

-GCRU-

Weekly Trading Service

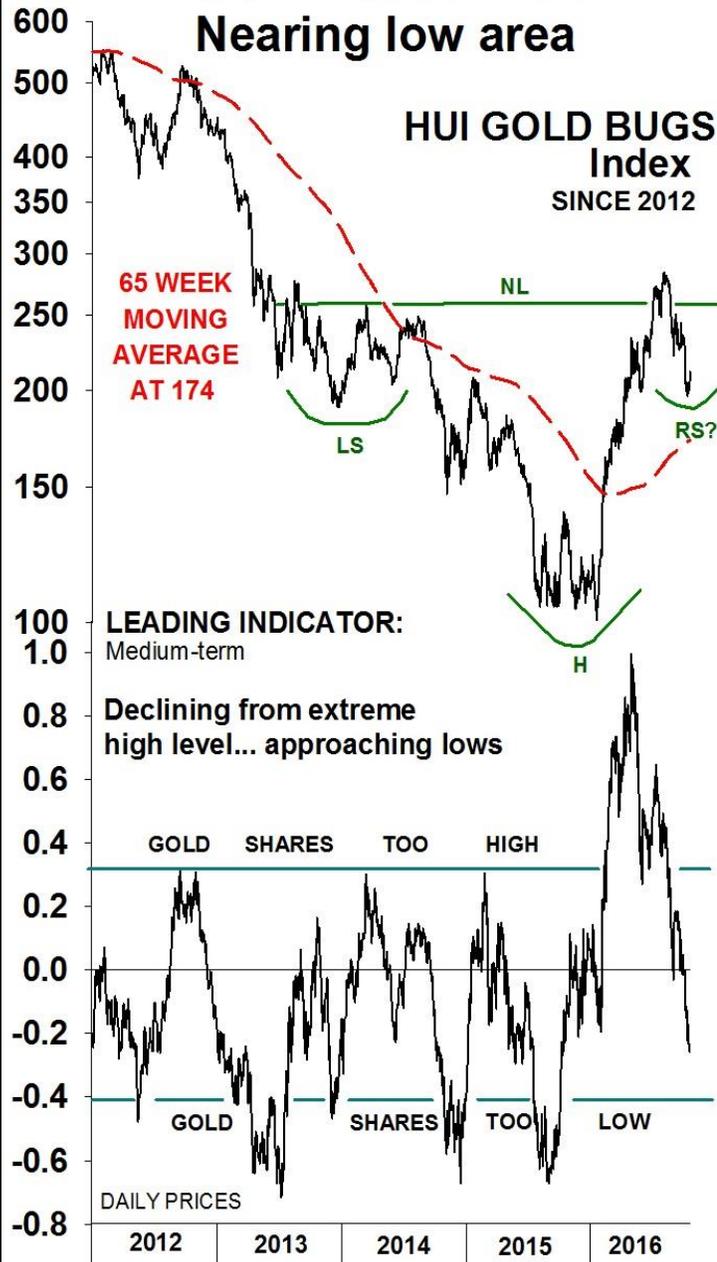


GCRU #710

●●● October 19, 2016 (in its 15th year)

CHART OF THE WEEK

GOLD SHARES: Nearing low area



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GOLD SHARES LEADING?

BUY PLATINUM

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KEY PRICES

Name/Symbol	Oct 18, 2016 price	Change	Oct 11, 2016 price
Gold (GCZ16)	1262.90	7.00	1255.90
Silver (SIZ16)	17.64	0.129	17.51
HUI (HUI)	211.17	14.90	196.27
Copper (H6Z16)	2.106	-0.080	2.186
Crude Oil (CLX16)	50.29	-0.50	50.79
S&P500	2139.60	2.87	2136.73
U.S. Dollar (DXZ16)	97.897	0.205	97.692
30 Year T-Bond (ZBZ16)	164 -09	-0.02	164 -11
10 Year T-Note Yield	1.749	-0.0100	1.759
13-week Treasury bill	0.333	0.0130	0.320

"Patience is not simply the ability to wait - it's how we behave while we're waiting."

- Joyce Meyer -

A QUIET WEEK OF ACCUMULATION

The markets calmed down this week.

A sideways action took over the markets while both the dollar index and the 10-year yield touched new highs for the move on Friday. Gold, silver and platinum held up this week, and they all bounced up yesterday, especially gold and silver shares.

