



-GCRU-

Weekly Trading Service



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Achieves gains by trading commodities, currencies and stocks

December 5th, 2018

IN ITS 17th YEAR – N° 814

RATES FOLLOW STOCKS AND CRUDE OIL DOWN!

GOLD RISES TO A 4+ MONTH HIGH!

RESOURCES READY FOR BOUNCE UP

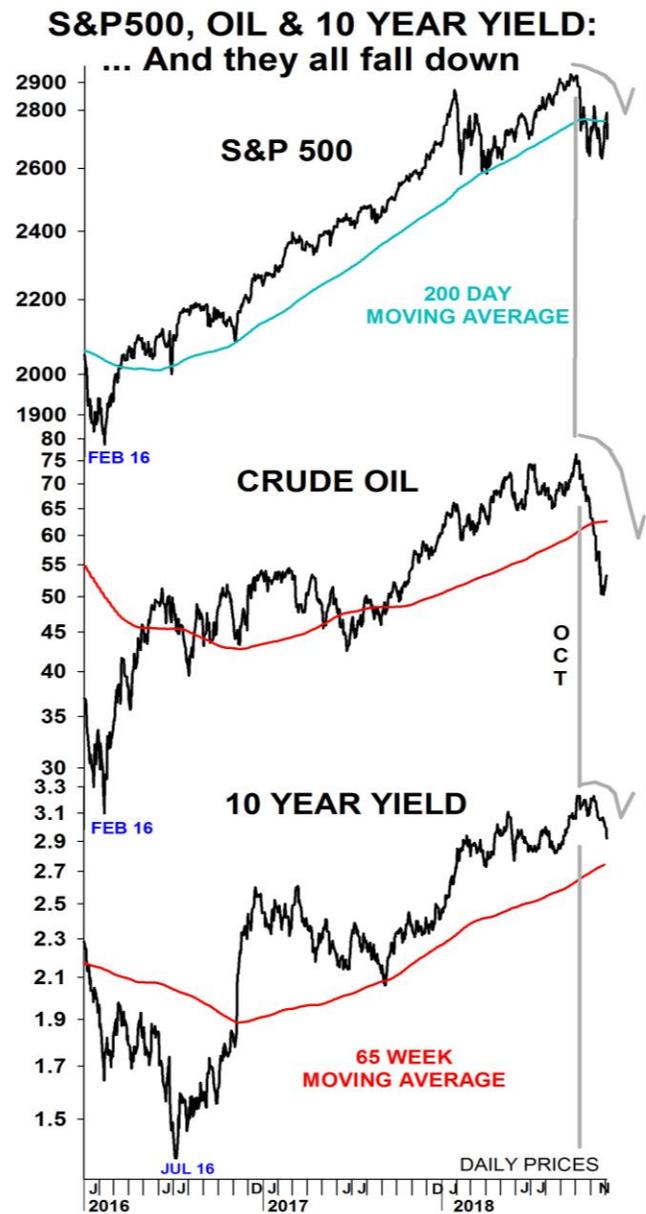
**IS THE DOLLAR SHOWING SIGNS OF
WEAKNESS?**

CHEAT SHEET ON PAGE 12

Interest rates collapsed. That is, long rates followed crude oil and the stock market to lower levels suggesting the recent downturn could be indicative of a slowdown in economic activity rather than a speculative-driven decline. Especially since short term rates rose to new highs which further narrows the yield curve.

Counter-intuitively, crude, stocks and long rates tend to move in sync. This shouldn't come as a surprise since long rates typically rise or fall depending on the economic outlook and inflation expectations.

Our **chart of the week** shows a line up of these three. Notice how similar crude and the S&P500 move with the U.S. 10 year yield. The decline in both the stock market and crude started recently while the decline in the 10 YY picked up steam yesterday, falling hard.



Weakness in global growth was first exposed by falling resources and precious metals. Resources have been under pressure since May last year. Stocks and oil were next, and now the long rates took a dive.

