



-GCRU-

Weekly Trading Service



Omar Ayales

Achieves gains by trading commodities, currencies and stocks

November 28, 2018

IN ITS 17th YEAR – N° 814

BEAR MARKET RALLY UPCOMING?

Back on Oct 23rd we sold our positions in the stock market as strong signs of a change in tide had been triggered.

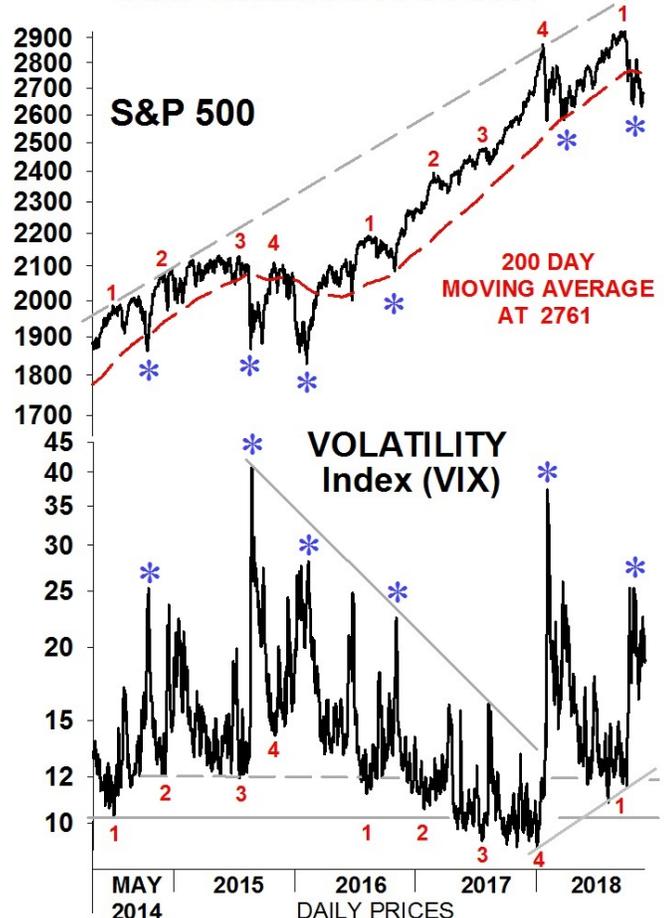
There was some skepticism, also on my part, that technicals were pointing to something deeper than just a correction.

Last week, we analyzed two major down-moves in the Averages. The one that bottomed towards the end of October, and the current decline that broke below those Oct lows. Clearly, the Industrials broke below the Oct low confirming weakness.

Yet, the Transportation Average is holding up better than both the Industrials and tech. This is likely due to the perception that lower energy prices could boost earnings in Transportation companies.

But overall, exhaustion is driving the market lower and it looks like that down trend could continue to develop.

VIX: TELLING A STORY



“Be fearful when others are greedy and greedy when others are fearful”

– Warren Buffett –

**WE'VE BEEN WORKING
TO IMPROVE OUR
SERVICE!**

We've made some changes to allow for better flow, clarity and analysis of price movement of different markets and how they are relevant to one another.

We've merged the front editorial with our chart section and will incorporate a chart and commentary for each position every week.

We'll also show charts that will support current strategy or longer-term views.

On the second to last page, we will have an upgraded "RECAP" section now called "CHEAT SHEET".

It will be one single page with details of our positions, entry levels, short recap commentary for each position, stops, targets and other relevant information.

I hope the new format is to your liking and most importantly, a better tool for you to profit from.

If you have any comments or suggestions, please let me know, I would really appreciate hearing from you:

oayales@adenforecast.com

The **chart on page 1 shows** the S&P 500 with its 200 day MA since 2014. The S&P 500 turned bearish after breaking below this trend (red broken line). It tried to rise back above the 200 day MA on the recent rebound but it so far has failed showing weakness. It then fell further, breaking below the recent correction lows in Oct confirming weakness and suggesting continued downside.

The Volatility Index (VIX), tends to move opposite and it's used regularly as an indicator of market sentiment. Notice the VIX (shown below the S&P500) is at a high area with room to rise further. This tells us further downside pressure in stocks is still likely.

