

- GCRU -

Weekly Trading Service



●●● GCRU #673

●●● January 27, 2016 (in its 15th year)



IN THIS EDITION

A SPARKLE OF HOPE 2

Open Positions 19

Abbreviations 20

MARKET LEADERS

Gold (futures) 6

Silver (futures) 7

US Dollar Index 8

CBOE Interest Rate 10 Year T Note (TNX) 9

Crude (futures) 10

D. Industrials & D. Transports 11

HUI & Adv/Dec Line 12

STOCKS

Direxion Gold Miners Bull 3x (NUGT) 14

DB Gold Double Long ETN (DGP) 15

Direxion Daily S&P 500 Bull 3x ETF (SPXL) 16

Proshares Ultra 20+ Year Treasury (UBT) 17

Agnico Eagle Mines Ltd (AEM) 18

KEY PRICES

Name/Symbol	January 26, 2016 price	Change	January 19, 2016 price	Name/Symbol	January 26, 2016 price	Change	January 19, 2016 price
Gold (GCZG16)	1120.20	31.10	1089.10	S&P500	1906.63	25.30	1881.33
Silver (SIH16)	14.564	0.443	14.121	U.S.Dollar (DXZ15)	99.13	0.097	99.04
HUI (HUI)	117.44	16.74	100.70	30 Year T-Bond (ZBH16)	160 - 05	0.25	159 - 12
Copper (HGH16)	2.0375	0.0600	1.9775	10 Year T-Note Yield	1.9940	-0.0410	2.0350
Oil (CLH16)	31.45	1.88	29.57	13-week Treasury bill	0.300	0.070	0.230

“The contrary investor is every human when he resigns momentarily from the herd and thinks for himself”

— Archibald MacLeish —

A SPARKLE OF HOPE WITHIN FEAR DRIVEN MARKETS

The markets continue to dance to the tune of crude oil, China and the Fed. Gold jumped up to a 12 week high while silver and their shares followed.

Chinese stocks plunged below its August lows yesterday and hitting lows last seen in Dec 2014. This caused a rattling in the Asian markets and a run to safety. But then oil bounced up above \$30 on the news that OPEC may cooperate to cut output.

This in turn gave a boost to the U.S. stock market. The Dow Industrials closed up triple digits while the S&P 500 topped 1900. And it's starting to coincide with a possible and much needed upcoming bounce in the energy and resource sectors.

This is especially so because investor's appetite for risk improved driving them to sell Dollars and buy commodity-linked currencies where interest rates are more attractive.

This is also being enhanced by the Fed, ahead of the FOMC meeting statements later today.

It's no secret that the two largest economies continuously fail to show signs of a healthy recovery. Retail sales for December in the US were down while manufacturing in both the US and China have been signaling contraction.

This is causing growing speculation that these economic indicators will cause a more uncertain response by the Fed.

And even though the market has likely priced in a non-rate hike from the Fed, the language used by Fed officials could uncover the course of action for future Fed action.

A hint towards maintaining an easy monetary policy could give commodities, bonds and stocks a boost while putting downside pressure on the US dollar. A hint towards further tightening is likely to give the dollar the boost it needs to break above current resistance and put downside pressure on commodities and stocks.

And although the US dollar remains the strongest currency out there, it too is showing subtle signs of weakness. The US dollar index continues to resist at the 100-102 level. The seemingly toppy formation since the high last March is not encouraging. The lack of follow through is looking more like exhaustion.

Gold, silver and their shares are among the very few metals and stocks that could thrive with looming economic and market uncertainty.

It's no coincidence that gold's 'C' rise is well underway. That is, the rise since December is gaining traction. It continues to break above ST resistance levels, reaching an almost 3 month high.

We have a full position in gold and DGP (A 2x ETF that follows gold). Our positions are doing well and we're currently sitting on built in profits. We'll continue to keep our

positions and wait for profit targets to be reached to sell part or all of our positions.

Our **Chart of the Week** shows gold poised to rise further in this intermediate rise, and it looks like crude and commodities will follow. You can see gold is now firm by staying above its 5 week MA now at \$1085.

