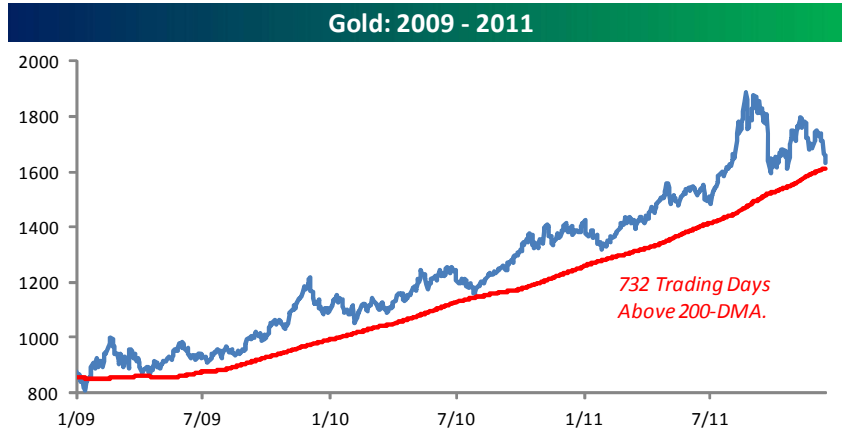


Gold Ends Longest Ever Streak Above 200-Day Moving Average

The price of gold just dipped below its 200-day moving average (DMA) for the first time since January 2009. If it closes below 1,612.80 today, the commodity will end what has been the longest streak of consecutive closes above its 200-day moving average since at least 1975. After rallying nearly 125% since the start of the current streak to its highs earlier in the year, gold has now declined by 16% and is up 88% since the current streak began.



While a break of the 200-day moving average is typically considered a negative technical development, we looked to see how gold has performed following prior streaks where the commodity went at least 250 trading days (about a year) without closing below the 200-DMA. As shown in the table below, while the current streak has been far and away the longest, there have been six prior streaks of 250 trading days or more.

Based on those prior periods, a close below the 200-DMA was not necessarily such a bad thing. Over the following week, month, three months, six months, and one year, the price of gold has averaged gains with positive returns two thirds of the time. While gold saw negative returns in the three, six, and twelve months following the end of its 1980 and 1988 streaks, following the four remaining streaks the close below the 200-DMA turned out to be a pause that refreshed for gold.

Gold Longest Streaks Above 200-DMA: 1975 - 2011

Start	End	Trading Days	Change in Price of Front Month Gold Future (%)				
			Next Week	Next Month	Three Months	Six Months	One Year
10/28/76	11/27/78	507	1.66	13.86	30.43	39.98	113.40
12/1/78	11/6/80	474	2.31	2.27	-16.89	-18.20	-29.01
6/17/86	1/28/88	408	-3.26	-5.09	-0.35	-3.99	-12.79
12/12/01	3/20/03	316	1.66	0.34	9.26	17.11	26.56
4/21/03	4/27/04	255	2.18	0.75	0.93	10.22	12.20
8/1/05	9/11/06	280	-1.84	-2.82	6.54	10.35	21.33
1/22/09	12/14/11	732					
Average			0.45	1.55	4.99	9.25	21.94
Median			1.66	0.54	3.74	10.29	16.76