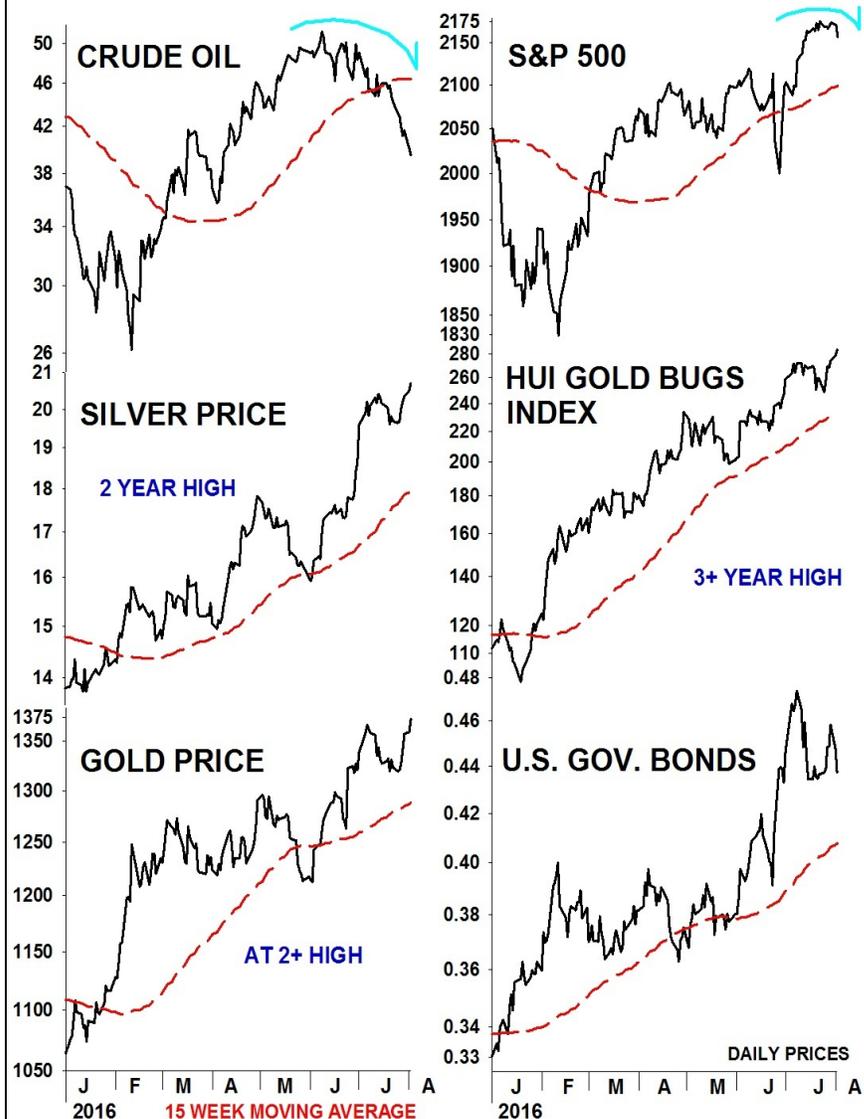


- GCRU -

Weekly Trading Service



15 WEEK MA IS STILL KEY ST



●●● GCRU #700

●●● August 3, 2016 (in its 15th year)

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CRUDE OIL IN THE PITS

GOLD, SILVER & SHARES: BULLISH!

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KEY PRICES

Name/Symbol	August 2, 2016 price	Change	July 19, 2016 price	Name/Symbol	August 2, 2016 price	Change	July 19, 2016 price
Gold (GCZ16)	1372.60	40.30	1332.30	S&P500	2157.03	-6.75	2163.78
Silver (SIU16)	20.701	0.694	20.007	U.S.Dollar (DXU16)	94.988	-2.120	97.108
HUI (HUI)	283.65	16.28	267.37	30 Year T-Bond (ZBU16)	172 - 11	-0.04	172 - 07
Copper (HGU16)	2.2090	-0.0540	2.2630	10 Year T-Note Yield	1.5370	-0.0210	1.5580
Crude Oil (CLU16)	39.51	-5.94	45.45	13-week Treasury bill	0.2800	-0.030	0.3100

“The world economy today is recovering slowly, and there are still some destabilizing factors and uncertainties. The underlying impact of the international financial crisis is far from over.”

