



-GCRU-

Weekly Trading Service



Omar Ayales

Achieves gains by trading commodities, currencies and stocks

March 13th 2019

IN ITS 18th YEAR – N° 826

I'M INCREASING MY CASH POSITION

**WE'VE BEEN NET SELLERS THE PAST MONTH BUT THE
SELLING IS NOT OVER YET!**

**THE U.S. DOLLAR BROKE TO NEW HIGHS
AND REMAINS STRONG.**

GOLD IS SHOWING STRENGTH TOO!

**GOLD SHARES ARE MY *FAVE*...
BUT LETS TAKE SOME MORE PROFITS**

**EARNINGS GROWTH STORY CONTINUES
GETTING HIT PUTTING PRESSURE ON STOCKS**

“Fear tends to manifest itself much more quickly than greed, so volatile markets tend to be on the downside. In up markets, volatility tends to gradually decline.” -**Philip Roth**

The scary thing about deflation is that it affects everything. Assets tend to decline in value and business activity overall follows. Liquidity becomes an issue.

It happened in the aftermath of the financial crisis nearly 10 years ago. A flight to liquidity left most asset classes hanging out to dry.

Central banks lower rates in an attempt to offer favorable conditions to spur investment sentiment and business activity.

Not the other way around...

The recent pause in rate hikes by the Fed is not a policy that gives Trump what he wanted. It's not because the Fed thinks earnings growth will continue to rise in 2019.

The reality is that the animal spirits that were unleashed in 2016 are taming. The heating economy seems to have plateaued and could even maybe start to see a pull back.

The pause in rate hikes is a reaction to indicators pointing towards slower growth. Year long readers of GCRU have been reading about this since Oct.

The trend for interest rates (long and short rates) is down ST.

The Chinese are upping their stimulus bets and the ECB's Draghi recently came out with the most dovish stance in a while.

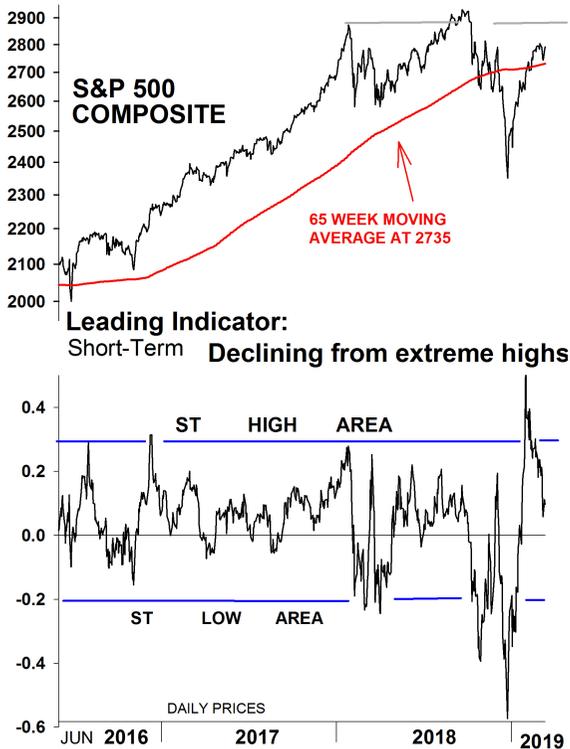
They're not throwing a barrel of oil into a roaring fire...

We've been net sellers during the second half of the quarter. We've increased our cash positions but I'm ready to sell some more.

The stock market is looking topy and deflationary forces could put a damper on most asset classes. Increasing your cash position is safer and could allow for bargain buying later on.

Check out our first chart. It's the S&P 500 since Jun 2016.

STILL HOLDING NEAR 65 WEEK MOVING AVERAGE



Notice the dynamic of the chart shifting drastically after the S&P 500 breached the 65wk MA late last year.

And even now, after the rally this year, stocks remain in a primary bear market. The S&P 500 now has to break to new highs for the move before showing signs the primary bear market may be over.

I continue to think the rise in stocks since 2016 was the great primary bull mkt's last hurrah... the famous third bullish phase of a bull mkt.

