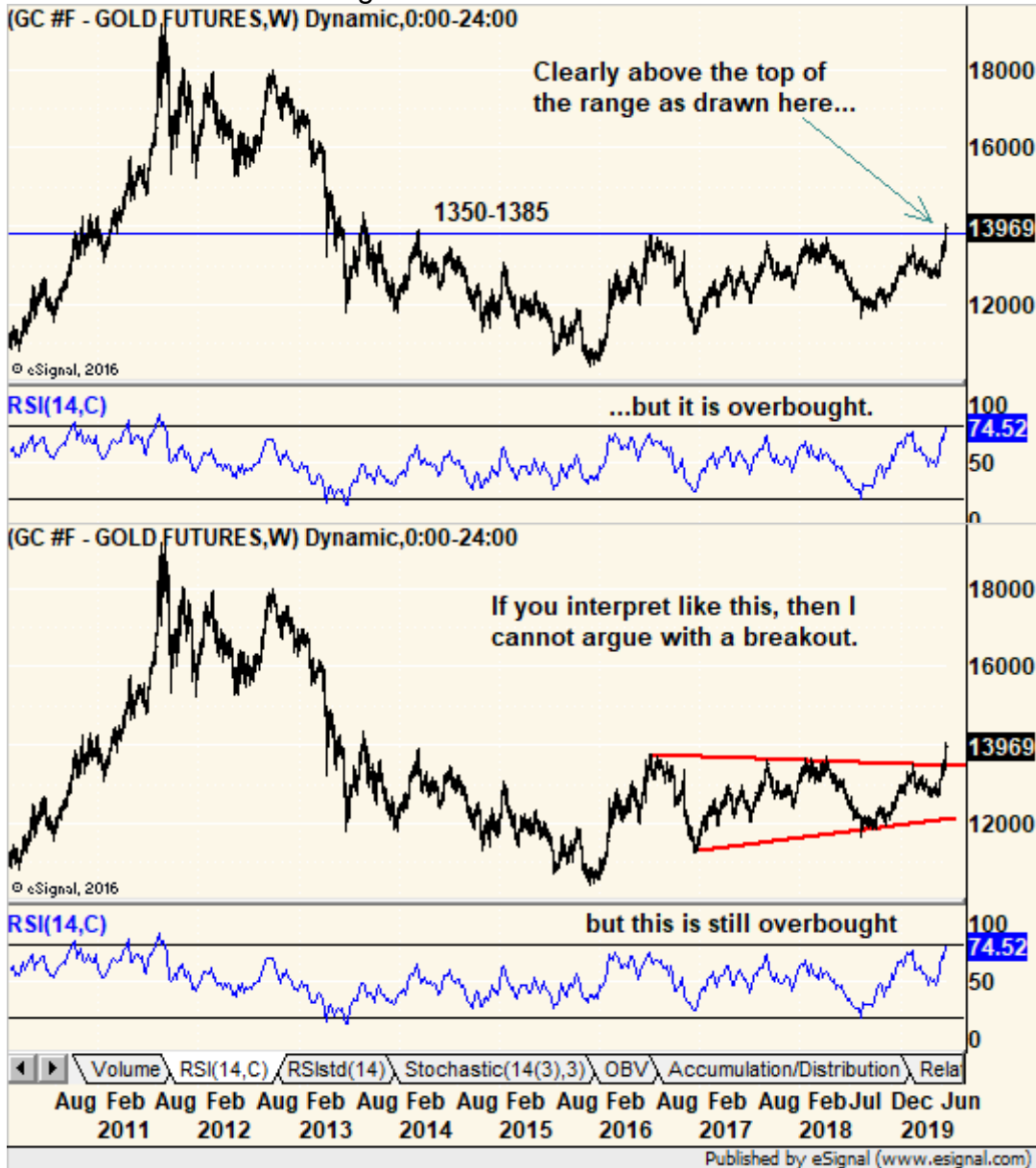


This article was [originally published](#) Friday, June 14th, but **with Thursday's big rally and gold hitting a 5 •-year high, many people believe that this was a major upside breakout.** I'll start with the updated chart, which does not convince me - yet - that a breakout is in place. Of course, new information can change that view but we cannot trade based on what has not happened yet.