– Hu Jintao-

WEAKER U.S. ECONOMY HIT THE MARKETS

The U.S. dollar had a double whammy hit on Friday.

The U.S. economy was unexpectedly weaker in the second quarter, making the first half of the year the weakest start since 2011. Plus, the Bank of Japan's stimulus disappointment pushed the yen up, and adding more pressure on the Dollar.

This weakness gave the Fed more reason not to raise rates, especially in September, and this in turn also hurt the Dollar, and it pushed up gold, silver and gold shares.

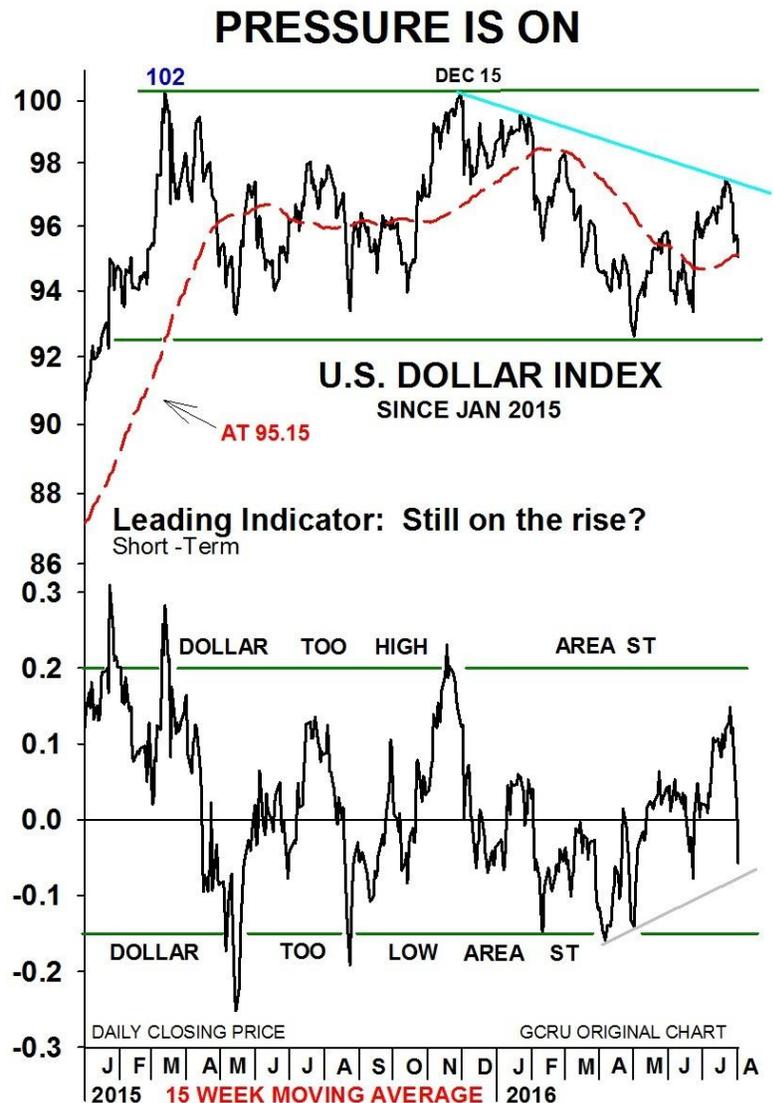
The dollar has been a key player in financial market speculation, but now the rebound rise since May could be over. It fell to a key level yesterday, and it's the market to watch this week.

If the dollar rise since May is truly over, it would give the metals a further boost. Note on the chart to the right that pressure is on the dollar. It resisted at its December downtrend and it's starting to decline below its 15-week MA.

If the dollar index now stays below 95.15, it could decline to the bottom side of the 1 ½ year sideways band. This would reinforce a major top in the making since the March 2015 peak. The leading indicator is saying it hasn't so far shown decent strength because it's falling from a midway point.

Crude oil, meanwhile, continued to collapse, closing below \$40 for the first time in almost 4 months. And it's finally putting some pressure on the strong stock market.

Interestingly, neither crude nor the stock market found a bid to move higher on dollar weakness. With ongoing nagging oil glut worries, the weaker energy shares are starting to overpower the strong tech sector.



Our **Chart of the Week (page 1)** helps to see this more clearly. As many of you know, the 15-week MA has been key to the intermediate trends this year. Oil has now declined clearly below its MA, and the stock market now looks ready to follow. Keep an eye on 2110 this week, the S&P500's 15-

week MA. It'll be following crude below this level.

