



-GCRU-

Weekly Trading Strategies



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Achieves gains by trading commodities, currencies and stocks

Jan 29th, 2020

IN ITS 19th YEAR – Nº 869

SAFE HAVEN DEMAND BOOSTS GOLD, BONDS AND THE DOLLAR...

GOLD SHARES & SILVER ARE SAYING SOMETHING

STOCKS ARE BACK AT TESTING OLD HIGHS

RESOURCES PLUNGED

Concerns over a spreading virus from China exacerbated uncertainties that had been fueling demand for safe havens since Nov last year.

Impeachment proceedings and speculation of mayhem breaking out have pushed gold, bonds and the U.S. dollar higher; resources and stocks fell lower.

Fears are seemingly near a high. As a result, gold broke to new ground confirming the secular upmove. This confirmation suggests gold is positioned to rise further longer term.

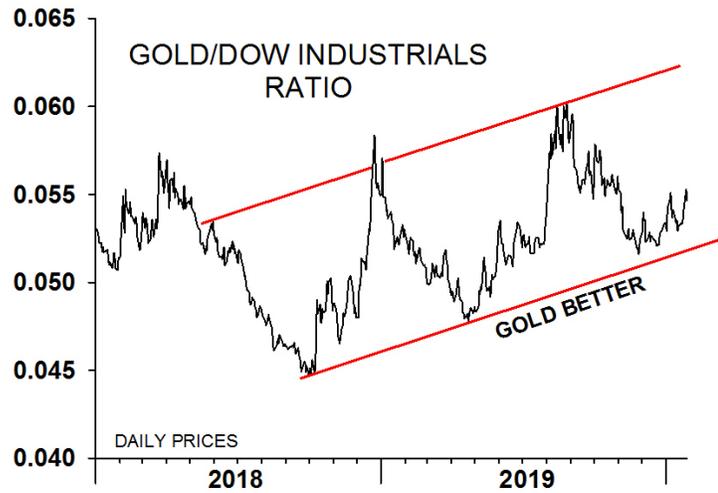
A chart that confirms gold's secular bull mkt is a ratio between gold and Dow Jones Industrials. The chart below shows this ratio since the end of 2018 when gold and gold shares bottomed.

“I’ve been in and out of Wall Street since 1949, and I’ve never seen the type of animosity between government and Wall Street. And I’m not sure where it comes from, but I suspect it’s got to do with a general schism in this society which is really becoming ever more destructive”. - **Alan Greenspan**

You will notice since then, gold has outperformed the Dow Industrials and has established a defined upchannel showing gold is poised to outperform industrial stocks down the road.

The ratio also shows gold could rise to the top side of the upchannel. Notice the ratio has turned in favor of gold since the Nov lows.

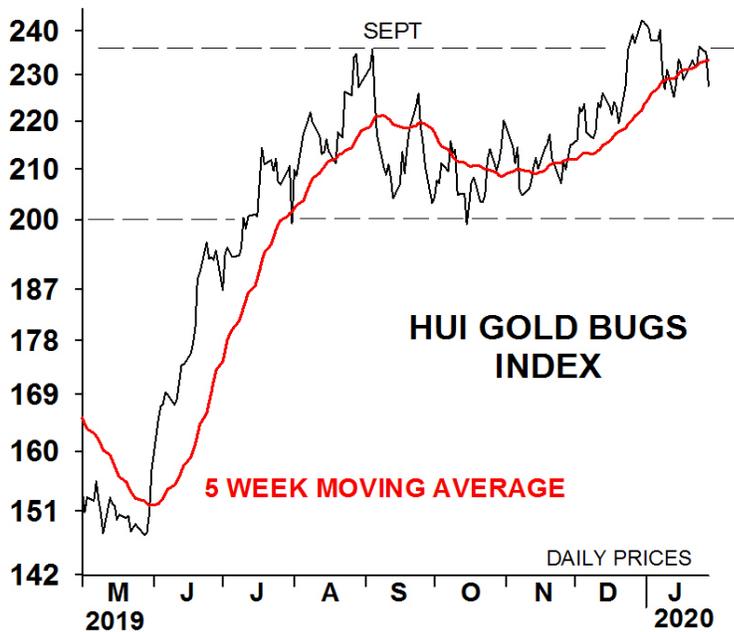
GOLD: SLOWLY GAINING GROUND VS STOCK MKT



GCRU readers will know that fear driven rises tend to be short lived and not trend setting. Some of the reasons that support the longer term uptrend have to do with currency debasement, monetary policy and inflationary tendencies.

