-GCRU-

Weekly Trading Strategies

Achieves gains by trading commodities, currencies and stocks

Omar Ayales

Dec 3rd, 2019 **IN ITS 18th YEAR – Nº 862**

TRUMP HAS TURNED RISK OFF SWITCH

GOLD BOUNCES UP!

IS ‘D’ DECLINE OVER?

ERRATIC MARKETS ARE A CAUSE FOR CONFUSION…

BE AWARE!

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Concerns over trade disruptions are back, front and center. It’s pushing stocks down, giving hints the safe haven trade may be reviving.

Treasuries burst upward, so did gold. The miners are also on the prowl, many flirting with new highs for the move…

And the only thing I can think of right now is: “Is gold’s ‘D’ decline over”?

Reacting with excitement can get the best of anyone. It gets noisy.

“Chance favors only the mind that is prepared.” – **Louis Pasteur**

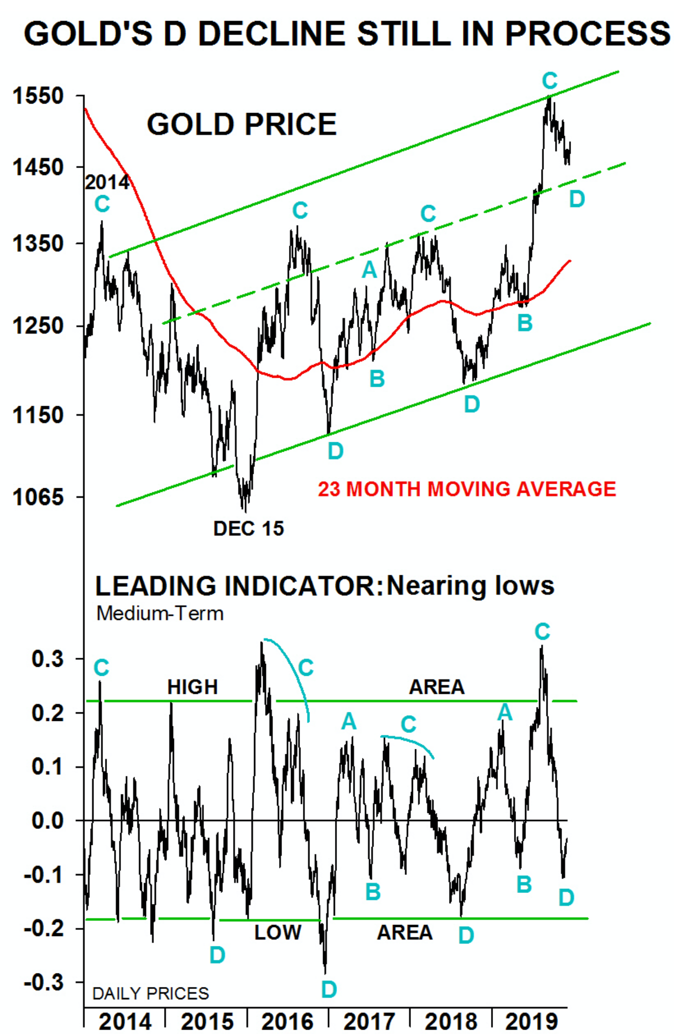
This is why it's very important to step back and analyze our surroundings, situations and conditions that may be developing. Most important of all, always keep your "eyes and senses " on the charts.

The trend is truly your friend and hold the key to navigating these troubled waters…

I might sound like a broken record, but one of the most important macro economic events of 2019 was gold's breakout above $1365. It confirmed gold's secular bottom in Dec 2015 and confirmed a bullish upward path…

But gold also moves in cycles.

The recent month's rise to the Sept highs is what we call a 'C' rise. It's the strongest of gold's rises within an ABCD cycle. Gold's 'C' rise in 2019 was confirmed with the breakout above $1365 and reached a peak near $1560.



The decline that ensued the rise is the 'D' decline. The most severe within gold's cycle. Since 2015 'D' declines have lasted about 4 months from the previous 'C' rise peak, to the bottom of the 'D' decline. The average drop of 'D' declines during 2015 have been -14%.

The current 'D' decline is exactly 3 months old and the decline from top to bottom has been 7%.

Interestingly, the only single digit drop for a 'D' decline over the last 20 years was back in 2001 and 2002 (-7.5% and -8.5% drops, respectively).

