



-GCRU-

Weekly Trading Service



Omar Ayales

Achieves gains by trading commodities, currencies and stocks

February 13th 2019

IN ITS 18th YEAR – N° 823

STOCK MARKET CONTINUES ITS REBOUND RISE

GOLD SHARES CONSOLIDATING THEIR RISE ...

GREAT PROFITS BUILDING

LONG INTEREST RATES CONTINUE TO CORRECT

The rebound in U.S. equities continues... The Fed has unleashed animal spirits allowing speculation to grow that more monetary stimulus will continue feeding an already hot economy.

The market also seems to have priced in a deal with China, and a border wall could be the tip of the iceberg when it comes to infrastructure spending.

Slower growth is not really on anyone's radar these days as investors and traders seem to be pricing in ideal scenarios on different events that are yet to play out.

And I'm concerned because things are never what they seem and if expectations are not met, the bear market that began in a few months ago will likely resume its course.

The China trade enthusiasts will find themselves in a "buy the rumor, sell the news" situation.

Emerging markets remain lackluster, led by China. And China's woes are not only about trade skirmishes... Their growth has been decelerating for years!

"The smart investor must know the difference between what is temporarily undervalued and what is permanently undervalued."

-John Templeton

Europe's economy won't heat up. And Germany is now showing critical cracks as political uncertainty looms, while Italy has yet to recover from the crisis a decade ago

Brexit is not yet out of the picture. And although it might be on the back burner for now, it's a question of time before it hits world markets front and center once again.

QT, quantitative tightening, is all about rolling back stimulus. Like I've mentioned before, the end of the era of stimulus has started and as liquidity is removed, tighter economic conditions will naturally develop.

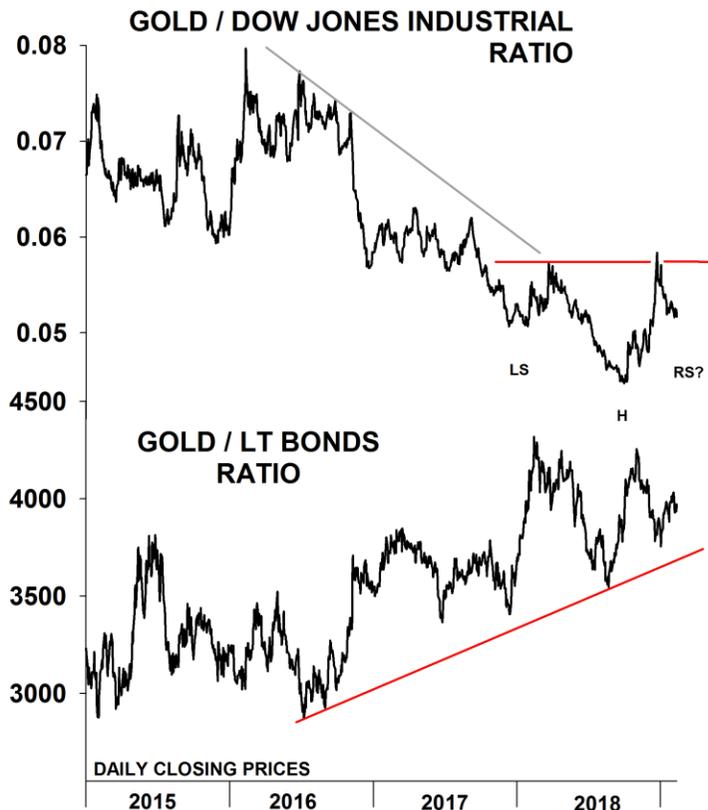
Peak earnings growth is not of doomsayers. It's just reality. There's only so much the world can sustainably grow before it hits a ceiling.

Many are enjoying the Fed's sugar high from the recent statement. But be aware, although the rate of interest rate hikes has slowed, the unwinding of the Fed's balance sheet has started.

Keep in mind, the curbing of interest rates and falling of longer term rates are indicative of a decelerating economy. Not the other way around.

