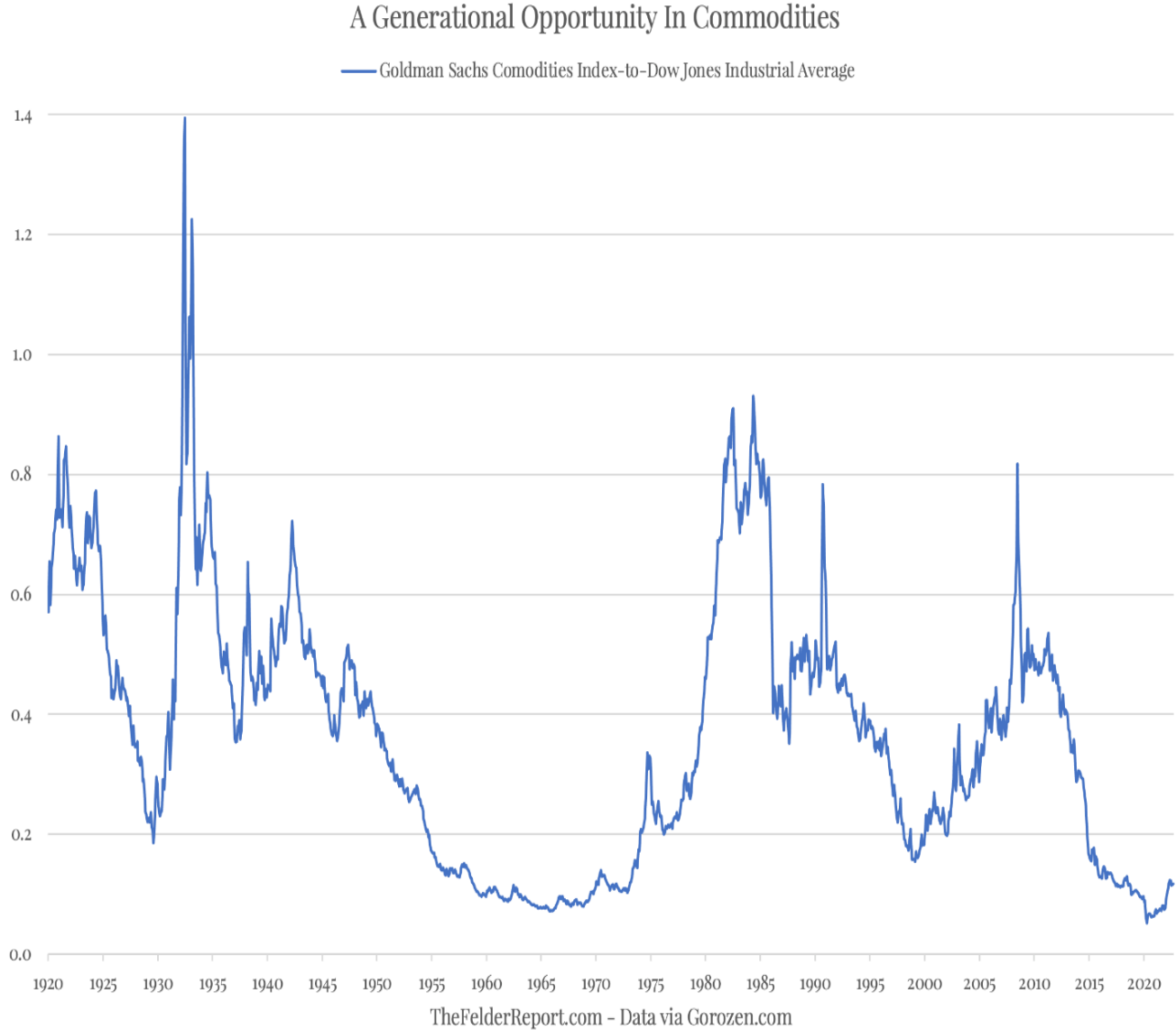
So, should Gold pullback towards the \$1700 level, and certainly towards the \$1628 price level, buying some additional Midas metal would be both defensible and advisable. Here is a weekly chart in “Candle” form going back 5 years for some additional perspective. Please note the ease in pinpointing the triple bottom on the right side of the graph, as well as noting the technical significance of the \$1775-\$1800 per ounce level where Gold is trading currently:



