

# -GCRU-

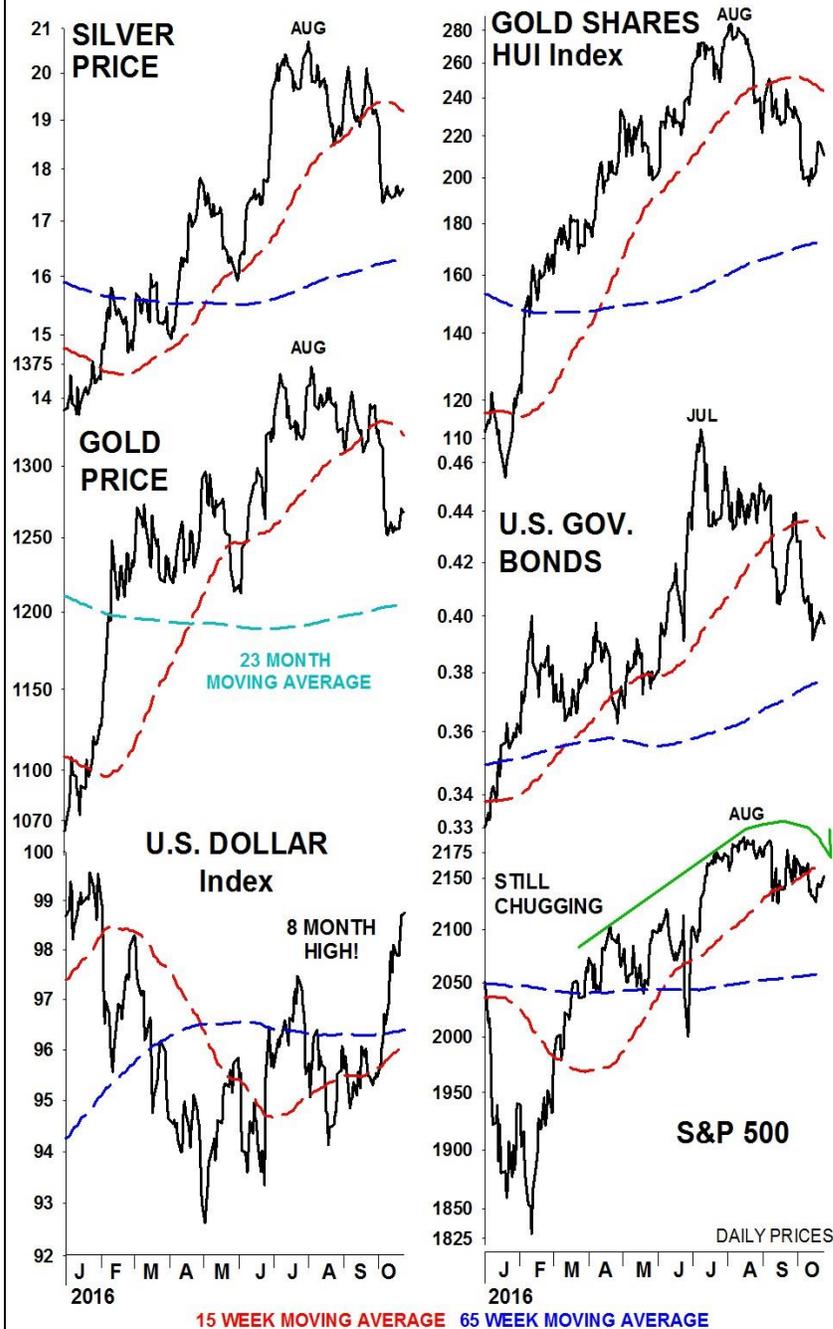
Weekly Trading Service



GCRU #711

●●● October 25, 2016 (in its 15<sup>th</sup> year)