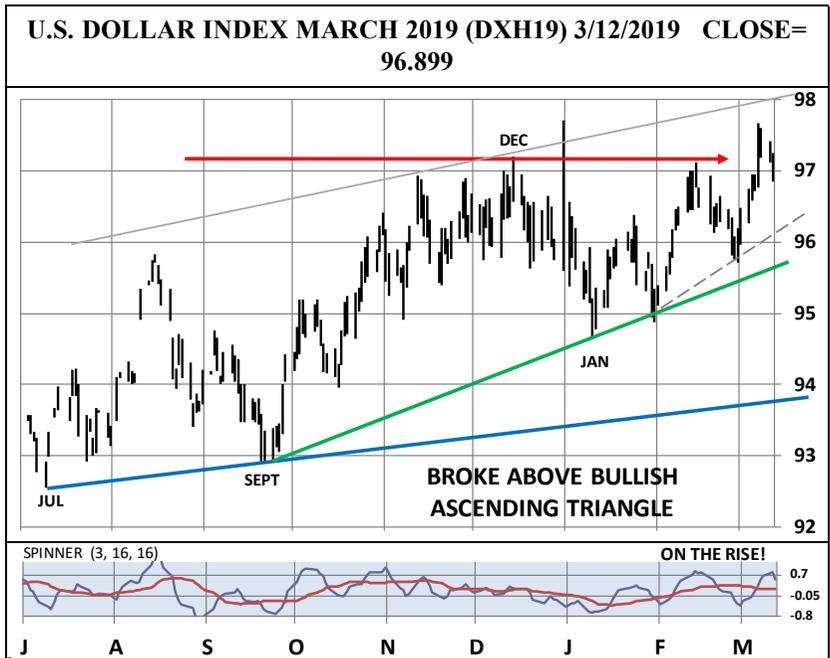
From the low in 2016 to the high in 2018, approximately 2 years, the S&P 500 rose over 45%.

Adding to the bearish scenario that's putting downside pressure on stocks, notice the S&P 500's ST leading indicator. It's coming down from a high area, with lots of room to fall further. This tells us downside pressure could remain the driving force ST.

Moreover, the U.S. dollar index (DXY) continues to strengthen, putting downside pressure on currencies and most asset classes.

DXY rose to new highs, breaking resistance and a bullish ascending triangle suggesting more upside is likely. The recent pull back, until now is just that, a bullish pull back. The dollar remains very strong above the Nov uptrend near 95.75.

We've increased our cash position recently and we're about to increase it even more.



Interestingly, gold has remained resilient. The decline found support above gold's key 23 month MA and it's now bouncing up from this level.

I sold half of my position for a 5% profit as gold remains in "no trader's land" at current levels.

Let me explain...

Gold failed to break above a key multi-year resistance. Weakness then took over pushing gold down, breaking ST support. Gold is now testing intermediate support near \$1275. And if broken, a continued decline would likely ensue.

But if gold holds above this level, it doesn't mean it's off the hook for the intermediate move. It must then rise above the multi year resistance at \$1365 to show strong renewed strength.

At this moment we're holding half of our position while we wait and see if gold either breaks intermediate support, or above its multi year resistance. If it breaks below support, we'll wait for extreme weakness before buying. If it breaks above resistance, we'll buy then, when renewed strength is triggered, in an attempt to capture the longer term up move.



However, consider gold, silver and their shares remain the largest positions in our portfolio.

Since we started increasing positions in precious metals and their shares in Aug last year, we took some profits towards the end of the quarter and started buying again in Jan.

Silver gave us a scare. It broke below its 15wk MA last week, triggering our stop. It wasn't clear if the break was entirely bearish as silver has tended to exaggerate gold's down-moves in the recent years.

Silver is now showing support above \$15. Remember, \$15 was silver's ceiling during the last drawn out bottoming process.



If you sold all of your silver, consider buying some back. If you didn't sell, keep your positions. If you were overweight and sold some, then stay as you are.

Last week we finally got rid of platinum (PPLT) for a small profit. It's bound to rise with precious metals on the longer term bull mkt, but it's just very profitable for trading. With the sale of PPLT we also increased cash positions.

