



# -GCRU-

Weekly Trading Service



Omar Ayales

Achieves gains by trading commodities, currencies and stocks

JANUARY 24, 2018

IN ITS 17<sup>th</sup> YEAR – Nº 771

## RISING YIELDS (AND DOLLAR WEAKNESS!)

### DRIVE THE MARKETS

The yield on the U.S. 10-year T- note broke the 2.62% key resistance this week as inflation expectations rose and bond purchases dropped. The 10YY remains positioned for more upside by staying above 2.45%. It's next resistance and likely upside target: 3%.

Keep in mind, 3% resistance is currently a multi-decade downtrend and a stronger resistance to overcome. This tells us although bond buying may have slowed, it's not over yet. Many central banks continue to maintain an easy monetary policy stance and hefty government deficits must still be funded. Government bonds will continue to be bought out and the 3% on the 10YY is unlikely to be broken to the upside on its first attempt.

This is why we're showing the 10YY as our **chart of the week** today. Notice the U.S. 10YY's massive downchannel since the early 90s. The downtrend is approaching the 3% level exposing the 10YY's next key

*"No other commodity enjoys as much universal acceptability and marketability as gold"*  
- Hans F. Sennholz -

### BREAKOUT! POISED TO RISE FURTHER



resistance. The chart makes a compelling argument the bond market has not yet turned the corner. At least not until the 10YY breaks above its massive primary downtrend at 3%.

The yield on the 30 year U.S. T-note is also rising but with less impetus than the 10YY. The 30YY has strong resistance near 3.05%, its 80mo MA. How fast can the 10YY

continue rising against the 30YY? Could the yield curve invert? How could that affect the Fed's current stance on monetary policy? Lots of uncertainty remains within the bond market...

Meantime, the U.S. dollar index rout continued. It broke below the key psychological level at 90 reaching lows last seen in Dec 2014. All while the Eurozone recovery continues to gain steam and the euro further strengthen against the dollar. The euro is forming a bullish pattern and it looks ready for another breakout rise to the higher \$1.20s, more in the chart section below. We bought the euro at the right time, just before the breakout rise. We'll continue to hold. We also recommend keeping cash in euros, Canadian dollars or Australian dollars or a combination.

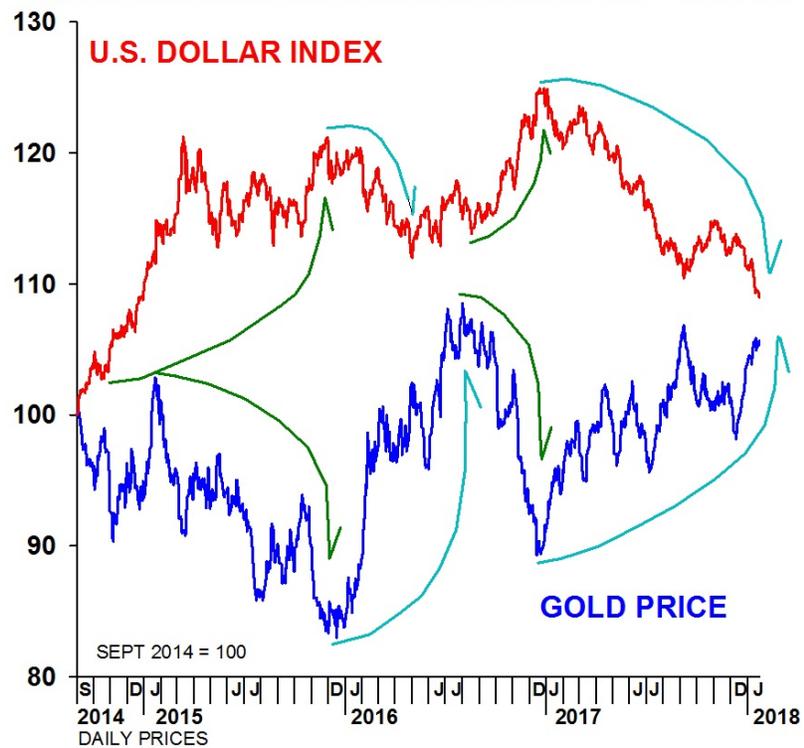
Interestingly, as strong as gold has been, it hasn't been as strong as the dollar has been weak. Gold continues to struggle to overpass its multi-year resistance at the \$1365-\$1380 level while the dollar sinks into oblivion.

Our **next chart** shows the inverted relationship between the dollar and gold. Notice how the dollar and gold tend to move in inverted harmony. The dollar's highs have coincided with gold's lows and vice versa. And today, the dollar has fallen to new lows. Will gold follow the dollar's lead and rise to new highs for the move?

Gold continues to move in a massive ascending triangle with a solid base between \$1215-1245 (the Dec 2015 cyclical uptrend) and a 4-year high resistance near \$1380. The pattern is bullish and could be signaling a violent upsurge if gold breaks above \$1380.

Keep in mind, gold is likely to fluctuate within the bullish ascending triangle. After all, gold is currently within a rise we call 'A' which tends to be a moderate one. Having said that, if gold breaks above the \$1365-\$1380 resistance in the current leg up rise, its cyclical bull market would prove to be wonderfully strong. If it resists and declines back to the Dec 2015 uptrend, it would have been within the ebb and flow of a moderate 'B' decline.

### GOLD & DOLLAR: STILL MOVING OPPOSITE



We continue to hold full positions in gold and have our triggers ready to sell half of our positions at the \$1365-1380 resistance level. We'll then be looking for weakness down the road to buy once again, ideally near the Dec 2015 uptrend and support, currently near the \$1215-1245 area.

Moving on in the precious metals arena, silver is resisting at its 2016 downtrend. A break to the upside on a 2dc above \$18 could push silver into the lower \$20s. Silver's ST indicator nearing a high area telling us we could start to see some selling pressure that could keep a lid on silver ST.

Silver is a sleeping giant. But be patient. When it wakes up, the wait would have been worth your while.