The oil decline isn't over yet, and if it breaks below \$39 on a 2dc, a further renewed leg down could unfold, in spite of crude already being extremely oversold. This would bode well for our SDS position (inverse ETF to S&P500.)

Crude's drop propelled SCO (inverse ETF to crude) to the 120 level, past our second profit target. We sold at 115 for a 48% gain on the second half of our position. SCO has strong resistance at 120, just like crude's support at \$39.

Gold shares and silver have been most impressive as you can see on our **Chart of the Week (page 1)**. Both reached new highs and gold did too depending on which gold price. Gold, basis December, is very close to the July high but it's still below the closing high, whereas the spot price is at a high.

Meanwhile, the 15-week MAs will be our guide. They'll all remain strong above this MA at \$1300 for gold, \$18 for silver and 240 for the HUI index.

Our positions in gold, silver and AEM are doing good. Gold and AEM are a stone's throw away from our first profit target at \$1400 and \$60, respectively. While silver looks very strong and poised to rise further.

The Transportation Average continues to show a clear picture. Its rises have been lackluster and its declines are strong in typical bear market fashion. The Transports are now dragging the Industrials lower as they approach key levels at 7093 for the

Transports and 17140 for the Industrials. If these support levels are broken, a Dow Theory Bear Market re-confirmation would be triggered.

The S&P 500 also had a bearish day yesterday as it broke below a sideways consolidation band formed near the highs. The downside break shows weakness exposing stocks to lower levels. Our position in SDS is trying to move up. We'll keep it because a jump up is likely. Our strategy is to unload our position in the mid to higher 18s, or better.

Bonds are in decline, but they've been partly a safe haven this week, like gold. And UBT has yet to reach our entry level. We're waiting patiently for the opportunity to buy UBT because bonds are poised to rise further once this period of weakness matures, see the Chart of the Week.

Our strategy for this week is to watch our profit targets closely. AEM is very close to our first profit target and gold shares look ripe for a renewed leg up. Gold is likely to test its 2 year-long resistance level at \$1380. If broken to the upside, a rise to our target at \$1400 would be likely. The dollar remains key. If it stays below its 15wk MA at 95.15, it'll remain weak.

Good luck and good trading,



Omar Ayales
Chief **Trading** Strategist
GCRU

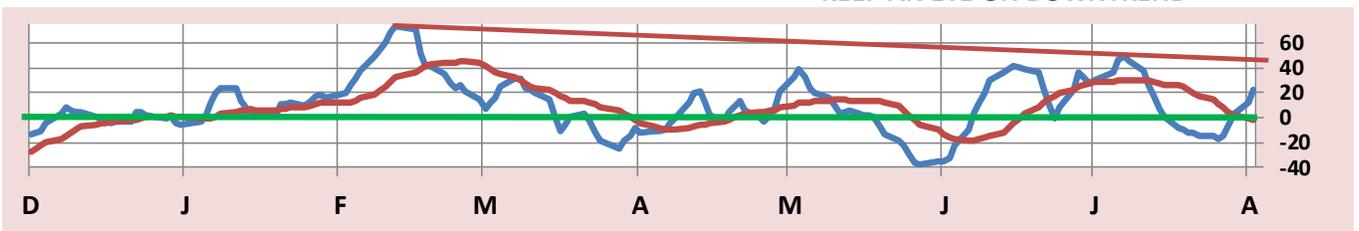
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MARKET LEADERS



GOLD DECEMBER 2016 (GCZ16) 8/02/2016 CLOSE = 1372.6



Long	1260 (Mar-4 & 7 - 16) (GLD: 121), 1208 (May-31-16) (GLD: 115.50)
Stops	2dc below 1280 (GLD: 123) (adj).
Profit Targets	1400 & 1500 (GLD: 133 & 143).
New Long Recom	Keep your positions. Sell half at first profit target. Buy more at 1280 or lower.

Resilient! Gold bounced up from the May uptrend showing impressive strength. Spinner crossed the zero line, MT MA and it's turning bullish. This tells us momentum has shifted back to the upside ST. Gold basis December reached the Jul highs but it's poised to rise above this ST resistance. The more important level now is at 1380, a 2+ year resistance. A break to the upside would fuel a rise to possibly the 1420 level initially. Keep in mind, gold remains very strong by staying above the May uptrend near 1340 and has good support at the Dec uptrend near 1270. Gold's rock solid support level remains at 1200. Keep your positions for now and sell half at our first profit target.

