



-GCRU-

Weekly Trading Service



Omar Ayales

Achieves gains by trading commodities, currencies and stocks

December 12, 2018

IN ITS 17th YEAR – N° 815

GOLD EDGES HIGHER

SHOWING CONTINUED UPSIDE POTENTIAL

TOOK GOOD PROFITS IN KL BUT OVERALL INCREASED EXPOSURE TO GOLD UNIVERSE

ARE STOCKS TRADING PLACES WITH GOLD?

CHEAT SHEET P. 13

Gold's rise is gaining momentum... It reached a new high for the move again this week. It's pushing higher and its leading indicators are supportive of higher gold in the near term.

Gold bottomed out in Aug this year and has since been up trending. It's picked up the pace in Nov and it's now showing signs of a brighter upside to come.

During the past week, we've increased exposure to the gold universe considerably so it's worth taking a closer look at where we stand.

GOLD'S INTERMEDIATE RISE UNDERWAY



“The four most dangerous words in investing are: “This time is different.” – Sir John Templeton

Our **chart of the week** are the ABCDs of gold. I haven't shown this chart in a while but it's telling of gold's current up-move. For those of you not familiar with the study, there's a brief explanation to the right.

Gold declined harshly after forming a double top at a multi-year resistance near \$1380 nearly a year ago. The 'B' decline that followed surpassed the previous 'D' decline showing extreme weakness. The same happened back in 2015. Then, extreme weakness preceded a stellar rise to the 2016 highs (\$1,380).

Notice the indicator gaining steam with room to rise further as gold's current 'C' rise develops. Gold is also approaching its mega trend: the 23 month MA (\$1,271). If gold breaks above this MA, it would confirm strength that could extend the rise to the key "make or break" multi-year resistance at \$1,380.

The U.S. dollar index (DXY) is back to testing the Nov highs near 97.50. It continues to coil within a bearish upside wedge with a downside target at the lower 90s. The dollar index still looks topy but it won't expose real weakness unless it breaks below 95.50. Furthermore, if it holds above 95.50 and breaks decisively above 97.50, the dollar index would undo the bearish wedge and re-confirm recent strength, suggesting a rise to the 100 level could ensue.

It's no secret gold and the dollar tend to move opposite longer term. But there are moments where they can rise (and fall) together.

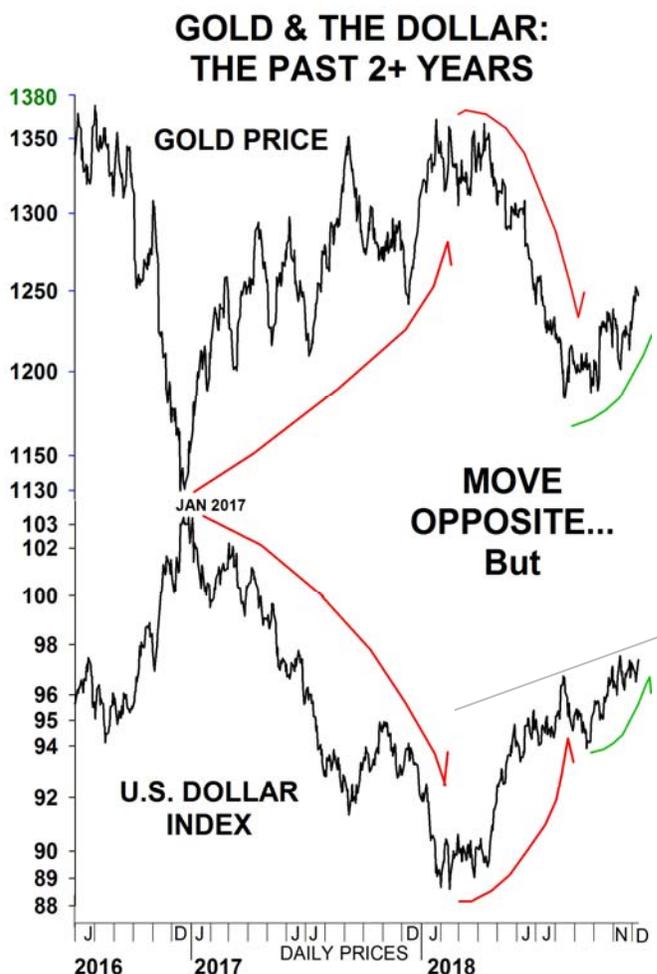
THE ABCDs OF GOLD

For nearly forty years the Aden Research Group has followed the daily and weekly movements of gold and have identified seasonal movements we call the ABCDs.