Since the Oct washout in stocks, we've contended that markets may be anticipating peak earnings for business in the U.S. With a bipartisan U.S. congress, the perceived notion that fiscal stimulus in ways of new tax cuts have come to an end.

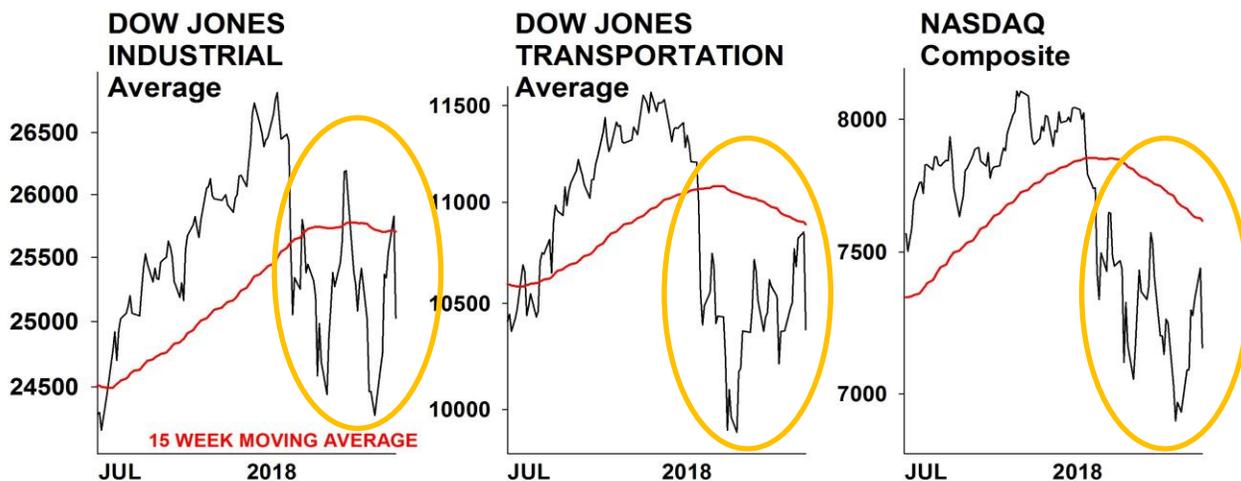
Yesterday's decline is yet another confirmation that markets may have priced in all the best there is to foresee in the economy, which leaves only the downside as the next viable path.

The stock market rebounded strongly since our last issue in what I believe was a Bear Mkt Rally. The Volatility Index (VIX) as shown last week had been telling us U.S. equities could have a ST bounce up... and they sure did. The up-move has been impressive, but the Averages and Indexes are still struggling to surpass key resistance levels like the 200 day MA that we showed last week and the 15wk MA on the chart below.

Both the Industrials and the Transports pierced these key levels, but both are quickly reversing course suggesting action typical of a bear trap. The NASDAQ didn't even reach the MA, and it remains weak below its own 15wk MA.

