



-GCRU-

Weekly Trading Strategies



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Achieves gains by trading commodities, currencies and stocks

Jan 22nd, 2020

IN ITS 19th YEAR – Nº 868

GOLD CONTINUES TO HOLD NEAR SEPT HIGHS

RESOURCES TAKE A DIVE, BUT REMAIN WITH BULLISH OUTLOOK FOR 2020

ARE STOCKS POISED FOR A MELT UP RISE?

The weather was somewhat gloomy and stormy in Vancouver but the air was crisp and fresh. The attitude and energy at the Vancouver Resource Investment Conference (VRIC) this past week was at a high.

The basic theme ... everyone's excited about a confirmed bull market in precious metals, particularly in gold.

Everyone acknowledged the difficulties trading resources and precious metals during the bear market. It's been one for the record books.

But like a great investor and speaker with great insight and wit by the name of Rick Rule would say: "Bear markets are authors of bull markets..."

Everyone in the industry is seeing broad inflows into gold, from retail to institutional buyers to central bankers...everyone's buying.

Like I've mentioned time and time before, gold's break above \$1365 was the single most relevant macroeconomic event in 2019 due to its implications in the global monetary system.

"You want to put out the fire first and then worry about the fire code"
Ben Bernanke (Dec 1st, 2008)

HOLDING FIRM... WHAT NEXT?



The rebound rise since Nov remains underway. Gold continues to show strength above \$1500, and especially so above \$1540.

Notice gold has formed a sideways consolidation band between the recent lows at \$1450 and the Sept 2019 high area near \$1565.

Strength behind gold suggest it will overcome this level. However, we could still see a pull back to the lower side of the band, or lower, before it breaks out.

I'm taking advantage of weakness to increase positions in our precious metals' portfolio. We'll buy some at the bottom side of the developing band and more below \$1400.



Gold shares continue to show signs of resistance at the Sept highs. Today's rise was very bullish, but it's not breaking out just yet.

HUI must rise above 240 on a 2dc to show renewed strength.

We've been tip-toeing back into gold shares recently having bot a bit of Silvercorp Metals (SVM) and Agnico Eagle Mines (AEM). We're still waiting with open buy orders on several other positions that we'll analyze below.

SILVER'S TURN TO SHINE MORE THAN GOLD



Silver continues to be better value. Its extreme low valuation as opposed to gold on a historic basis cannot go unnoticed.



Could increase demand in resources in 2020 give silver a boost against gold?

A chart that indirectly shows investors preferring riskier assets than safe havens during the first half of the year or more is a ratio between the DJ Industrial Average and the DJ Utilities.



The chart is a long term chart, 15+ years. The leading indicator below the chart is a MT momentum indicator.

Notice every time the indicator has reached the lower levels marked "Industrials

too low vs Utilities”, it tells us the ratio’s next movement will likely be in favor of Industrials, (riskier assets when compared to Utilities.)

The charts suggest investors will likely continue favoring risk assets versus safe havens during the first half of the year.

The recent decline in the U.S. dollar index could be suggesting sidelined cash is being put to work.

The dollar started the year at the lows since Oct. It has since been rebounding. It rose to the Oct uptrend, just below 97.50 but it’s now showing signs of resistance.

Spinner below, however, is very bullish above zero and its MTMA suggesting the dollar could still rise further. This tells us ST momentum favors the dollar for now.



A dollar break above 97.50 could show signs of renewed strength with more upside potential. Keep a close eye on this level.



Pound Sterling fell back below \$1.30 allowing opportunity to buy. Remember we’re diversifying our cash position by holding some pounds and could at some point include a third one.

Resource economies, like Canada, New Zealand, Australia, could start doing better if demand for resources heats up in 2020.

At the conference, there were lots of speakers with valuable information everywhere. Lots of miners too. Some known names, but mostly junior mines. Many have great assets, others great ideas, many of them are in early stages of production.

I had a great meeting with Kathy Li, investor relations manager for Silvercorp Metals (SVM). Lots of good news and feeling about management skills, involvement and their business sense.



SVM was one of the bigger companies in the room.

We recently bot some and are waiting for further price weakness to buy. Our target to buy is below \$5.