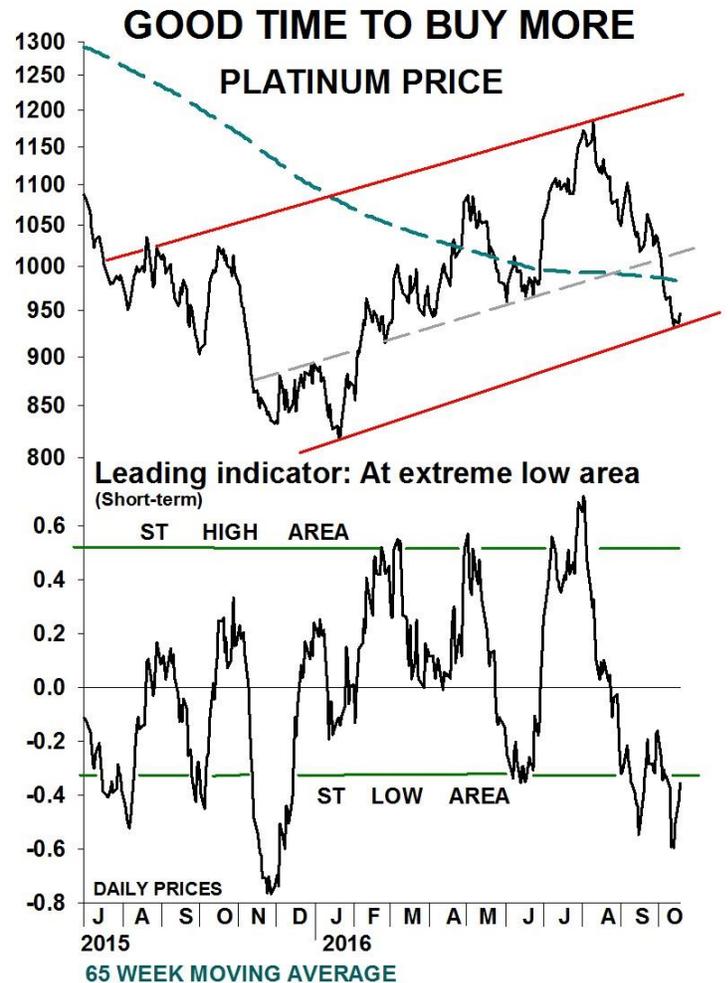
We've been accumulating gold and silver on the decline. We bought more silver last week on Wednesday when silver dipped below \$17.50. Gold has not declined further to our lower entry level and thus we wait for more weakness to buy again.

Platinum declined further. Our in house indicators are showing that the low is near and it's time to buy as you can see on the chart below. We recommend picking up some more PPLT or buying new positions if not yet in. See more inside this edition.

The shares jumped up the most, closing at a 2 week high, which brought up the question Is the 11 week decline over? Has gold's D decline fully expressed itself?

Make no mistake, downside pressure remains strong for gold and gold shares, and they still have room to decline further. However, HUI's break above its 200 day MA is showing a sign of strength, telling us the worst might be over. We'll remain cautious until other key levels are broken to the upside, confirming a stronger rebound or turn-around.

NOTE: Next week's edition will be on Tuesday instead of Wednesday. I will be speaking at the New Orleans Investment Conference next Wednesday, October 26th. I look forward to meeting you there.



For now, we'll continue buying more positions at the lows.

Our **Chart of the Week** (on page 1) is gold shares. You can see the HUI index is forming a 3-year head and shoulders bottom, and it's getting closer to completion. We could see the right shoulder (RS) continue to form, and possibly decline further while the indicator reaches a low area. This is why we want to buy more now, and also wait for our lower open positions to possibly be triggered.

NGD and NUGT didn't reach our entry levels. Instead, they rose since our last issue

with the rest of gold shares. However, with no clear indications that the bottom is in, we'll remain patient and buy these at lower levels.

We're starting to see some inflation come into the mix which is a sigh of relief for the central bankers. A rise in gas and housing boosted consumer inflation in September by the largest in 5 months. This combined with the British Pound taking a breather from its plunge is putting some pressure on the strong U.S. dollar.

The economy showed a weaker side this week thereby causing more doubt that interest rates will be raised by the Fed in December.

September figures are coming out... From bankruptcy filings by U.S. businesses soaring 38%, to weak demand for utilities, to contracting industrial production year over year, it's pointing to a moderate rise in growth for the third quarter.

The bond market is vulnerable to a rise in interest rates. According to Goldman Sachs, if rates rise one percent, it would mean a larger loss for bondholders than at any other point in history. This is troubling and something we're keeping our eyes on.

Will gold and the bond market continue to move together, like they've been doing in recent years? As of today, this is still true... both are declining in a normal downward correction. This relationship, if it changes, will tell us a lot about our current environment. Both have been moving together with uncertainty and

therefore as safe havens. We'll keep our eyes peeled on this too.

Interestingly, the 10-year yield continues to resist near its previous break-out level of 1.75%, even though it reached 1.80% intra-day since our last edition. Our indicators are showing signs of weakness and some down time for the yields.

This would give bonds a boost. We're holding full positions in UBT and recommend buying more near the current lows, to take advantage of what seems to be the start of a rebound rise in bonds.

The world continues to drag. The ECB will likely continue their bond buying because the recovery is still fragile. China's exports dropped the most since February with global demand staying slow. This is adding pressure to the Yuan, which is declining and reaching a new low.

Our strategy for this week is to keep accumulating our open positions when they're triggered. We bought more silver this past week, and we're buying more UBT, PPLT and SLW today at market. Patience and accumulation is our focus and strategy.

Good luck and good trading.



Omar Ayales
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MARKET LEADERS

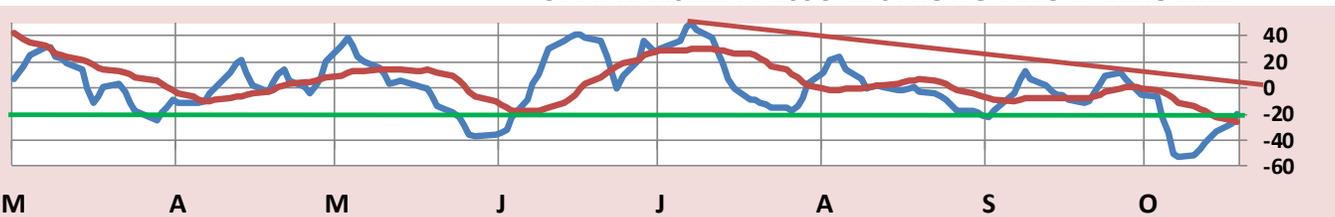


GOLD DECEMBER 2016 (GCZ16) 10/18/2016 CLOSE = 1262.9



SPINNER (3, 16, 16)

