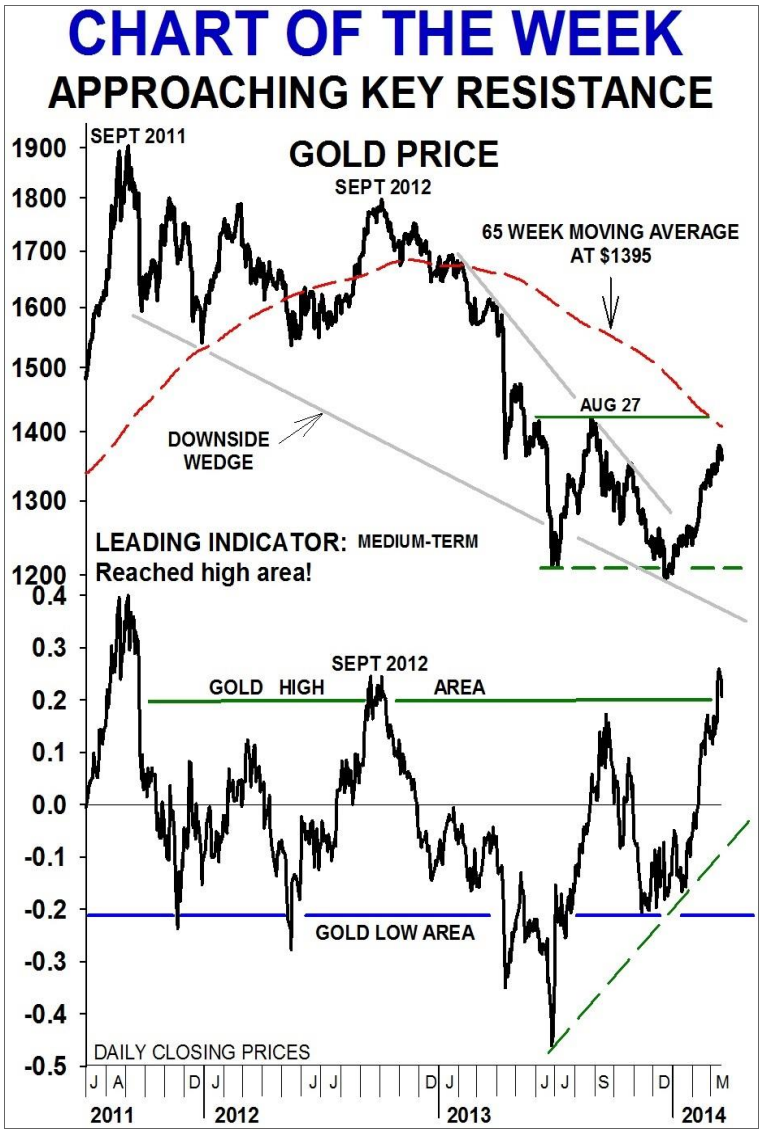
# - GCRU-

***Weekly Trading Service***

●●● *GCRU* #581

Welcome Subscribers!

●●● March 19, 2014 (in its 13th year)

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**KEY PRICES**

| Name/Symbol | Mar 18, 2014 price | Change | Mar 11, 2014 price | Name/Symbol | Mar 18, 2014 price | Change | Mar 11, 2014 price |
|---|---|---|---|---|---|---|---|
| Gold (GCJ14) | 1359.00 | 12.30 | 1346.70 | S&P500 | 1872.25 | 4.62 | 1867.63 |
| Silver (SIK14) | 20.862 | 0.047 | 20.815 | U.S.Dollar (DXM14) | 79.544 | -0.301 | 79.845 |
| HUI ($HUI) | 245.30 | 2.90 | 242.40 | 30 Year T-Bond (ZBM14) | 132 - 31 | 1 -16 | 131 - 15 |
| Copper (HGK14) | 2.951 | -0.001 | 2.952 | 10 Year T-Note Yield | 2.681 | -0.085 | 2.766 |
| Oil (CLM14) | 98.01 | -0.84 | 98.85 | 13-WEEK TREASURY BILL | 0.050 | 0.005 | 0.045 |

*"Volatility is greatest at turning points, diminishing as a new trend becomes established."*
***George Soros***

# NEW HIGHS! MORE PROFITS

Gold reached another new high last Friday. Gold shares did too.

