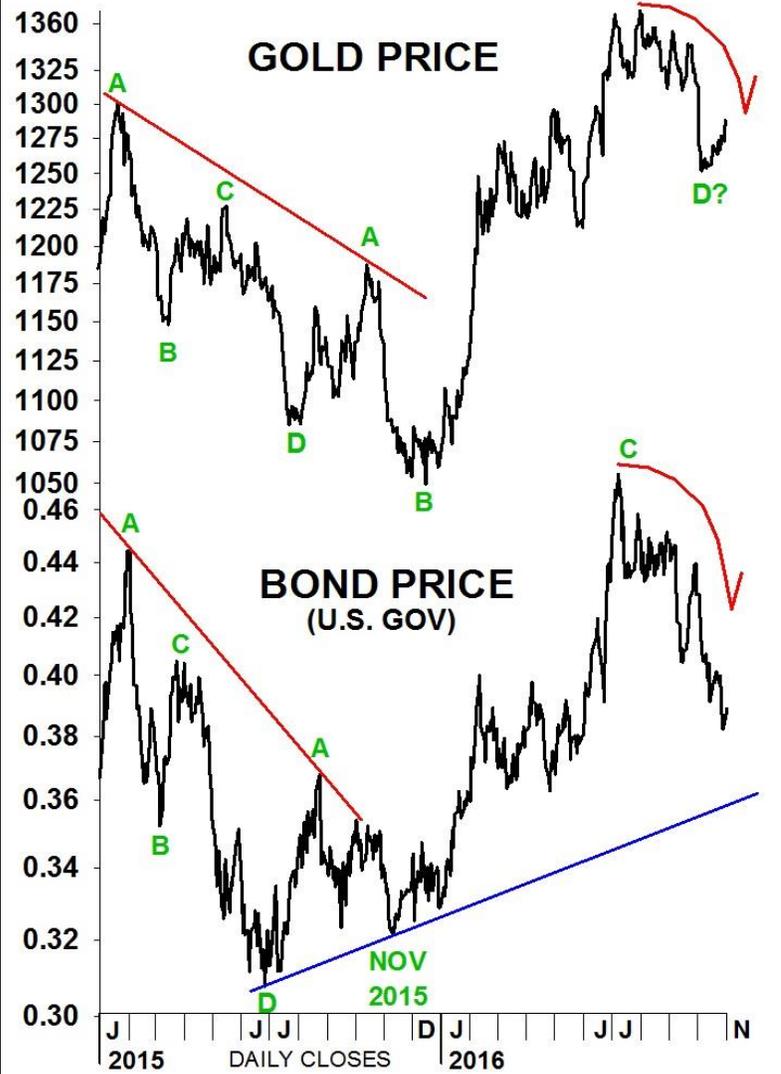


# -GCRU-

Weekly Trading Service



## SAFE HAVENS: TAKING A BREAK ARE BONDS STILL LEADING GOLD?



“The smart investor must know the difference between what is *temporarily* undervalued and what is *permanently* undervalued” - John Templeton-

GCRU #712

●●● November 2, 2016 (in its 15<sup>th</sup> year)

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#### KEY PRICES

Name/Symbol	NOV 1, 2016 price	Change	Oct 24, 2016 price	Name/Symbol	NOV 1, 2016 price	Change	Oct 24, 2016 price
Gold (GCZ16)	1288.00	24.30	1263.70	S&P500	2111.72	-39.61	2151.33
Silver (SIZ16)	18.42	0.814	17.60	U.S.Dollar (DXU16)	97.697	-1.055	98.752
HUI (HUI)	219.20	8.54	210.66	30 Year T-Bond (ZBZ16)	163 - 02	-5.14	164 - 10
Copper (HGZ16)	2.229	0.1360	2.093	10 Year T-Note Yield	1.820	0.0600	1.760
Crude Oil (CLV16)	46.67	-3.85	50.52	13-week Treasury bill	0.345	0.0320	0.313

**NOTES:** It was a real pleasure to meet and talk to many of you at the New Orleans conference last week! And we welcome our new subscribers. If you have any questions about the markets, please feel free to contact me.

Since the elections are next Tuesday, we're postponing GCRU a day to give you better coverage. You'll receive next week's edition on Thursday morning November 10.

## ELECTION JITTERS MOVING MARKETS

**T**he gold universe is bouncing up from the October lows. HSBC said it right...buy gold no matter who wins the election.

Uncertainty about the election and the Fed gave the already chugging stock market a push downward yesterday. The volatility index, VIX, jumped up to a 4-month high. This stock market break down has legs.

The US dollar also fell.

The bond market declined further as the 30-year yield jumped up to a 5 month high on Friday.

Most interesting are the gold and bond markets. You can see both on the front page, our **Chart of The Week**.