But don't rule out a rebound rise. The key, however, will be if the S&P 500 breaks clearly above its 200 day MA (currently at 2761). This would show strength and sentiment could shift back to bullish. A continued rise to re-test the highs would then be likely. If the S&P resists, it'll confirm weakness and resume the downward path. **Keep an eye on the 200 day MA.**

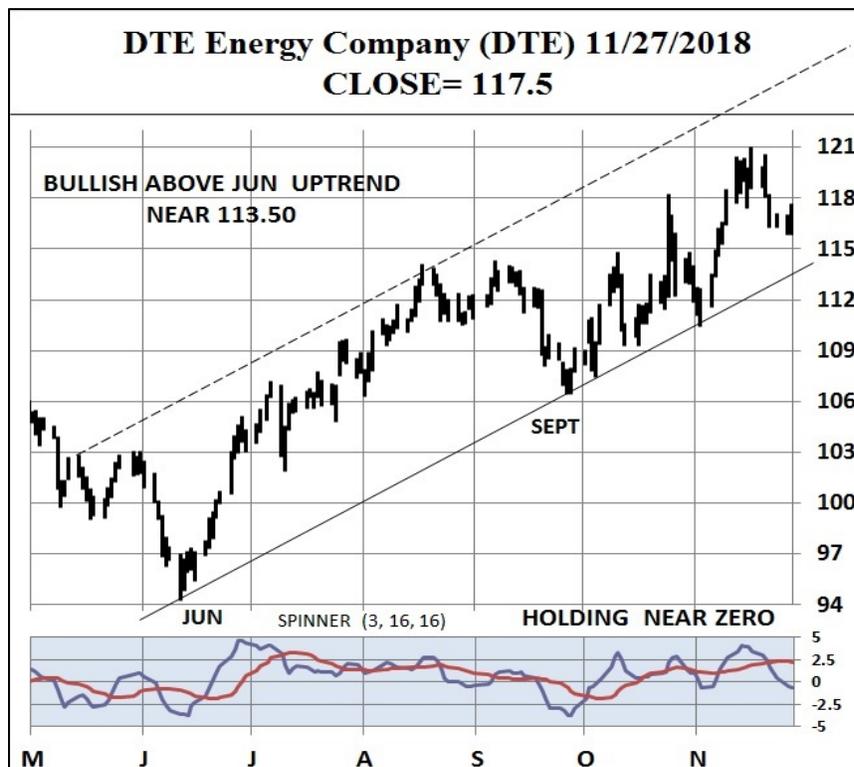
I believe the tide has turned and pressure is to the downside for stocks overall looking out to 2019.

We've been out of stocks with certain exceptions since the end of Oct, but if you haven't reduced exposure to U.S. stocks yet, take advantage of a bounce up to lighten up or unload.

We'll also be taking advantage of a potential bounce up to secure short positions through ETFs. I like: QID (inverse ETF: QQQ, which tracks the NASDAQ). We'll also look to increase exposure to companies that could continue to grow given the current political landscape in the U.S. as mentioned in previous issues.



Our position in Caterpillar (CAT) has held up well. It's now steady above the \$120 – \$123.75 level, while Spinner looks to bottom near the zero line. Moreover, CAT's coiling into a bullish pattern suggesting a rise to \$155 is likely if the Oct downtrend (\$125) is surpassed. We bought positions at the lows and have been waiting for a decline below \$120 to buy more. If you're not in, consider buying some near \$122, and more below \$120 if given the opportunity.



We also bought some DTE Energy Company (DTE) on a pull back. It's very bullish above the Jun uptrend.

DTE's Spinner pierced below zero but showing some weakness ST is likely. This tells us DTE could fall to test the Jun uptrend near 113.50. DTE is a great company to hold during weakness. It offers a good dividend yield and tends to perform better than most during economic downturns or market weakness. DTE has stronger support at the Sept lows near \$106. Keep your positions as long as DTE stays above \$106.



The tech heavy NASDAQ is likely to continue leading the bear market decline. A bear market is seemingly in place and any uncertainty or signs of negativity could push stocks lower, especially tech. QID (Ultra Short QQQ Proshares) is a 3x inverse ETF to Nasdaq's ETF: QQQ, and it's designed to move opposite to Nasdaq. It rises when NASDAQ declines, and it'll decline when NASDAQ rises.