Meantime, gold has been quietly yet steadily rising. What does the potential renewed secular bull market in gold mean?

GOLD: BETTER THAN STOCKS & BONDS



My first chart today is a gold to stock and gold to bond ratios since 2015.

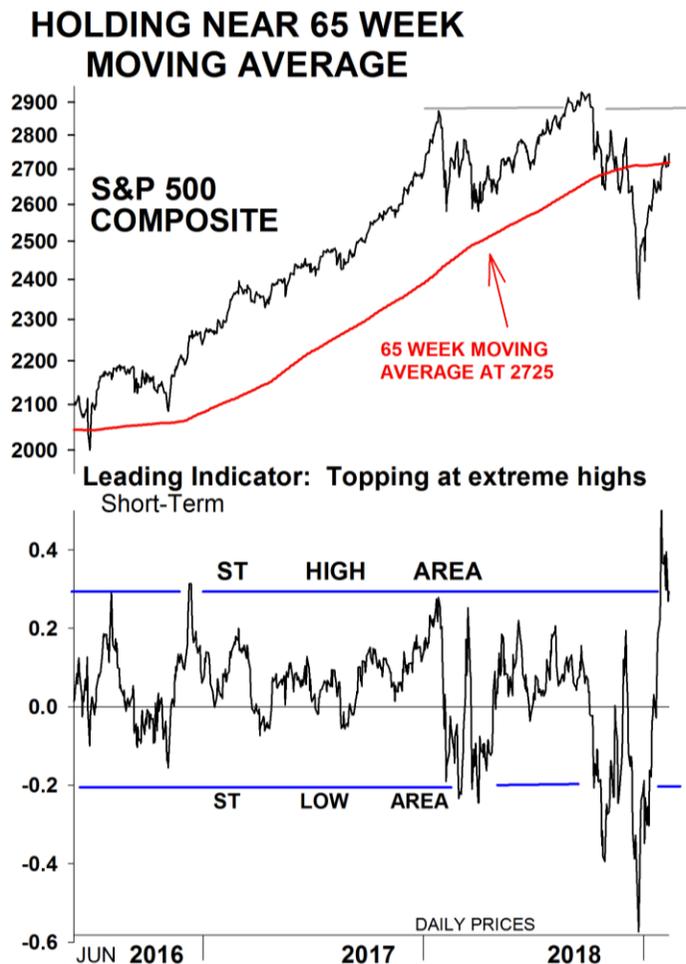
The top graph on the chart above shows gold on a spectacular decline versus stocks since 2016, coincidentally when the melt up in U.S. equities began, just as president Trump was sworn into office.

But notice the ratio reached a low in 2018. And a H&S bottom pattern has been forming since the end of 2017. This means a further bottom formation could develop before gold starts clearly outperforming stocks.

And if the ratio breaks above the neckline resistance, the trend could revert in gold's favor which means downside pressure on equities.

The lower graph of the chart above shows the ratio of gold compared to LT bonds. Gold has already been outperforming bonds since 2016. It's been the safe haven of choice since then, especially since the mega bull mkt in bonds topped out in 2016.

The charts spell out upcoming turmoil in the global economy. What the catalyst will be is anyone's guess.



Falling longer term rates are also spelling out concern.



Late in 2018 the yield on the U.S. 10 year T-note broke below its 65 wk MA suggesting a shift in the intermediate trend. Pressure remains down and its leading indicator is telling us more downside is likely.

Remember U.S. equities and long term rates started rising together in 2016, reverting back to an old normal, before the era of stimulus post financial crisis.

That old relationship will likely remain moving forward.

The chart of the U.S. 10 year yield is telling us business activity could scale back as financial conditions tighten.



Indicators on most Averages and Indices are over-extended telling us U.S. equities are overbought ST and some downtime or consolidation is likely.

The rise from the bear market lows has been impressive but it lacks substance to surpass key levels that would trigger a trend reversal from the bear market that began in Oct.

