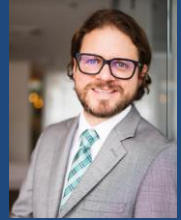




-GCRU-

Weekly Trading Strategies



Omar Ayales

Achieves gains by trading commodities, currencies and stocks

Dec 19th, 2019

IN ITS 18th YEAR – Nº 864

BREXIT WINS

A FLOOR FOR THE POUND STERLING IS EXPOSED

UNCERTAINTY IS FADING GIVING WAY TO RISK ASSETS

I'VE PUT TOGETHER A GOLD SHARE PORTFOLIO... BUT DON'T BUY JUST YET!

Johnson's landslide win last Friday provides a clear mandate to the British government: Get BREXIT done! The British people are ready to heal and move on.

Although it's not over "*till the fat lady sings*", the Tory majority in U.K. parliament pretty much seals the deal. Brexit will happen. The details are to be penciled in and more bureaucratic processes will likely follow; they will no doubt have a toll on stocks, metals and more.

But whether you're for BREXIT or not, the vote eliminates lingering uncertainty. It allows for business and society to focus on moving forward.

It also gives the British pound a solid floor. A recent breakout above the 65 week MA confirms more upside is likely for the pound. The British pound could be one of the best currencies into 2020. I'm now leaning towards diversifying my cash position and keeping some British pounds.

"The early bird gets the worm but the second mouse gets the cheese."

Willie Nelson

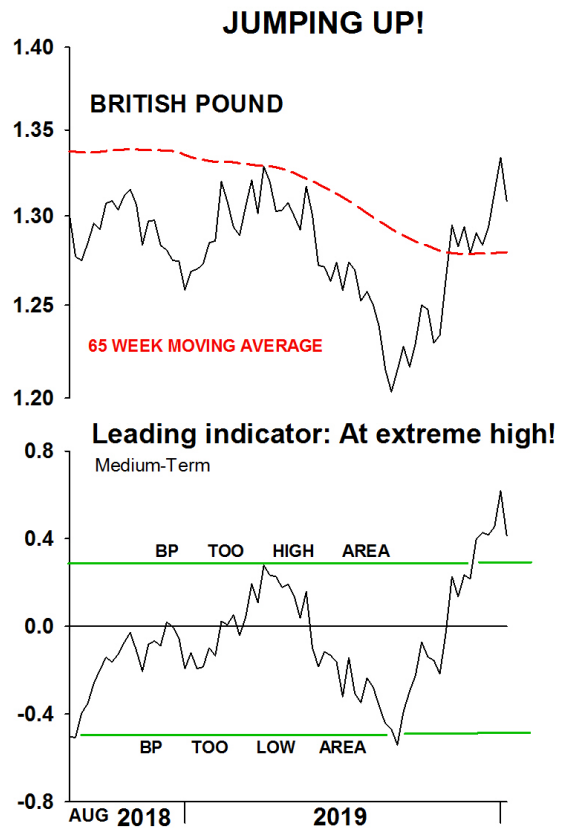
The chart to the right shows the pound breaking above its 65wk MA. The breakout confirms an intermediate trend reversal. The indicator below, however, shows the rise is over-extended and a pull back is likely. I'll be ready to buy the dip...

The improved conditions surrounding the pound could add to the downside pressure in the U.S. dollar index. Plus, impeachment proceedings are also weighing on the dollar.

The dollar index fell to the Oct lows and it's looking weak below 97. The dollar has support near 96.50. A break below this level could expose further weakness.

Conversely, if the dollar holds above the 96.50 level, it could bounce back up to re-test ST resistance near 98.50. The dollar index must rise above this level to show signs of renewed strength and upside potential.

Also weighing down on the dollar is the potential resurgence of emerging markets. A whiff of a trade deal between China and the U.S. is fueling speculation. As I've said here before, emerging markets are poised to be the biggest gainers from any deal.



Remember emerging markets and resources, particularly copper, have a very tight correlation, especially since the depths of the 2016 lows.

Copper's clean breakout above the \$2.75 resistance is a



strong sign of strength. Copper's breakout confirms a bullish H&S bottom with an upside target at \$3.

Expect resources and resource companies to rise in the next months or so. Expect emerging markets to pick up steam too.