Source = <https://www.investing.com/commodities/gold-streaming-chart>

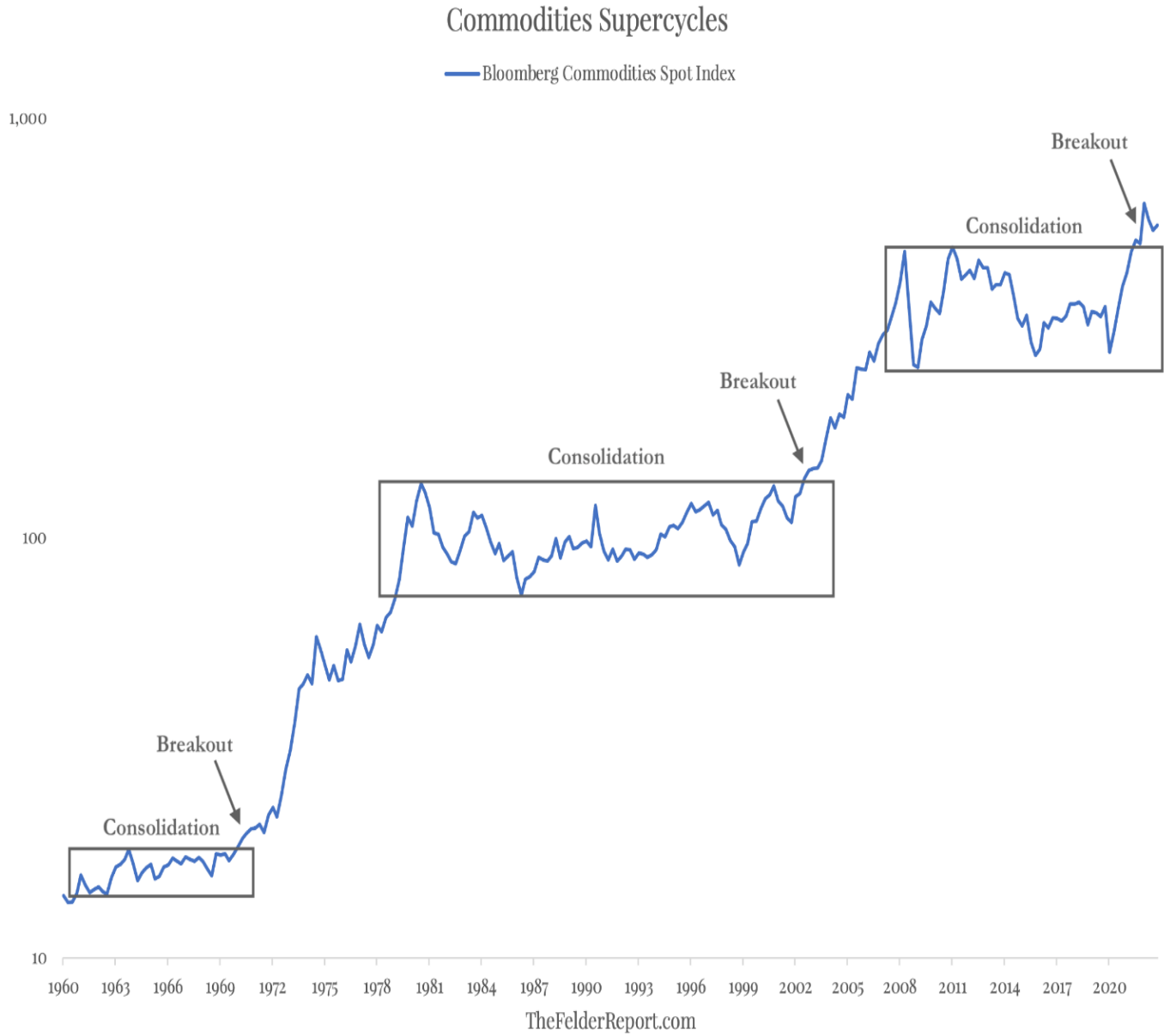
In addition to these graphs of Gold’s performance, consider the following two graphs which are focused upon Commodities in general. Note in the “Commodities Supercycle” graph that the two decades in which Gold enjoyed its two largest rallies coincide with the same period of breakouts for Commodities. Rallies which began nearly simultaneously with the breakout:

