



# -GCRU-

## Weekly Trading Strategies



*Omar Ayales*

Achieves gains by trading commodities, currencies and stocks

October 7<sup>th</sup>, 2020

IN ITS 19<sup>th</sup> YEAR - Nº 905

# **VOLATILITY SPIKES!**

## **FUELING ERRATIC PRICE MOVEMENT**

## **DOLLAR HOLDS STRONG**

## **GOLD EDGES LOWER...**

**A**nd just when I was starting to think things couldn't get any stranger, true to its nature, October happens...

Price movement in commodities, currencies and stocks have been erratic to say the least. Prices broadly are reacting to the news of the day.

It's easy to get lost in the noise... especially as we get closer to the U.S. election.

But the reality is the result of the election shouldn't really have an impact on the stock market's mega trend.

LT, the recovery from the pandemic-led collapse will continue being the primary driver.

**"Well bought is half sold." -Anonymous**

A new economic cycle is in the midst of bottoming and restarting. That will be a reality regardless of who ends up being elected.

But short term... I tend to believe the stock market would favor a Trump win right off the bat.

To his credit, Trump has been a champion for corporate America and Wall Street and a continuation of his policies could be seen as bullish for stocks.

Biden, on the other hand, is taking on corporate America, advocating for more taxes. And while the cause might be noble, the reality is it affects corporate profitability and a valuation adjustment would be inevitable.

I believe our positions are safeguarded and will thrive regardless due to upside potential from their business models. They're companies that are worth holding through weakness.

Exposure to U.S. stocks is at 26% of total portfolio, including Citigroup (C), one that I've been looking to unload.

But take Walmart (WMT) for example.

The giant retailer does twice as much in gross sales as Amazon with similar profitability.

It's now shifting its business model from brick and mortar to online shopping, storage and distribution. As WMT becomes more like Amazon, expect for profitability to increase, even if gross sales remain the same or even decline initially.



WMT not only is an incredible growth story, it allows for a sturdy floor in the event consumer sentiment dips or the economy struggles to recover.

Moreover, WMT's chart is very bullish. The Mar uptrend at \$130 is solid support. It's converging with a previous resistance (Apr high).

Keep in mind, WMT has a decade long term uptrend, shown previously, but not today, with support near \$115. This is why I've placed my stops at this level and not at the Mar uptrend.

Spinner is above zero, showing momentum favors WMT.



Allow for leeway and take advantage of weakness to buy more or if you're not yet in.

Another company that is partnering up with WMT and helping delve into the online market is Shopify (SHOP).

SHOP has the platform and the knowledge to bring WMT's distribution capabilities into the tech world. Both companies working together are dynamite.

On the chart, notice SHOP extending its bounce from the Sept lows. It's confirming bullish support above the Mar uptrend near \$900.

Keep your positions, allow for some leeway. I'm overweight, looking to take some profits at \$1300.

PayPal (PYPL) is yet another tech company with an online platform that brings businesses and customers together.

It's was first of its kind and its constantly looking to evolve. For a tech company its valuation is not extreme. It's somewhat in line with that of MasterCard or Visa without the liability.





Notice PYPL's upchannel since Mar above. It's very bullish above this uptrend near \$180 and could now rise to the top side of the Mar upchannel.

Spinner is still bullish, suggesting momentum continues to favor PYPL, ST.

I'm also holding the ETF: SPXL. It's a levered ETF that follows price action in the S&P 500.

SPXL has been bouncing up with strength. It's confirming support at the (adj) Mar uptrend. As long as it stays above this level near \$48, it could rise to the top side of the Mar upchannel near \$66 initially.

Spinner is breaking out. Keep your positions.

Citigroup (C) is one I've been waiting to unload. It broke below a symmetrical triangle showing weakness last month.



But the decline was fast and didn't allow an easy exit. I decided to keep and wait for a pull back to the break down level to unload.

I'm still waiting for a higher bounce, above \$48 to sell.

Last but not least is our ETF: TBT. An ETF that trades inversely proportional to LT U.S. gov bonds. This means TBT will rise with long term bond yields. Like selling short LT U.S. gov bonds.



