-GCRU-

Weekly Trading Strategies

Omar Ayales

Achieves gains by trading commodities, currencies and stocks

Nov 7, 2019 **IN ITS 18th YEAR – Nº 858**

MAPPING GOLD'S 'D' DECLINE

STOCKS ARE POISED FOR MORE UPSIDE, BUT COULD SEE A BULLISH PULL BACK…

… GET READY TO BUY THE DIP!

LOOKING FOR THE RIGHT MINER

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Timing is everything… Cliché maybe, but it *is* everything. Being late, or early, can be the same as being wrong.

I use charting to identify mega trends, secondary reactions, ST movements, breakouts, support and resistance levels. Usually, 'the reasons' validating the support or resistance level comes up after price movement develops or breaks out.

And the reason being is that price movement, big or small, is the accumulation of buying and selling most assets of all shapes and sizes. Emotions are naturally imbedded in every transaction.

> "IT IS NOT THE RESPONSABILITY OF THE FEDERAL RESERVE, - NOR WOULD IT BE APPROPRIATE - TO PROTECT LENDERS AND INVESTORS FROM THE CONSEQUENCES OF THEIR FINANCIAL DECISIONS" -- **BEN BERNANKE** JACKSON HOLE; AUG 2007
> (FROM "FED UP" DIMARTINO BOOTH)

Charting allows us to trace patterns and measure those emotions. The reasons that justify the price movement tend to come after the patterns form.

The following chart shows gold since 2012 together with a medium term (MT) indicator that measures momentum. The indicator is a great one to measure gold's ABCD cycle.

Gold's bottom in December 2015 coincided with the Federal Reserve raising the Fed Funds rate for the first time in nearly a decade. The interest rate hike cycle fueled inflation expectations with most commodities and asset classes rising.

Moreover, notice there have been 3 different 'C' rises since the Dec 2015 low. 'C' rises are the strongest rise within gold's ABCD cycle. Now look at the indicator below. Notice it reached an extreme high level during 'C' rise peaks. The most recent time being the $1560 high of the rise that began in Aug 2018.

Since the high in Sept, gold has been forming a top with downside pressure developing. Notice the indicator below the chart of gold telling us momentum remains on the decline with more downside likely, particularly when comparing the extent of an average 'D' decline.

Furthermore, remember it's no coincidence that gold's 'D' decline began when the Fed cut the Fed Funds rate for the first time in nearly 5 years.

Gold's chart tells me downside pressure continues putting a lid on gold. Gold did break above $1505, but it failed to surpass the recent high at $1520, failing to validate the upmove. Moreover, the $25 decline yesterday confirms downside pressure. Watch $1480, a clear break below this level would confirm renewed weakness.

My downside target for the current 'D' decline could take gold to possibly as low as the Dec 2015 uptrend near $1300. However, I'm not willing to bet the house on that just yet. Rather, we'll continue to monitor gold's MT momentum indicator to guide us as we wait for signs of a bottom to emerge.

Since the top in gold has been developing, we reduced positions considerably.

We took profits in gold shares and have held reduced positions in gold. We also added silver for the first time in nearly a year back in July.

Silver had been absent from gold's bullish rise until it caught a bid starting the second half of the year. What gave it to us was the silver to gold ratio. That is the amount of silver ounces it takes to buy 1 ounce of gold.

This ratio you'll remember, nearly reached all time highs. We bot silver when the ratio was 93:1. To date, silver has held better than gold and stands to fall less during gold's 'D' decline.

We'll be taking advantage of any weakness below $17 to add to our positions.

We also hedged gains in our gold and silver positions through the ETF DUST.

Remember DUST is a levered ETF 3x inverted to gold shares. It's like being short the HUI Index. This is designed to be insurance, first of all, and secondly to profit from the 'D' decline.

I've had pretty much a full position, but last week we suggested to buy for those who had not been in the DUST trade. If you did, you bought near the lows and are up nearly 10% in just a few days.

I will continue to keep my reduced positions in DUST until our indicators show us hints the 'D' decline in gold is over. Our profit target is at $13 but could vary.

The New Orleans Investment Conference

It was a pleasure to have seen many of you at the conference. It was a good one. Lots of great speakers and companies that could offer some great opportunities in the gold space. I will tell you my favorite ones in just a minute…

It was interesting the chatter and concerns surrounding the lack of upside junior gold mines have had during the recent year long uptrend.

