



-GCRU-

Weekly Trading Service



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Achieves gains by trading commodities, currencies and stocks

November 21, 2018

IN ITS 17th YEAR – № 813

THE ROUT IN STOCKS CONTINUES

HAS DOW THEORY TRIGGERED A BEAR MKT?

GOLD CONFIRMS SUPPORT ABOVE \$1200.

WE HAVE A UTILITY STOCK FOR YOU!

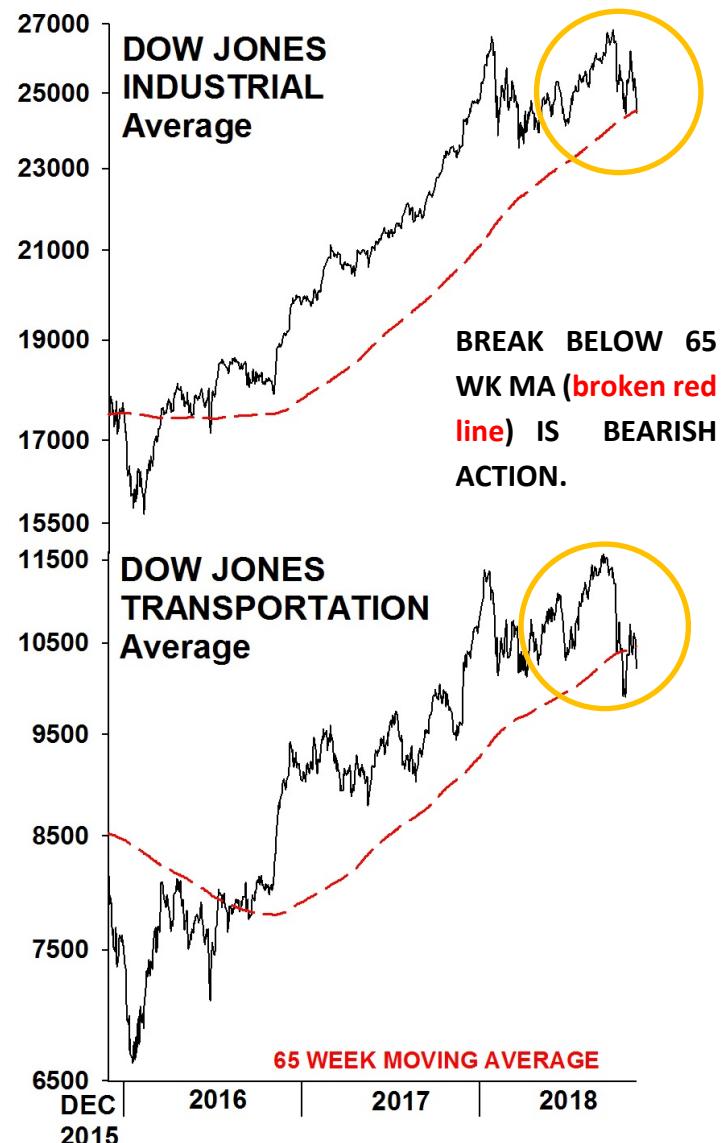
Happy Thanksgiving week for those of you celebrating. The holiday season is about to start. Remember, trading thins out during the holidays and given current market action, lots of volatility is likely. Today we're having a shorter version than normal, focusing on our positioning and strategy.

The rout in stocks continues. Momentum has clearly shifted to the downside. The negatives are weighing in more than positives for U.S. equities. For now, it seems, the tide has turned and downside pressure is the controlling force.

But has the market priced in the best outlook yet?

It's a tough call. The environment is still bullish for business. A pro-growth agenda remains in place.

