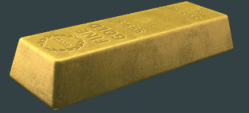


How to Trade Gold in 2021?



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WHAT IS GOLD?

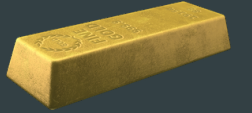
Gold is a special and rare metal, the physical and chemical characteristics of which have always fascinated humankind. Gold is extremely ductile and malleable metal, which has always lent itself well to jewelry work. Its superior electrical conductivity and various other physical/chemical features have rendered it indispensable in modern electronics. Its value never questioned, gold has always been a centerpiece of the ambitions of those looking to acquire wealth and power through it. The top gold producing countries are interestingly those with the largest economies. China, Russia, the US, Canada, Australia and South Africa are right up at the top of the gold pops.

Factors that drive the price of gold

Gold is generally considered a safe haven asset, for obvious reasons. As such, it makes a great refuge for investors in times of geopolitical strife and uncertainty. Market meltdowns can produce an exodus to gold as well, so these are definitely factors to consider when analyzing the price of gold.

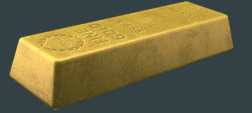
Other such price-drivers are:

– the value of the USD. The two seem to be inversely correlated. When the USD value goes down, the price of gold tends to go up. This happens because a weak dollar increases the value of other currencies, which in turn increase demand for commodities.



- central bank reserves. Central banks amass gold as a reserve asset. Exactly why they do it is subject to discussion, but the safe haven nature of the metal is obviously a major factor in this regard as well.
- interest rates. This correlation is somewhat less obvious. Some would say it may not even exist. The bottom line in this regard is however that the price of gold tends to go up when the money supply is plentiful and it goes down when there's not enough money to go around.
- demand on the part of the jewelry industry
- Gold is a good instrument to hedge against higher inflation

When the global economy is experiencing a downturn or there is heightened global economic or geopolitical risk, the global investor would seek to look for a safe haven-Gold is a safe haven asset. Gold is extremely rare, beautiful, portable, transferable, divisible without losing value, and virtually indestructible. Very few things on this earth can meet all those criteria, and that is why it is the most perfect form of money humankind has ever found-that is why in risk environment investors take out their funds from stocks and are buying Gold. During normal economic conditions when economy is growing steadily without high inflation and there are no geopolitical risks investors prefer to buy stocks and sell Gold, Gold investment is not paying dividends like the stocks , so there is no dividend yield and also to hold and store physical Gold is connected with expenses (with other words the cost of carrying, holding gold). Gold enters in bullish trend when FED starts lowering interest rates and fear of slowing of economy and eventually recession emerge - a good example of this is the current situation due to corona virus pandemics. Gold is supposed to be a safe haven asset that will retain at least some of its value if other asset classes are falling in value. So the likelihood of equities, bonds and other assets falling in tandem has to be assessed before piling into gold . Gold holdings provide no income and the price can be volatile, historically holding up best when equities are falling. Gold is more volatile during days when central banks are deciding for interest rates and when economic data for consumers and producers price indexes are released-since gold is dependent on interest rates levels



Trading gold in today's online markets allows investors to profit from daily price movements or long term trends

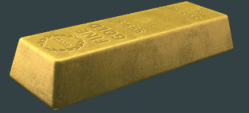
Gold futures – Gold futures and micro futures contracts agree a fixed price for the commodity at a specific date in the future. Because gold futures are traded on exchange platforms, they promise more leverage than dealing in physical gold. Returns are dependent on the fluctuations in price between the time the contract is agreed and the expiry.

Gold CFDs – Gold contracts for difference (CFDs) are short-term orders to buy or sell a fixed amount of gold. Gold CFDs have a set expiry. Returns made trading on gold CFDs will depend on price changes during the contract.

Gold ETFs – Gold exchanged-traded funds (ETFs) are usually purchased from a broker or stock exchange. They allow you to buy a pool of securities, commodities for example, without having to purchase all the individual assets. Costs are low but the value of the ETF is tied to the price of gold.