It was also very interesting to see many of the big name speakers, that have usually recommended junior mines and a more aggressive approach, are now suggesting to stay with the senior mines or producers.

The message: do not try to outperform an asset class that is already outperforming the broader market.

If you'll remember, the senior and intermediate gold mines started to rise with gold last Aug. It was until Nov that the junior mines picked up the pace exposing a clear floor for the entire gold universe.

It is true that senior and intermediate mines did the best. We rode through this year-long rise with senior and intermediate gold mines such as Kirkland Lake Gold (KL) and Agnico Eagle (AEM), B2Gold (BTG), McEwen Mining (MUX), among others.

The fact remains that junior mines, including exploration companies and others that are not yet producing, must really have an asset that is worthwhile and deep pockets to fund operating expenses. Exploration and development cycles tend to last anywhere from 10 to 15 years. Depending on what type of delays or problems in permitting, drill results and others, wait times could extend longer.

But looking at the chart on page 4, it seems the junior mines could start picking up the pace against seniors as gold's secular bull market develops.

There are a couple of companies that I have my eye on and that I will be looking to buy when gold bottoms out. We will be putting together a portfolio of mines that will allow for a handsome upside. We will include some of the seniors and intermediate mines that we've held before plus some junior mines for speculation.

Some of the junior mines that I got to meet with and get to know over the conference that impressed me the most were Midas Gold and Aftermath Silver.

Midas Gold (TSX:MAX & OTC:MDRPF) we've shown here before but we sold it earlier in the upmove when it became apparent that junior mines weren't really moving as strong as the seniors.

Midas Gold, however, has one of the largest high grade gold reserves in the world (Idaho, actually the largest in the U.S.), making it an ideal company to buy and hold to see if they can eventually get to develop their asset or have a larger company buy them out. Either situation could be very profitable.

A similar situation with a silver mine is with Aftermath Silver (VSX:AAG & OTC: FLMZF). It has access to some of the largest silver deposits, with great location, near key infrastructure, allowing it to develop the asset at cheap prices with lots of potential buyers nearby.

It will be interesting to see how these companies react as the 'D' decline develops and gains strength. We should be able to get great assets at great prices.

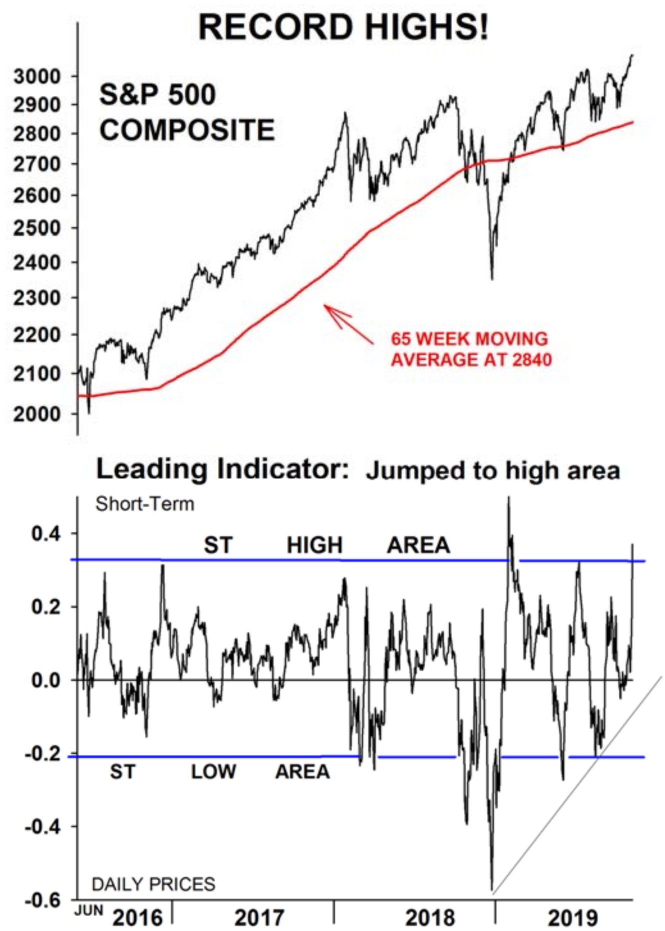
Another very interesting speaker with lots to say at the conference was Stephen Moore. Many of you will know Mr. Moore is one of President Trump's most influential economic advisors currently and during the campaign. He was also one who was recently considered for a position at the Federal Reserve.

