

-GCRU-

Weekly Trading Service



GCRU #718

●●● December 15, 2016 (in its 15th year)



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“Luck can often mean simply taking advantage of a situation at the right moment. It is possible to make your luck by being always prepared.” – Michael Korda -

KEY PRICES

Name/Symbol	DEC 14, 2016 price	Change	DEC 6, 2016 price	Name/Symbol	DEC 14, 2016 price	Change	DEC 6, 2016 price
Gold (GCG17)	1163.70	-6.40	1170.10	S&P500	2253.28	41.05	2212.23
Silver (SIH17)	17.22	0.411	16.81	U.S.Dollar (DXZ16)	101.770	1.240	100.530
HUI (HUI)	170.72	-10.96	181.68	30 Year T-Bond (ZBH17)	148 - 15	-1.26	150 - 09
Copper (HGH17)	2.605	-0.0755	2.680	10 Year T-Note Yield	2.525	0.1290	2.396
Crude Oil (CLF17)	51.04	0.11	50.93	13-week Treasury bill	0.523	0.0380	0.485

LOSING A BATTLE TO WIN THE WAR

The Fed threw a wrench in the gold market by delivering a more-hawkish-than-expected statement after raising the Fed funds rate by 25 basis points (bp). The market had priced in a rate hike, but few were expecting a hawkish stance. Once again, “good news” is bad for the stock market.

It seems like the Fed took advantage of Trump-high markets to speed up the tightening process citing a resilient economy, a tighter labor market and a pick up in inflation from a year earlier. Plus, the Fed improved its outlook for 2017 and announced 3 potential rate hikes during 2017.

Nothing like a change in perspective!

The message was clear and interest rates soared even more to a 2+ year high on the 10-year yield. The dollar followed suit thereby pushing most asset classes down. Gold declined, taking a plunge just after the close yesterday while gold shares declined more.

During the past weeks, we’ve lightened up on gold shares by selling AEM. Moreover, we hedged our position in gold by securing a bear put spread on Nov 30 after gold broke below \$1200.

Our strategy was clear and simple.

We kept our position in gold since HUI and silver were holding near key support levels at \$16.50 and 180. The decline below gold’s bull market support at \$1200 was looking like a simple target overshoot, especially

since the U.S. dollar index had been resisting below a 14-year high near 102.

Our **Chart of the Week (Page 1)** is showing how well silver has been holding above its major support while gold broke down. But the tide is turning, at least for the ST, and we must go with it. With HUI falling approximately 11 points to 170 at yesterday's close, silver is becoming increasingly vulnerable as it approaches its key support in the aftermarket. Plus, with the dollar rising above its resistance at 102, we must redefine our strategy until the dust settles.

We now recommend selling your positions in gold, platinum and their shares as well as SLW.

This may seem dramatic and extreme at first glance, but we believe it's best to stay on the sidelines for now.

Keep your bear put spreads in gold and the dollar. We’re also recommending securing a small position in GLL for a potential ST gain. GLL is an ETF that moves inversely to gold, meaning when gold rises, GLL declines and when gold declines, GLL rises.

Keep in mind, we remain bullish gold MT – LT. The main reason is, aside from an uptick in perception, not much has changed.

The U.S. economy remains fragile and levered. For the month of November, retail sales, production and manufacturing remain down, while the trade deficit expanded an 18%. Granted there's been lots of optimism about potential fiscal stimulus during a Trump presidency but it's still to be seen

how these new policies will be implemented and, if they will spur real economic growth.

Throw in the stronger dollar within a tepid global economy and current woes are likely to continue.

For now, the only certainty in Trump's presidency will be continued deficit spending which will continue to add to the U.S. debt.



The 30-year yield on the **Chart Above** is suggesting the mega interest rate trend will eventually be surpassed, most likely next year, for the first time since the early 1980s. This would go hand in hand with the Trump

plan. But for now, the rate surge could also take a breather.

It's true that core inflation has risen as Yellen claims, but so have energy prices as they've almost doubled since Jan 2016. And even though energy prices are not directly considered when calculating core inflation, energy indirectly affects all goods and services. Keep in mind, energy prices haven't risen thanks to stronger global demand, instead they've risen due to supply destruction. Not such a healthy sign.

We must pick our battles. For now, it's best to watch from the sidelines and keep our short positions to take advantage of extended weakness in the gold universe. We'll buy longs again soon.

The stock market also fell from its pedestal on Yellen's hawkish stance, and for now the market looks ripe for a correction or decline. The **Chart Below** shows the Dow Industrials and its leading indicator have reached extreme highs ST. Notice the indicator is now showing limited upside and some downtime is likely. A decline to the Industrial's 65wk MA at 17750 would be healthy and the bull market in stocks would remain intact.

We continue to wait patiently for the coveted pull back in overbought stocks. Be ready to pull your triggers!

Crude pushed higher, breaking above \$52 on a 2dc. The move was bold after further production cuts were announced. However, concerns over the implementation and compliance, together with speculation of renewed production in the U.S. continue to put a lid on crude.