Gold and bonds have been moving together for several years now, and bonds have been leading gold. Both have been safe havens during this time of uncertainty.

But they broke the pattern.

Gold is rising from its October 7 low, yet bonds broke down last week. This means the correction that started last Summer is still underway... IF bonds are still leading.

The question now is, will gold follow bonds down in a steeper D decline? Or is gold now becoming a stronger safe haven than bonds?

If bonds are leading and gold declines further, then both are on even ground in this downward correction. This would mean this week's jump up in gold is not the end of the D decline.

But if gold is rising, anticipating a Trump win next week, then perhaps its rise will bloom while bonds stay quiet.

Just looking at bonds alone, the correction is still underway and it's normal. The 30 year yield rose to its 65 week MA and the indicators have room to decline further.

We were stopped out of bonds. The major bond trend remains up, but a further decline is possible. We recommend staying on the sidelines for now and wait for a clear bottom to form.

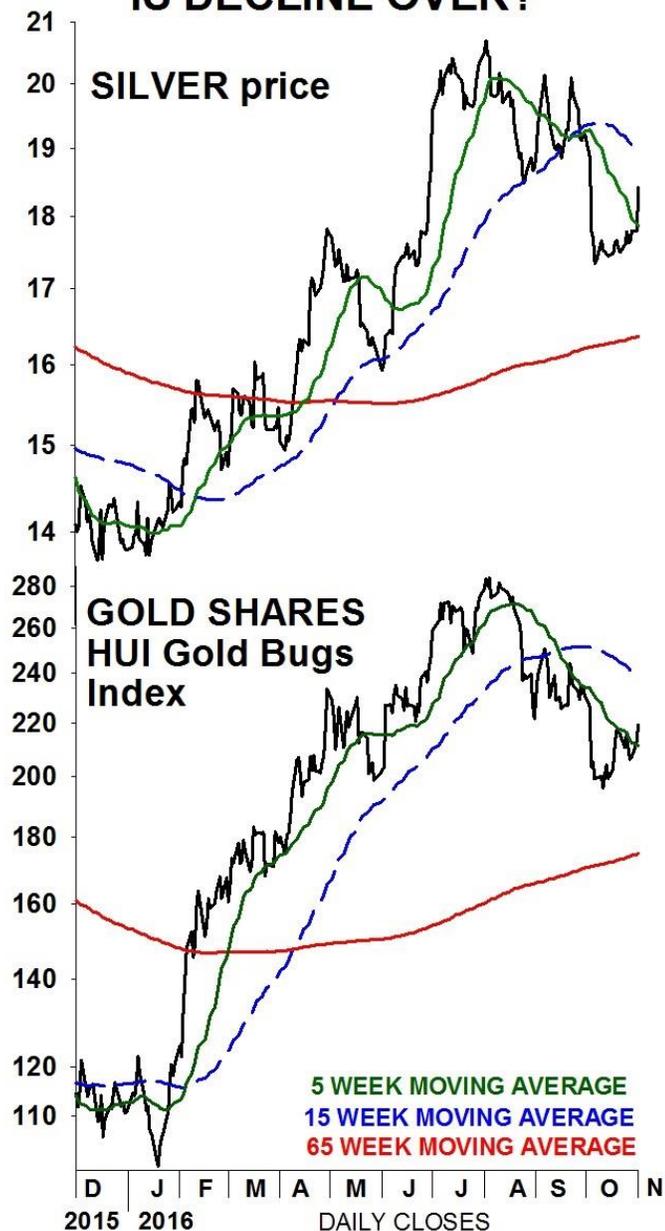
Gold is reaching a 4-week high, and like silver and gold shares, it's breaking above its 5-week MA, **see chart below**.

Gold is looking good.

If Oct 4 is truly the low for this decline, then the bull market is solid with open upside potential.

But it's not out of the woods just yet. Keep an eye on \$1270. If gold now stays above this 5-week MA level, and then close above its 15-week MA at \$1315, the D decline would be over.

### BOUNCING UP.... IS DECLINE OVER?



**Gold is not clearly oversold.** It still has room on the downside with \$1250 support. And major support at the \$1200 area.

We'll be watching gold and bonds closely for a telltale sign of change, or not.

Silver and gold shares show how much higher they both are from their red major support areas. This shows strength, but if they both stay below their 15-week MAs pressure will still be down.

**Platinum also jumped up and rose back above its 65-week MA.** This is good, and we'll keep a close eye on all.

Our silver and share positions are doing great. We bought at several precision points in silver, AEM, SLW, PPLT, gold, and in our latest NGD. And we're also buying into the junior ETF, GDXJ.

We're well positioned for a continued rise. Many of our profit targets are not far off. If they're hit, remember to take partial profits on the way up.