From Goldman Sachs, below is a 100+ year graph of the ratio of Gold to the Dow Jones Industrial Average.



Source = thefelderreport.com

A 60+ year graph of Commodities detailing consolidations and breakouts. Note the two breakouts which initiated two of Gold's three best decades. Breakout #3 just got started:



Source = thefelderreport.com

As mentioned in our Update on October 7, 2022, Gold has outperformed just about all Indices in existence, with the exception of the Dollar and Energy. This is exactly the performance Gold has previously enjoyed in all trying periods of modern financial history (the last 150 years or so). Below is an update to the interactive table we presented in October. Please call us if you would like us to forward you the same so that you can perform your own periodic updates.

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
1	Gold vs Indices - 2022															
2																
3		Index		Price on 12/31/2021				Price on 11-14-2022				Return		Gold Outperformance		
4																
5		Gold			1827				1772			-3.0%				
6																
7		Silver			23.28				21.98			-5.6%			2.6%	
8																
9		DJIA			36338				33537			-7.7%			4.7%	
10																
11		U.S. 10 yr. Bond			130.25				112.11			-13.9%			10.9%	
12																
13		S&P 500			4766				3957			-17.0%			14.0%	
14																
15		VNQ (Real Estate)			116				84.87			-26.8%			23.8%	
16																
17		NASDAQ			15645				11196			-28.4%			25.4%	
18																
19		Bitcoin			46224				16299			-64.7%			61.7%	
20																
21		Ethereum			3678				1218			-66.9%			63.9%	
22																
23		DXY			95.67				106.84			11.7%			-14.7%	
24																
		As of 11-14-2022		As of 11-11-2022		As of 11-1-2022		As of 10-26-2022								

A final note. While we remain open to the idea of Cryptocurrencies as a viable alternative investment, at least for the time being Cryptos' ability to be thought of as a direct competitor to Gold as an asset to preserve and protect wealth, and/or to become a reliable medium of exchange, is verboten. With the recent demise of FTX in the Crypto sector, we believe many answers – and new questions – will come to light as to what to expect for the future of these intangible assets. At the very least, those Crypto believers who have dismissed Gold as an irrelevant relic may be rethinking that assessment.

Alps, LPMG, St. Joseph Partners and Monetary Metals

Alps Precious Metals Group via our partnerships with Liechtenstein Precious Metals Group (our Global and Offshore clients) and St. Joseph Partners (our U.S./Canadian focused clients) is dedicated to providing the global standard for the finest and most secure storage and trading of Physical Precious Metals. Our Vaults have some of the highest security standards in the world (“Class 10” at LPMG) and, via our insurance partners, each client’s specie is insured at 100% of its market value. Our trading desks provide liquidity on each and every business day with as little as next day settlement. All of these benefits are enjoyed while simultaneously being freed from the global financial system.

We have an additional partnership with Monetary Metals (“MM”) appropriate for both foreign and domestic clientele. MM has a unique niche in the Precious Metals markets, which is summarized in their motto: “A Yield on Gold, Paid in Gold”. For investors who would like exposure to the Precious Metals sector but require an income flow from the investment, our partnership with MM can provide the same.

Contact us (www.alpspmg.com) to discuss how Alps can become a trusted partner in the creation, protection and utilization of the hard money portion of your portfolio.

James P. Hunter
Managing Partner
Alps Precious Metals Group