

# Investment Committee Report

Date: August 16, 2025

**Investment Idea: Short XAU/USD (GOLD) at current price 3339.455**

## Rationale / Drivers

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The Elliott Wave analysis indicates that XAU/USD is nearing the completion of a major Wave 5 after a historic rally from approximately \$1,600 to around \$3,400. Wave 5 has extended to 161.8% of Wave 1, with key resistance between \$3,300 and \$3,400. The RSI is extremely overbought (85-90) and shows bearish divergence, a pattern historically preceding significant corrections. Candlestick patterns reveal indecision and potential exhaustion near the \$3,300-\$3,400 resistance zone, including doji and spinning tops, and a possible double top formation.

Seasonality analysis suggests weak summer months but bullish strength typically from September to January. However, current overbought conditions and bearish technical signals override this seasonal strength in the short term.

Additional technical indicators show mixed short-term EMA and SMA signals (mostly short), while longer-term moving averages (EMA 100, EMA 200) remain long, indicating a complex technical environment. The price is consolidating within a symmetrical triangle pattern with critical support near \$3,300-\$3,310 (20-week moving average) and resistance near \$3,438-\$3,440.

Macroeconomic factors include recent U.S. inflation data (PPI +0.9% in July) and strong employment figures, which have dampened expectations for aggressive Federal Reserve rate cuts, capping gold rallies. Geopolitical events such as U.S.-Russia talks and Fed policy decisions remain key catalysts.

## Risk / Reward

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- **Entry Level:** Current price at 3339.455
- **Stop Loss:** \$3,480 (above recent highs and resistance zone)
- **Targets:** Primary targets at \$3,025 (23.6% Fibonacci retracement) and \$2,795 (38.2% Fibonacci retracement)
- **Risk/Reward Ratio:** Approximately 1:3.5
- **Exposure:** Position sizing should limit risk to a maximum of 2% of portfolio per trade
- **Drawdown Impact:** Stop loss placement limits maximum drawdown; scaling out at target levels recommended

## Timing

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- **Entry Level:** Around current price 3339.455
- **Catalyst:** Technical exhaustion signals, bearish RSI divergence, and resistance at \$3,300-\$3,400 zone
- **Timeframe:** Short to medium term correction expected within 4-8 weeks

## Attribution / Context

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This investment idea is derived from a combination of Elliott Wave analysis, Fibonacci retracements, RSI divergence, candlestick pattern recognition, and cyclical projections. The confidence score is moderate to high given the convergence of multiple technical signals and seasonal patterns.

The idea fits within the broader portfolio context as a tactical short exposure to hedge against potential corrective phases in gold after a prolonged rally. It complements longer-term bullish positions by managing risk during expected consolidation or pullback phases.