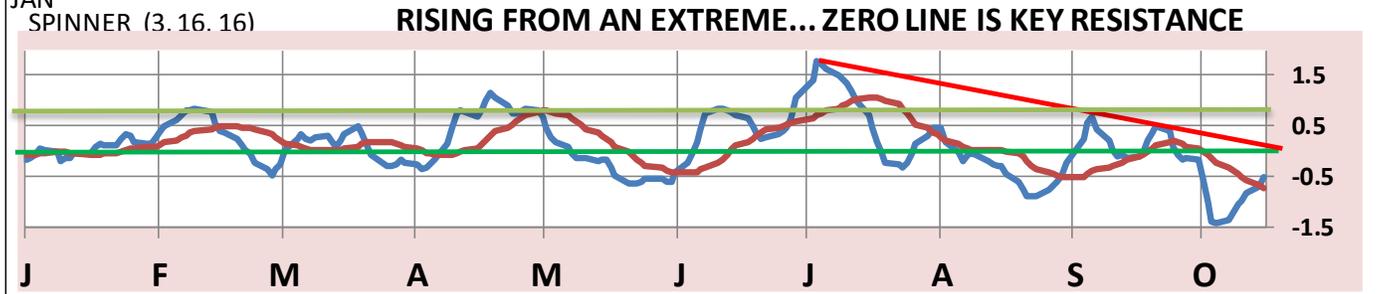
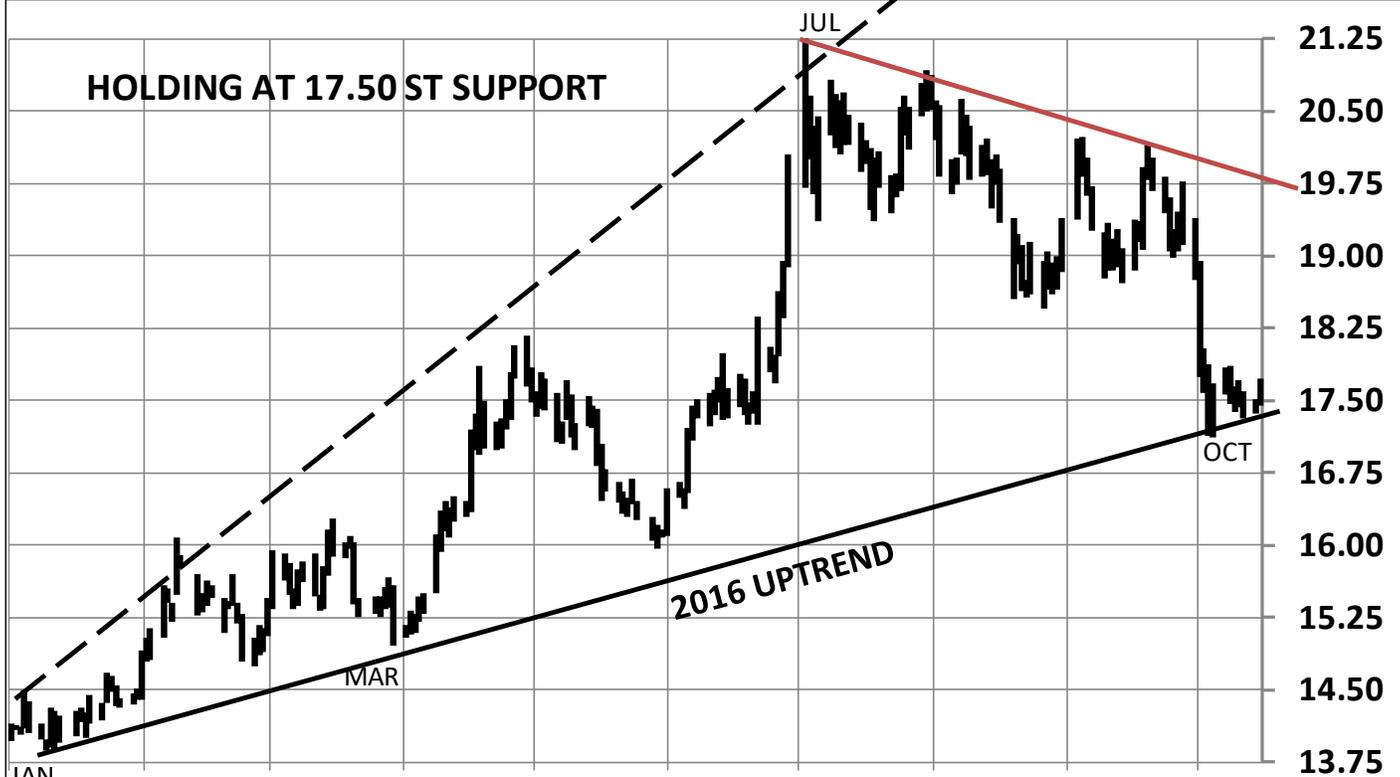
ON THE RISE... PRESSURE STRONG BELOW ZERO LINE



Long	1260 (Mar-4 & 7 - 16) (GLD: 121), 1208 (May-31-16) (GLD: 115.50). Sold half at 1335 (GLD: 126.85) for an average 8% gain. 1306 (Sept-1-16), 1285 (Oct-4-16).
Stop	2dc below 1200 (GLD: 115.80)
Profit Targets	1400 & 1500 (GLD: 133 & 143).
New Long Recom	Keep positions. Buy some near 1250 and more on a further decline to 1220.