"It's not the strongest of the species that survive, nor the most intelligent, but the one most responsive to change" – Charles Darwin -

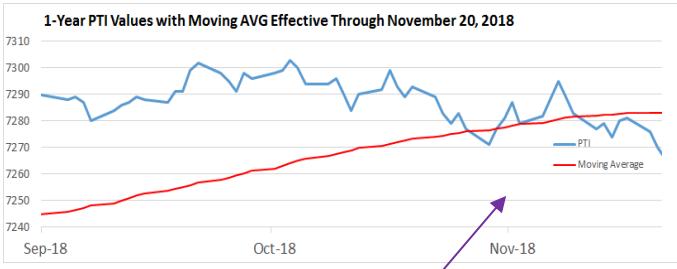
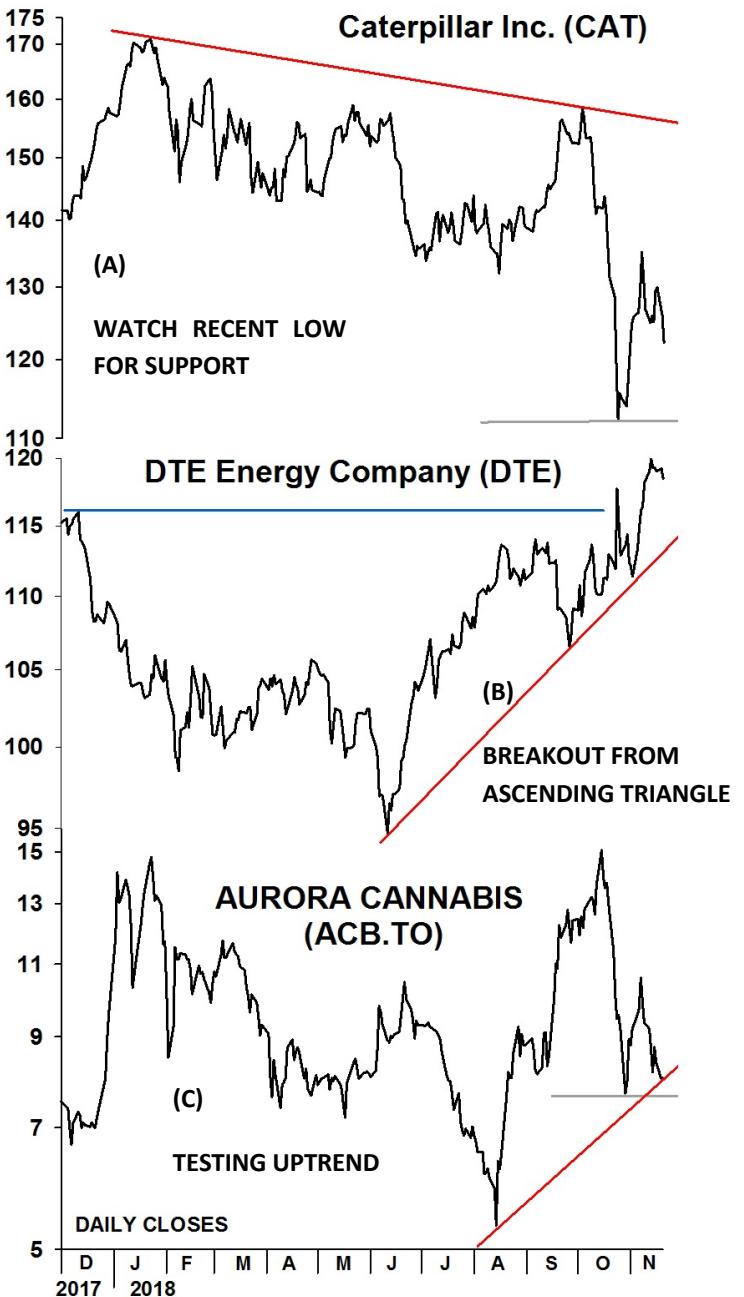


However, dollar strength is poised to affect international business for U.S. companies and earnings growth could have peaked, despite the economic outlook remaining favorable and stable.

Richard Russell, an avid student of Dow Theory until the end of his days would say “when a bull market tops and sets back, and the subsequent rally that goes back up (again, over 3%) and falls short of reaching the previous high and then penetrates the recent lows on the next decline as measured by both the Industrials and Transportation Averages, a sell signal is generated indicating a bear market.”

If we count the first decline earlier in Oct, the subsequent rebound (about 2%) and the decline that followed that broke below these first correction lows, a bear market was triggered, especially since both the Industrials and the Transports met that criteria. However, if we take the entire decline through the end of Oct, the subsequent rebound (nearly 7%) and the current decline, those correction lows have not yet been violated.