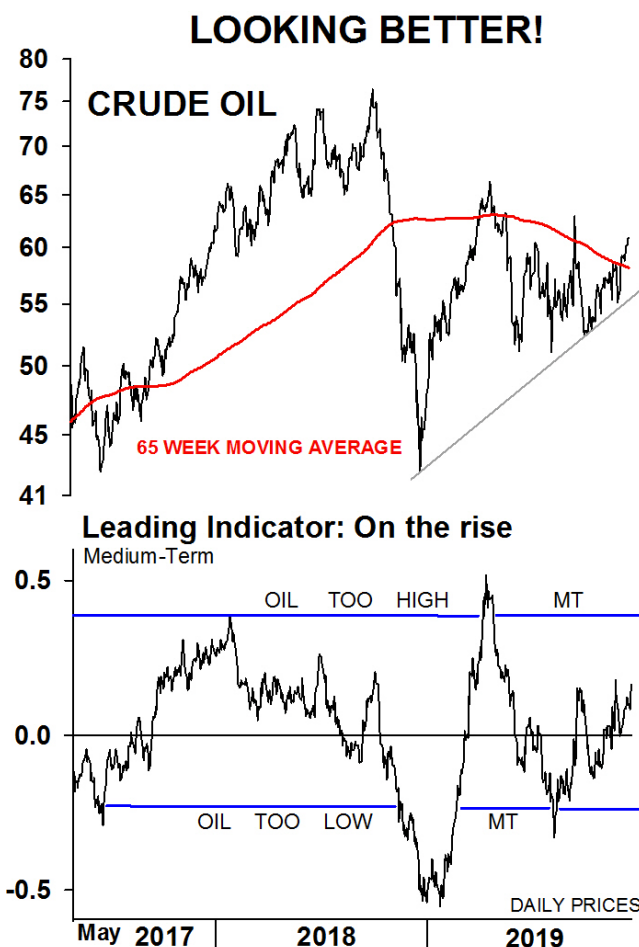
Renewed strength in resources is also visible in crude oil. It broke above ST resistance at \$58 and regained the \$60 handle. Crude oil is looking strong and within striking distance of our profit target.

Crude is approaching the top side of a sideways consolidation band, a key 7 month long resistance. A break above the top side of the band at \$62.50 shows renewed strength that could push crude oil higher, to the 2019 highs near \$65 initially but above \$70 on an intermediate term.

It shouldn't go unnoticed, crude oil is forming a ST rising wedge pattern. This suggests, a break below \$60 could push crude oil down to the Oct uptrend near \$57 ST.

I'm selling half of my position at \$62, our profit target, to protect profits built (12% since June; 24% annualized).

Denbury Resources (DNR) is on fire! After it confirmed support at the \$0.90 level, it bounced up with





strength to the top side of the band. DNR is looking very strong with lots of upside potential.

If DNR breaks above \$1.60, it'll show renewed strength with more upside potential. Sell half at the \$1.60 resistance to protect profits built. Keep the rest.

The pick up in global economic activity should continue to drive investment demand to risk assets. It's likely that capital will continue to

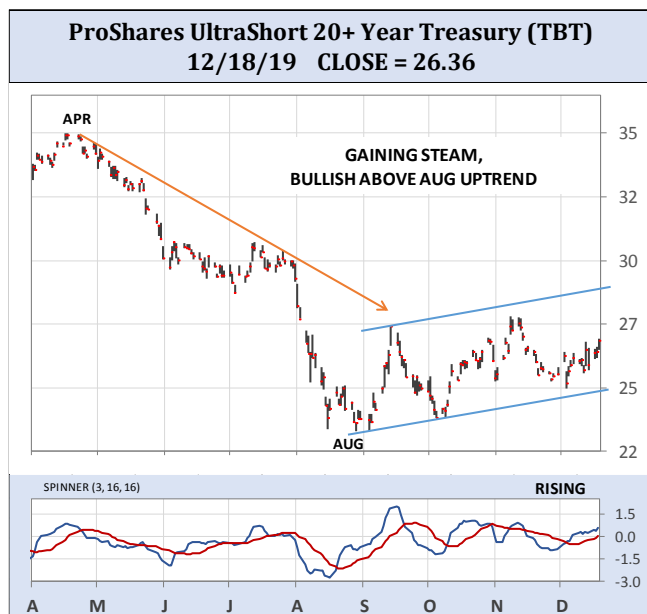
flow out of long duration government bonds and into riskier assets or business ventures in search for a higher yield.