Gold continued to consolidate its decline above 1250 as it forms a bear flag. A break below 1250 on a 2dc could trigger the bearish pattern and push gold to its support at the 1200-1210 level. Spinner is rising from an extreme oversold level showing signs of strength but remains under pressure below zero and a downtrend of its own. This tells us downside pressure in gold remains strong. On the upside, if gold confirms support at 1250, it could then rise to the 1285-1300 level, initially. A rise above 1275 would invalidate the bear flag pattern.

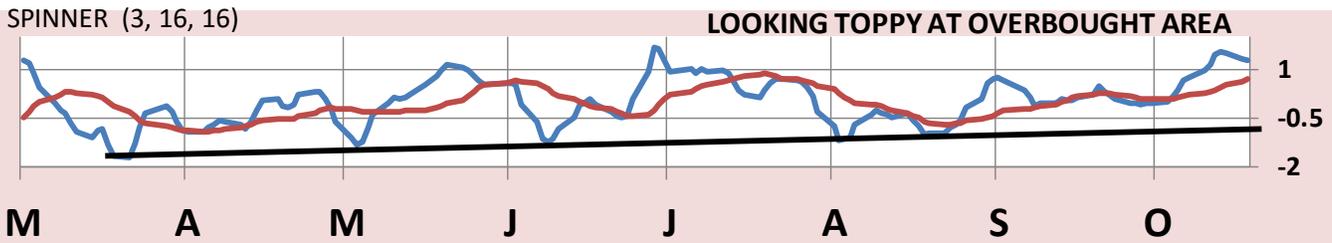
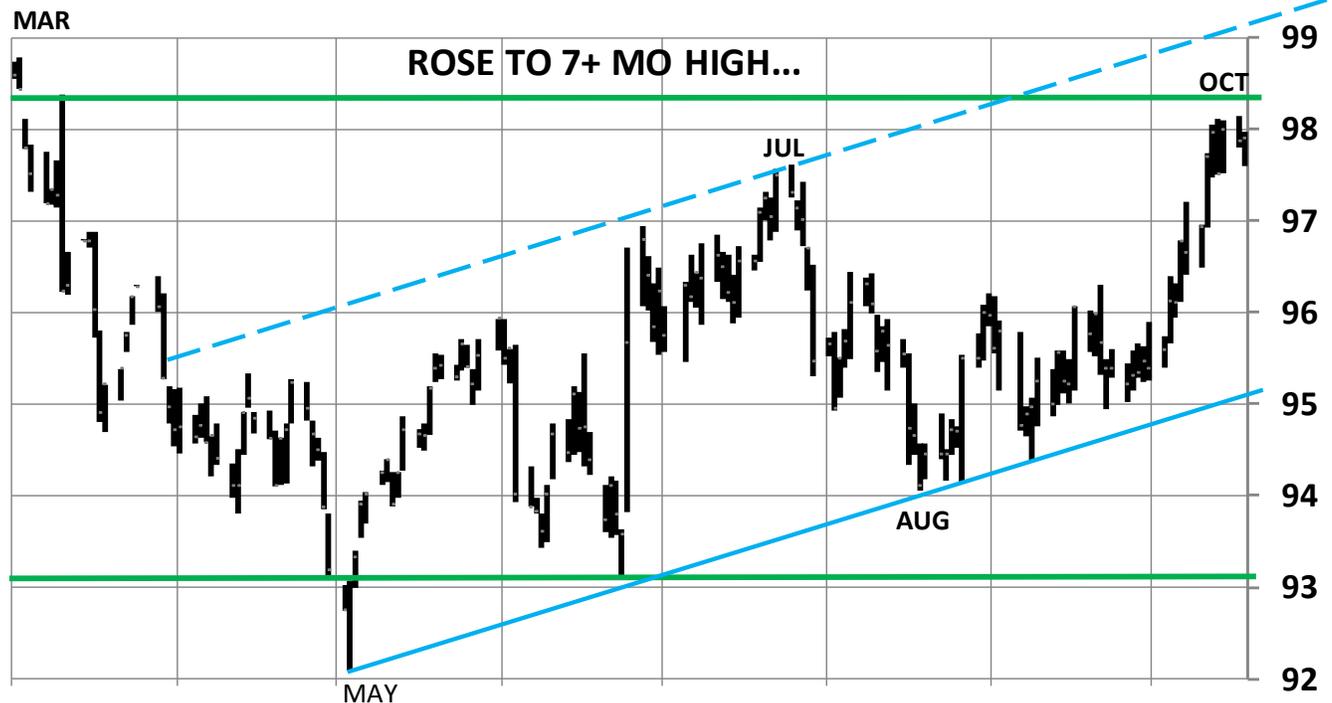
SILVER DECEMBER 2016 (SIZ16) 10/18/2016 CLOSE= 17.638



Call Spread:	Dec 2016 bull call spread 24.50/27 at \$500 (Aug-12-16).
Long at:	20.15 (Jul-12-16) (SLV: 19.10), 19.75 (Aug-8-16) (SLV: 18.90), 18.50 (Aug-29-16) (SLV: 17.60), 18.70 (Sept-1-16) (SLV: 17.75), 18 (Oct-4-16), 17.65 (Oct-5-16), 17.40 (Oct-12-16).
Stop	NO STOP FOR NOW.
Profit Target	25 & 28 (SLV: 24 & 27)
New Recom:	Keep your positions. Buy again on a decline below 17.