Interestingly, gold shares have not risen during gold's recent uptick. Silver has also remained lackluster suggesting the rise in gold has been isolated, driven by fear. This tells me the decline that started after the peak in Sept, that seemingly bottomed in Oct could resume. Gold's Oct lows near \$1450 could be tested.

Resisted near highs & below 5 wk MA



HUI's recent break below its 5wk MA is strong testament that weakness could be taking over.

This next chart shows HUI since the lows in May 2019. Notice the 5wk MA (red line). It has been a key ST trend identifier. HUI's recent break below it suggests more downside is now likely. Expect a decline initially to 220 or to lower support, near 200.

We have been selectively tip toeing back into gold shares. We're holding reduced positions in Agnico Eagle (AEM), Silvercorp Metals (SVM) and just yesterday nibbled on some Hecla Mining (HL).

The idea being to increase exposure to the gold universe gradually as secular strength develops. Developing weakness should be used to position for the secular upmove.

Notice the general theme of our long positions has been weakness with downside pressure as they pull back from the highs.

Notice AEM trading within a tight range for the past 3 months between support at \$57.50 and resistance at \$62.50. This tells us a break in either direction could set AEM's next intermediate trend.

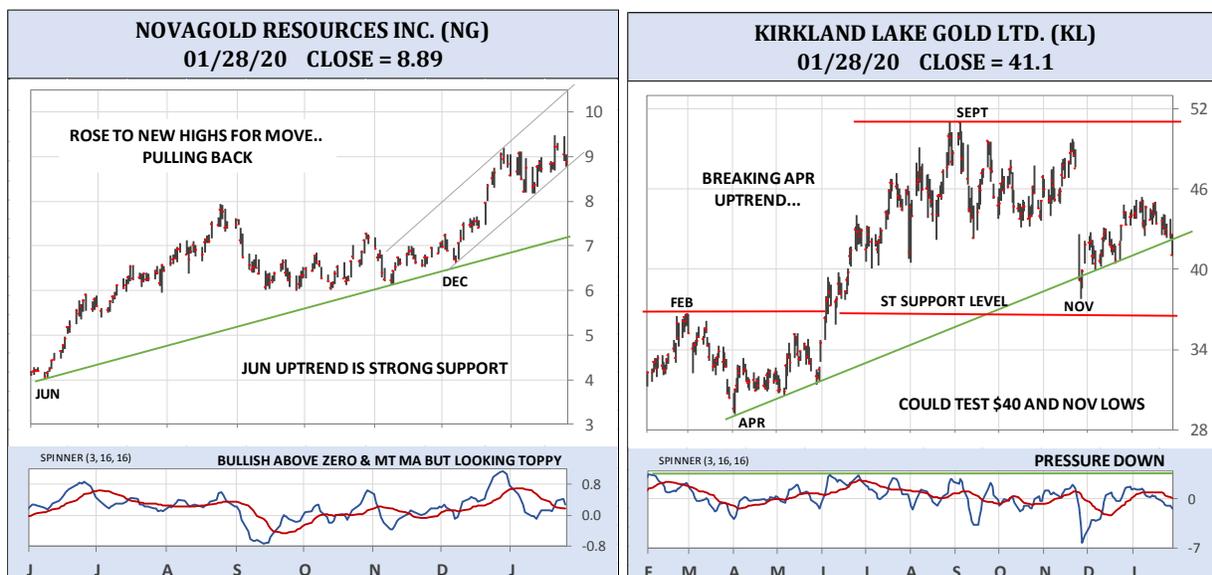
Ultimately, AEM's direction will be to the upside. But we could see a deeper pull back before it resumes up-trending. We'll be looking to buy more on a decline below \$55, ideally near the lower \$50s.