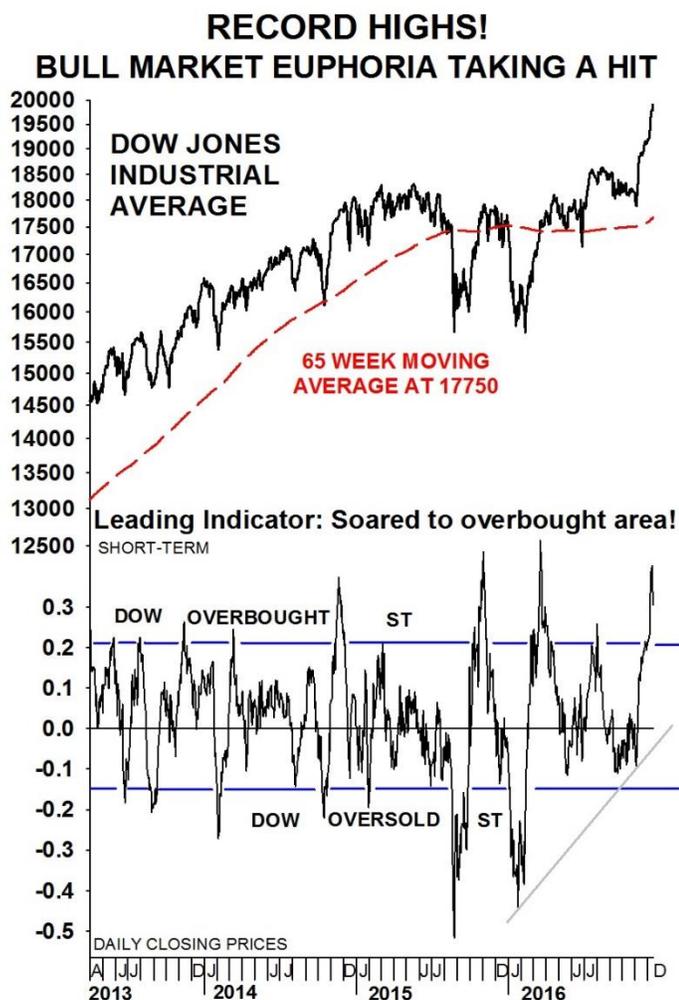
The break above \$52 in crude was strong, however, as it broke out from a massive bullish pattern in crude telling us more upside is now likely. We recommend picking up some crude on some weakness near \$48, and more on a deeper pull back that holds above crude's bull market support near \$46.

Our strategy for this week is to sell your gold, silver, platinum and their shares. They remain vulnerable and under pressure. Keep your put spreads in gold and the U.S. dollar. Buy some GLL or add to your shorts in gold. Get ready to buy stocks on a decline. See our guidelines in the section that follows.

Good luck and good trading,



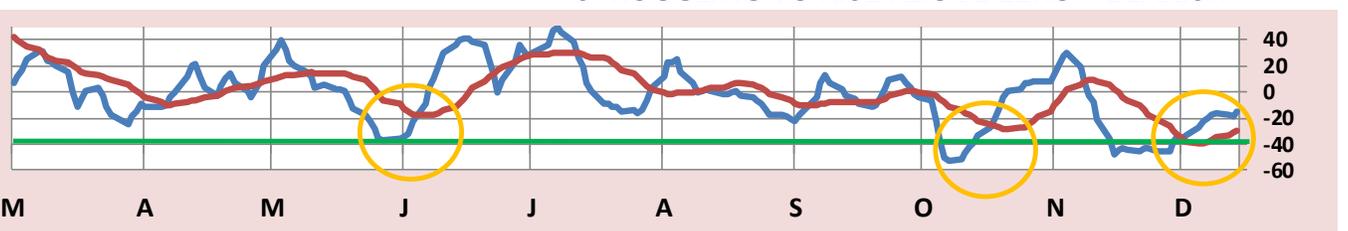
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MARKET LEADERS



