



-GCRU-

Weekly Trading Strategies



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Achieves gains by trading commodities, currencies and stocks

Oct 30, 2019

IN ITS 18th YEAR - Nº 857

**IS GOLD IN A LACKLUSTER DECLINE,
OR IS EVERYTHING ELSE RISING?**

**STOCKS POISED TO RISE FURTHER
ON RENEWED OPTIMISM**

**FED WILL NOT MISS THE OPPORTUNITY
TO HELP STEEPEN YIELD CURVE**

CRUDE OIL IS FEELING THE LOVE

Gold's 'D' decline is still underway. That doesn't mean gold won't have up days. It just means there's downside pressure weighing in on price action.

The recent rise to the \$1505 was very telling. Last week, I mentioned breaking this level was key for gold. It's trying hard. Just yesterday gold surpassed this level intraday but failed to close clearly above the resistance showing weakness.

Gold then got sold after failing to surpass the resistance and even though it's holding above ST support at \$1480, the support seems weak and the likelihood of decline to \$1400 is increasing.

"Fish see the bait, but not the hook; men see the profit, but not the peril." - Old Chinese proverb

The many uncertainties that've fueled gold to the recent highs are subsiding. Overall demand for safe havens is waning, as shown last week. All of which is poised to add to gold's downside pressure.

Also consider that gold's secular bull mkt that seemingly began in Dec 2015 was on the start of a rate hike cycle. We could see some of gold's froth removed if current Fed action is perceived as a rate cut cycle, as opposed to an isolated event.



This decline will give us great opportunities to buy more gold and gold shares. Like the over one year rise we've been taking advantage of since back in Aug 2018, through Jul-Aug this year.

However, before we get there, more weakness seems likely as sentiment towards risk assets continues to rise.

To counter upcoming weakness in gold and gold shares, we have secured a short position using the ETF: DUST.

DUST is pulling back after breaking above \$8. It has strong resistance at the top side of its bottoming sideways band near \$9. A break above \$9 on a 2dc would push DUST into a stronger phase of its unmoved.



DUST is a volatile one with wild swings daily. Don't get spooked, remember this is its nature. This is why I don't overload on DUST or any other leveraged ETF. The risk and swings are just too big!

But these instruments do have a purpose and have a very valid use. You can use them as protection against risk which is similar to options trading.

As gold's 'D' decline continues to develop, we'll likely continue to see downside pressure increase. That is, more downside within the space is likely.

Timing is everything and we want to wait for weakness to mature and a bottom to emerge before buying new positions. Patience is most important before jumping into trades with ongoing downside pressure weighing on them.

During the next months we'll likely continue seeing capital flow out of safe havens, including gold, bonds and the U.S. dollar, and into risk assets.

Moreover, one of the best performing sectors within the U.S. stock market in 2019 have been Utilities. They've been strong, showing both traders and investors' bias towards safety.

But that seems to be shifting as Utilities back off from their highs while certain “risk on” sectors reach new highs such as tech and semiconductors.

STOCK MARKET: READY FOR TAKE OFF?



Our next chart compares leading indicators showing upside potential in overall U.S. equities.

The chart shows the Philadelphia Semi Conductor Index (SOX), which is viewed as a market leader, breaking to new highs, above a bullish ascending triangle suggesting more upside is likely.

Next, we see the NYSE A/D Line. This A/D Line is made up by adding all of the companies that are rising less all companies that are falling. As the A/D Line rises, it suggests more companies that make up the NYSE are rising than not. This record high is a bullish indication that the rise in stocks is broad based.