This time it was a 6 month high when gold approached its late August highs as safe haven buying continued. Ongoing slowing economic data out of the U.S. and China as well as geopolitical tensions between the West and Russia over Crimea continued to fuel gold´s strength.

But, this week is another story for the moment. Gold is starting to stall and it'll likely continue to stay under ST pressure before our next intermediate target is reached ($1425).

Improving industrial production and an increase in factory output is causing the markets to believe the slowdown has been weather related. This together with Crimea´s referendum to become part of the Russian Federation is putting downward pressure on gold.

Moreover, the Fed´s new chairman, Janet Yellen, will let us know today, after the 2 day FOMC meeting, the next course the Fed´s asset purchase program will take. Will the Fed continue to taper, by how much, or not at all? If it does continue on Bernanke´s path, tapering will occur which could put some downward pressure on gold. If it decides to maintain or increase the pace, we could see gold recuperate yesterday´s lost ground and more.

However, we believe that the problems related to the world economy go far beyond the weather conditions in the U.S., just as the full extent of the consequences from Russia´s course of action has yet to be seen.

The **Chart of the Week** is all about gold. It shows gold approaching 2 key resistance areas, the 65 week MA now at $1395, as well as the August highs near $1425. This is important for the current intermediate rise.

Notice gold´s leading indicator. It's been rising sharply from the lows, and it's now reached the highs last seen in Sept 2012 when gold peaked near $1800. This means gold is now near a very clear overbought area when gold tends to reach a high level. This confirms gold´s strong resistance near the 65 week MA and the August $1425 level, meaning that limited upside and some downtime is likely ST.

Our eyes are on gold´s ST support and Dec uptrend near $1330. As long as gold holds above this level, we´ll see ongoing solid strength within the current intermediate leg up. Keep an eye on $1330 and $1395 this week.

Gold shares are following in gold´s footsteps, in spite of the falling stock market last week. Gold shares are following gold.

HUI broke above its key resistance at 255 and it's poised to rise further MT. However, like gold, gold shares are due for a ST correction. HUI´s key support level is the Dec uptrend near 230. HUI will

show strength by staying above this level, and it'll be poised to continue rising.

We took more profits last week right before the end of the week's rise. We sold the second half of both our BTO.TO and SLW positions for a 17% and 19% return since Jan, respectively. We continue to hold a full AUY position, and a half position in DGP. Junior mines have been weaker than the senior mines this past week, which in itself is a bearish ST sign for both.

Silver, on the other hand, looks promising but continues to lag. The weak resource sector, is pulling silver with it. However,

despite weakness, silver continues to hold firmly above its key support, the 75 day MA at $20.40 while forming a bullish flag pattern, see the **chart below**. This is part of an almost one year sideways consolidation band that's been forming since its waterfall decline between $18.50 and $24.

The clear bullish flag forming has an upside target at the top side of the band, the April and August 2013 highs. Moreover, silver´s leading indicator is showing built up strength with room to rise further.

Coiling for a blast off to the top side of the sideways band? We continue to believe so…and a rebound rise in copper could be the reason why silver is ready to have a boost upward to test the $23-$24 level. One more leg up looks feasible.

Our strategy this week is to be on the lookout for weakness. We sold most of our positions with good profits. We still have some left in case of a spontaneous surge in gold and gold shares. Our silver position is intact and it looks like the recent weak link is ready to catch up. Be quick to take partial profits if targets are reached.

Good luck and good trading.

Our warmest wishes to you all,
Omar, Pam and Mary Anne

If it's Wednesday, it much be a GCRU day!