Platinum is also nearing an intermediate ST top after its bullish upsurge since Dec 2017. It's looking frothy, telling us selling pressure could increase causing a pullback ST. More importantly, it's sign the precious metals arena could be getting ready to take a breather.

Gold shares continue to look good! HUI bounced up with strength today after approaching its 5wk MA showing strong support near 192. Keep in mind, HUI has ST resistance at 205 and a stronger one at 220. Gold shares look poised to test and probably surpass the 220 resistance in 2018 which is

why we've been recommending accumulating during weakness.

Our gold shares are doing great. They have profits built in and are poised to rise further.

We continue to hold full positions in AEM, WPM and GDXJ. We also bought new positions in KL as it dipped just enough to trigger our entry targets below \$16.50 and \$15.50. KL is showing good support at \$15 and it 's positioned for a great performance this year. If you didn't buy, consider buying some at mkt and near \$15.75.

Remember we've been saying Dr. copper is due for a correction?

Yesterday it fell out of bed breaking below its 15wk MA for the first time in 6+ weeks. Keep in mind, however, the single day drop then (Dec 5<sup>th</sup>) marked the bottom of the subsequent up-move that saw copper reach a 4 year high. A move we've already capitalized on and are looking for more.

Rising yields are seen to curb demand for construction which in turn could put a lid on copper. However, I believe this relationship to be ST as yields remain low within a historic context and rising yields today are still in line with inflation expectations.

This tells me copper could hold at its cyclical bull market support, the Oct 2016

uptrend near \$3 and continue to rise. If it does, it'll allow us to pick up more positions on weakness, as we've been recommending. FCX reached a new high this week, but it too is poised to decline with copper. If it does, we'll be looking to buy FCX too.

To read more on the relationship between interest rates and housing, click on the article from [www.zerohedge.com: https://www.zerohedge.com/news/2018-01-23/us-housing-jobs-economy-set-big-trouble](https://www.zerohedge.com/news/2018-01-23/us-housing-jobs-economy-set-big-trouble)

Crude oil continues to hold near the highs, holding at a bullish uptrend since Dec 2017. Today, it nudged upward after the IMF raised its global economic forecast fueling speculation growth driven demand will continue to push prices higher, especially if production cuts stay in place within OPEC member states and non-members.

Crude, however, is showing growing signs of an intermediate top below \$65. Unlike XLE and other energy shares, it didn't reach new highs for the move this week. It also continues to form an upside wedge with downside target in the higher \$50s. A break below \$63 could be the catalyst. We're ready to buy more.

The ratio between crude and XLE is starting to turn in XLE's favor. Could the gap between energy shares and crude continue to narrow? Regardless, it seems energy shares have more upside potential as they remain cheap relative to crude. Having said that,

we're waiting for crude weakness to buy again.

The U.S. stock market continues to defy gravity. The Industrials, the S&P 500 and the tech heavy NASDAQ reached new highs as strong earnings pushed stocks, particularly tech stocks, higher. NETFLIX was the leader of the pack rising a whopping 10% today! The Transports didn't reach new highs this week but are very close. A bullish Dow Theory confirmation remains in full force and we're likely to see more new highs this week.

Our strategy this week is to fine tune your portfolios. We've added a new gold share and you should have too, especially if you are under-weight gold shares. If dollar weakness continues, we could see gold rise to our profit target. If it does, remember to take partial profits.

Good luck and good trading,



Omar Ayales  
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A division of the Aden Research

## KEY PRICES

Name/Symbol	Jan 23, 2018 Price	Change	Jan 16, 2018 Price
Gold (GCG18)	1336.70	-0.40	1337.10
Silver (SIH18)	16.91	-0.28	17.19
HUI (HUI)	202.74	-1.65	204.39
Copper (HGH18)	3.11	-0.109	3.22
Crude Oil (CLH18)	64.47	0.80	63.67
S&P500	2839.13	62.71	2776.42
U.S.Dollar (DXH18)	89.92	-0.23	90.15
30 Year T-Bond (ZBH18)	149 -07	-1.19	150 - 26
10 Year T-Note Yield	2.62	0.08	2.54
13-week Treasury bill	1.41	0.01	1.40