The dollar index is coming down from its Friday's high. It could stay under pressure this week with the election upcoming. It could decline to 96.50 and still be firm.

A potential stress in the euro could be approaching when Italy's bond yields spiked up yesterday to an 8-month high suggesting trouble in the euro base. This could keep the dollar firm.

For more on Italian bonds and the relevance of the Italian referendum, click on the articles from [zerohedge.com](http://zerohedge.com) below:

<http://www.zerohedge.com/news/2016-11-01/italy-seen-more-likely-exit-eurozone-greece-italian-bond-yields-surge>

<http://www.zerohedge.com/news/2016-09-27/italian-referendum-what-you-need-know>

Copper bounced up this week on better manufacturing in the US, UK, China and India. This is a start, but copper is also not out of the bearish woods yet.

Crude, on the other hand, fell this week from a key level when both OPEC and non-OPEC countries met in Vienna to cut production. It didn't work out this time around, and it's not an easy situation given Iran's reluctance to curb production.

Our Strategy for the week is to reflect that our patience is paying off. We have a good

position set up, and we'll continue to add at the opportune time. Keep an eye on our target levels, and take profits if hit.

Good luck and good trading,



Omar Ayales  
Chief **Trading** Strategist

**GCRU**

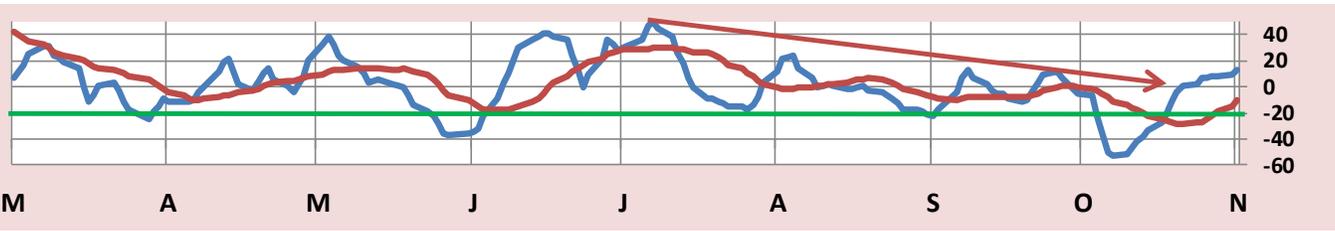
[www.goldchartsrus.net](http://www.goldchartsrus.net)

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# MARKET LEADERS



**GOLD DECEMBER 2016 (GCZ16) 11/01/2016 CLOSE = 1288**



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. If you're not in, buy at 1280 or lower.</b>

2016 is proving to be a bullish turn-around year for gold. Gold continues to push higher despite recent dollar strength and a ST surge in US treasury yields. Spinner is starting to turn bullish by breaking above a downtrend of its own showing rising momentum. If gold continues to hold above 1250, it'll be solidifying its base that could then push gold to 1330 (Jul downtrend). Keep in mind, however, gold's key resistance level remains at the Jul high near 1380. On the downside, the May uptrend is becoming increasingly important but gold's bull market support remains at the 1200-1210 level (May low & gold's 65wk & 23mo MAs).

# SILVER DECEMBER 2016 (SIZ16) 11/01/2016 CLOSE= 18.418



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.</b>

Silver is showing impressive MT strength by holding above its bullish 2016 uptrend near 17.50. Today, silver jumped up above 18 as Spinner turns bullish. This tells us momentum has shifted to the upside and a silver rise to the Jul downtrend near 19.75 is now likely. Keep in mind silver must break above this level on a 2dc to see strength confirmed. Silver's next major resistance is at the Jul highs near 21.25. A break above this level could propel silver to 25 or higher. On the downside, the 17.50 level remains an important support. A break below it could push silver to its bull market support near 16.35. Keep your positions. You are well positioned.

**U.S. DOLLAR INDEX DECEMBER 2016 (DXZ16) 11/01/2016**  
**CLOSE= 97.697**



The U.S. dollar index failed to clear the Mar high showing weakness at this key 2016 resistance level. Moreover, the dollar broke below a bearish rising wedge with a downside target near 95.50 while Spinner declines and breaks below the zero line. This tells us upside momentum has topped ST and some downside in the dollar is now likely. Keep in mind however, the dollar remains bullish with upside potential by staying above the May uptrend (the wedge target). If the dollar holds above this uptrend after the bearish pattern fully develops, we could see the dollar re-attempt to test its Mar high resistance area. Weakness in the dollar will likely continue fueling the gold universe.