The target coincides with the Jun uptrend. Although price action has been strong, the lagging Spinner near the zero line suggests momentum for SVM is waning. SVM could decline to the uptrend near \$4.75 in the weeks or months ahead.

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Take advantage of any weakness to buy more.

Agnico Eagle Mines (AEM) is getting lots of love.

It rose back to the resistance level at the Aug downtrend near \$62.50. Spinner breaking out showing good upside potential.



A clear break above the Aug downtrend exposes more upside potential. But if it fails, it could fall back to test the bullish May uptrend near \$58.50.

We recently bot some but are waiting for weakness to buy more.

We've been waiting for a deeper pull back in other gold shares to increase positions too. We want to make sure we pick up great value and not buy at the highs.



Kirkland Lake Gold (KL) is another company we're monitoring. It's one of my long term favorites and we're waiting for a deeper pull back before buying.

KL is holding near the highs, but it's failing to continue rising. The resistance is getting heavier and if it's not broken soon, we could see KL fall below \$40.

We'll be ready to buy more then.

Sabina Gold is another company we've been monitoring. This is a junior mine that's still developing. It has a great asset in South Wester Nunavut, owning 100% of the Black River Gold Project.

We're waiting for a pull back below CA\$1.70 to buy.



Another junior mine that I will be adding is a company whose management team I spoke too in Vancouver this past weekend.

I also met with Jason Mercier, investor relations for Nova Gold (NG) to talk about management, the asset and their operation overall.

NG owns the largest high grade gold production in the world. The company is relatively new, but more established than Sabina.

It's a company with a great management team led by Gregory Lang, previously CEO of Barrick North America. Barrick is currently the largest institutional investor. The company had a positive balance sheet with over \$150 million in cash at the start of the fourth quarter last year.

Notice NG rising from Oct/Nov lows. It's looking very strong above its 5wk MA currently near \$8.40. A break below this level shows weakness. But it'll remain very strong above this level.



Spinner is above zero and its MT MA suggesting upside momentum remains in favor of NG.

I recommend buying some on weakness, below \$8.50 and more on a decline below \$7.60.

Hecla Mining (HL) is another great company we're following. We've been waiting

for weakness below \$3 to buy some. Just yesterday it was near our ideal buying area, but it jumped back up.

I recommend waiting for further weakness below \$3 to buy. HL has strong support at its 15wk MA near \$2.65.

Another developing theme during the conference was the feeling towards resources. It seems that 2020 could be the year for resources, particularly if emerging markets start picking up the pace.



Copper has been uptrending, breaking above bullish resistance, showing upside potential for 2020. However, yesterday's pull back was sobering. We'll keep a close eye to see if the trend that has been set is reversed. Copper remains bullish above the Sept uptrend near \$2.70.

Although we're not trading copper itself, we use it to measure strength within the resource sector.



Notice copper remains near the highs and it's poised to continue rising to the \$3 level.

We recently purchased BHP Billiton (BHP) as a play on copper. We bot right before it gapped up to new highs for the move, above \$57.

BHP is giving most of the gains back today in a bearish day for resources overall. BHP continues to hold above its bullish 5wk MA just below \$55.

Keep your positions for now and look to buy more on a decline to the lower \$50s.

Crude oil is also uptrending, although it too was showing weakness together with resources. However, crude continues to hold above \$57, the key Oct uptrend & support level.

We recently bot some crude oil below \$58 and are holding on to our positions as more upside seems likely, particularly if resources shine in 2020.



Take crude oil and Spinner below. Notice that during the past year, every time Spinner reached an extreme oversold level, oil rallied from there, many times to reach new highs for the move.

I suspect we are going to see a similar situation now. A rebound rise seems imminent. Keep your positions.