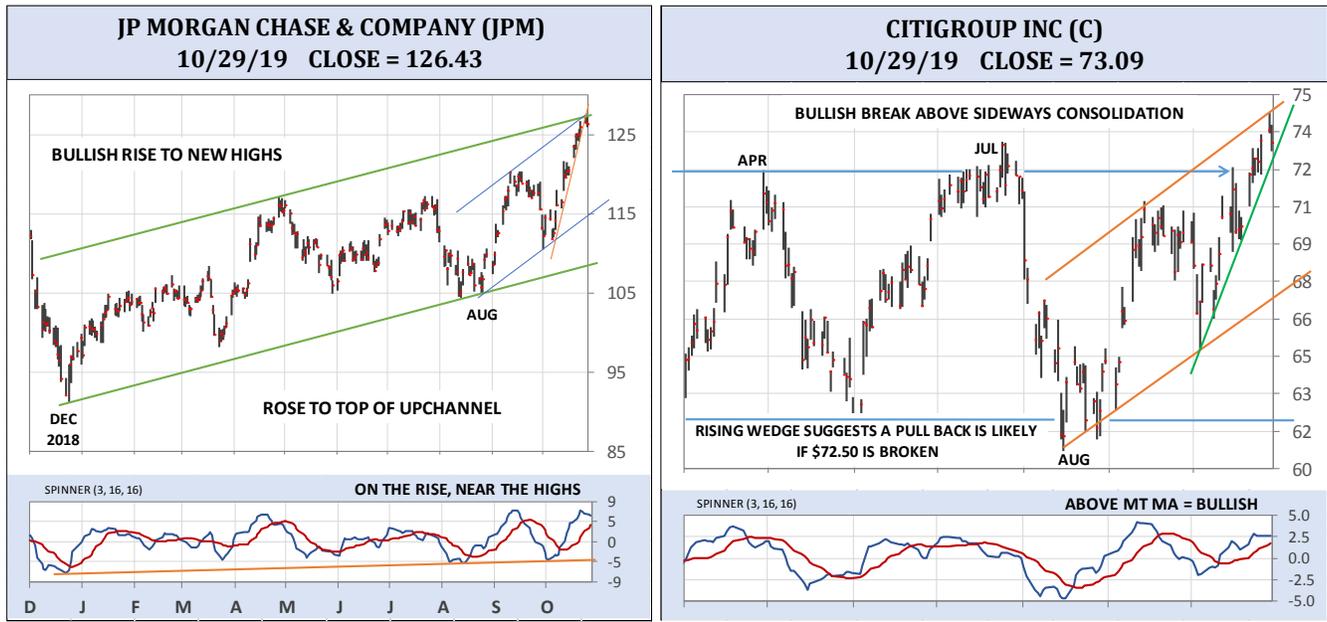
The third chart shows the banking sector. Its ETF is well above its 200 day MA and it's near the highs.

The 3 charts together expose a bullish scenario for stocks.

Interestingly, while Dow Theory is in a confirmed bull market, we haven't seen a re-confirmation, yet. Remember the last confirmation triggered by Dow Theory was a bull mkt after a rebound from the Dec 2018 lows. However, new highs in both Averages would cast out any doubt. Currently, they're getting closer to a reconfirmation.

The financials or banks are one sector that I'm keeping a close eye on.

Last week we showed JP Morgan (JPM) reaching new highs and how its stellar operation is poised to deliver gains in an environment where stocks are looking ripe for an extended rise.



I also like Citigroup (C). It reached new highs just yesterday, breaking out from a multi-month sideways band showing strength and upside potential.

Moreover, with the Fed getting ready to pump even more liquidity into the markets, the banks should benefit from this fresh cash. The recent rise is already showing this.

Interestingly, both JPM and C are forming a rising wedge pattern suggesting a pullback is likely before a continued leg up rise. Wait for a decline in JPM to about \$120, and \$70 for C before buying some.

The expected rate cut this week could help steepen the yield curve even more, pushing recessionary fears out of investors' minds. The drop in ST rates could give longer term rates an upward boost.

Longer term rates on U.S. bonds are already showing this as the 10 and 30 year yield have been rising, as shown last week. The 30 year yield broke above its 15wk MA for the first time in a while. The 10 year yield is following.



In past issues, I've contended rates are poised to bounce up from the extremes reached.

Our play on falling bonds and rising rates, has been the inverse ETF to U.S. bonds known as TBT.

