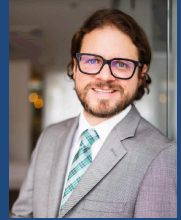




-GCRU-

Weekly Trading Strategies



Omar Ayales

Achieves gains by trading commodities, currencies and stocks

Dec 11th, 2019

IN ITS 18th YEAR – Nº 863

GOLD HOLDING ABOVE CRITICAL SUPPORT AT \$1450

BUT IS SILVER OPENING THE FLOOR?

“AMERICA IS WORKING”

The U.S. continued to celebrate its economic growth story last Friday when a strong jobs report revealed strength behind the U.S. economy.

The report showed one of the lowest unemployment rates in the U.S. ever, with a rising employment rate, wage inflation and other positives. Business in the U.S. is seemingly thriving.

Pro-growth policies combined with a Federal Reserve (central bank) that's managing monetary policy is allowing a goldilocks scenario in the U.S. to continue.

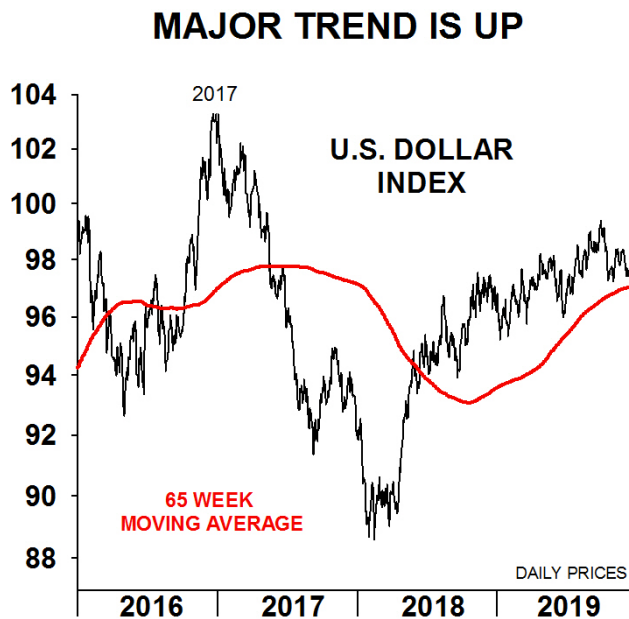
Money is flocking into U.S. stocks, bonds and direct investments, among others.

Growing social unrest like seen in Chile, Barcelona, Hong Kong and most recently in Paris expose a deeper-rooted issue than can come with prolonged slack in any economy.

“Government is the only agency that can take a valuable commodity like paper, slap some ink on it, and make it totally worthless.”

Ludwig von Mises

The ongoing discussions surrounding Brexit have also weighed down on sentiment in the U.K and the rest of the euro area. It's divisive. The longer it takes to resolve, the deeper the divide.



Regardless... it favors the U.S. economy and keeps the dollar strong.

The dollar has been on high demand. A safe haven of sorts.

“The cleanest shirt in the dirty hamper”... the late and great Ian McAvity would say.

You'll recall the dollar has been rising since it bottomed in early 2018 after a long decline. The rise is now nearly 2 years old.

And although the dollar started to decline a couple of months ago, it's held above bullish support, suggesting the rise might not be over just yet.

But the ultimate measuring stick for currencies is gold and it's also been rising. It's been pretty much the only “currency” that has outperformed the dollar during the past year or so.

It's been over a year that they've been rising together.....

...But is that changing?

Interestingly, both gold and the dollar peaked at similar moments, around Sept-Oct. But since the peak, the dollar has outperformed gold... and it's poised to continue doing so.

Timing seems right as gold's 'D' decline continues to unfold.

Gold is still downtrending. Support is clearly growing above \$1450 but resistance remains strong below \$1500. Our indicators continue to suggest

weakness in gold isn't yet over. More downside is likely. A clear break below \$1450 could be the initial technical catalyst.

And if you look at the miners, they haven't had much of a decline. This suggests the secular upmove in gold is strong, bullish. But it also suggests a deeper pull back would be normal and healthy within a historical context as shown last week.

HUI continues to hold above key support at 200. It's been moving in a sideways consolidation band between the 200 and 225 levels. A break below, or above, the mentioned support and resistance levels, will define ST direction for gold shares.