We secured a short position in the NASDAQ buying QID

RESISTING BELOW 15 WEEK MOVING AVERAGE

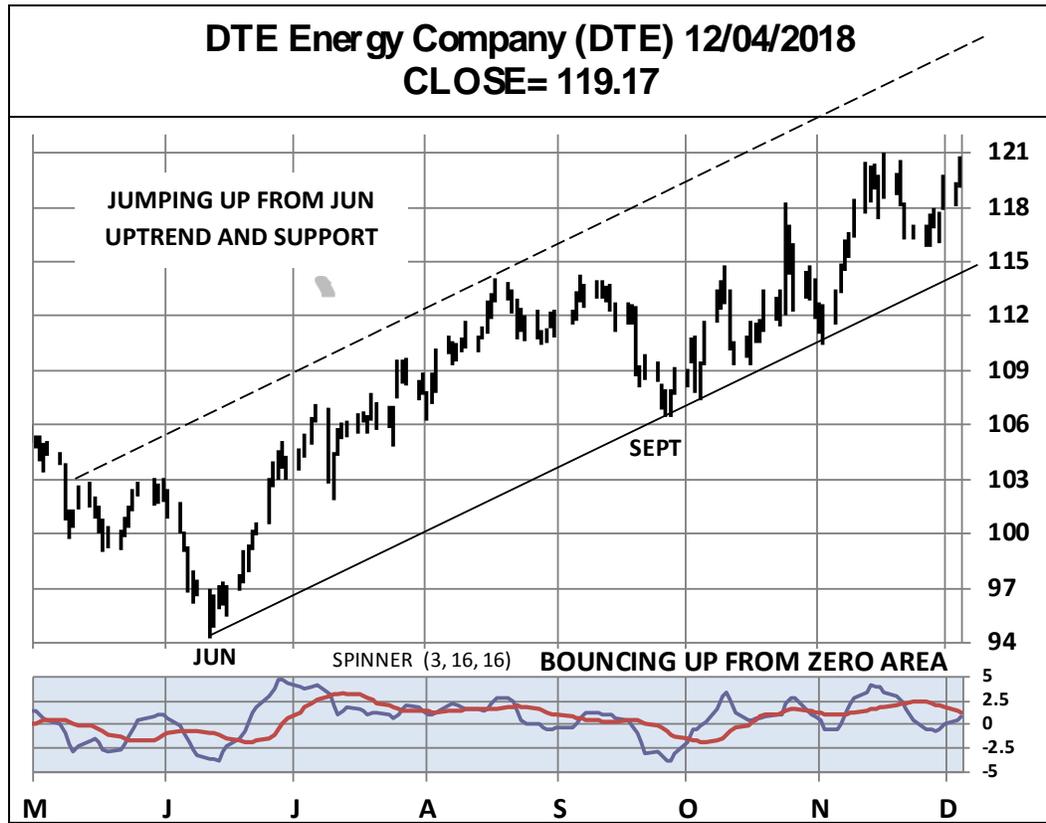




Last week we showed how U.S. equities were due for a ST rebound rise even though the mega trend for stocks has seemingly (unconfirmed) turned down. We put a buy order for QID below \$42. It sunk to that level last Wednesday, allowing us to buy near \$41.50. QID fell to its 15 day MA only to bounce up. It's now looking good above \$39. We had placed a stop below \$41.50. If you sold after it slipped below that level, I recommend buying back at mkt. Notice Spinner is extremely oversold suggesting the downside is limited thereby validating QID's 15wk MA as a support. Keep your positions as long as QID holds above \$39. Place stops at 2dc below 39.

Among the sectors that are still up-trending are Utilities. Remember they are the safe haven of stocks and in times of turmoil, their high dividend yield is very attractive.

We had picked up DTE Energy Company (DTE). It's on the brink of reaching new highs for the move. Notice Spinner trying to break back above zero with room to rise further showing strength. This tells us momentum is up and more upside for DTE is likely. DTE is very bullish above its 5wk MA near 117 and it has deeper support at its 15wk MA near 114. Keep your positions.



STILL POISED TO BOUNCE UP



Resources continue to struggle to surpass key resistance. Copper is still resisting below \$2.85. But despite copper's struggles, it continues to hold above key support levels telling us the cyclical bull mkt remains in force.

Notice copper, on the left, is consolidating and rising while its leading indicator breaks out with lots of room for more upside. The chart is bullish on copper suggesting an upsurge is now likely. We're holding a full position in copper and a couple resource shares that are poised to perform with copper strength. Keep your positions.

Caterpillar (CAT) has been one of the best performers. We bought more last week, and then it rose briskly to near our first profit target at \$150. It's now starting to form an uptrend with support near \$125, see the chart below. CAT remains one of our top picks since the change in the political scene.