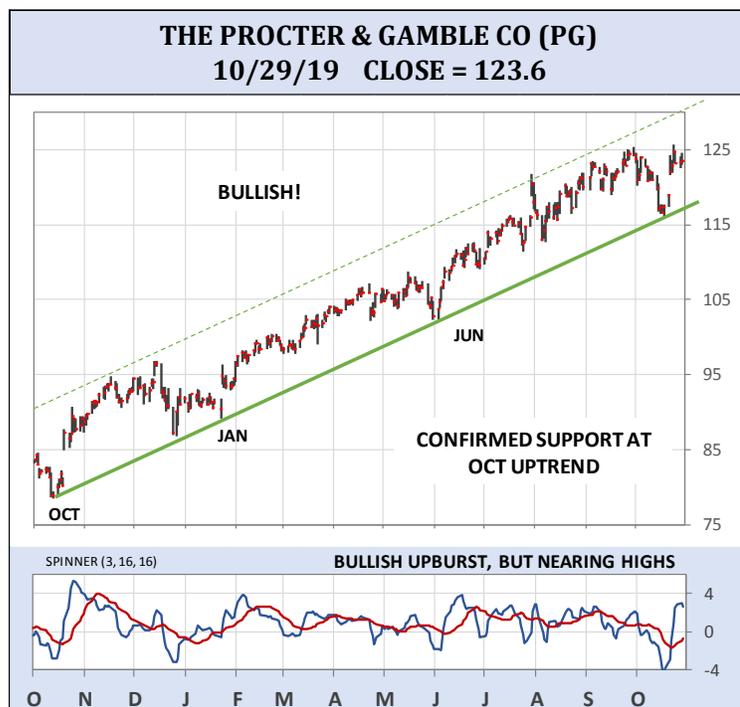
Notice on the chart TBT continues to trend up. It has a solid base at lower levels (higher lows) with handsome upside potential.

TBT is nearing \$27. A clear break above this level could push TBT into a deeper side of its developing bull market.

If you're not yet in, consider buying some at mkt, although it will not be as good as an entry level when originally purchased.

Our position in Procter & Gamble (PG) is doing great too. It fell to a key support (15 day MA) near \$120 but for only a day or so, not allowing to increase exposure yet.

PG is now near its all-time highs looking very strong. A rise to new highs would confirm PG's bullish run up and a continued rise to our second target would then be likely. Take advantage of weakness to pick up more.





Aurora Cannabis (ACB.TO) continues to form a base above CA\$4.50. Cannabis stocks are completely depressed, particularly after negative wrap regarding vapes and lack of oversight over production of cannabis products.

However, the issues are not threatening to Aurora Cannabis and its decline was mainly due to a reaction to the sector pull back. The fundamentals for

ACB.TO are still growing as it's shaping to become a leading healthcare company.

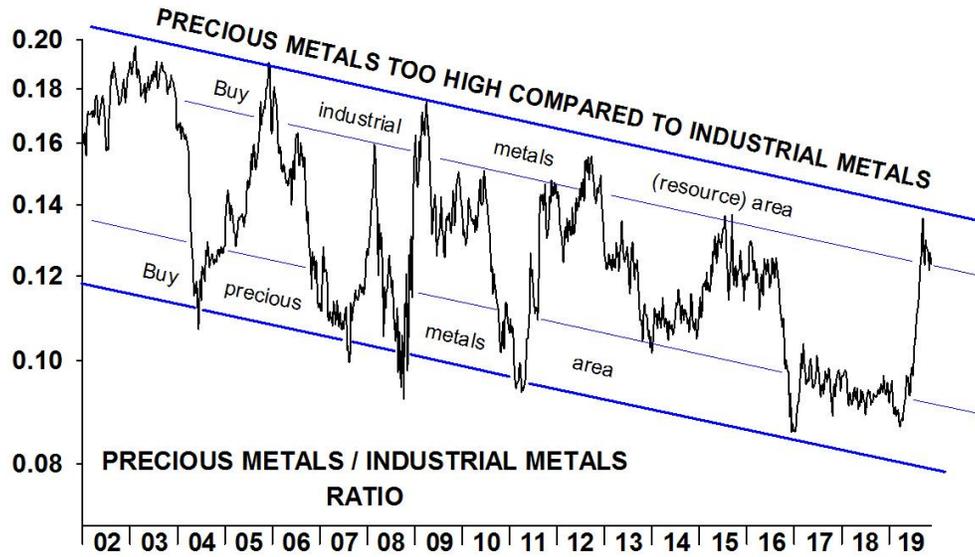
Keep your positions. Look to buy a bit more at current levels to take advantage of the potential rebound rise.

Resources are also offering great value. The reduction in rates could give emerging markets a much-needed breathing room, and an uptick in global business activity could give resources a boost.

Plus, industrial metals have been so out of favor when compared to precious metals during the past year or so, that the pendulum is poised to swing back in favor of materials/resources.

Notice our next chart shows the ratio between industrial metals and precious metals. Notice precious metals have risen hard and fast compared to the industrial metals. Some consolidation or downtime is now likely, which could bode well for the resource sector.