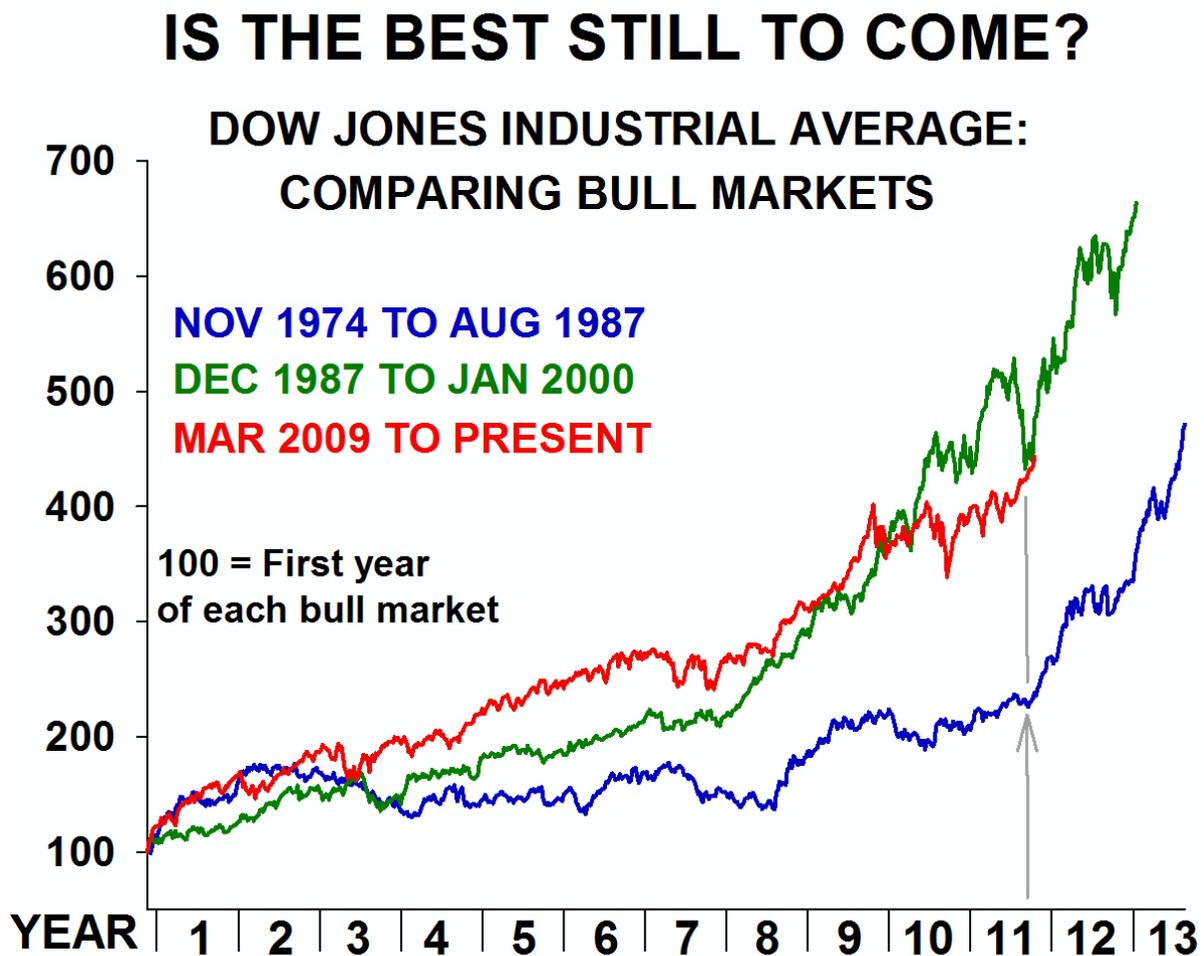


Denbury Resources (DNR) sunk deeper. In hindsight we probably should've sold this last week. However, a rebound rise in crude oil is seemingly imminent and could allow us a better level to unload.

Our stop loss hit 1dc yesterday and it could hit the 2dc today. However, I'm keeping my position and waiting for a rebound rise before unloading.

I mentioned earlier that risk assets are to be favored over safe haven assets, as shown by the ratio between Industrial to Utility companies.

Another chart I showed during my presentation at the VRIC was this next chart comparing the 3 longest bull markets in U.S. stocks (DJ Industrials) over the past 50 years.



This chart is telling us that although the bull mkt has been a long one, it hasn't been the longest and actually it could still rise further in a melt up rise.

The grey line on the chart shows where we are today in comparison with the preceding bull mkts. It looks like the final melt up stage is just getting started. It's uncanny.