Silver continues to hold on to the Jan uptrend near 17.50 showing strength. If it holds, it could then rise to test the Jul downtrend near 19.75, if 18.25 is surpassed. Spinner is rising sharply from extreme oversold levels but has yet to break above a key resistance of its own telling us silver is not yet out of the woods. Moreover, silver is forming a bearish flag pattern. If broken to the downside on a 2dc below 17.15, a decline to silver's bull market support at 16.35 would then be likely. Conversely, a silver rise above 18.25 would invalidate the flag pattern. Keep your positions but buy more if silver breaks below 17.

U.S. DOLLAR INDEX DECEMBER 2016 (DXZ16) 10/18/2016
CLOSE= 97.897



The U.S. dollar index reached a new 7+ mo high as Spinner reached an extreme overbought level. This tells us the upside could be limited to the Mar closing high near 98.30. If the dollar fails to break above this level, it'll show weakness and a decline to the May uptrend near 95 would then be likely. Notice Spinner looking toppy at an extreme overbought level signaling limited upside for the dollar ST. This confirms ST weakness which could be fueled by rebound strength in the euro and other currencies and a turn-around in the 10 year yield. Keep in mind, the dollar has solid support near 93 and it'll remain with an upside bias by holding above it. Lastly, a break above the Mar closing high on a 2dc above 98.30 could boost the dollar to its Dec highs near 101. If you have cash reserves, look to diversify into euros or Australian dollar.

LIGHT CRUDE OIL NOVEMBER 2016 (CLX16) 10/18/2016

CLOSE= 50.29



Put Spread	Nov 2016 33/30 Bear Put Spread at \$600 (Mar-30-16) & at \$275 (Aug-12-16).
Recom:	Buy some on a 2dc breakout above 52 (DBO: 9.50), and more on a pull back near 47, if 52 is clearly broken (DBO: 8.70). Profit targets at 60 & 70. Place stops at 2dc below 43.

Crude continues to hold near the recent highs and key break-out level at 52. Notice this break-out level gaining relevance as a new bullish pattern is exposed. Crude would confirm a bull flag with upside target at 60 if it breaks clearly above the 52 resistance and break-out level. On the downside, however, Spinner remains on the decline from overbought levels, breaking below its MT MA as it approaches the zero line showing signs of caution. A Spinner break below zero would trigger a shift in momentum and a crude decline to the 2016 uptrend near 44 would then be likely. Keep in mind, a decline below 49 would invalidate the recent bull flag formation. Stay out for now. Wait for a break above 52 on a 2dc to buy some crude. If it breaks above this key break-out level, we recommend buying more on a pull back to the 47-48 level. The bullish H&S bottom remains valid. Sell your put spread at mkt.

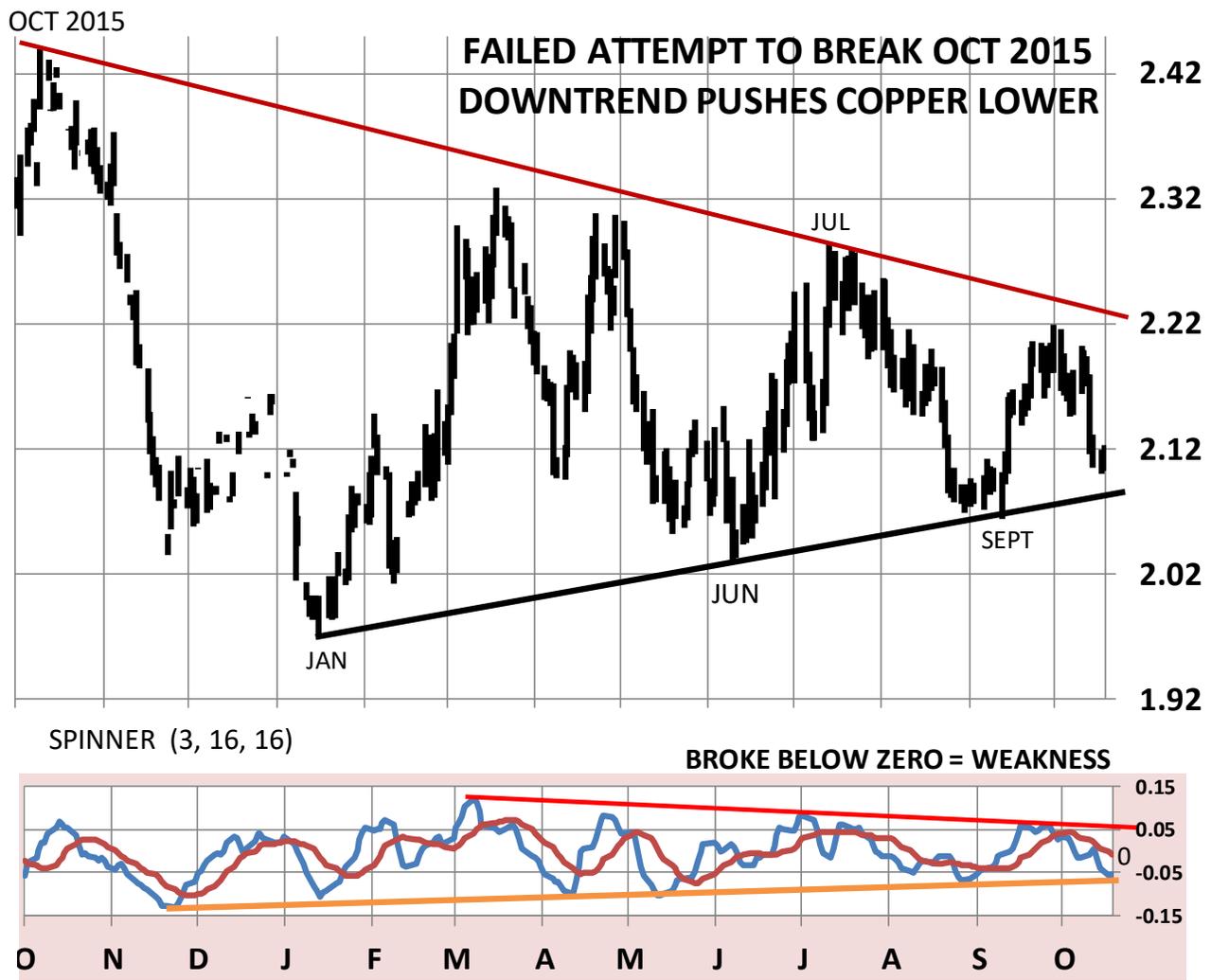
CBOE Interest Rate 10 Year T No (^TNX) 10/18/2016 CLOSE= 1.749



