



-GCRU-

Weekly Trading Strategies



Omar Ayales

Achieves gains by trading commodities, currencies and stocks

October 21st, 2020

IN ITS 19th YEAR - Nº 907

DOLLAR DOWN, BUT NOT OUT

GOLD UNDER PRESSURE

RESOURCES POISED TO RISE, I'M BUYING SOME!

STOCKS LOOKING GOOD TOO

The global economic recovery narrative continues to gain steam... As countries move away from lockdowns, it is clear the only viable path for the economy (and stocks) is up.

Data earlier this week showed stronger than expected growth in China post Covid, fueling speculation of a global 'V' shaped recovery. Moreover, the housing market in the U.S. remains robust as mortgage rates stay low. The recent exodus from cities into suburbs could continue to fuel demand for construction materials and resources.

Not surprisingly it's pushing copper up to a new 2 year high!

Dr. Copper broke above a bullish ascending triangle with resistance at \$3.10 showing impressive strength. The upmove leaves little doubt where copper is headed.

"The stock market and the economy are two different things." -**Milton Friedman**

Moreover, consider that regardless of who gets elected in the U.S. election, it seems there is bipartisan support for more fiscal stimulus. Any continued support will keep demand growing for resources.

My chart of the week shows this scenario best. It's a gold to copper ratio showing which of the two metals is favored and where the investment trends are swinging. The indicator below shows what direction momentum is taking.

When the chart favors gold, it tends to mean precious metals are favored over resource or industrial metals. Because resource and industrial metals are associated with construction and growth, they tend to be a good indication for global economic strength.

Notice the chart has favored gold over copper since 2018. Moreover, it's reached an extreme that has coincided with extreme situations of the past. The indicator (B) also tells us the ratio has moved too far in gold's favor, and it's now starting to swing in favor of copper.

The chart suggests the economic recovery is bound to gain steam and traction. Investors are poised to shift towards riskier assets and leave safe havens in the back burner ... for now.

Our net position in precious metals is about 16% (down from over 50% just a few months ago). A low level I feel comfortable with riding through weakness.

Exposure to resources is only at 4%. A full position in BHP Group (BHP). But as a subscriber pointed out BHP has a heavily diversified portfolio with growing exposure to oil.





BHP is a great company, with a great dividend yield and it's still heavily involved in production of copper. It's also a staple of the Australian economy. I will keep it for now and as long as it holds above \$49.

I'm including a new resource company that'll provide better exposure to the sector and will be adding others too.

A company I've been following and believe could be a perfect moment to trade is

Ivanhoe Mines. It trades in the Toronto exchange under the symbol IVN and on the OTC in the U.S. under the symbol: IVPAF. IVN is a Canadian company, founded by its executive Co-Chairman and Non Independent Director: Robert Friedland.

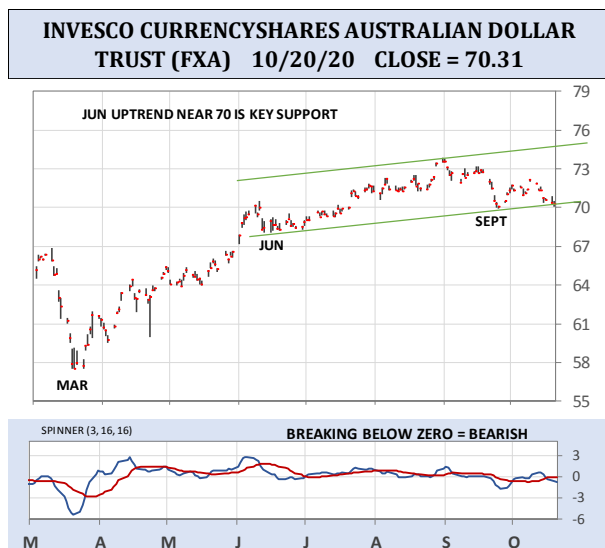
Mr. Friedland's ample experience in business development and finance brings ample resources and management skills to world class assets in Central Africa.

