

The Midas Touch Consulting Report 25th of April 2016

1. Market Update

Gold still moves within its sideways channel between \$1,225 and \$1,262. Since mid of February this sideways consolidation has been doing anything but to confuse market participants. I am not sure how much longer this will continue but experience tells me that before every major up move Gold usually shakes out most of the traders with a fierce pullback. Now that we are approaching May the seasonal pattern clearly points to lower prices. The worst case scenario is a sell off down to the rising 200 day moving average around \$1,140. But already the well established support zone around \$1,180-1,190 could very likely become the launching pad for a violent gold rally towards \$1,500. Timing-wise I expect this rally to start end of July or early August. The \$1,500 target is possible until spring 2017.

My call to buy physical silver below \$15 came right in time and we are already up nearly 15%.

This summer should bring us a dip in the precious metals sector and a good chance to buy Gold, Silver and the miners. Just be patient.

Moving on to Bitcoin, the cryptocurrency indeed has been breaking out of a multi-month triangle pattern and is slowly but surely gaining traction. I think Bitcoin will rather soon hit \$480-\$500. Remember our price target is \$800 and all we have to do now is to let our winnings run and manage our stops. We are up nearly 25%! If you want to learn more about this exciting "free market money" this [website](#) is a good place to start.

Overall, the surprise will be on the upside in all markets. I expect inflation to rise dramatically over the next 12-24 months. But short-term the US-Dollar seems to be ripe for a multi-week recovery or some form of a bounce which should put some pressure on precious metals, commodities and probably the stock-markets.

2. Bitcoin - \$500 we're coming!!



The long awaited breakout is now obvious to everybody. The multi-month triangle consolidation had a bullish ending. Our strategy is working out and we are now in the comfortable position to just move our stops. Next target is \$500. Don't expect Bitcoin to blast through the \$500 wall at the first hit. I guess we will need 2-3 attempts. A pullback at \$500 might offer another chance to buy Bitcoins into a dip. Let's watch the 50MA (\$422) for support and treat it as a possible target for any dip. Overall Bitcoin is in an uptrend and we just have to let our winnings run. If you're not invested don't chase it here!

Action to take: Hold your Bitcoins and let your winnings run. Don't buy here.

Stopp Loss: Keep your stopp at \$410

Profit Target: \$800

Timeframe 6 -18 months

Initial Risk(\$80) / Reward(\$430) = 1 : 5.4 (very good ratio!!)

Position Sizing: Don't risk more than 1% of your equity.

3. The Midas Touch Gold Model neutral since March 14th

The Midas Touch Gold Model 04/24/2016

Version 1.2

Gold USD - Monthly Chart	\$1,233.70	Buy Signal 02/08/16, reversal @ \$1,059.29	Bullish		
Gold USD - Weekly Chart	\$1,233.70	Buy Signal 01/26/16, reversal @ \$1,189.83	Bullish		
Gold USD - Daily Chart	\$1,233.70	Buy Signal 04/11/16, reversal @ \$1,224.47	Bullish		
Gold Volatility CBOE Index	17.21	Buy Signal 04/15/16, reversal @ 19.31 very low volatility	Bullish		
Gold CoT-Report	-240,121	Highest commercial short position since November 2012			Bearish
Gold Sentiment	60	Sentiment neutral		Neutral	
Gold Seasonality	April	Statistically +0.639%, negative cycle until mid of June	Bullish		
Ratio DowJones/Gold	14.59	Buy Signal 02/05/16, reversal @ 16.72	Bullish		
Ratio Gold/Silver	72.44	Buy Signal 04/12/16, reversal @ 85.07	Bullish		
Ratio Gold/Oil	28.20	Sell Signal 03/07/16, reversal @ 40.57			Bearish
Ratio Gold/Commodities (GNX)	3.54	Sell Signal 03/14/16, reversal @ 4.13			Bearish
SPDR Gold Trust Holdings (GLD)	805.03	Minus 10.11t during last two weeks			Bearish
Gold in \$, €, £, ¥	0 out of 4	Down against Dollar, Euro, Pound and Yen over 1 month			Bearish
Gold in Indian Rupee	82,097₹	Buy Signal 04/07/16, reversal @ 81,865	Bullish		
Gold in Chinese Yuan	8,013.9¥	Buy Signal 04/07/16, reversal @ 7,988	Bullish		
GDX Goldminers - Daily Chart	\$22.59	Buy Signal 04/08/16, reversal @ \$21.13	Bullish		
GDX Goldminers Sentiment	49	Neutral sentiment		Neutral	
US-Dollar - Daily Chart	95.08	Buy Signal 04/21/16, reversal @ 95.18	Bullish		
US-Dollar CoT-Report	-18,690	Commercials US\$ short position at neutral levels		Neutral	
US Real Interest Rate	-0.330%	3-month T-bill yield (0.23%) - change in the CPI (0.56%)		Neutral	

Summary

Gold Model is neutral/sideways

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Compared to my last public report we have only one new bullish signal:
US-Dollar Daily Chart

Two new bearish signals are coming from:
SPDR Gold Trust Holdings
Gold in \$, €, £, ¥

One signal has shifted to neutral:
GDX Goldminers Sentiment

My model has been neutral for more than five weeks now. Its conclusion remains to stay at the sidelines.