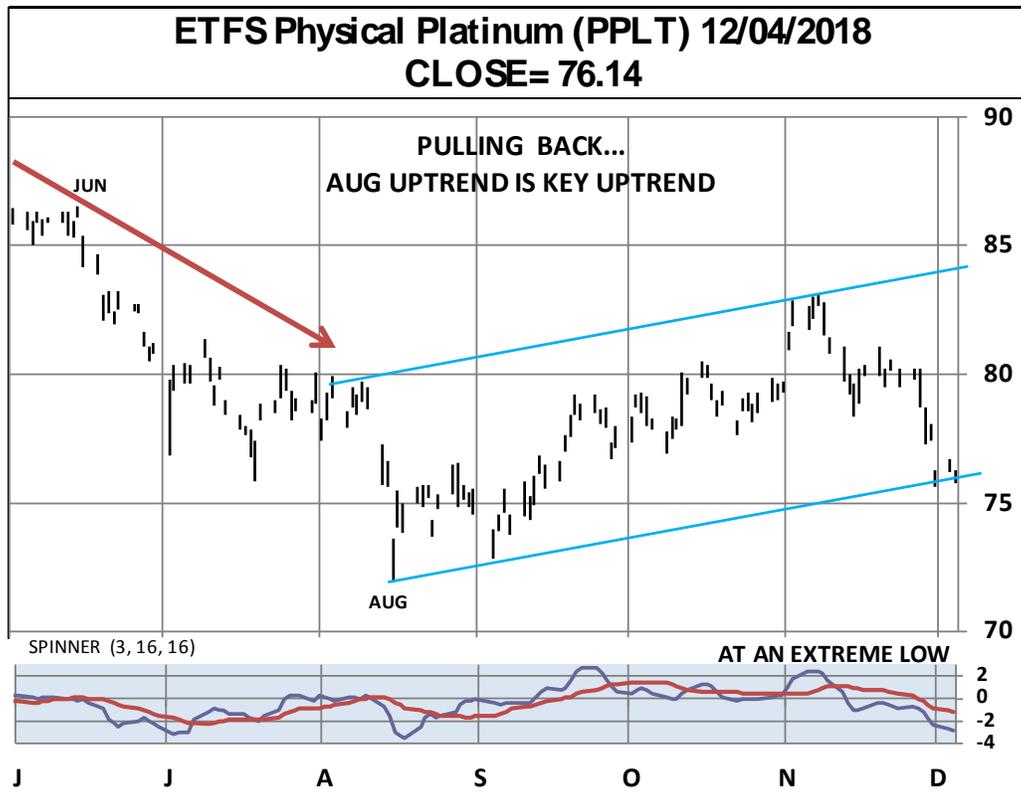
CAT looks positioned to benefit tremendously from a bipartisan Congress as explained in previous issues. Keep your positions, but sell half at or near our first profit target.



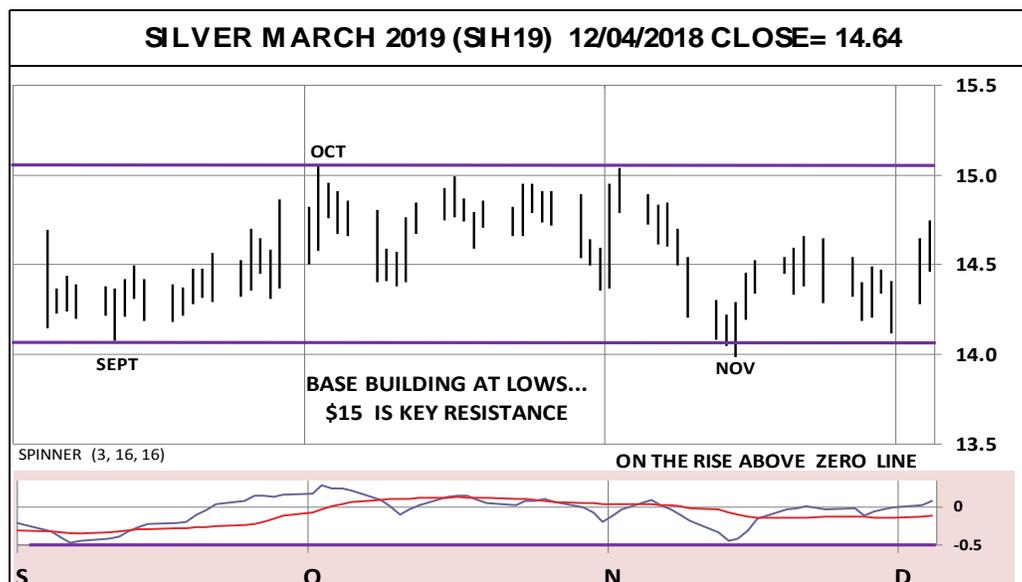
A more speculative play, RNC Minerals (RNX.TO) (chart below) continues to hold above an uptrend since Sept. It's also holding above its 15wk MA (not shown) while its Spinner tests the zero line showing upside potential. The chart shows RNX.TO starting to break above a triangle hinting to more upside near term. Because of the "Father's Day Vein" RNX.TO is also a solid play on gold.