This will continue to drive long term yields in U.S. treasuries higher.

We're seeing it with our position in TBT. You'll remember TBT is an inverse ETF to long duration U.S. government bonds.

Our strategy with TBT has been to take advantage of the extreme high bonds reached earlier this year. We're betting on that extreme reversing to a more normal mean as business sentiment globally takes a turn for the better.

Notice TBT holding at its uptrend since Aug and rising. It's regaining the \$26 handle and looking ready for more upside, to possibly its key resistance at \$27. A break above this level on a 2dc confirms strength with more upside potential. Keep your positions.



We can also see the flight to risk assets in this next chart. It's the ratio between the Dow Industrials against the Utilities. Traditionally, utilities have been associated with safe havens for offering stability within the stock market due to the nature of its business.

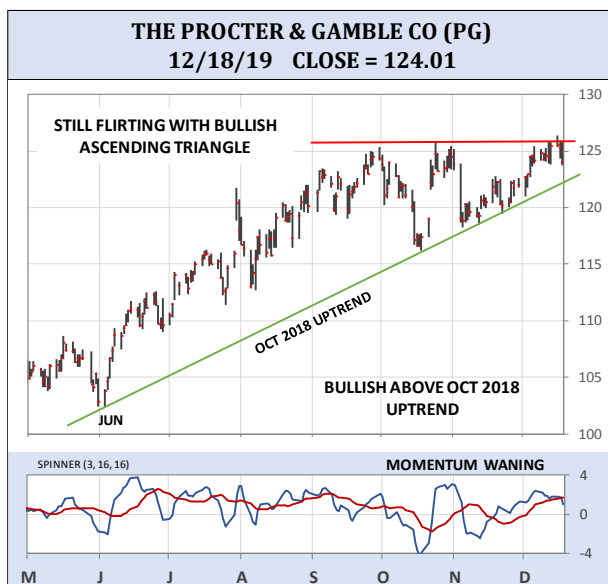
The ratio favors the Industrials, or riskier assets. Its leading indicator bottomed at a low area and is starting to rise, suggesting the ratio could continue to break in favor of the Industrials, or riskier assets.

The 65 wk MA on the chart (red broken line) has been a key trend identifier for the ratio. Notice the ratio has been below it since 2018, favoring safe havens. If the ratio breaks back above it, it'll confirm the shift towards riskier assets.

INDUSTRIAL STOCKS: POISED TO OUTPERFORM UTILITIES



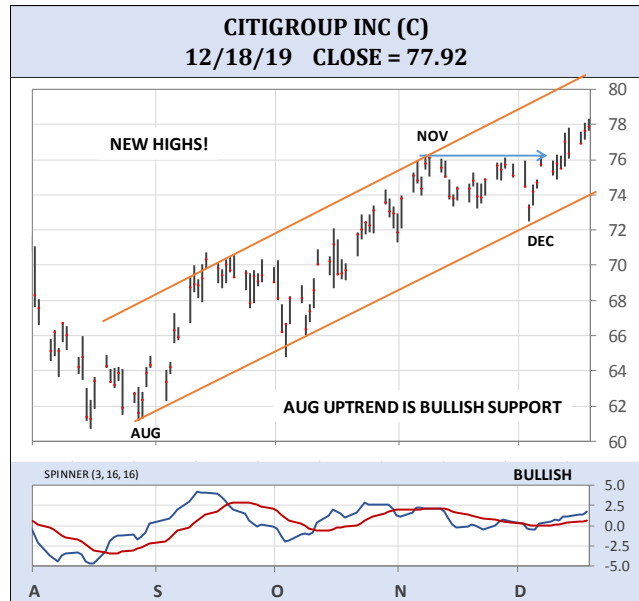
Our Other Stock Portfolio has been holding up well.



Procter & Gamble (PG) is back at the highs. It's testing/flirting with new highs, forming a bullish ascending triangle. This tells me if PG breaks above \$126, we could see the rise extended.

PG is very bullish above \$120, the Oct 2018 uptrend. However, PG has stronger support at \$115. I'll keep my stops at the lower support unless PG rises to a clean new high confirming a continued upward path.

Citigroup (C) is also doing great. It's rising to new highs, claiming the \$78 handle. C is very bullish above its uptrend since the Aug lows near \$74. C is poised to continue rising as long as it holds above this support level. I'm raising stop levels to 2dc below \$72. I'll be looking for pull backs or dips to buy more.