# MARKET LEADERS

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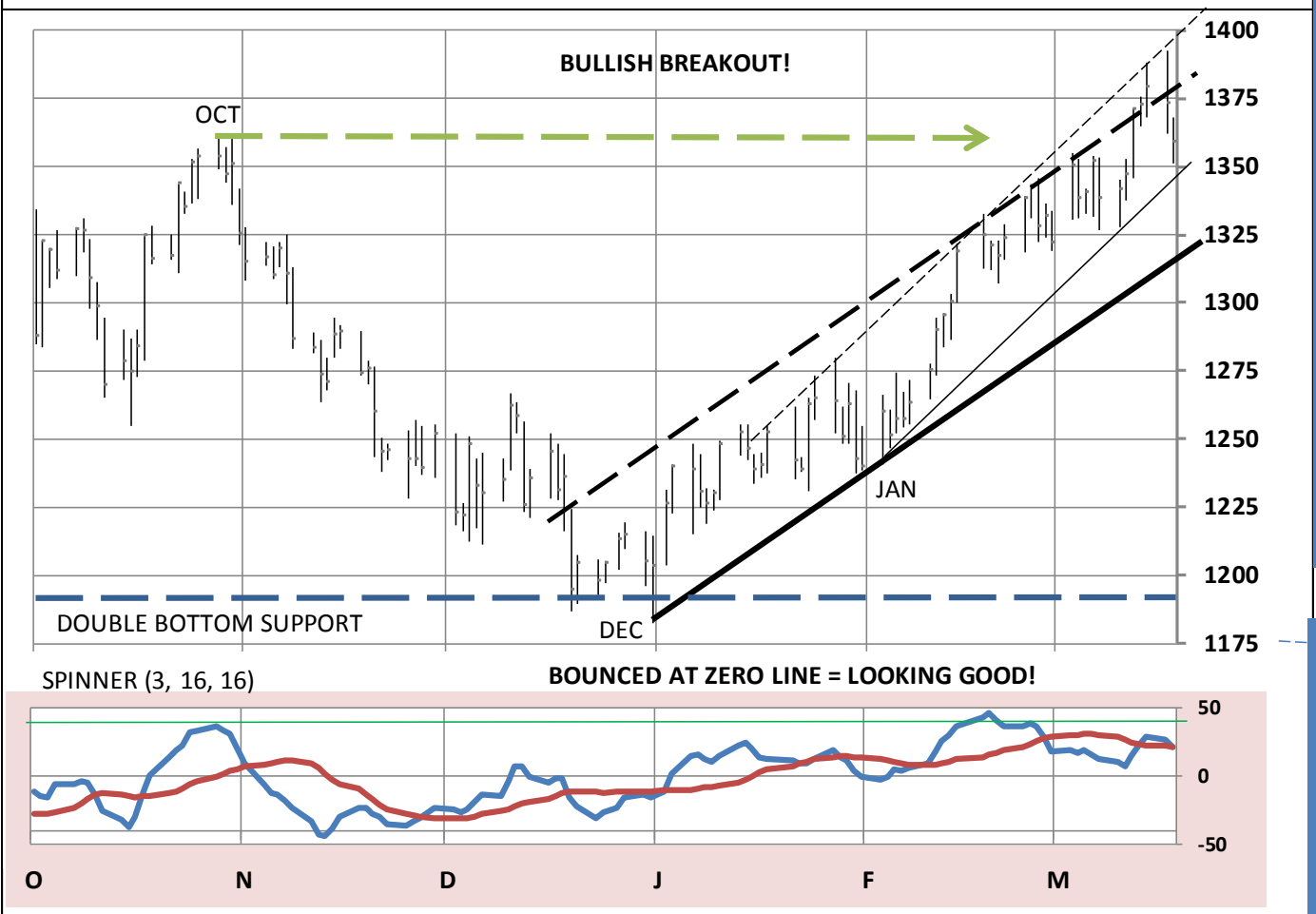
## GOLD APRIL 2014 (GCJ14) 3/18/14 CLOSE = 1359




| | |
|---|---|
| Long at: | 1193 (Dec-19-13), 1195 (Dec-20-13).<br>**Sold half at 1350 for a 13% profit!** |
| Stop: | 2dc below 1315 (adjusted). |
| Profit Targets: | 1420 (adjusted) & 1536 |
| New Recom: | **Keep your positions. Sell at next profit target. We'll buy again on weakness near 1320.** |

Bullish! Gold broke above the top side of its Dec upchannel and the Oct highs showing impressive strength. Gold now forming a steeper upchannel since Jan showing that first target level could be reached and gold is very strong above 1330. Spinner declined to the zero line only to bounce up and above its MT MA showing good upside momentum.