# LIGHT CRUDE OIL DECEMBER 2016 (CLZ16) 11/01/2016

CLOSE= 46.67

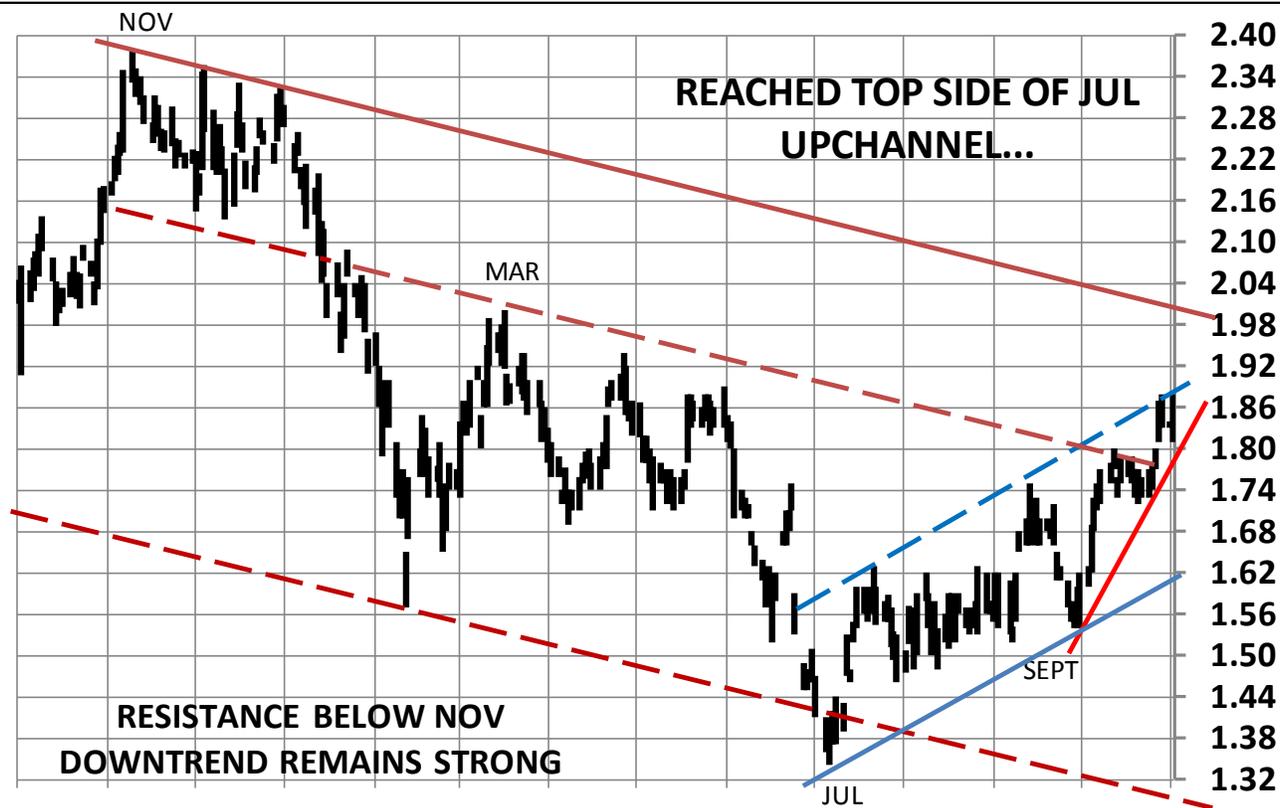


Recom:

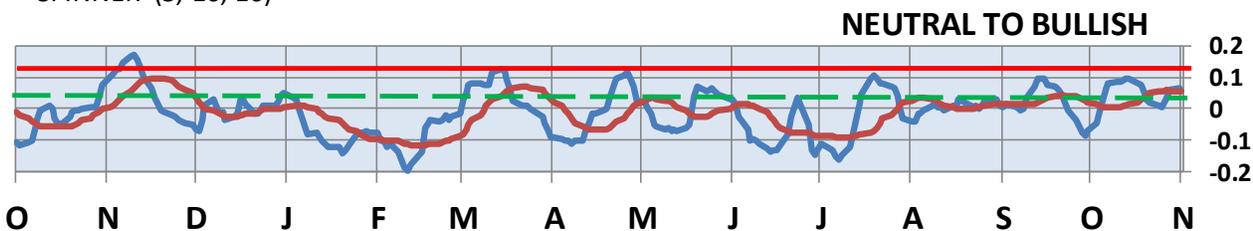
Stay out for now.

Crude declined sharply after it failed to break above 52, the neckline resistance of a year-long bullish H&S bottom. Notice crude is approaching the 2016 uptrend & support level near 45.50. Moreover, notice Spinner took a dive, now testing a downtrend of its own as it turns bearish. A break below 45.50 would confirm weakness that could push crude to the lower 40s, initially. Dying speculation that OPEC and non-OPEC producers would reach a consensus on limiting output during a recent meeting in Vienna is removing froth from the crude market's recent rise. However, growing demand from major international consumers could support crude near the 45.50 level. Stay out for now and wait for weakness to fully develop before trading crude.

