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I'm going to make a 400% profit on gold—here's how: Trader

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Annie Pei
17 Hours Ago



The gold rally is over, here's how to cash in: Trader

18 Hours Ago | 02:12

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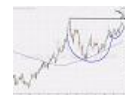
How to make a 400% profit on gold

Andrew Keene of AlphaShark sees gold rally ending and plays the GLD to the downside.



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Good weather and high supply have corn and wheat prices tumbling, and commodity market experts say they could fall further.



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Even as bond yields plumb record low, there's still big money to be made in bonds, according to Evercore ISI technical analyst Rich Ross.



Gold is about to rise 12%

Gold surged to two-year highs Wednesday, and one technician believes that the yellow metal can climb even higher.

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One trader is betting that gold's incredible 2016 run has come to an end.

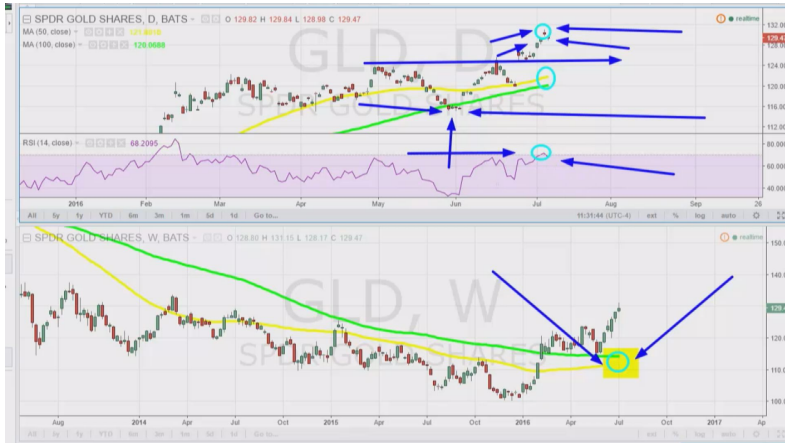
Even after the asset hit a two-year high on Wednesday, Andrew Keene of AlphaShark is preparing a way to cash in on an expected drop in the popular **gold ETF (GLD)**. Looking at a daily chart of the GLD, Keene points out that all signs indicate a downtrend for gold as the yellow metal slipped from its incredible surge during Thursday trading.

"We made a 'shooting star top' here at \$130. Right at the shooting star top, that is a new 52-week high, and then the next day, it put in a lower low and lower high," Keene said Thursday on **CNBC's "Trading Nation."** "So I think the GLD is headed lower."

From the same daily chart of the GLD, Keene establishes new levels that he believes investors should watch out for. According to Keene, the previous resistance level of \$124 will become support, but at the same time, the GLD could in fact fall below that support level as the

intersection between the 50-day moving average and 200-day moving average cross around \$120.

On top of this, Keene's longer-term chart shows that the GLD could see an even bigger downturn than a short-term chart would predict, as the weekly chart's 50-week and 100-week moving averages intersect at \$113.



Keene's GLD trade involves buying the December 120-strike puts and selling the December 115-strike puts for a cost of \$1, meaning he is risking \$100 per options contract. If gold closes at or below \$115 at mid-December expiration, Keene will see a 400 percent return on the money that he's putting at risk.

"This is a great way to play GLD to the short side, because I think GLD is heading lower from the shooting star top on the daily and it's completely overbought," he said. "The GLD, I think, has a date with \$115 by the end of the year."

Annie Pei
Associate Producer

RELATED SECURITIES

Symbol	Price	Change	%Change
GLD	129.74 ▼	-0.49	-0.38%

HIDE COMMENTS

19 Comments **CNBC** Login

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Malcolm • 4 hours ago
Well he might be right, not because of any reason, other than Gld and all other metal etf's prices are completely false and are shamelessly manipulated by the big banks, for every 1 oz of physical gold there is over 100 oz of paper gold, it really is a scandal of the highest order..

This index is finally out of a bear market, and it may be time to buy

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ABOUT TRADING NATION

Trading Nation will offer enthusiast traders insights from a group of "Trader Coaches," a collection of expert CNBC Contributors who are well-versed in the daily challenges of trading. Each "Trader Coach" will have a different area of expertise, and will share their unique perspective on the markets, allowing new insights to emerge from this collaboration. Trading Nation is not simply about finding that next trade; it's a forum where enthusiast traders can hear and compare investing ideas in order to build confidence in their trading decisions.