Most interesting is the key 23 month MA is now converging with the October peak (prior A peak). And it looks like the \$1190 level will end up being the KEY to a market turnaround. If gold surpasses this high near \$1187 and the declining MA during the current C rise, it would then be turning a bear market into a bull market!

We'll be watching this closely, but in reality this level will most likely become the high area for the current C rise. So either way, we have more gains to look forward to!

If crude oil closes above \$33 and especially above \$36, we could see it test the \$40 level. And while this is small potatoes compared to the plunge, a rise of this type could have the potential to greatly move the markets.

Silver is also building a solid up trending base above \$13.65. It continues to follow in gold's footsteps and has topped \$14.50 for the first time since early December. Silver is currently at its 75 day MA and if broken to the upside, it could rise to test its next resistance at \$15.50 (May downtrend).

Keep in mind the current rebound rise in the resource sector is boding well for silver and could give silver the added boost needed to reach this target.

Gold shares are benefiting the most. Gold shares dipped below their key 6 month support level, but they quickly jumped back above previous support showing strong demand at depressed levels. Moreover, strength in gold combined with a sharp rebound rise in the stock market is adding to the bullishness.

The **Chart Below** shows the similarities in gold shares and the stock market. Note how they both dipped below their August lows and quickly bounced up. HUI has now broken above its 5wk MA, its key ST indicator, showing gold shares are turning bullish. Our in house A/D Line is reflecting solid strength and it seems to be leading gold shares overall.



Both gold shares and the general stock market are poised to rise together ST.

We're out of gold shares, but we're now buying for the upcoming rebound rise once again. We recommend buying NUGT to have the opportunity of big gains, and we're also recommending AEM for a more conservative trade.

The stock market reached even more extreme oversold levels than we showed last week while the Volatility Index (VIX) is at a high. Our position in SPXL was stopped out, but at the right time last Friday when the rebound rise started. A lucky bounce in our favor. However, we feel the rebound rise has more upside and we recommend picking up some more SPXL at mkt.

Bonds continued to rise sharply. They've lead safe haven assets to higher highs. However, bonds have overextended their rise ST and could see a pullback in the

coming weeks. Our entry level in UBT has not yet been triggered. But, we believe that a pullback could push UBT to our entry target before bonds rise further.

Our strategy for this week is to add to your gold share positions and stocks. However, be mindful that these positions are short term trades at current levels. Be quick to take partial or total profits when profit targets are reached or stop losses triggered.

Good luck and good trading,



Omar Ayales
Chief Trading Strategist

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MARKET LEADERS

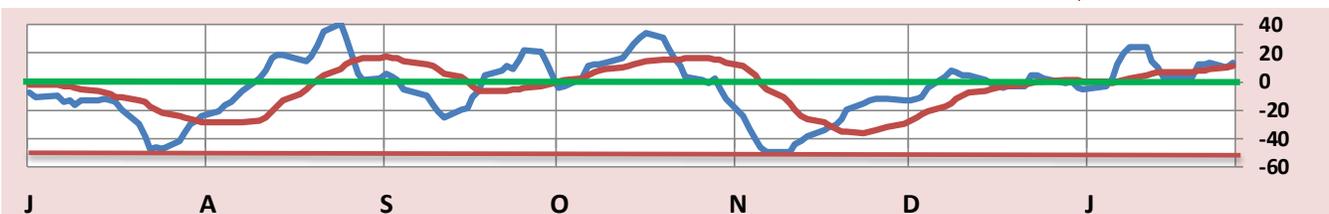


GOLD FEBRUARY 2016 (GCG16) 1/26/2016 CLOSE = 1120.2



SPINNER (3, 16, 16)

BULLISH!



Long	1085 (Jan-6-16), 1085 (Jan-13-15) (GLD: 103).
Stops	2dc below 1070 (adj) (GLD: 102.50) (adj)
Profit Targets	1150 (adj) & 1200 (GLD: 111 & 118).
New Recom	If not in, buy on a dip below 1100 (GLD:105.50). Sell half at first profit target.