Trading Gold In Forex

Gold is effectively a currency in the forex market. It is nearly always traded against the US dollar with the code XAU/USD. As a result, your strategy needs to track movements in the US dollar. An increase in the price of the US dollar could push the value of gold down. So keep abreast of forex news websites for tips on upcoming trends and analysis. Note gold trading hours on Forex websites often run continuously around the clock . When stocks aren't performing well, people move to gold. In contrast, when stock market forecasts are strong, gold trading levels fall. A quick look at gold's price history and you'll see predictions today are guided by geopolitical forces. Uncertainty in the financial markets will cause businesses to hurry to gold, pushing prices up. So get familiar with a map of the world and brush up on basic economics to ensure you're well prepared.



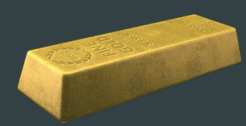
Steps to trade gold according price action and patterns

1. Look for a trend - higher lows and higher highs this is an uptrend and the price should be above 200 moving average on a daily graphic, or downtrend where the price is below 200 moving average we have lower highs and lower lows, the picture below (graphic 1) is an example for an uptrend for 9 days and on the 10th day the price does not make a new high and on the 11th-day price goes higher but the candle is red -this a signal that the price could go lower or a period of consolidation will take place.

How to trade this trend -the first day you see that this day we have a green candle which closes above the high of the previous day, which is a red candle-this is a bullish signal, so your stop loss should be 20-30 points below the low of this green candle (first day). the next day we have a green candle also and you can move your stop loss below the low of the second green day and you can continue in the next days to move up your stop loss in order to ensure your profit. Your profit you can take it any time you want or wait for a confirmed signal that the trend is exhausted as it happened on 10-11th days, you can also ask for information from your broker.

See graphic 1 - gold uptrend





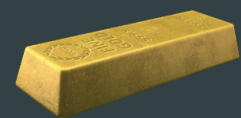
2. Look for consolidation where price moves in a range for certain period of time

3. Look for a break of this range, which can be the break of the highest price of the range and the candle closes above or at the highest price of the range to continue the uptrend, or the opposite to break the lowest prices of the range and close below it then the trend is expected to change downwards. As you see on graphic 2- first time this happens the uptrend continues, later price goes back in the consolidation zone, the second time the price closes above the consolidation zone a strong uptrend follows.

See graphic 2



Consolidation period is very important for every asset, including Gold. It is also called accumulation and distribution periods, they can last some days or shorter depending on economy data or other news, which can be catalyst for new trends. During these periods big institutional players make their strategy for investments and when the consolidation period is over one can expect big movements up or down. Usually technical patterns are used to confirm that the period of consolidation is over. Such patterns are wedge, flag, triangles and others . On graphic 3 you can see a wedge formation followed by big uptrend for GOLD