**CBOE Interest Rate 10 Year T No (^TNX) 11/01/2016 CLOSE= 1.82**



SPINNER (3, 16, 16)



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

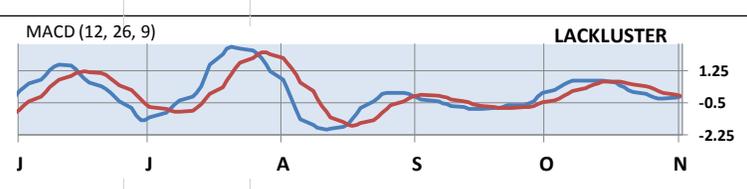
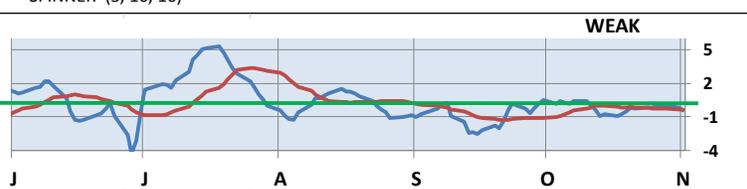
In an impressive rise, the 10YY surpassed a key resistance at the mid-channel line as it reached the top side of its bullish Jul upchannel near a 5mo high. Spinner held at the zero line showing ST momentum remains to the upside with room to rise further. Keep in mind, the 10YY is approaching a key resistance level where the Nov downtrend and its 65 wk MA near 2% are converging. Moreover, a bearish upside wedge with a downside target near 1.62% is forming. This tells us, downside pressure could push the 10YY to 1.62% if the 1.80% is broken on a 2dc. Keep in mind, a topping 10YY could put a lid on the U.S. dollar's upside potential which could in turn fuel a rise in gold, silver and platinum.

**COPPER DECEMBER 2016 (HGZ16) 11/01/2016 CLOSE= 2.229**

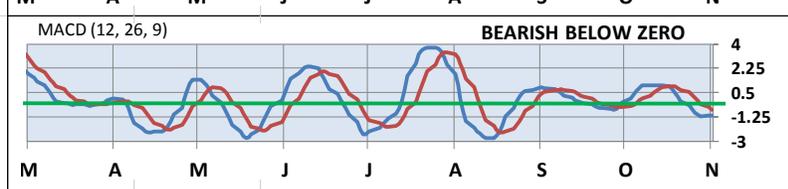
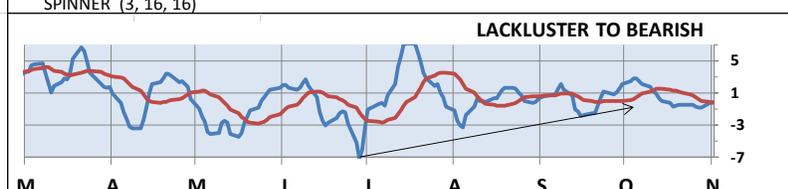
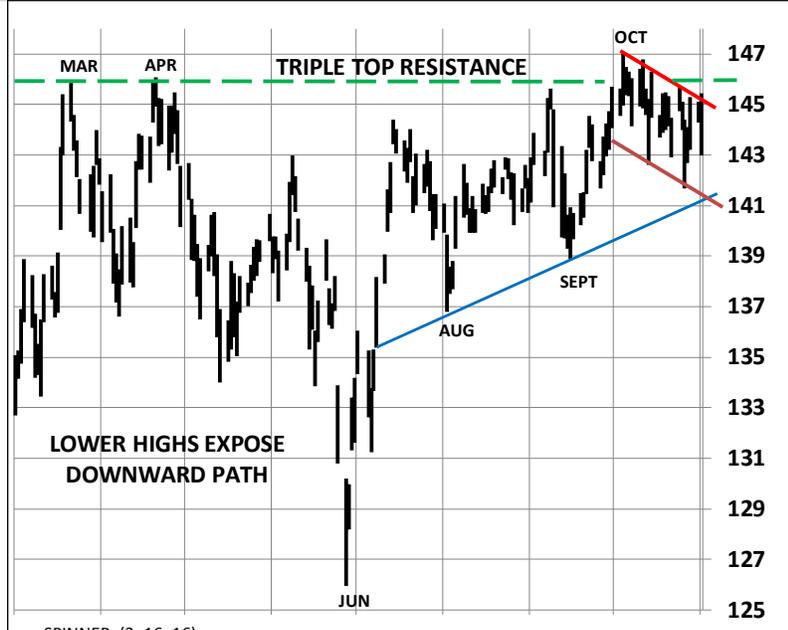