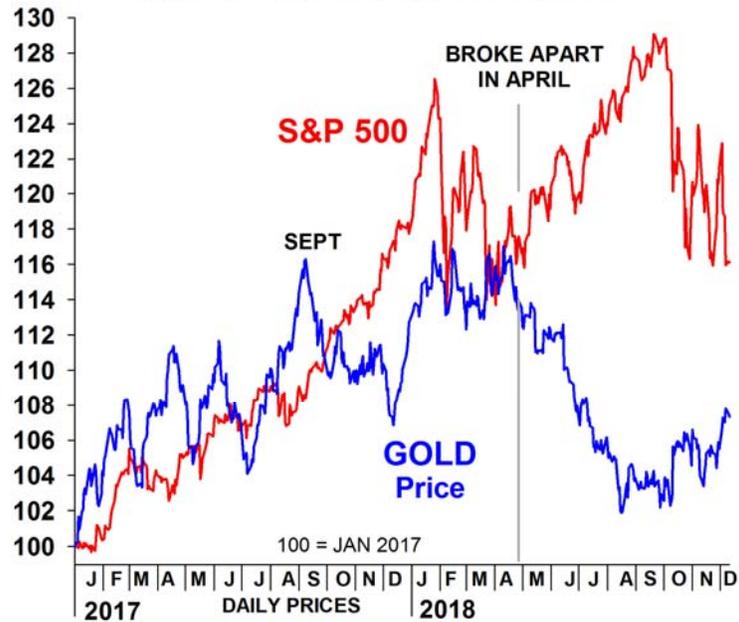
Typically, a move starts out with a moderate 'A' rise, followed by a moderate 'B' decline, which is then followed by the stronger 'C' rise ending with a deeper decline we identify as 'D'.

The chart above shows the strongest rise, called 'C' is underway and about to enter into a stronger phase.

The indicator below the chart of gold measures momentum during the seasonal moves.



TRYING TO TRADE PLACES



Notice on the chart to the right where gold and the dollar rise together since Aug, see the green lines.

This lock step rise suggests we're nearing a trend change. Price action in gold is telling us the dollar's up move in 2018 may be nearing an end.

Another chart exposing upside potential in gold shows the S&P 500 and gold indexed to 100 since Jan 2017. Notice gold and the S&P was rising in lockstep through 2017 and until Apr this year before the trade tantrum began. Gold then declined to its key support where it held and has since formed a bottom near \$1,185. It hasn't only been gold, but precious metals and most resources too have been holding at support levels that shows cyclical strength.

The stock market has seemingly entered a bear market. Like we've been showing you for several weeks, the Dow Averages are weak and the mega trend appears to have shifted. The NASDAQ is the weakest of the bunch.

On the next chart notice the S&P 500 clearly turning down while gold gains momentum with every uptick. Is this telling us stocks and gold are about to trade places?

I sure think so and daily action confirms it. Moreover, there will be up days as well as down days, but the overall trend seems to be

down for now. The verdict is out regarding the length of this bear market, although history does suggest it could be a few years. The reality is it'll change whenever it does, but we must keep a close eye on the technicals and be open to adjust.

