

Gold is near three month highs Performed well Vs Equities.

Gold (GLD) performance:	Up 1.2%
S&P 500 (SPY) Performance:	Down 8.8%
NASDAQ 100 (QQQ) Performance:	Down 11.18%
S&P Small Cap 600 (IJR) Performance:	Down 12.8%

There are four major asset classes money flows though. 1) Money market/Cash) Equities, 3) Bonds and interest rates sensitive securities and 4) Commodities including real estate. Most commodities have been poor performers so have equities. Money Market and Bonds have been doing ok but not without their detractors. Money markets are usually a holding spot until one decides which of the other three asset classes' one wants to be in.

Gold has a place in investing as a safe haven and a trade. This safe haven is mostly as an alternative currency from "your" country's currency declining or all paper currencies losing purchasing power as they do over time. In this environment gold usually does well. Gold also does when inflation is rising or at a high level or inflation expectations are high. It is also a run to safety on a short term basis when one asset class, like equities now, is under pressure. Unfortunately one never knows when a short term trade in gold turns into a longer term trend. That is why so many traders trade gold simply by monitoring its moving averages. Of the three major moving averages watched, the 50-day, 150-day and 200-day, gold is now above its 50-day – above its 150-day and very close to crossing above its 200-day moving average. This says gold is on a short-term and intermediate-term buy signal and very close to going on a long-term buy signal.

If working with gold, a good strategy to use the price crossing moving averages on a scale in or scale out basis. Listening to the press on the Why's behind gold rarely will make you money.

LOTM prefers Miners to Bullion.

Articles related to gold.

[Gold Resilient as This Year's Best Commodity as Stocks, Oil Wilt](#)

[Ranjeetha Pakiam](#) - BloombergBusiness Feb 3, 2016

The "market situation suggests that gold is one of the beneficiaries of the market gyrations," Bob Takai, chief executive officer and president of Sumitomo Corporation Global Research Co., said by phone. "I'm not sure if the Fed will really continue to raise interest rates for the rest of the year," he said, citing recent U.S. growth data.

[Oil Prices Could Jump 50% by the End of 2016](#)

[Ben Sharples](#) BloombergBusiness February 3, 2016

Supply is falling and demand is increasing. By year-end 2016 demand could begin overtaking supply.

[Gold is 2016's most beloved asset](#)

by [Matt Egan @mattmegan5](#)

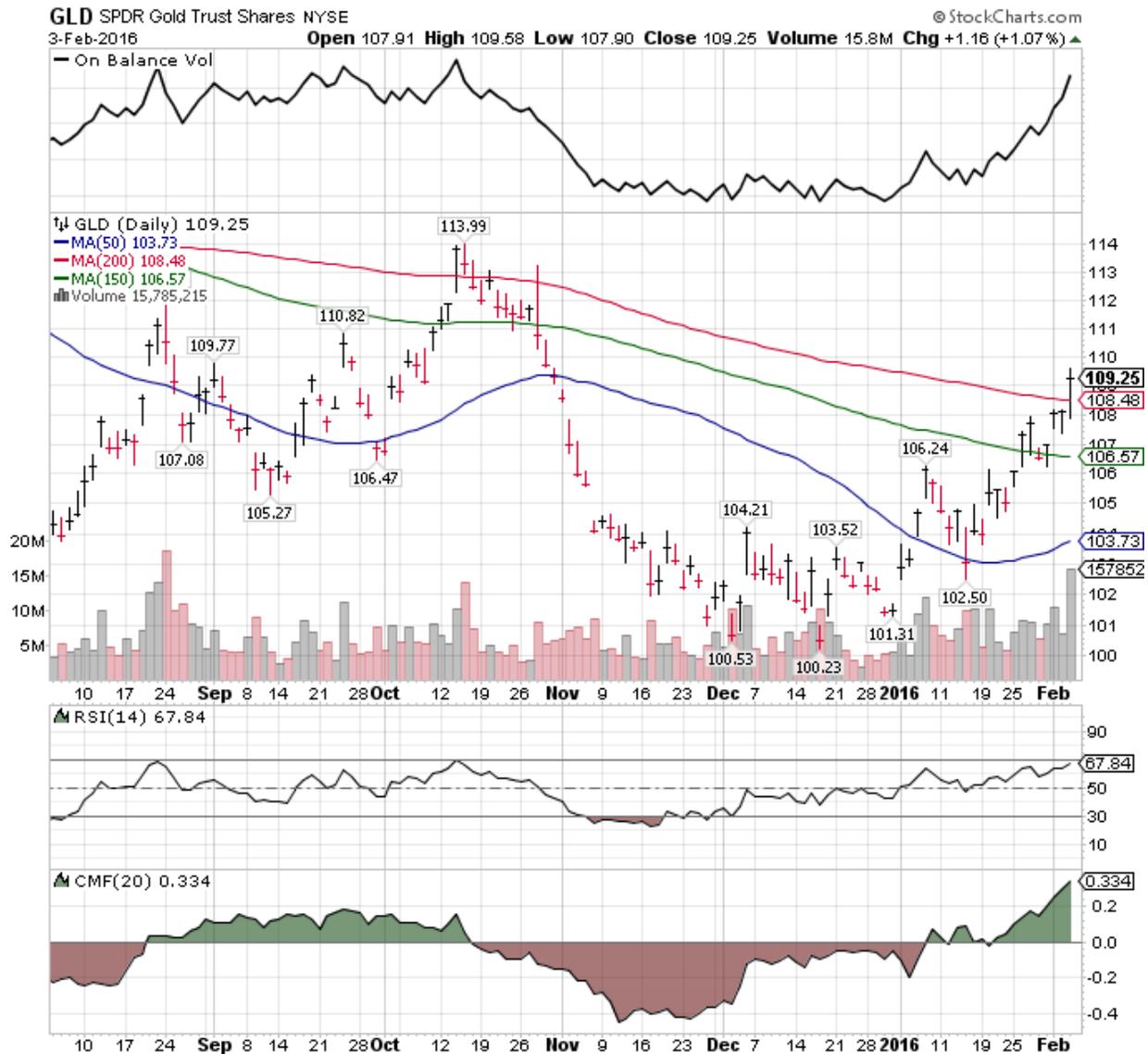
Gold is crushing everything else for performance in 2016. "Gold is the winner of that game because it has the least industrial use so it's least affected by the global slowdown," said Axel Merk, founder of Merk Investments, which now holds about 20% of its assets in gold.

[Mining.com](#)

[Faber upends Fed-gold price narrative](#)

[Frik Els](#) | Dec. 21, 2015,

"Buy gold and miners before mid-year 2016 while prices are still cheap." Marc Faber



Six month Chart of the Gold ETF (GLD) from StockCharts.com, Feb 4, 2016

* An account related to LOTM holds a position in this security.