SILVER SEPTEMBER 2016 (SIU16) 8/02/2016 CLOSE= 20.701



Long at:	20.15 (Jul-12-16) (SLV: 19.10)
Stop	2dc below 18 (SLV: 2dc below 17.05) (adj).
Profit Target	25 & 28 (SLV: 24 & 27)
New Recom:	Buy again near 19.75 (SLV: 18.90) and more near 18 (SLV: 17.05)

Bullish rise to new highs! Silver closed at a new 2 year high today confirming strength. It bounced up from the May uptrend near 19.25 and it's positioned to continue rising. Notice Spinner breaking above zero and testing MT MA with lots of room to rise further. This tells us momentum is rising and more upside for silver is now likely. On the downside, it's noteworthy to see silver forming a bearish upside wedge with downside target at 18 (15wk MA). The wedge pattern would be confirmed on a 2dc break below 19.75. However, if silver rises above 21.50, the wedge pattern would be void and a renewed leg up in silver would be re-confirmed.

**U.S. DOLLAR INDEX SEPTEMBER 2016 (DXU16) 8/02/2016
CLOSE= 94.988**



Strong resistance. The weaker economy in 2 Q-16 together with the Bank of Japan's decision on stimulus giving the Yen a boost, put strong pressure on the U.S. dollar index. The chart above shows how the dollar failed to follow through on its rise after breaking above the Dec downtrend last week. This exhaustion turned into weakness today as the dollar broke below its 15wk MA (95.15) for first time in over 6wks. If the dollar stays below 95.15, it'll likely test the May uptrend near 94. A break below this level would trigger a ST reversal and the dollar could resume its decline since the start of the year. Spinner is confirming weakness by breaking below an uptrend since Feb. This tells us the dollar will likely remain weak ST. The dollar remains a stronger currency when compared to most and cash reserves should be kept in dollars.

LIGHT CRUDE OIL SEPTEMBER 2015 (CLU16) 8/02/2016

CLOSE= 39.51



Put Spread Nov 2016 33/30 Bear Put Spread at \$600 (Mar-30-16).

Recom: **Our short position (SCO) reached our targets! Keep put spread for now.**

Continued weakness... Crude fell to an almost 4 mo low today, breaking below 40. Spinner continued its steady decline and it has now reached an extreme oversold level. Although typically this would signal limited downside ST, in this situation, Spinner weakness is bearish. The global supply glut cannot go un-noticed. To overcome weakness, crude must initially break above 43 and then the Jun downtrend near 47. If crude fails to break above its first resistance at 43, it'll re-confirm both its weakness and the path to the lower 30s. We sold all of our position in SCO (inverse ETF for crude) for an average 35% gain since Jun. We continue to hold on to our bear put spread as it still has about 70 days until expiration. We recommend keeping and selling on a further decline.

CBOE Interest Rate 10 Year T No (^TNX) 8/02/2016 CLOSE= 1.537



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

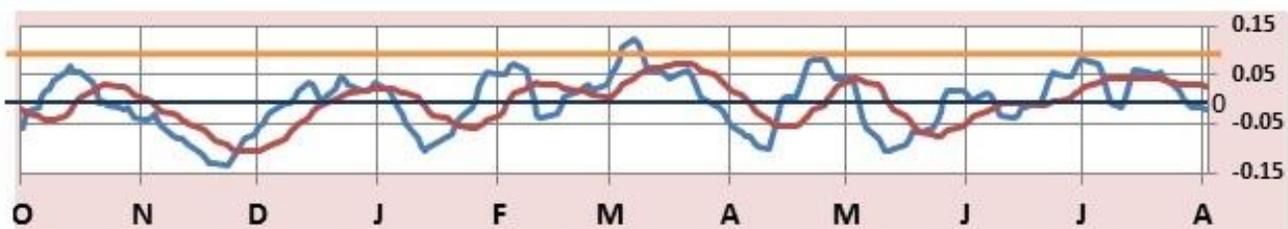
Resisting below May downtrend... The 10 year yield bounced up in an attempt to re-test the May downtrend at 1.56. A break above this level on a 2dc would confirm ST strength that could boost a rise to the Mar downtrend near 1.80. However, if the 10 year yield fails to break above 1.56, it'll likely resume its bearish decline. Spinner is showing weakness below its MT MA and zero. Not a very good picture for the 10 year yield. Keep in mind, a weak 10 year yield is good for gold and a strong 10 year yield is supportive of the U.S. dollar index. Keep an eye on 1.56.