Just this week LT rates spiked up. TBT broke above \$16 and it's at a new high for the move. TBT is nearing key resistance at \$18. Keep a close eye on it. A break above this level is bullish.

\$18 is our first profit target, so be ready to sell some or all. I continue to hold a reduced position. But I would buy more on weakness, below \$15.75.

We've done great trades this past year and I'm sitting on nice healthy profits with limited exposure to key markets.

Most importantly, and as I have been insisting, keeping ample cash reserves is crucial. Only by staying liquid will you benefit from great opportunities that are still developing.

One my favorite charts to consult is the U.S. dollar index.

Price movement in the dollar is critical because it affects nearly everything. Assets rise and fall to the tone of the dollar.

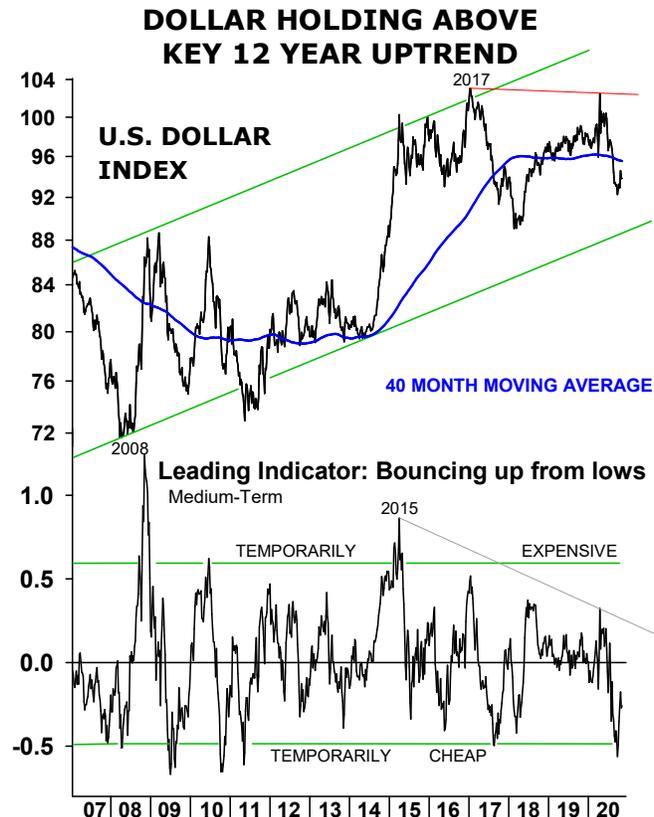
My first chart shows the U.S. dollar index in a major uptrend since 2007. The chart below the dollar is its leading MT indicator measuring momentum.

Notice the dollar's recent break below its 40-month MA (mega trend identifier) shows weakness with increasing downside risk.

The downside, however, seems limited.

The chart suggests the dollar could fall further but it's likely to find support at the 10+ year uptrend near 90.

The indicator below is bouncing off an extreme low, suggesting dollar strength is not over just yet.



Most of my liquid cash position is in U.S. dollars or low interest highly liquid dollar denominated instruments.

The other portion of my cash is in British Pound Sterling (BPS) and Australian dollars (Aussies).



Both have been a great way to diversify currency risk and wealth preservation.

Notice dollar weakness has been welcomed by BPS and the Aussie. Both are holding above bullish uptrends since Mar. This suggests more upside, to possibly the top side of the upchannel, is likely.

Keep your cash pile diversified to counter risk from any single currency.



### Gold Resists at Aug Downtrend

Just yesterday, gold snapped a week long upmove from the Sept lows. The bounce went as high as reaching the Aug downtrend (\$1925), where it's resisting.