Gold's rally continues! This week, gold broke above its 75 day MA, extending its bullish uptrend since Dec as the rise we call 'C' gains traction. Gold is now testing the Oct downtrend, a key resistance level. A break above 1135 on a 2dc would re-affirm strength and the Oct highs, just below 1200, would be gold's next resistance and target. Notice Spinner trekking upward, bouncing up from its MT MA. This tells us upside momentum in gold continues. Gold will remain bullish as long as it holds above the Dec uptrend and 5 week MA near 1085. Keep in mind, gold's key support level continues to be the Dec lows near 1050. A break below this level would be very bearish. Keep your positions.

SILVER MARCH 2016 (SIH16) 1/26/2016 CLOSE= 14.564



Long at:	13.75 (Dec-17-15) (SLV: 13.10), 13.90 (Dec-28-15), 13.90 (Jan-8-14) (SLV: 13.15).
Stop	2dc below 13.65 (SLV: 2dc below 13.05).
Profit Target	15.50 & 17.50 (SLV: 15 & 16.80)
New Recom:	Keep your positions. Sell half at first profit target.

Silver is catching a bid at higher prices as gold surges and the resource sector rebounds. Silver moving higher forming a bullish uptrending base. Silver is breaking above its second fanline, reaching a 7 wk high today! Moreover, notice Spinner showing rising momentum as it breaks above both the zero line and its MT MA. This tells us silver could rise initially to the May downtrend near 15.50 (our first profit target) as long as it holds above the Dec uptrend just below 14. A break above the May downtrend on a 2dc above 15.50 would mean a strong bull could push silver to the May highs near 17.50. Keep your positions as long as silver holds above the Dec uptrend near 13.65, and remember to take partial profits when profit targets are hit.

U.S. DOLLAR INDEX MARCH 2016 (DXH16) 1/26/2016 CLOSE= 99.133



New Recom	Stay out.
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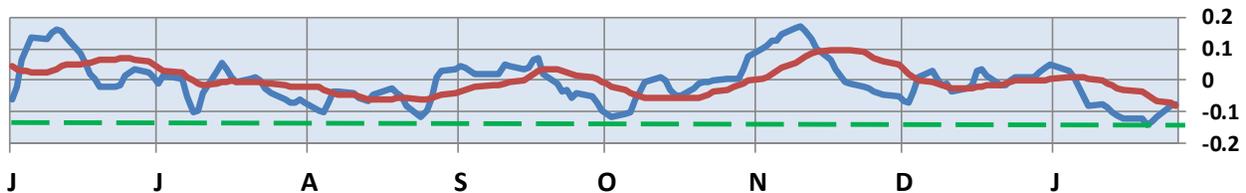
The US dollar index remains bullish, holding to the Oct uptrend. But it's constantly testing key resistance levels. The dollar broke above the Dec downtrend and reached 100 for the first time in almost 2 months telling us potential for upside remains high. On the downside, it's still resisting below 100 and forming a new Dec downtrend. Plus, a steadily declining Spinner is the inevitable eye draw. And the almost-year-long downtrend tells us the dollar continues to form a top. Moreover, lack of much needed renewed strength will likely continue to put a lid on the dollar's upside. The dollar must break above 100 on a 2dc, initially, and then above 102 to see strength that could push the dollar into a new leg up. However, if the dollar fails to break these key resistance levels, the chart will continue to show a weakening dollar. If the dollar breaks below the Oct uptrend on a 2dc below 98.50, it could then test the Aug uptrend near 96 or even the bottom side of the year-long sideways band near 93.75. Support at 93.75 is key as a break below this level would trigger a trend reversal for the dollar.

