

The Midas Touch Consulting Report 17th of July 2016

1. Market Update

Gold has seen some form of pullback last week. Either it will continue this pullback towards \$1,285 - \$1,305 or we've seen the lows on Friday already. Overall the price action remains bullish and the next rally seems to be just a question of time. Indeed, the CoT-numbers are awful and are calling for much lower prices but the commercials can sit through many months of rising prices as they have basically unlimited deep pockets...

The mining-stocks continue their impressive run. So far no sell signals. Instead a nice and clear uptrend. I am preparing a special report with a new recommendation to be released within the next couple of days...

Bitcoin continues to consolidate its massive breakout and spike that we have witnessed between mid of May and mid of June. So far Bitcoin is the best performing currency this year.

I have received some questions about my recent recommendation to buy the iPath Grains ETF. This ETF tracks an index of front-month grains futures contracts selected according to liquidity and diversity requirements. Currently the allocation is: soybeans 41.43%, corn 36.45 and wheat 22.12%. Especially wheat has been performing poorly since beginning of the year but is now entering its best seasonal cycle of the year which usually lasts until end of September/early October. While agriculture in general has been somehow lagging most of the other commodities I like the technical picture here. The ETF broke out of a massive bullish wedge in April (we missed this rally by just some cents), quickly gained more than 22% and has now retraced all those gains down to the former wedge resistance. So far a healthy technical test. The ETF should turn around to the upside. If not, we will execute our stop loss at \$27.50.

2. The Midas Touch Gold Model bullish since 24th of June

The Midas Touch Gold Model™ 07/16/2016

Version 1.2

Gold USD - Monthly Chart	\$1,337.70	Buy Signal 02/08/16, reversal @ \$1,119.29	Bullish	
Gold USD - Weekly Chart	\$1,337.70	Buy Signal 06/15/16, reversal @ \$1,225.97	Bullish	
Gold USD - Daily Chart	\$1,337.70	Buy Signal 06/24/16, reversal @ \$1,291.72	Bullish	
Gold Volatility CBOE Index	16.91	Sell Signal 06/29/16, reversal @ 20.98		Bearish
Gold CoT-Report	-325,452	Extremely high commercial short position		Bearish
Gold Sentiment	70	Sentiment shows excessive optimism		Bearish
Gold Seasonality	July	Statistically +0.205%, best seasonal cycle is starting now	Bullish	
Ratio DowJones/Gold	13.48	Buy Signal 02/05/16, reversal @ 16.47	Bullish	
Ratio Gold/Silver	65.91	Buy Signal 04/12/16, reversal @ 75.76	Bullish	
Ratio Gold/Oil	28.90	Buy Signal 07/07/16, reversal @ 24.52	Bullish	
Ratio Gold/Commodities (GNX)	3.70	Buy Signal 06/27/16, reversal @ 3.30	Bullish	
SPDR Gold Trust Holdings (GLD)	962.85	Minus 18.41t during last week		Bearish
Gold in \$, €, £, ¥	4 out of 4	Up against \$, €, ¥ and £ over 1 month	Bullish	
Gold in Indian Rupee	89,756₹	Buy Signal 06/24/16, reversal @ 87,928.6	Bullish	
Gold in Chinese Yuan	8,948.1¥	Sell Signal 07/14/16, reversal @ 9,186.6		Bearish
GDX Goldminers - Daily Chart	\$29.87	Buy Signal 06/24/16, reversal @ \$28.54	Bullish	
GDX Goldminers Sentiment	44	Sentiment neutral		Neutral
US-Dollar - Daily Chart	96.56	Sell Signal 06/24/16, reversal @ 94.61		Bearish
US-Dollar CoT-Report	-19,254	Commercial short position at neutral levels		Neutral
US Real Interest Rate	-0.393%	3-month T-bill yield (0.32%) - change in the CPI (0.713%)	Bullish	

Gold Model is in Buy/Bullish Mode since 24th of June 2016

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Compared to my last public report one week ago we have the following changes:

Two signals shifted to bearish readings:

SPDR Gold Trust Holdings
Gold in Chinese Yuan

One signal improved to neutral:

GDX Gold Miners Sentiment

Overall the model remains in bull mode. Last week ETF demand has been falling for the first time since many months! Another interesting factor is the model's signal for the gold price in Chinese Yuan. It's impressive that this signal always comes earlier than the signals in other currencies. At the same time the sentiment numbers for the gold-miners have cooled down and are close to a buy signal. The gold-miners are in a massive bull-run and don't want to let anybody on board who missed the train so far. A final observation is that real interest rates in US keep digging deeper into negative territory, mainly because of rising consumer prices (e.g. oil and many commodities are up.). This signal alone is one of the most bullish factors for gold!