On the chart below QID's Spinner is toppy near an extreme overbought level suggesting some downside or pull back is

likely. Wait for a decline near \$42 to buy. The 200 day MA is near \$41.50. Place stops at 2dc below \$41.50. Profit target at \$54 & \$80.

KING DOLLAR THRIVES

GOLD & CURRENCIES: A RELATIONSHIP



Strength in the U.S. dollar is putting downside pressure on the purchasing power of other currencies. It's also making it expensive to service U.S. dollar denominated debt in other countries.

The **chart above** shows all currencies, including gold, indexed to 100 since Dec 2016. Notice all currencies are moving clearly opposite to the dollar. When the dollar declined in 2017, all currencies and gold rose. The euro outperformed most currencies. But then in 2018, things shifted, the dollar started to appreciate, putting downside pressure on all other assets. Noteworthy, the euro has held stronger than most currencies, yet gold is stronger than the euro.

The U.S. dollar index will stay very bullish above its 15wk MA (currently near 95.50). If the dollar were to break below this trend, a decline would likely ensue.

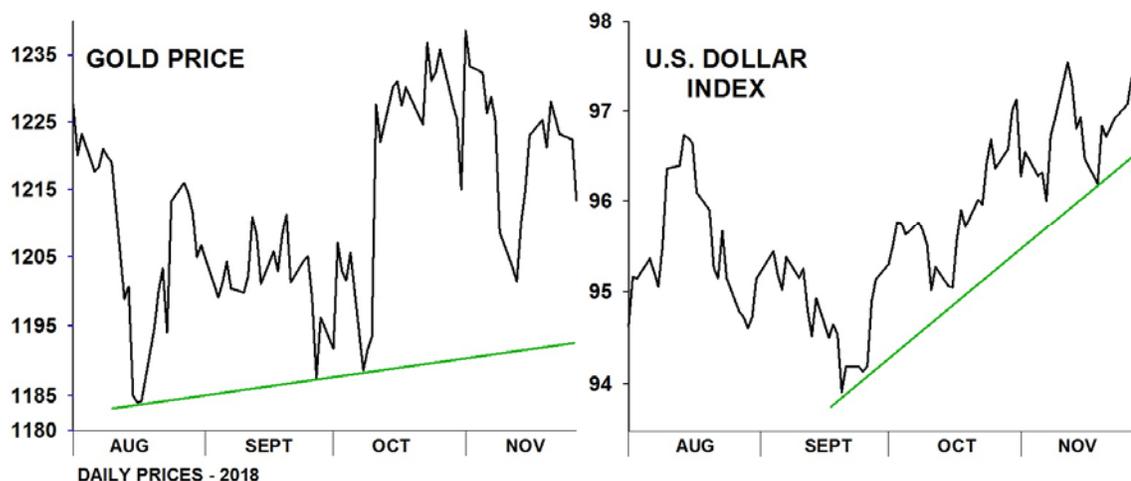
We've been recommending to keep cash on the sidelines in U.S. dollars, whether it's in a money market fund or any other dollar denominated instrument that may be easily liquidated. The dollar remains king and it's time to be cautious. Keep in mind that although the U.S. has its fair share of issues to resolve, it remains the leader globally and strongest relative to others... for now.

Other assets worth holding are real assets, particularly those that are cheap such as precious metals. We've been holding positions in gold, silver, platinum and a handful of gold shares in addition to large cash reserves.

Gold continues to rise quietly from the Aug lows. It continues to form a base above \$1200. It's struggling to surpass resistance at \$1245. And although the stronger dollar may have something to do with gold's lackluster performance, it remains uptrending since Aug with strong support building at \$1200.

Interestingly, both gold and the dollar have been rising together since September. This doesn't happen regularly, but when it does, the relationship tends to suggest trends could be shifting.