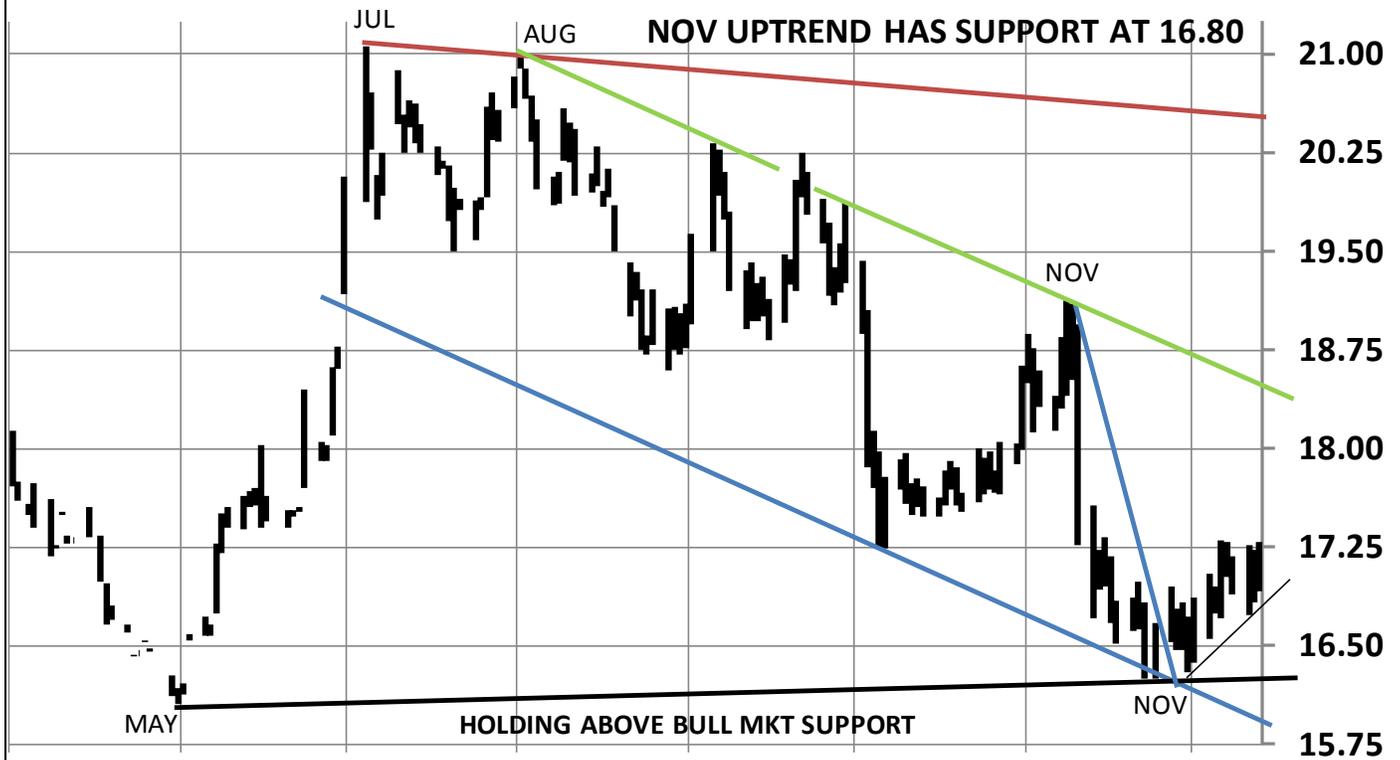
GOLD FEBRUARY 2017(GCG17) 12/14/2016 CLOSE = 1163.7



Put Spread (Insurance)	Bought Feb 2017 1140/1100 gold put spread at \$500 & \$550 (Nov30 - 16)
Long	1260 (Mar-4 & 7 - 16) (GLD: 121), 1208 (May-31-16) (GLD: 115.50). Sold half at 1335 (GLD: 126.85) for an average 8% gain. 1306 (Sept-1-16) (GLD: 124), 1285 (Oct-4-16) (GLD: 122.25), 1280 (Nov-7-16) (GLD: 121.90), 1190 (Nov-23-16) (GLD: 113.50).
Profit Targets	1400 & 1500 (GLD: 133 & 143).
New Recom	Sell your longs at mkt. Keep bear put spread. Consider buying GLL at mkt.

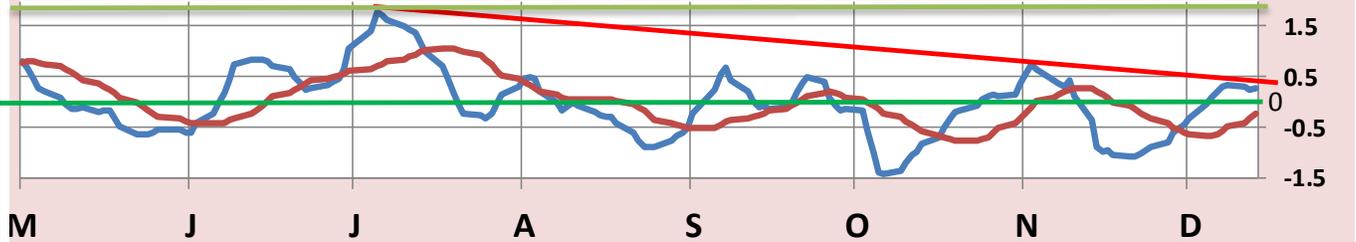
In similar fashion to a year ago when the Fed raised rates for the first time since the Financial Crises, gold and gold shares sold off. Gold is now very vulnerable and a decline to 1100 is possible before a rebound rise is probable. Gold's next real support level is at 1100. We recommend selling your positions at mkt to avoid more downside risk. Keep your bear put spreads as they still have 43 days until expiration and gold remains poised to decline further. Gains in our bear put spread should counter the approximate 10% loss is our gold sale.