COPPER SEPTEMBER 2016 (HGU16) 8/02/2016 CLOSE= 2.209



SPINNER (3, 16, 16)

HOLDING AT ZERO: NEUTRAL



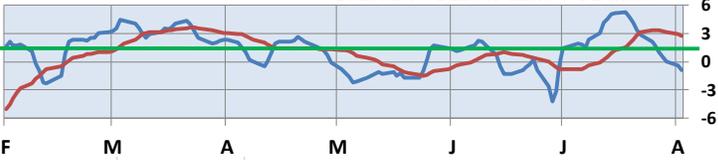
Chugging... Copper continues to chug. It remains loyal to its Jun uptrend and it's stubbornly re-testing a-near-year-long downtrend at 2.25. If copper breaks above 2.25 on a 2dc, it'll show strength that could push copper above its Mar/Apr double top resistance. Conversely, if copper fails to break the 2.25 mark, it'll show weakness and could then fall below its bullish Jun uptrend. Spinner looking for a bottom, yet neutral, near zero. If it holds at zero and rises, we could see a resurgence in momentum that could push copper past its key resistance level.

SPDR DOW JONES INDUSTRIAL (DIA) 8/02/2016
CLOSE= 182.97

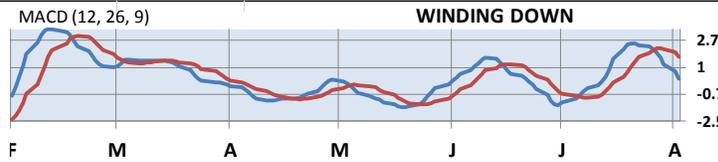


SPINNER (3, 16, 16)

BREAKING BELOW ZERO = BEARISH



WINDING DOWN

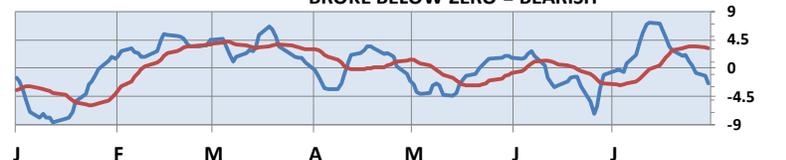


Shares Transportation Average (^IYT) 8/02/2016
CLOSE= 137.33

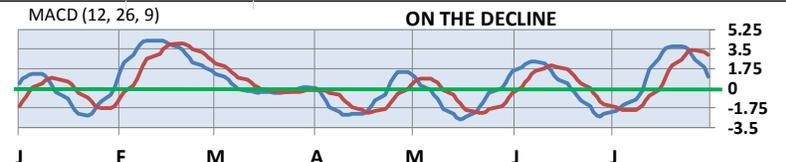


SPINNER (3, 16, 16)

BROKE BELOW ZERO = BEARISH



ON THE DECLINE

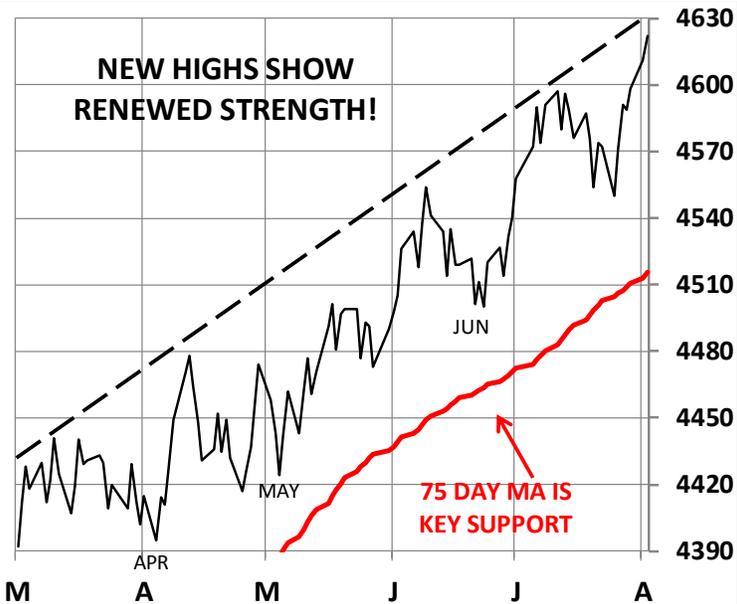


New Recom

Stay out.