Mr. Moore showed how strong and resilient the U.S. economy has become and that he believes this will remain the base for higher stock valuations. Of course recent data is backing up Mr. Moore's perception and has pushed many U.S. equities to new highs.

Mr. Moore seemed happy with what seems to be the rate cut path the Fed has recently embarked, but was not quick to say how lower rates help the strong economy narrative.

It's All Relative

Although the U.S. and its economy have shown cracks at the very core of its foundation with a large debt to GDP ratio, widening deficits and so forth, the core of its economy, the consumer is booming (70% of the economy).



Not only unemployment remains near record low levels but wage inflation continues to suggest better income for people. All during a moment where inflation has been muted, mainly due to slack of global demand.

In recent weeks we've shown signs of strength in U.S. equities. Some have been the Philadelphia Semi Conductor

Index (SOX) reaching new highs, followed by NASDAQ, the S&P 500, the NYSE A/D Line and now the Industrial Average. The Transportation Average is getting closer to its all time highs.

The rise seems to be broad based. We've been showing how capital has been flowing out of safe havens (Treasuries, gold and utility companies) and into risk assets.

We recently showed the ratio between precious metals and industrials metals and how the ratio is poised to turn in favor of industrial metals, which tends to signal global economic growth.

You also saw how the Utility average is showing signs of a top with a downtrend starting to develop.

On the chart above, notice the S&P 500's bullish rise from 2016 to date. The rise to new highs confirms strength with upside potential. The chart below the S&P 500 is its leading ST indicator.

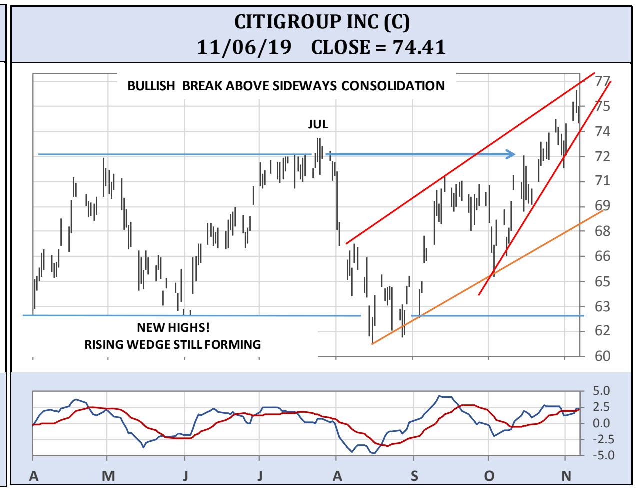
Notice the indicator has reached an extreme high area showing momentum has been up for the recent leg up rise in stocks. But the indicator is also reaching a normally high area for strong up-moves. This suggests some downside pressure could put a lid on stocks ST.

I recommend taking advantage of weakness in stocks to pick up a few selected names.

We picked up some more Procter & Gamble (PG) this past week as it fell below $120. PG is one of my favorite stocks because it's a strong play on the U.S. consumer. It has solid numbers and very much isolated from disruptions from trade.

I'm also waiting on the banks to pull back. They've been very strong, not giving us a chance to jump in.

JP Morgan (JPM) continues to rise quickly. It bounced up to near $130 showing impressive strength. The rise seems a bit over-extended and I will wait for a pull back below $125 before buying.



Similar story with Citibank (C). Notice it picked up momentum after breaking to new highs. C is another one of my favorite banks that will stand to gain from core business, but also from other income.

For C, I'm also waiting for a pull back to the lower $70s.

We also increased exposure in Aurora Cannabis (ACB.TO) near a low at CA$4. ACB.TO broke above a declining wedge and has risen since. It's poised to rebound further. We'll continue to hold on for now and wait for a better price point to exit the trade.

In an attempt to gain exposure to a bombed out Chinese economy from the trade tariffs, we bought stock in Guangshen Railway (GSH) just before breaking out above $16.