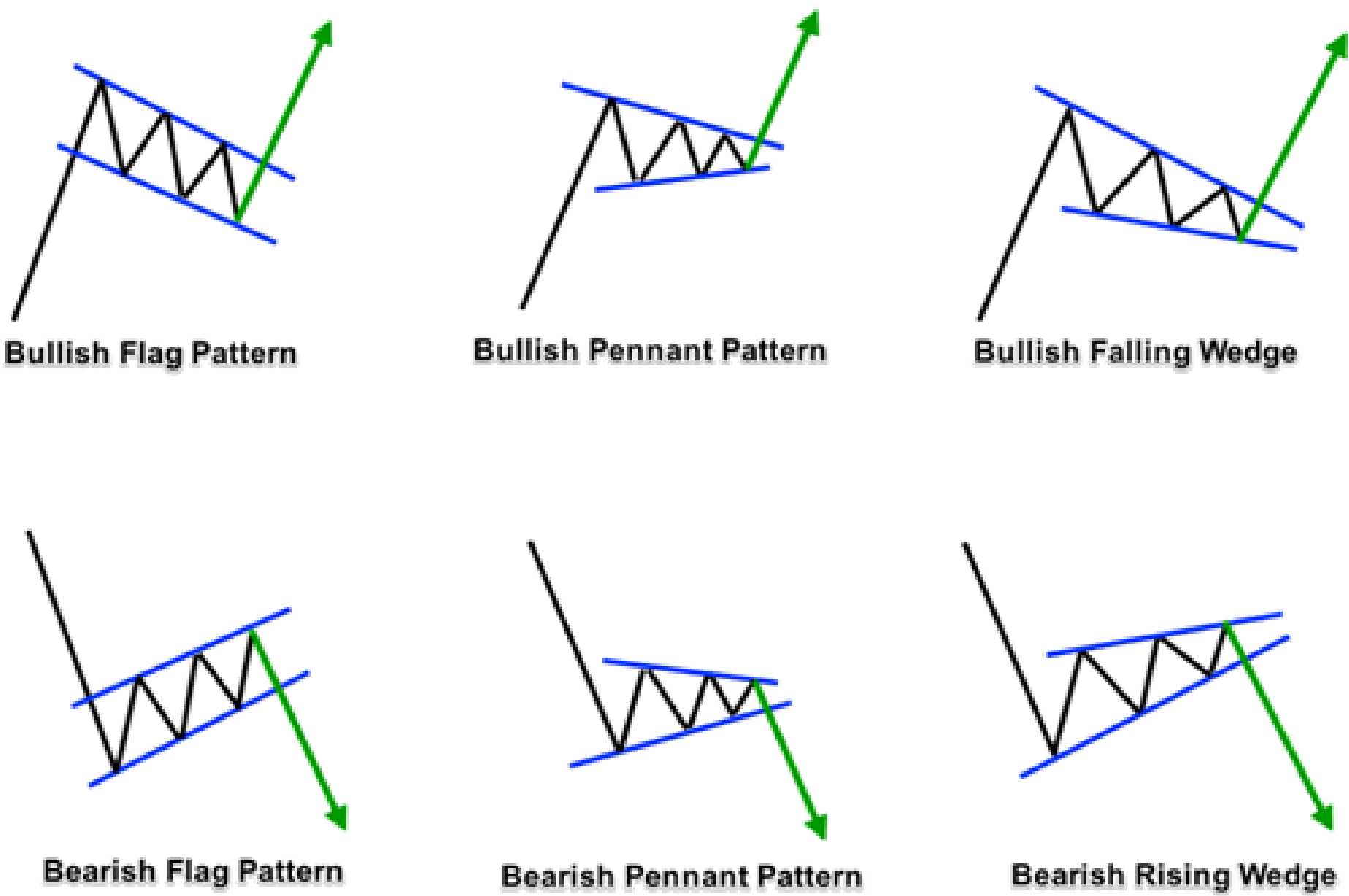


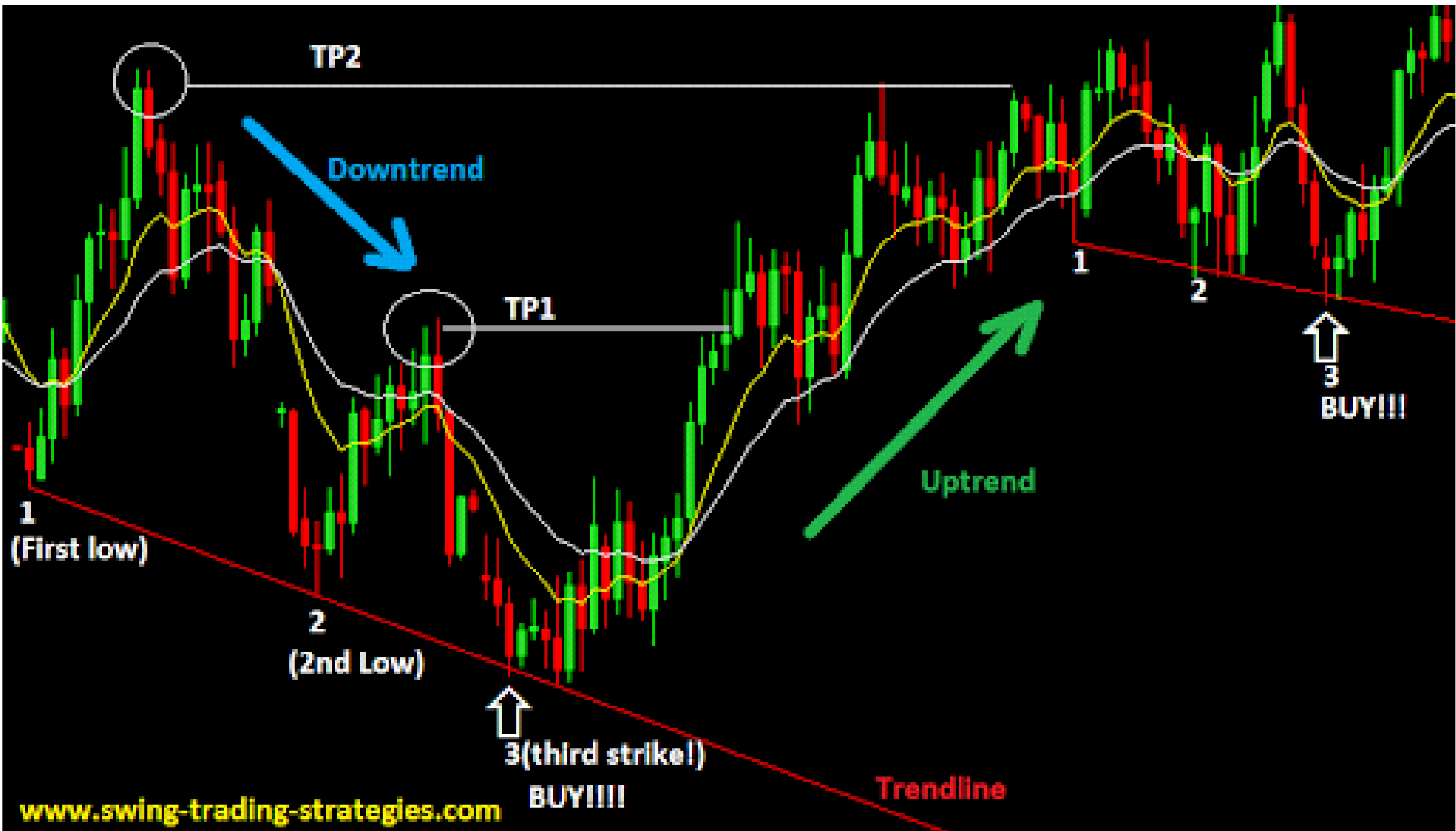
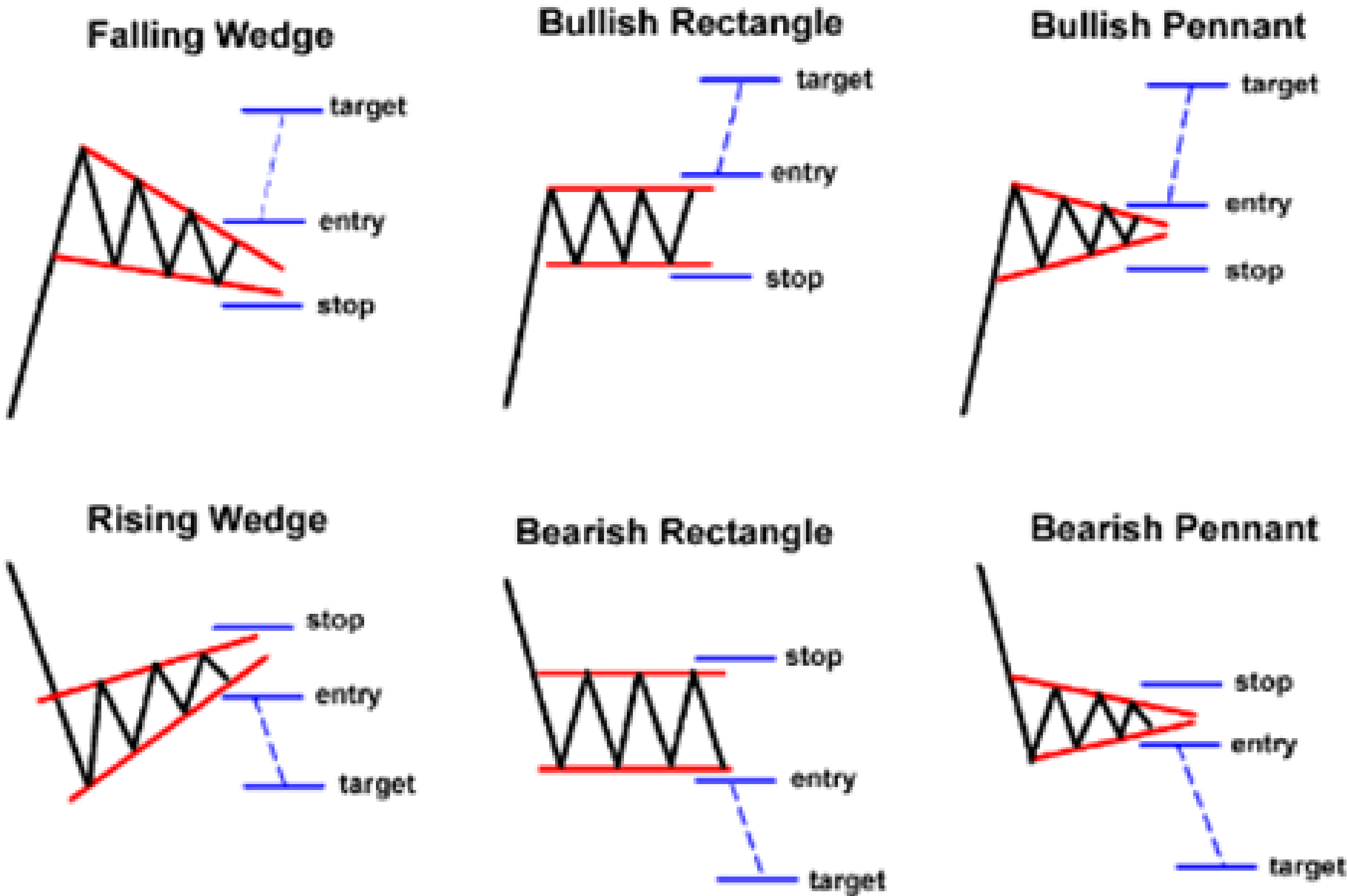
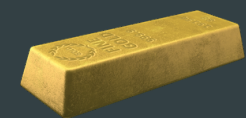
In the ellipse the price does not close above the downtrend line, the first time it tries to do it is false since it is not confirmed in the next day , on the contrary the second attempt is confirmed and strong upward move follows. The horizontal line is the support and the stop should be below it. Another consolidation follows in a rectangle and the uptrend continues after that.