SILVER MARCH 2017 (SIH17) 12/14/2016 CLOSE= 17.221



SPINNER (3. 16. 16)

ON THE RISE BUT RESISTING AT DOWNTREND



Long at:	20.15 (Jul-12-16) (SLV: 19.10), 19.75 (Aug-8-16) (SLV: 18.90), 18.50 (Aug-29-16) (SLV: 17.60), 18.70 (Sept-1-16) (SLV: 17.75), 18 (Oct-4-16) (SLV: 16.95), 17.65 (Oct-5-16) (SLV: 16.85), 17.40 (Oct-12-16) (SLV: 16.75).
Stop	2dc below 16.50 (adj).
Profit Target	25 & 28 (SLV: 23.50 & 26)
New Recom:	Keep your positions.

Silver held up stronger than most after the Fed issued its hawkish statement earlier today. Silver continues to hold above its mini Nov uptrend near 16.80 and well above its key support at 16.50. Spinner is resisting below a downtrend since Jul suggesting caution. Continue to hold silver as long as it holds above its key support at 16.50.

U.S. DOLLAR INDEX DECEMBER 2016 (DXZ16) 12/14/2016

CLOSE= 101.77



Bear Put Spread

Mar 2017 Dollar bear put spread at 99/97 at US\$500 & US\$550

New Recom

Keep your positions.

A more-hawkish-than-expected Fed showed confidence in the strength of the U.S. economy thereby pushing the U.S. dollar index near its 14 year-high resistance level at 102. However, the dollar has formed a new upside wedge with downside target near 97.50. A break below 100.50 on a 2dc would confirm the pattern and a decline to the target would then be likely. The dollar must break above 102.50 to void the bearish pattern. Keep in mind, if the dollar now stays below 102.50, it'll show a sign of weakness. Spinner is below its MT MA also losing steam. A stronger dollar remains deflationary in today's fragile global economy and most asset classes are likely to suffer as a consequence.

LIGHT CRUDE OIL JANUARY 2017 (CLF17) 12/14/2016

CLOSE= 51.04



Recom: **Buy near 48 (DBO: 8.80) and again near 46 (DBO: 8.50). Place stops at 2dc below 45 (DBO: 8).**

Further agreements to cut global production pushed crude above its key resistance and bullish H&S bottom neckline showing strength and upside potential. As shown previously, the upside target for the bullish formation is near 70. Moreover, crude's 5wk MA is showing a bullish cross as it breaks above the 15 wk MA, a sign of strength. Spinner very bullish but reaching overbought levels telling us crude may lose some steam ST. Crude's 2016 uptrend and support near 44 remains a key level. As long as crude stays above this level, it'll be bullish. We recommend buying some crude (or crude's high volume ETF: DBO) on a decline.

CBOE Interest Rate 10 Year T No (^TNX) 12/14/2016 CLOSE= 2.53



CBOE Interest Rate 10 Year T No (^TNX) - Chicago options

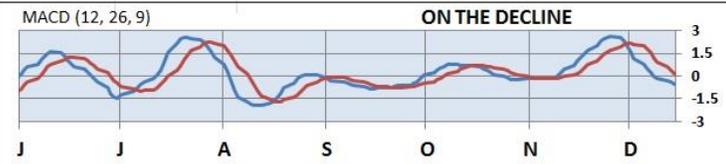
The 10YY broke up to a 2+ year high after today's interest rate hike. Moreover, Fed's Yellen increased her forecast to 3 rate increases in 2017 showing her confidence in the U.S. economy as well as an increase in inflation expectation. Notice Spinner bottomed above zero and it's now rising above its MT MA showing impressive strength. On the downside, however, the 10YY is forming a bearish upside wedge with a downside target near 2.02%. This tells us a pull back within the 10YY's bullish rise is likely ST unless the 10YY rises above 2.62. Stronger rates will continue to be supportive of a stronger dollar.

COPPER MARCH 2017 (HGH17) 12/14/2016 CLOSE= 2.6045

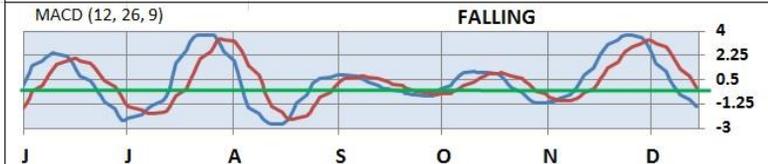


Copper continues to consolidate its recent bullish rise above its 5wk MA near 2.58. Copper will remain bullish by staying above this level. Moreover, notice Spinner remains above an uptrend of its own since 2016. This tells us momentum is poised to rise further if Spinner holds above its uptrend. Copper is looking topy ST, and we could see a shift in momentum develop that could push copper lower ST. Speculation the U.S. economy will continue to improve adding demand for resources will continue being supportive of higher copper and resource rich economies.