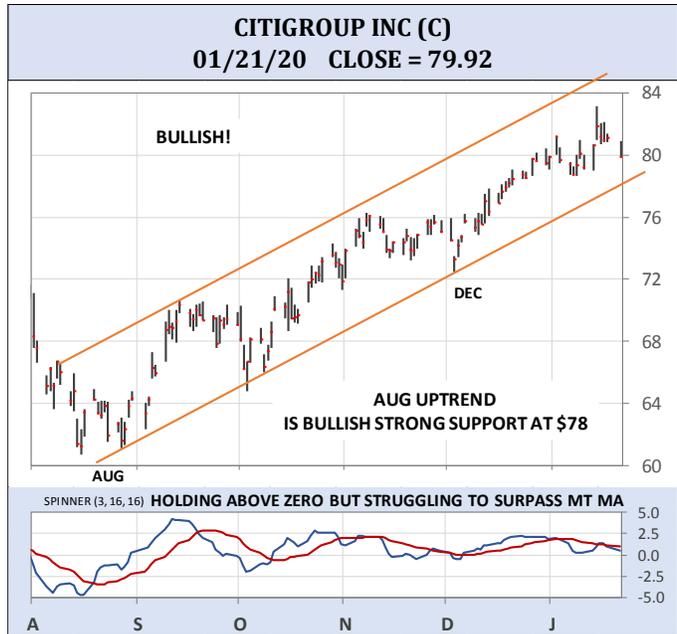
I'm putting together a Melt Up Rise portfolio of stocks. Our goal will be to capitalize on a potential melt up rise in U.S. equities.

We'll be keeping Citigroup (C) as it has been doing great.

C is coming off the highs, but remains very bullish above the Aug uptrend near \$78. We raised our stop to near this level last week.

Keep your positions as long as C holds on to the bullish Aug uptrend.

I'm also adding to the mix AT&T (T).



ATT is trading at a P/E ratio of only 10 (compared to the average S&P 500 company currently near 25) and it has a dividend yield of over 5.5% per year.

Not only is ATT a telecom monster and power house with a customer base exceeding 100 million users. Moreover, its recent acquisition of Time Warner allows it to become a player in the multibillion-dollar content producing industry.



Buy ATT at mkt. Buy on dips too. ATT is positioned to deliver great gains during a potential melt up rise while offering an amazing dividend yield in case it doesn't.

We're also holding Guangshen Railway (GSH). After reaching new highs about a month ago, it's declining to new lows for the move, breaking below our stop loss on a 1dc out of the 2dc limit order.

However, GSH is extremely oversold and a rebound rise is likely. We'll wait for the rebound before unloading our positions.

I'm also including in our Melt Up Portfolio the pharmaceutical company Novartis (NVS). It's a huge company, with a very steady balance sheet with room to rise.

NVS is very bullish above its Aug uptrend near \$92. I recommend buying some below \$95 and more on weakness.

I'm also looking at a tech company. They've risen the most and could be where the melt up rise is felt the strongest.



However, it's hard to find a tech company with upside potential that is not overbought. A company I really like given its growth during the past year is Shopify (SHOP).

SHOP has risen too far too fast and a pull back is likely. I'll wait for more weakness first before riding this unicorn.

We also went long bonds thru the ETF: UBT. As we showed last week, long term bonds are poised to rise further. Leading indicators continue to suggest limited downside and a continued upside.

We picked up some UBT near \$99. It's lower but still holding above the Apr uptrend. Keep your positions as long as this uptrend holds near \$95.

Our strategy this week is to continue keeping a close eye on weakness in key companies to buy. We have lots of sidelined cash and are looking to position ourselves to take advantage of the upside potential developing for 2020.