There's lots of pressure mounting and the most viable path, at least ST seems to be down.

We're out of most industrial, transport and tech stocks and have bought positions in equities that could thrive under the global political and economic environment we live today.

Our strongest positions are within the gold realm.



Since 2016 we've been trading gold. It's been a good ride, and the best is yet to come.

It's at the brink of testing a multi-year resistance near \$1,365. Our intermediate indicators are bullish and reaching high levels confirming the resistance level.

This is why we recommend selling half of your gold at or near \$1,365. Protect some profits and let the rest of your positions run.

Silver, the poor man's gold, is also on the rise. It has been bombed out for so long, nobody really realizes it's developing an uptrend with solid support near \$15.

Notice silver's ST leading indicator on the chart above has been quickly unwinding. And while silver has barely pulled back, it's starting to

resist at its 65 week MA. It could decline to the \$15 level, its 15 week MA, while the indicator unwinds further.

Meanwhile the U.S. dollar rose to test its recent high and key resistance area. The dollar's impressive rise put a damper on world currencies. But gold and silver held their own and remain robust.

Keep your silver for now but sell some on a rise to \$17.50.

Our strategy since the bear market broke out has been to buy in sectors that are poised to perform in a slower growth global environment, where tightening is the mantra, not stimulus.





We bought gold shares at the lows and have continued to accumulate. Most, if not all, of our positions are up showing built-in profits.

And the ride is not yet over.

Uptrending gold shares are also indicative of gold's broader up move.

Our next chart shows HUI since Jan 2018. It has started to uptrend since reaching a low in August. It has broken above its critical 5wk MA and its leading indicator is bullish with room to rise further.

The current pull back is looking more like a bullish flag than a top. And if HUI now stays above 163 and rises above 170, the bullish pattern would be confirmed and a rise to the 2018 highs would be likely.

Our in house A/D line is also confirming the bullish action. It too has broken above a downtrend since Sept. Interestingly, the A/D line lagged the HUI (usually the other way around). And it's now forming a bullish pattern too, suggesting pressure is to the upside and any weakness should be used to add to your positions.

Our individual gold shares have been looking good. They remain uptrending and are poised to rise further.



Some of you may feel compelled to take some profits. After all, they've been good and we do try to gain from ST moves.

However, I believe the intermediate trend remains up and prefer to avoid getting caught with a reduced position if and when the gold market picks up the pace.

Remember, there's no fever like gold fever and once it takes off, it's hard to jump back in.

SSR Mining (SSRM) reached a new high this week above \$14. But it's now pulling back. Spinner is retracing from the highs telling us some consolidation or downtime is likely.



However, like most of our positions, as long as SSRM holds above the Sept uptrend near \$13, it'll be poised to continue rising.

Our Junior Gold Miners ETF (SGDJ) is moving similarly. It's consolidating a bullish rise and it's now forming a bull flag with lots of upside potential if recent intraday high at \$28 is broken to the upside.