Silvercorp Metals (SVM) has also been edging lower. It's struggling to hold above its 5wk MA showing exhaustion. SVM could now fall to its 15wk MA just below \$5.

We'll be waiting for more weakness before buying.



Hecla Mining (HL) took a dive yesterday, piercing below ST support at \$3, approaching its 15wk MA near \$2.70. True to our strategy we bot some near \$2.95 and are waiting for more weakness before adding.



Our overall exposure to gold shares remains low. It's low enough that I'm willing to hold during a potential 'D' decline. We will refrain from buying more now and resume on further weakness.

NG is breaking below \$9, approaching its 5wk MA. However, HUI and most gold shares have dipped below their own 5wk MAs suggesting the rest will likely follow.

NG could now decline below \$8, to the mid \$7s. We'll keep monitoring closely but we'll wait for a decline below \$7.80 to buy.

KL has been once of the most vulnerable since the recent top. It was among the first to test and break below its 5wk MA and it's reaching a new 5wk low on rising volume.

Notice Spinner downtrending, below the zero line suggesting weakness and waning momentum. The chart tells us KL still has more room to decline. A decline below \$40 confirms weakness. I'm looking to buy near \$35 or lower.

Sabina Gold & Silver (SBB.TO) is giving back the gains achieved since just last week, suggesting weakness persists.

SBB.TO is back near breaking its 15wk MA near \$1.70. We had a buy order below \$1.70. However, stay out for now and wait for a deeper pull back to C\$1.50 to buy.

What keeps me up at night is thinking if the current rise in gold since Sept is a double 'C' top, or is it an 'A' rise after a mild 'D' decline...

It's hard to say and we'll only be able to determine this when and if the recent Oct/Sept lows in gold and gold shares are tested.



If gold fails to rise further and falls and holds at its 15 wk MA near \$1450, then the recent rise would prove to be the start of a new ABCD cycle with the springboard for gold's next bullish 'C' rise at the \$1450 level.

However, if the \$1450 level is tested and broken, the Sept and current highs would likely have been a double 'C' top and the ensuing rise will be the true 'D' decline. Remember 'D' declines tend to be deep and volatile. The 'D' decline's support is near \$1350.



We maintain reduced yet solid positions in gold. Last time we bot was during the May 2019 lows. I'm waiting for a deeper pull back below \$1400 to add to my position.

Silver is also another key indicator exposing weakness.

Silver has been rising with gold on safe haven demand. Silver has been explosive, particularly since Jul/Aug (when the silver to

gold ratio reached an extreme triggering a buy signal which pushed us to start buying near the lows once again.

More recently, during the past week, silver failed to rise and test the Sept highs (as did gold) and it's now suddenly falling following resources.

Silver's price movement is yet another confirmation that gold's rise has been an isolated incident and could be leading the way down.

The currency board is confirming the safe haven trade that just recently came back to life. It began at the turn of the year with the death of an Iranian general. The entire virus outbreak is also adding to global fears.