## CHART OF THE WEEK 15 WEEK MAS ARE STILL KEY ST



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#### KEY PRICES

Name/Symbol	Oct 24, 2016 price	Change	Oct 18, 2016 price
Gold (GCZ16)	1263.70	0.80	1262.90
Silver (SIZ16)	17.60	-0.034	17.64
HUI (HUI)	210.66	-0.51	211.17
Copper (HGZ16)	2.093	-0.013	2.106
Crude Oil (CLZ16)	50.52	-0.10	50.62
S&P500	2151.33	11.73	2139.60
U.S.Dollar (DXZ16)	98.752	0.855	97.897
30 Year T-Bond (ZBZ16)	164 - 10	0.01	164 -09
10 Year T-Note Yield	1.760	0.0110	1.749
13-week Treasury bill	0.313	-0.0200	0.333

*"There are two kinds of fear, fear itself and fear of being left behind" - Robert Carey-*

## AN UNEVENTFUL WEEK.... CORRECTIONS STILL UNDERWAY

**T**he U.S. dollar was the bigger mover this week by jumping up further to an 8-month high. It's been rising and it has room to rise further. Yet interestingly, gold and silver are not obliging; they haven't declined proportionately with the rise in the dollar. It's been more about other currencies declining, like the euro when Mario Draghi left the door open to more monetary stimulus. But also, the yuan, the Canadian dollar and of course the British pound among others.

Their weakness is a big reason why the dollar index is rising.

Granted, U.S. interest rates have been on the rise, and they too have room to rise further. This is another positive for the dollar in this low interest rate world. But considering that gold is still in a correction that has yet to run its course we could see this relationship continue for a while longer.

Our **Chart of the Week** remains our key guideline chart for this now 12-week decline. Note that once gold, silver, gold shares, bonds and now the stock market all broke below their 15-week MAs, it confirmed that a decline, we call 'D', was clearly underway.

So, despite the bounce up in gold shares last week, the corrections are still underway.

They're now heading towards their major 65-week MAs (23 month for gold), and they could decline to possibly test these MAs, and still be within a bull market correction. They've been ignoring dollar strength but

that doesn't take away from the fact that if they decline further, it's okay and normal in fact.

The S&P 500 is just starting to break its 15-week MA, and now by staying below 2165, it could test the major 65-week MA support. And if so, the correction in the stock market will finally be underway.

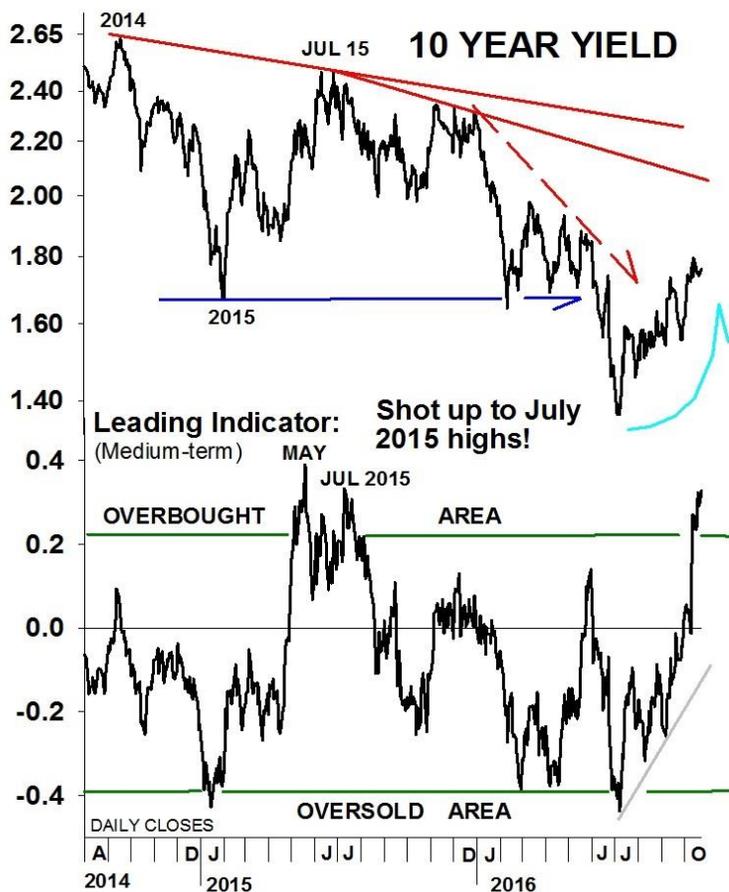
Crude oil reached new intraday highs for the move this past week as it inches closer to our key break-out level at 52. However, resistance is strong as global supply remains abundant and demand tepid. We remain on the sidelines waiting for a clear sign of strength before buying.