**CALL OPTION SPREAD #1**

Bought Dec 2015 1600/1700 COMEX gold call spreads for approximately $1,300 (Nov-20-13)

**CALL OPTION SPREAD #2**

Bought Dec 2015 1500/1600 COMEX gold call spreads for approximately $875 (Jan-8-14)

## SILVER MAY 2014 (SIK14) 3/18/14 CLOSE= 20.862

**OPTION TRADE**

Bought Dec 2015 26/27 COMEX silver call spreads for approximately $1,010. (Nov-20-13)

| | |
|---|---|
| Long at: | 19.45 (Dec-13-13), 19.25 (Dec-19-13), 19.35 (Dec-20-13) 19 (Dec-31-13) & 19.50 (Jan-2-14), 19 (Jan-30-14), 20.15 (Feb-13-14). |
| Stop: | 2dc below 20.40 (adjusted) |
| Profit targets: | 23 & 25. |
| New Recom: | **Keep your positions. Buy more below 20. Sell half at first profit target.** |

Holding above Jan uptrend as Spinner holds at critical support showing limited downside and good upside potential… Keep in mind that the Oct high remains a key resistance and silver strength will be confirmed on a 2dc break above it, at 23. Otherwise silver will remain vulnerable and weakness would be evident with a break below the Jan uptrend on a 2dc below 20.40. Overall, silver lagging due to weakness in the resource sector, namely copper, while holding up well due to strength in gold. As long as silver holds above its uptrend, we'll keep our position.

## U.S. DOLLAR INDEX JUNE 2014 (DXM14) 3/18/14 CLOSE= 79.544

| New Recom: | **Stay out.** |
|---|---|

Break down… The dollar broke below a key ST support as it edges closer to its key intermediate support near 79. A break below this level would confirm bearish action and a decline towards 76 could then begin. Spinner bearish showing more ST downside is likely. On the upside, the Feb downtrend (80) is the dollar's first key ST resistance. A break above this level would show first strength. Gold is feeding off dollar weakness and will continue to do so if the dollar continues to decline. A dollar decline below 79 could fuel a rise in gold to the 1536 level.

## COPPER MAY 2014 (HGK14) 3/18/14 CLOSE= 2.9515

| | |
|---|---|
| Long at: | 3.24 (Jan-29-14), 3.20 (Jan-31-14), 3.19 (Feb-5-14), 3.20 (Feb-26-14).<br>**Sold for a loss at 2.95 :(** |
| New Recom: | **Speculators buy a bit near 2.90.** |

Ready for a bounce? Copper has reached extremely oversold levels. This means a pull back or bounce up is likely. Copper is very weak below 3 and could bounce back to Dec downtrend, near 3.25. Spinner confirming extreme oversold condition. Copper above 3.25 would begin to look good. Although upside seems limited in copper at this moment, a rebound in copper (resources) from current levels is likely. A rebound rise would also benefit silver.