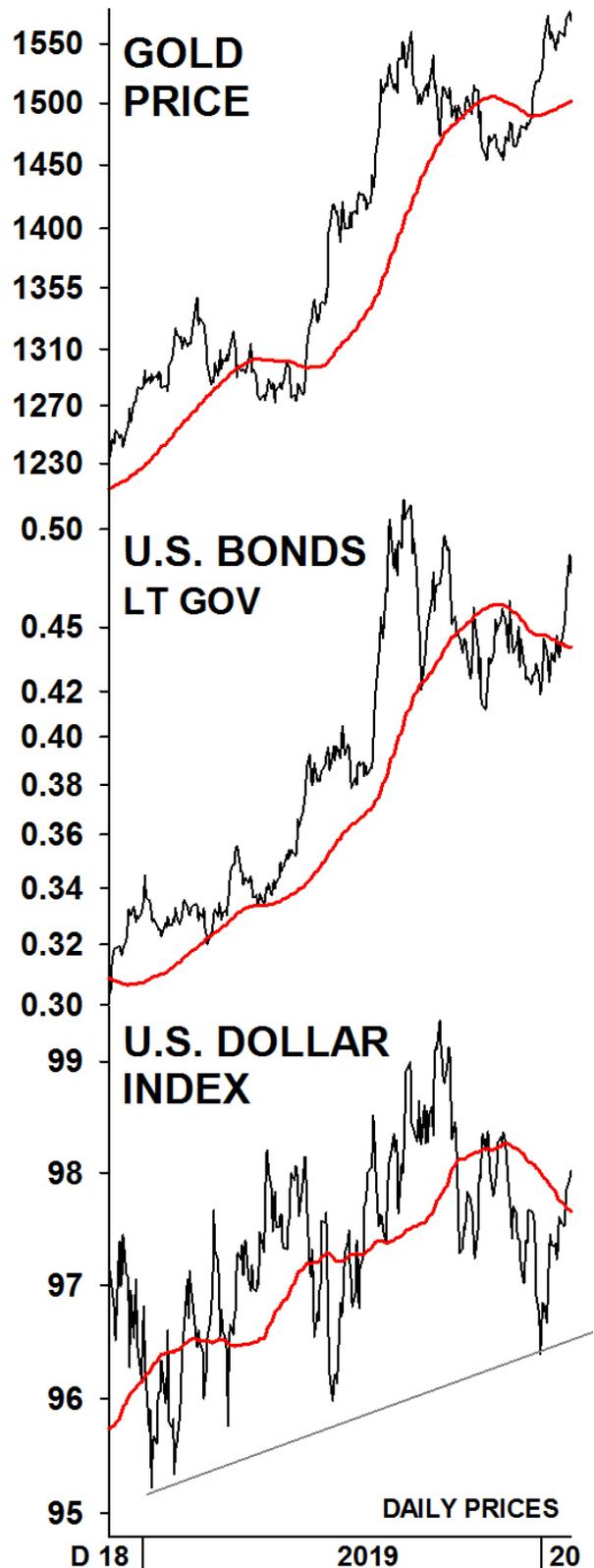
Bonds and gold have risen too with the U.S. dollar confirming the fundamental reason behind the upmove in these assets is safe haven buying.

Notice the U.S. dollar index held at the critical 96 support and rebounded confirming strength. The recent breakout above the Oct downtrend, above 97.50 suggests the upmove and safe haven trade may still be alive.

The dollar could now rise to the Oct highs near 99, its next key resistance. However, to reconfirm strength, the dollar must rise above 99 and stay above.

The British pound is also holding strong. It's not rising with the dollar, but

THE SAFE HAVENS



15 WEEK MOVING AVERAGE



it's holding near key support as the dollar soaks up demand. Yet another key technical support confirming a strong floor for the pound.

Remember the reason for owning pounds is to diversify your cash position. You want low risk with a story that could drive upside potential.

But currencies are not all that is getting safe haven love.

Remember we've been saying bonds were ready to move up. We showed a chart of long term bonds with their leading indicators suggesting upside potential.

Earlier this quarter, I sold TBT for a profit. TBT moves with long term rates (against bonds). We then bot UBT, a 3x levered ETF that moves with long term bonds (with bond prices). We were able to secure profits built on TBT and we're already seeing profits building on UBT. The swap was timely and proving to be profitable.

Notice on the chart UBT rising with strength, reaching a new high for the move. It's now consolidating but remains positioned for more upside. Buy more on weakness.

Our Resources Portfolio took a big hit as copper collapsed on the concerns previously identified. Capital flowed back out of riskier assets and into safe havens, mainly sidelined cash.

Copper erased its gains, breaking below a bearish rising wedge.

The chart below shows copper falling to a new low for the move, dropping from top side of upchannel.



Copper is now nearing key support.

Consider, the global economic outlook remains the same as it did a couple of weeks ago. Positivism surrounding the Economic Forum at Davos is giving way to expectations of stronger economic growth globally.

We've contended that a resurgence in emerging markets in 2020 is likely and could contribute greatly to demand for resources across the board.

We bought some more BHP Billiton (BHP) on weakness. BHP looks solid longer term and a safe way to play the potentially growing demand for resources this coming year.