Copper bounced up sharply confirming growing support at the Jan uptrend near 2.10. It's now re-testing the Oct 2015 downtrend & key resistance level. Notice Spinner breaking above a downtrend of its own. The break shows upside momentum developing for copper. Copper must now hold above 2.22 and surpass the Jul highs on a 2dc above 2.26 to show the rise has legs to rise further. Stronger demand worldwide as seen with rising levels in manufacturing from China and India among others are pushing copper upward. Keep in mind, the Oct 2015 downtrend is key. If copper fails to clearly break above this level, it could fall back to its solid uptrend near 2.10.

**SPDR DOW JONES INDUSTRIAL (DIA) 11/01/2016**  
CLOSE= 180.12



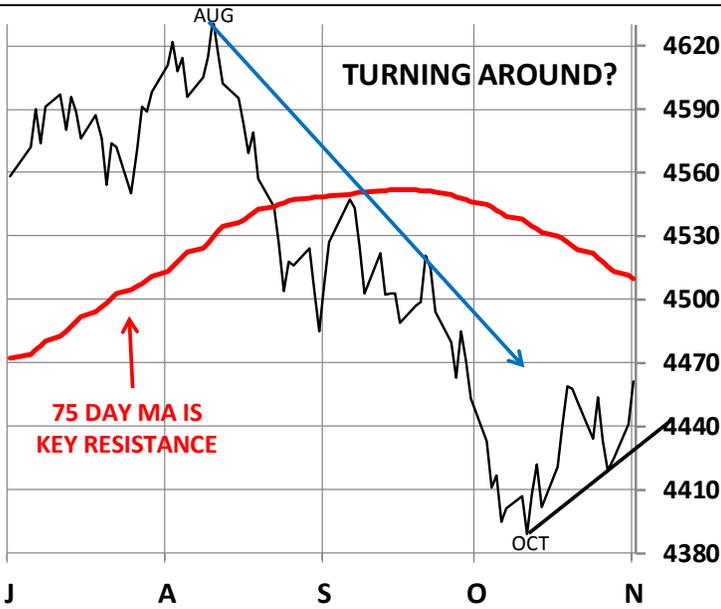
**Shares Transportation Average (^IYT) 11/01/2016**  
CLOSE= 143.89



New Recom      **Stay out.**

Lower highs expose path to deeper downside... The stock market continues to show weakness near the highs as both Averages edge lower. The Industrials broke below the Jun uptrend after it failed to rise above the Aug downtrend confirming weakness. The Transports, which have been outperforming the Industrials since Aug, resisted at its key triple top resistance once again showing lackluster strength. The Transports is now forming a clear downchannel since Oct. If the Transports break and stay below 8000 (IYT: 141), it'll confirm stock market weakness and a continued decline to lower levels would be probable. Notice Spinners and MACD remain bearish below the zero line. A sign that ST momentum has clearly shifted to the downside. Stay out for now.

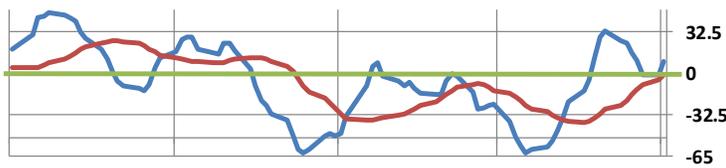
**ADEN GOLD STOCKS ADV/DECLINE 11/01/2016**  
CLOSE = 4461



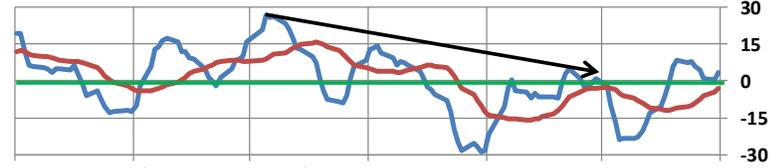
**HUI GOLD BUGS INDEX (HUI) 11/01/2016 CLOSE= 219.2**



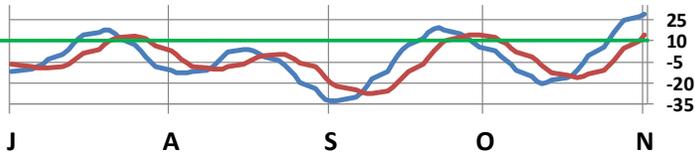
SPINNER (3, 16, 16) **HOLDING ABOVE ZERO = BULLISH!**