GSH strengthened its floor and support after news the U.S. and China are getting closer to a trade deal. GSH stands to benefit from ongoing growth in China, specifically in the experimental economic zone of Shenzhen, the most liberal city in China and a place that's quickly taking away the shine from Hong Kong.



GSH controls the railway into Shenzhen, providing transportation of people and raw material for construction. Keep your positions as long as GSH holds above its rock bottom floor at \$15.40.

The flight to risk assets is also putting a lid on gold as the safe haven trade fades.

It's likely fueling gold's 'D' decline.

Gold has been building support at the \$1450 level. However, it still remains below a key, more relevant level, its resistance at \$1500.



It's impossible to say what level will gold reach during the 'D' decline. But what I can tell you is that depending on where those lows settle, a stronger indication of where gold lies within its secular bull market will be exposed.

If gold holds at \$1450 during the remainder of the 'D' decline, for instance, the secular bull market in gold will prove to be very strong. The upside would be open.

A decline to the lower \$1300 would be very much in tune to the previous 'D' declines, since gold bottomed in Dec 2015. It would suggest action more consistent with past performance.

A break below \$1300 could expose critical cracks in gold's foundation, suggesting a deeper decline or correction would be likely.

I personally think gold's past is prologue and continued weakness could push gold below \$1400, to test its longer term uptrend, the Dec 2015 uptrend in the lower \$1300s. A break below \$1450 would be first sign.

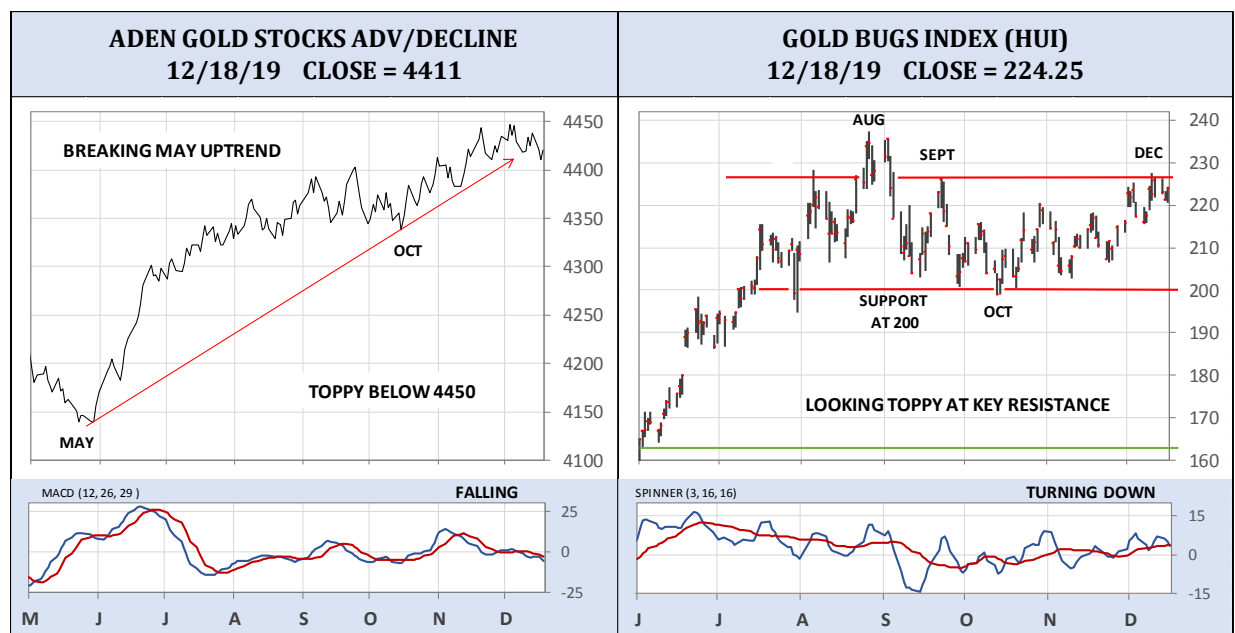
Silver has been holding above key ST support at \$16.50. Resurging strength in the resource sector is giving silver a higher floor, but froth from the recent piggy back rise behind gold is likely to be removed too.