On the chart, notice IVN is jumping up from the Mar uptrend and support level... Spinner is also breaking away, showing momentum is tilting in favor of IVN.

Buy a full position at mkt.

Slowly but surely I'm building up my resource portfolio. There's lots of potential





in the space and given the road to the global economic recovery, there's lots of upside to look forward too.

We might just be in for a bullish run like the one we lived with gold from Sept 2018 to Aug 2020.

By the same token, the stimulus that will spur economic recovery and growth will likely continue to put downside pressure on the U.S. dollar index. In many respects, the U.S. dollar remains king. Most currencies, stocks and assets move to its tune.

Since Mar, the U.S. dollar has shown weakness. It's fallen continuously, creating a downtrend that has turned into strong resistance.

The Mar downtrend, together with support at the 90-92 level is creating a descending triangle, a bearish continuation pattern.

The U.S. dollar index must break clearly above the Mar downtrend before showing any signs of a reversal. In the meantime, the weaker dollar remains supportive of most other currencies, stocks and commodities.

Most of my cash, representing currently 50% of my portfolio, is in U.S. dollars or highly liquid, low risk, low yielding U.S. dollar denominated assets. I'm also partially exposed to Australian dollars ("Aussie") and British Pound Sterling ("BPS"). They both tend to

move opposite to the dollar and offer a good hedge to maintain purchasing power while keeping cash sidelined.

I believe that the surge in resources will eventually push resources economies and their currencies up too. Economies like Australia, New Zealand, Canada among others.

Although I haven't openly diversified some of my cash into Canadian dollars, I have by owning assets in Canadian dollars and in Canadian exchanges. This allows for growth potential not only in the companies themselves, but through currency appreciation too at liquidation.

Another chart that provides a glimpse as to what may come is this other ratio between gold and the Dow Industrials.

When the ratio rises, it benefits gold and when it falls, it benefits equities. The indicator (B) measures momentum within bear and bull cycles as identified in the ratio.

Notice the ratio has broken on a longer term basis in favor of gold. However, the indicator below tells us the rise has been strong but a pull back is now likely. A pull back that could tilt the ratio back in favor of the industrial companies.

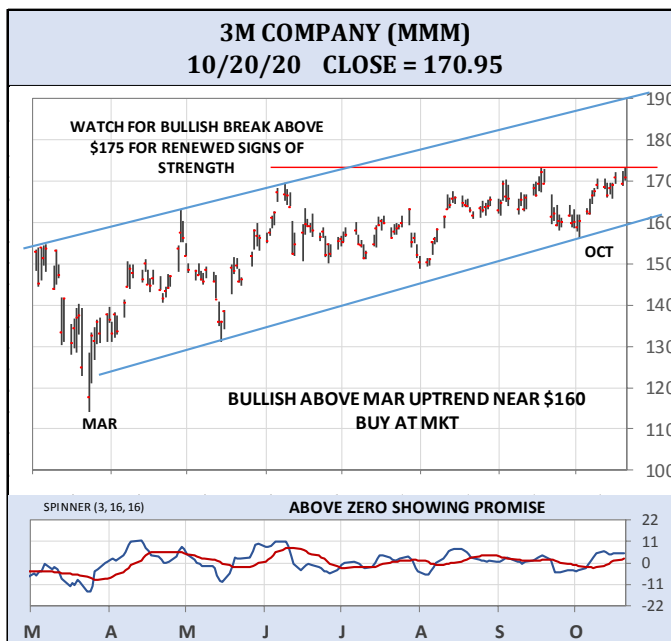
The reason why it's consistent with the gold to copper ratio shown at the start is that as the economic recovery gains steam, so will industrial production.



We're already starting to see it in the earnings growth for certain companies in the third quarter.

Take 3M (MMM) for example. It's set to beat estimates for the third quarter. Yet it trades at 20 times earnings with a dividend yield of nearly 4%.

On the chart, notice the jump since the Mar lows. It's up 40% from the Mar bottom to recent highs and it's still 50% away from the 2018 highs!