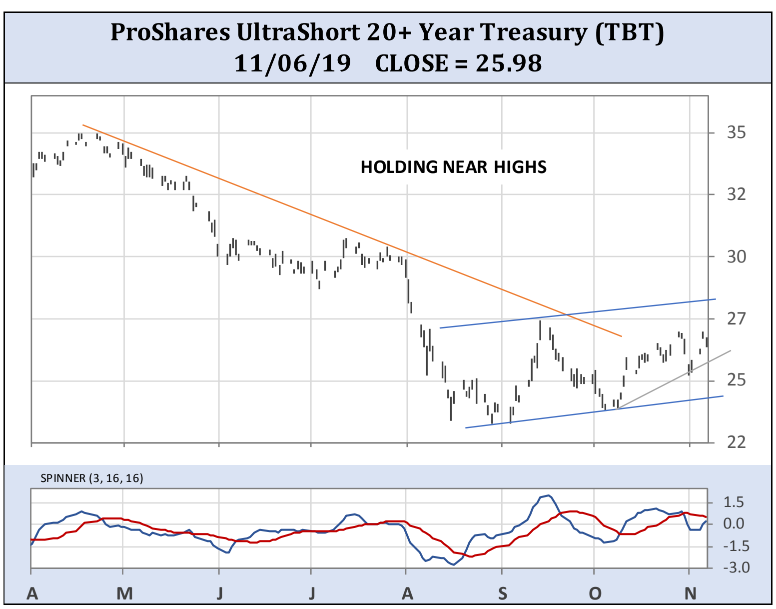
Since the breakout rise, GSH has pulled back. GSH is holding above its 5wk MA, with the 5wk MA about to break above the 15wk MA in a bullish cross. Moreover, notice Spinner holding at the zero line and looking ready to rise!

Some of you who have not been in on this trade bot this past week at or below $16.

Keep your positions.

We've also shown the rise in long term Treasuries to an extreme and how a pull back or correction was likely. Conversely, interest rates, particularly the 10 year and 30 year yields of U.S. bonds had also reached extreme oversold levels and a bounce up was likely.

We've been buying TBT, an inverse ETF to TLT, another ETF that holds long term U.S. Treasuries. The reasoning behind this trade was to take advantage of the extreme situation in bonds while they re-adjust to an average.



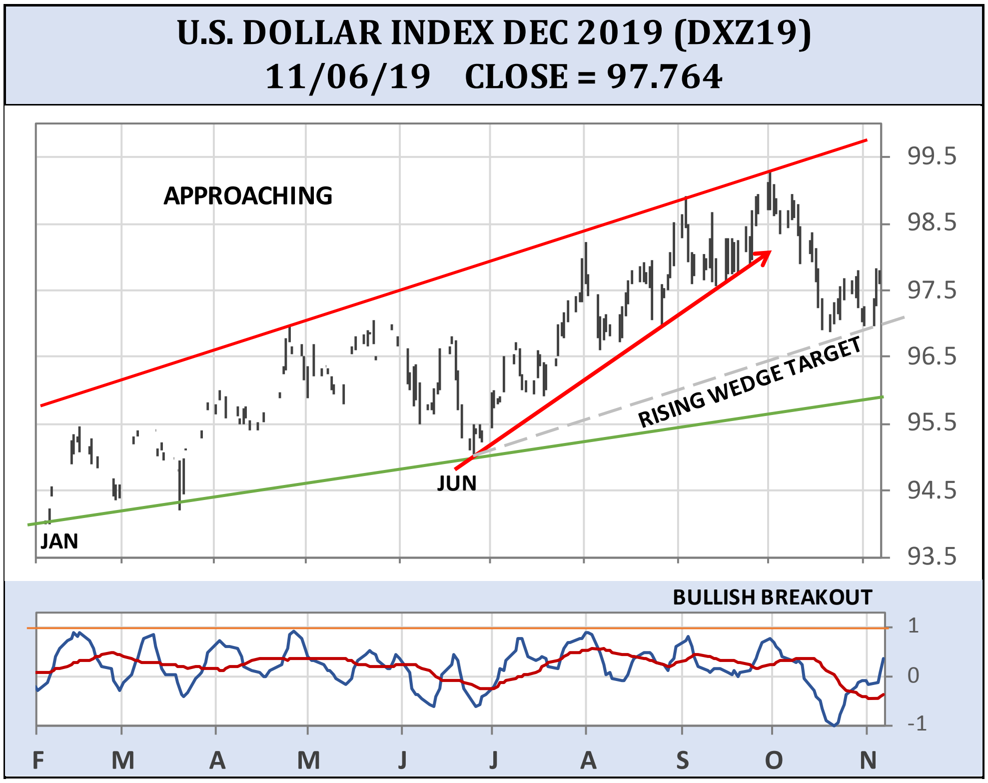
The trade to date has been profitable as it's up nearly 10% in just under 2 months.