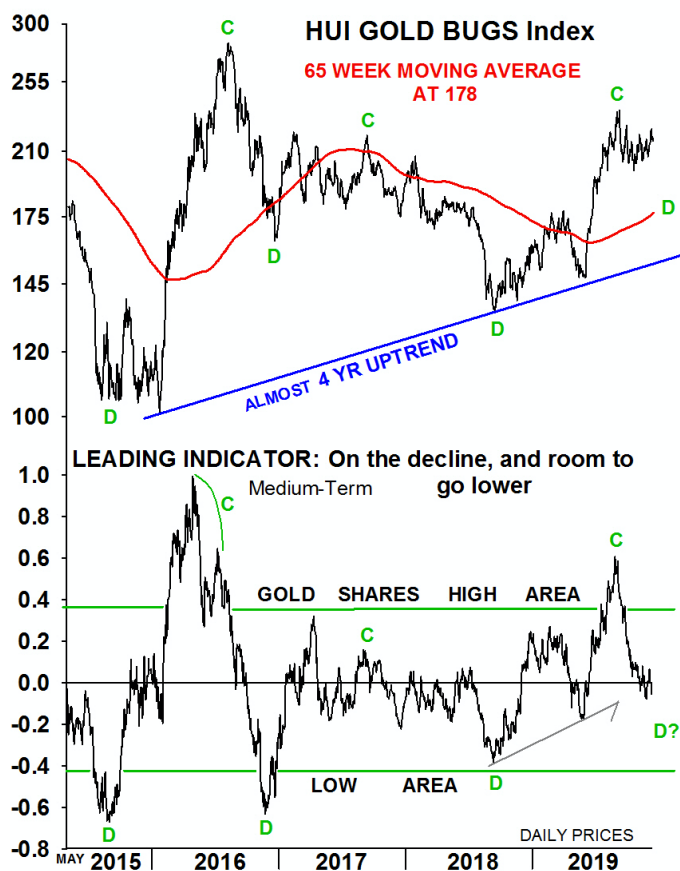
Another way to measure gold's 'D' decline is comparing the declines in gold and gold shares over the past several years. Price action in the miners is very indicative of overall sentiment within the gold universe.

You see, way back when the price of gold was fixed, sheltered away from the natural forces of supply and demand, the way to measure momentum and value was using gold shares. As demand for gold would rise, so would the activity of the miners and their bottom lines pushed their stock values higher.

The chart of HUI above has identified the 'C' rise tops and 'D' decline bottoms in gold. Overall HUI has moved in tandem with gold, for good reason.

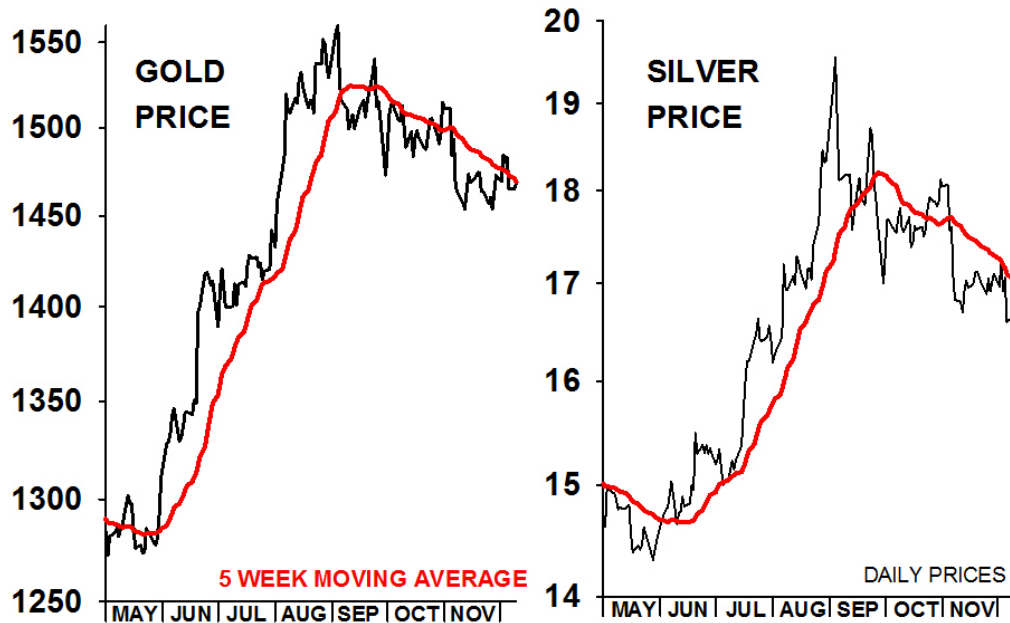
Moreover, notice HUI's recent decline has not been as deep as gold's. HUI's leading indicator is showing room for more downside suggesting the gold universe still has some downside to develop.