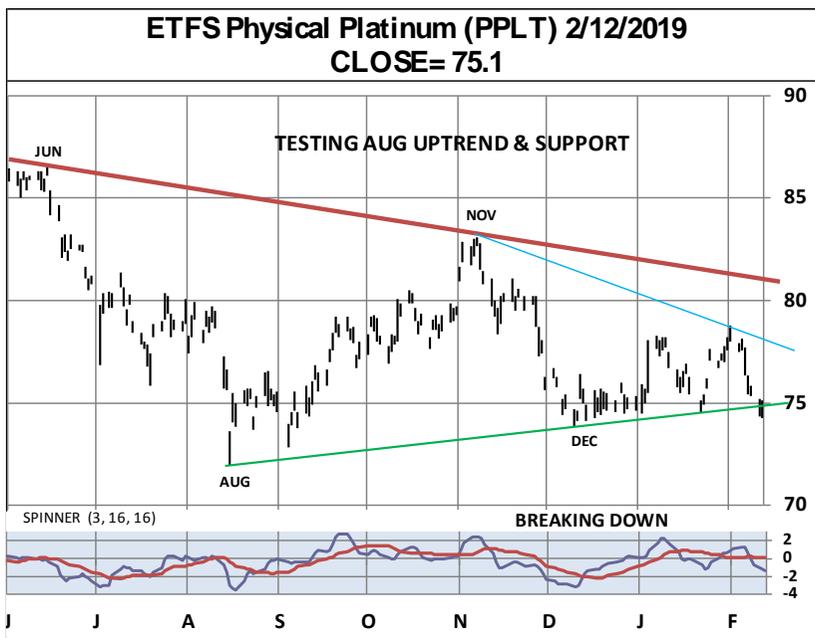
Agnico Eagle Mines (AEM) fell deeper than most of our positions today. It recuperated towards the end of day, closing above \$42, while showing strong support above its 5wk MA just above \$41.

AEM's Spinner broke below its MT MA and it's about to test the zero line. AEM will remain very bullish above its 5wk MA at \$41 but also consider it could easily test its stronger support near \$39, the Sept uptrend.



B2Gold (BTG), our strongest one until recently, pulled back the most, actually dipping below its 5wk MA. BTG remains bullish with upside bias by staying above \$2.75.

BTG's Spinner is dropping quickly, but remains above a 6 month uptrend showing momentum remains uptrending.



In looking for increased exposure to precious metals, we bought platinum (PPLT). It had been extremely bombed out and hated, and the timing seemed right for it to shine.

But it hasn't thus far. It just can't catch a bid! PPLT remains lackluster almost as if it has jumped off the precious metals bandwagon.

We continue to wait for the right time to unload.

Resources and energy, on the other hand have been upticking from key support levels.

Copper is lifting off after forming a 6 month long base above a cyclical bull mkt uptrend that began in 2016. It's yet to break out and turn on the heat. But with each passing day the likelihood of it rising increases.



Infrastructure spending is one of the areas I believe we will see growth in the coming years. Particularly in the U.S. as it seemingly has bipartisan support. President Trump's wall could kick it off.

We have two resource companies that have been good to us.

We bought Caterpillar (CAT) and it has not disappointed. It has not risen as much as we'd like and the lower than expected earnings from the fourth quarter took a toll.

However, it remains on a solid uptrend and well above our entry level. It looks strong above \$130 and could reach our profit target soon.

I recommend keeping your positions and selling near our profit target at \$141.



Our other resource is a junior company. A more speculative play. RNC Minerals Corp (RNX.TO).

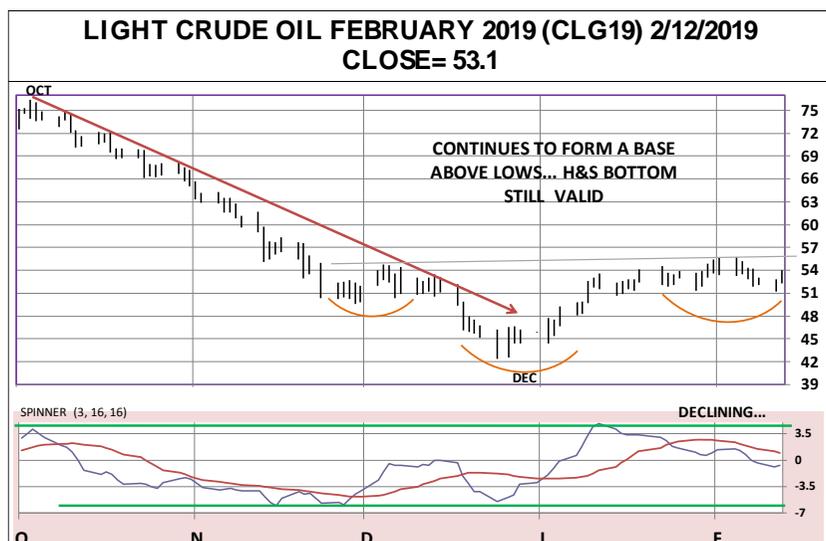


We capitalized late last year on runaway speculation from the Father's Day Vein discovery.