The dollar index rise stands on solid footing. Its two MAs are converging and showing strong support at 96.50.

The dollar could easily rise further. Its rise could tie in with a further rise in the 10-year yield. The Chart on next page shows the yield rising for the last 3+months, and even so, it could rise further. Take a closer look at its MT indicator. It reached a super high this week, the most since July 2015, and while this means the high is getting closer, it's a leading indicator. It led the yield and as you can see during the May-July 2015 high area, the yield rose in a last jump to the highs, while the indicator formed a top in the high area.

We could see something similar develop now.

## STILL ON THE RISE



We picked up some UBT at the lows as we gradually accumulate. This has been our focus for this period of weakness, and it still is.

We also picked up some PPLT, SLW and NGD.

It's hard to imagine a rate hike in December, but for the Fed's sake of saving face, we just may see a small one.

We're seeing bullish comments about gold come out this week.

According to Raoul Pal, a former yet influential hedge-fund manager believes a recession is coming and gold is a good place to put your money. Plus, the World Gold Council said that this decline in gold prices should spur more demand for physical gold

from China. And, Mark Mobius, the chairman of Templeton Emerging Markets Group, said he could see gold prices rise 15% next year because he believes the Fed will keep interest rates low in 2017. You can read the full articles by clicking on the links below:

<http://www.marketwatch.com/story/a-recession-is-coming-so-hide-in-gold-says-influential-investor-raoul-pal-2016-10-14>

<http://www.bloomberg.com/news/articles/2016-10-24/mobius-says-gold-to-gain-in-2017-as-fed-goes-slow-on-rate-hikes>

We agree. And it's why we've been insisting to be accumulating during this weakness. We don't want you to get left behind.

Our Strategy for the Week is to remain patient. Let the 'D' decline develop. Take advantage of weakness to acquire positions. Gold, silver and gold shares are holding above key support levels despite dollar strength. Keep an eye on these key ST support levels at \$1250 for gold, \$17.50 for silver and 195 for HUI. If they hold, the bull will prove to be stronger than most have imagined.

Good luck and good trading,

Omar Ayales  
Chief **Trading** Strategist  
**GCRU**

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# MARKET LEADERS



**GOLD DECEMBER 2016 (GCZ16) 10/24/2016 CLOSE = 1263.7**



SPINNER (3, 16, 16)

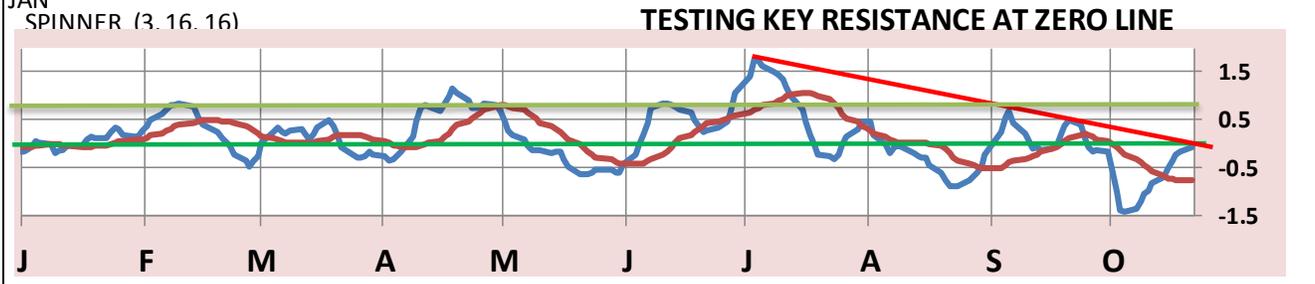
TESTING RESISTANCE AT ZERO LINE



Long	1260 (Mar-4 & 7 - 16) (GLD: 121), 1208 (May-31-16) (GLD: 115.50). <b>Sold half at 1335 (GLD: 126.85) for an average 8% gain.</b> 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	<b>Keep positions. Buy some near 1250 and more on a further decline to 1220.</b>