PRESSURE STILL DOWN ON GOLD SHARES



Also very interesting is recent price action in silver. Silver had been a sleeper for most of gold's rise since Aug last year. It only woke up during the second half of 2019. It took off like a bandit and still remains undervalued relative to gold on a grander scale.

SILVER LEADING DECLINE



Moreover, notice silver's action this past week. It fell to a new low. It's still holding above key support levels at \$16.50 but its leading indicator suggests more downside is now likely. Both gold and silver are below their 5 and 15wk MAs suggesting the bear remains in control.

Could silver be leading to an extended downside during the current 'D' decline?

It could... Consider junior miners and silver tend to outperform gold when gold and precious metals are in favor. They also underperform when precious metals are out of favor.

Gold shares (particularly juniors) and silver have held up strong during the 3+ month long 'D' decline in gold. But if we now start seeing silver and the junior mines decline, it could be a sign of a stronger 'D' decline in the works.

A washout in gold during the current 'D' decline remains likely.

Since gold's peak in Sept, we reduced our gold positions, sold our gold shares and started buying silver given its extreme historical relationship to gold.

We're still holding reduced positions in gold and have been buying silver. We're waiting for deeper declines in both to add to our positions.

I'll be a buyer of gold below \$1400 and a buyer of silver below \$16.

I'm also putting together a portfolio of miners consisting of 5 miners. 2 will be silver, 3 will be gold.

Out of the 5 we'll have 2 juniors, more speculative positions with higher upside potential, and 3 intermediate and senior positions that will also have good exposure to potential upside, but allows also some stability. I will be dedicating some time next week to the positions we're eyeing and provide specific buy recommendations. Stay tuned...

The 'D' decline is not yet showing signs of a bottom, but it's reaching maturity and we want to be ready to buy near the lows.

As part of the trading strategy, when gold peaked, I also went short the gold universe using the ETF: DUST. A 3x levered ETF that moves inversely to the HUI by a factor of 3. This means, when HUI rises, DUST falls 3x as much.

When HUI falls, DUST rises, 3x as much.



This trade was meant to hedge our reduced precious metals positions (particularly in gold and silver). I then increased a bit to speculate, but still keeping a small position overall.

DUST jumped back above its 15wk MA showing support. It still has strong resistance below \$9. A break above this level would show renewed strength

and a shift in momentum with an open upside, to at least \$13.

Notice Spinner below DUST is starting to tick up, breaking above zero, suggesting sentiment is shifting upward. Keep your positions for now and until a more clear bottom can be identified during gold's 'D' decline.

Another trade we bot when the "safe haven trade" peaked was TBT. TBT is an ETF that rises with rates on long-term U.S.Treasuries.

The reduction of the Fed Funds rate has helped steepen the yield curve as longer term rates have been rising. A risk on sentiment has been seeing money flow out of bonds and into equities or other riskier assets.

Recently TBT had pulled back after breaking above resistance at \$27. It tested support, the Aug uptrend to be exact and held. It's now been rising, approaching its key resistance level once again near \$27.

TBT's Spinner is breaking back above zero for the first time all month long. A break above the 5wk MA on a 2dc above \$26 would confirm rising support at the Aug uptrend and show upside potential.



We'll continue to hold as long as support at \$24.50 holds and sell at our profit target near \$30.

The developing 'D' decline and the rise in longer term interest rates are also coinciding with what could be a "Santa Claus Rally" in U.S. equities.

Many have been worried we would see a similar situation happen this year, like last year when stocks plunged.

Remember then the Fed raised rates in an attempt to distance themselves from pressures by President Trump calling out for lower rates.