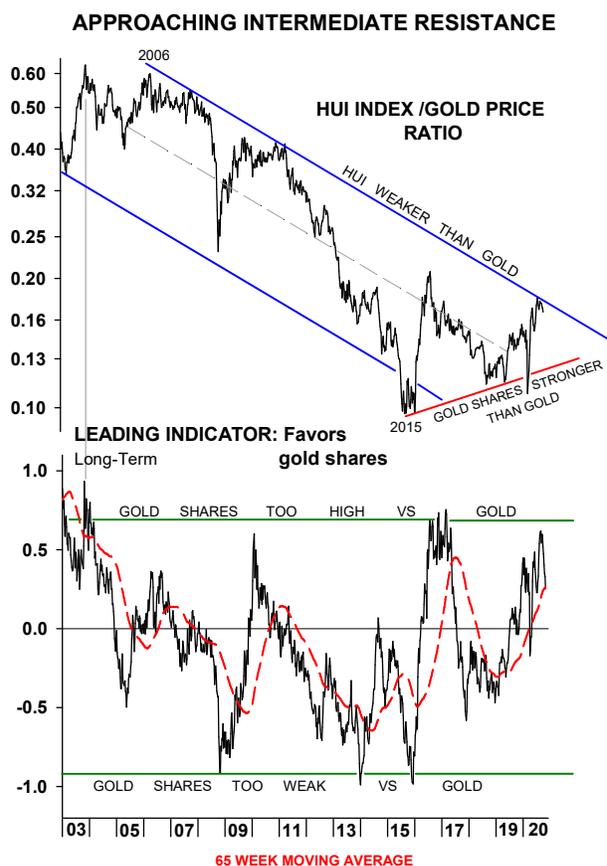
You'll notice Spinner had broken above its MTMA, but it's struggling to surpass the zero line, suggesting slack remains.

If gold fails to break above the Aug downtrend, it could continue down trending, to the bottom side of the Aug down channel near \$1800 initially.

Keep in mind gold's 23-month MA, the mega trend identifier, is near \$1,550. My target thus far has been \$1685 (Jun lows). We'll soon see.

In the meantime, I'm keeping my small position and waiting for further weakness to buy more.

Another indication of slack within the gold universe is price action on the miners.



When gold is in a strong upmove, the miners tend to outperform the metal itself. The opposite is true when gold is in a down move. The miners tend to sell at a deep discount to gold.

The next chart shows a ratio between gold and the HUI (a gold miner index). Notice the ratio has been favoring gold over gold miners for the majority of the last 20 years.

The big and notable difference has been since the ratio bottomed in 2015. Gold miners have since outperformed gold, until reaching the 2006 downtrend.

The momentum indicator below also shows the ratio has risen fast and strong in favor of the miners and some downtime is now likely.

The ratio could decline to test the 2015 uptrend before resuming this 5 year rise.

I continue to hold some exposure to gold and gold miners. Exposure is at 20% of the portfolio. It's an amount I feel comfortable with while riding through more weakness. I'll be buying more when a bottom emerges.

As part of that exposure, I've secured a position in DUST. It's an ETF that moves opposite to the HUI by a factor of 2. DUST rises when gold miners fall.

This trade is simply meant to be a hedge against the downside of our long positions in precious metals. It'll help partially offset any losses during downtime.

Keep your positions.

I'm holding reduced positions in 4 gold and silver miners. We own Hecla Mining (HL), NovaGold (NG), Bonterra Resources (BTR) and Black Rock Gold (BRC).



The upcoming earning season should show lots of where the miners are, and how they've used the excess profit realized from higher gold prices and lower production cost due to cheaper raw materials.

HL continues to decline. Resistance at the Aug downtrend at \$5.50 is heavy. Spinner is rising but seems lackluster. Price action suggests weakness remains and a continued downside is likely.



I'm waiting for a decline to the \$4.50 to consider buying new positions. HL has been one of our best this year and we'll continue buying cheap moving forward.

NG has been holding up well. It's among the strongest out there, reaching new highs for the move just a week or so ago.

But it failed to surpass resistance at \$12 and has now formed a double top. A clear break below \$10.90 could push NG to the Mar uptrend near \$9.50.



We recently took a handsome profit. I'll consider buying more near the Mar uptrend at \$9.50.