Gold held on to its ST support at 1250 despite the dollar rising to new 8 mo highs showing strong support and strength, as well as invalidating a bear flag pattern we had shown last week. This tells us gold remains on a solid path to the upside. Keep in mind, however, gold must break above the Sept downtrend next, then the Jul downtrend to show signs of renewed strength. Otherwise, it'll likely fall and re-test the 1250 level. A break below 1250 on a 2dc could push gold down further to possibly the 1200-1210 level within the decline we call 'D'.

**SILVER DECEMBER 2016 (SIZ16) 10/24/2016 CLOSE= 17.604**



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:	<b>Keep your positions. Buy again on a decline below 17.</b>

Silver continues to hug the 2016 uptrend and support level near 17.50 despite U.S. dollar strength. This confirms solid support for silver at the 2016 uptrend near 17.50. If silver continues to hold, it could then rise to test the Jul downtrend near 19.75. A break above this level on a 2dc would re-confirm silver strength. On the downside, if silver fails to hold on to its solid uptrend and support, it'll show weakness and could decline to its major bull market support near 16.35. Spinner rising from extreme oversold levels but showing some resistance at the key zero line and downtrend.

**U.S. DOLLAR INDEX DECEMBER 2016 (DXZ16) 10/24/2016  
CLOSE= 98.752**



The U.S. dollar index rose to the Mar highs and remains a stone's throw away from the Dec highs. Spinner continues to show solid upside momentum as it holds above its MT MA, zero line and an uptrend of its own since Mar. The dollar is on solid footing with potential for more upside. However, a new rising wedge is exposing some weakness. That is, a break below 98 could push the dollar to the May uptrend near 95.50. It's worth noting gold and silver have not declined proportionately to the dollar's strong rise this past week. Both gold and silver have held above key support levels. This tells us the dollar is stronger relative to the currencies that make up the index, confirming the global economic recovery remains tepid. As our dear friend, the late Ian McAvity would say, "The cleanest shirt in the dirty hamper".

# LIGHT CRUDE OIL DECEMBER 2016 (CLZ16) 10/24/2016

## CLOSE= 50.52



Put Spread	Sold all for a loss.
Recom:	<b>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 &amp; 70. Place stops at 2dc below 43.</b>

Crude remains stubbornly near the highs. It flirted with our key break-out level at 52 but failed to rise clearly above the resistance showing continued signs of weakness. Spinner continues to decline and it's now slipping below zero showing momentum could be shifting back to the downside. If crude continues to resist at the key 52 level, we could see it fall back to the 2016 uptrend near 45. Keep in mind, crude's bullish H&S bottom with upside target near 70 will remain valid as long as crude holds on to the 2016 uptrend near 45. Conversely, a break below 45 on a 2dc would be bearish for crude and a decline to the Apr lows near 40 would then be likely. We recommend staying out for now.