It has pulled back since, found support at CA\$0.45 and resumed its rise. RNX.TO is now above CA\$0.70 and looking good. It created a clear uptrend from the support level and it's showing upside potential.

Keep your positions and wait for the rise in resources to develop further.

Crude oil also had a rebound rise as impressive as the stock markets'. It's now holding above \$50 and looking ripe for more upside.

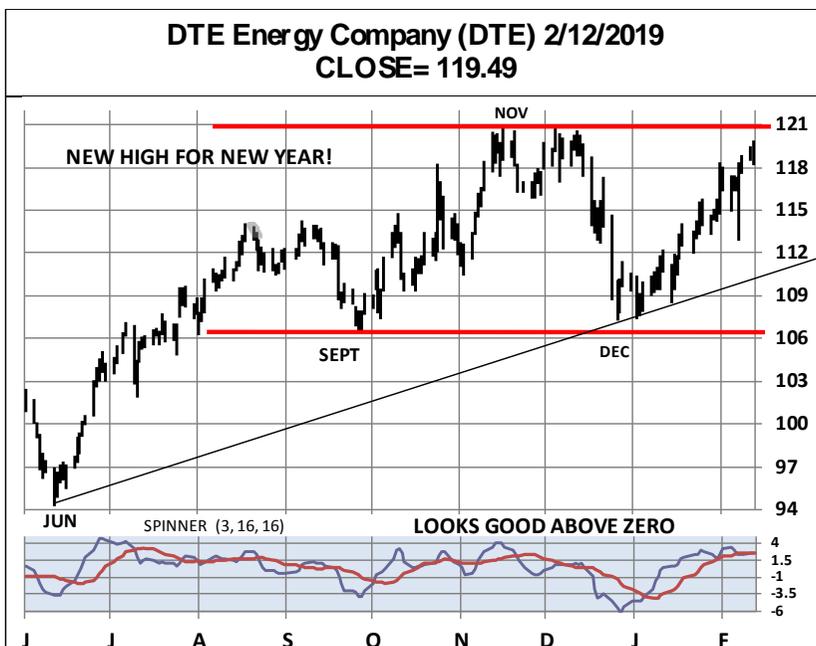


It's likely that oil could turn with U.S. equities. They tend to move together. Same with long term interest rates. However, it's my belief the economy remains strong despite the peak in earnings growth meaning demand should stay robust.



Moreover, supply disruption from OPEC+ will likely continue as it has been announced and Venezuela, a top producer, is not likely to resume to full production capacity any time soon.

Denbury Resources (DNR) fell below \$2. It's hovering above support at \$1.75, slipping below it earlier this week. Our stop, however, has not been hit as support at the lows seems strong. Hold on for now.



Utilities, the safe havens' of stocks, are looking good. They held up better than most stocks during the decline in October and have risen on the

DTE Energy (DTE) has been among the best utilities. It's testing the Dec highs near \$120. It's Spinner is up-trending and well above zero with room to rise further. A clear break above 120 on a 2dc would confirm strength and a renewed leg up rise would then be likely.

Keep your positions. Sell half at first profit target near \$121.

On the more speculative side, we also bought Aurora Cannabis (ACB.TO). It's a new growing industry with lots of potential. In its short lifespan, ACB.TO is becoming an industry leader, securing great alliances.



The cannabis industry is quickly becoming accepted as a legitimate industry and seen to be a disruptor of other established industries such as medical and entertainment.

It has growing acceptance in the U.S. and was one of the biggest winners during the U.S. mid-term elections. It has also become legal for recreational use in Canada.

ACB.TO is showing support as it tests its 5wk MA. Keep your positions. It's growth potential is off the charts.