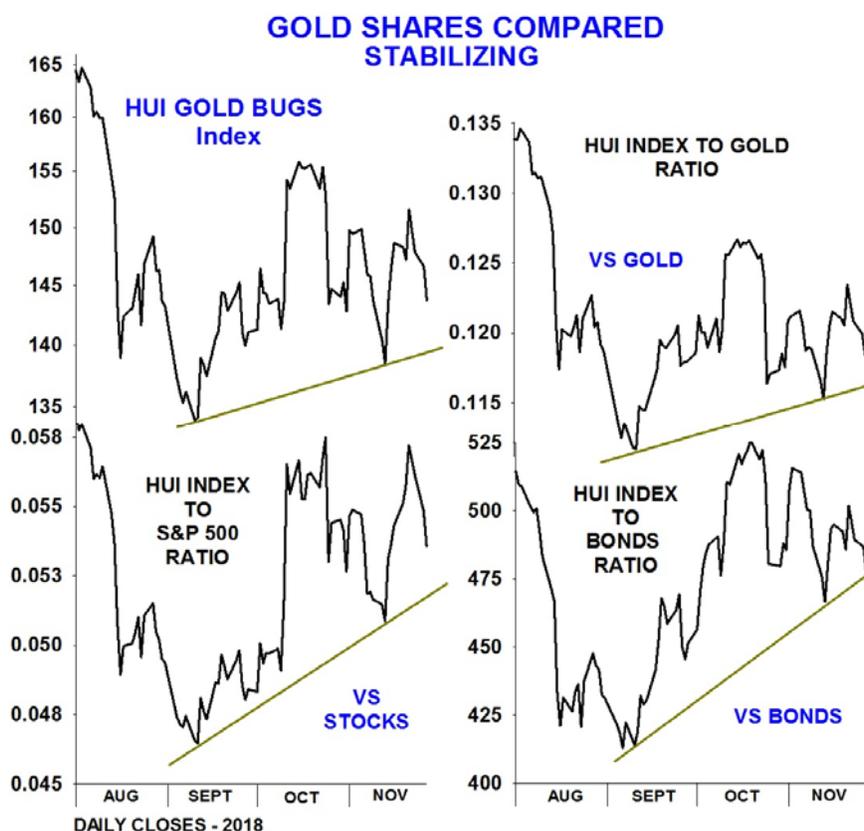
GOLD UNDER SOME PRESSURE WHILE DOLLAR IS STRONG



We'll continue to hold on to our positions. Our average entry level is near gold's current price level.

Gold shares are also holding steady. They've outperformed, gold, stocks and bonds during the past 3 months. The chart above shows gold shares compared to gold, stocks and bonds since Aug 2018, coincidentally at the same moment we started to increase exposure to gold and gold shares.

Our gold shares continue to hold above key levels confirming growing support.



Barrick Gold (ABX) is giving back the gains made since our last issue exposing a resistance near \$13.50. However, ABX is showing signs supportive of more upside. The Sept uptrend together with the Apr high resistance is forming a bullish ascending triangle, which is a bullish continuation pattern.

This means, if ABX breaks above \$13.50, a continued rise, to possibly the 2018 highs near \$15 initially, would be likely.

Also notice Spinner holding above zero hinting strength. This could be telling us momentum is on the rise and more upside for ABX is likely ST.



Kirkland Lake Gold (KL) is looking good. It continues to rise from the Sept lows. It's bullish above the 200 day MA near \$18.80. Notice Spinner breaching the zero line, turning bullish. This suggests more upside ST is likely. Keep your positions as long as KL holds above the Feb uptrend & support.



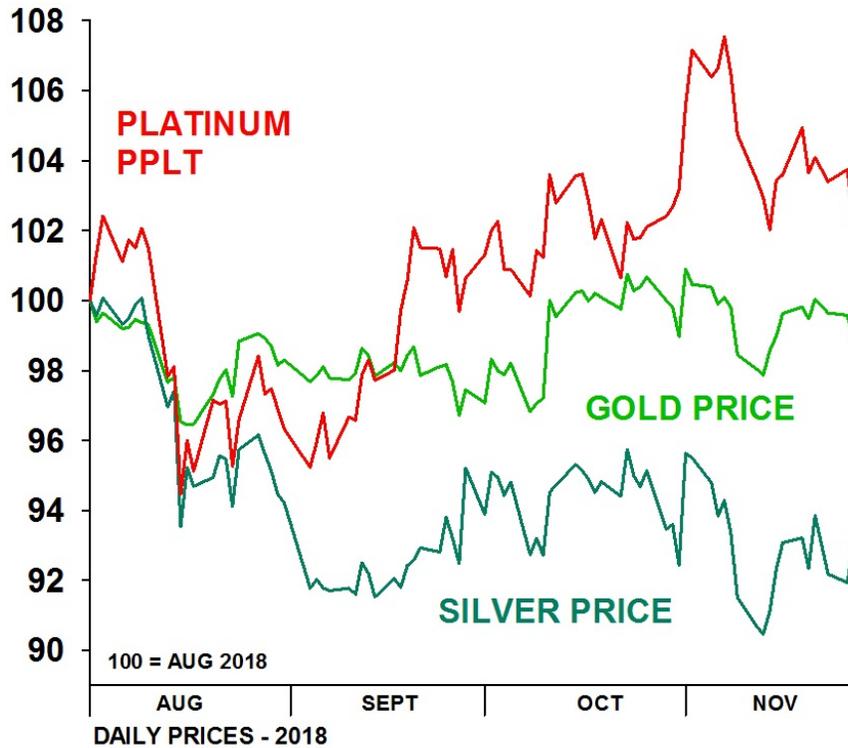
Momentum continues to build for BTG. It's very bullish above the Sept uptrend near \$2.50 while it forms a bullish ascending triangle. A break above \$2.80 will confirm the bullish pattern that could ignite a rise to the Jan highs near 3.25. Spinner showing strength with upside potential.