Moreover, notice gold's key trend identifier, the 23 month MA. Not only does gold tend to revert back to the MA during a 'D' decline, many times it breaches the MA before a bottom is confirmed. This rising MA is now at $1330.

Notice the leading indicator below gold's chart. It suggests that although momentum has fallen in typical fashion, it has room to develop further and be consistent with performance since the Dec 2015 bottom.

So, could the 'D' decline really be over?

I'm not ruling out that this time is different and that the 'D' decline is in fact over and a renewed rise is in the works confirming gold's super strength at a secular level. The fundamental reasons behind gold's super strength exist and have existed for a long time.

But before we dive into rearranging our portfolio, let's take a closer look at things…

Consider the last time gold reached $1500 was exactly a month ago. Gold's peak is 3 months old. The beaten down bulls are savoring the moment… are they exaggerating?

Gold is confirming ST support at $1450 with yesterday's rise above its 5wk MA. A strong up-move no doubt. But ST support is not indicative of an intermediate trend reversal.

For that, gold must first break above the Sept downtrend and 15 week MA on a 2dc above $1500. This would trigger a strong sign the 'D' decline in gold is over and a rise to the previous Sept highs would then be likely.

Moreover, I like to look at other precious metals and miners to see if any move is concerted or just isolated.

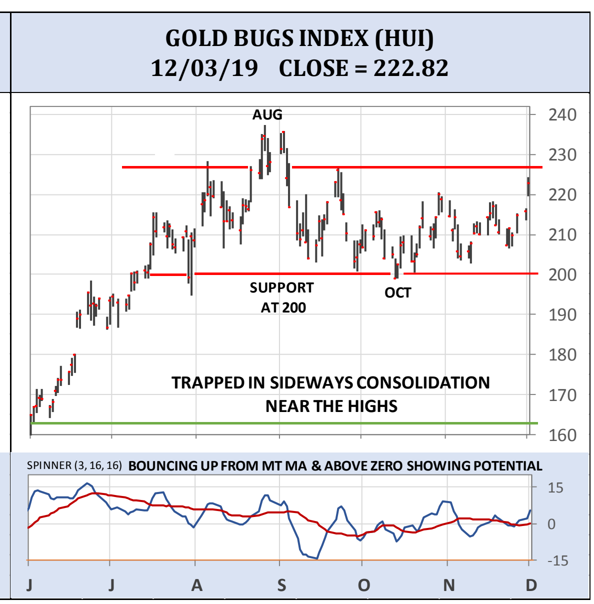
Take silver for example. It has held above a key breakout level at the Feb 2019 highs near $16.50 showing support. However, silver must break above the Sept downtrend on a 2dc above $18 to show renewed strength.

If silver fails to rise above the Sept downtrend, it could break below support at $16.50 and fall to deeper support at $15. Silver's indicator bounced up from an extreme, reaching the zero line. The indicator is showing weakness.

We recently bot silver below $17 but are waiting for a deeper decline below $16 to buy more.

The gold and silver mining stocks have also been very telling. For one, they've held up strong. The HUI Index of gold shares has barely pulled back from the rise this year showing impressive strength.

Notice the Indicator below HUI. It's breaking above zero suggesting momentum could be shifting up ST. Moreover, on the right of the HUI is our in-house gold stock A/D line. It's also flirting with the highs showing gold shares have held up strong, particularly for a 'D' decline.



Direxion Daily Gold Miners Index Bear 3X Shares (DUST) 12/03/19 CLOSE = 6.96

Our timing when we reduced our gold and sold gold shares after a year long bullish rise was timely. Since the decline, nearly for the past 3 months, I've been holding a short position as a hedge against the reduced positions we've kept in gold and silver.

The ETF used is called DUST. A 3x levered ETF going opposite to the HUI. We originally bot as insurance and increased our position to speculate on the downside. The position has been a reduced one when compared to normal long holdings.

Although DUST fell strongly today, it remains within the sideways band. I'll continue to wait and see when gold breaks above meaningful resistance confirming the D decline is over before unloading.

We're monitoring gold shares. We have two big known ones that we know well, Agnico Eagle Mines (AEM) and Kirkland Lake Gold (KL). We've been patiently waiting for a deeper pull back before buying.