I'm looking for a break below \$16.50 to show more signs of weakness. I will be looking to add to my position on a decline below \$16. Remember, silver has rock solid support near \$15.

Silver mines have been amazing. Since May they've outperformed silver and most gold shares. They're rocking. However, just like with gold shares, they've built up some froth that is likely to be removed as gold's 'D' decline continues to unravel.

Regardless, we're adding a silver mine or two to our gold share portfolio.



Gold shares have been ripping and roaring. But HUI has failed once again to break above resistance at 225. This suggests slack from the 'D' decline remains and HUI could decline to re-test support at 200. A break below this level would confirm a continued 'D' decline.

Noteworthy, our in house gold share A/D line broke below an uptrend since May. It had been holding above it showing strength, but just this week it's seemingly turning a corner.

The shift in momentum could be the catalyst the 'D' decline needed to gain steam. If this is the case, more downside is likely. Remember we're out of gold shares and waiting with cash on the sidelines to buy great opportunities that may be coming our way.

We continue to hold our inverse ETF to gold shares: DUST.

DUST held above \$7 during the recent pull back/decline showing consistently higher lows. This suggests momentum continues to build for DUST. A break above resistance at \$9 would show renewed strength and a continued rise to our profit target near \$12 would then be likely.



Remember DUST's resistance level at \$9 coincides with HUI's support at 200. Watch for a break of these levels for indication of where the next trend is developing.

As promised last week, I have put together a "gold share" portfolio. It will be made up of 2 or 3 senior gold or silver mines and 2 junior gold or silver mines.

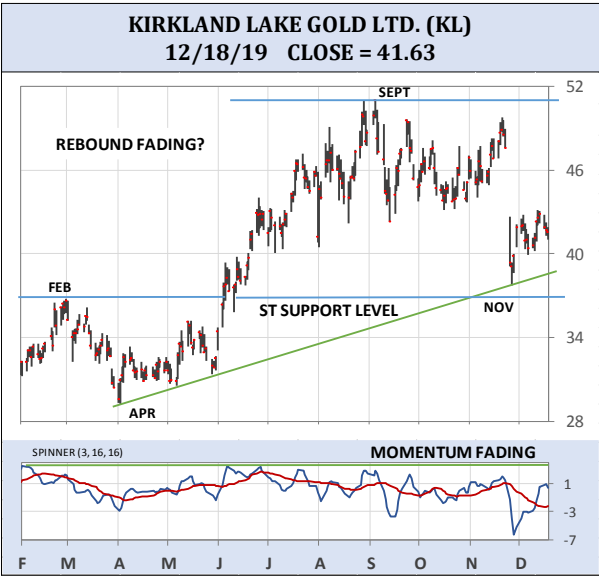
This doesn't mean we're buying yet. We're just keeping a close eye to monitor their development so that we can be ready to buy when the time comes. Also consider I might adjust the portfolio in the weeks or months ahead if situations develop that can change their picture.

We always must be ready to adapt to change. Below are 4 out of the 5 that will make up the portfolio. I'm still deciding on the fifth option.

Remember timing is everything... to be early or late is to be wrong, no matter what they say.

The gold share portfolio will have some names that you know very well: Agnico Eagle Mines (AEM) and Kirkland Lake Gold (KL).

Both of these senior mines have shown great management teams and skills, with great operations and assets. Kirkland's recent acquisition of Detour Gold only makes it that much more attractive as a senior gold producer. Both AEM and KL operate in safe jurisdictions.



Downside pressure continues to put a lid on both KL and AEM.

KL has strong resistance below its 5wk MA at \$43.50. Plus, its bearish flag pattern formed since it fell from the highs a month ago suggests more downside is likely, if KL breaks below pole line support at \$38. We're buying some below \$40 but waiting for a further decline to the lower \$30s to buy more.



AEM didn't suffer a fall back from an announced merger like KL. However, momentum is quickly shifting. Spinner is breaking down showing more downside likely. If AEM now breaks below its 15wk MA on a 2dc below \$57.50, a continued decline to the lower \$50s, initially, would be likely. We're waiting for weakness to develop further before buying.

Some of our newer positions includes Silvercorp Metals (SVM) and Sabina Gold & Silver ([SBB.TO](#)).