Mr. Russell devised a Primary Trend Index (PTI) with a specific moving average that would confirm bullish or bearish action. For the first time in a long time, his PTI has broken below its moving average suggesting the major trend could have shifted.



BREAKING MA FOR FIRST TIME

SINCE DEC 2016!

Bear market sentiment is in place and heating up. The negatives are seemingly outweighing the positives in an already mature bull mkt. Tech is the clear leader down (just as it was the leader up) and more weakness, particularly in companies with bloated valuations, is likely.

We sold our positions when the Averages broke below the initial correction lows. Stocks today

have erased most, if not all, of the recent rebound gains and are now flirting with new lows for the move. Declining tops are now clear exposing key resistance.

But, given the economic outlook, we could see growth in certain sectors.

Consumers remain confident and upward pressure on employment tells us more and better times for the average Joe. I continue to believe we'll see an infrastructure bill in U.S. Congress sometime soon that could give certain sectors a boost.

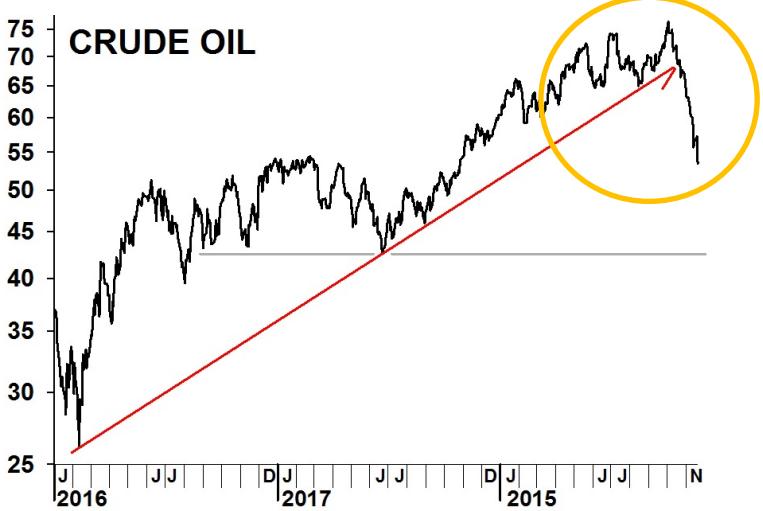
Caterpillar (CAT) is one of those (**Chart A**). It's down with the rest of the mkt but it's still above our entry level. It's approaching our re-entry level below \$120. CAT is another winner moving forward and I recommend keeping it for now. Buy below \$120 if you're not yet in.

Utilities, the safe haven of stocks, remain strong and are not showing signs of weakness. If anything, we could start seeing a high rotation into these. One company I like is DTE Energy Company (DTE) (**Chart B**)

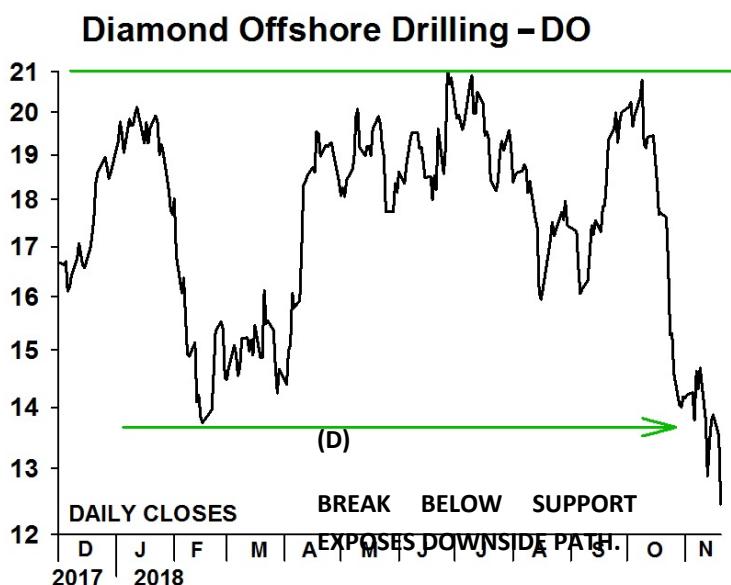
DTE is Michigan's leading energy provider providing electricity to 2.2 million users in southern Michigan and natural gas to 1.3 million customers. DTE has a solid balance sheet and it's beating estimates reviewing its forward guidance to the upside for the second time this year. The dividend yield at current valuations is almost at 3% which beats inflation. We recommend buying some below \$118.