If MMM now breaks above the 2020 highs at \$180 on a 2dc, it has an open upside to its next resistance at \$220 initially.

Buy at mkt.

MMM is a new edition to our growing stock portfolio. It would be our only real industrial company.



I also have exposure to Walmart Stores (WMT). The giant retailer going tech.

The "amazon-ification" of WMT is set to be among the biggest growth story in U.S. equities.

Notice WMT continues to edge upward. It's near the all time highs just below \$150. A break above this level would confirm strength and open the upside.

Keep your positions.

Shopify (SHOP) is a tech company allowing peer to peer business connecting small and medium businesses with consumers. A perfect post Covid 19 business model. Add a solid relationship with Walmart (WMT). SHOP has it all!

The recent agreement between SHOP and WMT will prove to be of great benefit to small business owners that use the SHOP platform to sell their goods and services.



The combo of owning SHOP and WMT is very powerful. Keep your positions.

Another recent tech play is PayPal (PYPL). It's a leader in online payment solutions, becoming widely used.

PayPal has become a 'payment staple' for consumers, directly competing with Visa, MasterCard and Amex for e-commerce market share.

PYPL is very bullish above the Mar uptrend but also has strong resistance at the all time Sept highs near \$210. A break above this level could push PYPL to higher highs. Keep your positions as long as PYPL holds above support at \$180.

I also own SPXL, an ETF that triples the action on the S&P 500.



It's down from recent highs. But most importantly, it's showing support at \$50, the May lows & support. As long as SPXL holds above the uptrend, it'll be poised to rise to the top side of the upchannel near \$70. Keep your positions.

We own TBT to take advantage of a pull back from the extreme rise in U.S. government bonds. TBT is an ETF that moves opposite to long duration U.S. government bonds. That is, TBT rises with LT yields on U.S. government bonds.



TBT seems to have formed a solid base above \$14.50 and started to rise, recently breaking above (and holding above) \$16. TBT's next real resistance is at \$18. A break above this level and it's off to the races.

Keep your positions.

Last but not least is Citigroup (C). I've been waiting for a bounce to unload. It had fallen below our stop at \$48, but reached an extreme low very quickly.



Instead of taking a loss then, I've kept it, waiting for a pull back to unload...

C is rebounding, showing support at the \$40 level. I will sell on a further bounce up, above \$47.

Precious Metals On Back Burner



As gold's 'D' decline continues to develop, we've kept busy with other trades...

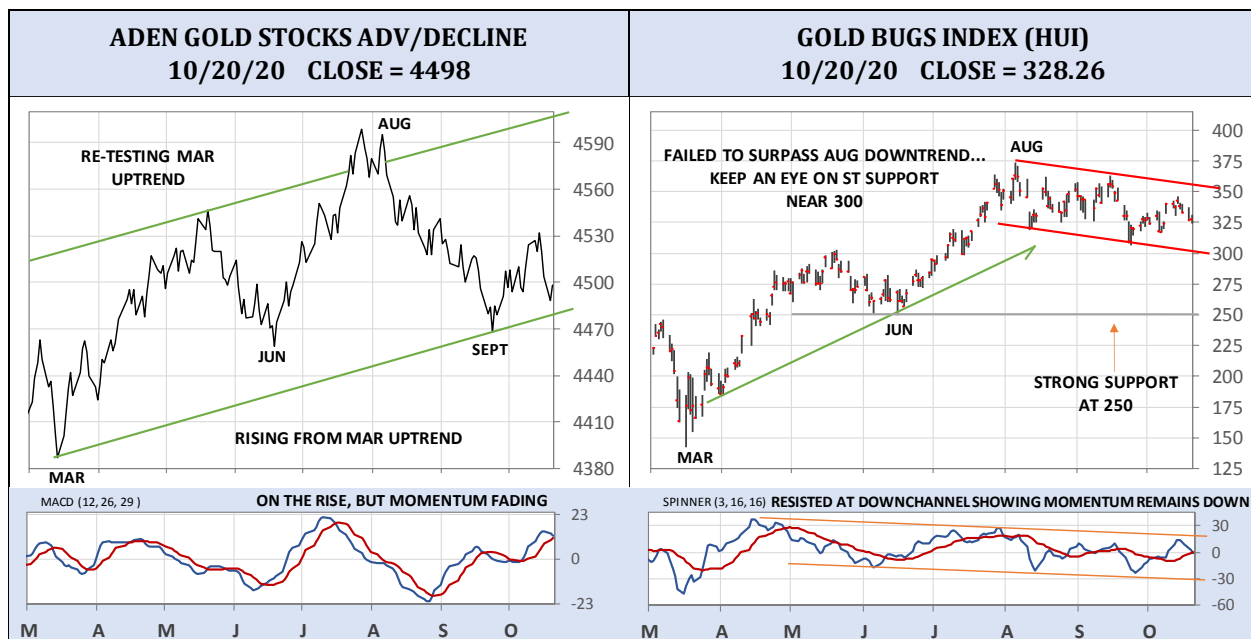
Moreover, as the ratios above show, other assets are poised to be favored over gold and gold assets.