Notice TBT is resuming its rise, getting ready to test resistance at the $27. Its leading indicator below (Spinner) is bottoming near the zero line, suggesting upside momentum could pick up the pace ST.

Keep your positions for now or until our profit targets are reached.

The same economic growth success out of the U.S. that's attracting bond and equity investors alike are keeping the U.S. dollar strong, near the highs.

It'll be interesting to see if the dollar and gold fall together as the safe haven trade fades away or if gold will take a bigger hit than the dollar, possibly decoupling from a joint year long rise.



Another interesting point of view, but this time bearish for U.S. stocks was from Robert Prechter. A great economist with an ease for teaching and explaining economic and finance concepts.

He is bearish stocks and argues that their valuations are extremely high compared with historical valuations, proportions and ratios.

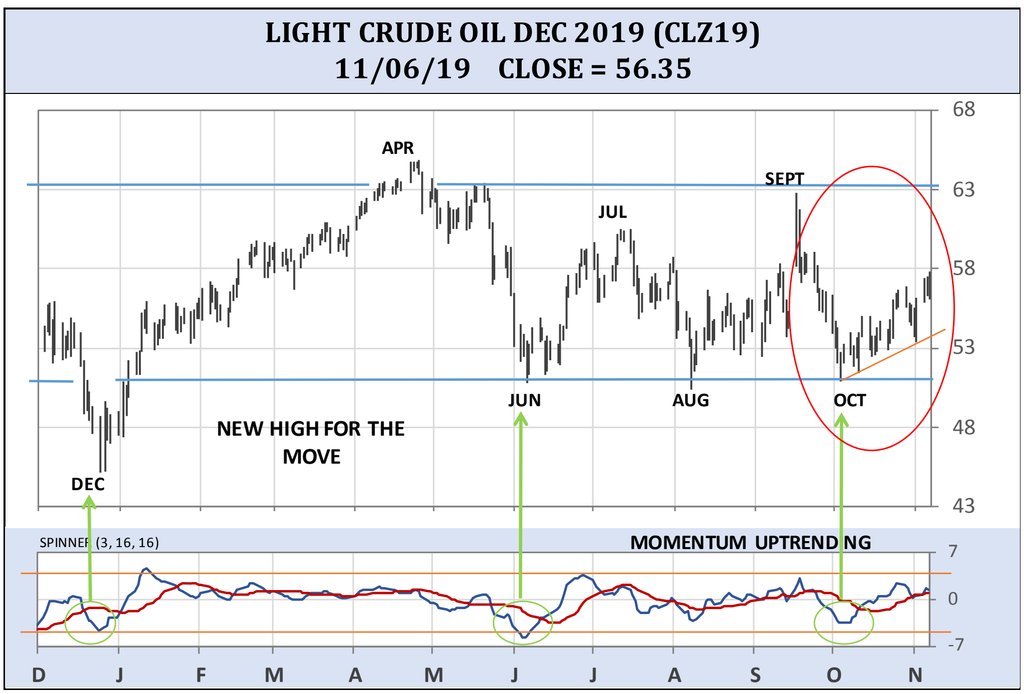
One of the several charts Mr. Prechter shared with the audience was the relationship between S&P 500 and pre-tax earnings growth of the companies that make up the S&P 500. When looking at a historical proportion, it is evident that both tend to move hand and in hand. Usually whenever one would outpace the other, there was a reversion to an average.

Mr. Pretcher's chart goes to show that during the past 5 years, give or take, there has been a decoupling of this proportion where the S&P 500 market value has risen grossly above pre-tax earnings growth. The chart suggests stocks would have to fall to return to an average.

Although I agree that U.S. economy and stock market may be lacking in certain areas, particularly when compared to a better version of themselves. However, when compared to the rest of the world, there's a lack of supply of good, strong companies to invest in.

Resources continue to pick up steam. Although copper has seemingly kept quiet, it's also quietly breaking resistance. It's now showing signs of a trend reversal and turning back to bullish.