CBOE Interest Rate 10 Year T No (^TNX) 1/26/2016 CLOSE= 1.99 US\$



SPINNER (3, 16, 16)

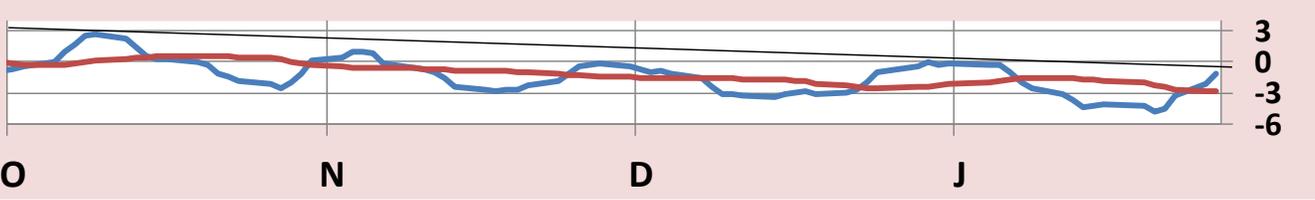
RISING FROM AN EXTREME LOW AREA



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

Bouncing up from the bottom side of the Jun downchannel after testing the Oct lows... Could this be the start of a rebound rise in rates? Notice Spinner rising from an extreme oversold level. Moreover, notice TNX rose every single time Spinner reached an oversold level during the past year. This tells us downside is likely limited ST and a rebound rise, to possibly test the Jun downtrend at 2.3, could be in the making. Keep in mind, however, downside pressure will remain strong until TNX breaks above the Jun downtrend on a 2dc above 2.35. A rebound rise in rates would put pressure on bonds ST.

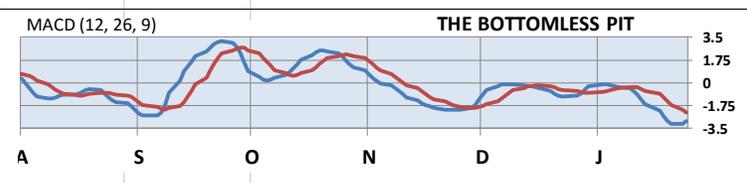
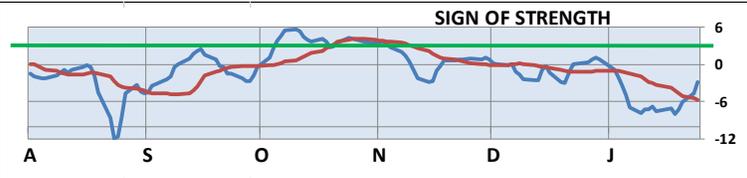
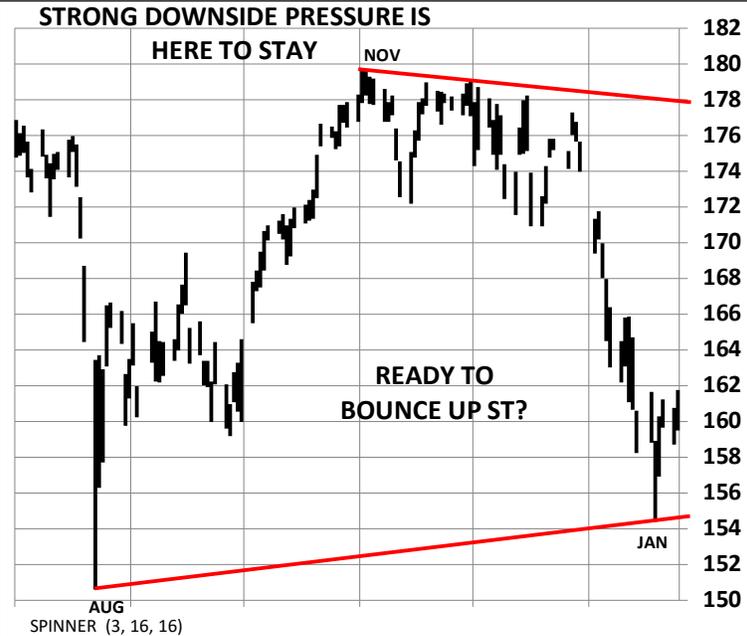
LIGHT CRUDE OIL MARCH 2015 (CLH16) 1/26/2016
CLOSE= 31.45



