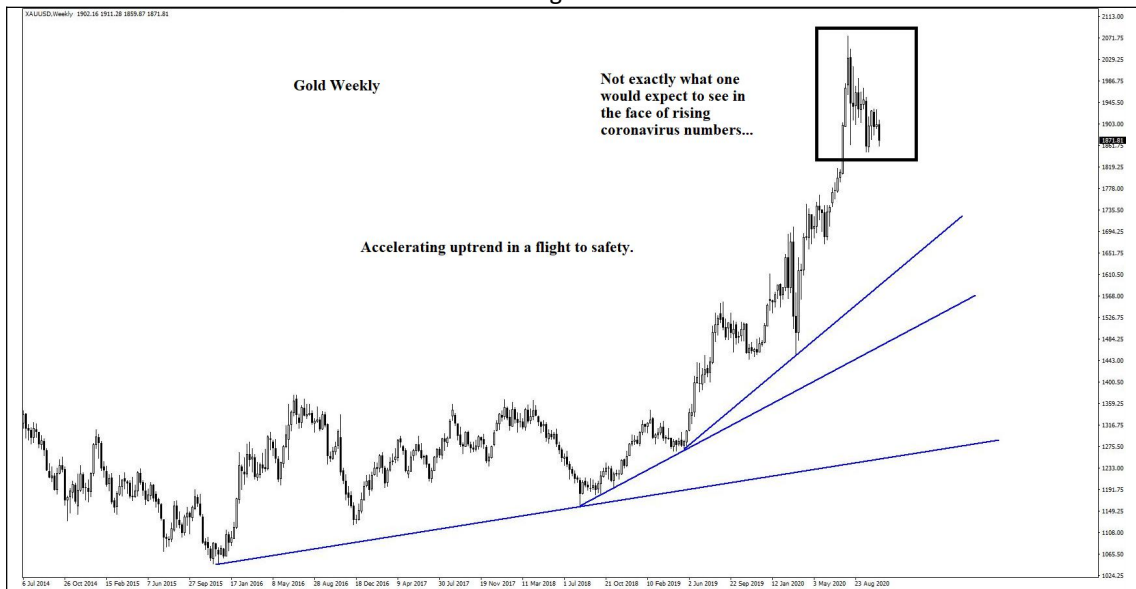


**Election Gold Trade Setup**  
**By Kaye Lee**

If global markets were not confusing enough, gold is showing a suspicious 11-week retracement in a rising weekly uptrend (see Figure 1). Nonetheless, regardless of whether Trump or Biden wins the election, it seems reasonable that sufficient uncertainty will prevail so that a renewed flight to gold is possible. The accelerating upward weekly trend thus far shows no sign of truly weakening, although it is admittedly mature.

Figure 1



To develop the premise for a long trade in a weekly uptrend, we turn to Wyckoff. The daily chart (Figure 2) shows how there have been overlapping swings in a messy consolidation. The safest entry point in this situation would be a Wyckoff spring setup, where sellers mistakenly drive price below a previous level of support and are met with bullish buyers. The Blue Box in this case is given by 1796.83-1847.56. The lower level is the low of a small consolidation zone. The higher level is simply the low that needs to be broken in order for the Wyckoffian trade condition to set up.

Figure 2



Curiously, the ideal trade setup chart for XAUUSD is the daily. The ideal situation would be for the trade to touch and activate the Blue Box, and then provide a candlestick reversal pattern (bullish engulfing, bullish harami or pin bar) to trigger the entry. A trader would be willing to try up to twice to get an entry. However, given that there are only two trading days left to the election results, traders might wish to have a more hair-trigger entry. In this case, if certain trade conditions are met, it may be possible take this trade on the four-hourly chart.

Figure 3



For the intrepid, the four-hourly chart shows an Elliott five-wave pattern developing within the context of an ABCD move. Because the lower timeframes are by definition choppier, it is important that the number of trades be limited. Thus, the 1828.30-1847.56 zone is selected. The upper level is the same the daily. The lower level is approximately two times the length of AB, after which it must be assumed that prices are trending too aggressively for the trade to be taken on this timeframe.

As with the daily chart, a bullish candlestick pattern will trigger the entry, and the trader would try twice (in the case of one trade being stopped out). This setup is potentially very lucrative, and acts as a counterpoint to the S&P trade setup previously written about. One would logically expect equity markets to be bullish in the case of a Trump win, whereas a Biden win would drive gold up. However, the market is currently not necessarily being rational, given that both instruments are setting up potential opportunities. Thus, this election, more than any other I have called trade setups in, relies heavily upon the chart itself as a setup.