3. Gold – Some form of pullback confirmed, but ...



Last Monday gold posted a red candlestick. By Tuesday it was clear that there was no more immediate chance for the "embedded stochastic super bull scenario". Consequently gold started a pullback and already gave back more than \$50 from its recent highs.

On Friday some short-term indicators have become oversold so don't be surprised if we get a strong start into the new week. It's also possible that this pullback is already done, but on the daily chart it would take more downside action before the chart will reach oversold territories and would be offering a good risk/reward-ratio. Ideally this pullback will extend over the next 1-3 weeks down to \$1,285 - \$1,305 where you should buy and add to your positions. Otherwise if the bulls will be able to push gold back above \$1,355 the rally towards \$1,415 should continue.

Overall gold is on the way to \$1,500 - \$1,530. The next target zone is \$1,390 - \$1,430. Our mantra remains to buy the dips! Even if I repeat myself: Don't short this baby bull, please. Once we reach levels around \$1,500 it might be a good idea but not now. Just remain patient and humble. The market will offer new opportunities all the time.

Action to take: Buy the VelocityShares 3xLong ETN (UGLD) below \$13.00 (be patient, this could take time)

Stop Loss: \$11.20 (you're risking 13.85% of your position)

Profit Target: \$18.25

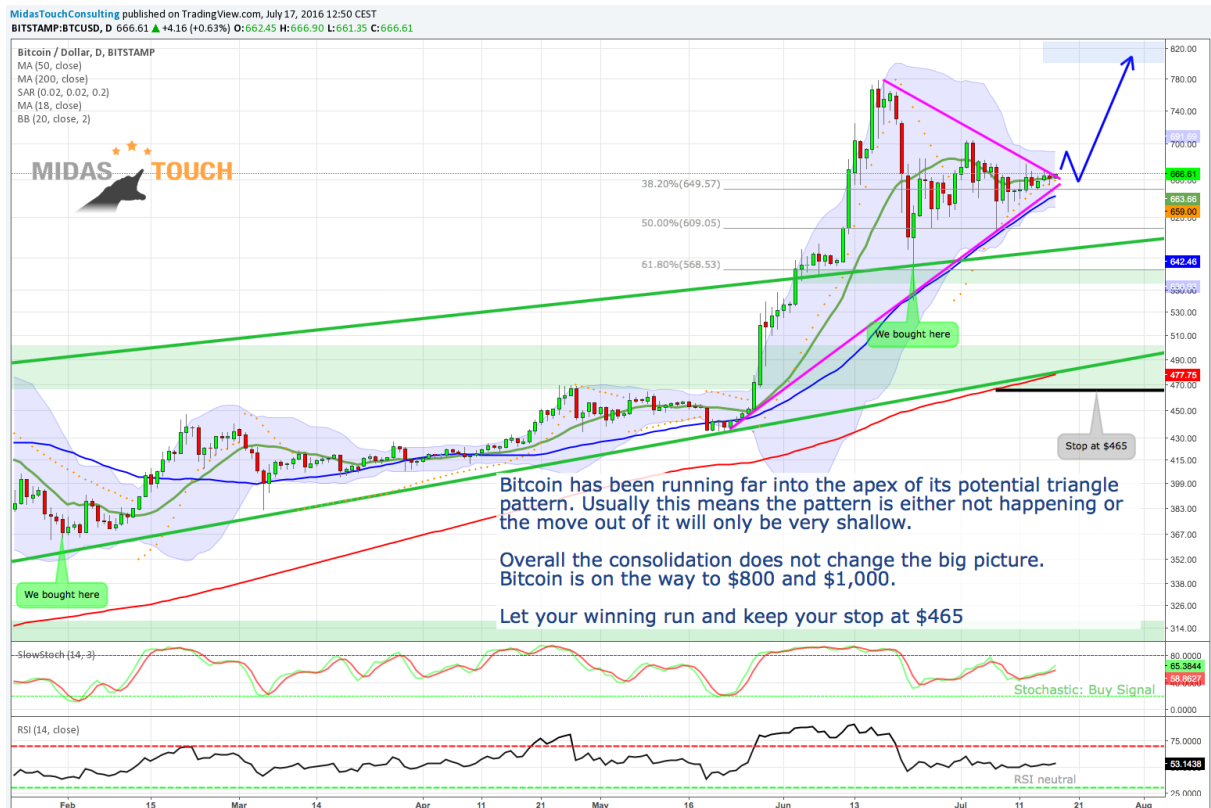
Timeframe: 2-9 months

Risk (\$1.80) / Reward (\$5.25) = 1 : 2,91 (acceptable ratio)

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

Investors should buy physical gold with both hands if prices move below \$1,250 again. As well buy silver below \$18,00. Buy both metals until you have at least 10% of your net-worth in physical gold and silver. But do not over expose yourself neither. 25% of your net-worth in precious metals should be the absolute maximum. If you want to be more aggressive put 2/3 into silver and 1/3 into gold.