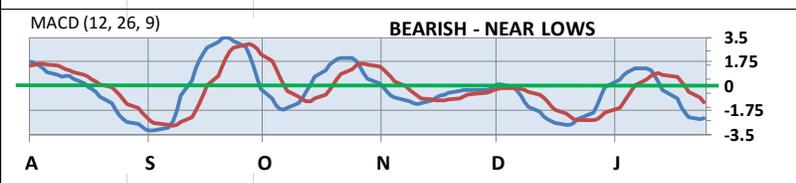
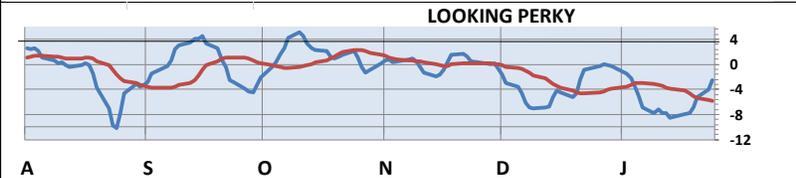
Recom:	Stay out for now.
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Dead cat bounce? Crude jumped up after piercing below the bottom side of the Oct downchannel. Crude is back above 30 and getting closer to the Oct downtrend near 36. Crude must break above 36 on a 2dc to see signs of renewed strength that could push crude above 40. Spinner showing crude is still vulnerable by staying below the zero line & downtrend, despite it peeking above its MT MA. Stay out for now.

SPDR DOW JONES INDUSTRIAL (DIA) 1/26/2016
CLOSE= 161.57



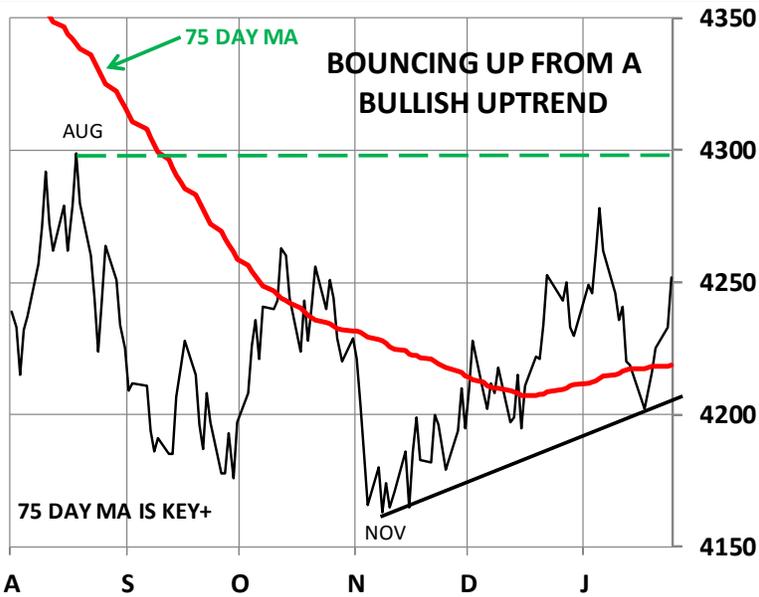
Shares Transportation Average (^IYT) 1/26/2016
CLOSE= 122.12



New Recom **Stay out.**

The bear market in stocks remain in full swing as the economic recovery continues to struggle. Disappointing retail sales during December and soft manufacturing data are sending signs of concerns across the market, adding to the pressure in stocks and commodities. The Transportation stocks continue to lead the stock market in a decline that has not shown signs of a bottom. The Industrials have been following and will likely continue to do so. Although the trend remains down, indicators continue to show that stocks are at an extreme low and a rebound rise is likely. We've been recommending SPXL, an ETF that triples the action on the S&P 500. However, it hit our stop for the second time this week and we sold at the weekly high for a small profit. We'll buy the rebound once again, and get ready to short at key resistance levels thereafter.