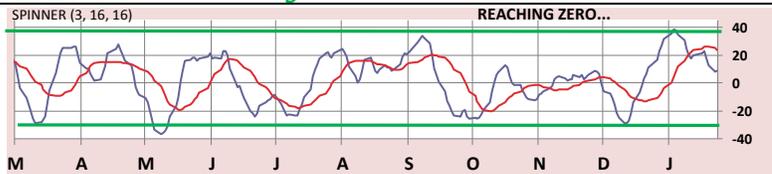
# TABLE OF CONTENTS & OPEN POSITIONS

## CHART SECTION SUMMARY

PAGE N°	Symbol	Trade Update &/or Current Position	Status L=Long S= Short O= Out P= Put C= Call	Initial Entry Date	Position Entry Price	Last Closing Price	Stops	Target #1	Target #2
7	GOLD	Sell half at first profit target. Buy again near 1265.	L	Jan-5-17	1170.00	<b>1336.70</b>	2dc below 1215	1365-1380	1450.00
	PHYS	Keep your positions. Buy again near 10.26.	L	Jan-5-17	9.63	<b>10.94</b>	2dc below 9.85	11-11.50	12.35
8	SILVER	Keep your positions. Sell half at first profit target.	L	Jan-5-17	17.35	<b>16.91</b>	2dc below 16	21.00	
	PSLV	Keep your positions. Sell half at first profit target.	L	Jan-5-17	6.35	<b>6.36</b>	2dc below 6	8.00	
9	HUI Index	Keep your positions and remember to take partial profits at our targets.	--			<b>202.74</b>			
10	GDXJ	Keep your positions.	L	Mar-16-17	37.30	<b>35.03</b>	2dc below 32.50	42.00	
11	AEM	Keep your positions.	L	Mar-16-17	42.50	<b>46.48</b>	2dc below 43.50	53.00	60.00
12	WPM	Keep your position. Sell half at profit target.	L	Mar-17-17	19.80	<b>22.05</b>	2dc below 19.50	23.00	27.00
13	KL	Keep your positions.	L	Jan-19-18	16.15	<b>16.19</b>	2dc below 13	20.50	23.50
14	U.S.Dollar DXZ17	Resistance at 92.50 and 95.50 are key.	O			<b>89.92</b>			
15	TNX	Reached 3+ year highs!	O			<b>2.62</b>			
16	COPPER HGZ17	Buy some near 3.05. Sell at second target.	L	Sept-20-1917	2.97	<b>3.11</b>	2dc below 2.95	3.25	3.50
	JJC	Buy some near 34. Sell rest at second profit target.	L	Sept-20-17	33.6	<b>35.47</b>	2dc below 32.50	37.00	40.00
17	FCX	Buy again near 16. Place stops at 2dc below 14.50.	O			<b>19.55</b>			
18	REMX	Buy some near 29. Place stops at 2dc below 26. Profit targets at 34 & 40.	O			<b>31.47</b>	2dc below 26	34.00	40.00
19	Crude-CLG18	Buy some on a pull back 56. Place stops at 2dc below 50. Profit targets at 70 & 80.	O			<b>64.47</b>			
	DBO	Buy some on a pull back to 9.7 and more near 9.4. Place stops at 2dc below 9. Profit targets at 12 & 14.	O			<b>10.92</b>			
20	XLE	Buy again on weakness near 71 or lower.	L	Oct-4-17	68.34	<b>77.91</b>	2dc below 69	77.00	85.00
21	DO	Buy some near 18 and more near 15. Place stops at 2dc below 14. Profit targets at 22 & 25.	O			<b>19.75</b>			
22	DIA	Stay out for now.	O			<b>261.90</b>			
	IYT	Buy near 175. Sell the rest at second profit target.	L	Nov-29-17	177.00	<b>204.59</b>	2dc below 188		215.00
23	FXE	If you're not in, consider buying some near 116. Buy more near 110.	L	Sept-20-17	114.7	<b>8.40</b>	2dc below 109	130.00	140.00
24	ABREVIATIONS								

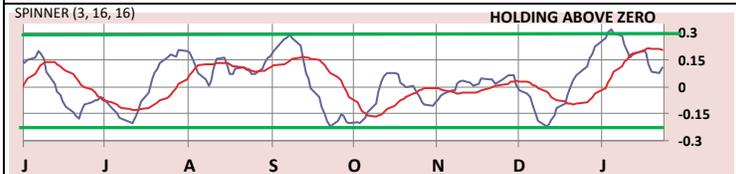
# CHARTS

**GOLD FEBRUARY 2017 (GCG18) 01/23/2018**  
CLOSE = 1336.7



Long	1170 (Jan-5-17), 1220 (Mar-16-17). Sold half at 1287 for an average 8% gain. 1225 (Jul-3-17).
Stop	2dc below 1215
Profit Targets	1365-1380 & 1450.
Recom	<b>Sell half at first profit target level. Buy some near 1265.</b>

**SPROTT PHYSICAL GOLD TRUST (PHYS)**  
01/23/2018 CLOSE = 10.94

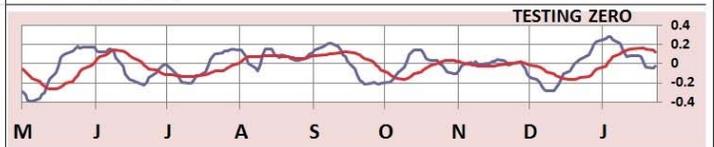
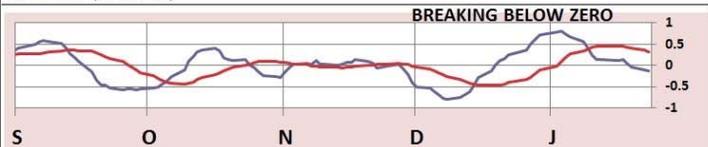


Long:	9.63 (Jan-5-17), 10.12 (Mar-16-17). Sold half at 10.54 for an average gain of 7%. 9.98 (Jul-3-17).
Stops	2dc below 9.85
Profit Targets	11-11.50 & 12.35
Recom	<b>Keep your positions. Buy again near 10.26</b>

Gold continues to lead the precious metals pack. It's holding just below the Sept 'C' rise peak near 1365 and it's showing support at 1305. Spinner unwinding, but still looking strong above zero. Keep in mind, gold's current rise is a mild one we call 'A'. And if it breaks above the 1365-1380 level, it'll show super strength. But if gold resists at that level, don't get discouraged as that would be in normal 'A' rise fashion. Keep in mind, if gold breaks below 1300, a moderate decline we call 'B' would ensue which could push gold to the Jul uptrend near 1245 or the Jul lows near 1215. We'll be looking to take partial profits near the top of gold's 'A' rise and buy back near the bottom in gold's 'B' decline. Keep your positions for now.