## LIGHT CRUDE OIL JUNE 2014 (CLM14) 3/18/14 CLOSE= 98.01

| New Recom: | **Stay out for now.** |
|---|---|

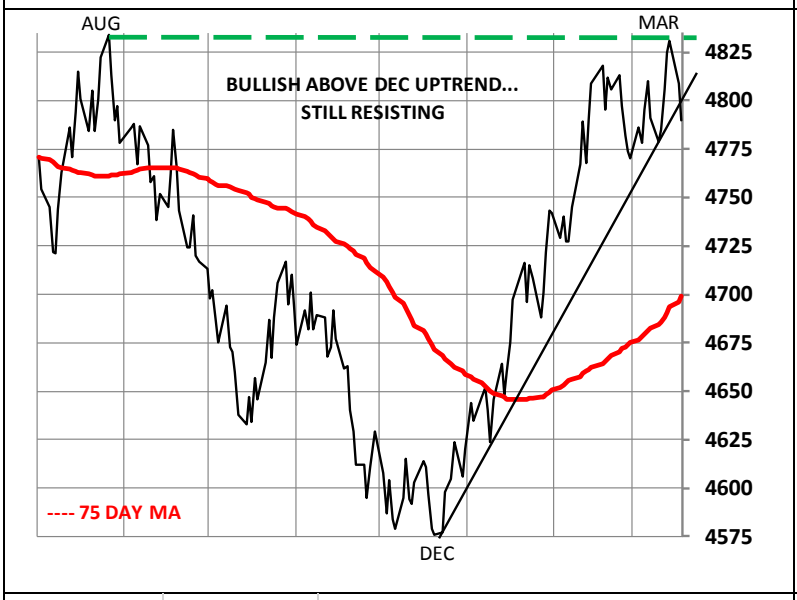
Crude continues to drop, breaking below its Jan uptrend showing weakness as Spinner remans bearish. However, crude is also holding at its 75 day MA (96.50), and forming an upchannel this year, while Spinner reaches an extreme oversold level showing good support at the 96.50 level. The key is if crude holds above 96.50 or not. If it holds, it'll resume its rise. If it breaks below it on a 2dc, we could see it drop to possibly as low as its Jan lows near 90. We'll wait for more crude action in the upcoming week before placing a trade.

**SPDR DOW JONES INDUSTRIAL (DIA) 3/18/14 CLOSE= 162.37 US$**

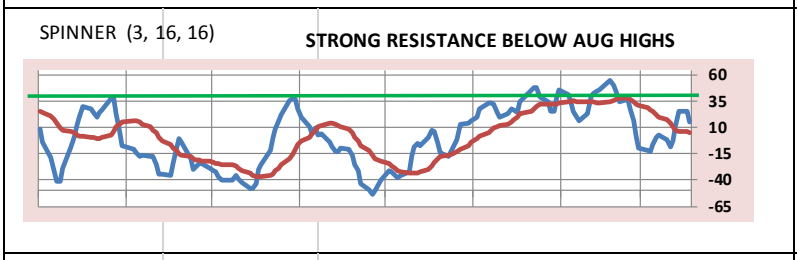
**DOW JONES TRANSPORTATION AVERAG (^DJT) 3/18/14 CLOSE= 7592.53 US$**

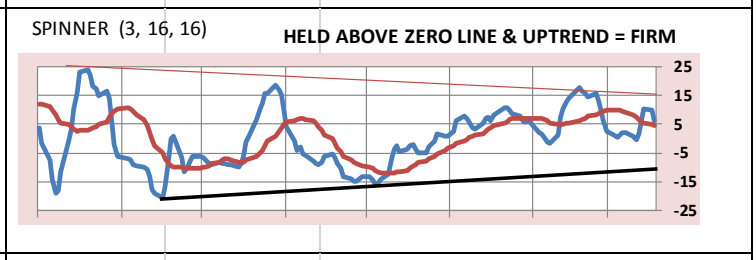
Winding down… DIA's failed once again to confirm recent new highs on the Trans. This tells us the upside is limited ST. Spinner for both DIA and Trans showing weakness as both decline from recent highs. MACD declining as well. Overall market seems exhausted and getting ready for a decline/correction. On the downside, the Oct uptrend for both DIA and Trans are key. A break below this level by both averages would re-confirm correction mode and a secondary bearish trend would be in place. However, on the upside, keep a close eye on the DIA. A break into new highs would show a Dow Theory bullish confirm and more highs would then likely follow.