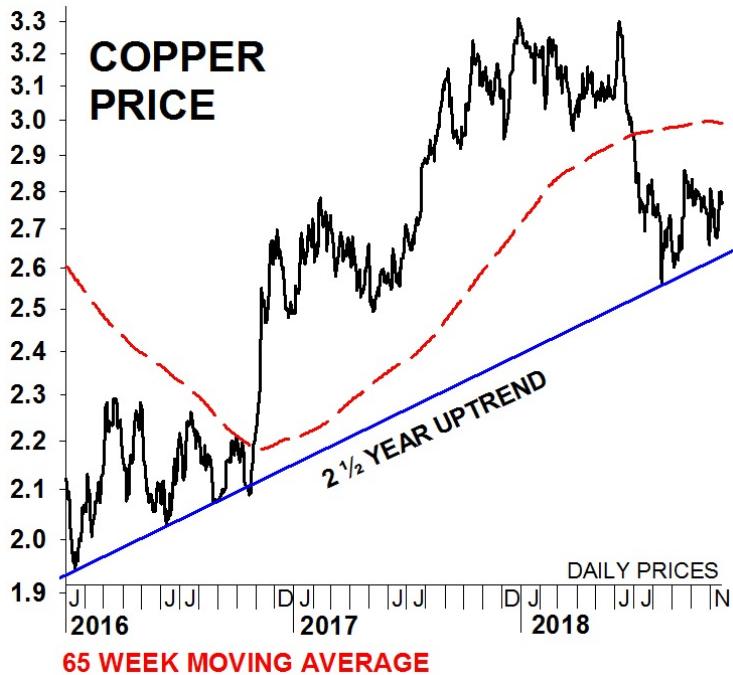
We're also holding Aurora Cannabis Inc (ACB.TO; ACB) (**Chart C**). It flirted with new lows intra-day, but it's quickly jumping back up showing support. The industry is growing and medical cannabis is at the forefront. Keep ACB and buy more

at market if you're underexposed or if you're looking to buy new positions.



Crude oil is also dropping hard and fast. It's at a new low today after breaking the Feb low and support. Crude hasn't had a rebound and downside pressure remains very strong. It's also oversold and due for a bounce up. We're looking to sell. Waiting for a bounce up to unload. Consider crude could get a boost from the upcoming OPEC meeting if production cuts are announced. We recommend keeping your position for now and wait for a rebound above \$58 to unload. In the near term, crude could fall to stronger next support near \$45.





Although we recommend keeping crude, we've reduced our exposure to energy by selling Diamond Offshore Drilling (DO) on a bounce up above \$14 for break even (Chart D). Energy shares overall continue to look weak. We'll remain on the sidelines for now and until a solid floor for crude and energy shares emerges.

Resources continue to build support. Copper continues to form a base above it's cyclical bull market uptrend near \$2.55.

Notice copper remains bullish above the uptrend. And if emerging markets pick up the pace, we could see a boost in demand.