**ADEN METALS INDEX: RESOURCE SECTOR
ENTERING A GOOD BUY AREA**

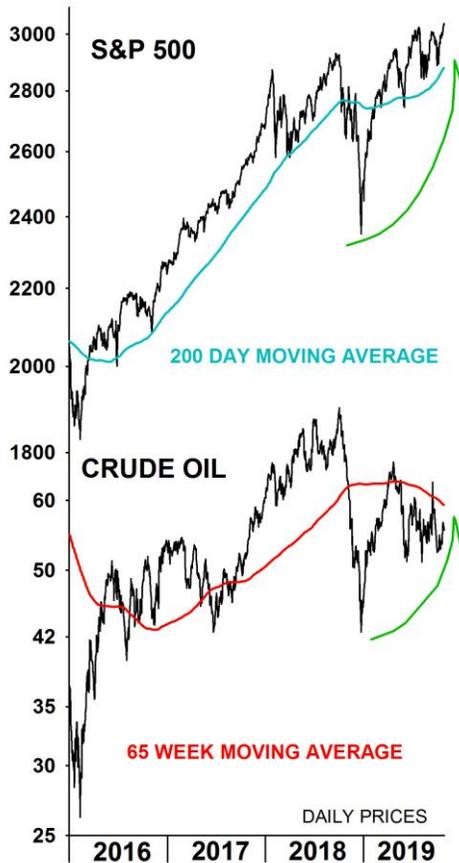


Dr. Copper continues to edge higher. It broke above resistance and it looks poised for more upside. Resource companies have already been jumping up. Companies like Caterpillar (CAT) are near year-long highs, threatening to break out.

I do believe, however, the best sector within resources will be crude oil. Crude has

fallen sharply from the highs earlier this year. The decline was worrisome, particularly as an oil glut remains.

**STOCKS & CRUDE:
TEND TO MOVE TOGETHER**



However, crude has shown strong support at \$52. It's now bouncing up showing increased upside potential. Moreover, remember crude oil and the S&P 500 tend to move together. This means that upside potential in stocks is likely to morph into energy.

Notice crude has been bouncing up after testing support at \$52. It's now rising, approaching key resistance near the top side of a sideways consolidation band near \$63.

A break above \$63 however, could push crude higher, to likely the lower \$70s. Spinner is still building a stage for continued upside.

We currently have a full position in crude oil and have also been buying Denbury Resources (DNR) to have exposure to the energy trade.

Notice DNR continues to form a solid base above support at \$1. This suggests the downside is limited with strong support leaving the only viable way to the upside.

I recommend increasing your positions to DNR to have exposure to energy stocks. Consider when comparing energy stocks to most other U.S. equities, the energy shares have more catching up, allowing increased upside potential.



Our strategy for this week is to reshuffle your portfolios. Stay patient on the gold trade. It'll come, it's just not the right time now. Same with gold shares. Pick up some energy shares and banks. Resources overall are poised to do well. Keep cash reserves in U.S. dollars or U.S. dollar denominated instruments.

Good luck and good trading,



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NEXT WEEK'S GCRU EDITION WILL BE A DAY LATER THAN NORMAL. IT'LL BE AVAILABLE ON THURSDAY MORNING NOVEMBER 7.

WE HOPE TO SEE YOU AT THE NEW ORLEANS CONFERENCE THIS UPCOMING WEEKEND!

KEY PRICES			
Name/Symbol	Oct 29, 2019 Price	Change	Oct 22, 2019 Price
Gold (GCZ19)	1490.70	3.20	1487.50
Silver (SIZ19)	17.83	0.33	17.50
HUI (HUI)	211.52	8.15	203.37
Copper (HGZ19)	2.69	0.06	2.63
Crude Oil (CLZ19)	55.54	1.06	54.48
S&P500	3036.89	40.90	2995.99
U.S.Dollar (DXZ19)	97.47	0.21	97.26
30 Year T-Bond (ZBZ19)	158.69	-1.37	160.06
10 Year T-Note Yield	1.84	0.07	1.77
13-week Treasury bill	1.60	-0.02	1.62