SPDR DOW JONES INDUSTRIAL (DIA) 12/14/2016
CLOSE= 198.14



Shares Transportation Average (^IYT) 12/14/2016
CLOSE= 166



New Recom

Buy IYT on a dip below 153. Place profit targets at 176 and 190. Place stops at 2dc below 147.

Good news is bad? The stock market declined after the Fed's Yellen issued a hawkish statement showing confidence in an improving U.S. economy. Earlier this week, before today's announcement, the Industrials rose to new highs. The Transports also rose to new highs last week. Both likely in anticipation the Fed would remain dovish despite rising rates. Right off the bat, however, the message affects the stock market on two accounts. The first is that as rates rise, fixed income assets become more attractive to investors and risk assets less desirable. The second, higher rates in today's global economy will continue to be supportive of a stronger U.S. dollar which in turn may continue to hurt exports. A decrease in exports would affect most companies that make up the Averages. Yet notice the Transports breaking below its bearish upside wedge pattern as Spinner declines from near overbought levels. This tells us a stock market decline or correction to the wedge target is now likely. The Industrials are farther away from breaking below a bearish upside wedge of its own. However strong resistance near 20000 (DIA: 200) and a declining Transportation Average will likely drag the Industrials below the wedge support. Stay out for now but get ready to buy if our entry levels are reached.

ADEN GOLD STOCKS ADV/DECLINE 12/14/2016
CLOSE = 4379

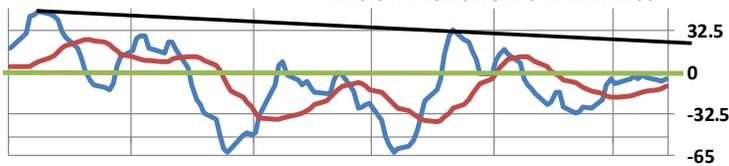


HUI GOLD BUGS INDEX (HUI) 12/14/2016 CLOSE= 170.72



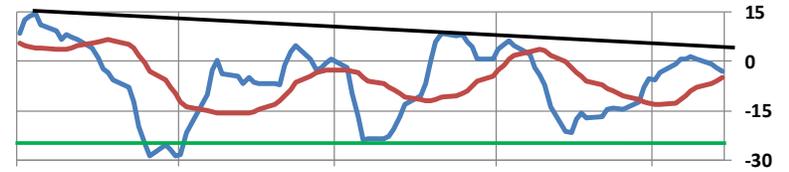
SPINNER (3, 16, 16)

RESISTANCE SHOWS WEAKNESS



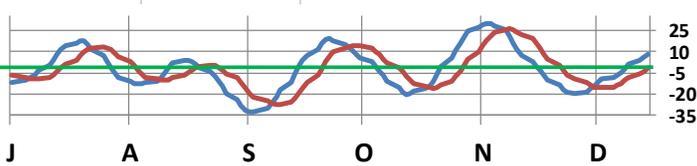
SPINNER (3, 16, 16)

STRONG RESISTANCE = DOWNSIDE PRESSURE



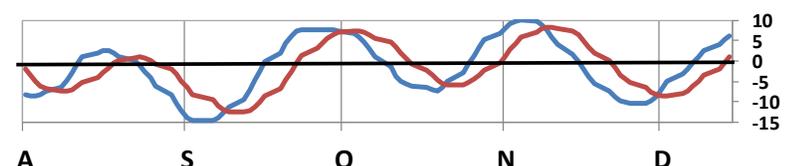
MACD (12, 26, 9)

BREAKING ABOVE MT MA



MACD (12, 26, 9)

RISING



Gold shares collapsed after gold sold off earlier today. HUI declined to a new low for the move and the A/D Line declined to an adjusted support showing weakness. Junior shares which had been holding up better than seniors sold off too exacerbating the bearish decline. Spinners for both the A/D Line and HUI are showing strong resistance and downside pressure in gold shares. This tells us we could see lower lows before a rebound rise occurs in gold or gold shares. We're now selling positions for a loss to reduce exposure to gold shares.

STOCKS

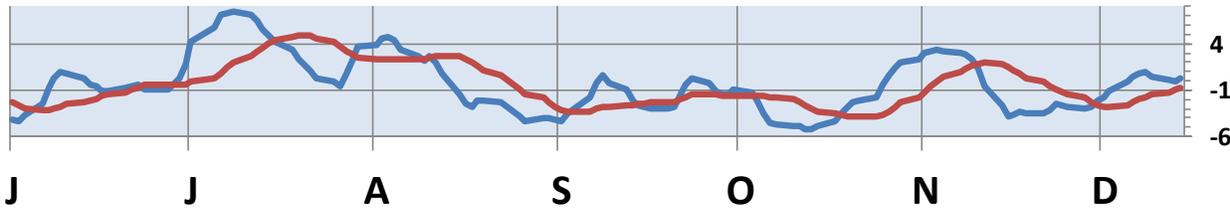


ETFS Physical Platinum (PPLT) 12/14/2016 CLOSE= 88.63



SPINNER (3, 16, 16)

LOOKS GOOD ABOVE MTMA



ETFS Physical Platinum (PPLT)

Long at: 104 (Aug-24-16), 100.50 (Sept-1-16), 98.50 (Sept-27-16), 90.75 (Oct-19-16).