Our strategy for this week is to stay put. Take some profits on positions if you feel the need to protect them. Some weakness is among us in different sectors and some downtime likely. However, the intermediate trends remain up in the industries we have, and higher highs are likely. Take advantage of weakness to add to your positions.

Good luck and good trading,



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KEY PRICES			
Name/Symbol	Feb 12, 2019 Price	Change	Feb 5, 2019 Price
Gold (GCJ19)	1314.00	-5.50	1319.50
Silver (SIH19)	15.690	-0.17	15.855
HUI (HUI)	165.63	-4.12	169.75
Copper (HGH19)	2.7720	-0.05	2.8180
Crude Oil (CLH19)	53.10	-0.61	53.71
S&P500	2744.73	7.03	2737.70
U.S.Dollar (DXH19)	96.503	0.68	95.825
30 Year T-Bond (ZBH19)	145.969	0.22	145.750
10 Year T-Note Yield	2.68	-0.02	2.70
13-week Treasury bill	2.38	0.01	2.37

TRADER SHEET

Symbol	Trade Update &/or Current Position	Status L= Long S= Short O= Out P= Pat C= Call	Long or Short	Last Closing Price	Stops	Target #1	Target #2
PRECIOUS METALS PORTFOLIO							
GOLD	Pulling back after reaching new highs, and forming a bullish flag pattern with handsome upside potential. Spinner unwinding but bullish above uptrend. Keep your positions but be quick to sell half of your position at our first profit target near \$1365.	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).	#####	2dc below 1265.	1365	1536
PHYS	Keep your positions. Sell half at first profit target.	L	Bot: 9.63 (Jan-5-17), 10.12 (Mar-16-17). Sold half at 10.54 for an average gain of 7%. Bot: 9.98 (Jul-3-17). Sold half at 10.95 for an average 10% gain. Bot: 10.58 (May-1-18), 10.15 (Jun-28-18), 10.20 (Jul-5-18), 9.65 (Aug 30, 18)	10.48	2dc below 10.25	10.85	12.75
SILVER	Also pulling back. However, silver is showing bullish support at the steeper Nov uptrend. If silver holds at this level near 15.65, it'll prove to be very strong. If it breaks below, it could lose some of its ST bullish luster. Silver's stronger support is near \$14.75.	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), 15.35 (Jan-22-19).	15.69	2dc below 14.50	17.5	21
PSLV	Keep your positions. Sell half at our first profit target.	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), 5.52 (Jan-22-19).	5.71	2dc below 5.30	6.25	8
PPLT	PPLT remains lackluster. Downside pressure is keeping a lid on the price. The Jun downtrend near 82 is strong resistance. Spinner broke below zero and its MT MA telling us more weakness is likely ST. We continue to wait for an opportunity to unload.	L	78.75 (Sept-2-18).	75.10	2dc below 74	83	85
HUI Index	Gold shares continue to consolidate near the recent highs. Both HUI and the A/D Line are now forming a bullish flag pattern with pole resistance at 170 and 4340. This tells us, if both HUI and the A/D Line rise above these levels, the bullish pattern would be confirmed and a renewed leg up to possibly the 2018 highs would be likely. Conversely, if HUI and the A/D Line break below the recent lows near 163 for HUI and 4310 in the A/D Line, the bullish pattern would fold and a steeper pull back would then be likely. Keep your positions during weakness.	--	N/A	165.62			
BTG	BTG is pulling back since reaching the top side of the bullish Sept upchannel. Spinner unwinding, breaking below MT MA and testing the zero line. BTG remains bullish above the Sept uptrend near 2.75. If you bought low, consider selling some to protect profits.	L	Bot: 2.68 (Oct-16-18), 2.55 (Oct-30-18), 2.50 (Oct-31-18), 2.75 (Jan-23-19).	2.91	2dc below 2.55	3.25	4
AEM	Taking a breather... AEM is showing signs of weakness after breaking above a key downtrend since Jul. A further decline to the breakout level near the Nov uptrend at \$40 is now likely. Spinner looks good above zero, but quietly receding. Keep your positions.	L	38.60 (Dec-11-18), 38.95 (Jan-4-19)	42.01	2d below 34	46	52
SGDJ	Breaking out from bullish H&S bottom showing a rise to 31, initially, would be likely. Keep your positions for now.	L	26.65 (Jan-30-19)	26.68	2dc below 24.	31.5	
SSRM	Bullish! Keep your positions! Buy more near 12. Sell half at first profit target.	L	12.25 (Jan-4-19)	13.52	2dc below 10.50	15.25	20