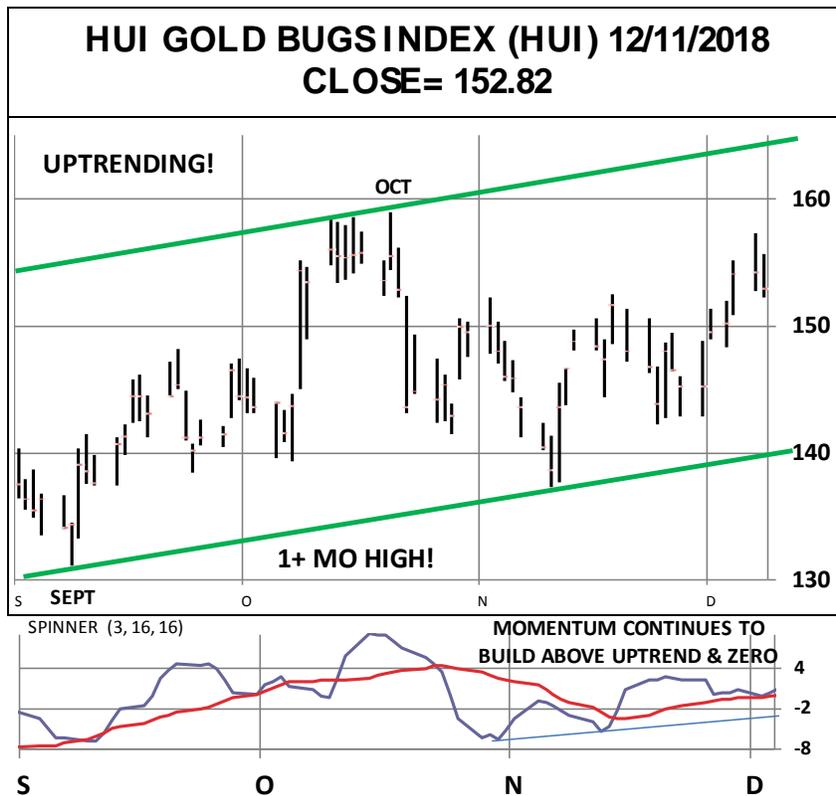


As of now, we're short the NASDAQ. We haven't increased our shorts and remain hesitant to do so at this moment. However, our position in QID (short NASDAQ) is paying off and seems to have momentum on its side. It held at its 5wk MA (not shown) showing growing support. We'll continue to hold on to our position for now.

But above all, the strongest sign of gold's potential for a broader up-move are gold shares themselves. They've been very sensitive to gold and continue to outperform gold since the August lows. However, unlike gold, HUI has not surpassed the highs from the spike up in Oct. A clear break above this resistance on a 2dc above 160 would push gold shares into a stronger phase of the bull mkt cycle that began at the end of 2015.

Last week I showed HUI's leading indicator picking up steam... The MT indicator has not moved much and it's still showing room for more upside.

A shorter term chart shows the HUI in a clear uptrend since Sept. It's at a 1+ month high and chugging. Spinner is also up trending showing momentum on the upmove.



Our positions are rising. They're looking well. Kirkland Lake Gold (KL) rose above our first profit target at \$23. We sold half just above \$23 for an average gain of 22% since we first bought in Aug. We're letting the second half of our positions ride. I'll be looking for a pull back to the Aug uptrend support near \$19 to buy again.





Although we took some nice profits, we increased our overall exposure to gold shares. We added to our positions in Barrick Gold (ABX) and B2Gold (BTG). We also bought a long time favorite, Agnico Eagle Mines (AEM), below \$39.

AEM has been sensitive to gold's pick up in momentum. Recently, it broke out from a consolidation band at the lows showing impressive strength. Spinner is bullish showing momentum is up. If you didn't buy, take advantage of weakness to buy some. We bought yesterday at \$38.50. Place stops at 2dc below \$35.50. Profit targets at \$48 & \$60.

Our other positions are holding up well and offer great upside potential.



Barrick Gold (ABX) rose above resistance at \$13.50, breaking above a bullish ascending triangle suggesting more upside is now likely. Adding to the bullish scenario, if you look at the chart since the 2017 highs, you'll notice ABX has been forming a bullish H&S bottom throughout 2018. Just this week, ABX broke above the neckline resistance with an upside target near \$16-\$18. We're adjusting our profit targets accordingly. We bought more last week at \$13.20 (look at the CHEAT SHEET on page 13).



B2Gold (BTG) continues to show resistance at \$2.70. However, Spinner's cross above the zero line and its MTMA suggests momentum is shifting to the upside exposing strength. BTG remains very strong above its 15wk MA near \$2.47 (not shown). We bought more last week at \$2.55.