**SILVER MARCH 2017 (SIH18) 01/23/2018  
CLOSE= 16.913**

**SPROTT PHYSICAL SILVER TRUST (PSLV)  
01/23/2018 CLOSE= 6.36**



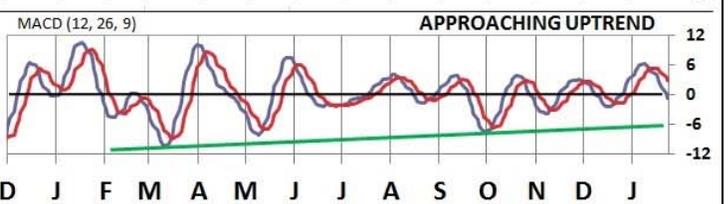
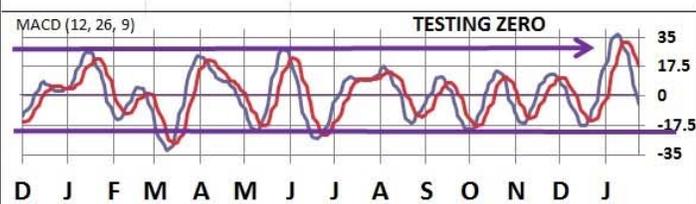
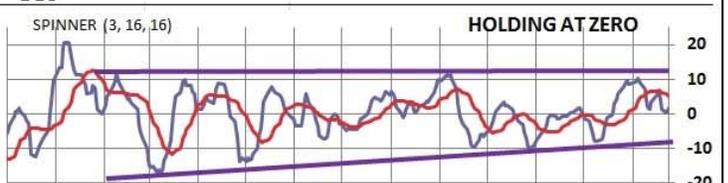
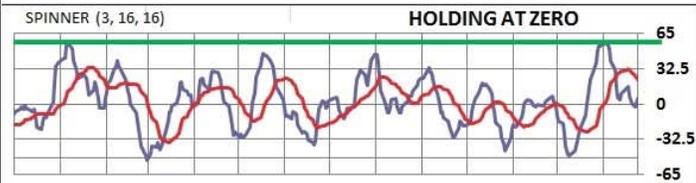
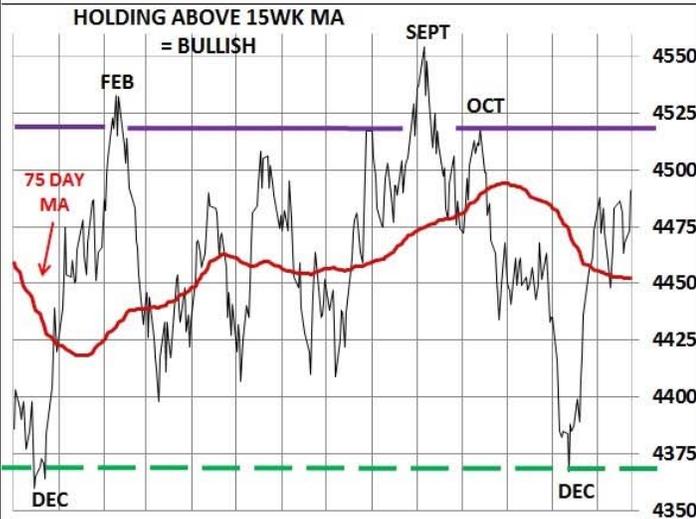
Long	17.35 (Mar-16-17), 17 (May-1-17), 16.35 (May-4-17), 17 (Jun-12-17), 16.30 (Jun-26-17), 16.15 (Jul-3-17), 15.75 (Jul-13-17). <b>Sold half at 16.65 for a small gain.</b> 16.40 (Nov-30-17), 15.95 (Dec-6-17), 15.80 (Dec-13-17).
Stop	2dc below 16.
Profit Target	21
Recom	<b>Keep your position. Sell half at profit target.</b>

Long	6.60 (Mar-16-17), 6.40 (May-1-17), 6.20 (May-4-17), 6.55 (Jun-11-17), 6.23 (Jun-21-17), 6.15 (Jul-3-17), 6.03 (Jul-13-17). <b>Sold half at 6.27 for a small gain.</b> 6.23 (Nov-29-17), 5.98 (Dec-6-17), 5.92 (Dec-13-17).
Stop	2 dc below 6.
Profit Target	8
Recom	<b>Keep your position. Sell half at profit target.</b>

Silver continues to struggle to surpass the Nov highs as Spinner slides below the zero line. However, also notice silver is forming a reverse H&S bottom with an upside target at 19.50 as long as silver breaks above the Nov highs on a 2dc above 17.50. Notice the Nov highs coincide with a bullish pattern's neckline resistance, which is a key level to overcome. On the downside, a break below silver's Dec uptrend would show weakness and a decline to test a ST support level at 16.50 would be likely. Silver remains a sleeper but keep your positions. Once silver wakes up, it could have an explosive upside.

**ADEN GOLD STOCKS ADV/DECLINE**  
**01/23/2018 CLOSE = 4491**

**HUI GOLD BUGS INDEX (HUI) 01/23/2018**  
**CLOSE= 202.74**



Gold shares remain positioned for more upside. Today HUI jumped up after sliding below the 200-level showing strength. HUI is showing strong ST support at its 5wk MA. The A/D Line is also confirming strength as it holds above its 15wk MA. Spinners have been unwinding but may have found a bottom near the zero-line telling us the bullish rise that started in Dec may be ready to resume. Gold shares will remain very strong as long as both HUI and the A/D Line hold above their 5wk and 15wk MAs at 192 and 4450, respectively. We continue to hold full positions in AEM, GDXJ and WPM. We bought new positions in our new gold share KL. Dollar's decline to new lows for the move may be telling us gold is likely to hold at current levels or even rise further which would serve as a catalyst for gold shares. HUI has a first key resistance at the Oct highs near 205 and a stronger resistance at 220, the Sept highs. A break above 205 on a 2dc would confirm strength. Keep your positions and continue to accumulate during weakness if you're underweight gold shares.

**MKT VECTORS JR. GOLD MINERS (GDXJ) 01/23/2018**  
**CLOSE= 35.03**



**Junior Gold Miners ETF (GDXJ) - NYSEArca**

Long at:	37.30 (Mar-16-17), 35.75 (Apr-17-17), 31.90 (Apr-25-17), 29.70 (May-4-17), 30.99 (Jul-10-17).
Stop:	2 dc below 32.50
Profit target:	42
Recom:	<b>Keep your positions.</b>

Chugging... GDXJ continues to post higher lows as it edges upward consolidating an uptrend since Dec. Spinner holding at zero and an uptrend of its own showing momentum continues to creep upward. GDXJ must now break clearly above the Sept highs on a 2dc above 37 to show renewed strength that could push junior mines to the Feb 2017 highs near 42, our profit target. On the downside, a break below the Dec uptrend would not derail GDXJ's upside potential, but will certainly expose weakness. Keep your positions.