If you're not in, consider buying a bit at mkt. Hold on to BTG, it's poised to rise ST.

Another bullish sign for the precious metals is the price action in platinum (PPLT).

Platinum (PPLT) has been the strongest of the bunch (see below PPLT, silver and gold indexed to 100 since Aug 2018). It continues to rise after bottoming in August. And PPLT's indicators are looking better!.



Hold on to your PPLT.

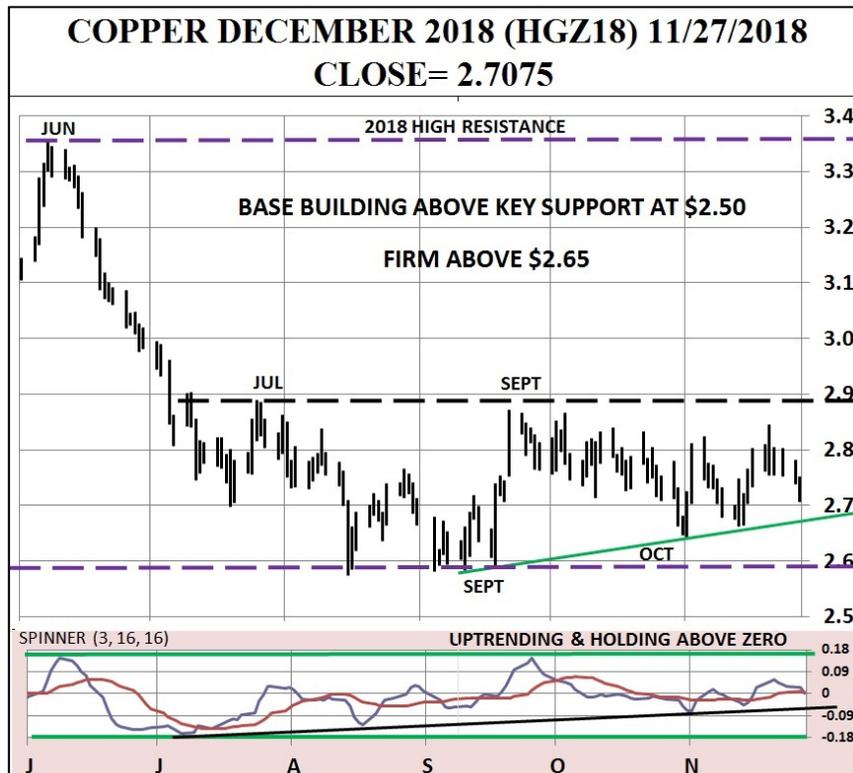
Silver also continues to build a base near \$14. It has held above this level since reaching it for the first time in Aug, coincidentally when gold reached a low of its own. We'll continue to hold silver for now and as long as it stays above \$13.95 on a 2dc.

Noteworthy, the gold to silver ratio is at an extreme high. A buy order for silver is triggered whenever the ratio surpasses

80 (meaning, 80 ounces of silver per every ounce of gold). Today it's over 85. The highest level in over 23 years!



Interesting to note, the chart above tells us silver could really pick up steam against gold if the ratio breaks 70 ounces of silver for every ounce of gold. A level that could be breached if silver rises above its own key resistance at \$17.50.