TRADER SHEET

Symbol	Trade Update &/or Current Position	Status L=Long S=Short O=Out P=Put C=Call	Long or Short	Last Closing Price	Stops	Targets
PRECIOUS METALS PORTFOLIO (19%)						
GOLD (GCZ19)	Gold's failed attempt to surpass the Sept downtrend at \$1505 on a 2dc exposes weakness telling us downside pressure in gold (and precious metals) remains strong. Gold has ST support near \$1480. If it fails to clearly break the Sept downtrend resistance and fall below \$1480, it'll show renewed weakness with a continued downside to the lower side of the Sept downchannel near \$1425. Keep your reduced positions. Don't buy more just yet. Let the 'D' decline mature.	L	Bot: 1170 (Jan-5-17), 1220 (Mar-16-17). Sold half at 1287 for an average 8% gain. Bot: 1225 (Jul-3-17). Sold half at 1345 for an average 11% gain. Bot: 1289 (May-16-18), 1265 (Jun-21-18), 1258 (Jul-5-18), 1205 (Aug 30, 18). Sold half at 1290 for 5% gain. 1282 (May-8-19). Sold half at \$1420 for a 14% gain (Jun-24-19).	1490.70	Sell on a 2dc below \$1365	Open
PHYS	Keep your positions. Wait for weakness to buy more.	L	Bot: 9.63 (Jan-5-17), 10.12 (Mar-16-17). Sold half at 10.54 for an average gain of 7%. Bot: 9.98 (Jul-3-17). Sold half at 10.95 for an average 10% gain. Bot: 10.58 (May-1-18), 10.15 (Jun-28-18), 10.20 (Jul-5-18), 9.65 (Aug 30, 18). Sold half at 10.39 for 5% gain. 10.20 (May-8-19). Sold half at \$11.30 for a 14% gain (Jun-24-19).	11.99	10.85	Open
SILVER (SIZ19)	Silver looks better than gold... likely in part due to its industrial appeal. Keep in mind, last year, precious metals overall outperformed industrial metals. But the trend is poised to reverse for the foreseeable future as gold's 'D' decline develops. This means silver will likely continue holding up stronger than gold during gold's 'D' decline. Keep your positions. Wait for a pull back to the May uptrend near \$16.50 before buying more.	L	Bot: 15.80 (Jul-17-19), 16.50 (Aug-7-19).	17.831	2dc below 15	Open
PSLV	Keep your positions. Wait for weakness to buy more.		Bot: 5.50 (Jul-17-2019), 6.25 (Aug-7-19).	6.410	2dc below 5.25	Open
HUI Index	Breaking down... the HUI Index is holding above ST support at 200. However, the chart shows lower highs with lower lows weakening. Moreover, HUI has formed an H&S top pattern with a downside target near 165. HUI has broken the pattern confirming pressure is to the downside. Stay out for now. Keep position in DUST to offset risk in core long positions in silver and gold.	--	N/A	211.38	N/A	N/A
DUST	DUST continues to uptrend. It's holding at the Sept uptrend. DUST has strong resistance at \$9. If it breaks above \$9 on a 2dc, DUST could rise to our first profit target. Keep your positions for now. Sell all at our profit target. If you're not in and looking for exposure to this trade, consider buying some at mkt. Remember, DUST is a leveraged ETF, very speculative and volatile. Don't load up; buy some. I have more than I would for insurance against downside, but still less than a full long position.	L	7.40 (Aug-14-19), 7.20 (Aug-21-19), 7.45 (Sept-11-19), 6.90 (Sept-26-19).	7.54	Keep	13
BONDS (7%)						
TBT	Long term rates continue to edge higher as expectations of a Fed cut has reached nearly 100% of surveyed economists. The rate cut will allow the Fed to steepen the yield curve further which could improve inflation expectations, pushing longer term rates even higher. TBT has been rising solidly with resistance at \$27. A clear break above this level could see TBT explode to the upside, to its next key resistance near our first profit target. Keep your positions.	L	25.40 (Sept-11-19), 24.60 (Sept-26-19), 24 (Oct-2-19).	26.33	2dc below 23	32