I'm also holding two junior companies with well-funded great assets that are located in Canada, Bonterra Resources (BTR) and Black Rock Gold Corp (BRC). They're traded on the Vancouver and Toronto exchanges and they're also available on the OTC in the U.S.



Both are takeover targets within the mining industry and companies whose valuations could rise by their own advancements, independent of the price fluctuations in gold.

Keep both reduced positions for now.

Silver is also taking a dive. It's now forming a bearish flag pattern with pole support at \$22. A break below the pole support could push silver to deeper support at \$19.



Notice Spinner continues to rise from extreme levels. It hasn't surpassed zero, suggesting some resistance is likely.

Keep your positions for now. I'll consider buying even more near support at \$19.

Silver will likely continue holding up better than gold due to demand for resources.



Dr. Copper has been on a tear, until recently. It reached a high at \$3.10 before forming a top pattern.

Copper has support at the Aug lows near \$2.80. But Spinner continues to decline. I'm expecting some weakness before resuming its bullish path.

Our lone resource position, BHP Billiton (BHP) continues to slide. It's approaching the Mar uptrend near \$48.

Keep in mind we recently took handsome profits in BHP. Keep the rest for now, consider buying some below \$49.

Crude oil is jumping up, showing signs of support at the \$38 handle. However, consider the driving factor will be the Mar downtrend at \$42. A break above this level is necessary to show renewed strength.

In the meantime, the driving force will continue being to the downside.

Stay out for now.



Our strategy for this week is to keep a close eye on developing price action, particularly in gold and the U.S. dollar. Pay attention to stocks, but don't sweat the downside. Don't listen to the noise. Remember we have ample cash reserves and are ready to take advantage of developing opportunities.

KEY PRICES			
Name/Symbol	Oct 06,20 Price	Change	Sep 29,20 Price
Gold (GCZ20)	<b>1908.80</b>	5.60	<b>1903.20</b>
Silver (SI20)	<b>23.92</b>	-0.52	<b>24.45</b>
HUI (HUI)	<b>318.65</b>	-9.08	<b>327.73</b>
Copper (HGZ20)	<b>2.96</b>	-0.03	<b>2.99</b>
Crude Oil (CLX20)	<b>40.67</b>	1.38	<b>39.29</b>
S&P500	<b>3360.97</b>	25.50	<b>3335.47</b>
U.S.Dollar (DXZ20)	<b>93.74</b>	-0.18	<b>93.93</b>
30 Year T-Bond (ZBZ20)	<b>174.69</b>	-2.53	<b>177.22</b>
10 Year T-Note Yield	<b>0.742</b>	0.097	<b>0.645</b>
13-week Treasury Bill	<b>0.088</b>	0.003	<b>0.085</b>

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](http://www.goldchartsrus.net)  
 A division of Aden Research



TRADER SHEET 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
<b>PRECIOUS METALS PORTFOLIO (20%)</b>						
<b>GOLD (GCZ20)</b>	I'm holding a small position. Weakness was more evident today as gold failed to surpass a key resistance. Watch for a decline to the bottom side of the Aug down channel near \$1800. Consider buying again on further weakness near \$1700	L	Bot: 1485 (Mar-18-20). Sold via alert for 35% gain (Aug-11-20). Bot 1900 (Sept-21-20)	<b>1908.80</b>	2dc below \$1600	2100 & 3000
<b>PHYS</b>	Keep your positions.	L	11.75 (Mar-18-19). Sold via alert for 35% gain (Aug-11-20). 15.20 (Sept-21-20)	<b>15.08</b>	2dc below \$11.20	-
<b>SILVER (SIZ20)</b>	Breaking below Mar uptrend & support. Decline to next key support at \$19 is likely. Keep your positions during weakness.	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).	<b>23.921</b>	2dc below \$19	28 & 50
<b>PSLV</b>	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.	<b>8.22</b>	2dc below \$5.25	-
<b>HUI Index</b>	Holding reduced positions in mining shares. Will buy more on further weakness. Holding a bit of DUST to counter downside risk.	--	-	<b>318.03</b>	-	-
<b>DUST</b>	Holding small position to hedge the downside risk within the gold universe.	L	19.4 (Sept 28, 20).	<b>19.96</b>	2dc below 16.20	35
<b>HL</b>	Holding reduced position. Buy some below \$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).	<b>5.02</b>	2dc below \$4	8
<b>NG</b>	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).	<b>10.97</b>	2dc below 8.	12 (reached, again!)
<b>BTR.V</b>	Keep your positions during weakness. Allow leeway.	L	1.32 (Jul-23-20).	<b>1.16</b>	2dc below \$1	\$2.20 & \$3
<b>BRC.V</b>	Keep your positions. Wait for further weakness to buy a bit more, ideally near CA\$0.50.	L	1.10 (Sept, 21- 20)	<b>0.83</b>	2dc below 0.40	2 & 4