Good luck and good trading,

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 A division of Aden Research



KEY PRICES			
Name/Symbol	Jan 21,20 Price	Change	Jan 14,20 Price
Gold (GCG20)	1557.90	13.30	1544.60
Silver (SIH20)	17.81	0.07	17.74
HUI (HUI)	233.17	4.85	228.32
Copper (HGH20)	2.79	-0.08	2.87
Crude Oil (CLF20)	58.34	0.11	58.23
S&P500	3320.79	37.64	3283.15
U.S.Dollar (DXZ19)	97.29	0.20	97.09
30 Year T-Bond (ZBH20)	158.59	0.68	157.91
10 Year T-Note Yield	1.77	-0.05	1.82
13-week Treasury Bill	1.50	-0.03	1.53

UPCOMING LIVE PRESENTATIONS

Join me in Orlando, Florida. It will be a pleasure to see you there and talk about the markets!

MoneyShow; February 6-8. 2020; Orlando, Florida, USA

Looking forward to seeing you there!

TRADER SHEET ON PAGES 14 & 15

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 (23%)						
GOLD (GCG20)	Bullish! Gold's holding near the top side of a 6 mo long sideways consolidating band. Gold must break clearly above the top side of the band, above \$1585 to show renewed strength. If gold fails to surpass this level, a decline to \$1505 initially would be likely. A break below this level could suggest a deeper pull back, to possibly even the Nov uptrend below \$1400. Keep your positions. We're still waiting for weakness to buy.	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).	1557.90	Sell on a 2dc below \$1300	1800 & 2000
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).	12.66	10.00	Open
SILVER (SIH20)	Holding strong! Silver is holding near the top side of a 6 mo long sideways consolidation band between key support (\$16.50) and resistance (\$19) levels. To continue showing strength, silver must break clearly above \$19. Still waiting for more weakness to buy.	L	Bot: 15.80 (Jul-17-19), 16.50 (Aug-7-19), 16.80 (Nov-8-19).	17.808	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), 6.19 (Nov-8-19).	6.55	2dc below 6.10	Open
HUI Index	Out of the entire gold universe, gold shares are the ones showing weakness the most. Spinner's clear resistance at the zero line suggests more downside is likely. A break below 220 would show weakness that could push HUI to its stronger support at 200. A break below this level would exacerbate the bear. On the upside, the Aug highs near 240 remain the key level to overcome. A rise above 240 on a 2dc confirms strength and a repositioning in gold shares for more upside. We've been tip-toeing back, buying bits, but still waiting for more weakness to increase exposure.	--	N/A	233.17	N/A	N/A
AEM	Holding at the uptrend near \$58 confirming bullish support since May. However, indicators are looking sluggish suggesting more weakness is likely. A break below \$58 exposes weakness and a decline to the Oct lows near \$51 would then be likely. Keep your reduced position and wait for a decline to possibly the Oct lows to buy more.	L	58.75 (Jan-9-20).	62.42	2dc below \$50	65 & 80.
KL	KL's rise from the Nov lows is resisting below \$46, suggesting weakness is developing. Spinner is sliding below zero and its MT MA showing momentum declining. A break below the Apr uptrend on a 2dc below \$41 will show weakness that could push KL to its key support level near \$36. Still waiting patiently for weakness to buy.	O	Out	43.66	-	-
SVM	SVM continues to come off the highs as it unwinds its bullish rise since Nov. SVM has strong support at \$5 and it's developing a ceiling below \$6. This tells us SVM must confirm support at \$5 and break above \$6 for a continued upside. If support level is broken, we could see weakness. Still waiting to buy more below \$5.	L	5.49 (Jan-6-20).	5.60	2dc below 4.75	6.75 & 9
HL	HL is now holding above \$3, allowing us to pick some up at lower levels. However, Spinner suggests continued weakness ST is likely. Wait for a dip below \$3 to buy. It's getting closer!	O	-	3.12	-	-
SBB.TO	The trading gap between support and resistance continues to narrow reminding us "something's gotta give". A break below the May uptrend exposes weakness and a deeper decline that could allow us to pick up new positions cheaply. On the upside, if SBB.TO breaks above the Aug downtrend on a 2dc above \$1.90, a continued rise to the Aug highs could then ensue. Wait for weakness to buy.	O	-	1.87	-	-
NG	Great management + great assets is a recipe for success! NG is bullish above the Jun uptrend at \$7. NG has ST support at the Dec uptrend near \$8.50. Buy on a decline below \$8.50 and more near \$7.50.	O	-	8.86	-	-