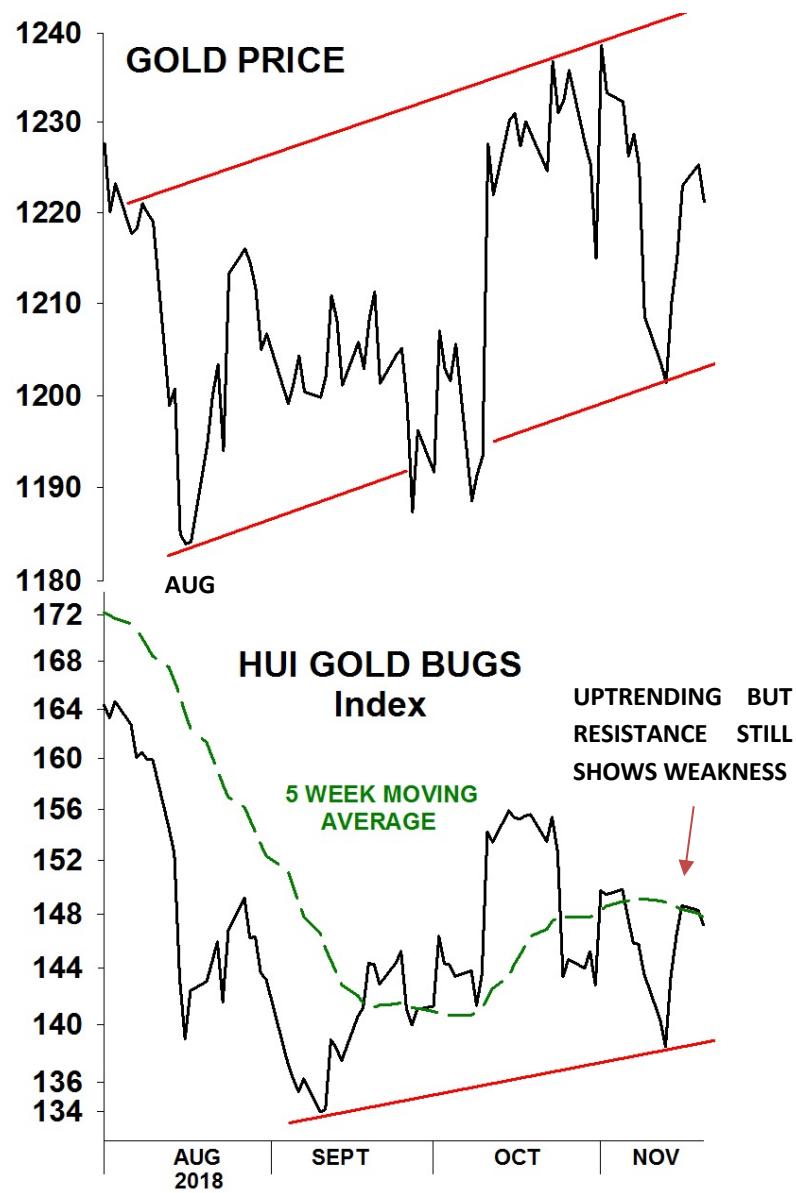
Our RNC Minerals (RNX.TO) continues to slide but showing support above CA\$0.40. Hold for now. When resources and precious metals rise, it could be in for a wild ride up.

As to precious metals, they continue to hold above key support levels. Gold bounced up after testing key support at \$1200. Gold shares followed showing healthy signs of support. However,

downside pressure overall remains strong unless gold and HUI break above \$1245 and 160, respectively.