[SBB.TO](#) is a junior mine with great assets, particularly the mine at Back River in the Nunavut, Canada. The region is known for its mining. [SBB.TO](#) offers risk as a junior mine, but its solid management and assets tell me we could start seeing growth develop quickly, particularly as gold's secular bull mkt develops. [SBB.TO](#) is also positioned for a take over from a larger senior mine.

The chart shows SBB.TO has had a great rise up. It's stalled like most gold shares and our leading indicator "Spinner" suggests momentum may be shifting. This tells me we could see SBB.TO fall further. Let's wait a bit longer before buying some.

Silvercorp Metals (SVM) is a low cost silver producer from Canada with several assets in China. It has exposure to a pick up in business when the shackles on global trade are removed. It's also a strong play on silver.

Notice SVM rising with strength from May. The staggering upmove has been over 100% in just a few months. SVM is likely to lose some of that froth built. Spinner is already showing momentum waning. A decline to SVM's 15wk MA initially near \$4.40 is now likely but I wouldn't rule out a decline to lower levels.



Stay out for now, we're waiting for weakness to develop before jumping in.

Our strategy remains the same. We continue to wait for global events to unfold. It is clear that uncertainty is dissipating giving support to a continued rise in stocks. The flight to risk assets isn't over just yet and more downside in precious metals and bonds is now likely. Wait for further weakness to buy new positions. Look to diversify out of some dollars and into British pounds.

Good luck and good trading,

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www.goldchartsrus.net
A division of Aden Research

TRADER SHEET ON PAGE 13 & 14

KEY PRICES			
Name/Symbol	dic 18,19 Price	Change	dic 10,19 Price
Gold (GCG20)	1478.70	10.60	1468.10
Silver (SIH20)	17.05	0.35	16.70
HUI (HUI)	224.05	6.29	217.76
Copper (HGH20)	2.81	0.05	2.77
Crude Oil (CLF20)	60.85	1.61	59.24
S&P500	3191.14	58.62	3132.52
U.S.Dollar (DXZ19)	96.96	-0.43	97.39
30 Year T-Bond (ZBH20)	156.03	-2.03	158.06
10 Year T-Note Yield	1.92	0.09	1.83
13-week Treasury Bill	1.52	0.00	1.52

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

Today's issue is our last edition for the year.

We'll have our year-end holiday season next week, 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)	Under pressure... the 'D' decline continues to control gold's fate. And although support above \$1450 grows with each passing day, resistance below \$1500 is the more relevant level to watch. We remain with reduced positions in gold and I'm waiting for a decline below \$1400 to buy again.	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).	1478.70	Sell on a 2dc below \$1300	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).	11.83	10.00	Open
SILVER (SIH20)	Silver continues to bounce up from support at \$16.50. It's testing resistance at the Sept downtrend near \$17.25. A break above this level could push silver to the Nov highs initially near \$18.50. On the downside, the \$16.50 support is key. If this level is broken, we could see silver decline to its next support near the May lows, near \$15. We've been buying positions since Jul but we'll wait for a decline below \$16 to buy more.	L	Bot: 15.80 (Jul-17-19), 16.50 (Aug-7-19), 16.80 (Nov-8-19).	17.049	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).	6.22	2dc below 5.25	Open
HUI Index	HUI rose to the top side of its multi-month sideways consolidation band near 225. However, indicators are starting to turn suggesting the upside is limited ST. HUI is now poised to decline to re-test the lower side of the band near 200. A break below this level could push gold into a weaker level of its 'D' decline. Our in-house gold share A/D Line broke below the May uptrend. It had been holding above, but the recent break shows more downside is likely. We're now following gold shares to buy, but don't jump in just yet. Keep the inverse ETF: DUST and wait for a pull back in HUI before buying long positions in selected gold shares.	--	N/A	224.25	N/A	N/A
DUST	Held above \$7 showing growing support. DUST is back on the rise. Its next resistance remains the top side of a consolidation band near \$9. A break above this level could push DUST to the Jul high and our profit target. Keep your positions.	L	7.40 (Aug-14-19), 7.20 (Aug-21-19), 7.45 (Sept-11-19), 6.90 (Sept-26-19).	7.10	Keep	12
KL	KL bounced up with strength after testing a support level near \$36. However, the rebound rise is quickly losing momentum. Some weakness is now likely. Keep a close eye on the \$36 support level. If broken, a further decline below \$30 would be likely. Stay out for now.	O	Out	41.63	-	-
AEM	AEM is struggling to hold onto the \$60 handle. It's approaching support at \$57. A break below could push AEM to the lower \$50 initially. AEM must break above the Aug downtrend at \$63 to show renewed strength. Stay out for now. Downside pressure remains the controlling force.	O	Out	59.11	-	-
SVM	Bullish rise to the top side of the Jun upchannel. Spinner suggests momentum fading and a pull back is now likely. We'll be looking to buy on a decline to the Jun uptrend near \$4.50.	O	-	5.44	-	-
SBB.TO	Bullish above the May uptrend near \$1.60. Spinner below its MTMA showing momentum fading. Wait for a pull back to the May uptrend near \$1.60 before buying. Stay out for now.	O	-	1.90	-	-