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

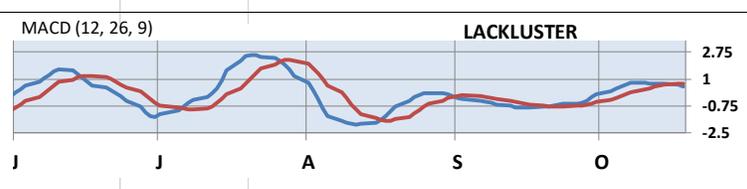
The 10 year yield ("YY") rose to a new intraday high this week as it reached 1.80%. A break above this level could push the 10YY to the Nov downtrend. However, it continues to resist near the mid-channel line, below the 1.80% level. Moreover, Spinner seems to be rolling over at an extreme overbought level. This tells us upside is limited ST and a decline to the Jul uptrend near 1.58% is now possible. If the 10YY fails to rise clearly above 1.80%, expect it to decline to its Jul uptrend near 1.58% initially. A break below this level would push the 10YY below the 1.50% mark. Keep in mind, weakness in rates could put pressure on the U.S. dollar and, in turn, give a boost to gold and the entire precious metals arena and their shares.

COPPER DECEMBER 2016 (HGZ16) 10/18/2016 CLOSE= 2.1055

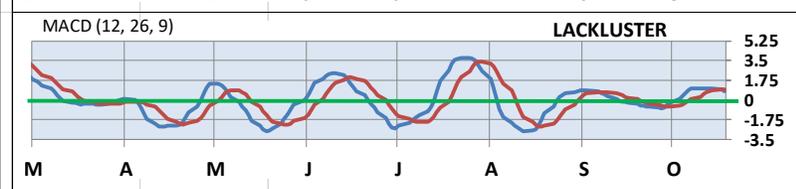
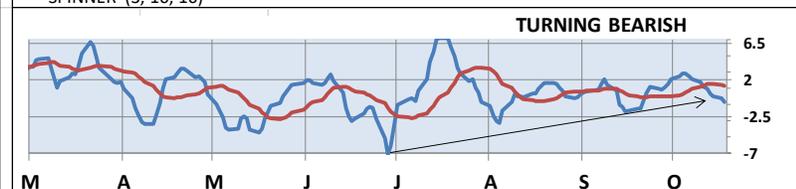


The forces between inflation and deflation continue to tighten. Copper's symmetrical triangle is narrowing as it failed to break above the Oct 2015 downtrend & resistance pushing copper to the bottom side of its triangle. A clear break below the triangle would re-confirm weakness and a further decline to the Jan lows near 2 would be probable. Keep in mind, however, copper's Jan uptrend & support is as solid as its resistance. If it holds, a rise to re-test the key resistance near 2.22 would then be likely. A break above resistance could push copper initially to the Oct 2015 high near 2.40. Although symmetrical triangles are neutral until broken, Spinner is hinting toward more downside as it turns bearish. Stay out for now.