Gold share are looking really good. HUI remains above the Nov uptrend near 160 and threatening to rise above ST resistance at 180. HUI is very bullish above its 15wk MA.

Notice on the chart below HUI holding well above its 15wk MA. The move looks strong and defined. The chart below is HUI's ST leading indicator. It has fallen from the highs to the mid channel line. It shows HUI has potential to rise further if the recent highs are broken.

Technically, however, the rise seems a bit extended and although the longer term seems bright, downside risk is increasing ST. We should continue to look to protect profits when targets are reached.

We're holding SSR Mining (SSRM), Agnico Eagle Mines (AEM), B2 Gold (BTG) and Alps Trust Sprott Junior Gold (SGDJ).

Recently we took some profits on B2Gold (BTG) when we sold half protecting a 26% gain. But hold on to the rest of your positions. BTG continues to show more upside potential.





But although things are looking perky, we're taking advantage of current strength to lighten up a bit more.

SSRM has had a stellar rise and remains very bullish. It recently broke back above its 5wk MA (not shown), just as Spinner broke out.

It still has lots of upside potential but don't miss the opportunity to capture a nice gain. I recommend selling half of SSRM at \$14.70, or better, for a 20% gain since Jan.

Keep the rest. Ride thru weakness. Your positions should be reduced and cash reserves increased.





Still developing with more room to rise further is AEM. IT also broke back above its 5wk MA (not shown) as Spinner broke out. AEM is at a new high for the move and close to our first target at \$46.

Sell half at \$46 to protect another nice gain.

Our Junior Gold Trust (SGDJ) is also looking perky. It's not as strong as the rest of our positions, but it's a stone's throw away from new highs for the move. Notice Spinner is also breaking above zero showing momentum shifting to bullish.

Keep your positions for now.



Energy remains lackluster as concerns over a supply glut of oil grow. Just today, the EIA announced oil production in the U.S. will lower, even though oil will be pumped at a record.

The Canadians are swimming in the black stuff. They can't find buyers fast enough and their ever faithful buyer, the U.S., has now turned into a net exporter of oil.

Slowing growth in the U.S. will not help. And continued weakness in China and Europe either.

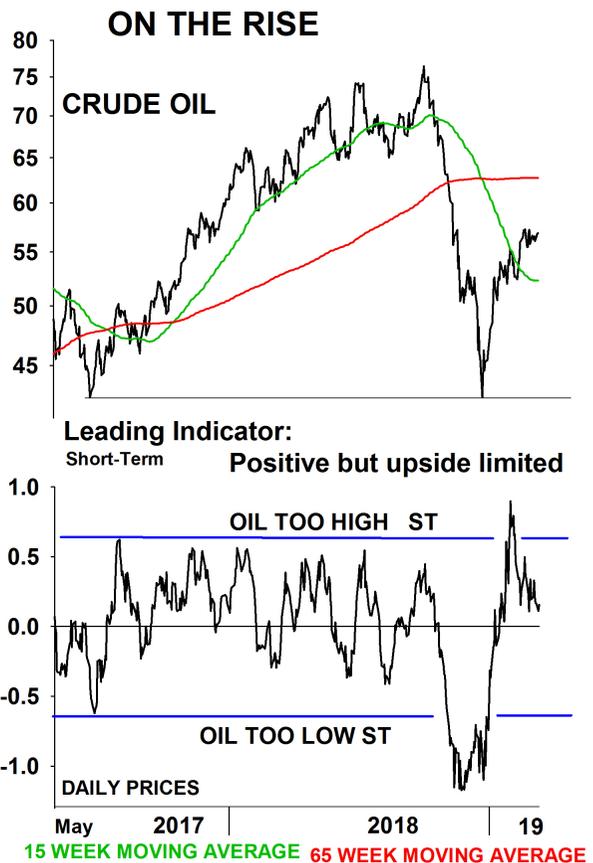
The chart shows crude since 2017. Notice crude oil went full circle. It rose from \$40 in May 2017 to above \$75 and back down to \$40. The recent bounce up seems to have been about half the decline, and the leading indicators is showing more downside is likely.

The chart tells me, the upside is limited and caution is warranted. We recommend selling half of your position above \$57 for an average gain of 6%

The reality of the oil market can be seen easily in the energy companies more than in the price of oil itself.