HOST



Brian Sullivan
"Power Lunch" Co-Anchor

CONTRIBUTORS



Todd Gordon
TradingAnalysis.com founder



Lawrence McDonald
Senior Director, Société Générale



Rich Ross
Managing Director, Head of Technical Analysis, Evercore ISI



David Seaburg
Managing Director Head of Equity Sales Trading, Cowen and Company

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Skeptikal • 5 hours ago

If that's the best justification he can think of for gold going down, he needs to look for a new job.

^ | v • Reply • Share >



Silver Savior • 5 hours ago

Paper gold. Woot.

^ | v • Reply • Share >



Silver Savior • 5 hours ago

Oh yeah? Well I am just holding onto physical long term and will get gains unheard of now and not in dollars. Just knowing you are fooling around with paper gold gives ya no credibility to begin with!

^ | v • Reply • Share >



robert88324 → Silver Savior • 2 hours ago

Keep stacking...maybe in another 5000 years those gold coins will be worth 1 million dollars per ounce...

^ | v • Reply • Share >



bonestabone • 6 hours ago

We're just starting out with this new bull market in the metals, so don't get shaken loose early. By the time the mainstream figures this out a year from now, it'll be time to sell and hand over the bag.

^ | v • Reply • Share >



eatingbeetslowersbp • 9 hours ago

For us small investors, there's IAU.

^ | v • Reply • Share >



alfaQ • 13 hours ago

gold will continue to rise so long as interest rates don't go up (some places they are now negative). with the weak economy, brexit and the election followed by a likely recession next year interest rates won't be going up for a long time.

after gold started moving start of this year the next thing was to buy gold miners, after this kept going the next thing was to buy silver then silver miners. by early march this trade was set up and has made about 100% since then. and i will hold it until it stops working which i don't see it faltering until after the year end. how high can it go? just recently it was over \$1800 an ounce in 2011 which is >40% more, and if gold goes to that level gold miners would have increased by at least another 100%.

1 ^ | v • Reply • Share >



bonestabone → alfaQ • 6 hours ago

We're easily going to blow through the 2011 highs, those levels will look cheap by the time we're done with this run.

1 ^ | v • Reply • Share >



alfaQ → bonestabone • 6 hours ago

yeah i think so too, this is a trade that you can make enough to retire on.

^ | v • Reply • Share >



david • 14 hours ago

What a shameless feckless hack....No way prices go up like that, even if the planet falls into anarchy....blatant lies that can NEVER come to fruition all to make a buck...sleazy....And to all of the moron traders thinking that they will make a buck...Good luck when you have zero money left

^ | v • Reply • Share >



nrse82 • 14 hours ago

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Good luck with this strategy once the lousy jobs numbers come out tomorrow.

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Dale LV • 14 hours ago

He may or may not make that profit.
Go for silver. I've made about 300% profit since Dec 2015 by buying 1000 shares of CDE. Check it out. I think it still has room to run

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Stephen Kovach • 15 hours ago

Makes no sense. He is betting that gold will return to pre-Brexit price levels. That's not happening.

^ | v • Reply • Share >



DOTBONGBILLIONAIRES.COM • 15 hours ago

\$NUGT for gold up, \$DUST for gold down... \$USLV silver up, \$DSLVS silver down... love em

^ | v • Reply • Share >



DD6002 • 16 hours ago

A fool and his money.....

3 ^ | v • Reply • Share >



crappyclockmaker → **DD6002** • 15 hours ago

vote democrat.

1 ^ | v • Reply • Share >



ConfuciusSaid • 16 hours ago

Yeah, I haven't made any money on any of these options trades touted on CNBC. This might be bullish for gold rather than bearish. Anyone that says that an asset will do anything based on a chart alone is not to be followed, in my opinion. TA is great, but you have to correlate it to the current economic environment - which could not be more beneficial to gold.

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ralphpetrillo • 16 hours ago

Probably will lose money but there will not be follow up on CNBC.

3 ^ | v • Reply • Share >



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