# 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
<b>CURRENCIES (50%)</b>						
<b>U.S. DOLLAR (DXZ20)</b>	Holding most of cash reserves in U.S. dollars. Taking advantage of dollar strength to diversify cash position into some British Pound Sterling and Australian dollar. Dollar resistance below Mar downtrend is key sign of weakness. A break below 92 confirms weakness and increases downside pressure.		-	<b>93.74</b>	-	-
<b>FXB</b>	Keep cash reserves liquid and diversified. BPS is looking good above the Mar uptrend.		-	<b>124.88</b>	-	-
<b>FXA</b>	Keep cash reserves liquid and diversified. The Aussie is showing support at 0.70, a previous resistance level. More upside is now likely.		-	<b>70.96</b>	-	-
<b>RESOURCES AND ENERGY (4%)</b>						
<b>Crude (CLX20)</b>	Under pressure below Mar downtrend at \$43. Testing support at \$38. More downside pressure is likely. Stay out.	O	35 (Jun-15-20), 42 (Aug-12-20) (AVG: \$38.50). Sold all at \$41.20 (Sept-2020) for 8% gain.	<b>40.67</b>	-	-
<b>COPPER (HGZ20)</b>	Lower lows... Looking topy. Stay out for now.	O	-	<b>2.9635</b>	-	-
<b>BHP</b>	Continues to decline since Aug high. Sold some when overweight for a profit. Keeping the rest for now. I'll consider buying below \$49.	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).	<b>50.50</b>	2dc below \$47	\$64 & \$72
<b>MELT UP RISE PORTFOLIO (26%)</b>						
<b>C</b>	Showing support at May lows near \$40. Waiting for rebound above \$48 to unload.	L	73.75 (Nov-20-19), 40 (Mar-25-20), 50 (May-27-20), 50 (Jul-1-20) (AVG: \$55).	<b>44.41</b>	2dc below \$48.	\$65 & \$85
<b>WMT</b>	Bullish above Mar uptrend near \$130. Keep your positions.	L	130 (Aug-26-20), 136 (Sept-18-20).	<b>140.63</b>	2dc below 115.	300 & 600
<b>SPXL</b>	Bullish above Mar uptrend near \$49. Keep your positions for now.	L	53 (Aug-11-20), 54 (Aug-12-20) (AVG: 53.50).	<b>52.56</b>	2dc below 45	75
<b>SHOP</b>	Overweight. Keep as long as it holds above 800. Consider selling half at first profit target... Getting closer.	L	930 (Jul-16-20), 900 (Jul-24-20), 875 (Sept-18-20), (AVG: 900)	<b>1041.25</b>	2dc below \$800.	1300 & 1800
<b>TBT</b>	Breaking out. Wait for a break above Jul highs for bullish confirmation. If not in or underexposed, buy some below \$16. Keep as long as TBT holds above support at \$14.50.	L	15.40 (Aug-12-20).	<b>16.22</b>	2dc below 14.50	\$18 & \$26
<b>PYPL</b>	Would buy more on weakness. Keep as long as PYPL holds above \$160.	L	183 (Sept 23-20).	<b>191.66</b>	2dc below 160	230 & 300

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](http://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	
	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

### - 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!