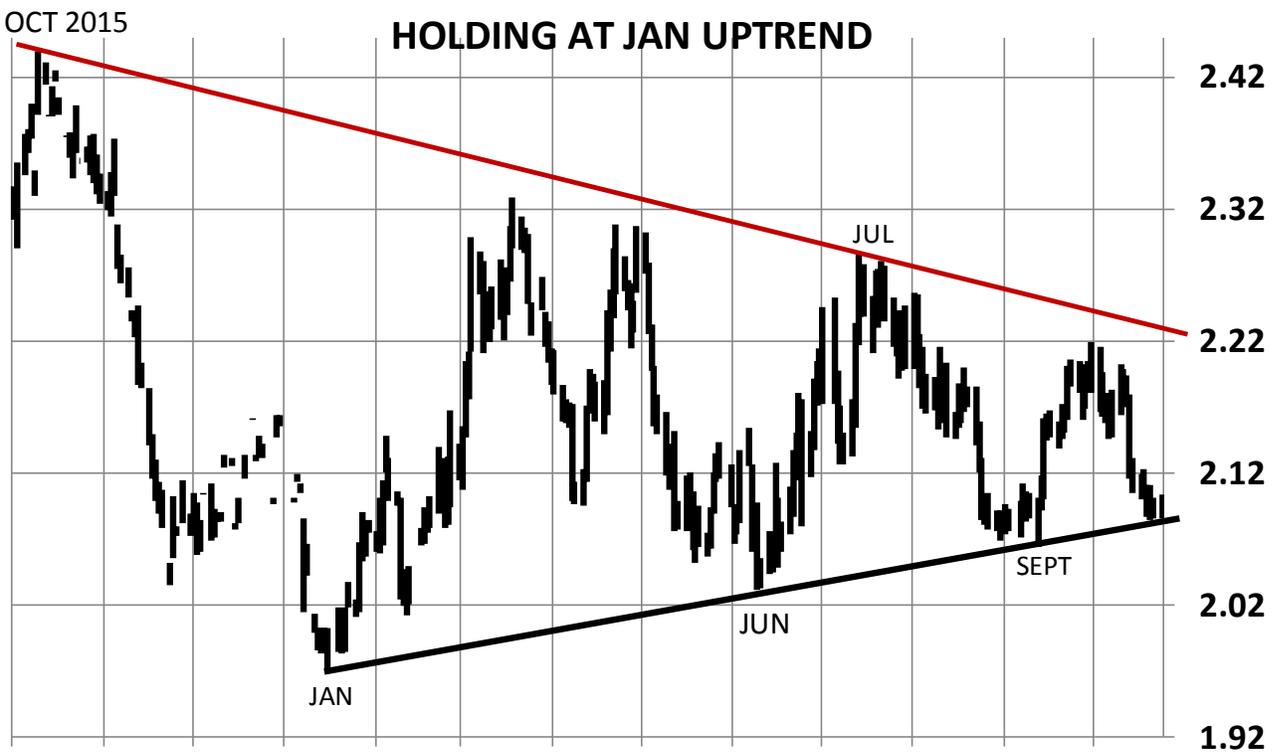
**CBOE Interest Rate 10 Year T No (^TNX) 10/24/2016 CLOSE= 1.76**



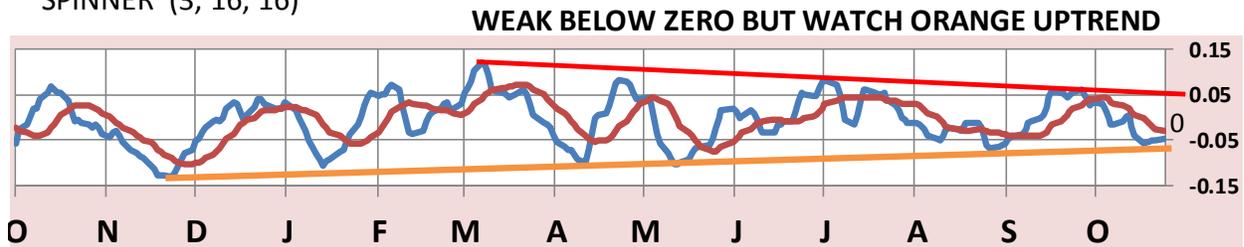
**CBOE Interest Rate 10 Year T No (^TNX) - Chicago options**

The 10 year yield continues to resist near the mid-channel line near 1.76% showing signs of weakness. However, as it retraces from its intermediate high at 1.80%, it's also forming a bullish flag with upside target near 2, the Nov downtrend. Also, notice Spinner. It's now bottoming above zero showing a sign of strength. For the bullish flag pattern to be confirmed, the 10 year yield must rise above 1.80% on a 2dc. If it fails, it'll show weakness and a decline initially to the Jul uptrend near 1.60% would then be likely. Stronger rates will continue being supportive to a stronger dollar. Lower rates could add downside pressure.