KL fell harshly last week on news of a merger as we reported. It since has bounced up but still remains under pressure. AEM, on the other hand, rose with strength. It burst back above to the recent highs.

KIRKLAND LAKE GOLD LTD. (KL) 12/03/19 CLOSE = 42.09

AGNICO EAGLE MINES LIMITED (AEM) 12/03/19 CLOSE = 61.69

But resistance is still strong. AEM ended up giving back most of the impressive gains logged in towards the end of the trading day.

Consider fear induced rises in gold tend to be short lasting. When the fear is removed, so will the rise and gains. It would only take a tweet from Trump to change sentiment regarding trade disruptions and push investors and traders into 'Risk On' mode. Something Trump, I'm sure, has understood fully well and uses to his advantage.

Why should it change now?

We're about to enter a holiday season in the U.S., with one of the strongest labor markets in recent history and a strong and confident consumer.

Recent economic data out of the U.S. came in stronger than anticipated and the effects of easy policies could start picking up steam. Moreover, the U.S. is about to enter into an election year. It's unlikely Trump will let go of the thing that will most likely get him re-elected: a strong economy (or at least the perception of one).

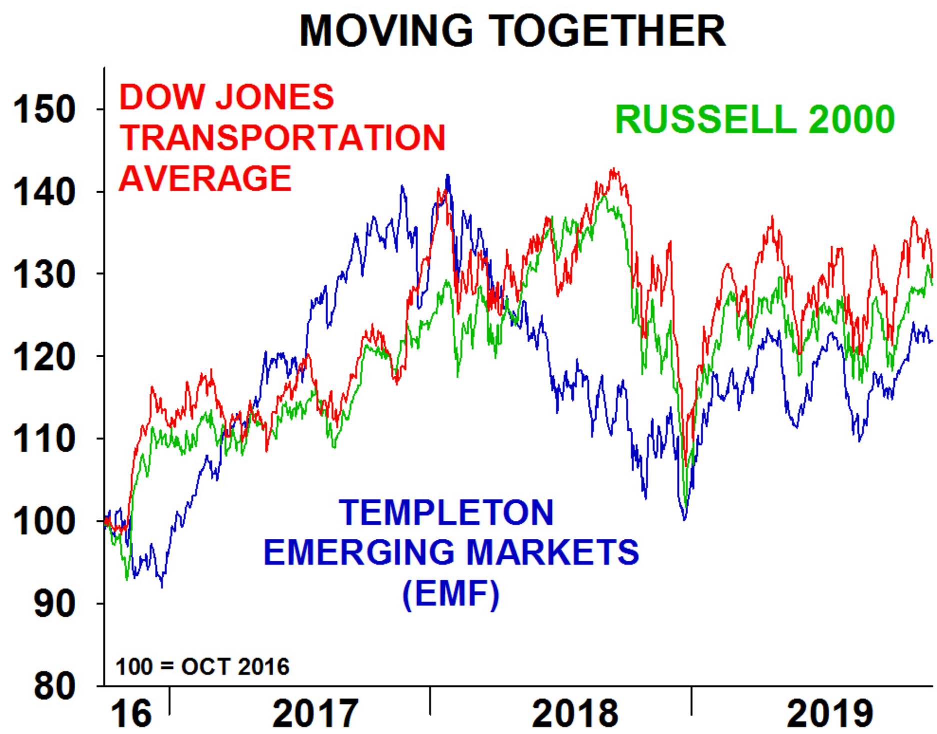
In the meantime, remember tariffs hurt trade and the consumer, but it also hurts targeted producers. Choosing companies that are sheltered or have reduced exposure from that target will likely outperform the ones that don't.

The strong U.S. consumer will continue driving the U.S. economy and the U.S. stock market. Any meaningful change in sentiment would have to hint towards a change of that reality.

I will be taking advantage of weakness to buy selectively.

The 900 pound gorilla in the room nobody wants to talk about are the lagging Transportation Average and the Russell 2000 index.

It's important to understand why the transportation companies have been considered market leaders in the past. To this day we compare price movement of both the Industrial and the Transportation averages to determine market momentum and direction.



In the past, transportation companies where thought to be market leaders. As orders for raw materials that were needed for manufacturing were being filled, transportation companies, particularly the railroads, were already reaping the benefits from delivering those orders. The increase or decrease in transportation activity would be a leading business or economic indicator.