Profit Target: 110 & 135

New Recom: **Sell at mkt.**

PPLT failed to rise above the Aug downtrend earlier today as metals and equities alike got clobbered after the Fed's hawkish statement. PPLT will remain under pressure unless it can rise above the Aug downtrend on a 2dc above 92. Spinner is resisting at the zero line showing signs of weakness. This tells us we could see more lows before a meaningful breakout rise develops. We recommend selling at mkt for a loss.

Silver Wheaton Corp. (SLW) 12/14/2016 CLOSE= 18.68



Silver Wheaton Corp. (SLW)

Long at:	27 (Aug-24-16), 25.25 (Sept-1-16), 22.20 (Oct-7-16), 22.85 (Oct-10-16), 24 (Oct-19-16), 19.50 (Nov-16-16).
Stop:	2dc below 18.
Profit Target	27, 30.
New Recom:	Best to sell.

SLW declined today showing downside pressure. It's also formed a bearish flag with a steep downside target at the 15 level. SLW must break below 18 to show a pattern break-down that could push SLW to the target. Spinner showing rising momentum but it's now starting to resist near zero showing weakness. The tide has changed and it's best to sell and stand aside until the dust settles.

New Gold, Inc. (NGD) 12/14/2016 CLOSE= 3.63 US\$



New Gold, Inc. (NGD) -Nyse mkt

Long:	3.95 (Oct-24-16).
Profit Target	4.5, 6.
Stop:	2dc below 3.50.
New Recom:	Sell at mkt.

NGD has held better than most gold shares after today's sell-off. It's holding above its key support level at 3.50. However, overall weakness within the gold universe tells us more downside is now likely. We recommend selling at mkt as downside risk heavily outweighs upside potential ST.

MKT VECTORS JR. GOLD MINERS (GDXJ) 12/14/2016 CLOSE= 32.18

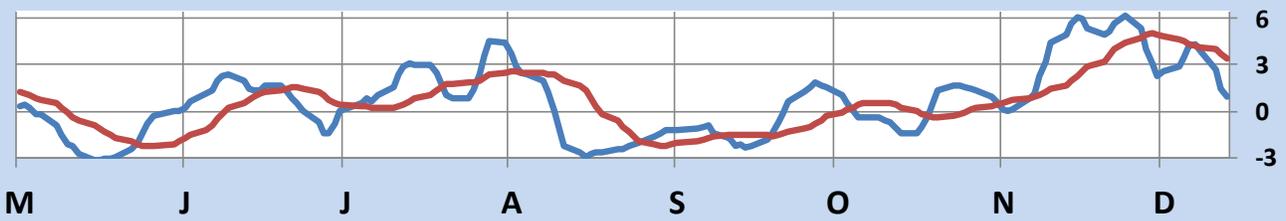
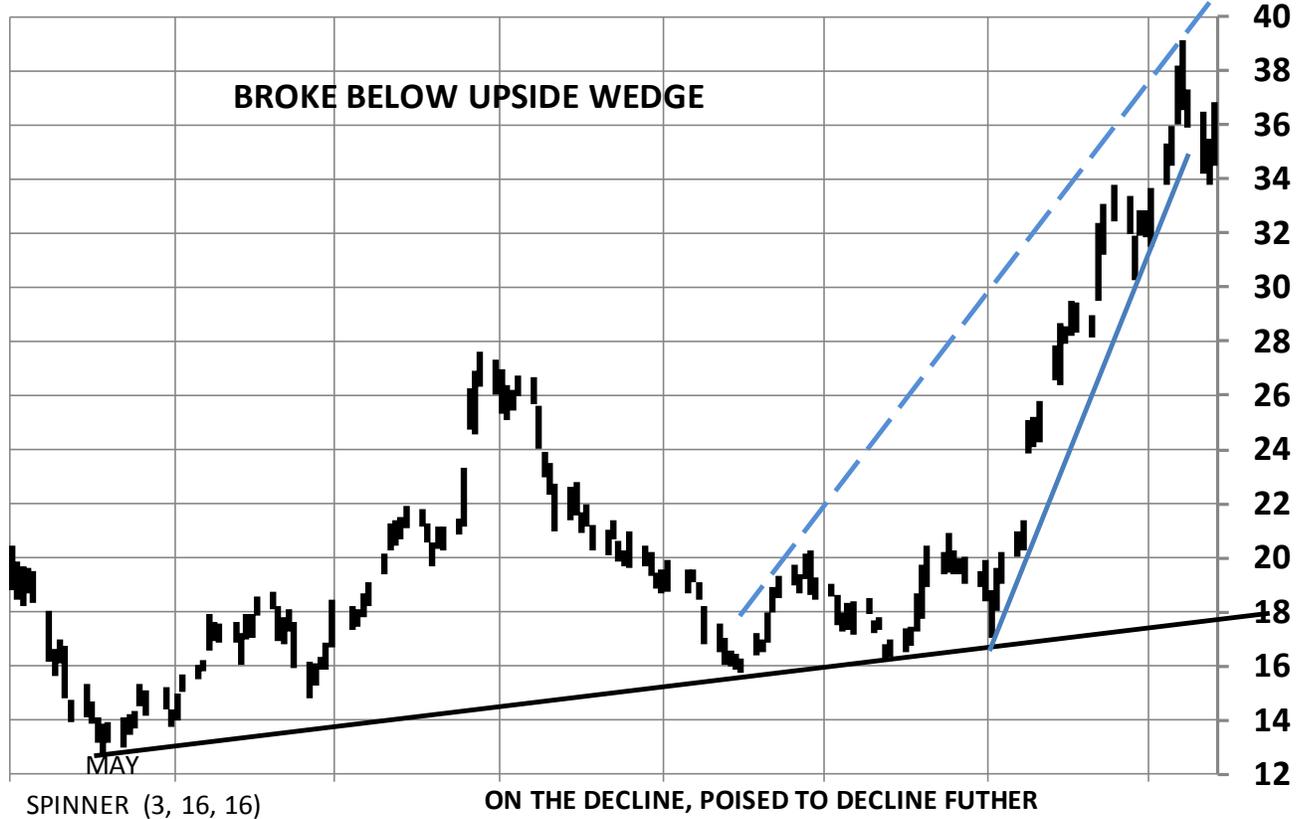