TRADER SHEET CONTINUED

Symbol	Trade Update &/or Current Position	Status L=Long S=Short O=Out P=Put C=Call	Long or Short	Last Closing Price	Stops	Targets
CURRENCIES (52%)						
U.S. DOLLAR (DXZ19)	The U.S. dollar index has extended its rebound from the recent decline with growing resistance near 98. This tells me if the dollar fails to surpass 98, it'll show ST weakness and a continued decline to the Jan uptrend near 96 would then be likely. Conversely, if the dollar rises back above resistance at 98, it'll show renewed strength and rise to re-test the recent highs would be likely. Keep cash reserves in U.S. dollars, it remains the strongest relative to most other currencies.		Holding cash in highly liquid, low interest bearing instruments in U.S. Dollars.	97.47		
RESOURCES AND ENERGY (12%)						
Crude (CLZ19)	Crude oil continues to bounce up from key support at \$52.50. Spinner above zero suggesting momentum is up with more upside potential in crude. Interestingly, crude has been moving in a sideways band all year long. Current momentum and price action suggest a rise to the top side of the band (to our profit target) is now likely. Consider energy and resources are likely to follow the rise in equities.	L	57.90 (May-24-19), 53.75 (May-31-19), 54 (Jun-19-19).	55.54	2dc below 52	62
DNR	DNR continues to consolidate above key lows near \$1. Energy stocks overall are shaping up to be one of the most profitable trades for the next few months. Crude oil has been bombed out and building a rise from a solid base. Plus, renewed interest in equities and resources could set the stage for a stronger rebound rise in energy. Take advantage of weakness to increase exposure to energy and energy shares.	L	1.40 (Sept-11-19), 1.23 (Sept-13-19), 1.10 (Oct-7-19), 1.07 (Oct-23-19).	1.08	2dc below 1	2.50 & 4
COPPER	Resources overall are rebounding from extreme lows and especially against precious metals. Dr. Copper is breaking above a downtrend from Apr suggesting a trend reversal that could push copper to the top side of a year long sideways band near \$3 is likely. The rise in resources could coincide with a flight to risk assets. We're looking for a good resource company to trade, but better opportunities are still emerging in other pockets within resources such as energy.	O		2.6915		
OTHER STOCKS (10%)						
ACB.TO	ACB.TO seems to have found some support above CA\$4.50 and some upside seems likely, particularly as risk assets become attractive versus safe havens. We're holding a small reduced position to maintain exposure to the growing industry. Keep your positions for now, consider buying some at mkt to take advantage of a potential bounce up, still as an exit strategy.	L	Bot: 9.90 (Nov-8-18), 9.40 (Nov-9-18) (ACB: 7.60 (Nov-8-18), 7.15 (Nov-9-18)). Sold half for 25% gain (Mar-13-19). 11.75 (May-2-19). Sold half for a 4% loss. Bot: 9.97 (Jun-6-19). Sold half for 12% loss. 8.25 (Sept-11-19).	4.70	Hold during weakness	14.5 (ACB: 12)
PG	PG bounced back with strength after testing the Oct uptrend confirming strong support and bullish outlook. PG is testing the highs near 125. A break above this level would confirm the recent bounce up has legs. We continue holding half of our original position with handsome profits built. We're waiting for another dip to the Oct uptrend near \$120 to add to our position.	L	103 (Apr-24-19), 106 (May-22-19), 105.50 (Jun-5-19). Sold half at \$124.50 for 20% profit!	123.60	2dc below 117.	125 (reached!) & 150
GSH	GSH broke above resistance at \$16 showing strength. Spinner is taking off showing upside momentum continues to develop. GSH is now testing the Sept highs. GSH's next resistance to overcome is \$16.75. A break above this level could push GSH to its next resistance near \$19, our first profit target. Keep your positions. Buy more on weakness or if you're not in this trade.	L	15.90 (23-10-19).	16.77	2dc below 15.40.	19 & 25.
JPM	JPM continued to rise to new highs. Spinner is starting to look topy at a typically high level exposing an intermediate top. Moreover, notice the chart above JPM forming a rising wedge pattern with a potential downside target near \$115. We're bullish on bank stocks, but the possibility of a pull back in the sector is likely. Take advantage of weakness to buy positions, ideally near \$120 or lower if given the opportunity.	O	-	126.43	2dc below 105.	150 & 200
C	Overall financials have been great performers. They've had a great rise since the Aug lows with many breaking out to new highs. Renewed optimism is giving the sector a boost. Last week, we showed JPM and are still waiting for a pull back to buy. We're still waiting for a pull back in JPM. A close second favorite is Citigroup (C). It also rose to new highs, breaking a multi month consolidation band showing strength. C is also forming a rising wedge pattern just as Spinner hovers near a high area. This tells me, if C breaks below 72.50, the pattern would be confirmed and a decline to \$68-\$70 would be likely. Buy some on weakness.	O	-	73.09	-	-

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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, i.e., 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 mkts than in trading ranges where indicators such as Stochastic & 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

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