## COPPER DECEMBER 2016 (HGZ16) 10/24/2016 CLOSE= 2.093



SPINNER (3, 16, 16)



Once again, copper is showing resilience by holding at its 2016 uptrend and support level as its symmetrical triangle continues to narrow. Spinner showed weakness by breaking below its MT MA and zero line but continues to hold above an uptrend since Nov that has identified copper's lows in the past year. This tells us copper is likely to hold at its 2016 uptrend and a rise to re-test its key resistance near 2.22. A break above copper's strong key resistance or below the solid key support will be telling of copper's next intermediate move.

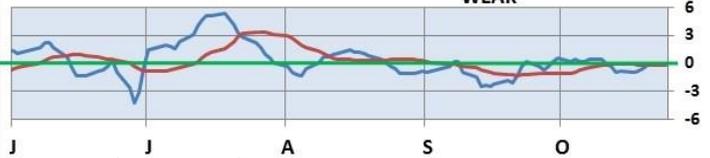
**SPDR DOW JONES INDUSTRIAL (DIA) 10/24/2016**  
CLOSE= 181.96



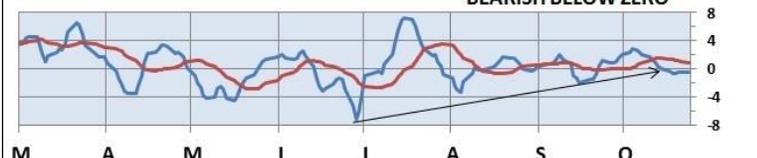
**Shares Transportation Average (^IYT) 10/24/2016**  
CLOSE= 144.84