The daily chart is even

more stretched. So, given this new information, the case for a major breakout is now in play but I need to see how the market reacts to its short-term condition. I'm not a buyer today, barring fresh geopolitical news, but a modest pullback to test the breakout would be a better way to play.

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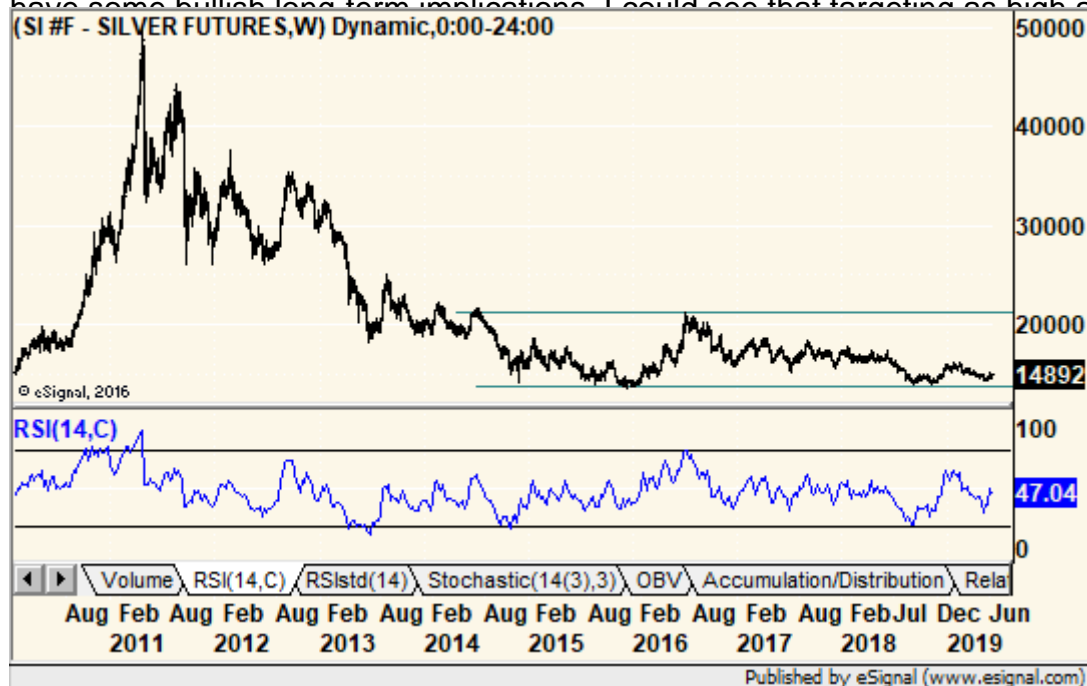
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And just for further mud, the U.S. dollar index may be on the verge of a short-term breakdown, which will support gold. This is far from confirmed. **Here is the original piece, written a week before the attempted breakout.** A name-brand fund manager now calls for a recession soon and is buying gold. A name-brand investment bank thinks that economic conditions today are worse than they were during the financial crisis. Naturally, we would expect the metals markets, with their safe-haven statuses, to be roaring higher. But they really are not. True, gold has looked pretty strong benefit of a short-term upt in the bigger



This weekly chart

shows the market at resistance in the 1350-1385 area. Basically, no breakout yet. Now, I can see that a move above resistance will break a six-year basing pattern to the upside and that would have some bullish long term implications. I could see that targeting as high as 1700, albeit over



bet, as well as pushed the gold/silver

What does that

mean? Honestly, other than silver being cheap relative to gold, I don't know. More of an interest in hedging with gold vs. the combination hedging/industrial use for silver? To me, it suggests that with

silver weak and gold at resistance, the yellow metal is not about to break out. The ratio could revert
 somev
 see the
 a trend



trend.

Therefore, I?m

still not backing up the truck for gold but then again, if the market changes ? a base breakout ?
 then I will change my mind. ?.and that, my friends, is the whole point of this update.