The Transportation Average failed to break above its key Mar/Apr double top resistance near 146. Its lack of strength turned into weakness, pushing the Transports lower. The Industrials, on the other hand, have been stronger, rising to new highs. However, weakness in the Transportation Average will likely lead the Industrials into a decline. If both now stay below the July highs a further decline is most likely. First key levels on the downside are 7093 (IYT: 126) for the Transports and 17140 (DIA: 170) for the Industrials. If both averages decline below these levels, a Bear Dow Theory re-confirmation would be triggered. Notice Spinners for both Averages. They're breaking below zero, turning bearish. This confirms continued downside in stocks is likely. Keep your position in SDS and look to sell on a rebound rise. (SDS rises when S&P500 declines).

ADEN GOLD STOCKS ADV/DECLINE 8/02/2016
CLOSE = 4622

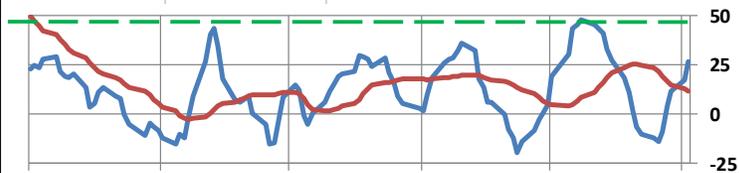


HUI GOLD BUGS INDEX (HUI) 8/02/2016
CLOSE= 283.65



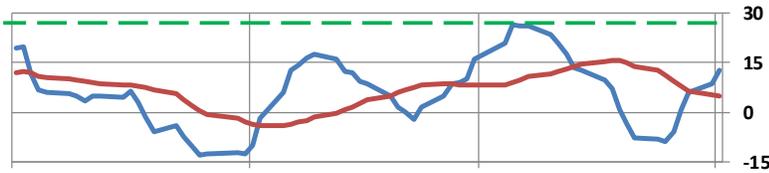
SPINNER (3, 16, 16)

BREAKING OUT!



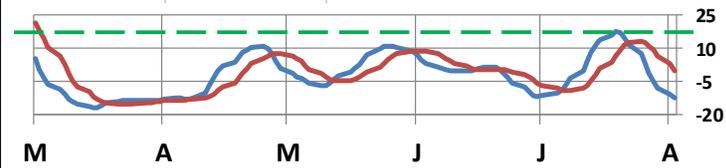
SPINNER (3, 16, 16)

TURNING ST BULLISH!



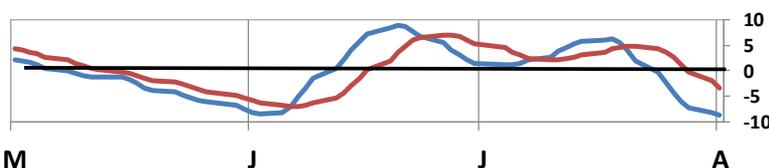
MACD (12, 26, 9)

LOOKING FOR A BOTTOM AT AN EXTREME



MACD (12, 26, 9)

BOTTOMING NEAR AN EXTREME



Surging strength! Gold shares surpassed their Jul high & resistance level today reaching a new 3 year high. New highs in the A/D Line were confirmed by HUI showing potential for more upside ST. Notice Spinner for both the A/D Line and HUI breaking above zero and their MT MAs with room to rise further. This tells us momentum is to the upside and growing. A renewed leg up in gold shares is now very likely. MACD, a MT indicator for both HUI and the A/D Line, is bottoming showing downside is limited MT. On the downside, keep a close eye on 4510 and 255 for both the A/D Line and HUI, respectively. If these levels are broken to the downside, a reversal in trend would be triggered. Our position in AEM is cents away from our first profit target. We'll be buying more gold shares moving forward.

STOCKS



ProShares UltraShort Bloomberg Crude Oil (SCO) 8/02/2016
CLOSE= 119.81



ProShares UltraShort Bloomberg Crude Oil (SCO)-NYSEArca

Long at:	82 (Jun-2-16), 74.50 (Jun-8-16). Sold half at 95 for an average gain of 22%! Sold second half at 115 for an average gain of 48%! Total average return 35% since Jun :)
Profit Target:	95 (reached!) & 115 (reached!)
New Recom:	You're out. If you did not sell, sell at mkt for a great profit!