ADEN GOLD STOCKS ADV/DEC LINE 1/26/2016
CLOSE = 4252



HUI GOLD BUGS INDEX (HUI) 1/26/2016
CLOSE= 117.44



SPINNER (3, 16, 16)

BOTTOMED NEAR AN EXTREME



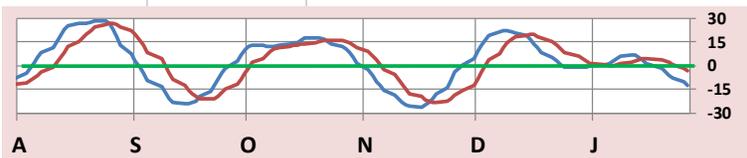
SPINNER (3, 16, 16)

POISED TO RISE ONCE AGAIN



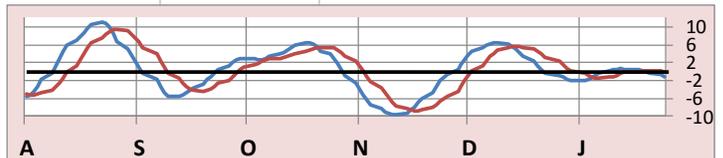
MACD (12, 26, 9)

NOT OUT OF THE WOODS JUST YET



MACD (12, 26, 9)

LACKLUSTER



Resurging? Weakness seemed to overtake gold shares last week as HUI slipped below an almost 6 mo long support level between the 100-105 level. However, the A/D Line held its own, showing room for more upside as it held on its Nov uptrend after slipping below the 75 day MA. Today, HUI is breaking above its 5wk MA (112) and the Oct downtrend (115.50) showing impressive strength as gold surges and the stock market rebounds. If HUI holds above 112 and the A/D Line stays within the Nov uptrend, we'll see gold shares surge, to possibly the Oct highs. The slip below key levels triggered sell signs across the board which pushed us to protect profits on a position (NUGT) and take small loss on another (GDXJ). We kept our core positions in gold, silver and related ETFs. However, we're ready to jump back into gold shares with NUGT and take advantage of resurging strength.