Resources continue to consolidate. Copper is forming a solid base above the Sept lows. More critically, copper has held above its cyclical uptrend that began in 2016, currently near \$2.50.

If copper now breaks above resistance at \$2.90, a rise to the 2018 highs near \$3.35 would be likely. Although concerns over tightening deflationary pressures around the world are weighing copper down, it seems as if those worst case scenarios may have been priced in and the next move is to the upside.

Notice Spinner uptrending since Jul confirming solid base-building. Keep your positions for now. If you're not in or looking to increase exposure, now would be a good time to buy.



RNC Minerals (RNX.TO) is showing strong support above CA\$0.45, see chart above. It bounced up and it'll look good above the exposed support level near CA\$0.45. The chart

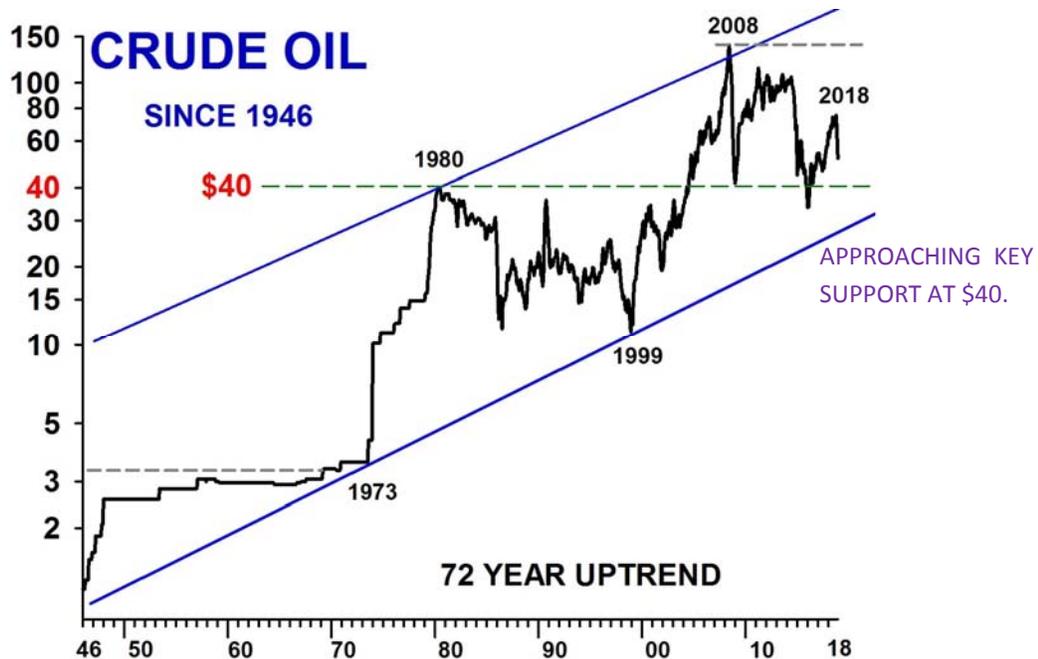
below shows Spinner testing its MT MA and approaching the zero line. A sign that strength may be developing.

Keep your positions.

Crude oil slid even further, testing the \$50 handle. The decline has been extreme but not unusual. We continue to wait for a rebound rise before unloading. Hold for now.

We're out of energy shares and will stay out for now and until a bottom is confirmed. For now, our exposure remains limited to a small position in crude.

Overall I believe the fundamentals for crude are bullish. Crude is very likely to regain the upward path it recently lost. We'll be waiting for stronger signs of a bottom before committing further.



The **chart above** is a longer term chart of crude since the 1940s. Notice the \$40 level was the high in 1980 and key resistance for nearly 25+ years thereafter. But once this level was surpassed, it became support, and it's been rock bottom support since then.

Crude is not too far from those levels but it could be tested them in an extreme situation. If crude dips below \$50, we recommend tip-toeing back in and buying some.



Cannabis stocks have also been hit with stock mkt weakness. ACB.TO is testing our stop at CA\$7.50. Cannabis stocks have been volatile to say the least. However, they're in a fast growing industry and the potential is there. Aurora Cannabis is particularly a good play given its business model and the development of key relationships with other market leaders.

Keep your positions. Adjust your stop in ACB (NYSE) to 2dc below \$5.50.