Junior Gold Miners ETF (GDXJ) - NYSEArca

Long at:	41.50 (Nov-3-16), 40 (Nov-7-16), 35.50 (Nov-16-16).
Stop:	2 dc below 33.60.
Profit target:	46 & 50
New Recom:	Sell at mkt.

GDXJ broke below the 2016 uptrend showing weakness. Juniors had been holding up better than seniors but collapsed today as weakness overtook gold and stocks together. Although GDXJ has only hit our stop on a 1dc (today), we recommend selling at mkt for a loss.

UNITED STATES STEEL Corp. (X) 12/14/2016 CLOSE= 35.53

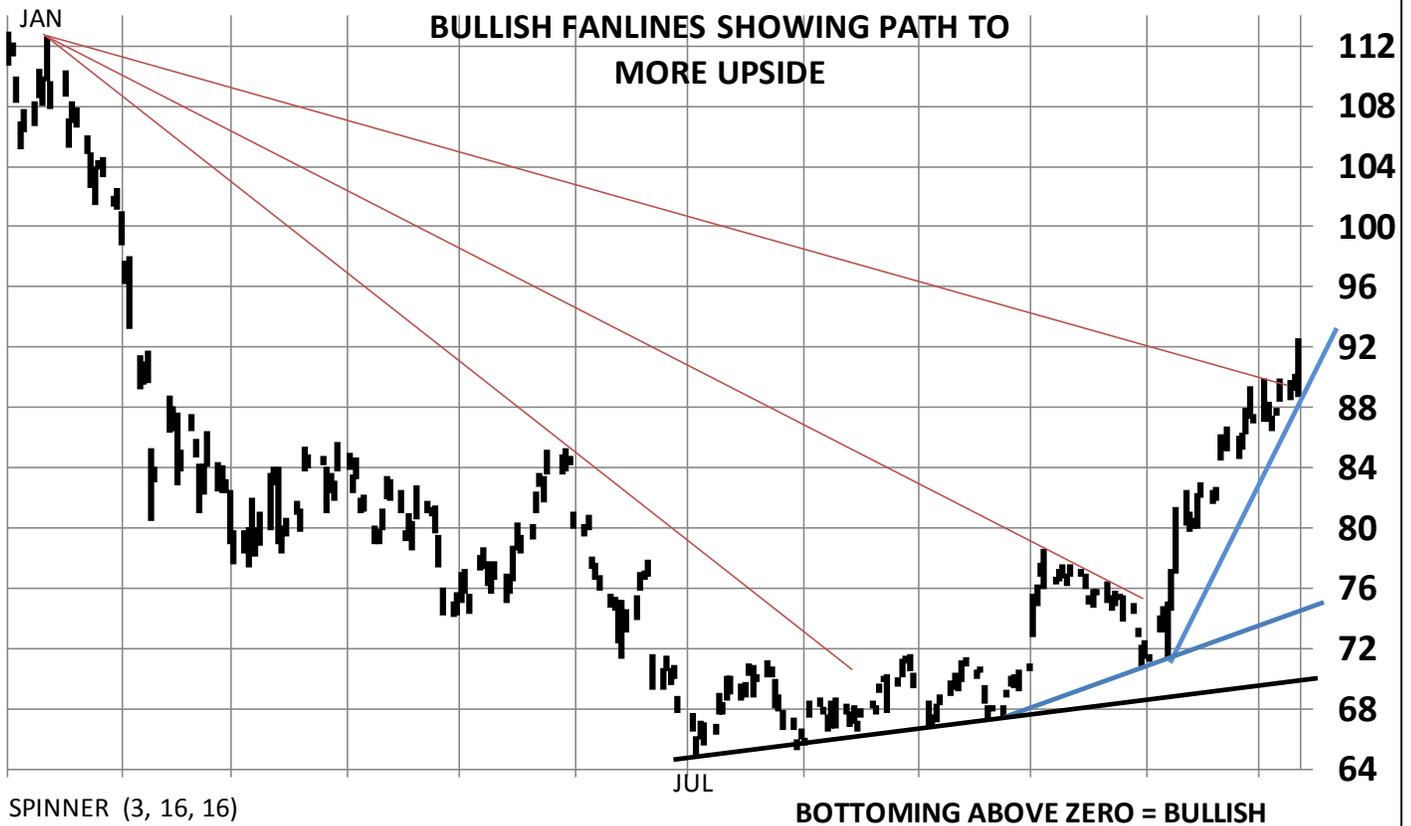


United States Steel Corp. (X)-NYSEArca

New Recom: **Buy some on a decline to 30 and then again near 22. Place stops at 2dc below 18.**

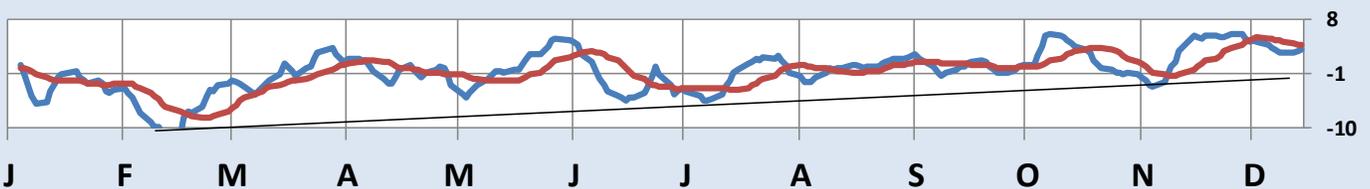
X is finally showing signs of weakness at the highs. It broke below a bearish upside wedge with a downside target near 29. If X now stays below 38, it'll decline to the wedge target. Notice Spinner declining after resisting at its MT MA showing weakness. This tells us momentum is shifting to the downside and a decline ST is likely. Get ready to buy at our entry targets.

ProShares UltraShort Gold (GLL) 12/14/2016 CLOSE= 92.11



SPINNER (3, 16, 16)

BOTTOMING ABOVE ZERO = BULLISH



ProShares UltraShort Gold (GLL) -NYSEArca

New Recom: **Buy below 90. Profit targets at 102 & 112. Place stops 2dc below 85.**

GLL is an ETF that is 2x the inverse of the daily performance of gold. GLL has broken above bullish fan lines, showing upside potential. Notice Spinner forming a bottom above zero showing momentum remains on the rise. This tells us GLL is strong and poised to rise further. We recommend securing a position to gain on gold weakness.

