

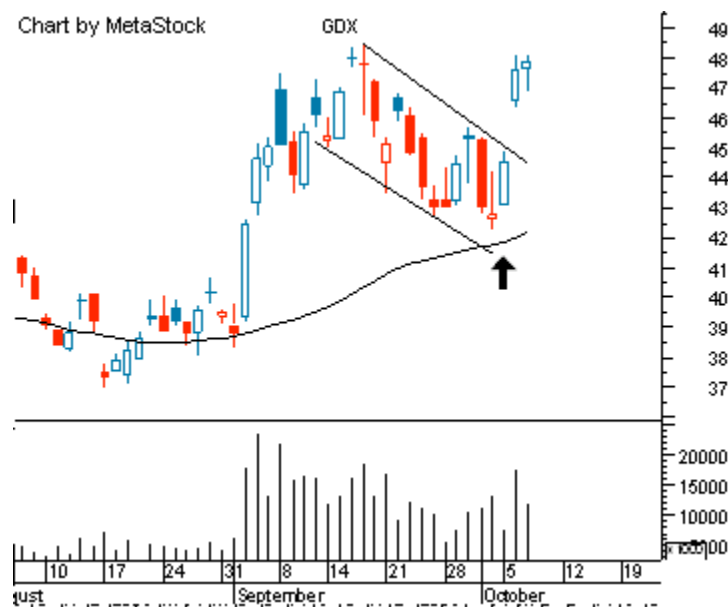


4 Must-See Gold Charts

Posted: Oct 07, 2009 16:33 PM by [Casey Murphy](#)

The price of gold has reached record highs this week and has understandably resulted in a renewed interest in gold mining stocks. As you can see from the charts below, the rising commodity price has helped send the price of many gold stocks above the [resistance](#) of a well-formed bullish [flag](#) formation, which from a technical perspective is a signal of a continued run higher for the players in this sector, despite conflicting chatter in the media.

Taking a look at the daily chart of the **Market Vectors Gold Miners ETF** (NYSE:[GDX](#)), an index that attempts to track the performance of the AMEX Gold Miners Index, you can see that the price has recently bounced off the support of its 50-day [moving average](#) and has gapped above the resistance of a bullish flag formation. The combination of these two technical developments suggests that the stocks in this index should continue to outperform other areas of the market on a relative basis. Let's now examine the charts of other major gold stocks.



Goldcorp Inc. (NYSE:[GG](#)) - The chart of GG (below) looks nearly identical to that of GDX shown above. The recent move above the \$40 mark has caused bullish traders to set their sights on the September high near \$43. In the event that the price is able to move above the resistance of the September high, most technical traders will likely set their targets near the all-time high around \$52. Based on the weekly chart, there seems to be very little resistance between these two levels, making GG a good candidate for traders looking to profit from higher gold prices. (For related reading, check out [8 Reasons to Own Gold.](#))



Yamana Gold Inc. (NYSE:[AUY](#)) - Taking a look at the daily chart of AUY, you can see that it has experienced the same sort of short-term momentum as shown in the charts above, but is nearing a zone of resistance around \$12-\$12.25 that could potentially put a stop to the rally. If the bulls manage to send the price above this resistance in the months ahead, it could lead to significant upside. This chart is creating an interesting [risk/reward](#) setup for those willing to risk that the price will not fall back below the nearby support (shown by the red horizontal trendline near \$10). Another gold stock with a very similar chart that is worth checking out is **Randgold Resources Limited (Nasdaq:[GOLD](#))**.



Barrick Gold Corporation. (NYSE:[ABX](#)) - From a technical perspective, the chart of ABX is more interesting than many in the sector. As you can see below, the bulls have managed to send the price above the long-term above the long-term support/resistance level near \$38.50. The move above this level could be used to signal a long-term move higher. The nearby ascending trendline (dotted line) is currently offering many traders an interesting area to plan their stop-loss orders and the current share price could prove to be an interesting way to profit from rising gold prices - especially given the recent move by the company to raise \$3 billion from a share offering so that it can pay off its gold hedges. (For more, check out [Does It Still Pay To Invest In Gold?](#))



Bottom Line

The rising price of gold has been giving gold mining stocks a boost. The recent breakouts shown in the charts above make the stocks in this sector interesting candidates for a continued move higher.