4. Bitcoin – let your winnings run



Bitcoin is in a new bull-market and we have two positions which are nicely up. Against the US-Dollar Bitcoin has been running far into the apex of its potential triangle pattern. Usually this means the pattern either is not happening or the move out of it will only be very shallow.

Anyways, the ongoing consolidation does not change the big picture for our favorite cryptocurrency and this potential future money of our planet. Bitcoin is on the way to \$800 and \$1,000. Let your winnings run and keep your stop at \$465. We're fully invested and don't need to do anything else.

Action to take: Hold your bitcoins.

Stop Loss: Move your stop to \$465 (end of the day stop)

Profit Target: \$800 and \$1,000

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.

5. Portfolio & Watchlist

Last week two of our limits got filled. Now we are not only invested in precious metal and cryptocurrency but also in Bio-Tech and soft-commodities. My goal is to create a well diversified and extremely profitable portfolio.

I continue to believe that over the next couple of years everything is likely moving up together with precious metals being the strongest asset class.

Action to take: Buy the iShares Nasdaq Biotech (IBB) below \$267.00

Stop Loss: \$240.00 (you're risking 10.11% of your position)

Profit Target: \$400.00 and \$796.00

Timeframe: 12-48 months

Risk (\$27.00) / Reward (\$133.00) = 1 : 4,9 (awesome ratio)

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

Only if you are an experienced trader you can:

Buy the S&P Biotech Bull 3x ETF (LABU) instead below \$33.50.

Stop Loss: \$22.00 (you're risking 35.5% of your position!!! very risky!!!)

Profit Target: \$240.00

Timeframe: 22 months

Risk (\$11.50) / Reward (\$206.50) = 1 : 17,95 (extreme ratio due to leverage)

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

Action to take: Buy the iPath Grains ETF (JJG) below \$31.00

Stop Loss: \$27.50 (you're risking 11.29% of your position)

Profit Target: \$47.50

Timeframe: 6-24 months

Risk (\$3.50) / Reward (\$16.50) = 1 : 4,7 (pretty good ratio)

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

Action to take: Buy the VelocityShares 3xLong ETN (UGLD) below \$13.00 (be patient, this could take time)

Stop Loss: \$11.20 (you're risking 13.85% of your position)

Profit Target: \$18.25

Timeframe: 2-9 months

Risk (\$1.80) / Reward (\$5.25) = 1 : 2,91 (acceptable ratio)

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

Investment	Symbol	Ref.Date	Ref. Price	Current Price	Total Return	Status	Stop Price
Bitcoin long	BTCUSD	February 1, 2016	\$372.00	\$661.61	79.20%	Hold, keep your stop	\$465.00
Endeavour Silver Corp.	EXK	May 15, 2016	\$2.90	\$4.86	67.59%	Hold, move your stop	\$2.90
Physical Silver	XAGUSD	April 1, 2016	\$14.88	\$20.17	35.55%	Buy more below \$18.00	-
Bitcoin long	BTCUSD	June 22, 2016	\$570.00	\$661.61	16.95%	Hold, move your stop	\$465.00
Physical Gold	XAUUSD	April 1, 2013	Ø \$1,150.00	\$1,337.19	16.28%	Buy more below \$1,250	-
iPath Grains ETF	JJG	July 11, 2016	\$30.97	\$30.74	0.74%	Buy below \$31.00	\$27.50
S&P Biotech Bull 3x	LABU	July 13, 2016	\$33.50	\$33.17	0.99%	Buy below \$33.50	\$22.00
Biotech iShares ETF	IBB	March 17, 2016	\$245.00	\$272.53	0,00%	Buy below \$267.00	\$240.00
VelocityShares 3xGold ETN	UGLD	April 17, 2016	\$10.50	\$13.58	0,00%	Buy below \$13.00	\$11.20
Ether long	ETHUSD	May 24, 2016	\$12.98	\$10.95	0,00%	Remain patient & buy below \$8,00	\$5.50
Gold Miners ETF	GDX	February 1, 2016	\$17.00	\$30.54	0,00%	Remain patient & buy below \$21,50	\$17.50
Junior Gold Miners ETF	GDXJ	February 1, 2016	\$23.00	\$49.41	0,00%	Remain patient & buy below \$33,00	\$25.00
Gold short	XAUUSD	October 15, 2015	\$1,181.00	\$1,083.00	8.2%	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. Gold was able to push above the Januar 2015 high at \$1,307 and we finally looking at a series of higher highs. If this bear is over a new bull-market should push Gold towards \$1,500 - \$1,530 and Silver towards \$25.00 within the next 8-24 months.

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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