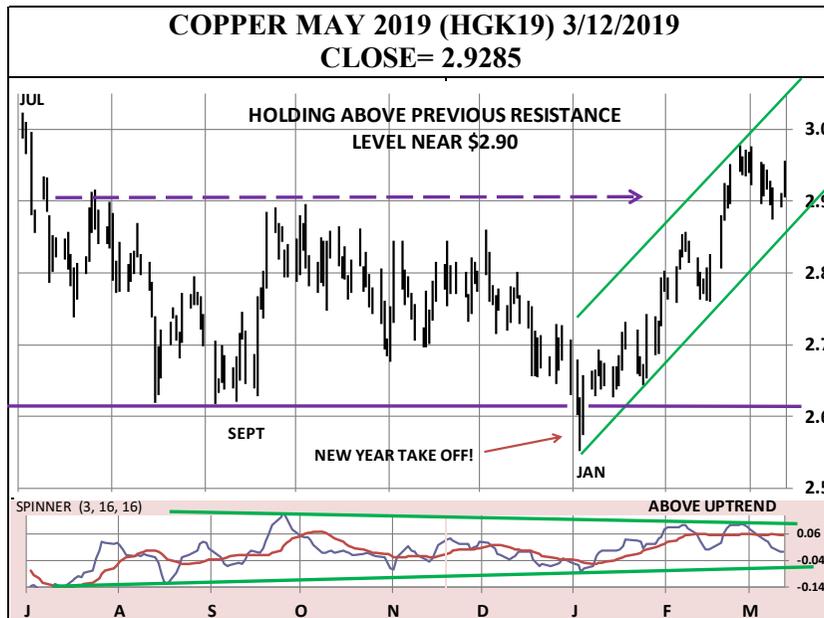
The off shore rig count in the U.S. is at a 10 month low. Companies such as our own, Denbur Resources (DNR) are hurting.

The price of oil can and is manipulated by international cartels, but real sales are harder to engineer.



DNR hit our stop loss and we sold on the bounce up from the lows for a 20% loss. If you haven't sold, take advantage of the bounce up to unload for a loss. If you sold, stay out.

Interestingly, Dr. Copper continues to show strength. It has held above the bullish uptrend that broke above an 8+ month sideways band and resistance level.



Copper is looking perky and could rise a bit further. Although it may seem counterintuitive that copper and oil move separately, they could given ongoing supply-demand disruptions in the oil market.

We continue to hold Caterpillar (CAT). We recently protected nearly a 20% profit when we sold half at our profit target. CAT remains up trending and if copper gets going, CAT could follow.



Look for governments across the board spending on infrastructure works as a way to stimulate their economies moving forward.

However, many resources companies are not holding up well, particularly the smaller companies such as RNX Minerals (RNX.TO). We recently got stopped and sold via alert for break even. Stay out.

Our other stocks are holding up well! They're actually thriving under current market turmoil.



DTE Energy (DTE) rose yet again to new highs. It's looking very strong and could continue to outperform the overall stock market.

Notice Spinner held at the zero line and it's now looking to resume its rise. This tells us, as long as DTE stays above its 5wk MA (\$121), it'll remain very bullish. We recommend raising your stop to 2dc below \$121.

We had also sold half of DTE recently for a 9% gain. Hold the rest and wait for higher highs before unloading.

Last but not least, Aurora Cannabis (ACB.TO). ACB has been on a tear. It recently broke above the top side of a consolidation band and it's looking poised for more upside.

Spinner is above zero and its MT MA. It's looking perky suggesting more upside is likely.



We've done very well trading ACB since last year. Our position is nearly up 20%. We recommend selling half at or near CA\$11 (ACB: \$8.20) to protect a 25% gain.

Our strategy for this week is to take some more profits. Increase your cash position. You should have a reduced position in precious metals, resources and stocks and a growing cash position. Be ready for upcoming opportunities.