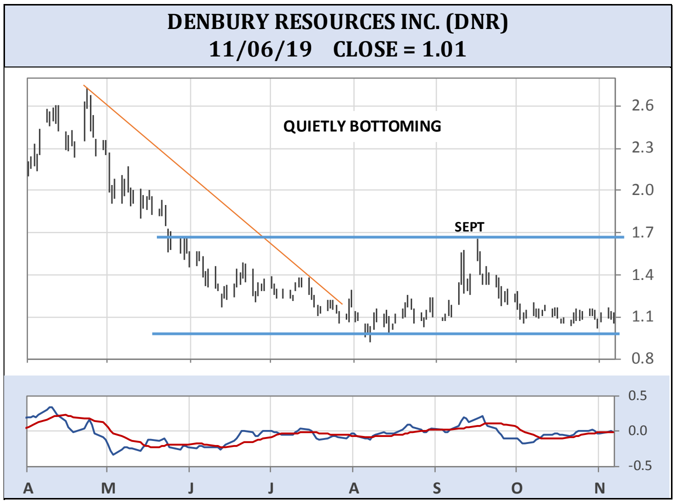
Crude oil has also jumped up. It rose to a new high a couple days ago. It's now positioned to rise to the top side of a year long sideways band near our profit target at $63.



We've been holding positions since last quarter. Now with some profits built and more if the rise develops further.

We've also been trying to time the bullish upswing in crude through a known energy company, Denbury Resources (DNR).

DNR has confirmed support at $1 and it looks better with each passing day, ready for a bounce up rise.



Consider DNR could rise to the top side of the 4-5 month long sideways band forming above a key support level. If DNR continues to hold above support, it could rise to test the Sept highs, initially.

Keep your positions as long as DNR holds above $1; the upside seems open.

Our strategy for this week is to stay patient. Don't be a hero! It's not a time to trade just yet. Our portfolio is ready to take on more assets at cheap prices as contra-trends develop.

Good luck and good trading,

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

KEY PRICES

Name/Symbol	Nov 6, 2019 Price	Change	Oct 29, 2019 Price
Gold (GCZ19)	**1493.10**	2.40	**1490.70**
Silver (SIZ19)	**17.60**	-0.23	**17.83**
HUI (HUI)	**214.39**	2.87	**211.52**
Copper (HGZ19)	**2.67**	-0.02	**2.69**
Crude Oil (CLZ19)	**56.35**	0.81	**55.54**
S&P500	**3076.78**	39.89	**3036.89**
U.S.Dollar (DXZ19)	**97.76**	0.29	**97.47**
30 Year T-Bond (ZBZ19)	**158.97**	0.28	**158.69**
10 Year T-Note Yield	**1.81**	-0.03	**1.84**
13-week Treasury bill	**1.52**	-0.08	**1.60**