This doesn't mean gold will fall. It's been holding up well. It just means we need to take advantage of other opportunities (even if the title to my letter is Gold Charts R Us).

We can't turn a blind eye and must be objective. Profits are the name of the game.

And although small, our precious metals portfolio still offers good exposure to gold's secular bull market. With a few trades, we could increase exposure significantly.

But be patient. Weakness hasn't played out completely and we could be entering the most volatile phase within gold's mini ABCD cycle.

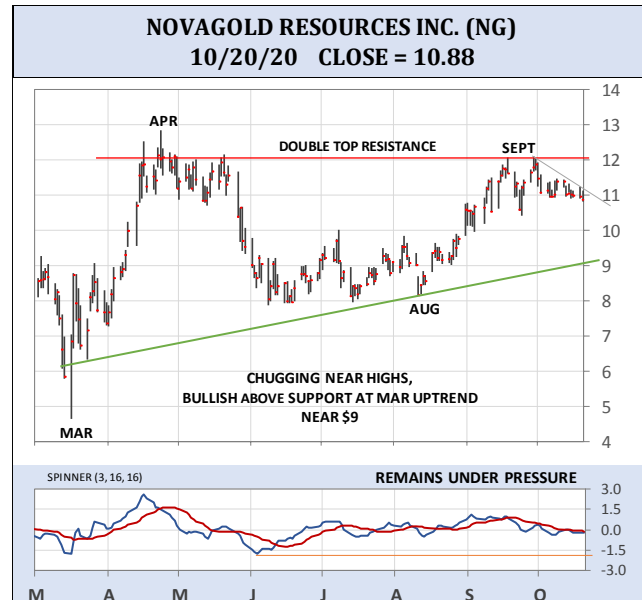




Notice on the chart, gold is forming a bearish descending triangle between the Aug downtrend and the recent support at \$1850. This suggest, a break below ST support could push gold to deeper support near \$1680.

Keep a close eye. I recently bought some near \$1900, but I'm waiting for more weakness to buy near \$1700.

Gold shares continue to show weakness too.



HUI remains in a down channel, approaching its next support at 300. A break below this level could push HUI to 250, the Jun lows and my ideal re-entry level.