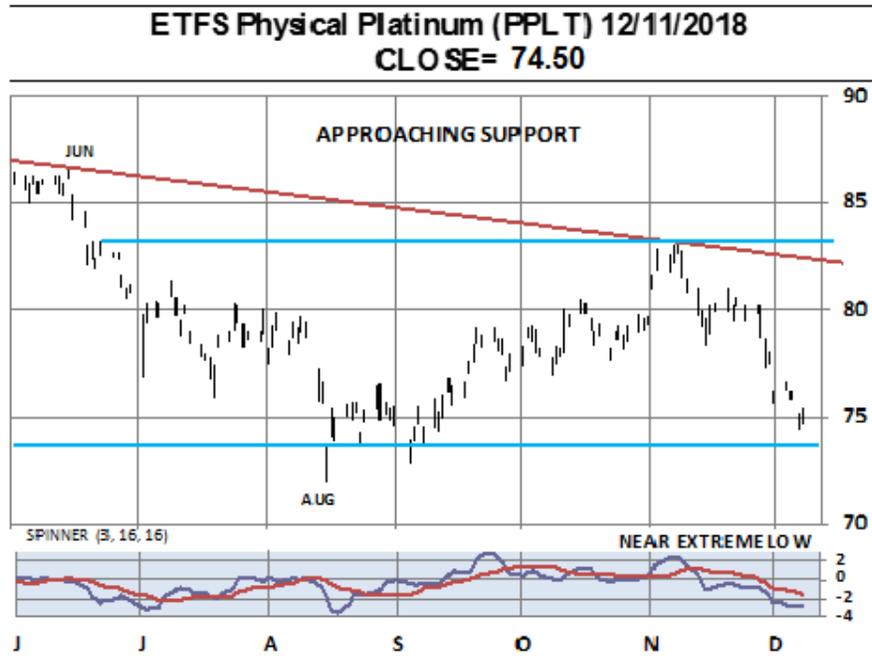
Upside momentum in the gold universe can also be seen in surging precious metals...

Silver continues to quietly rise from the lows. It remains vulnerable below \$15 but has seemingly found a floor at \$14. A chart since 2014 shows a mega downtrend. Interestingly, silver is holding at \$14, near the lows in 2015, which was just prior to a major upmove. Moreover, silver's 75 day MA, together with the bottom side of the 2016 down channel is forming a downside wedge pattern with an upside target at \$17.50. Keep an eye on silver's resistance at \$15.



Our average position is a little higher than current levels. I recommend buying some more at current levels, particularly if you're not in or are under-exposed.

Platinum (PPLT) is down, but not out! It's holding above the Sept lows as Spinner reaches an extreme oversold level suggesting the downside is limited. PPLT should benefit if gold and silver pick up steam. We'll look to hold during current weakness and wait for the upmove in gold to develop further.





Resources continue to form a rising base above key cyclical support, while production cuts out of OPEC+ seems to be securing a floor at \$50 for crude oil.

Notice copper continues to uptrend from the lows. ST, however, it continues to have strong resistance at \$2.75. A break above this level would show strength that could push copper higher.

We continue to hold two resources shares, RNC Minerals (RNX.TO) and Caterpillar (CAT). RNX.TO. RNC had a great up day today, breaking back above its 5wk MA.

CAT on the other hand, is showing some weakness. It's moving more with the stock market rather than with resources. However, it's holding up better than most stocks, well above our entry level. However, price action is



suggesting these Oct lows may be tested and if broken to the downside, a continued decline would be likely. Hold on to CAT for now. It's a great company to own through weakness.

Crude oil is looking stable above \$50. Not only due to speculation of supply disruption, but because crude oil also has historical support near current levels. Both technicals and fundamentals are telling weakness has been accounted for and some upside is likely.



We bought a small position near \$60 and have held it. Don't sell as crude is poised to rise further. Rather, increase exposure buy buying more at current levels. The downside looks limited.

Energy shares are poised to perform. The energy boom in the U.S. is likely to continue as it became a net exporter of oil for the first time ever. Denbury Resources (DNR) is holding at the Feb lows. It has been weak, but it's a great company with great upside potential. We bought some near \$2.15 and recommend buying more near \$2 if you're not yet in.



As part of our defensive approach to price action in the markets given current volatility, we bought DTE Energy (DTE). Since we bought, it's up a tad, testing the highs near \$120. Notice Spinner on the chart starting to break out above its MT MA showing momentum turning up. If DTE can rise above 120 decisively, it'll confirm strength and continue its upward path.



Aurora Cannabis (ACB.TO) is showing solid support above CA\$7 (\$5.50). It dipped below support only to bounce up with strength. Notice Spinner breaking above zero telling us momentum is shifting back to the upside. Wait for a break above the 5wk MA near CA\$8.09 to confirm strength (ACB: \$6.29). Keep your positions.



Our strategy this week is to increase exposure to gold shares if you're underweight or looking to buy more. We still recommend holding some cash. But signs of a continued upside in gold are strong. Same with resources and energy. The next intermediate move is likely to the upside. Also consider the trend for the stock market is down. The bear is in control and downside pressure will remain a constant.