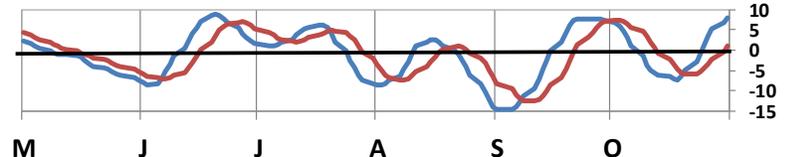
SPINNER (3, 16, 16) **HELD AT ZERO = BULLISH**



MACD (12, 26, 9) **BULLISH RISE!**



MACD (12, 26, 9) **BULLISH!**



Have gold shares turned the corner? HUI broke above its key 5wk MA and Aug downtrend today showing impressive ST strength. The A/D Line which tends to lead gold has formed a clear uptrend since Oct and it's now strong above 4430. Spinners for both the HUI and the A/D Line are showing resilience by holding above zero. This tells us momentum continues to grow and more upside is now likely for gold shares. We have a full position in AEM and recently bought some NGD. Our entry target for NUGT was not reached. We'll be including more gold shares in our stable of recommendations to take advantage of upside potential.

# STOCKS



# Agnico Eagle Mines Limited (AEM) 11/01/2016 CLOSE= 51.62



## 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	54 (adj), 60 & 70
<b>New Recom:</b>	<b>Keep your position. Sell half at first profit target.</b>

AEM continued to rise after breaking above its bullish downside wedge with upside target at the Aug downtrend near 55. AEM confirmed strength by rising above 50 and it's now poised to reach its upside target. Spinner bullish but near an overbought level suggesting upside is likely limited to the Aug downtrend. We recommend lowering your first profit target to 54 and protect some profits by selling half if the target is reached. On the downside, 50 is a ST uptrend and support. By staying above it, the strong Oct rise remains in effect. A break below it could push AEM back to its longer term uptrend near 44. Continue selling at targets and buying on weakness.

**PROSHARES ULTRA 20+Year Treasury (UBT) 11/01/2016 CLOSE= 87.92**



**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). <b>Sold via stop at 87.50 for an average 6% loss.</b>
New Recom:	<b>Stay out for now.</b>

UBT broke below a key support level showing weakness with increased downside risk. Spinner remains weak below zero with room to decline further. Indicators are showing bonds could still decline a bit further before rising once again like the downside wedge suggests. We recommend staying out for now.

## ETFs Physical Platinum (PPLT) 11/01/2016 CLOSE= 95.34



### 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:	110 (adj) & 135
New Recom:	<b>Keep your position. <u>If not in,</u> buy some at mkt and more on a dip to 93.</b>

PPLT has jumped up with strength, breaking above the Aug downtrend and its 65wk MA. Spinner also bullish showing momentum is clearly to the upside with room to rise further. This suggests PPLT could continue rising. Other indicators are showing the rise has just begun and it could re-test the Aug highs if PPLT holds above 92. Consider buying some if you're not in or if you don't have a full position yet.

## Silver Wheaton Corp. (SLW) 11/01/2016 CLOSE= 24.35



### 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	28 (new), 31 & 40
New Recom:	<b>Keep your positions. Sell half at first profit target.</b>

SLW held above its bullish Jun uptrend showing impressive strength. Spinner bullish above its MT MA with room to rise further. Momentum is rising and more upside is likely as long as SLW holds above the Jun uptrend near 23. SLW's next target is at the Aug downtrend near 28. A break above this level would be very bullish.

# DIREXION GOLD MINERS BULL 3X ETF (NUGT) 11/01/2016

CLOSE= 15.12

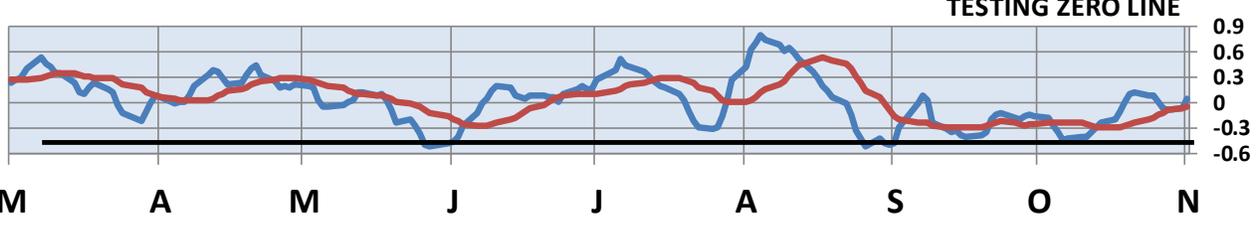


Direxion Daily Gold Miners Bull 3X ETF (NUGT) -NYSEArca

**Recom:** Buy some at mkt. More on a pull back below 13. Place stops 2dc below 10. Profit targets at 22 & 30.

Remember NUGT will triple the action on the HUI to the upside and downside. This trade is highly speculative. Caution is warranted. NUGT broke above the Aug downtrend showing strength. Spinner crossed above zero and it's now holding above both the zero line and its MT MA. A bullish sign telling us momentum is on the rise. If NUGT holds above the Oct uptrend near 13, it could then rise to the Sept highs, initially. On the downside, the May lows near 10 are key. Sell if the May lows are broken to the downside on a 2dc below 10.