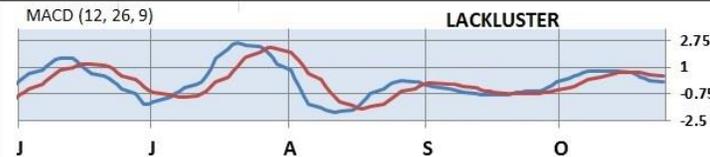
WEAK



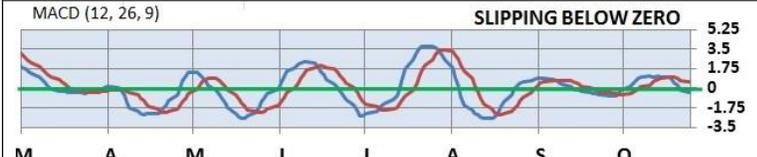
BEARISH BELOW ZERO



LACKLUSTER



SLIPPING BELOW ZERO



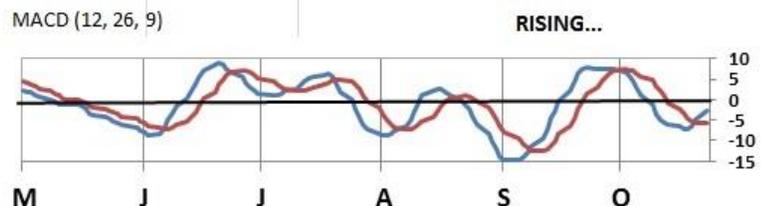
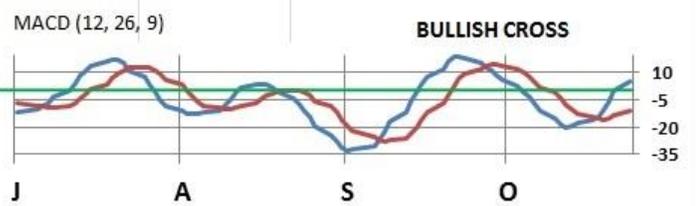
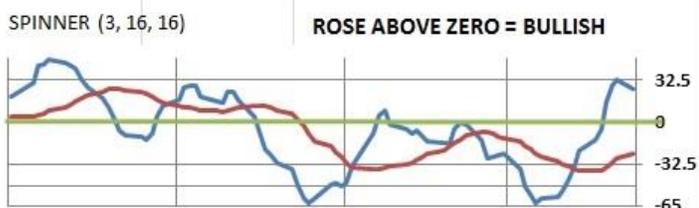
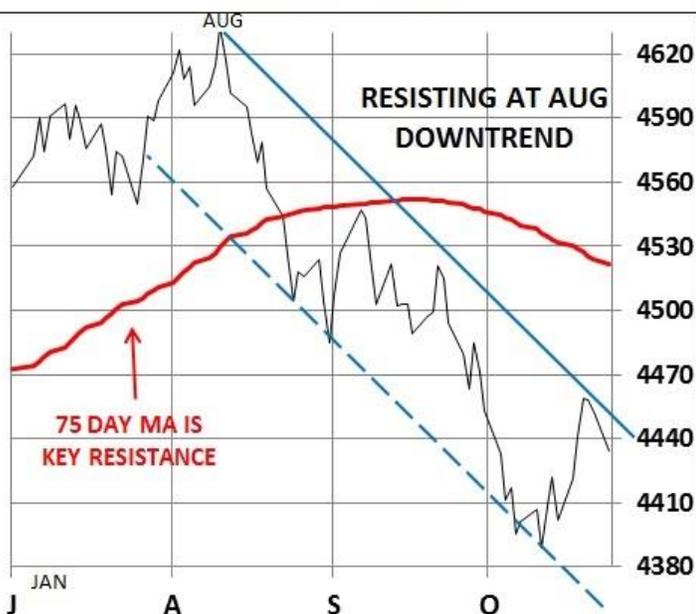
New Recom

**Stay out.**

The stock market continues to show subtle signs of weakness. The Industrials remain in a downtrend since Aug and the Transports continue to resist at a key triple top resistance since Mar. A stronger dollar and speculation of higher interest rates will likely continue to put downside pressure on the Averages. Spinners and MACDs remain bearish or lackluster at best, a sign that more weakness is to be expected ST. On the upside, the Transports remain within a bullish ascending triangle pattern. If the triple top is broken on a 2dc above 146 (DJT: 8110), we could see renewed strength and more upside potential. Strength in Transports could give the Industrials a boost above the Aug downtrend near 183 (DIA: 18300). Signs of caution continue to pop up everywhere. Stay out for now.

**ADEN GOLD STOCKS ADV/DECLINE 10/24/2016**  
CLOSE = 4434

**HUI GOLD BUGS INDEX (HUI) 10/24/2016 CLOSE= 210.66**



Gold shares rebounded strongly after testing the May low and support level. Both HUI and the A/D Line rose strongly to the Aug downtrend near 220 and 4460, respectively, as both Spinners turned bullish. This clear sign of strength, however, has not yet been confirmed as both HUI and the A/D Line must break above the Aug downtrend initially. This tells us gold shares remain under pressure and a decline to re-test the May lows near 195 is once again likely. We've been buying on dips and declines in anticipation of a bigger move upward in gold and gold shares. We recommend holding on to your positions and buying more on weakness.

# STOCKS



## Agnico Eagle Mines Limited (AEM) 10/24/2016 CLOSE= 48.29



### Agnico Eagle Mines Limited (AEM) - Nyse

Long at:	52 (Jun-27-16), 52 (Jun-28-16) <b>Sold half at 59.50 for a 14.5% gain!</b> 52 (Aug-24-16), 51 (Sept-1-16), 44.90 (Oct-7-16), 44.90 (Oct-10-16).
Stop:	2dc below 44.
Profit Target	55, 60 & 70
<b>New Recom:</b>	<b>Keep your position.</b>

AEM rose with strength since breaking above its bullish downside wedge with upside target near 55. Spinner broke above the zero line as it turned bullish with room to rise further. AEM's rebound rise has support at the Oct uptrend near 47.50. If AEM holds above this level and breaks above 50, the downside wedge will develop to its fullest potential. On the downside, a break below 47.50 on a 2dc would show ST weakness, and a decline to the May uptrend would then be likely. Remember to take partial profits once profit targets are reached.