OPEN POSITIONS

Symbol	Trade Update &/or Current Position	Status (L=Long, S=Short, O= Out P= Put C= Call)	Initial Entry Date	Initial Entry Price	Traders re-bot/ -sold at	Last Closing Price	Stops	Target #1	Target #2
SHARES									
GLL	Buy at mkt. Profit targets at 102 & 112. Place stops 2dc below 85.	O				92.11	2dc below 85	102.00	112.00
SLW	Best to sell.	L	Aug-27-16	27.00	25.25, 22.20, 22.85, 24, 19.50	18.68	2dc below 18	27.00	30.00
X	Buy some on a decline to 30 and then again near 22. Place stops at 2dc below 18.	O				35.53	2dc below 18		
PPLT	Sell at mkt.	L	Aug-24-16	104.00	100.5, 98.50, 90.75	88.63	NO STOP FOR NOW	110.00	135.00
NGD	Sell at mkt.	L	Oct-24-16	3.95		3.63	2dc below 3.5	4.50	6.00
GDXJ	Sell at mkt.	L	Nov-3-16	41.50	40, 35.50	32.18	2dc below 33.60	46.00	50.00
MARKET LEADERS									
Gold - GCG17	Sell your longs at mkt. Keep bear put spread. Consider buying GLL at mkt.	L, P	Mar-4 & 7-16	1260.00	1208, 1306, 1285, 1280, 1190	1163.70	3dc below 1200	1400.00	1500.00
Crude-CLF17	Buy near 48 (DBO: 8.80) and again near 46 (DBO: 8.50). Place stops at 2dc below 45 (DBO: 8).	O				51.04	2dc below 43	60.00	70.00
Silver SIH17	Keep your positions.	L	Jul-12-16	20.15	19.75, 18.50, 18.70, 18, 17.65	17.22	2dc below 16.50	25.00	28.00
US Dollar DXZ16	Keep your positions.	P				101.77			
COPPER HGU16	Stay out.	O				2.60			

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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, ie, 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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