STOCKS



DIREXION GOLD MINERS BULL 3X ETF (NUGT) 1/26/2016
CLOSE= 24.54

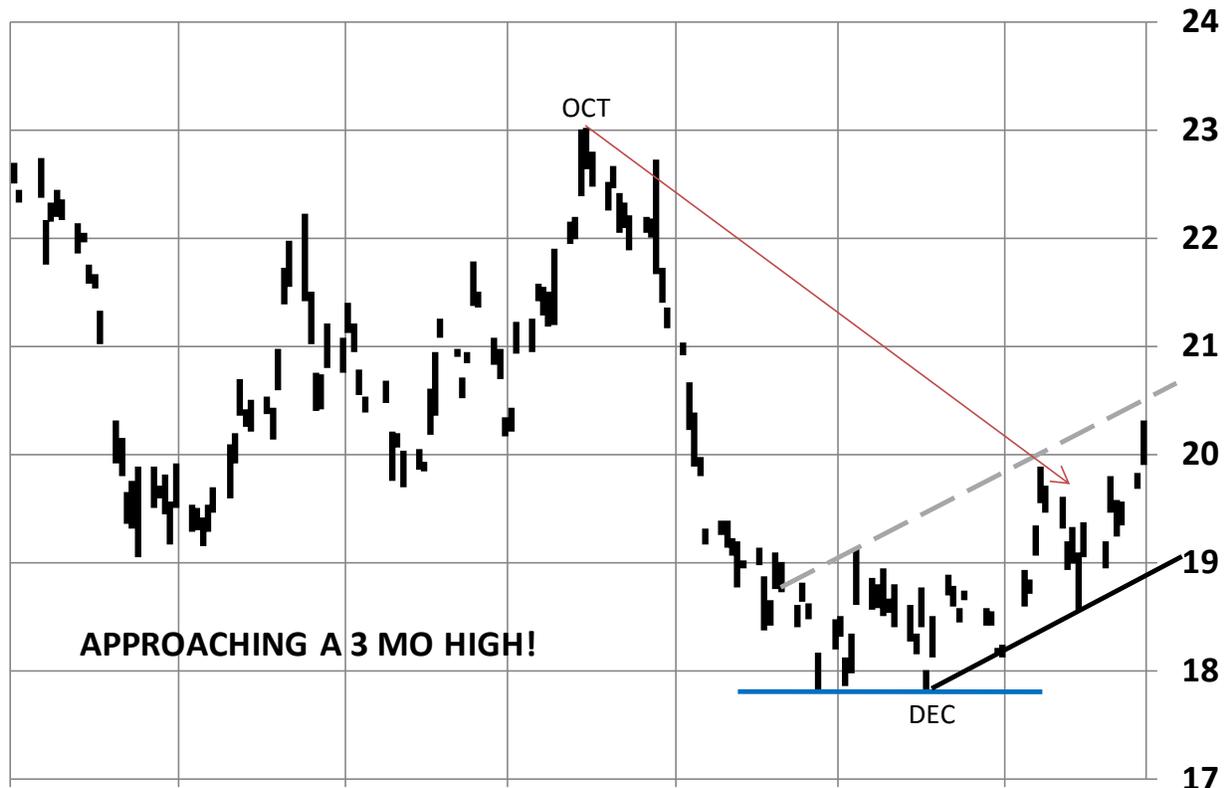


Direxion Daily Gold Miners Bull 3X ETF (NUGT) -NYSEArca

Recom:	Buy some at mkt. Buy more below 23. Place stops at 2dc below 20. Profit targets at 32 and 52.
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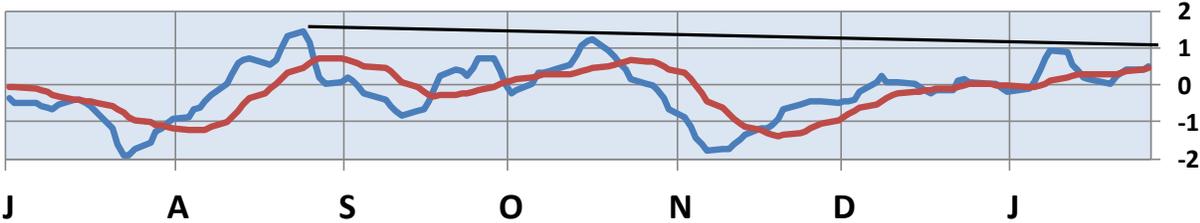
Uptrending... the combination of a breakout in gold, together with a rebound rise in stocks, is giving gold shares a boost. HUI crossed its 5wk MA showing strength. NUGT is now testing a key downtrend. A break above 25 on a 2dc could trigger a bullish rise to the Jan highs near 32, initially. On the downside, be quick to sell if the mini Jan uptrend is broken on a 2dc below 20.

DB Gold Double Long ETN (DGP) 1/26/2016 CLOSE= 20.27



SPINNER (3, 16, 16)

ABOVE ZERO = GOOD, BUT WATCH MT MA



DB Gold Double Long ETN (DGP) -NYSEArca

Long at: 19.15 (Jan-6-16), 19.15 (Jan-13-16).

Stop: 2dc below 17.75.

Profit Target: 21 (almost reached!) & 23

New Recom: **Keep your positions.**

DGP broke above the Oct downtrend nearing a 3 mo high today! DGP's next key resistance is at the Oct high near 23. Spinner rising, breaking off from its MT MA showing impressive strength. However, Spinner is also showing taletale signs as it nears a 5+ mo downtrend. If Spinner crosses above the downtrend, it'll trigger a renewed leg up in DGP's bullish rally. But, if Spinner fails, it'll show dying momentum and the rally could come to an end. Be quick to take partial profits at our profit targets.

DIREXION DAILY S&P500 Bull 3X ETF (SPXL) 1/26/2016 CLOSE= 66.29



Direxion Daily S&P500 Bull 3X ETF (SPXL)-NYSEArca

Long at:	66 (Jan-13-16), 60 (Jan-20-16). Sold via stop at 66 for an average gain of 4%.
Stop:	2dc below 62 (adj).
Profit Target:	80 & 88.
New Recom:	For speculators only, buy again at mkt.

Bear Trap? SPXL is volatile, making an about face as it broke below a key support level (Aug lows) only to jump back above it, erasing losses. Our indicators are showing stocks are extremely oversold and ready for a rebound rise. Notice Spinner breaking above its MT MA as it gains upside momentum. Keep in mind, downside pressure remains strong and it's the main driver behind stocks. However, we recommend taking advantage of the extreme oversold situation, and gain from a rebound rise that could push SPXL to the Jul downtrend near 88.