**AGNICO EAGLE MINES LIMITED (AEM) 01/23/2018**  
**CLOSE= 46.48**



**Agnico Eagle Mines Limited (AEM) -NYSEArca**

Long:	42.50 (Mar-16-17). <b>Sold half at 46.05 for an 8% gain.</b> 44.75 (Jun-29-17), 44 (Jul-13-17), 43.60 (Nov-29-17).
Stop:	2dc below 43.50.
Profit Target:	53 & 60
New Recom:	<b>Keep your positions.</b>

AEM failed to clearly surpass its resistance at 47.50. However, it's bouncing up from the Dec uptrend showing support and strength. AEM continues to form a bullish ascending triangle between the Dec uptrend and the 47.50 resistance. A clear break and hold above this level would show renewed strength that may be followed by a rise to the Sept highs near our first profit target. Keep your positions.

## Wheaton Precious Metals Corp Co (WPM) 01/23/2018

**CLOSE= 22.05**



### Wheaton Precious Metals (WPM)

Long at:	19.80 (Mar-17-17). <b>Sold half at 21.65 for a 9% gain.</b> 18.90 (May-4-17), 19.50 (Jun-14-17), 19 (Jun-15-17), 18.95 (Aug-23-17). <b>Sold half at 20.60 for an average 8% gain.</b> 20.50 (Nov-29-17), 21 (Jan-9-17).
Stop:	2dc below 19.50
Profit Target	23 & 27.
New Recom:	<b>Keep your position. Sell half at profit target.</b>

WPM continues to show impressive strength by holding above the Aug uptrend near 20.75. Spinner rebounding but struggling to surpass the zero line showing signs of weakness. Keep in mind, however, as long as WPM stays above the Aug uptrend, it'll stay strong with upside potential. Keep your positions as long as WPM stays above the Dec 2016 uptrend near 19.50. On the upside, the Feb 2017 highs are strong resistance. Remember to sell half at or near the Feb highs at 23.

## Kirkland Lake Gold Ltd. (KL) 01/23/2018 CLOSE= 16.19



Kirkland Lake Gold Ltd. (KL) NYSE - Currency in USD

Long at: 16.15 (Jan-19-18), 15.40 (Jan-22-18).

Stop: 2dc below 13

Profit target: 20.50 & 23.50.

New Recom: **Keep your positions.**

KL pulled back to its breakout level near 15, allowing us to buy at both our entry targets this week! KL remains very bullish above the Oct uptrend and has stronger support at the Aug uptrend near 13. Keep your positions as long as KL holds above the Aug uptrend.

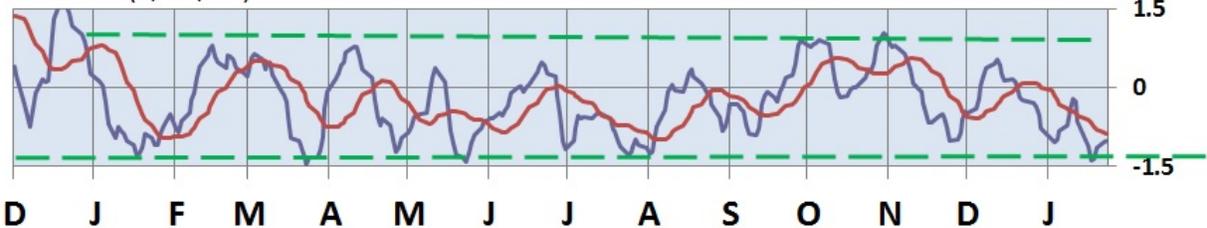
## U.S. DOLLAR INDEX MARCH 2018 (DXH18) 01/23/2018

**CLOSE= 89.915**



SPINNER (3, 16, 16)

**BEARISH BELOW ZERO**



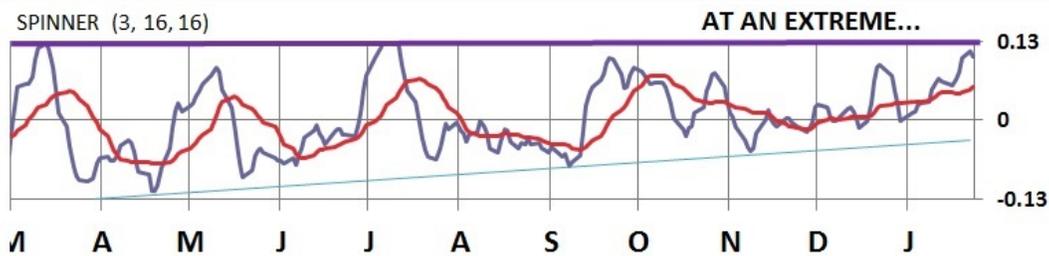
Recom

**Stay out.**

New lows! The U.S. dollar index lost the psychological support at 90 reaching a new low for the move and since Dec 2014. Spinner bearish below MT MA and zero. Euro strength will likely continue putting downside pressure on the dollar during 2018. On the upside, the dollar must break above the Mar downtrend on a 2dc above 92.50 to show a first sign of renewed strength. However, the key level to overcome remains the Dec 2016 downtrend at 95.50. The dollar will remain bearish below these levels. Stay out. Keep your cash in euros, Canadian dollars or Australian dollars.