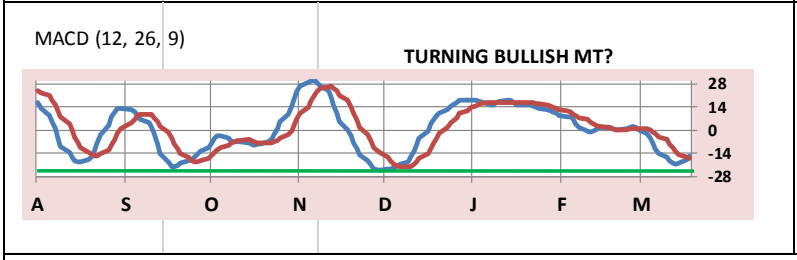
**ADEN GOLD STOCKS ADV/DEC LINE 3/18/14 CLOSE=4790**

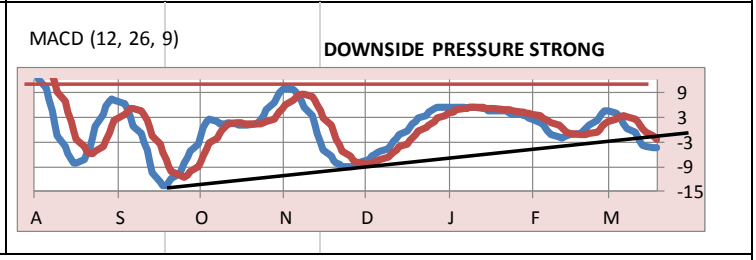



**HUI GOLD BUGS INDEX (HUI) 3/18/14 CLOSE= 245.3**




Indicators showing bullish scenario for HUI ST while also confirming strong resistance at the Aug high (280). Break above Oct highs confirms more upside is likely. This tells us HUI is poised to rise to the Aug highs. However, a break above this level is unlikely ST. The A/D Line continues to show strong resistance below the Aug high as its been unable to break above it. Spinner rebounding showing some strength, but reaching extreme overbought quickly, confirming resistance at Aug highs. HUI´s Dec uptrend, now at 230, is key... HUI is bullish above it, but a break below it means a decline to the lower 200s once again would be probable. HUI's Spinner looking good above its uptrend. We sold about half of our total positions in gold shares at the recent resistance and still holding about half of them because strength is could to continue ST. However, keep in mind gold and gold shares are still in a bear market and downside pressure remains strong. This could bring some volatility to the table until HUI breaks initially above 280 and 350. We'll be looking to take profits near this resistance on the rest of our positions.