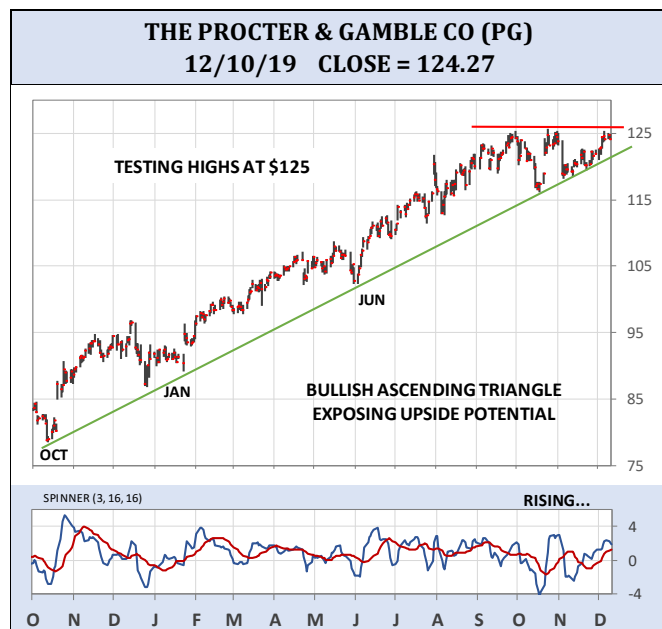
The move ended up being a mistake and the Fed had to quickly reverse its course.

This time, the Fed will be more cautious. The strong jobs number from last week, however, dampens the possibility of a fourth rate cut this year.

Moreover, consider trade disruption with China benefit American companies that sell goods and services to Americans. Yes tariffs are a tax on the consumer, but it also dissuades consumers from buying Chinese products. Through tariffs, the government provides a robust U.S. consumer an incentive to buy local American made goods and services.

This tells me a trade deal could eventually be a catalyst for a broad sell-off in U.S. equities as investors will likely flock towards other assets with more upside potential in markets that have been depressed due to tariffs.

We continue to have exposure to certain U.S. equities. We're holding Procter & Gamble (PG) which has delivered great gains already and recently allowed us to buy on a dip.



Notice PG is flirting with the highs near \$125.50. A clear break above this level could push PG into a stronger phase of its bull mkt. Spinner remains bullish showing strength but also in a high area. Keep your positions as long as PG holds above the Oct 2018 uptrend near \$120.

We also have exposure to U.S. equities with Citibank (C).

C is a great company that has learned to operate in a low rate environment. It's been one of the top bankers and it's poised to remain strong. C is very bullish above its 5wk MA at \$75. Moreover, notices its Spinner breaking out from zero, suggesting momentum is about to pick up steam.

C has some resistance at \$76. A break above this level would push C into a stronger phase of its bull mkt. If it fails, watch out for support at \$70. A break below this level suggests the start of a deeper correction.

Keep your positions as long as C holds above this critical support.

We also have some exposure to a Chinese railway company. Guangshen Railway (GSH) is the main operator of the railway that connects Hong Kong to the hopping and popping economic zone of Shenzhen.



As Shenzhen continues to grow, so will the amount of investment and construction. GSH is in a unique position to benefit from growth in this special economic zone. It is also poised to rise with strength at any hints the trade war with China will come to an end.

GSH is pulling back from the recent highs at \$16.50 but holding above the Aug uptrend near \$15.40, our key support level.

Keep your positions for now and as long as the support level holds.

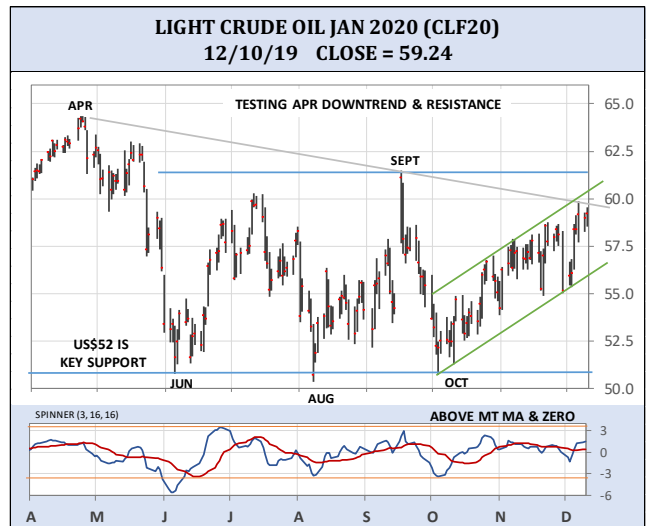
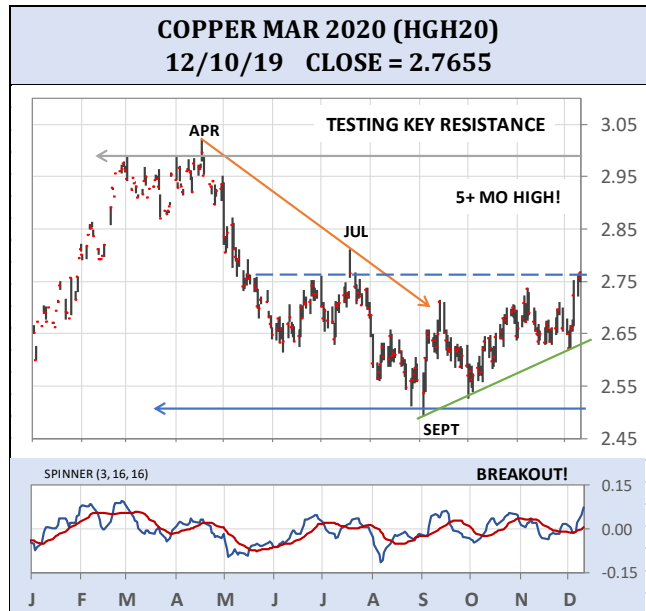
Resources are starting to show signs of life. We've been showing how resources have been uptrending since the depths of the 2016 lows and how recently they've been somewhat lackluster.