Good luck and good trading,

Omar Ayales
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 A division of Aden Research

KEY PRICES			
Name/Symbol	Mar 12, 2019 Price	Change	Mar 5, 2019 Price
Gold (GCJ19)	1298.10	9.10	1289.00
Silver (SIK19)	15.413	0.26	15.16
HUI (HUI)	173.17	6.31	166.86
Copper (HGK19)	2.9285	-0.0095	2.9380
Crude Oil (CLJ19)	56.87	0.35	56.52
S&P500	2791.52	1.87	2789.65
U.S.Dollar (DXH19)	96.899	0.104	96.795
30 Year T-Bond (ZBM19)	146.406	2.00	144.406
10 Year T-Note Yield	2.605	-0.12	2.722
13-week Treasury bill	2.395	-0.005	2.40

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						
GOLD	Gold found support above its 23 month MA at \$1275 & its 15wk MA, at \$1285. Spinner bouncing up from an extreme low last seen in Aug, right before the upmove. We sold half via our alert on Friday for a 5% gain. We'll continue holding the rest and will look to buy lower, near 1250 or on a break above 1365. You should have about half your original position with an average buy in near \$1235.	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). Sold half at 1290 for 5% gain.	1298.10	2dc below \$1247	1365, 1536
PHYS	Sold half. Holding reduced positions. Waiting to buy again.	L	Bot: 9.63 (Jan-5-17), 10.12 (Mar-16-17). Sold half at 10.54 for 7% gain. Bot: 9.98 (Jul-3-17). Sold half at 10.95 for 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 for 5% gain.	10.48	2dc below 10 (adj).	10.85, 12.75
SILVER	Silver showing support at \$15. Yes, it broke below its 15wk MA, but today silver's back above it. Not only that, but Spinner is bottoming at an extreme low and starting to bounce up (similar to gold). Another noteworthy technical indicator is that \$15 was silver's previous resistance during a long consolidation near the lows. Now the level is becoming support. A bullish sign. If out, buy silver at mkt. Otherwise, buy near \$15.	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 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).	15.41	2dc below 15 (adj).	17.5, 21
PSLV	Keep your positions. If not in, buy some at mkt.	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 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).	5.62	2dc below 5.47	6.25, 8
PPLT	You're out. We sold for a small gain. We had been looking to unload this position for the past couple of months. We finally got the chance. PPLT is now jumping up and nearing our exit level. However, stay out. There's better places for our money, including cash!	O	78.75 (Sept-2-18). Sold all. Broke even.	79.10	2dc below 74	83, 85
HUI Index	Ahh, gold shares... the shining star... HUI remains bullish above Nov uptrend near 160. Notice Spinner bouncing up from a low area showing refreshed momentum rising. A break above 180, the top side of the Nov upchannel would be a bullish indication of further upside. Keep in mind, however, the rise has been extended and gold has strong resistance at \$1365. We recommend selling half of SSRM near \$14.70 to protect 20% profit built. We're still holding an important position in gold shares with full positions in AEM and SDGJ and reduced positions in BTG and SSRM.	-	N/A	173.19		
BTG	Bullish! BTG remains on an upward path. It's showing strength above the Sept uptrend near 2.85. Adjust your stops and raise them to a break below 2.85.	L	Bot: 2.68 (Oct-16-18), 2.55 (Oct-30-18), 2.50 (Oct-31-18), 2.75 (Jan-23-19). Sold half via alert averaging 26% gains.	3.11	2dc below 2.85 (adj).	4
AEM	Bullish! AEM is showing strength by holding above the Nov uptrend, and reaching a new closing high for the move. Spinner is looking perky suggesting a continued rise to possibly our first profit target is now likely. Be ready to sell half at \$46.	L	38.60 (Dec-11-18), 38.95 (Jan-4-19)	44.43	2d below 41 (adj.)	46 (almost reached), 52
SGDJ	Bullish! SGDJ held above the Nov uptrend showing impressive strength. It's near the recent highs and resistance at the Jul highs. A break above \$30 could be the catalyst that pushes SGDJ out of the woods. Keep your position for now and sell half at our first profit target.	L	26.65 (Jan-30-19)	28.99	2dc below 26 (adj.).	31.5
