CPM Group

Market Commentary

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Short-Term Gold Trading In The Real World

*The comments here are based on a **CPM Trade Recommendation** issued earlier this morning.*

*CPM Group began issuing short-term **Trade Recommendations** in August 2018. These are short-term recommendations designed to try to take advantage of the shorter term moves in gold prices. The average holding period for these trades has been 4.3 days in the first year of the program. These trades are not intended to replace or supplant longer term gold holdings, but rather to provide shorter term returns on top of a core long-term position. The CPM Trade **Recommendations** presently are available via **Goldex** in England and **Royal Capital** in Hong Kong, as well as via the **Kitco CPM Trade Signals** program. CPM Group's plans are to offer additional trade recommendations covering gold, silver, platinum, palladium, copper, and petroleum spot, future, forward, and options strategies in the near future.*

This week has seen extremely turbulent political developments and volatile reactions to these and interest rate developments in the equities and precious metals markets. Gold prices have risen sharply since late June, ratcheting higher in the first half of August. Prices have been trading between $1,500 and $1,540 over the past several trading days.

If short-term investors have been taking the advice in CPM's **Trade Recommendations** this week they would have bought at $1,514.30 on Tuesday, 13 August, sold when prices got to $1,534.90 on Thursday, bought fresh long positions later on Thursday at 1,525.40, and then taken profits later that afternoon when prices popped up to $1,537. They would now be going long again at $1,522.00. They would have locked in $32.2 of upside for a 2.1% return over three days.

Meanwhile, problems and uncertainties remain abroad throughout the world. The economic environment clearly is worsening, but also is clearly now worsening as bad as some commentators and equity market participants seem to think. (That's not fair. The equity market volatility may well represent more the power of computerized trading models than irrational fears and exuberances. It may just be the public commentary that is out of step with reality.)

Political problems are more real and severe, from Hong Kong and Beijing to Washington, Tel Aviv, and the U.K. Parliament. Meanwhile Kim Jong Un feels neglected and upstaged by attention-grabbing events elsewhere, so he is starting to rattle his oxygen-powered sabres. Vladimir Putin must be wandering the lonely halls of the Kremlin wondering how things could be going so badly in so many places without any recent direct meddling by him.

This remains a paper market, with little physical gold being bought. Silver, too, for that matter. U.S. Mint Gold Eagle sales have totaled 3,000 ounces in the first half of August, compared to an average of 11,500 per month for the full months February through April. (January sales, always a big month, totaled 65,000 ounces.) Silver Eagle sales have totaled 252,000 ounces per month, compared to 1.4 million ounces per month in February – April and 4.0 million ounces in January.

At some point gold prices will break out of the range. It is a 50-50 chance whether the break is upward or downward. Investors need to protect themselves and position themselves to profit from a move in either, or both, directions. While they wait, those short-term profit opportunities are continuing within the range of $1,500 - $1,540.

*CPM Group's **Trade Recommendations** are available via the above mentioned clients. Additionally trade recommendations on spot, futures, forward, and option strategies are available directly from CPM Group on a sliding scale reflecting the intensities of the services taken by individual clients. Interested parties should contact CPM at info@cpmgroup. To discuss a program tailored to their needs and desires.*

*CPM Group's **Precious Metals Advisory** is produced monthly and distributed by e-mail. Annual subscriptions are $3,800. Single issues are available for $450. Send requests to info@cpmgroup.com. CPM Group's 2018 **Silver Yearbook** and **Gold Yearbook**, containing accurate and unbiased data on these metals' markets with historical data as well as current statistics, are available for $160 each. Contact CPM at info@cpmgroup.com or order the reports at our website, www.cpmgroup.com/store.*

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