What's been happening?

The Transportation average has been in a sideways band for the past year. It's showing exhaustion and lackluster strength when put to the task of testing any type of resistance.

The slack in price action would suggest softness in the supply chains down the road. Now-a-days there are other factors like companies that have exposure to tariffs, sanctions, among others.

Some argue that the study of the Transports is no longer as relevant as it once was, being that there are other ways to more accurately identify market sentiment, such as in tech companies that receive payment to process orders for goods and services sold online (real time).

However, global business interaction of goods and services will likely continue to increase as efficiencies due to technology ease distance barriers. Transportation, distribution and logistics will always remain relevant for a deeper understanding of the broader market.

Interestingly, other key barometers such as the Russell 2000, which measures the performance of 2000 small cap companies has also been lackluster. It hasn't really risen to new highs since 2018 with the past year being mainly a sideways market.

In fact, the movement of the Transportation Average, the Russell 2000 and emerging markets have been eerily similar since the depths of 2016.

They also look very similar to copper… A couple of weeks ago we had coincidently compared emerging markets with copper and how they move together.

And although their rises have not been as explosive as others sectors in tech or blue chip American companies, higher lows since 2016 suggest the longer term trend remains to the upside.

The concerted move suggests the uptrend is broad based.

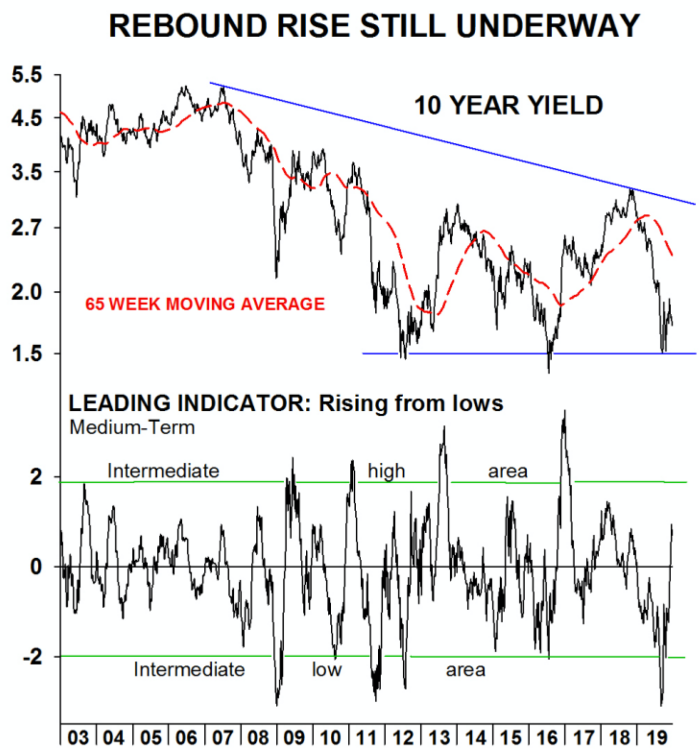
The past week we showed the relationship between the S&P 500 and the Volatility Index (VIX) and how the VIX was approaching a new low which tends to coincide with tops in the S&P 500.

The chart suggested the rise in stocks was overextended and at the very least a return to some sort of medium was likely. Something that seems to have been ignited today as trade concerns returned to the scene.

Many believe the U.S. economy isn't as rosy as it might be portrayed despite a strong labor market and consumer in the U.S. keeping things going. Slack in certain key segments of the market could be a sign of this.

Just recently, it was also announced Ray Dalio's Bridgewater & Associates took a massive short position on U.S. equities, betting on a decline (and probably offsetting some risk on his long positions too).

Long term readers will know that I agree with the skeptics of the U.S. economy. But the reality has been its performance relative to the world hasn't been all that bad.



The stimulus package from the rate cuts earlier this year will seep into the market going into 2020. It could extend the goldilocks scenario for U.S. stocks.