PROSHARES ULTRA 20+Year Treasury (UBT) 1/26/2016 CLOSE= 80.41



ProShares Ultra 20+ Year Treasury (UBT) -NYSEArca

New Recom:	Buy on a pull back to 77 or lower. Place stops at 2dc below 74. Profit target at 85.
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UBT continued on its bullish rise, reaching a 5 mo high! However, Spinner is showing that UBT is a bit overextended and it could see some down time. This coincides with the chart shown on page 9 with the TNX. Keep in mind UBT will remain bullish even if it declines to the Jun uptrend at 74. We recommend staying out for now and buying on weakness, at 77 and more below 75.

Agnico Eagle Mines Limited (AEM) 1/26/2016 CLOSE= 28.75



Agnico Eagle Mines Limited (AEM) - Nyse

New Recom: Buy some at mkt. Buy more below 28. Place stops at 2dc below 26. Profit targets at 31 and 35.

AEM is one of our long time favorite gold shares due to its resilience. AEM has remained in an uptrend since Sept. and continues to flirt with the highs. The Oct high resistance and the Sept uptrend are converging into a bullish ascending triangle. Remember ascending triangles are continuation patterns that show potential for more upside if the Oct resistance is broken. Notice Spinner starting to rise once again, testing the zero line. Although upside is not exponential, it's one of the safest bets, particularly in an environment where gold is breaking out and the stock market is poised for a bounce up.

OPEN POSITIONS

Symbol	Trade Update &/or Current Position	Status (L=Long, S=Short, O=Out P= Put C= Call)	Initial Entry Date	Initial Entry Price	Traders re-bot/ -sold at	Last Closing Price	Stops	Target #1	Target #2
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SHARES

AEM	Buy some at mkt. Buy more below 28. Place stops at 2dc below 26. Profit targets at 31 and 35.	O				28.75			
DGP	Keep your positions.	L	Jan-6-16	19.15	19.15	20.27	2dc below 17.75	21.00	23.00
NUGT	Buy some at mkt. Buy more below 23. Place stops at 2dc below 20. Profit targets at 32 and 52.	O				24.54			
UBT	Buy on a pull back to 77 or lower. Place stops at 2dc below 74. Profit target at 85.	O				80.41			
SPXL	For speculators only. Buy again at mkt.	O				66.29			

MARKET LEADERS

Gold - GCG16	If not in, buy on a dip below 1100 (GLD:105.50). Sell half at first profit target.	L	Jan-6-16	1085.00	1085.00	1120.20	2dc above 1070	1150.00	1200.00
Crude-CLH16	Stay out for now.	O				31.45			
Silver SIH16	Keep your positions. Sell half at first profit target.	L	Dec-17-15	13.75	13.9, 13.90	14.56	2dc below 13.65	15.50	17.50
US Dollar DXH16	Stay out.	O				99.13			

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Note: U should NOT feel our recommended prices are set in concrete. If mkts suddenly feel hot or cold to U, or dramatic news occurs, U can buy or sell, or stop at slightly higher or slightly lower prices. It also hinges on your experience level. Some people can use our prices as guides & know when they can take bigger risks.

Spinner: Spinner is an in-house momentum indicator (not always shown on charts). Momentum indicators use the rate of change in price to determine predominant energy flows. Spinner trading signals are generated when the faster timing line crosses above or below the slower confirming line. Upside crosses in the lower range of positive territory offer the most reliable signals for longs; downside crosses in the top range of negative territory for shorts. Avoid trading against the timing line, ie, buying/selling if the timing line is in corrective mode (against direction of trade) unless the confirming line is positioning for a new 'confirming cycle'. It's important to always be aware of location, direction & cycling phase of the confirming line. Spinner signals are more effective in trending mkt's than in trading ranges where indicators such as Stochastics & Williams %R should be used.

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ABBREVIATIONS	
	1-day close (the share price must close above or below the indicated price level, before our recommendation is activated)
1dc	
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