Our strategy for this week is to remain vigilant and cautious. Keep ample cash reserves. Don't dive into stocks. The trend has shifted and pressure is to the downside. Take advantage of rebounds to lighten up or unload. Aside from cash, keep your gold, silver and platinum. Keep your gold shares too. They're positioned to rise.

CHEAT 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	Target #1	Target #2
PRECIOUS METALS PORTFOLIO							
GOLD	Gold continues to hold the course. It's troubling to see it struggle to surpass ST resistance. However, gold continues to show resilience above 1200. Keep your positions.	L	Bot: 1170 (Jan-5-17), 1220 (Mar-16-17). Sold half at 1287 for 8% gain. Bot: 1225 (Jul-3-17). Sold half at 1345 for 11% gain. Bot (May-16-18), 1265 (Jun-21-18), 1258 (Jul-5-18), 1205 (Aug-30-18).	1213.40	2dc below 1185.	1365	1536
PHYS	Keep your positions	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)	9.73	2dc below 9.55	10.85	12.75
SILVER	Silver has confirmed support at 14. Moreover, the gold to silver ratio is at an extreme. Typically a sign silver could start getting more expensive relative to gold. Keep in mind, when silver outperforms gold, it's bullish for the entire gold universe. Keep your positions. Buy at mkt if looking to increase exposure.	L	Bot: 17.35 (Mar-16-17), 17 (May-1-17), 16.35 (May-4-17), 17 (Jun-12-17), 16.30 (Jun-26-17), 16.15 (Jul-3-17), 15.75 (Jul-13-17). Sold half at 16.65 for a small gain. Bot: 16.40 (Nov-30-17), 15.95 (Dec-6-17), 15.80 (Dec-13-17), 16 (Jun-28-18) 14.60 (Aug 30, 18).	14.08	2dc below 13.95	17.25	21
PSLV	Keep your positions	L	Bot: 6.60 (Mar-16-17), 6.40 (May-1-17), 6.20 (May-4-17), 6.55 (Jun-11-17), 6.23 (Jun-21-17), 6.15 (Jul-3-17), 6.03 (Jul-13-17). Sold half at 6.27 for a small gain. Bot: 6.23 (Nov-29-17), 5.98 (Dec-6-17), 5.92 (Dec-13-17), 5.90 (Jun-25-18), 5.27 (Aug 30, 18).	5.07	2dc below 5.10	6.25	8
PPLT	Among the strongest of the precious metals. PPLT continues to uptrend despite the pull back. Keep your positions, the ride isn't over just yet!	L	78.75 (Sept-2-18).	79.00	2dc below 72	88	96
HUI Index	Gold shares remain vulnerable although quietly uptrending. Gold shares have held better than most asset classes since Aug. Coincidence or premonition? We have great positions with limited downside.	--	N/A	143.71			
KL	Bullish above 200 day MA near 18.80. Keep your positions.	L	Bot: 19.95 (Aug-14-18), 19.25 (Aug-15-18), 19.20 (Aug 23, 18), 17.75 (Sept-20-18).	19.21	2dc below 18	23	27
BTG	BTG is bullish above 2.50. Keep your positions. If not in, buy a bit at mkt.	L	Bot: 2.68 (Oct-16-18), 2.55 (Oct-30-18), 2.50 (Oct-31-18).	2.54	2dc below 2.20	3.25	4
ABX	Forming a bullish ascending triangle exposing a path to the upside if 13.50 is clearly broken.	L	Bot: 13 (Nov-8-18)	12.75	2dc below 11.5	15	20
CURRENCIES							
U.S. DOLLAR (DXZ18)	Keep cash in dollars or dollar denominated instruments that may be liquidated easily.	O	N/A	97.28			
RESOURCES AND ENERGY							
Crude-CLF19	Crude fell further, testing the \$50 handle. However, history tells us crude is near a long term support suggesting a bounce up is likely. Sell on a bounce to \$60.	L	Bot: 60.75 (Nov-8-18).	51.56	Hold for now.	60+	75
COPPER HGZ18	Copper continues to build a base above a key cyclical uptrend & support level currently near 2.50. Keep your positions. A bounce up to the 2018 highs is likely.	L	Bot: 2.97 (Sept 20-17). Sold half at 3.20 for a 7.5% gain! Bot: 2.95 (Dec-6-17). Sold half at 3.26 for a 10% gain! Bot: 3.06 (Feb-9-18), 2.95 (Mar-26-18), Sold half at 3.30 for 10% gain! (Jun-7-18). Bot: 2.99 (Jun-27-18), 2.75 (Aug-1-18).	2.71	2dc below 2.58.	3.1	3.3
JJCTF (JJC)	Keep your positions.	L	Bot: 33.60 (Sept 20-17). Sold half at 37 for a 9.5% gain! Bot: 33.50 (Dec-6-17). Sold half at 37.30 for a 11% gain! Bot: 34.50 (Feb-9-18). Sold half at 37.25 for 9% gain (Jun-7-18), 33.40 (Jun-27-18), 30.40 (Aug-1-18).	29.96	Hold	33.5	36.5
RNX.TO	Found support at CA\$0.45. It's now bouncing up showing upside potential.	L	Bot: 0.45 (Sept-20-18). Sold half for 85% gain! 0.73 (Oct-4-18), 0.68 (Oct 24,18).	0.53	2dc below 0.40	1	3
CAT	Holding steady above 120. Hasn't allowed us to buy new positions at lower levels. If not yet in, consider buying near 122 and more below 122.	L	115 (Oct-24-18).	124.60	2dc below 110	150	
OTHER STOCKS							
ACB.TO	Testing stop loss. Keep positions for now. Could bounce up with stocks. We'll look to unload later on.	L	Bot: 9.90 (Nov-8-18), 9.40 (Nov-9-18) (ACB: 7.60 Nov-8-18), 7.15 (Nov-9-18).	7.29	Keep thru weakness	14.5 (12)	
QID	Buy at \$42 or lower.	O		44.00			
DTE	Looks good above the Jun uptrend near 113.50. Keep your positions.	L	117 (Nov-21-18).	117.50	2dc below 106	132	150