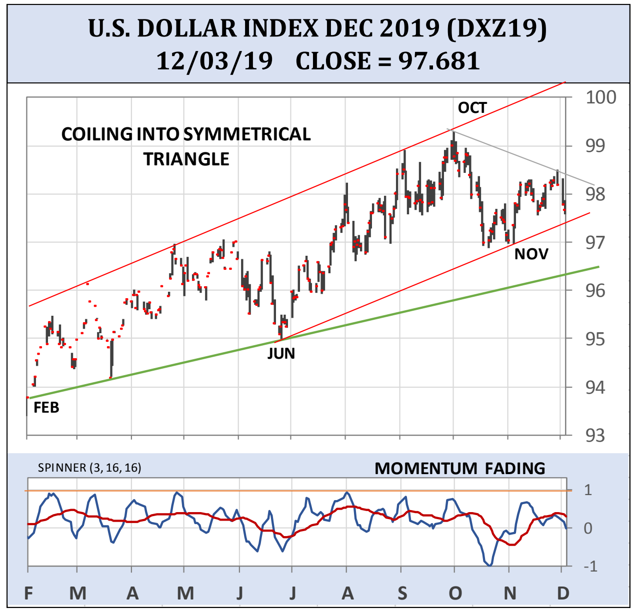
Consider longer term rates have been rising as investor appetite grows. The yield on the 10 year U.S. Treasury dropped with renewed tariff scares, but the upside doesn't seem over just yet.

Notice on the chart the leading indicator below. It's not only pointing up showing strength and an upward path. It also has room to rise further, suggesting the 10 year yield could still rise to possibly the MA.

Over the past months, we've bot an ETF that rises with yields of high duration U.S. Treasuries called TBT. It's pulling back from a high at $27, holding at an uptrend since Aug. If it continues to hold, it could rise to the top side of the upchannel near the recent high at $27.

Keep your positions for now and sell on a rise to the $30 level.

The stronger U.S. economy has helped the dollar hold steady. The U.S. dollar index failed to surpass key resistance this past week at 98.50 and pulled back. However the dollar is very bullish above 97.50 and has deeper support at the 96 level.



The dollar's leading indicator below, Spinner, shows momentum fading. Notice it's below the MT MA (red line), testing zero. This tells us more weakness is likely ST. We could expect the dollar to test key support at 96 ST.

Our exposure to U.S. equities is not very large. We've done great on Procter & Gamble (PG). We've taken profits and re-bot at lower levels since. It's looking very strong above the Oct 2019 uptrend near $121. Notice Spinner is on the rise too, well above zero and MT MA suggesting strength and upside potential.

I also added a bit of Citigroup (C) knowing we were near a high area and waiting for a decline to pick up some more. We'll wait for our indicators to show signs of a bottom. However, C seems to have some support at the Aug uptrend near $70. Keep your positions.

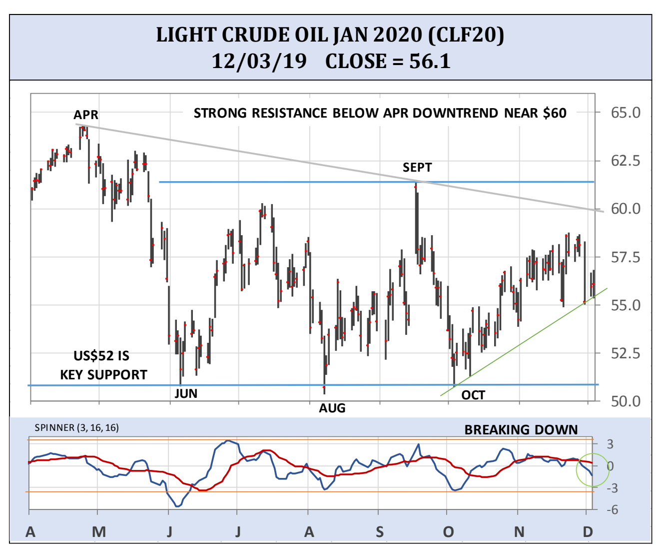
We also increased positions in Guangshen Railways (GSH) just before it took off (yesterday) on news regarding the refinancing of a particular credit facility that'll allow it to consolidate debt and grow as well as buy back shares.

GSH allows us to have exposure to emerging market growth in one of the most prominent economic zones in China: Shenzhen.

Resources also caved in. They came under pressure with the tariff scare. Just like most equities, crude oil fell on concerns over a growing supply glut while copper retraced, showing momentum from the recent rebound rise is fading.

Copper continues to struggle to surpass key resistance levels suggesting downside pressure is strong, and it's likely due to continued slack in global demand for resources overall. Not very surprising, most resource companies also collapsed.