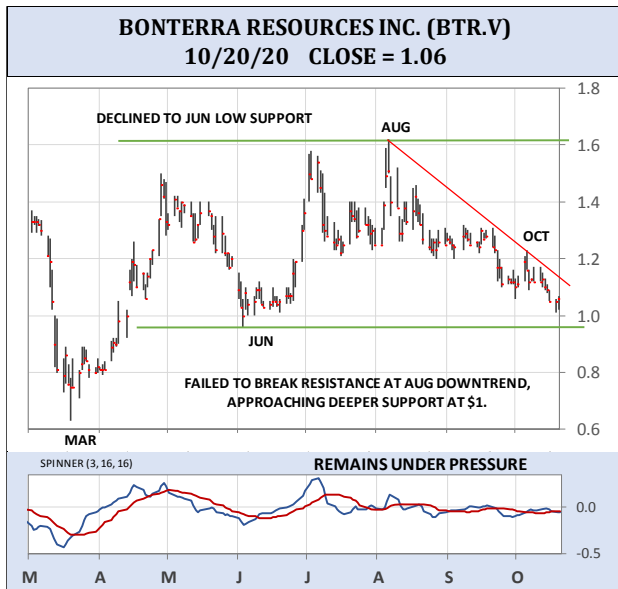
Our in house gold share advance/decline line has also turned back down after showing support at the Jun lows. Price action is bearish suggesting downside pressure remains.

Keep limited exposure for now. I'm looking to increase considerably when indicators suggest better value.

Keep exposure to DUST too. It'll help counter some downside risk on your long positions.

I do have some exposure to Nova Gold (NG) and Hecla Mining (HL) after taking handsome profits recently.

Both are poised to decline further, together with the rest for the gold universe.



Buy more HL near \$4.50 and more NG below \$9.50.

I recently added a couple of junior mines, Bonterra Resources (BTR.VN) and Black Rock Gold Corp (BRC.T). Both have great upside potential. They're poised to decline with 'the falling tide'.

Don't sweat the downside. Their growth story is worth the wait.



Interestingly, a big chunk of my precious metals portfolio is in silver. I have a full position averaged at \$19 after having taken high double digit gains.

Silver is poised to hold its value better than gold due to its wide industrial use. Demand for resources and gold's secular bull market are catalysts to send silver to test the all time highs near \$50.

Keep your position, but buy more below \$20.

Our strategy for this week is to pick up some resources companies and high value blue chip industrial stocks like MMM. Gold keeps simmering. It'll clearly have its day once again, but more likely later on. Be patient and take advantage of the markets and trades that are offering better opportunities ST.

And remember, if it's Wednesday, it's Gold Charts R Us!

Good luck and good trading,

Omar Ayales
 Chief Strategist/GCRU
www.goldchartsrus.net
 A division of Aden Research



TRADER SHEET PAGES 13 & 14

KEY PRICES			
Name/Symbol	Oct 20,20 Price	Change	Oct 13,20 Price
Gold (GCZ20)	1915.40	20.80	1894.60
Silver (SIZ20)	24.98	0.85	24.13
HUI (HUI)	327.73	-10.33	338.06
Copper (HGZ20)	3.15	0.11	3.04
Crude Oil (CLZ20)	41.70	1.50	40.20
S&P500	3443.12	-68.81	3511.93
U.S.Dollar (DXZ20)	93.05	-0.48	93.54
30 Year T-Bond (ZBZ20)	173.50	-1.69	175.19
10 Year T-Note Yield	0.797	0.070	0.727
13-week Treasury Bill	0.095	0.002	0.093