**PROSHARES ULTRA 20+Year Treasury (UBT) 10/24/2016 CLOSE= 90.06**



**ProShares Ultra 20+ Year Treasury (UBT) -NYSEArca**

Long at:	96.50 (Sept-8-16), 93.50 (Sept-9-16), 92.25 (Sept-14-16), 90 (Oct-19-16).
Stop	2dc below 88 (adj).
Profit Target	106 & 120
New Recom:	<b>Keep your positions.</b>

UBT continues to dance around its support level at 89. Spinner continues to bottom, but rose above its MT MA showing signs of strength. UBT must now rise above the Jul downtrend to confirm a ST trend reversal. Overall bond yields are near extreme overbought levels as shown on the chart upfront. This tells us some down time in yields is likely and bonds are near an intermediate bottom. A rise in bonds now seems likely. Keep your positions for now.

## ETFs Physical Platinum (PPLT) 10/24/2016 CLOSE= 90.3



### ETFs Physical Platinum (PPLT)

**Long at:** 104 (Aug-24-16), 100.50 (Sept-1-16), 98.50 (Sept-27-16), 90.75 (Oct-19-16).

**Stop:** NO STOP FOR NOW.

**Profit Target:** 115 & 135

**New Recom:** **Keep your position.**

PPLT continues to hold above ST support at 89. Spinner continues to bottom and it's started to rise, breaking above its MT MA showing signs of strength and rising momentum. PPLT must break above the Aug downtrend on a 2dc above 93 to show renewed strength that could fuel a rise to the 100 level. Keep your positions.

## Silver Wheaton Corp. (SLW) 10/24/2016 CLOSE= 23.85



### 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), 24 (Oct-19-16).
Stop:	2dc below 20.
Profit Target	31 & 40
New Recom:	<b>Keep your positions.</b>

SLW continues to chug upward after breaking above its bullish upside wedge. Spinner turning bullish with room to rise further. SLW will remain bullish with potential for more upside as long as it holds above the Jun uptrend near 23. Keep your positions for now.

**DIREXION GOLD MINERS BULL 3X ETF (NUGT) 10/24/2016**  
**CLOSE= 13.46**



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

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

NUGT resisted at the Aug downtrend after a strong rebound rise. If NUGT continues to resist below the Aug downtrend, we could see weakness develop that could push NUGT to test the Mar lows. On the upside, notice Spinner turning bullish. If NUGT breaks above the Aug downtrend, we could see it jump upward to the 20s. We continue to wait for further weakness to buy.



# 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
<b>SHARES</b>									
AEM	Keep your positions.	L	June-27-16	52.00	52, 51, 44.90, 44.90	48.29	2dc below 44	55.00	60.00
NUGT	Stay out for now. Buy at 11 or lower.	O				13.46			
SLW	Keep your positions.	L	Aug-27-16	27.00	25.25, 22.20, 22.85, 24	23.85	2dc below 20	31.00	40.00
UBT	Keep your positions.	L	Sept-8-16	96.50	93.5, 92.25, 90	90.06	2dc below 88	106.00	120.00
PPLT	Keep your position.	L	Aug-24-16	104.00	100.5, 98.50, 90.75	90.30	NO STOP FOR NOW	115.00	135.00
NGD	Keep your positions.	L	Oct-24-16	3.95		4.02	2dc below 3.5	5.00	6.00
<b>MARKET LEADERS</b>									
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	1263.70	2dc below 1200	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				50.52	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	17.60	NO STOP FOR NOW	25.00	28.00
US Dollar DXU16	Stay out.	O				98.75			
COPPER HGU16	Stay out.	O				2.09			

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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 mkts 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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