Crude oil also failed to surpass resistance levels and it's pulling back. Spinner showing momentum falling



sharply and quickly approaching an extreme oversold level… How long will it take before OPEC comes to the rescue?

Crude is showing signs of ST support at $55, but has deeper support at $52. Keep your positions for now, especially if crude stays above $52.

Denbury Resources (DNR) slipped below support at $1. The decline in resources and U.S. equities has been a harsh one that didn't allow DNR to recuperate fully. However, the downside seems overdone and the rebound potential within the broader global economy seems fast approaching.

Keep your positions for now and as long as DNR stays above $0.90.

Our strategy for this week is to stay put. Remain observant. Keep an eye on key resistance and support levels for gold, the dollar, stocks and currencies. Trends are forming. We want to benefit from the upside potential. Keep healthy cash reserves and keep triggers ready. We could be approaching a buy period.

Good luck and good trading,

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

SPECIAL SCHEDULE FOR THE DECEMBER HOLIDAYS
December 11 will be our normal Wednesday editions.
December 19 is then our last edition for the year.
(It's on Thursday, a day later).

KEY PRICES			
Name/Symbol	**Dec 03,19 Price**	**Change**	**Nov 26,19 Price**
Gold (GCG20)	**1484.40**	24.10	**1460.30**
Silver (SIH20)	**17.25**	0.20	**17.05**
HUI (HUI)	**222.79**	11.22	**211.57**
Copper (HGH20)	**2.62**	-0.06	**2.68**
Crude Oil (CLF20)	**56.10**	-2.31	**58.41**
S&P500	**3093.20**	-47.32	**3140.52**
U.S.Dollar (DXZ19)	**97.68**	-0.49	**98.17**
30 Year T-Bond (ZBH20)	**160.09**	-0.50	**160.59**
10 Year T-Note Yield	**1.71**	-0.03	**1.74**
13-week Treasury Bill	**1.54**	-0.03	**1.57**