## CBOE Interest Rate 10 Year T No (^TNX) 01/23/2018

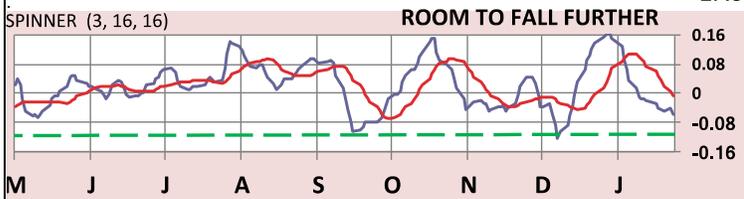
CLOSE= 2.62



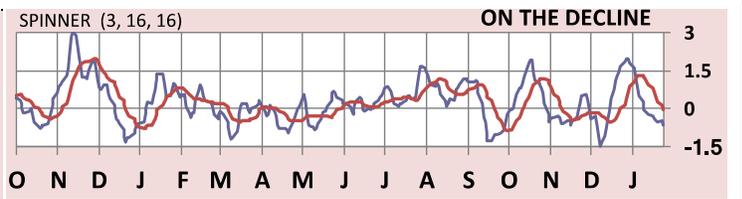
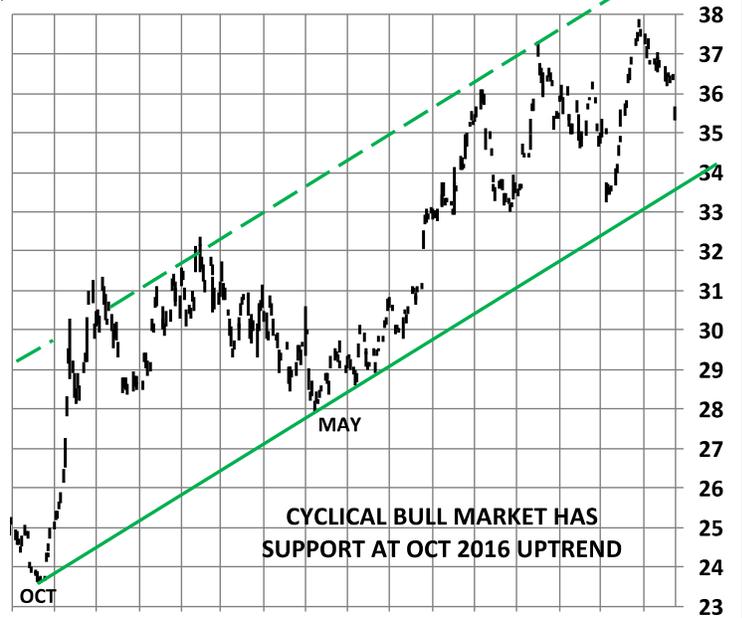
### CBOE Interest Rate 10 Year T No (^TNX) - Chicago

The yield on the 10-year U.S. T-note jumped above the 2017 high at 2.62% showing impressive strength as inflation expectations rise and bond purchases worldwide continue to subside. However, notice Spinner looking topy at an extreme overbought level telling us some ST weakness is now likely. The 10YY first key support is at the Sept uptrend near 2.45% and it'll remain very strong as long as it holds above this level. Moreover, the 10YY's next key resistance is at the 3% level, telling us a rise to that level is now likely. Keep in mind, however, until governments can control and constraint budget deficit, bond purchases will likely remain strong capping the upside on bond yields. Keep an eye on the Sept uptrend support near 2.45% and its next resistance at 3%. We could continue seeing the 10YY fluctuate between these levels.

**COPPER MARCH 2018 (HGH18) 01/23/2018  
CLOSE= 3.111**



**iPath BLOOMBERG COPPER SubTR ETN (JJC)  
01/23/2018 CLOSE= 35.47**



Long	2.97 (Sept 20-17). Sold half at 3.20 for a 7.5% gain! 2.95 (Dec-6-17). Sold half at 3.26 for a 10% gain!	33.60 (Sept 20-17). Sold half at 37 for a 9.5% gain! 33.50 (Dec-6-17). Sold half at 37.30 for a 11% gain!
Stop	2dc below 2.95 (adj).	2dc below 33 (adj).
Profit Target	3.5	40
New Recom	<b>Buy some below 3. Sell half at second target.</b>	<b>Buy some near 34. Sell half at second profit target.</b>

Copper fell further, breaking below its 15wk MA today. The charts above tell us copper's next likely target remains at the Oct 2016 uptrend and cyclical bull mkt support near 3. Spinner is on the decline with room to fall further confirming a continued correction in copper ST is likely. Keep in mind, if copper holds above the Oct 2016 uptrend, it'll reinforce its strength. If copper breaks below it, we could see selling pressure increase and a further decline. Take advantage of weakness to buy again near copper's cyclical bull mkt support.

## Freeport-McMoran Inc. (FCX) 01/23/2018 CLOSE= 19.55



### Freeport-McMoRan Inc. (FCX) - NYSEArca

New Recom: **Buy again near 16. Place stops at 2dc below 14.50.**

FCX reached a new high again yesterday as it continues to consolidate near the highs. Spinner unwinding but seems to have found some support at zero telling us FCX remains strong within its upmove since Dec. Copper's decline, however, will likely add to selling pressure at the highs which could push FCX to the Jun uptrend. This means FCX could fall back to our ideal entry level in the weeks ahead. Take advantage of weakness that holds above the key Jun uptrend to buy again.

**VanEck Vectors Rare Earth/Strat Mtls ETF (REMX) 01/23/2018**  
**CLOSE= 31.47**



VanEck Vectors Rare Earth/Strat Mtls ETF (REMX) NYSE - Nasdaq. Currency in USD

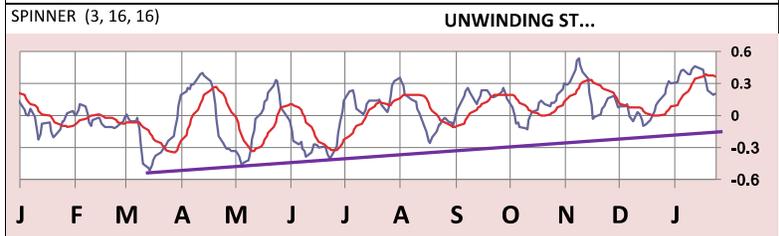
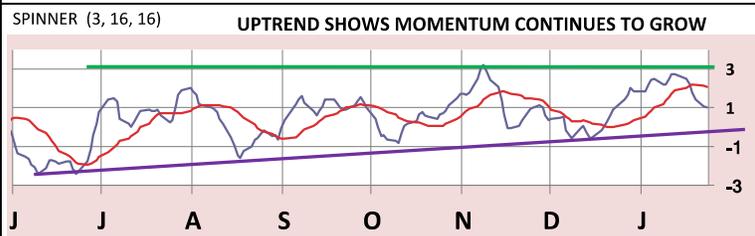
New Recom: **Buy some near 29. Place stops at 2dc below 26. Profit targets at 34 & 40.**

REMX broke below its rising wedge pattern with downside target near 29 as Spinner drops from the highs, breaking below zero showing ST weakness. This tells us a continued pull back to our suggested entry level is now likely. Keep in mind, the Jun uptrend is bullish support. We recommend buying some on a decline to the uptrend near 29 and again on a further decline to the Dec lows near 26.