Just this week, both copper and crude oil broke above meaningful resistance levels. Copper is jumping up above a multi-month resistance, breaking above \$2.75 while crude oil regained the \$58 handle and it's now flirting with resistance at \$60.

If the current rise in resources has legs, we could see copper reach its next key resistance at \$3 and crude oil could break above \$60.

Last week we did well holding on to Denbury Resources (DNR). It had broken below key support at \$1 during washout weakness. However, DNR remains so cheap that we decided to keep and eventually wait for a rebound rise.

DNR has been rising, together with renewed strength in resources. It broke back well above \$1 and it has regained the \$1.10 handle. DNR has risen nearly 20% in just a few days. Its upside potential is pretty open. We'll continue to hold on for now as renewed strength seemingly seeps into energy.



Our strategy for this week is to keep patient, observe market action. Remember we're about to enter into a low volume trading season which could contribute to volatility. The trend is your friend, do not doubt it. Get ready to start looking at gold shares again, we'll start buying once the 'D' decline confirms a bottom.

Good luck and good trading,

Omar Ayales
 Chief Trading Strategist/GCRU
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 A division of Aden Research



TRADER SHEET ON PAGE 11

KEY PRICES			
Name/Symbol	Dec 10,19 Price	Change	Dec 03,19 Price
Gold (GCG20)	1468.10	-16.30	1484.40
Silver (SIH20)	16.70	-0.55	17.25
HUI (HUI)	217.76	-5.03	222.79
Copper (HGH20)	2.77	0.14	2.62
Crude Oil (CLF20)	59.24	3.14	56.10
S&P500	3132.52	39.32	3093.20
U.S.Dollar (DXZ19)	97.39	-0.30	97.68
30 Year T-Bond (ZBH20)	158.06	-2.03	160.09
10 Year T-Note Yield	1.83	0.12	1.71
13-week Treasury Bill	1.52	-0.02	1.54

UPCOMING LIVE PRESENTATIONS

Vancouver Resource Investment Conference (VRIC)
 January 19 – 20, 2020;
 Vancouver, Canada

MoneyShow
 February 6-8, 2020;
 Orlando, Florida, USA

SPECIAL SCHEDULE FOR THE DECEMBER HOLIDAYS

December 19 is our last edition for the year.
 (It's on Thursday, a day later).

We'll have our year-end holiday season thereafter, and I'll be back on schedule for the new year on January 3, 2020, a Friday.

As always if any noteworthy event or market action warrants a comment, you'll hear from me.