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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 continues to downtrend within the developing 'D' decline despite this week's rise showing signs of support near $1450. Don't be fooled. Gold will remain under pressure below the Sept downtrend near $1500. Consider today marks exactly one month since gold traded above $1500, and 3 months after it peaked in Sept. More downside in gold would still be normal and within range of 'D' declines. Keep your reduced positions for now. Start buying 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).	**1484.40**	Sell on a 2dc below $1365	Open
PHYS	Keep your positions. Wait for weakness to buy more.	L	Bot: 9.63 (Jan-5-17), 10.12 (Mar-16-17). Sold half at 10.54 for an average gain of 7%. Bot: 9.98 (Jul-3-17). Sold half at 10.95 for an average 10% gain. Bot: 10.58 (May-1-18), 10.15 (Jun-28-18), 10.20 (Jul-5-18), 9.65 (Aug 30, 18). Sold half at 10.39 for 5% gain. 10.20 (May-8-19). Sold half at $11.30 for a 14% gain (Jun-24-19).	**11.81**	10.85	Open
SILVER (SIH20)	Downside pressure continues. The recent uptick in momentum seems to be fading with silver now forming a bearish flag pattern with pole support at $16.50. This means, a break below $16.50 would confirm the pattern that could ignite a decline to the pattern's target near $15. We recently bot some below $17, and have been waiting to buy more. The ideal time to buy next is below $16.	L	Bot: 15.80 (Jul-17-19), 16.50 (Aug-7-19), 16.80 (Nov-8-19).	**17.248**	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).	**6.29**	2dc below 5.25	Open
HUI Index	Gold shares continue to consolidate within a 5 month sideways band between support at 200 and resistance at 225. The last time HUI reached the lower side of the band was mid Oct and it's been uptrending since. During this time the junior mines have outperformed seniors. Our in house A/D Line has also held above a stronger uptrend since May. Despite overall weakness, gold shares are holding up strong, and rising with poise. However, gold and gold shares could still washout further before resuming a meaningful rise that could break above key resistance levels. Stay out for now and keep your short position through DUST.	--	N/A	**222.82**	N/A	N/A
DUST	DUST failed to surpass key resistance at the Oct highs near $9 once again. It pulled back from the higher level and it's now breaking the uptrend since Sept. A break above the Oct highs on a 2dc above $9 would show renewed strength and upside potential. But if DUST now stays below the Sept uptrend, a decline to the bottom side of the longer term sideways red band near $6 would be likely. Keep your positions during 'D' decline weakness, as long as gold stays below $1500.	L	7.40 (Aug-14-19), 7.20 (Aug-21-19), 7.45 (Sept-11-19), 6.90 (Sept-26-19).	**6.96**	Keep	12
KL	KL is bouncing up after having one of its worst trading days in a long time. The falling knife seems to have found support at the Feb highs as weakness reached an extreme. However, momentum is still down and KL weaken further. Buy below $40.	O	Out	**42.09**	-	-
AEM	AEM is breaking resistance at the Aug downtrend near $61, and approaching the August high. Support above the May uptrend near $56 is developing. A break in either direction will tell us AEM's next move. AEM looks very strong, but I'll continue to watch gold develop further before buying.	O	Out	**61.69**	-	-
	BONDS (7%)					
TBT	TBT held above the Aug downtrend during recent weakness exposing strong & growing support at the Aug uptrend near $25. Some of you took advantage of weakness to buy some. If TBT now continues to hold above the Aug uptrend, we could see it continue to uptrend to our profit target or higher. Keep your positions.	L	25.40 (Sept-11-19), 24.60 (Sept-26-19), 24 (Oct-2-19), 25 (Nov-27-19).	**24.69**	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 has been showing strength above the Jun uptrend at 97.50. However, its recent inability to break above resistance at 98.50 is some cause for concern. Moreover, the dollar's leading ST indicator (Spinner) is rolling over suggesting momentum could be fading. A dollar break below 97.50 would confirm ST weakness and a decline to the deeper 2019 uptrend near 96.50 would be likely. The dollar is pulling back, but still remains strong above this 2019 uptrend.		Holding cash in highly liquid, low interest bearing instruments in U.S. Dollars.	**97.68**		
RESOURCES AND ENERGY (12%)						
Crude (CLF20)	Crude oil dropped after failing to surpass resistance at $58. The Apr downtrend is proving to be a strong resistance.Momentum is shifting to the downside, as crude oil tests the Oct uptrend near $55. A break below $55 could push crude to its deeper and stronger support near $52. We're also starting to hear production cut chatter over at OPEC, which could come in and put a floor on crude. Keep your positions for now. We'll consider buying more near $52.	L	57.90 (May-24-19), 53.75 (May-31-19), 54 (Jun-19-19).	**56.10**	2dc below 52	62
DNR	DNR slipped below key support at $1 during extreme weakness. Weakness will likely remain as crude oil is now seemingly under pressure. However, keep for now, lower stops to 2dc below $0.90.	L	1.40 (Sept-11-19), 1.23 (Sept-13-19), 1.10 (Oct-7-19), 1.07 (Oct-23-19).	**0.97**	2dc below 0.90	1.70 & 2.50
COPPER	Copper continues to uptrend from the Sept lows. It's showing upside potential by staying above $2.65. Notice resistance at $2.75 is gaining relevance. The uptrend, together with the resistance are forming a bullish ascending triangle. This suggests a break above $2.75 could propel copper to the Apr highs near $3.	O	-	**2.6230**	Out	-
OTHER STOCKS (19%)						
PG	PG continues to uptrend. It held above support during recent weakness and seems more and more comfortable above the Oct uptrend above $120. Spinner continues to bounce up, clearly above zero and its MT MA showing PG will likely continue to rise with poise. 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).	**122.95**	2dc below 115.	150
GSH	GSH held above support at the Aug lows near $15.50 and rose above $16, breaking the Apr downtrend showing signs of strength. GSH's Spinner also broke out above zero, suggesting more upside is now likely. On the downside, remember the Aug lows are key. Keep your positions for now and as long as GSH holds above these lows.	L	15.90 (Oct-23-19), 15.90 (Nov-27-19).	**16.50**	2dc below 15.40.	19 & 25.
C	Declining from the highs... C remains above the bullish Aug uptrend. Failure to rise to new highs could weigh down on any stock. C is no exception. Our patience is paying off. We've been waiting for weakness to buy more in the lower $70s.	L	73.75 (Nov-20-19).	**73.33**	2dc below 70.	85 & 100.

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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.

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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