When both gold and copper start rising, RNX.TO should be the one benefiting the most! Keep your positions.



Platinum (PPLT) fell to the Aug uptrend as it back and fills within an upchannel since Aug. If PPLT holds above the Aug uptrend near 76, it'll show growing signs of rising support, exposing a great entry level. Notice Spinner bearish but reaching an extreme low level suggesting limited downside. Last time PPLT's Spinner reached the extreme level was in Aug, just before PPLT rose to the Nov highs. Surging resources and precious metals will be great catalyst for PPLT.



PPLT may be a great catalyst for silver... Notice silver continues to hold above the recent lows. It continues to form a solid base above \$14. It's also struggling to surpass ST resistance at \$15. Today, however, silver is breaking above its 15wk MA, something not been seen June 2018. Silver's key ST test will be to overcome the Oct highs near \$15. A break above \$15 on a 2dc could push silver to its "make or break" level at \$17.50.

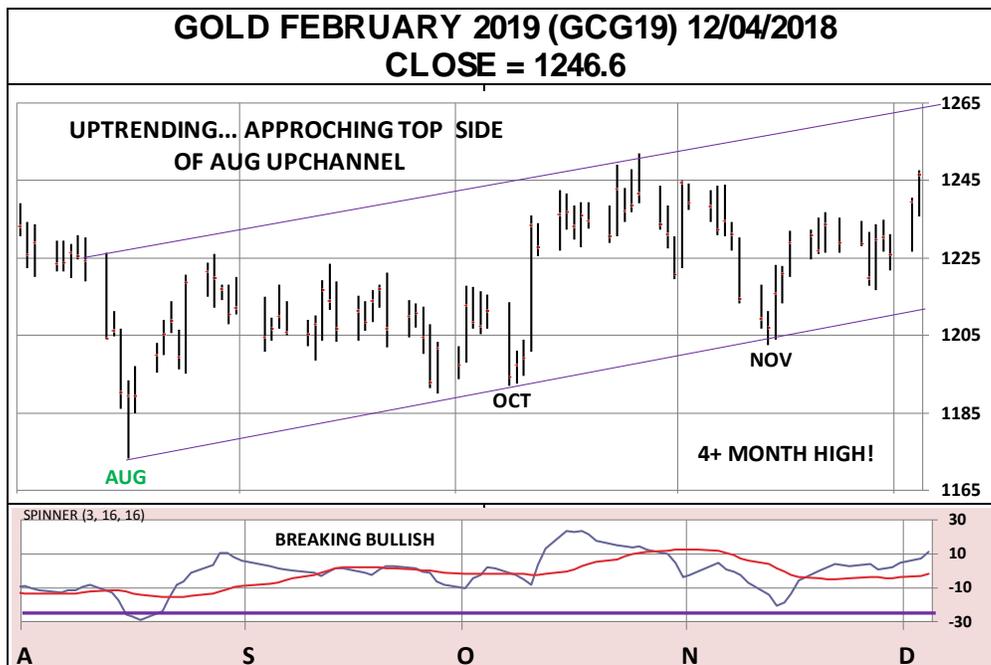


And although the mighty U.S. dollar index remains very strong, a new toppy pattern is starting to emerge, suggesting some downside is likely.