Interestingly, sudden weakness was broad spread across resources and stocks. Even oil took a strong hit.

Crude oil broke below our support and stop at \$57 on a 2dc. We sold the second half of our position for a nearly-break-even-small-loss. Crude oil has fallen since deeper and its leading indicator is still showing the decline is overextended.

Buy some below \$53. Remember crude oil's year long support at \$52 has proven to be reliable.

Denbury Resources (DNR) also fell deeper. It had been below our stop



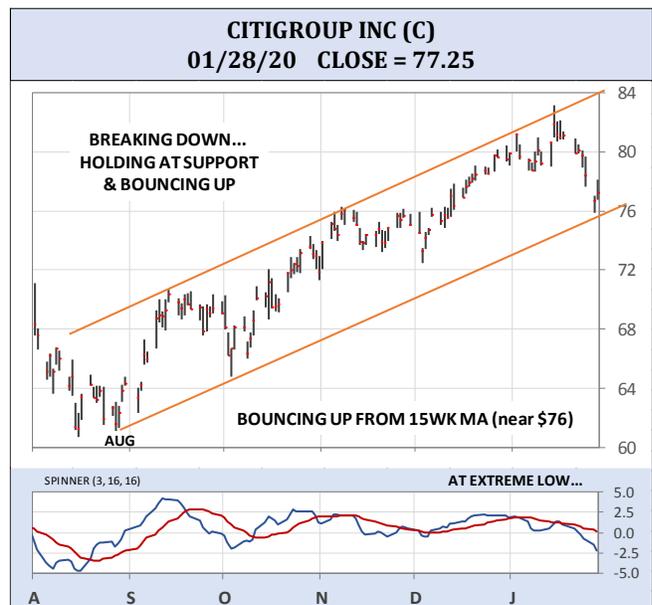
already last week and I announced I would give it some lee-way given its extremely oversold condition within an oversold industry.

At this point, DNR is very close to its rock-solid support level and should consider keeping it during weakness and waiting for rebound to unload, if you haven't already.

Last week I exposed the case for a melt up rise in stocks too. That sentiment and outlook has not changed.

Remember price is dynamic and ever shifting. It ebbs and flows.

The recent pull back on concerns over a spreading virus are allowing great opportunities to buy some positions. Yes, buy the dip.



Last week we bought some ATT (T). The telecom and content producing power house that trades only at 10 times forward earnings and offers a 5.5% yield. AT current valuations, ATT is a steal and should outperform the broader market in a melt up rise.

Citigroup (C) pulled back from the highs. It was shy from reaching our first profit target at \$85 recently and it's now testing support. C has broken an uptrend exposing technical weakness.

However, the bankers are a sector that could do especially well in a melt up rise. C continues to be one of the best values when it comes to banks out there. Keep your positions, buy on weakness.

Novartis also pulled back, allowing us to pick up some below \$95. Although NVS is not in as good of shape as ATT, it has solid numbers and it's poised to rise reliance on medical services and products tends to rise during pandemic insecurity.



NVS is at the brink of new highs. A break above \$96 could confirm strength and more upside would then be likely.

Last, but not least is Guangshen Railway (GSH). GSH broke below our adjusted stop loss. Because GSH is the main connection between Shenzhen and Hong Kong and due to the virus breakout, it's bound to affect business. It's uncertain how long it can take.



I recommend selling if you haven't sold already. I sold for a 10% loss.

Our strategy for this week is to remain calm. Continue to observe developing trends. Take advantage to position your portfolio to embrace what's coming. Take advantage of dips in stocks and

resources to buy; and wait for weakness in precious metals to develop further before buying. The dollar is calling the shots. For now, it's bullish. Keep an eye on the index's resistance at 99.