4. Gold's consolidation could morph into a correction but the mantra remains to buy the dip



It's been more than 10 weeks since gold finished its explosive move to the upside. Since then all we got has been a confusing sideways consolidation around \$1,250. Without a doubt gold has been holding up very well and still makes a strong impression. But the combined support of the 50MA (\$1,237), the grey neckline (\$1,224) and the lower Bollinger Band (\$1,214) is eroding slowly. The rising 200MA (\$1,144) is still way below the current price level. And according to the latest CoT-report smart money hedgers are holding the largest bet against gold since November 2012. Now that [spring](#) is approaching May typically is a pretty weak month for Gold. Therefore I don't see any need to chase the metal here. Instead my main scenario remains a pullback towards \$1,180 - 1,190 and I am pretty sure that the market will pay us for our humble patience.

On the upside gold needs a clear and decisive close above \$1,262 to end this sideways consolidation. In that case the next target zone around \$1,325 - \$1,345 should be met rather soon followed by a larger pullback.

Action to take: Buy the [VelocityShares 3xLong ETN](#) (UGLD) below \$10.00

Stop Loss: \$8.50

Profit Target: \$18.25

Timeframe: 8-10 months

Risk (\$1.50) / Reward (\$8.25) = 1 : 5,5 (very good ratio)

Position Sizing: Don't risk more than 1% of your equity

Investors should buy physical gold with both hands if prices move below \$1,150 again until you have at least 10% of your net-worth in physical gold and silver. As you know I have been pretty bearish during the last couple of years. Although I was always expecting lower prices I gave you clear buy limits for physical gold.

Following my recommendation you could buy below \$1,250, below \$1,150 and even below \$1,050 during the last three years. I have added these purchases with an average price of \$1,150 to the portfolio.

On a side-note, silver has finally joined the part.. But don't forget that the white metal always is late in the cycle. Here too commercial hedgers are heavily short and a deep retracement towards \$15.50 - \$16.00 would be no surprise. The recent rally stopped at the falling upper Bollinger Band on the monthly chart. It was clear that silver had no way to go but lower... Buy physical silver with both hands whenever prices move below \$15.50 again. The Gold/Silver-Ratio has topped and silver has a huge potential over the next couple of years. I recommend to split your full physical precious metals exposure into 2/3 in gold and 1/3 in silver.

5. Portfolio & Watchlist

Investment	Symbol	Ref.Date	Ref. Price	Current Price	Total Return	Status	Stop Price
Bitcoin long	BTCUSD	February 1, 2016	\$372.00	\$462.68	24.38%	Hold, keep your stop	\$410.00
Physical Silver	XAGUSD	April 1, 2016	\$14.88	\$16.96	13.98%	Buy more below \$15.50	-
Physical Gold	XAUUSD	April 1, 2013	Ø \$1,150.00	\$1,236.93	7.56%	Buy more below \$1,150	-
VelocityShares 3xGold ETN	UGLD	April 17, 2016	\$10.00	\$11.34	0,00%	Buy below \$10.00	\$8.50
iPath Grains ETF	JJG	March 17, 2016	\$30.80	\$32.68	0,00%	Buy below \$30.85	\$27.50
Gold Miners ETF	GDJ	February 1, 2016	\$17.00	\$22.49	0,00%	Buy below \$19,00	\$18.00
Junior Gold Miners ETF	GDJX	February 1, 2016	\$23.00	\$33.30	0,00%	Buy below \$27,00	\$22.00
Endeavour Silver	EDR.TO	December 24, 2015				Watchlist	
McEwen Mining	MUX.TO	December 24, 2015				Watchlist	
MAG Silver Corp.	MAG.TO	December 24, 2015				Watchlist	
Biotech iShares ETF	IBB	March 17, 2016				Watchlist	
S&P Biotech Bull 3x	LABU	March 17, 2016				Watchlist	
Gold short	XAUUSD	October 15, 2015	\$1,181.00	\$1,083.00	8,20%	Closed	-

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6. Long-term personal believes (my bias)

Officially Gold is still in a bear market but the big picture has massively improved and the lows are very likely in. If Gold can take out \$1,307 we finally have a new series of higher highs. If this bear is over a new bull-market should push Gold towards \$1,500 within 1-3 years.

My long-term price target for the DowJones/Gold-Ratio remains around 1:1. and 10:1 for the Gold/Silver-Ratio. A possible long-term price target for Gold remains around US\$5,000 to US\$8,900 per ounce within the next 5-8 years (depending on how much money will be printed..).

Fundamentally, as soon as the current bear market is over, Gold should start the final 3rd phase of this long-term secular bull market. 1st stage saw the miners closing their hedge books, the 2nd stage continuously presented us news about institutions and central banks buying or repatriating gold. The coming 3rd and finally parabolic stage will end in the distribution to small inexperienced new traders & investors who will be subject to blind greed and frenzied panic.

Bitcoin could become the "new money" for the digital 21st century. It is free market money but surely politicians and central bankers will thrive to regulate it soon.

If you like to get regular updates on our gold model, gold and bitcoin you can subscribe to my free newsletter here: <http://bit.ly/1EUdt2K>

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