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
BONDS (4%)						
UBT	U.S. Bonds continue to show upside potential. MT indicators suggest the bond trade isn't over just yet and more upside is likely. Keep your position for now.	L	99 (Jan-16-20).	99.92	2dc below 94	114 & 125
CURRENCIES (45%)						
U.S. DOLLAR (DXZ19)	The U.S. dollar rebound rise is now testing the Oct downtrend near 97.50. Spinner rising with strength suggesting momentum ST is behind the dollar. However, the dollar must break clearly above the Oct downtrend on a 2dc above 97.50 to show signs of renewed strength that could push the dollar to the Oct highs just below 99. On the downside, if the dollar fails to surpass resistance, a decline to re-test support at 96 would be possible. A break below this level would be bearish confirming the decline since Oct is alive and well.		Holding cash	97.29	-	-
FXB	Edging lower. Pound sterling continues to show signs of weakness after the U.S. dollar's bounce up rise. However, the pound remains bullish above the Sept uptrend and fundamentals remain in place for it to shine. We're diversifying our cash position into British pounds given its upside potential.		Bot Pound Sterling below 1.30 (FXB: \$126.60)	126.44	-	-
RESOURCES AND ENERGY (15%)						
Crude (CLG20)	Crude oil sunk below \$58, but it's now seemingly holding, just as Spinner reaches an extreme level which has coincided with bottoms in crude during the past year. The chart tells us crude oil could resume its rise to the top side of the Oct upchannel near \$65 once again. A break above \$65 would be very bullish and a continued rise above \$70 would then be likely.	L	57.90 (May-24-19), 53.75 (May-31-19), 54 (Jun-19-19). Sold half at \$62 for 13% profit (Dec 2019). 57.75 (Jan-15-20).	58.34	2dc below 57.	70
DNR	DNR continued to slide. It's breaking our (adj) stop at \$1.20 just as Spinner reaches an extreme level. We'll wait for some (upcoming) strength in crude oil to unload.	L	1.40 (Sept-11-19), 1.23 (Sept-13-19), 1.10 (Oct-7-19), 1.07 (Oct-23-19), 1.40 (Jan-9-20).	1.11	2dc below 1.20.	2 & 3.
COPPER	Copper continues to rise showing impressive strength, suggesting a bullish theme for resources in 2020. Resources are expected to outperform precious metals this year. Be ready to increase exposure to resources.	O	-	2.7935	Out	-
BHP	Buy some at mkt and more on weakness. BHP is looking ripe for a renewed rise. With copper and resources potentially making a comeback in 2020, BHP could be a shining star. A break above \$57 would confirm strength and extend the bullish rise. Conversely, the Oct uptrend near \$53 is key ST support. A break below this level could see BHP fall back to the Oct lows near \$47.	L	54.75 (Jan-15-20).	55.58	2dc below 47	63 & 70
OTHER STOCKS (13%)						
GSH	GSH fell further. It's now testing key support and our stop at the Aug uptrend near \$15.50. However, Spinner seems to have bottom at an extreme low suggesting the downside maybe limited ST. Keep your positions. Wait for a bounce up to unload.	L	15.90 (Oct-23-19), 15.90 (Nov-27-19).	15.05	2dc below 15.50	19 & 25.
C	C continues to show strength/defy gravity, reaching new highs daily. C is one of our preferred "melt up" rise stocks in our portfolio. It's been doing great since we bot near the Dec lows. A rise to the top side of the Aug upchannel is now likely. Keep your positions.	L	73.75 (Nov-20-19).	79.92	2dc below 75.	85 & 100.
T	Buy at mkt. ATT is a great company. A great asset that is currently undervalued compared to the broader market. Not only does its 100+ million users provide a strong business base, but with the recent acquisition of Time Warner, ATT is now positioned also as a content producing company adding more value to its customer base and positioning to continue being the telecom power house it has been. At current prices ATT's dividend is yielding over 5%. Buy at mkt.	O	-	38.52	-	-
NVS	Buy some below \$95. Novartis is a big pharma with a good looking balance sheet compared to its industry. The recent rise above the Jul 2020 highs confirms strength suggesting more upside is likely. Buy some.	O	-	95.19	-	-

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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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