Crude oil fell to an almost 4 mo closing low today, propelling SCO past our second profit target. SCO shot up, reaching the Apr highs today while Spinner reached overbought levels. This tells us the resistance near 120 is strong. If SCO breaks above 120 on a 2dc, it'll remain on its path to higher levels. However, if it fails to rise above this key resistance, we could see a pull back or correction to possibly the 100 level initially (shorter term Jun uptrend). Stay out for now.

Agnico Eagle Mines Limited (AEM) 8/02/2016 CLOSE= 59.38



Agnico Eagle Mines Limited (AEM) - Nyse

Long at: 52 (Jun-27-16), 52 (Jun-28-16)

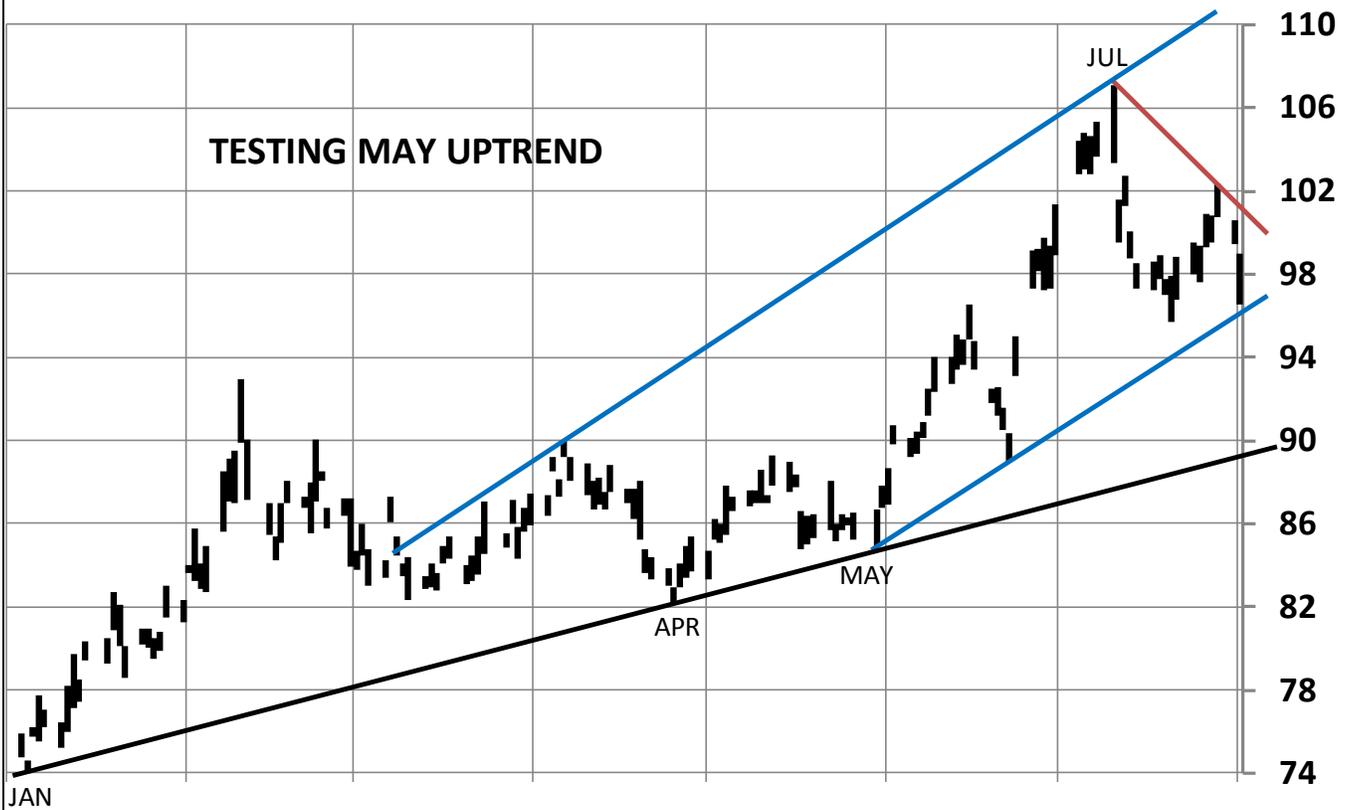
Stop: 2dc below 53 (adj).