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
BONDS (7%)						
TBT	TBT is gaining momentum. It looks strong above the Aug uptrend at \$25. A clear break above the recent high at \$27 on a 2dc would confirm strength and a continued rise to our profit target at \$30 would be likely. Keep your positions.	L	25.40 (Sept-11-19), 24.60 (Sept-26-19), 24 (Oct-2-19), 25 (Nov-27-19).	26.36	2dc below 24.50.	30+
CURRENCIES (40%)						
U.S. DOLLAR (DXZ19)	The dollar fell to a new 4 mo low to its longer term uptrend and support at 96.50. DXH20 is now bouncing up from this level. To show strength, DXH20 must break the Oct downtrend at 98. The dollar is down, but I wouldn't count it out just yet...		Holding cash in highly liquid, low interest bearing instruments in U.S. Dollars.	96.96		
RESOURCES AND ENERGY (12%)						
Crude (CLG20)	Outlook for emerging markets and resources in 2020 continues to improve. It's shaping up to be the trade of the year. Crude oil is approaching the Sept highs near \$62 which is our profit target, and top side of 7 month sideways bands. A break above this level would confirm strength and an upward path. Shorter term, the steeper rise in Dec is forming a rising wedge pattern. This tells me if crude fails to break above \$62 and falls back below \$60, it could be a sign of a deeper pull back to possibly the bullish Oct uptrend near \$57. Sell half at or near our profit target.	L	57.90 (May-24-19), 53.75 (May-31-19), 54 (Jun-19-19).	60.85	2dc below 57 (adj).	62
DNR	DNR is rising with strength, confirming support at the lower side of the sideways band near \$0.90. It's now near the Sept highs. A break above \$1.60 would show renewed strength and more upside potential. Keep your positions. Sell half at first profit target!	L	1.40 (Sept-11-19), 1.23 (Sept-13-19), 1.10 (Oct-7-19), 1.07 (Oct-23-19).	1.41	2dc below 0.90	1.60 (adj) & 2.50
COPPER	Copper is breaking above a H&S bottom pattern showing strength confirming a rise to \$3 is now likely. Copper is at a new 7 month high and it's poised to rise further. Dr. Copper suggests resources overall are gaining steam.	O	-	2.8125	Out	-
OTHER STOCKS (19%)						
PG	PG's momentum is seemingly fading as it tests the highs confirming resistance ST. PG remains super strong above the Oct 2018 uptrend, above \$120. A clear break to new highs, above \$126, would confirm a classic ascending triangle, a bullish continuation pattern showing upside potential. On the downside, PG has support above the Oct lows near \$115. I'm keeping stops where they are and will raise only if PG breaks above \$126. 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).	124.01	2dc below 115.	150
GSH	Higher lows... the rebound from the Nov lows continues. GSH is now testing resistance at \$17. A break above this level confirms strength and a continued rise would likely ensue. Important to note, positive trade talk with China will continue to solidify GSH's floor above the Aug uptrend just below \$16. Keep your positions. If you're looking to buy, buy on any dip below \$16.	L	15.90 (Oct-23-19), 15.90 (Nov-27-19).	16.16	2dc below 15.40.	19 & 25.
C	Bullish! C rose to new highs, breaking above the Nov highs, confirming a classic bullish ascending triangle pattern showing more upside is still likely. C is now poised to rise to the top side of the Aug upchannel near \$82, initially. C has bullish support above the Aug uptrend near \$74. If you're looking to buy, wait for a pull back that holds above this uptrend. Keep your positions.	L	73.75 (Nov-20-19).	77.92	2dc below 72 (adj).	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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