KEY PRICES			
Name/Symbol	Dec 11, 2018 Price	Change	Dec 04, 2018 Price
Gold (GCG19)	1247.20	0.60	1246.60
Silver (SIH19)	14.628	-0.012	14.640
HUI (HUI)	152.82	3.49	149.33
Copper (HGH19)	2.7670	0.0080	2.7590
Crude Oil (CLF19)	51.65	-1.60	53.25
S&P500	2636.78	-63.28	2700.06
U.S.Dollar (DXZ18)	97.39	0.49	96.90
30 Year T-Bond (ZBH19)	143 - 7	1-7	142 - 5
10 Year T-Note Yield	2.88	-0.04	2.92
13-week Treasury bill	2.37	0.00	2.37

Good luck and good trading,



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

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
--------	------------------------------------	---	---------------	--------------------	-------	-----------

PRECIOUS METALS PORTFOLIO

GOLD	Uptrending... the 'C' rise is picking up steam. Indicators across the board point towards higher gold. 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 1289 (May-16-18), 1265 (Jun-21-18), 1258 (Jul-5-18), 1205 (Aug-30-18).	1247.20	2dc below 1185.	1365
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)	10.05	2dc below 9.55	10.85
SILVER	Silver confirmed it has solid base at a multi-year low near \$14. It since has broken above a downside wedge with upside target near \$17.50. Keep your positions. If you're not in, consider buying at mkt.	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).	14.63	2dc below 13.95	17.25
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).	5.25	2dc below 5.10	6.25
PPLT	Holding at recent low as Spinner reaches an extreme oversold level. We'll wait for gold's 'C' rise to develop further before unloading.	L	78.75 (Sept-2-18).	74.50	2dc below 72	88
HUI Index	Gold shares are leading the gold universe upward. They continue to outperform gold and most other asset classes. We took some profits in KL but overall increased exposure to gold shares.	--	N/A	152.82		
KL	Protected a 22% profit since Aug by selling half. We're keeping the rest.	L	Bot: 19.95 (Aug-14-18), 19.25 (Aug-15-18), 19.20 (Aug 23, 18), 17.75 (Sept-20-18).	24.34	2dc below 18	23
BTG	BTG is struggling to surpass key resistance at \$2.75. It does, however, have solid support at \$2.45. Keep your positions.	L	Bot: 2.68 (Oct-16-18), 2.55 (Oct-30-18), 2.50 (Oct-31-18), 2.55 (Dec-6-18)	2.61	2dc below 2.40 (adj).	3.25
ABX	Broke out from bullish ascending triangle at 13.50. Keep your positions.	L	Bot: 13 (Nov-8-18), 13.13 (Dec-6-18)	13.60	2dc below 12 (adj).	15
AEM	Broke above sideways consolidation showing strength. Pull back allowed us to buy at ideal entry level. Keep your positions. If you're not in, buy some below 39.	L	38.60 (Dec-11-18).	39.05	2dc below 34.	46

CURRENCIES

U.S. DOLLAR (DXZ18)	The U.S. dollar index remains king above 95.50. Keep cash in dollars.	Holding cash reserves in U.S. dollars	N/A	97.36		
----------------------------	---	---------------------------------------	-----	--------------	--	--

RESOURCES AND ENERGY

Crude-CLF19	Crude is confirming support at \$50. Buy some at mkt.	L	Bot: 60.75 (Nov-8-18).	51.65	Hold	60+
COPPER HGZ18	Continues to uptrend quietly since Sept. Look for a break above key resistance at 2.75 to see more explosive upside.	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).	2.77	2dc below 2.58.	3.1
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).	30.17	Hold	33.5
RNX.TO	RNX.TO is holding above support and it's breaking back above its 5wk MA. Keep your positions.	L	Bot: 0.45 (Sept-20-18). Sold half for 85% gain! 0.73 (Oct-4-18). 0.68 (Oct 24, 18).	0.55	2dc below 0.40	1
CAT	Has been affected by overall stock market weakness. Keep your positions.	L	Bot: 115 (Oct-24-18), 125 (Nov-28-18), 123 (Dec-11-18).	123.24	2dc below 110	150

OTHER STOCKS

ACB.TO	Exposing support above CA\$7.00. Keep your positions.	L	Bot: 9.90 (Nov-8-18), 9.40 (Nov-9-18) (ACB: 7.60 Nov-8-18), 7.15 (Nov-9-18).	7.93	Keep thru weakness	14.5 (12)
QID	We're short tech.	L	Bot: 41.50 (Nov-28-18), 42 (Dec-6-18).	43.49	2dc below 39	52
DTE	The safe haven of stocks... Keeps testing the all-time highs! Keep during stock market weakness.	L	117 (Nov-21-18).	119.87	2dc below 107	132

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 nursued with risk capital only!