SSRM	New high for the move! Spinner is breaking above zero showing a shift in momentum. SSRM is very bullish above the Oct uptrend near \$13. However, we recommend selling half of your position at our new target near 14.70 to protect an 18% gain. Keep the rest.	L	12.25 (Jan-4-19)	14.61	2dc below 12	14.70, 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	Targets
CURRENCIES						
U.S. DOLLAR (DXZ18)	New highs... the U.S. dollar index (DXY) broke to new highs for the move. It also broke above a bullish ascending triangle showing more upside is likely. Consider the dollar stays bullish above the Sept uptrend near 95.75. Noteworthy are both strength in gold above \$1275 and the dollar's topmy Spinner suggesting a continued pull back in the dollar is likely. However, don't rule the dollar out just yet, unless it breaks below 95.75.		Holding cash reserves mainly in U.S. dollars.	96.90		
RESOURCES AND ENERGY						
Crude-CLF19	Sell half at mkt to protect an average gain of 5%. Crude oil is still rising. It's looking solid above the Dec uptrend near \$55. Spinner bottoming near zero. However, lots of news around showing an oil glut could see lower oil prices in 2019. EIA cut its production forecast in the U.S. (even though production remains at record levels) and concerns over a deflating economy could add to the pressure. Reduce exposure by selling half. We'll look to buy again at lower levels.	L	Bot: 60.75 (Nov-8-18), 47.50 (Jan-4-19)	56.87	2dc below 55 (adj).	65, 73
DNR	Sell at mkt. DNR broke below our stop loss. We sold on a bounce for a loss of 20%. We will limit our trading to crude oil until we can see a brighter future for the energy shares. Senior energy companies are looking better, but we'll monitor closer before jumping in.	O	2.20 (nov-20-18), 2.10 (Dec-10-18), 2.15 (Jan-4-19), 2.15 (Jan-10-19). Sold for 20% loss.	1.76		
COPPER HGZ18	Dr. Copper held above its breakout level near \$2.90 after pulling back. It's also above a steep and bullish uptrend since Jan. Spinner has pulled back too, and remains above a bullish uptrend since last year. Keep your positions.	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), 2.65 (Jan-10-19).	2.93	2dc below 2.85 (adj).	3.10 & 3.30
JJCTF (JJC)	Keep your positions. Sell half at first profit target.	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-18), 28.75 (Jan-10-19).	32.33	2dc below 28.20	33.5 & 36.50
RNX.TO	You're out. We sold last week for breakeven. Stay out.	O	Bot: 0.45 (Sept-20-18). Sold half for 85% gain! 0.73 (Oct-4-18), 0.68 (Oct 24,18). Sold all. Broke even. Total position since Sept: +43%.	0.55		
CAT	Holding on to its uptrend since Dec. CAT, one of my favorites resource companies poised to outperform regular blue chip stocks. A strong MAGA ("make america great again") too. We've already taken profits here and are riding with the rest ride. Keep your position as we already have reduced positions in resources.	L	Bot: 115 (Oct-24-18), 125 (Nov-28-18). Sold half via alert for an average gain of 18%.	132.49	2dc below 120 (adj)	150
OTHER STOCKS						
ACB.TO	Another shining star... ACB.TO continues to uptrend since Dec. It recently broke above a bullish ascending triangle suggesting more upside is likely. Spinner is bullish too. However, the rise since Dec has seen the price almost double and weakness in stocks could put a lid on upside potential ST. We recommend adding a new profit target, at CA\$11.50 (ACB: \$8.60) and selling half at or near the target to protect an average 25% gain since we re-bought back in Nov. We'll buy again on weakness.	L	Bot: 9.90 (Nov-8-18), 9.40 (Nov-9-18) (ACB: 7.60 Nov-8-18, 7.15 (Nov-9-18)	10.64	2dc below 6.50 (ACB: 2dc below 5)	11.50 & 14.50 (ACB: 8.75 & 12)
DTE	Utilities have been on a tear. DTE has been no exception, reaching a new closing high for the move today! Spinner above zero showing strength, but below its MT MA. You already took partial profits on this position and you're holding the rest. Keep it for now.	L	117 (Nov-21-18), 108 (Jan-4-19). Sold half via alert for average gain of 9%.	124.07	2dc below 120 (adj).	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	
	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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