KEY PRICES			
Name/Symbol	Nov 27, 2018 Price	Change	Nov 20, 2018 Price
Gold (GCZ18)	1213.40	-7.80	1221.20
Silver (SIZ18)	14.084	-0.185	14.269
HUI (HUI)	143.71	-3.48	147.19
Copper (HGZ18)	2.7076	-0.0589	2.7665
Crude Oil (CLF19)	51.56	-1.87	53.43
S&P500	2682.20	40.31	2641.89
U.S.Dollar (DXZ18)	97.28	0.56	96.72
30 Year T-Bond (ZBZ18)	139 - 29	-0.04	140 - 01
10 Year T-Note Yield	3.06	0.01	3.05
13-week Treasury bill	2.35	0.01	2.34

Good luck and good trading,



Omar Ayales
 Chief Trading Strategist/GCRU
www.goldchartsrus.net
 A division of Aden Research

Quoting *GCRU* is permitted provided *GCRU* name, website address & subscription price are given.

All charts in *GCRU* are daily prices.

Subscribers can obtain free online chart updates for all gold shares in *GCRU* via: www.bigcharts.com. To view Canadian stks please use CA as prefix (i.e., to view Agni Eagle (Toronto) you must use CA: AEM).

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, 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.

NOTE: payments for *GCRU* services should be made payable to **MAP CUSTOMER SERVICE**. *Gold (& mkts) Charts R Us* is published weekly. You may sign up for 3-mos at \$300, 6-mos at \$585, 9-mos at \$855 or 12-mos \$1,110. E-mail: gcru@goldchartsrus.net

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

- DISCLAIMER -

Due to the electronic nature of e-mails, there is a risk that the information contained in this message has been modified. Consequently *Gold (& mkts) Charts R Us* can accept no responsibility or liability as to the completeness or accuracy of the information. Whilst efforts are made to safeguard messages and attachments, *Gold (& mkts) Charts R Us* cannot guarantee that messages or attachments are virus free, do not contain malicious code or are compatible with your electronic systems and does not accept liability in respect of viruses, malicious code or any related problems that you may experience. Information in *Gold (& mkts) Charts R Us* is for general information only & is not intended to be relied upon by individual readers in making specific investment decisions. Appropriate independent advice should be obtained before making any such decisions. *Gold (& mkts) Charts R Us* do not guarantee or assure that readers will make money or accept liability for any loss suffered by readers as a result of any such decision. Futures and share trading involve risk and is not for all investors. Past performance is NOT indicative of future results. Trading involves risk and should be pursued with risk capital only!