Rising wedges are bearish patterns because the highs become less and less pronounced suggesting exhaustion. The pattern is complete when the bottom side of the wedge (the uptrend) is violated, confirming weakness. On the other hand, a wedge could be undone if the top side of the wedge is broken on a renewed surge upward.

On the chart above, notice the dollar clearly forming a wedge. The uptrend is coinciding with the dollar's 15wk MA near 95.50. This tells us a break below 95.50 on

a 2dc confirms weakness shown by the less pronounced highs. If the dollar breaks below this support level, a decline to the lower 90s would then be likely.



ARE LOWS IN GOLD SHARES FINALLY BEHIND US?



A decline in the dollar, combined with lower rates and a steady rise in inflation could be the perfect storm for gold to shine.

The chart above shows gold since the Aug lows. Notice gold continues to uptrend. And although it was struggling to surpass its 5wk MA near \$1230, it surged past this resistance a couple days ago reaching a new 4+ mo high! Spinner's taking off, with room to rise further suggesting more upside in gold is likely.

Noteworthy, but not shown on the chart, is gold's 15 wk MA near \$1220. Before rising to a new high for the move, gold tested this support and bounced up with a vengeance. Gold is now entering a stronger phase and more upside is probable.

Gold shares are also looking good...

HUI has been rising, quietly securing higher lows. HUI still must break above meaningful resistance before it's out of the woods. However, it has been stronger than stocks, bonds and gold since Aug. Moreover, notice on the chart above its leading indicator is breaking up, showing momentum picking up steam, exposing upside potential.



Our individual gold shares are holding up well too. Kirkland Lake Gold (KL) is among the strongest. It rose with strength, breaking above a downtrend and resistance of its own. KL is nearing our first profit target just below the all time highs near \$23. Keep your positions but sell half at our first target to protect handsome profits built.

Barrick Gold Corp (ABX) is also holding up with strength. It continues to test the top side of a consolidation band at \$13.50. A break above this level would show strength and could then push ABX to the 2018 highs near \$15. Spinner is holding near the zero line and MT MA, getting ready for the next move. Keep your positions. ABX is looking good, if you're not yet in, consider buying on a dip below \$13.

B2Gold Corp (BTG) has been the least impressive of our gold shares. However, it confirmed support at \$2.45 and it's starting to bounce up. A rise to test key resistance at \$2.80 is now likely. A break above \$2.80 on a 2dc and it's off to the races! A rise to

the 2018 highs near \$3.20 would then be likely. Buy BTG at mkt and keep it as long as it holds above the Aug uptrend near \$2.25.



Crude oil is finally showing signs of a bottom. Some of you may have picked up some below \$50. And if you're not in just yet, consider buying some at mkt. Crude is poised to bounce up to the \$60 level. This is its next resistance and the level we're looking to sell half of our positions for break-even or even a little profit.



Energy shares are also starting to show clear signs of a bottom. My favorite energy shares are still Denbury Resources (DNR) and Diamond Offshore Drilling (DO). We're not going to buy just yet, but we could be sending out an alert this week or incorporating it into our issue next week. We're monitoring price action.

Aurora Cannabis continues to coil near a key support level at CA\$7. If ACB.TO confirms support at this level, it could then resume its rise to re-test the 2018 highs near 15+.

Our strategy this week is to keep an eye on the U.S. dollar index's price action. A break below 95.50 is a game changer. Hold on to your gold. It's on the move up. Resources and precious metals are poised to follow. Gold shares could bring in the best returns of them all. Keep your positions in CAT and DTE too. They're poised to outperform the overall market. Also remember to keep QID. If you got stopped out, buy some again. The pressure for stocks is down and we'll look to gain from weakness.

