

CHARTING ASIA with Daryl Guppy, CNBC Contributor

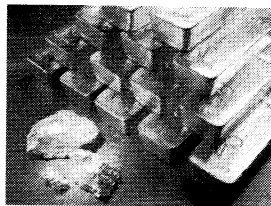
Gold Will Collapse Like Oil Did in 2008: Charts

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The gold price has moved quickly and it has developed an important new uptrend characteristic. This so-called 'parabolic' trend is a dangerous type with a high probability of a sudden collapse.



The original breakout above the psychological resistance level near \$1,000 was a breakout from a trading band. Using the trading band the first price target projection was near \$1,080. This was achieved quickly.

The same trading and projection method is used to set the next higher target. This target is near \$1,160. This target has a high probability it will

be achieved.

The breakout above \$1,000 started with the characteristics of a rally. The rally has been fuelled by a number of reasons: large buying activity of central banks in particular India's Central bank, the decline in the US Dollar, and the anticipation of continued low interest rates in the U.S. among them.

A strong rally breakout typically develops into a sustainable and reliable trend, characterized by retreat and rebound activity within the new up trend development.

However, in the past week, the nature of the rally breakout has changed dramatically. It's no longer a normal uptrend, but best described as a parabolic trend.

The parabolic trend is a curved trend line that captures the acceleration of price. The trend will eventually develop into a vertical line, which is used to define the end of the rising trend.

The characteristic of the parabolic trend is that the trend collapses very rapidly when price moves to the right of the trend line.

The parabolic trend line is divided into three sections:

In the first section the parabolic trend is difficult to recognize. In



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