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KEY PRICES			
Name/Symbol	Jan 28,20 Price	Change	Jan 21,20 Price
Gold (GCG20)	1569.80	11.90	1557.90
Silver (SIH20)	17.46	-0.35	17.81
HUI (HUI)	227.55	-5.62	233.17
Copper (HGH20)	2.58	-0.21	2.79
Crude Oil (CLH20)	53.48	-4.86	58.34
S&P500	3276.24	-44.55	3320.79
U.S.Dollar (DXH19)	97.84	0.54	97.29
30 Year T-Bond (ZBH20)	161.31	2.72	158.59
10 Year T-Note Yield	1.64	-0.13	1.77
13-week Treasury Bill	1.53	0.03	1.50

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 12 & 13

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 (26%)						
GOLD (GCG20)	The China virus gave gold a safe haven boost, breaking above top side of 6 month long sideways band. If gold can hold above \$1565, the breakout will be solid and more upside would then be likely ST. Gold's indicators are losing steam but showing more upside ST is likely too. Interestingly, with gold's rise being practically isolated, with the notable exception of bonds, it's more likely to be a fear reaction rather than trend setting. Weakness in gold shares is still very indicative of sector sentiment. We'll keep our positions and continue to wait for a sign in gold shares and other precious metals to buy more gold backed assets.	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).	1569.80	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).	12.76	10.00	Open
SILVER (SIH20)	Silver showed strength when gold jumped up, but the downside ST still has legs. The May uptrend is next support. Silver even rose with gold as resources overall took a dive. Silver's indicators are losing steam showing it could soften ST. The key will be if silver breaks above \$19. If not, look for \$16.50 to \$17 on the downside. Keep a close eye. We're looking to buy more on weakness.	L	Bot: 15.80 (Jul-17-19), 16.50 (Aug-7-19), 16.80 (Nov-8-19).	17.458	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).	6.45	2dc below 6.10	Open
HUI Index	Gold shares continue to show signs of a top. The sideways band since Aug continues. Until HUI can break above 240 and stay above it, downside pressure will remain controlling. If HUI fails to break convincingly above 240, a decline to the Oct uptrend near 220 initially will be likely. A break below this first uptrend & support would give way to a deeper decline, to the bottom side of the band near 200. On the upside, Spinner and other indicators for HUI are starting to show signs of ST strength. We have tip-toed into gold shares through AEM and SVM. We continue to have open buy orders. Still waiting for weakness to buy more.	--	N/A	227.55	N/A	N/A
AEM	AEM tested resistance at \$62.50 and struggled to surpass it since piercing above it for only a few days in Aug. A break would be a bullish confirmation of an ascending triangle and more upside is likely. But AEM resisted, and is testing its bullish May uptrend. A break below it would suggest further downside. We're waiting for weakness to load up.	L	58.75 (Jan-9-20).	59.46	2dc below \$50	65 & 80.
KL	KL continues to show lower lows since reaching a high at the turn of the year. KL is now breaking below the Apr uptrend thereby suggesting further weakness could push KL to its key support level near \$37. Waiting for weakness to buy again.	O	Out	41.10	-	-
SVM	SVM is looking great above the Jun uptrend at \$5. But the trend since the Dec highs remains down. Spinner is resisting at the zero level suggesting weakness. Keep your positions. Wait for more weakness below \$5 to buy again.	L	5.49 (Jan-6-20).	5.25	2dc below 4.75	6.75 & 9
HL	HL is breaking below its Oct uptrend near \$3.15 showing ST weakness. Spinner, our leading indicator is showing momentum picking up steam as it tests the zero line. HL is a great silver company.	L	2.96 (Jan 28,2020)	2.88	-	-
SBB.TO	SBB.TO is showing weakness at the Aug downtrend. It's back below \$1.80 and it could now test the bullish May uptrend near \$1.70. We had placed a buy order below CA\$1.70. However, hold off for now. I'm still debating the final gold shares that will make up the precious metals portfolio. SBB.TO is a great company with great potential. We'll keep monitoring it, but don't buy for now.	O	-	1.76	-	-
NG	A great company that I think will deliver great gains during the upcoming bull mkt. Great management and great assets. However, I will wait for a decline that holds above the Jun uptrend, ideally below \$8.	O	-	8.89	-	-