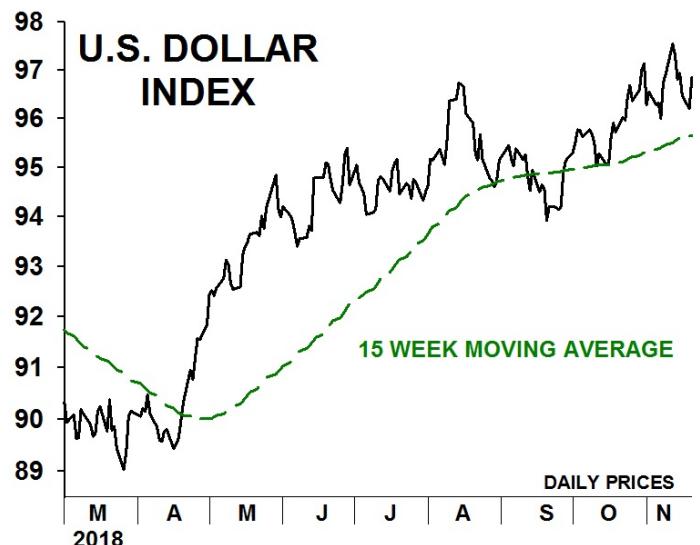
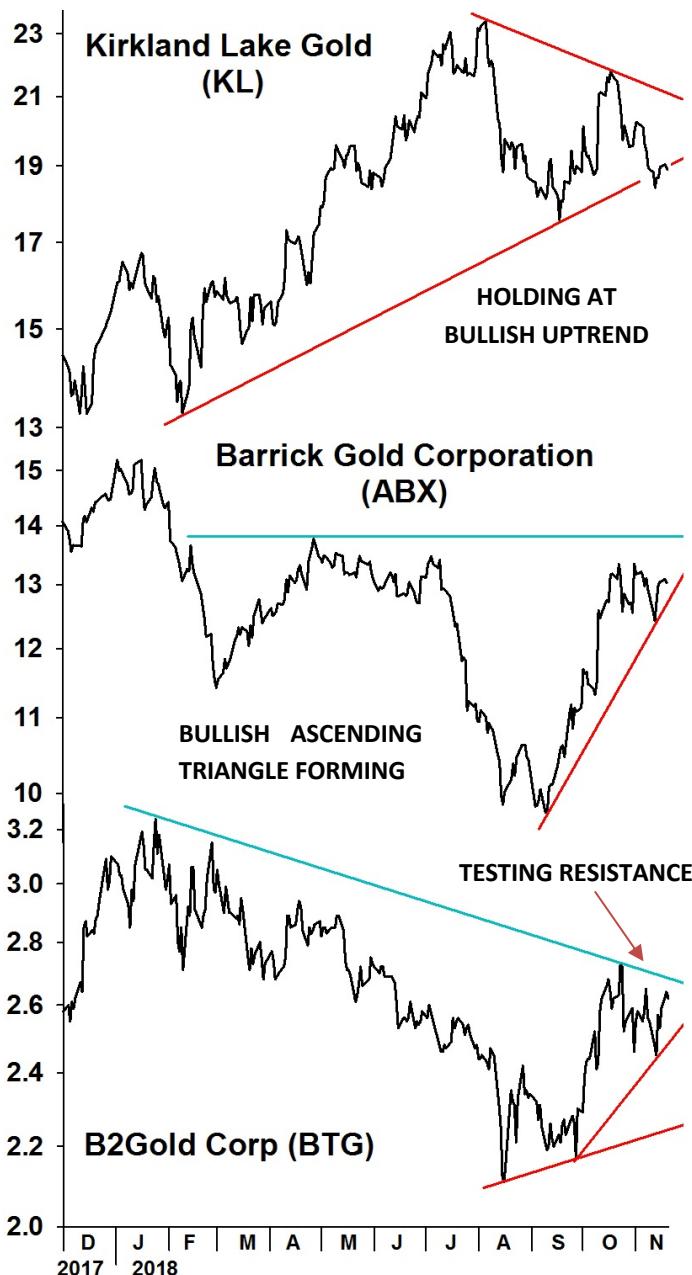
Keep an eye on key ST support levels too. Gold and HUI are building an uptrend above \$1200 and \$140, respectively.

Interesting to note, Spinner for both HUI and gold (not shown) are breaking above zero telling us momentum may be shifting to the upside ST. However, HUI resisting at its 5wk MA cannot go unnoticed.



Silver also confirmed support at the \$14 level, giving some hope. Keep in mind, however, silver is weak below \$17. It's extremely bombed out and showing signs of support building. A good recipe for further upside

Platinum (PPLT) continues to uptrend and will likely continue to rise by staying above \$79 .



We continue holding a full position in gold with average buy in price near current levels. We're also holding silver and some gold miners, specifically Kirkland Lake Gold (KL), Barrick Gold Corp (ABX) and B2Gold (BTG).

Our strategy this week is to remain vigilant. Buy some DTE. Keep ample cash reserves in U.S. dollars, as we have been suggesting.

The dollar is king and price action on the U.S. dollar index is confirming strength. It'll remain bullish above 95.30 (15wk MA).

The stronger dollar will continue putting downside pressure on all asset classes.

Remember overall pressure on stocks is to the downside. It's best to stay mainly on the sidelines for now. Also keep your resources and precious metals positions. We're positioned to weather the storm!