SPDR DOW JONES INDUSTRIAL (DIA) 10/18/2016
CLOSE= 181.37



Shares Transportation Average (^IYT) 10/18/2016
CLOSE= 143.96

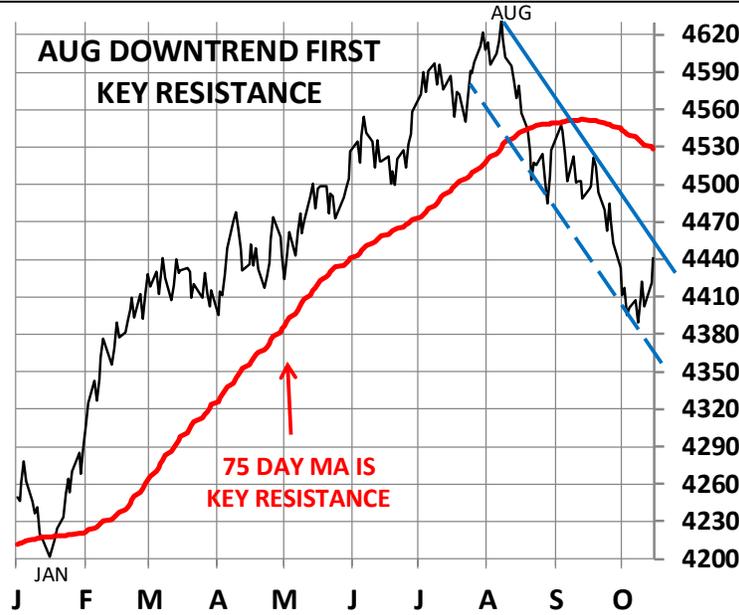


New Recom

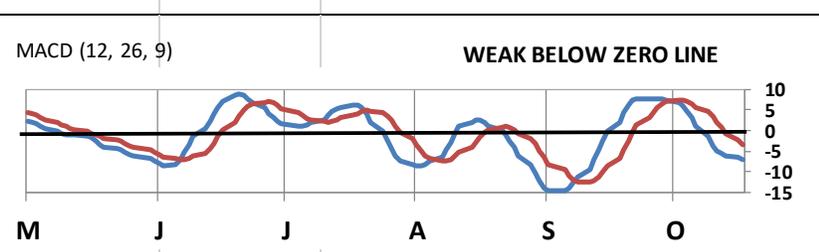
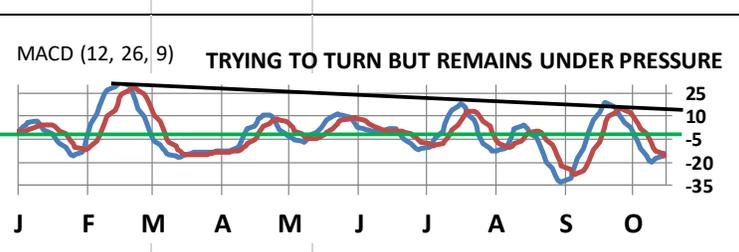
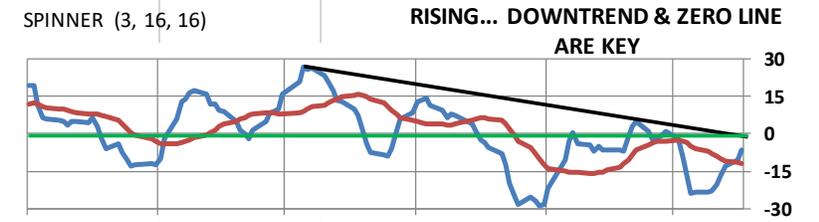
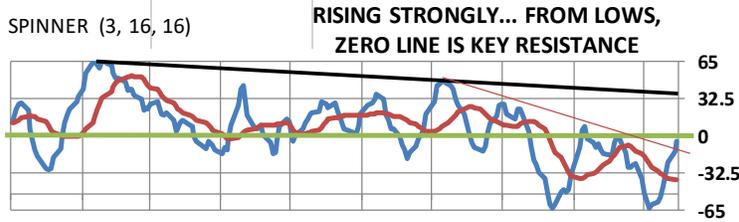
Stay out.

The stock market continues to show signs of exhaustion which could lead to weakness. The Industrials continued its descent within the Aug downchannel while the Transports failed once again to break above its triple top resistance. Spinners for the Averages are turning bearish while MACDs are lackluster at best exposing weakness and a shift in momentum. Both the Industrials and the Transports will continue to show weakness by staying below 18300 (DIA: 183) and 8110 (IYT: 146), respectively. However, if the Transports break below their bullish ascending triangle on a 2dc below 8000 (IYT: 144) weakness would be confirmed and a further decline in stocks would then be likely. Stay out for now. On the upside, both the Industrials and the Transports must rise clearly above their ST resistance levels at 18300 and 8110, respectively, to show signs of strength and a trend reversal. Stay out for now.

**ADEN GOLD STOCKS ADV/DECLINE 10/18/2016
CLOSE = 4441**



HUI GOLD BUGS INDEX (HUI) 10/18/2016 CLOSE= 211.17



Could gold shares be leading gold to the upside? HUI held above the May low support and rose above its 200 day MA showing signs of strength. However, HUI must break above the Aug downtrend on a 2dc above 225 to confirm strength that could push HUI to 250 initially. Indicators are showing upside potential. The A/D Line to the left rose to the Aug downtrend near 4440. A break above this level would be bullish and could lead gold shares higher. Moreover, Spinners are rising from extremes showing momentum is shifting to the upside. However, both Spinners for HUI and the A/D Line must clearly cross above the zero line to confirm strength. On the downside, if the May low is broken, a further decline to HUI's 65wk MA near 174 would then be likely. You've been adding gold shares to your positions and we recommend you continue doing so.

STOCKS

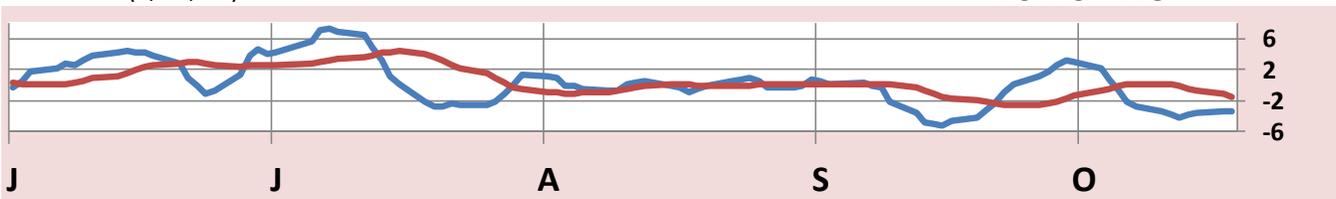


PROSHARES ULTRA 20+Year Treasury (UBT) 10/18/2016 CLOSE= 90.11



SPINNER (3, 16, 16)

BOTTOMING



ProShares Ultra 20+ Year Treasury (UBT) -NYSEArca

Long at:	96.50 (Sept-8-16), 93.50 (Sept-9-16), 92.25 (Sept-14-16).
Stop	2dc below 89
Profit Target	106 & 120
New Recom:	Keep your positions. If not in, buy some at mkt.