# STOCKS

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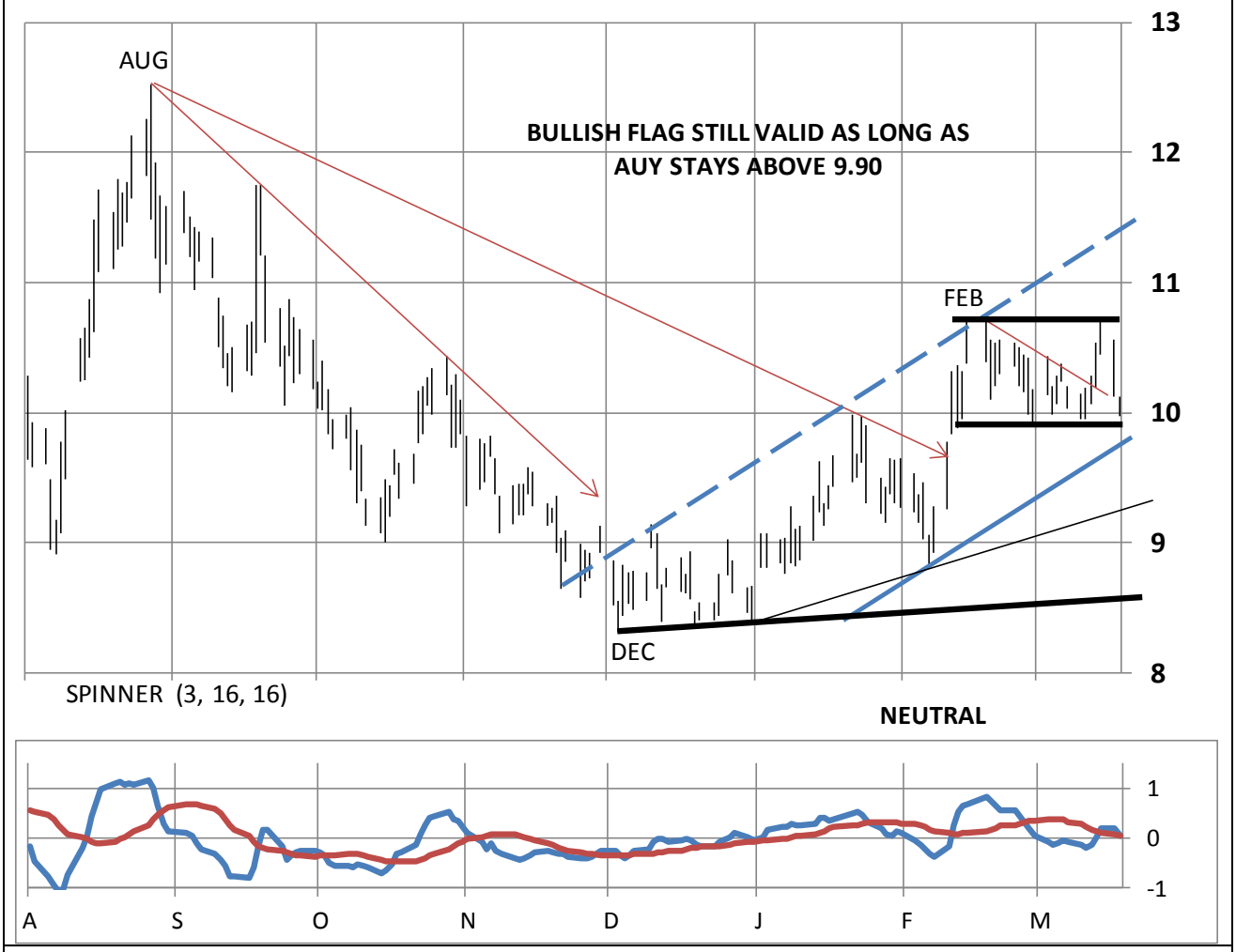
## YAMANA GOLD (AUY) 3/18/14 CLOSE= 9.99 US$




**Yamana Gold (NYSE:AUY). Also traded in TSX -YRI /LSE - YAU**

| | |
|---|---|
| Long at: | 10 (Feb-12-13), 10 (Feb-28-14) |
| Stop: | 2dc below 9.5. |
| Profit Target: | 12 & 15. |
| New Recom: | **Keep your positions. Sell half at first profit target.** |

AUY failed to break above its bullish flag pole (10.75) earlier this week showing some weakness. Spinner bouncing up, but resisting near the zero line -- a neutral reading. AUY still looks good as long as it holds above 9.50. However, a break below this level on a 2dc would confirm weakness and a decline to the Dec uptrend near 8.50 would then be likely. We recommend keeping your position for the moment.

## B2GOLD CORP. (BTO.TO) 3/18/14 CLOSE= 3.22 CAD$

**B2Gold Corp. (TSX: BTO.TO). Also traded in OTCQX-BGLPF**

| | |
|---|---|
| Long at: | 2.80 (Feb-12-14).<br>**Sold half at 3.20 for an approximate 14% profit! Sold second half at 3.30 for an 18% gain!** |
| New Recom: | **Stay out for now.** |

7 mo high! Shot up to the Aug highs, our second profit target. BTO.TO must now break above 3.70 on a 2dc to see further strength. Spinner showing weakness. Watch the Jan uptrend at 3.20 as its key ST uptrend. If BTO.TO fails to break above its Aug high resistance and declines below this uptrend, it could decline to possibly the Dec uptrend near 2.50. We´ll wait for a bottom to buy again.