**LIGHT CRUDE OIL MARCH 2018 (CLH18) 01/23/2018  
CLOSE= 64.47**



**POWERSHARES DB Oil ETF (DBO) 01/23/2018 CLOSE=  
10.92**



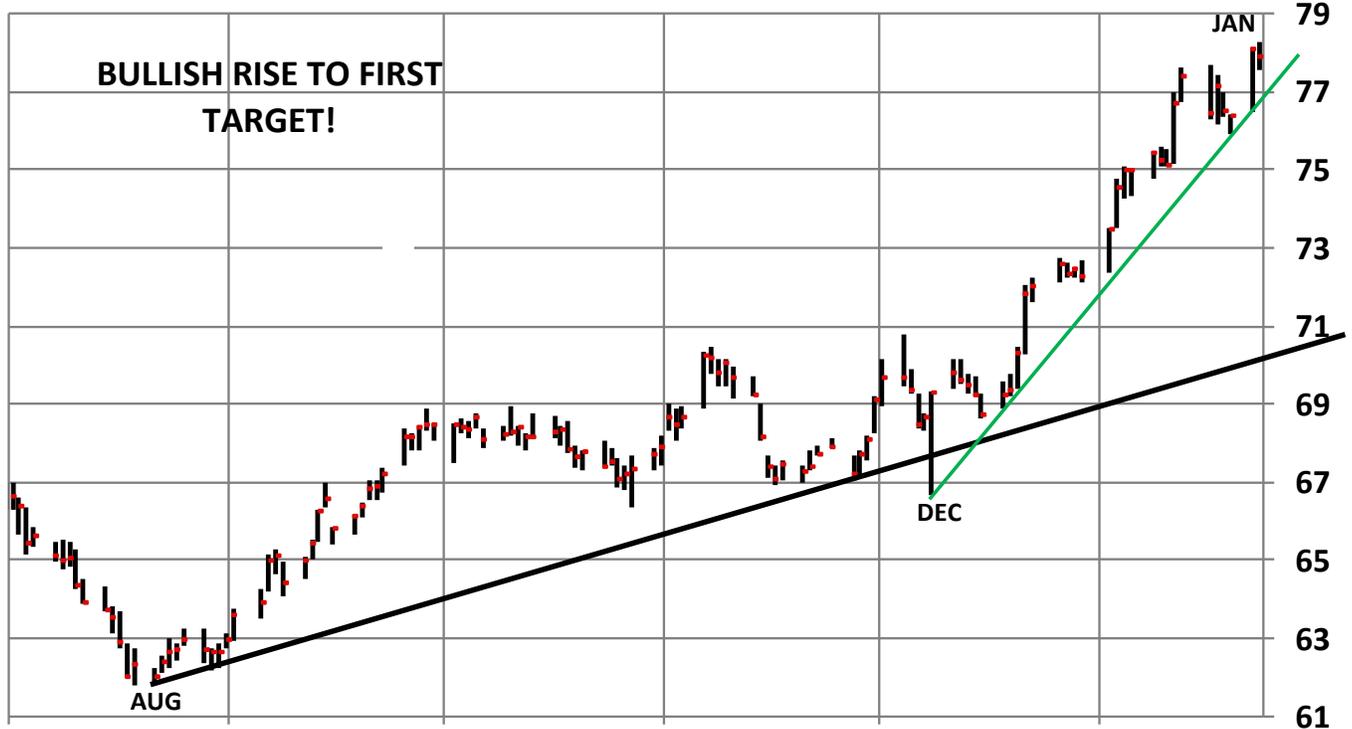
New  
Recom: **Buy some on a pull back to 59 and more to 56. Place stops at 2dc below 53. Profit targets at 70 & 80.**

New  
Recom: **Buy some on a pull back to 9.9 and more near 9.5. Place stops at 2dc below 9.3. Profit targets at 12 & 14.**

Oil has moved sideways at the top. It continues to show signs of exhaustion from its current upmove as it failed to reach new highs for the move this week. Spinner unwinding, breaking below its MT MA while approaching a key support level near an uptrend of its own since Jun (purple line). This tells us weakness ST is likely to continue, even though upside momentum continues to build up. Moreover, crude's upside wedge with a downside target near 59 is still valid. A break below 63 would confirm the pattern. We recommend taking advantage of weakness to buy again. Buy some at the wedge target near 59 and more at the Jun uptrend near 56.