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	UBT is rising with strength. It broke to a new 4 month high. UBT has some resistance at 110. A break above this level could push UBT to the Sept highs or higher, near 115. Our bond trades have been great. We recently sold our bond short for a gain and we're capturing the developing leg up rise. I'll be looking to buy more on any pull back near 100.	L	99 (Jan-16-20).	105.01	2dc below 94	114 & 125
CURRENCIES (39%)						
U.S. DOLLAR (DXZ19)	Rebounding! The dollar is bouncing up on safe haven demand! The dollar broke above the Oct downtrend (97.50) and it's now eyeing key resistance at 99. We've mentioned a break above this level is necessary to confirm a renewed leg up rise in the dollar. If the dollar fails to surpass this resistance, it could fall back to the bottom side of the band near 96.		Holding cash	97.84	-	-
FXB	Pressure down... Dollar strength is putting a lid on all other currencies. Pound sterling is not an exception. However, it's holding up well with great upside potential given the dynamism the U.K.'s economy could be generating after the conservatives took control of the parliament. Keep some of your sidelined cash in pound sterling.		Bot Pound Sterling below 1.30 (FXB: \$126.60)	126.23	-	-
RESOURCES AND ENERGY (12%)						
Crude (CLH20)	Concerns regarding global growth on fears of a spreading virus and impeachment proceedings in the U.S. are putting downside pressure on risk assets, while fueling demand back into safe havens. Crude was already at an extreme low per our indicators before falling another nearly 10%. We sold when our stop triggered for small loss, nearly break-even on the second half of our position. We had taken 13% profits on the first half in Dec. Indicators are even more extreme now and crude is approaching a year + long support level (\$52). Global economic outlook for 2020 hasn't changed. I'm taking advantage of weakness. Buy near \$53 or lower.	O	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). Sold at \$55 via stop for nearly break even on second half of position.	53.48	0.00	0
DNR	We gave DNR leeway and it fell further, breaking below our reduced stop. Let's wait for a rebound from current extreme lows. Spinner is showing the downside is limited, just as DNR reaches a year long support level. Honestly, greed got the best of me on this one. Our initial target was at \$1.60 and I raised it to \$2 on the most recent upswing. We could've turned a nice profit. The lesson: be disciplined in carrying out your plan. DNR will likely rise back down the road. But we'll play resources through other companies, and the crude move through crude itself or ETFs that track its price directly.	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)	1.02	2dc below 1.20	2 & 3
COPPER	The sudden collapse in copper is very telling of mkt perception and price stability. Interestingly, nothing in the landscape has materially changed our view for 2020. The recent decline could be an aberration fueled by fear of the spreading coronavirus and the culmination of impeachment proceedings. However, the economic trend continues to tell us we should take advantage of weakness to buy a position. We bot more BHP this past week on weakness, adding to our recent positions.	O	-	2.5795	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)	53.01	2dc below 47	63 & 70
OTHER STOCKS (19%)						
GSH	GSH fell the hardest. Due to its main business being a railway that connects Hong Kong to Shenzhen, it has suffered greatly from the breakout of the virus in Hong Kong. We've been waiting for a bounce up to unload. However, given the fundamentals driving the decline, downside pressure may persist. Sell for a loss.	L	15.90 (Oct-23-19), 15.90 (Nov-27-19)	14.20	2dc below 15.50	19 & 25
C	C took a dive with the broader market. However, it's holding at its 15wk MA exposing a great buying opportunity. Buy some more at mkt. C remains very bullish above the (adj) Aug uptrend. Keep your positions.	L	73.75 (Nov-20-19)	77.25	2dc below 75	85 & 100
T	Bought some ATT last week and we're ready to buy more on weakness. If you're not in, buy at mkt. ATT is a great company with great value that could be explosive during a melt upriser. Take advantage of weakness to buy. ATT is very bullish above the Aug uptrend near \$38, but has strong support at the Nov lows near \$36.50. Build up your position.	L	38.75 (Jan-22-20)	38.58	2dc below 36.50	50
NVS	Bought some below \$95 and waiting for more weakness to buy more. NVS failed to clearly break above its bullish ascending triangle at \$95. It's falling back and could reach the Aug uptrend near \$90 ST. Spinner showing downside pressure could intensify ST. Buy more near \$90.	L	94.75 (Jan-23-20)	95.54	2dc below 85	120

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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.

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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