KEY PRICES			
Name/Symbol	Dec 04, 2018 Price	Change	Nov 27, 2018 Price
Gold (GCG19)	1246.60	16.80	1229.80
Silver (SIH19)	14.640	0.185	14.455
HUI (HUI)	149.33	5.62	143.71
Copper (HGH19)	2.7590	-0.0545	2.8135
Crude Oil (CLF19)	53.25	1.69	51.56
S&P500	2700.06	17.86	2682.20
U.S.Dollar (DXZ18)	96.90	-0.38	97.28
30 Year T-Bond (ZBH19)	142 - 5	2-17	139 - 10
10 Year T-Note Yield	2.92	-0.14	3.06
13-week Treasury bill	2.37	0.02	2.35

Good luck and good trading,



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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	Target #2
PRECIOUS METALS PORTFOLIO							
GOLD	Broke to 4+ mo highs! 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).	1246.60	2dc below 1185.	1365	1536
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)	9.98	2dc below 9.55	10.85	12.75
SILVER	Silver continues to consolidate within a sideways band between \$14 and \$15. A break above \$15 could push silver into a stronger phase that could then test its key "make or break" above key support level at \$17.50. Keep your positions.	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).	14.64	2dc below 13.95	17.25	21
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	8
PPLT	Pulling back but holding above Aug uptrend. Keep your position.	L	78.75 (Sept-2-18).	76.14	2dc below 72	88	96
HUI Index	Gold shares are inching upward, gaining traction. They've outperformed bonds, stocks and gold since the Aug lows and are poised to rise further. Keep your positions and look to increase exposure.	--	N/A	149.37			
KL	Bullish! Sell half at first profit target near \$23 to protect handsome profits built. Wait for a pull back to buy again.	L	Bot: 19.95 (Aug-14-18), 19.25 (Aug-15-18), 19.20 (Aug 23, 18), 17.75 (Sept-20-18).	22.07	2dc below 18	23	27
BTG	BTG confirmed support at 2.45. It must now break above resistance at 2.70 to show strength that could push it to the 2018 highs. If not in with a full position, but some at mkt.	L	Bot: 2.68 (Oct-16-18), 2.55 (Oct-30-18), 2.50 (Oct-31-18).	2.54	2dc below 2.20 (adj).	3.25	4
ABX	Continues to form a bullish ascending triangle with breakout level at 13.50. If not in with a full position, buy some at mkt.	L	Bot: 13 (Nov-8-18)	13.13	2dc below 11.5	15	20
CURRENCIES							
U.S. DOLLAR (DXZ18)	The dollar is still king and cash should be held in dollars. However, the dollar is forming a bearish rising wedge pattern. If 95.50 is broken to the downside, a decline to the lower 90s would then be likely.	Holding cash reserves in U.S. dollars	N/A	96.90			
RESOURCES AND ENERGY							
Crude-CLF19	Crude is showing signs of support at \$50. A bounce up to \$60 is now likely. Sell half on a bounce up to that level.	L	Bot: 60.75 (Nov-8-18).	53.25	Hold for now.	60+	75
COPPER HGZ18	Copper continues to build a base above a key cyclical uptrend & support level currently near 2.50. Keep your positions. A bounce up to the 2018 highs is likely.	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).	2.76	2dc below 2.58.	3.1	3.3
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).	30.55	Hold	33.5	36.5
RNX.TO	Rising. RNX.TO broke above a downtrend showing strength. Looks good above 15wk MA near 0.45.	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	3
CAT	Almost hit our profit target! It's looking good. Be quick to take profits if target is reached. We'll buy more on a decline below near 125.	L	Bot: 115 (Oct-24-18), 125 (Nov-28-18).	139.32	2dc below 110	150	
OTHER STOCKS							
ACB.TO	Coiling near support. Hold your positions thru weakness.	L	Bot: 9.90 (Nov-8-18), 9.40 (Nov-9-18) (ACB: 7.60 Nov-8-18), 7.15 (Nov-9-18).	7.12	Keep thru weakness	14.5 (12)	
QID	If not in, but some at mkt.	L	Bot: 41.50 (Nov-28-18).	42.45	2dc below 39	52	60
DTE	The safe haven of stocks... Testing all-time highs! Keep during stock market weakness.	L	117 (Nov-21-18).	119.17	2dc below 107	132	150

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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	
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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