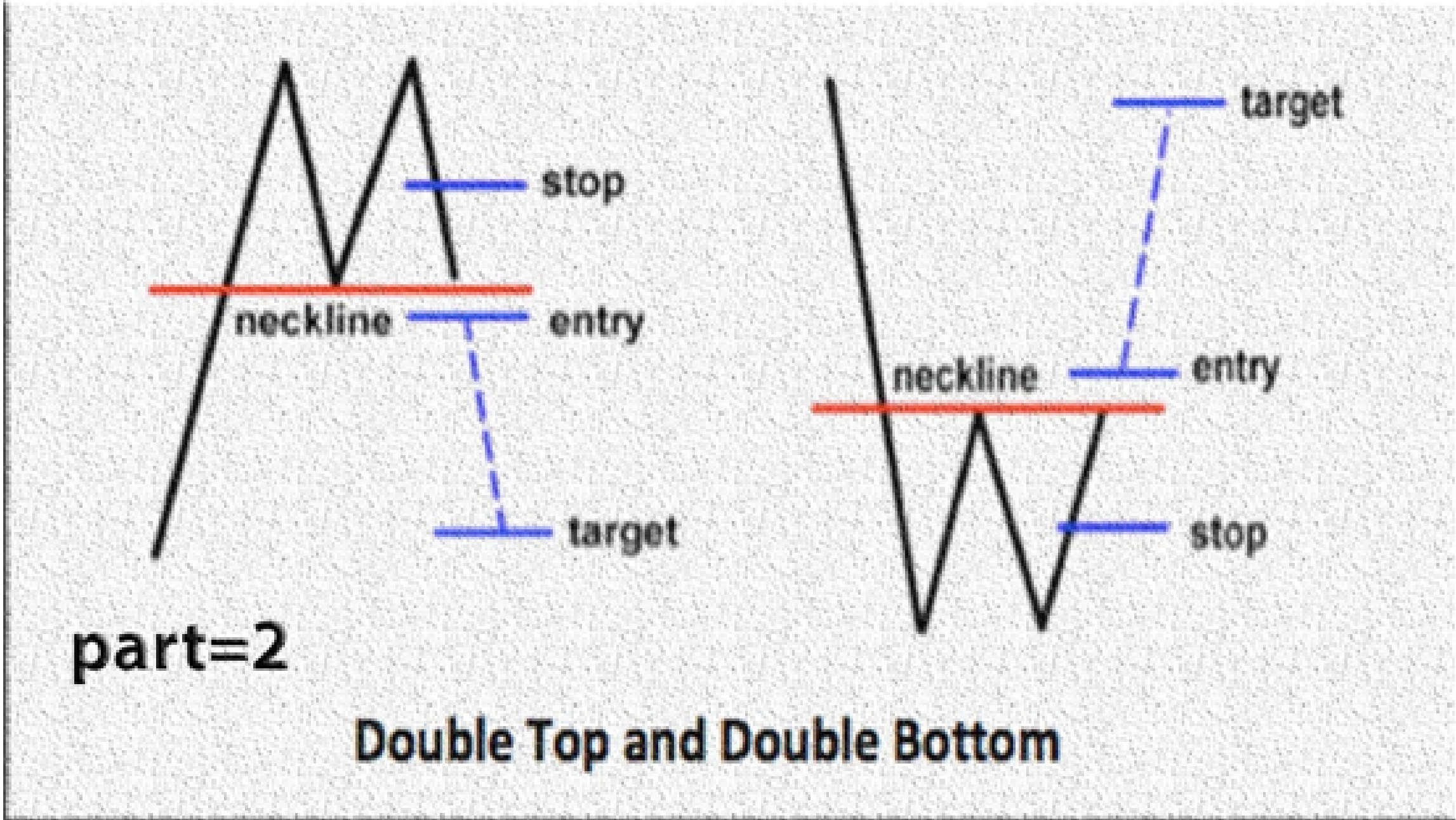
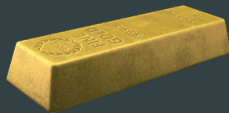