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 (20%)						
GOLD (GCZ20)	Holding on to small position. Continued resistance below Aug downtrend continues to show more weakness is likely. Watch for a break below support at \$1850 for a confirmation of weakness. Waiting for lower price to buy more, ideally near \$1700.	L	Bot: 1485 (Mar-18-20). Sold via alert for 35% gain (Aug-11-20). Bot 1900 (Sept-21-20)	1915.40	2dc below \$1600	2100 & 3000
PHYS	Keep your positions.	L	11.75 (Mar-18-19). Sold via alert for 35% gain (Aug-11-20). 15.20 (Sept-21-20)	15.27	2dc below \$11.20	-
SILVER (SIZ20)	Holding full position with 30%+ gains after achieving solid gains throughout this year. Silver still holding strong above Mar uptrend near \$24, with stronger, intermediate support at \$19. Keep your positions for now. Consider buying more on further weakness, near deeper support at \$19. Keep stops at \$19.	L	Bot: 15.80 (Jul-17-19), 16.50 (Aug-7-19), 16.80 (Nov-8-19), 12 (Mar-18-20), \$15.20 (May-6-20). (AVG: \$15.275) Sold half at \$18 for 17% gain (Jun-22); Sold more at \$26 for a 70% gain (Aug-4-20). \$23 (Sept 23-20) (AVG: \$19).	24.980	2dc below \$19	28 & 50
PSLV	Keep your positions.	L	Bot: 5.50 (Jul-17-2019), 6.25 (Aug-7-19), 6.19 (Nov-8-19), 4.65 (Mar-18-20) (AVG: 5.65). Sold half for 17% gain.	8.22	2dc below \$5.25	-
HUI Index	Gold shares failed to surpass the Aug downtrend showing weakness remains. HUI is now positioned to test ST support at 300. A break below it will confirm weakness and a decline to the June lows would then be likely. I continue to hold a small exposure to gold shares, an amount that I'm comfortable keeping through weakness. Avoid holding large exposure. Downside pressure remains. We're sitting on great profits achieved through-out the year and waiting patiently for weakness to develop further before buying.	--	-	328.26	-	-
HL	Holding reduced position after protecting profits. HL continues to resist at \$5.50 (Aug downtrend). Keep waiting patiently for weakness to buy more, ideally near \$4.50.	L	2.96 (Jan-28-20), 2.65 (Mar-4-20), 1.65 (Mar-18-20). Sold half at \$3.50 (May-20-20) for 46% gain. New Positions: 2.90 (Jun-24-20) (AVG: \$2.85). Sold half at \$6 for 105% gain (Aug-4-20).	5.21	2dc below \$4	8
NG	Holding reduced position after protecting some profits. Waiting for weakness below \$10 to buy more.	L	8.30 (Jul-15-20), 8.70 (Jul-22-20), 8.99 (Aug-7-20) (AVG: 8.65). Sold half for 40% gain (Sept 18-2020).	10.88	2dc below 8.	12 (reached)
BTR.V	Keep small position. BTR resisted at the Aug downtrend showing weakness. It's now testing support at \$1. Allow leeway.	L	1.32 (Jul-23-20).	1.06	2dc below \$1	\$2.20 & \$3
BRC.V	Keep small position for now. Waiting for more weakness to buy more.	L	1.10 (Sept, 21-20)	0.83	2dc below 0.40	2 & 4
CURRENCIES (50%)						
U.S. DOLLAR (DXZ20)	Holding most of cash reserves in U.S. dollars but have taken advantage of dollar strength to diversify some of the cash position in Australian dollars and British Pound Sterling.		-	93.05	-	-
FXB	Keep cash reserves liquid and diversified. BPS is looking good above the Mar uptrend.		-	125.13	-	-
FXA	Keep cash reserves liquid and diversified. More upside is likely as long as the Aussie holds above support.		-	70.31	-	-