OPEN POSITIONS

POSITION SUMMARY

Symbol	Trade Update &/or Current Position	Status L=Long S= Short O= Out P= Put C= Call	Initial Entry Date	Position Entry Price	Last Closing Price	Stops	Target #1	Target #2
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PRECIOUS METALS PORTFOLIO

GOLD	Keep your positions. Gold has strong ST resistance near 1245 but it's also building a solid base above \$1200. A break above 1245 could fuel a rise to gold's "make or break" level at the 1365-1380. level.	L	Jan-5-17	1170.00	1221.10	2dc below 1185.	1365	1536
PHYS	Keep your positions	L	Jan-5-17	9.63	9.86	2dc below 9.55	10.85	12.75
SILVER	Keep your positions. Silver confirmed support near \$14 showing signs of strength. It has ST resistance near \$15. A break above this level could push silver to its make or break level near \$17.50.	L	Jan-5-17	17.35	14.27	2dc below 13.95	17.25	21
PSLV	Keep your positions	L	Jan-5-17	6.35	5.11	2dc below 5.10	6.25	8
PPLT	PPLT is showing some weakness but continues to uptrend. It's bullish above. 79.	L	Sept 20-2018	78.75	79.76	2dc below 72	88	96
HUI Index	HUI continues to consolidate above a rising at 140. If it holds, a rise to test 2018 resistance at 160 is likely. A break above 160 pushes gold shares into bullish territory.	--			147.19			
KL	Keep your positions.	L	Aug-14-18	19.95	18.90	2dc below 18	23	27
BTG	Keep your positions.	L	Oct-16-28	0.00	2.62	2dc below 2.20 (adj.)	3.25	4
ABX	Keep your positions.	L	Nov-8-18	13.00	13.03	2dc below 11.5	15	20

CURRENCIES

DXZ18	We are holding ample cash reserves. Keep cash reserves in U.S. dollars for now.	O			96.71			
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RESOURCES AND ENERGY

Crude-CLF19	Looking to sell. Sell on a bounce to \$60.	L	Nov-8-18	60.75	53.43	Sell on a bounce up	60+	75
DBO	Sell on a bounce.	L	Nov-8-18	11.40	9.97	Sell on a bounce up	11.4	14
DO	Sold on a bounce to \$14 for nearly break-even.	O			12.45			
COPPER HGZ18	Keep your positions. Still bullish above cyclical bull mkt support near 2.55.	L	Sept-20-17	2.97	2.77	2dc below 2.55	3.1	3.3
JJCTF (JJC)	Keep your positions.	L	Sept-20-17	33.6	30.28	Hold	33.5	36.5
RNX.TO	Keep your position.	L	Sept 20-2018	0.45	0.50	2dc below 0.40	1	3
CAT	Keep your positions. If not in, buy some below 120.	L	Oct-24-18	115.00	122.27	2dc below 110	150	

OTHER STOCKS

ACB.TO	Keep your positions. Buy some at mkt if you're looking for exposure or adding to positions.	L	Nov-8-18	9.9 (ACB: 7.60)	8.03	2dc below 7.50 (ACB: 2dc. Below 5.75).	14.5 (12)	
DTE	Buy some below 118. Buy more near 110.	O			118.50	2dc below 106	132	150

ABREVIATIONS

KEY PRICES			
Name/Symbol	Nov 20, 2018 Price	Change	Nov 14, 2018 Price
Gold (GCZ18)	1221.20	19.80	1201.40
Silver (SIZ18)	14.269	0.292	13.977
HUI (HUI)	147.19	8.74	138.45
Copper (HGZ18)	2.7665	0.0795	2.6870
Crude Oil (CLZ18)	53.43	-2.26	55.69
S&P500	2641.89	-80.29	2722.18
U.S.Dollar (DXZ18)	96.72	-0.43	97.14
30 Year T-Bond (ZBZ18)	140 - 01	1.14	138 - 19
10 Year T-Note Yield	3.05	-0.10	3.15
13-week Treasury bill	2.34	0.04	2.30

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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	
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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