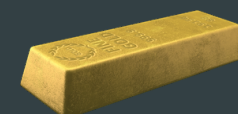
Patterns-some examples:

Continuation Chart Patterns Cheat Sheet









WHY TO TRADE GOLD

Gold is a liquid asset, which means that you can at any moment you decide to open a position, to put your stop-loss order and profit take order, and to exit from a position as quickly as you want. Gold is comparatively easily predictable in its movements. Essentially, our specialists can help inform you of predictions and market outlook. Keep an eye out for extra learning resources that offer details of alternative gold trading methods too. Key trading times around the world may vary, but the popular commodity is almost always available.-which means one can trade it 24 hours a day. Note gold trading times may vary over weekends and holidays. The benefits of trading gold include its hedging ability against inflation. In contrast to most traditional currencies, gold retains its purchasing power during inflation. Gold also stands its ground during periods of global instability, even as the price of other assets fall. Finally, there is a range of financial instruments available to trade with gold, from E-micro futures to stocks and gold bonds.

How do I start trading in gold today

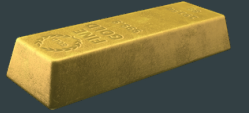
Set up an online trading account, decide on your risk parameters, and choose a gold trading financial product, such as gold stocks, futures, and CFDs. Trade only with regulated brokers-they will act in your best interest.

What's the minimum account investment needed to trade gold?

It is good to start with at least 500\$, but best preferable amount is 2000 - 5,000\$-why? :

1. Imagine you opened one position in gold and you want to add one more position in gold, since market goes in your direction and you feel that adding more gold you can win more - the larger your initial capital, the larger the volume you will be able to trade.
2. Imagine you have opened a position in gold, but you want to trade also another asset, you can do it only if your initial capital allows you to cover your positions since you trade on leverage basis.
3. You can decide to make your own portfolio of stocks, and in time of uncertainties you can hedge your positions with gold.

Opening an account with 5,000 \$ does not mean that you will loose them. You can place stop loss orders and in this way you can determine how much of your capital you can risk. For example you can risk 30\$ in order to win 60-90\$ i.e 1:2, 1:3 risk reward ratio.



Is trading gold suitable for beginners?

With the wealth of online resources and products available at today's online gold markets, it's a popular commodity for novice traders. Our specialists can give you at any time assistance.

Remember that spread betting and CFDs are leveraged products, so you will only need to deposit a small percentage of the overall value of the trade. Profits and losses will be based on the overall value of your position.

Think about your risk management strategy. Consult our money and risk management guide in order to place the appropriate measures in your trading strategy. We advise all of our clients to consider using a stop-loss order to reduce their losses to the absolute minimum.

Research when is the best time to trade gold. Certain political and economic events per region can have an effect on the price and volatility of the commodity market. This means that the risk of gold investment can either pay off or cause serious losses. Use our news and analysis page to keep aware of any changes to the gold market that may affect your trade.

Monitor price movements. Keep up with the latest trends of your gold trade online using a range of our technical indicators.

Implement sound money management principles and position sizing techniques appropriate to the amount of money you have in the account and your risk tolerance. The use of stop-loss orders and other risk management techniques is also recommended.