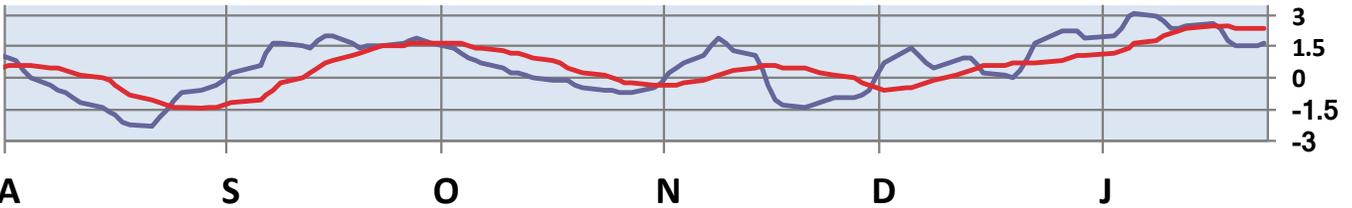
# Energy Select Sector SPDR ETF (XLE) 01/23/2018

**CLOSE= 77.91**



SPINNER (3, 16, 16)

REMAINS AT EXTREME... TESTING MT MA



## Energy Select Sector SPDR ETF (XLE)

Long at:	68.34 (Oct-4-17), 67.25 (Oct-25-17), 67.90 (Nov-29-17). <b>Sold half at 76 for a 12% gain!</b>
Stop:	2dc below 69.
Profit Target:	85 & 97.
New Recom:	<b>Buy again on weakness near 71.</b>

XLE reached new highs as it starts to outperform crude. XLE will remain very bullish above the Dec uptrend near 77 and it has solid support at the Aug uptrend near 70. Spinner broke below its MT MA showing some weakness near the top telling us XLE could pull back in the weeks ahead. A break below 77 would signal the start of the correction that could reach the Aug uptrend. If this happens, buy again.

# Diamond Offshore Drilling, Inc. (DO) 01/23/2018

CLOSE= 19.75



Diamond Offshore Drilling, Inc. (DO) NYSE - Nasdaq. Currency in USD

New Recom:	<b>Buy some near 18 and more near 15. Place stops at 2dc below 14. Profit targets at 22 &amp; 25.</b>
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DO remains topy near the highs. It hasn't broken out clearly above its key resistance level at 20. Spinner falling, testing the zero line telling us more weakness ST is likely. Keep in mind the Aug uptrend is bullish support. Take advantage of weakness to buy near the uptrend at 18 and then again near its next support at 15.

**SPDR DOW JONES INDUSTRIAL (DIA) 01/23/2018  
CLOSE= 261.9**

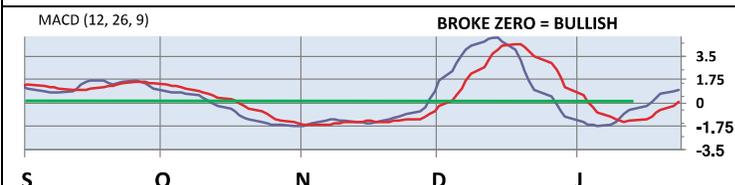
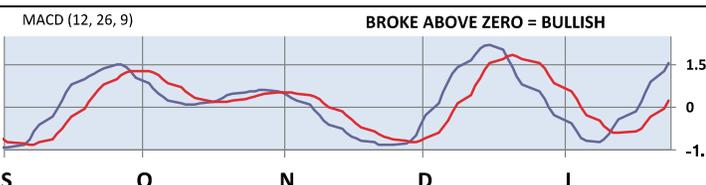
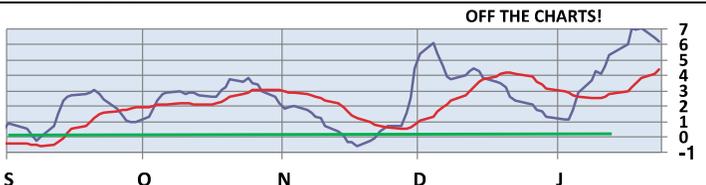
**SHARES TRANSPORTATION AVERAGE (^IYT)  
01/23/2018 CLOSE= 204.59**



SPINNER (3, 16, 16)



SPINNER (3, 16, 16)



Entry Level	N/A
Stop	N/A
Profit Target	N/A
New Recom:	<b>Stay out for now.</b>

Entry Level	177 (Nov-29-17). Sold half at 197 for an <b>11% gain.</b>
Stop	2dc below 188
Profit Target	215
New Recom:	<b>Buy more near 175. Sell the rest at second profit target.</b>

The stock market continued on its bullish path upward. The Industrials reached new highs as the Transports settled near the highs. The Transports continue to form an upside wedge with a downside target at the Nov uptrend near 188. This tells us a IYT breaks below 202 on a 2dc, would mean a decline to the Nov uptrend is likely. Moreover, keep in mind the Sept uptrend near 172 is stronger support and a likely target if the Nov uptrend is broken. Spinners for both Averages are bullish but could be ready to take a breather. Spinner for the Industrials is starting to decline from an extreme while Spinner for the Transports is testing its MT MA. We continue to hold a partial position in IYT and soon we'll be looking to buy again on weakness.

# CurrencyShares Euro ETF (FXE) 01/23/2018

CLOSE= 118.4



CurrencyShares Euro ETF (FXE) NYSEArca - Nasdaq Currency in USD

Long at:	114.70 (Sept 20- 17)
Stop:	2dc below 109 (adj).
Profit Target:	130 & 140
New Recom:	<b>If you're not in, consider buying some near 116. Buy more near 110.</b>

Getting stronger... The euro is getting stronger by holding above the Apr uptrend near 116. It's forming a bullish flag with upside target at 122 (euro: 1.26). The euro has even stronger support at the Jan uptrend near 109, and as long as the euro stays above these levels, it'll be poised to rise further. On the downside, notice Spinner reaching a top. This tells us the upside may be limited ST and a decline to the Apr uptrend is likely. Keep your positions and buy on weakness if you're under-exposed.

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<b>ABBREVIATIONS</b>	
1dc	1-day close (the share price must close above or below the indicated price level, before our recommendation is activated)
2dc	2-day close (consecutive)
bot	bought
CAD\$	Canadian dollar
H&S	head & shoulder
LOC	line on close
LT	long term
MT	medium term
NL	neckline
PF	portfolio
PO	price objective
Recom	recommended
RH&S	reverse head & shoulder
RS	relative strength
ST	short term
Sym/tri	symmetrical triangle
Tgt	target
Unch	unchanged
Vol	volume
Wk	week
Ystdy	yesterday
C	close