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 (22%)						
GOLD (GCG20)	Gold remains sluggish. It failed to surpass the Sept downtrend showing weakness. Gold's key support ST is \$1450. If gold breaks this level on a 2dc, a decline to the lower \$1400 or even lower would then be likely. Gold's 'D' decline is still developing. We continue to wait patiently for stronger signs of a bottom. Buy below \$1400.	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).	1468.10	Sell on a 2dc below \$1300 (adj).	1800 & 2000
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).	11.72	10 (adj).	Open
SILVER (SIH20)	Silver broke below the May uptrend and it's now testing support at \$16.50. Indicators showing weakness. Could silver be leading precious metals down further? Keep an eye on \$16.50. A break below this level would confirm weakness and a decline below \$16 would then be likely. Buy again below \$16.	L	Bot: 15.80 (Jul-17-19), 16.50 (Aug-7-19), 16.80 (Nov-8-19).	16.702	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).	6.11	2dc below 5.25	Open
HUI Index	HUI failed to rise above the top side of the multi-month sideways band near 225. It's now receding. Indicators showing more weakness could follow. On the left, the A/D Line is starting to test the May uptrend showing first signs of weakness. Both charts suggest continued weakness in gold and gold shares are likely. Keep a close eye on HUI's key support at 200. A break below this level could push HUI to the Jun lows near 165. We'll wait for weakness to develop further before buying. In the meantime, we remain short via ETF: DUST.	--	N/A	217.76	N/A	N/A
DUST	DUST is bouncing up showing the upside may not be over just yet. DUST must still break above resistance near \$9 to show renewed strength. Remember the \$9 resistance is equivalent to HUI's 200 support. Sell DUST once profit target is reached.	L	7.40 (Aug-14-19), 7.20 (Aug-21-19), 7.45 (Sept-11-19), 6.90 (Sept-26-19).	7.39	Keep	12
BONDS (7%)						
TBT	TBT continues to uptrend. It's bouncing up after testing the Aug uptrend. Momentum is turning to the upside. A rise to the top side of the Aug upchannel near 28 is likely ST. Keep your positions.	L	25.40 (Sept-11-19), 24.60 (Sept-26-19), 24 (Oct-2-19), 25 (Nov-27-19).	25.61	2dc below 24.50.	30+

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 (40%)						
U.S. DOLLAR (DXZ19)	The U.S. dollar index is holding at the Jun uptrend after slipping below the 98 handle. A strong U.S. economy is poised to continue fueling dollar strength. The dollar remains bullish above the Feb uptrend near 96. Spinner is holding near a low area suggesting some uptime is likely. Watch for a dollar break above 98.50 to show renewed strength. The dollar continues to decouple from its year + long relationship with gold. Keep cash reserves in U.S. dollars.		Holding cash in highly liquid, low interest bearing instruments in U.S. Dollars.	97.39		
RESOURCES AND ENERGY (12%)						
Crude (CLF20)	Crude oil regained the \$58 handle, testing the Apr downtrend near \$60. Crude oil is looking very strong. However, a break above \$60 would improve the technical picture considerably, opening the door for a further rise to the Apr highs near \$64. Indicators showing more upside is likely. Crude is strong above \$55. Keep your positions.	L	57.90 (May-24-19), 53.75 (May-31-19), 54 (Jun-19-19).	59.24	2dc below 52	62
DNR	DNR jumped up from its key support level at the Aug lows, breaking back above \$1 showing strength. DNR had hit our stop loss but last week we decided to keep it, allowing for weakness to play out. It turned out to be what is likely the bottom. DNR is now poised to rise to top side of multi-month sideways band near \$1.50, initially.	L	1.40 (Sept-11-19), 1.23 (Sept-13-19), 1.10 (Oct-7-19), 1.07 (Oct-23-19).	1.10	2dc below 0.90	1.70 & 2.50
COPPER	Copper held and bounced up from the Sept uptrend near \$2.65 showing impressive strength. Copper is now at its July highs, and testing key resistance near \$2.75. A clear break above \$2.80 confirms strength above multi-month support level above Sept uptrend. Indicators turning bullish. Could resources be following stocks?	O	-	2.7655	Out	-
OTHER STOCKS (19%)						
PG	PG is forming a bullish ascending triangle with breakout resistance at \$125. This means, if PG breaks clearly above 125, a rise to our profit target near \$150 would be likely. Indicators are also rising showing momentum picking up steam. Keep your positions.	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).	124.27	2dc below 115.	150
GSH	GSH continues to tackle the Apr downtrend near \$16.50. It's struggling, but GSH continues to show higher lows. Keep your position as long GSH holds above deep support near \$15.40.	L	15.90 (Oct-23-19), 15.90 (Nov-27-19).	15.91	2dc below 15.40.	19 & 25.
C	On the rise! C is back to testing the recent Nov highs near \$77. Momentum seems to be shifting upward suggesting C has more upside potential ST. Watch for a clear break above \$77 to continue its bullish path. Keep your positions. Buy more on weakness.	L	73.75 (Nov-20-19).	75.78	2dc below 70.	85 & 100.

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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	
	1-day close (the share price must close above or below the indicated price level, before our recommendation is activated)
1dc	
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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