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	Target #1	Target #2
CURRENCIES							
U.S. DOLLAR (DXZ18)	The U.S. dollar index held at ST support and bounced up with strength. It's now testing the Dec high resistance. Coincidentally, it's also testing a mega downtrend since Jan 2017. Spinner bullish, but quickly approaching overbought. Today's action was bearish as the dollar lost all gains made yesterday confirming the dollar has strong resistance below the Dec highs near 97.	O	Holding cash reserves mainly in U.S. dollars.	96.71			
RESOURCES AND ENERGY							
Crude-CLF19	Struggling to surpass neckline resistance near \$55. Spinner on the decline confirming some consolidation or downtime ST is now likely. Take advantage of weakness to add to your positions if you're not yet in.	L	Bot: 60.75 (Nov-8-18), 47.50 (Jan-4-19)	53.10	2dc below 45.	62	70
DNR	Testing the lows! DNR slipped below our stop for one day, but quickly jumped back above showing strong support. As long as DNR now stays above this level, the only viable path could become the upside. Keep your positions.	L	2.20 (nov-20-18), 2.10 (Dec-10-18), 2.15 (Jan-4-19), 2.15 (Jan-10-19).	1.85	2dc below 1.75	3	4
COPPER HGZ18	Higher lows... copper remains on an upward path since Jan. It's very strong above the Jan uptrend near 2.75. Keep in mind, however, it also has strong resistance at the 2.90 level. Spinner looking topy suggesting limited upside ST. Keep your positions for now.	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), 28.75 (Jan-10-19).	2.77	2dc below 2.55	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), 28.75 (Jan-10-19).	29.06	2dc below 28.20	33.5	36.5
RNX.TO	Breaking above bullish fan lines, exposing an upward path. The uptrend since Jan is looking stronger and RNX.TO now has support at CAS0.65. Keep your positions. Adjust stops.	L	Bot: 0.45 (Sept-20-18). Sold half for 85% gain! 0.73 (Oct-4-18). 0.68 (Oct 24,18).	0.73	2dc below 0.60	1	3
CAT	Back and fill... CAT continues to bounce between support and resistance. The bounces, however, are narrowing into a tight symmetrical triangle. A break in either direction will provide a glimpse to the next direction. Keep your positions for now. Sell at profit target.	L	Bot: 115 (Oct-24-18), 125 (Nov-28-18).	132.67	2dc below 117	141	
OTHER STOCKS							
ACB.TO	Forming a bullish saucer bottom with key resistance at 10.50. This tells us a break above 10.50 on a 2dc could see ACB.TO breakout and rise to the Oct highs. Keep your positions for now.	L	Bot: 9.90 (Nov-8-18), 9.40 (Nov-9-18) (ACB: 7.60 Nov-8-18), 7.15 (Nov-9-18).	9.47	2dc below 6.50 (ACB: 2dc below 5)	14.5 (ACB: 12)	
DTE	DTE rose to new highs, approaching the top side of a 6+ mo sideways consolidation band. A break above the top side on a 2dc above 121 would be bullish and renewed strength could then push DTE higher. Spinner at high area but bullish.	L	117 (Nov-21-18), 108 (Jan-4-19)	119.49	2dc below 110 (adj).	122.5 (adj).	150

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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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