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)	Lower highs... Gold made a push to rise higher last week when it surpassed $1505. But weakness was quickly exposed, pushing gold back to ST support near $1505, before it tumbled on Tuesday. Consider this past week, gold's 5wk MA is breaking its 15wk MA, a bearish cross suggesting more downside is likely. Spinner is chugging, but also showing strong resistance. Keep your reduced positions. Don't buy new ones just yet. Price action suggests gold's 'D' decline continues to develop and more downside is likely before gold resumes its secular rise.	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).	**1493.10**	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).	**11.91**	10.85	Open
SILVER (SIZ19)	Silver continues to bounce up with industrial metals (resources). Downside pressure from gold's 'D' decline is also weighing on silver and could drag it down. However, as we've suggested before, silver is poised to hold up stronger than gold. We're not buying just yet, but still waiting for a further decline. Wait for a decline below $17 to add to your reduced positions.	L	Bot: 15.80 (Jul-17-19), 16.50 (Aug-7-19).	**17.598**	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	Gold shares are holding up well. They've held near the highs, well above key support at 200 on HUI. Spinner is showing signs of a top suggesting continued downside pressure ST is likely. If HUI breaks below support at 200, it would exacerbate weakness and a decline to the Oct uptrend near 165 would then be likely. We'll continue to wait for gold's 'D' decline to develop further identifying best levels to buy. Downside risk remains highs.	--	N/A	**214.50**	N/A	N/A
DUST	Uptrending... DUST continues to inch upward despite the up and down volatility. DUST must now break resistance at $9 to show upside potential. Consider DUST resistance at $9 coincides with HUI's support at 200. A break from those levels would confirm the 'D' decline in gold with increased downside risk in gold and gold shares. Keep DUST as your protection.	L	7.40 (Aug-14-19), 7.20 (Aug-21-19), 7.45 (Sept-11-19), 6.90 (Sept-26-19).	**7.40**	Keep	13
BONDS (7%)						
TBT	On the rise! The rise in interest rates on long term U.S. government bonds seems overdue. They have been rising, recently catching a bid as lower rates were cut. TBT is showing support above the Aug uptrend and it's back to test resistance near $27. A break above $27 would confirm strength and a continued rise would be likely. Keep your positions for now.	L	25.40 (Sept-11-19), 24.60 (Sept-26-19), 24 (Oct-2-19).	**25.98**	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 is holding well above the Jan uptrend at 96. Notice Spinner breaking out above zero. The chart suggests the downside risk from the dollar's break below a rising wedge is over and a bounce up to re-test the recent highs near 99 is likely. Although the dollar has been falling as the safe haven trade rolls back, it could get love from a strong U.S. economy, strong stock and bond market. Demand for U.S. dollar denominated assets is likely to remain. Keep cash in U.S. dollars or highly liquid, low interest baring instruments denominated in dollars.		Holding cash in highly liquid, low interest bearing instruments in U.S. Dollars.	**97.76**		
			RESOURCES AND ENERGY (12%)			
Crude (CLZ19)	Crude oil continues to bounce up together with resources and industrial metals. It's also rising with the U.S. stock market as we had anticipated a few weeks ago. The uptrend since Oct is taking shape for crude and it's now exposing ST support at $53.25. Spinner on the rise telling us more upside is still likely. Crude oil is positioned to rise to the top side of the year long sideways band near $63. A break above this level would push crude to a stronger phase, but for now, we're keeping our target at the top side of the band.	L	57.90 (May-24-19), 53.75 (May-31-19), 54 (Jun-19-19).	**56.35**	2dc below 52	62
DNR	Continues to bottom… DNR hasn't picked a bid yet despite a strong uptick in crude oil. On the other hand, DNR hasn't fallen either, confirming strong support above the $1 level. Continue to keep DNR as long as it holds above support at $1. That seems to be a rock solid bottom with an upside potential.	L	1.40 (Sept-11-19), 1.23 (Sept-13-19), 1.10 (Oct-7-19), 1.07 (Oct-23-19).	**1.01**	2dc below 1	2.50 & 4
COPPER	The breakout rise continues! Copper is holding above a solid uptrend since the Sept/Oct lows. Spinner formed a mini bottom above zero telling us momentum could remain up. Stronger copper is a bullish signal for upcoming strength in emerging markets and an uptick in global growth. Copper's upside target is at the top side of the year+ long sideways band near $3. Stay out. We'll continue to monitor copper as a way to keep an eye on developing trends worldwide.	O		**2.6650**		
			OTHER STOCKS (10%)			
ACB.TO	ACB.TO held above support at CA$4.50 and bounced up, breaking above a bullish downside wedge pattern suggesting a bounce up to the Mar downtrend near CA$8.50 is likely. We picked up more last week to take advantage of this. We'll wait for a further bounce up to unload positions.	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), 4.75 (Oct-30-19).	**4.92**	Hold during weakness	8.5 (new) & 13 (adj).
PG	PG failed to rise to new highs above $125 and collapsed to the Oct uptrend and support level. Spinner also collapsed, back to a low and extreme level. During the past year, whenever PG has fallen back to the Oct uptrend, it has proven to be a great buying area. I bot some more this week. If you're looking to increase exposure, buy at mkt near $120.	L	103 (Apr-24-19), 106 (May-22-19), 105.50 (Jun-5-19). Sold half at $124.50 for 20% profit! 119 (Nov-4-19).	**120.31**	2dc below 115 (adj).	150
GSH	GSH continues to trend up. It's showing resistance at the Sept highs near $17. Spinner breaking below zero suggesting some price softness is now likely. Keep your positions for now. GSH has lots of upside potential and it has recently confirmed support in the mid $15s. Keep your position as long as support at $15.40 holds.	L	15.90 (23-10-19).	**16.34**	2dc below 15.40.	19 & 25.
JPM	JPM continued to defy gravity. It rose above the top side of the Dec 2018 upchannel showing strength. Spinner remains near a high showing upside could be limited ST. We'll continue to wait for a pull back to the Dec uptrend or steeper Aug uptrend before buying new positions.	O	-	**129.30**	2dc below 105.	150 & 200
C	Citigroup rose to new highs, together with many other bank stocks. However, Spinner remains near a high area as C continues to form a rising wedge. However, stocks are getting hot and we may not see much of a pull back. Take advantage of any decline to the breakout level in the lower $70s to buy.	O	-	**74.41**	-	-

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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

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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