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
RESOURCES AND ENERGY (4%)					
COPPER (HGZ20)	2 year high and looking ripe for more! We've been out of resources overall with limited exposure thru BHP Group (BHP). We're adding new resource companies that could thrive as the global economic recovery gains steam. Increase exposure to resources.	O	-	3.1480	-
BHP	Holding full position, down from overweight for a profit. BHP is under pressure below Aug downtrend but showing signs of support at \$50. Keep for now.	L	54.75 (Jan-15-20), 52.50 (Jan-30-20), 43 (Mar-5-20), 31.50 (Mar-18-20) (AVG: 45.40). Sold half per alert at \$53.50 protecting 18%+ gain (Sept-8-20).	51.20	2dc below \$47
IVN.TO	Bullish above Mar uptrend. Surging Spinner suggesting momentum picking up steam. Buy at mkt. Place first profit target at top side of Mar upchannel at \$6.50, and stops at 2dc below \$4.50. IVN.TO does have assets in central Africa, which we try to avoid. However, it's founder and CEO, Robert Friedland, provides lots of credibility to operation. You can look for more information in www.ivanhoemines.com	O	-	5.19	2dc below \$4.50
MELT UP RISE PORTFOLIO (26%)					
C	Overweight, waiting to unload. C looks promising above the Mar/May uptrend near \$40. Keep your positions for now, wait for a stronger bounce up above \$47 to unload.	L	73.75 (Nov-20-19), 40 (Mar-25-20), 50 (May-27-20), 50 (Jul-1-20) (AVG: \$55).	43.52	-
WMT	Holding full position. Keep for now; would buy more on weakness. WMT is bullish above Mar uptrend near \$135. Keep your positions.	L	130 (Aug-26-20), 136 (Sept-18-20).	143.90	2dc below 115.
SPXL	Holding full position. Bullish above Mar uptrend near \$50; next target is top side of Mar channel near \$70. Keep your positions.	L	\$53 (Aug-11-20), 54 (Aug-12-20) (AVG: \$53.50).	56.36	2dc below \$49
SHOP	Overweight. SHOP is bullish above Mar uptrend near \$950. Keep stop and deeper support level at \$800. Consider selling half at first profit target to protect a nearly 50% gain.	L	930 (Jul-16-20), 900 (Jul-24-20), 875 (Sept-18-20), (AVG: 900)	1056.49	2dc below \$800.
TBT	Holding small position. TBT is looking good above the Aug uptrend near \$15.80; it has deeper support at Aug lows near \$14.50. Keep your positions as long as TBT holds above support at \$14.50.	L	15.40 (Aug-12-20).	16.44	2dc below 14.50
PYPL	Holding full position. Would buy more on weakness, ideally below \$200. Keep as long as PYPL holds above \$160.	L	183 (Sept 23-20).	201.96	2dc below 160
MMM	MMM is an industrial company poised to grow as the economic recovery develops. It's among the few industrial companies with great dividend yields that's backed up by solid growth in operations. MMM's yearly dividend yield is nearly 4%. Buy at mkt. Place stops 2dc below \$160.	O	-	170.95	2dc below 160

Quoting *GCRU* is permitted provided *GCRU* name, website address & subscription price are given.

All charts in *GCRU* are daily prices.

Subscribers can obtain free online chart updates for all gold shares in *GCRU* via: www.bigcharts.com. To view Canadian stks please use CA as prefix (i.e., to view Agni Eagle (Toronto) you must use CA: AEM).

Note: U should NOT feel our recommended prices are set in concrete. If mkts suddenly feel hot or cold to U, or dramatic news occurs, U can buy or sell, or stop at slightly higher or slightly lower prices. It also hinges on your experience level. Some people can use our prices as guides & know when they can take bigger risks.

Spinner: Spinner is an in-house momentum indicator (not always shown on charts). Momentum indicators use the rate of change in price to determine predominant energy flows. Spinner trading signals are generated when the faster timing line crosses above or below the slower confirming line. Upside crosses in the lower range of positive territory offer the most reliable signals for longs; downside crosses in the top range of negative territory for shorts. Avoid trading against the timing line, 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

- DISCLAIMER -

Due to the electronic nature of e-mails, there is a risk that the information contained in this message has been modified. Consequently *Gold (& mkts) Charts R Us* can accept no responsibility or liability as to the completeness or accuracy of the information. Whilst efforts are made to safeguard messages and attachments, *Gold (& mkts) Charts R Us* cannot guarantee that messages or attachments are virus free, do not contain malicious code or are compatible with your electronic systems and does not accept liability in respect of viruses, malicious code or any related problems that you may experience. Information in *Gold (& mkts) Charts R Us* is for general information only & is not intended to be relied upon by individual readers in making specific investment decisions. Appropriate independent advice should be obtained before making any such decisions. *Gold (& mkts) Charts R Us* do not guarantee or assure that readers will make money or accept liability for any loss suffered by readers as a result of any such decision. Futures and share trading involve risk and is not for all investors. Past performance is NOT indicative of future results. Trading involves risk and should be pursued with risk capital only!