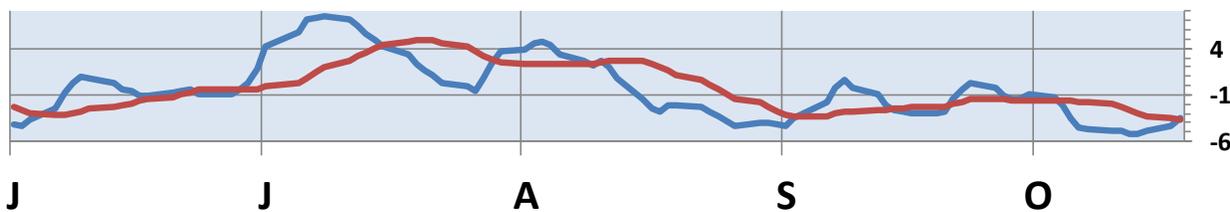
UBT is holding at its support near 89 after having a surge in Treasury yields this past week. However, Spinner is starting to bottom telling us the downside in UBT is limited and some upside is now likely. Keep in mind, UBT must rise above 96 on a 2dc to see renewed strength that could push UBT above the 100 level. On the downside, continue to watch 89. It is key ST support. A clear break below it would reaffirm the Jul downtrend and more downside to possibly the May lows and backside support, would then be likely.

ETFs Physical Platinum (PPLT) 10/18/2016 CLOSE= 90.81



SPINNER (3, 16, 16)

BOTTOMING... TESTING MT MA



ETFs Physical Platinum (PPLT)

Long at: 104 (Aug-24-16), 100.50 (Sept-1-16)., 98.50 (Sept-27-16).

Stop: NO STOP FOR NOW.

Profit Target: 115 & 135

New Recom: **Keep your position. Buy some at mkt.**

PPLT put a halt to its decline as it spiked up above the 90 level today, likely on U.S. dollar weakness. Spinner is also forming a bottom showing downside is now limited. PPLT must rise above the Aug downtrend on a 2dc above 95 to show renewed strength that could push PPLT above the 100 level. Keep your positions and buy more at mkt.

Silver Wheaton Corp. (SLW) 10/18/2016 CLOSE= 24.08



Silver Wheaton Corp. (SLW)

Long at:	27 (Aug-24-16), 25.25 (Sept-1-16), 22.20 (Oct-7-16), 22.85 (Oct-10-16).
Stop:	2dc below 20.
Profit Target	31 & 40
New Recom:	Keep your positions. If not in, buy some at mkt.

SLW broke above its bullish downside wedge with upside target near 28 showing strength. It now has strong support above the Jun uptrend near 22.50. Spinner is also rising steadily showing growing momentum. We recommend adding to your positions or buying new ones if you're not yet in.

DIREXION GOLD MINERS BULL 3X ETF (NUGT) 10/18/2016
CLOSE= 13.67



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

Recom: **Stay out for now. Buy at 11 or lower.**

NUGT held and rose above the May low and support showing strength. NUGT must now break above the Aug downtrend on a 2dc above 16 to show renewed strength that could give it a boost to the Sept highs near 24. Spinner is rising above its MT MA showing potential for upside. Buy on a dip below 11.

New Gold, Inc. (NGD) 10/18/2016 CLOSE= 4.16 US\$



New Gold, Inc. (NGD) -Nyse mkt

New Recom: **Buy new position near 4, or lower. Place stops at 2dc below 3.5. Profit targets at 5 & 6.**

NGD also broke above a bullish downside wedge with upside target near 5 as Spinner rises from an extreme oversold level. This tells NGD has good upside potential with growing momentum. However, keep a close eye on Spinner. If the zero line is not crossed, we could see strength wane. Buy some near 4 or lower.

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. If you are not in, buy near 47.	L	June-27-16	52.00	52, 51, 44.90, 44.90	48.01	2dc below 44	55.00	60.00
NUGT	Stay out for now. Buy at 11 or lower.	O				13.67			
SLW	Keep your positions. If not in, buy some at mkt.	L	Aug-27-16	27.00	25.25, 22.20, 22.85	24.08	2dc below 20	31.00	40.00
UBT	Keep your positions. If not in, buy some at mkt.	L	Sept-8-16	96.50	93.5, 92.25	90.11	2dc below 89	106.00	120.00
PPLT	Keep your position. Buy some at mkt.	L	Aug-24-16	104.00	100.5, 98.50	90.81	NO STOP FOR NOW	115.00	135.00
NGD	Buy new position near 4 or lower. Place stops at 2dc below 3.5. Profit targets at 5 & 6.	O				4.16	2dc below 3.5	5.00	6.00

MARKET LEADERS

Gold - GCZ16	Keep positions. Buy some near 1250 and more on a further decline to 1220.	L	Mar-4 & 7-16	1260.00	1208, 1306, 1285	1262.90	2dc below 1280	1400.00	1500.00
Crude-CLV16	Buy some on a 2dc breakout above 52 (DBO: 9.50), and more on a pull back near 47, if 52 is clearly broken (DBO: 8.70). Profit targets at 60 & 70. Place stops at 2dc below 43.	O				50.29	2dc below 43	60.00	70.00
Silver SIZ16	Keep your positions. Buy again on a decline below 17.	L	Jul-12-16	20.15	19.75, 18.50, 18.70, 18, 17.65	17.64	2dc below 18	25.00	28.00
US Dollar DXU16	Stay out.	O				97.90			
COPPER HGU16	Stay out.	O				2.11			

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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 Stochastic & Williams %R should be used.

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

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