## SILVER WHEATON CORP (SLW) 3/18/14 CLOSE= 25.83 US$

| **Silver Wheaton (NYSE: SLW) Also traded in TSX:SLW.TO** | |
|---|---|
| Long at: | 22.25 (Jan-22-14), 21.75 (Jan-24-14), 21.40 (Jan - 30- 14).<br>**Sold half at 25.35 for a 16% profit! Sold second half at 26 for a 19% profit!** |
| New Recom: | **Stay out for now. Buy some near 24 and more near 21.** |

SLW broke above its bullish flag , above 26 showing impressive strength. Spinner held at its uptrend and it's testing its MT MA. SLW´s next key resistance is the Aug highs near 29. On the downside, the Dec uptrend near 24 is SLW´s first key ST support. SLW will be firm above it, but a break below it could push SLW to possibly the Jun/Dec uptrend near 20. We´ll be waiting for some weakness to buy again.

## PowerShares DB Gold Double Long ETN (DGP) 3/18/14
## CLOSE= 31.58 US$

| **PowerShares DB Gold Double Long ETN (DGP) -NYSEArca** | |
|---|---|
| Long at: | 28.75 (Feb-12-14).<br>**Sold half at 31.50 for a 10% profit!** |
| Stop: | 2dc below 28. |
| Profit Target: | 35 |
| New Recom: | **Keep your positions. Sell the rest at profit target.** |

DGP broke above the Oct high showing strength. Spinner confirming as it bounced from the zero line, peeking above its MT MA. Next key resistance is the Aug high near 35. On the downside, the Dec uptrend is a key uptrend & ST support. DGP is very bullish as long as it stays above this level (30). Keep your position and be quick to take profits at our next target level (Aug highs).

## ROYAL GOLD (RGLD) 3/18/14 CLOSE= 70.5 US$

**Royal Gold, Inc (NASDAQ: RGLD) Also traded in TSX:RGL**

| | |
|---|---|
| New Recom: | **On the radar! We're waiting for weakness to buy!** |

Explosive rise! RGLD continues to rise non stop, peeking above the Mar 2013 high! RGLD is very bullish above 68, the Dec uptrend. Spinner holding above the zero line showing strength. Stay out for now, we'll be waiting for weakness to buy, possibly from an upside wedge with target level near 56-58.

# 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 |
|---|---|---|---|---|---|---|---|---|---|
| | | | | **SHARES** | | | | | |
| AUY | Keep your positions. Sell half at first profit target. | L | Feb-12-14 | 10.00 | 10.00 | 9.99 | 2dc below 9.50 | 12.00 | 15.00 |
| BTO.TO | Stay out for now. | O | | | | 3.22 | | | |
| RGLD | On the radar! We're waiting for weakness to buy! | O | Nov-5-12 | | | 70.50 | | | |
| SLW | Stay out for now. Buy some near 24 and more near 21. | O | | | | 25.83 | | | |
| DGP | Keep your positions. Sell the rest at profit target. | L | Feb-12-14 | 28.75 | | 31.58 | 2dc below 28 | 31.50 | 35.00 |
| | | | | **MARKET LEADERS** | | | | | |
| Gold - GCJ14 | Keep your positions. Sell at next profit target. We'll buy again on weakness near 1320. | L, C | Nov-20-13 Dic-19-13 | Dec 2015 Gold 1600/1700 // 1193 | 1195.00 | 1359.00 | 2dc below 1265 | 1350.00 | 1425.00 |
| Crude-CLM14 | Stay out for now. | O | | | | 98.01 | | | |
| Silver SIK14 | Keep your positions. Buy more below 20. Sell half at first profit target. | L, C | Dec-13-13 Nov-20-13 | 19.45 Dec 2015 Silver 26/27 | 19, 19.50 | 20.86 | 2dc below 20.50 | 23.00 | 25.00 |
| US Dollar DXH14 | Stay out. | O | | | | 79.54 | | | |
| COPPER HGK14 | Speculators buy a bit near 2.90. | O | | | | 2.95 | | | |

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| ABBREVIATIONS | |
|---|---|
| 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 |

**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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