## New Gold, Inc. (NGD) 11/01/2016 CLOSE= 4.2 US\$



<b>New Gold, Inc. (NGD) -Nyse mkt</b>	
Long:	3.95 (Oct-24-16).
Profit Target	4.75 (adj), 6.
Stop:	2dc below 3.50.
New Recom:	<b>Keep your positions.</b>

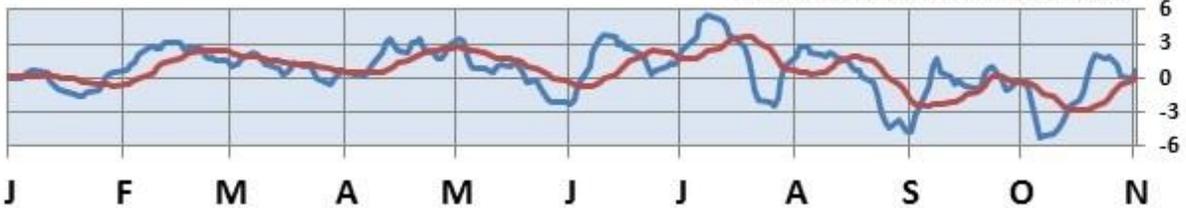
NGD pulled back after breaking out from its bullish downside wedge pattern with upside target at 5. Spinner on the rise showing momentum is growing. If NGD stays above the Mar uptrend near 3.75, it'll remain in position to rise to the wedge target near 5.

**MKT VECTORS JR. GOLD MINERS (GDXJ) 11/01/2016 CLOSE= 42.03**



SPINNER (3, 16, 16)

HOLDING AT ZERO = BULLISH



**Junior Gold Miners ETF (GDXJ) - NYSEArca**

New Recom: **Buy some at mkt and more near 40. Place stops at 2dc below 37. Profit targets at 46 & 50.**

GDXJ is an ETF made up of junior gold miners. It allows us to capitalize on their upside potential without being exposed to risk from individual junior miners. Moreover, as we've shown in the past, juniors tend to outperform seniors during rises. Notice on the chart above GDXJ holding on to its 2016 uptrend as Spinner crosses and stays above the zero line showing potential for upside. Our first target is at the Aug downtrend. However, a break above this level could propel GDXJ to the Aug highs. We recommend buying some at mkt and more on weakness that holds above the Jan uptrend near 40. Take partial profits at our profit targets if possible.

# 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. Sell half at first profit target.	L	June-27-16	52.00	52, 51, 44.90, 44.90	51.62	2dc below 44	54.00	60.00
NUGT	Buy some at mkt. More on a pull back below 13. Place stops 2dc below 10. Profit targets at 22 & 34.	O				15.12	2dc below 10	22.00	34.00
SLW	Keep your positions. Sell half at first profit target.	L	Aug-27-16	27.00	25.25, 22.20, 22.85, 24	24.35	2dc below 20	28.00	31.00
UBT	Stay out for now	L	Sept-8-16	96.50	93.5, 92.25, 90	87.92			
PPLT	Keep your position. If not in, buy some at mkt and more on a dip to 93.	L	Aug-24-16	104.00	100.5, 98.50, 90.75	95.34	NO STOP FOR NOW	110.00	135.00
NGD	Keep your positions.	L	Oct-24-16	3.95		4.20	2dc below 3.5	4.75	6.00
GDXJ	Buy some at mkt and more near 40. Place stops at 2dc below 37. Profit targets at 46 & 50.	O				42.03	2dc below 37	46.00	50.00

## MARKET LEADERS

Gold - GCZ16	Keep positions. If you're not in, buy at 1280 or lower.	L	Mar-4 & 7-16	1260.00	1208, 1306, 1285	1288.00	2dc below 1200	1400.00	1500.00
Crude-CLV16	Stay out for now.	O				46.67	2dc below 43	60.00	70.00
Silver SIZ16	Keep your positions.	L	Jul-12-16	20.15	19.75, 18.50, 18.70, 18, 17.65	18.42	NO STOP FOR NOW	25.00	28.00
US Dollar DXU16	Stay out.	O				97.70			
COPPER HGU16	Stay out.	O				2.23			

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](http://www.bigcharts.com). To view Canadian stks please use CA as prefix (ie, to view Agnico 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, 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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