Profit Target: 60 (almost reached!) & 72

New Recom: **Keep your position. Sell half at 59.50 or better. Buy some on a decline to 53, and more on a decline to 50 (15wk MA).**

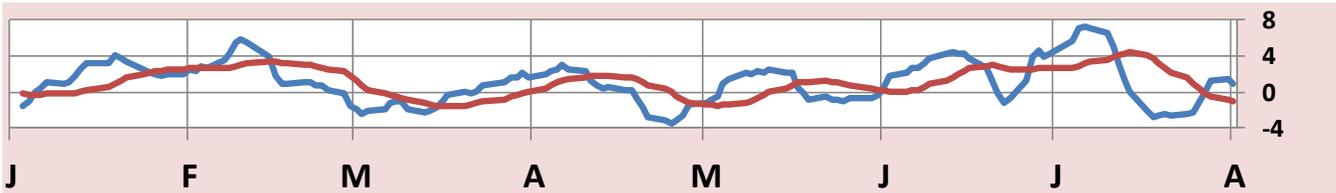
AEM rose to a new high for the move today! It's near the top side of the Apr upchannel showing impressive strength. Spinner is approaching an overbought area, but remains bullish with potential for more upside. AEM's first key support is at its 5wk MA near 55 and the Apr uptrend near 53. Since our profit target was missed by only a few cents today, we recommend selling half of your position at or above 59.50 to secure a 14% gain. Moreover, we recommend buying more on a decline to the Apr uptrend near 53.

PROSHARES ULTRA 20+Year Treasury (UBT) 8/02/2016 CLOSE= 98.11



LACKLUSTER, BUT TRYING TO BOTTOM?

SPINNER (3, 16, 16)



ProShares Ultra 20+ Year Treasury (UBT) -NYSEArca

New Recom:	Buy on a decline to 96 and more near 90. Place stops at 2dc below 88. Profit targets at 104 & 120.
-------------------	---

Bonds continue to correct from their July highs. UBT is approaching the May uptrend. A break below this level could push UBT lower, to possibly the Jan uptrend near 90. Notice Spinner rolling over near zero showing lackluster strength and waning momentum. This tells more downside is possible ST. Stay out for now, but get ready to buy at suggested entry levels.

PROSHARES ULTRASHORT S&P500 (SDS) 8/02/2016 CLOSE= 16.79



ProShares UltraShort S&P500 (SDS)-NYSEArca	
Long at:	18.90 (May-4-16), 18.55 (May-11-16), 18.85 (May-18-16), 18 (Jun-2-16), 18.30 (Jun-15).
Recom:	Sell at 18.50 or better.

The stock market showed clearer signs of a top this week as the Averages declined and the S&P 500 broke below a sideways consolidation band after failing to close at a new high. This tells us a stock market correction downward is brewing. Conversely, SDS (inverse ETF to the S&P 500) broke above a consolidation band showing ST strength. Spinner is testing the zero line. A Spinner break above zero would confirm strength that could push SDS to our target near 18.50 or higher. Keep your positions for now.

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	Keep your position. Sell half at 59.50 or better. Buy some on a decline to 53, and more on a decline to 50 (15wk MA).	L	June-27-16	52.00	52.00	59.38	2dc below 53	60.00	72.00
SCO	You're out. If you did not sell, sell at mkt for a great profit!.	O				119.81			
SDS	Sell at 18.50 or better.	L	May-4-16	18.90	18.55, 18.85, 18, 18.35	16.79	Sell on a rebound to 18.5 or better.		
UBT	Buy on a decline to 96 and more near 90. Place stops at 2dc below 88. Profit targets at 104 & 120.	O				98.11	2dc below 88	104.00	120.00

MARKET LEADERS

Gold - GCQ16	Keep your positions. Sell half at first profit target. Buy more at 1280 or lower.	L	Mar-4 & 7-16	1260.00	1208.00	1372.60	2dc below 1280	1400.00	1500.00
Crude- CLQ16	Our short position (SCO) reached our targets! Keep put spread for now.	P				39.51			
Silver SIU16	Buy again near 19.75 (SLV: 18.90) and more near 18 (SLV: 17.05)	L	Jul-12-16	20.15		20.70	2dc below 18	25.00	28.00
US Dollar DXU16	Stay out.	O				94.99			
COPPER HGU16	Stay out.	O				2.21			

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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.

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

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