



-GCRU-

Weekly Trading Strategies



Omar Ayales

Achieves gains by trading commodities, currencies and stocks

Mar 11, 2020

IN ITS 19th YEAR – Nº 875

GOLD RESISTING AT FEBRUARY HIGHS
THE DOLLAR BROKE BELOW KEY SUPPORT
BONDS PULL BACK
EQUITIES JUMP
IS THE SAFE HAVEN TRADE UNWINDING?

A global concerted effort is working towards fighting further spreading of COVID-19. Some measures are more benign than others, but their goal is simple: contain exposure, reduce dissemination.

More impressively has been the global concerted effort, consciousness and understanding.

It's almost as if society's defending itself from the growing virus threat.

Can humanity overcome it?

I believe it will and sooner than later. I believe society will conquer its fear and thrive as it always has in the past.

I hear everyone around me talking about the virus. It's the single most popular topic today. It has grappled humanity globally like no other event has in decades (barring wars).

**"A Ship is always safe at shore but that is not what it's built for."
- Albert Einstein**

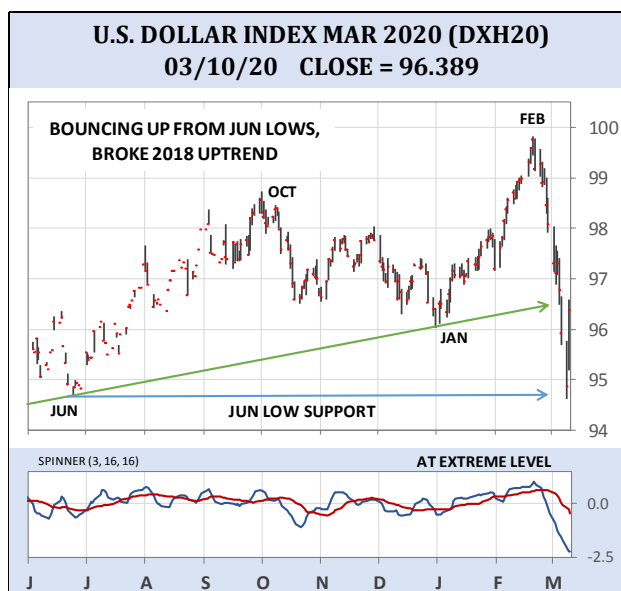
Has its popularity peaked?

I'm not about to diminish the importance of the spreading virus nor imply that its dissemination has peaked. But has the hype?

Hype about the virus is what's driving the safe haven trade. It's benefitted the U.S. dollar, bonds and gold. All three of these have risen together for nearly 18 months.

If any one of the three assets, that have benefitted most from the safe haven trade, is leading a decline, it's the U.S. dollar.

The dollar peaked in Jan when it almost reached 100. It started to decline and momentum has pushed it down. Just this week, the dollar broke below a key uptrend and support level at 96 showing signs of a trend reversal.



Invesco Currency Shares British Pound Sterling Trust (FXB) 03/10/20 CLOSE = 125.1



The breakdown was on high volume validating the move. Although the dollar is bouncing up today, some technical damage seems to have been done.

The dollar is, however, showing some signs of support at the Jun low while the Spinner is reaching an extreme oversold level. This suggests the downside could be limited ST. For now, pressure seems to be to the downside.

Global currencies have strengthened on dollar weakness. The British pound confirmed support and it's looking ripe for a renewed rise.

Notice that the pound broke above the Dec downtrend, reaching a new high for the move. It's pulling back today, but it'll remain bullish above the Sept uptrend.

I continue to keep cash in both U.S. dollars and British pounds.

As bullish as I am about gold on a secular level, its rise may be overdone for this leg up. Gold is in high demand as a hedge against inflation and a hedge against uncertainty.

However, if hype over uncertainty stemming from the virus has peaked, we could see gold lose some of its froth and pull back.

Notice the commodity index and gold tend to move together. The recent decoupling is a testament to gold's safe haven demand.

If safe haven demand were to tick down, it could be the start of a pull back.

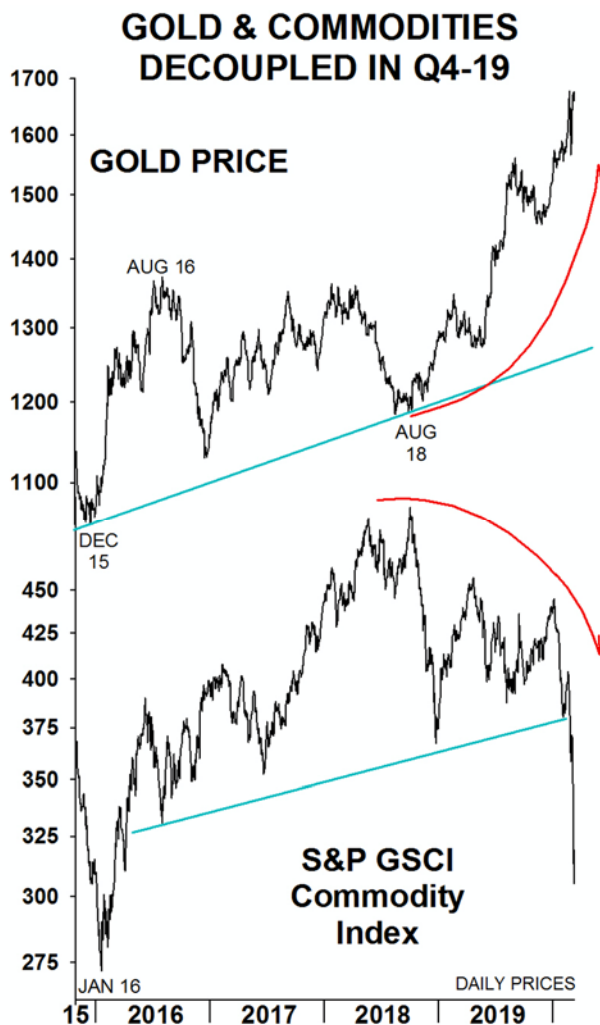
The ABCDs of gold could also be suggesting limited upside MT.

You'll remember gold moves in short cycles we identify as ABCD. A rises tend to be mild rises, followed by mild declines called B, followed by aggressive rises identified as C ending with a stronger decline we call D.

The chart below shows gold since the Dec 2015 lows identifying the ABCD cycle. The middle chart is its MT leading indicator and the last one is the LT indicator.

The most recent 'D' decline ended last November. I was skeptical of the length of the decline because it ended up being the shortest and moderate 'D' decline in 20 years!

But, gold's breakout to new highs confirmed the end of the 'D' decline giving way to a renewed 'A' rise. Notice both indicators below are showing the rise may be overdone and the upside may be limited.



Noteworthy, the more recent rise in safe haven demand was strongest in bonds. Gold failed to rise to new highs this past week while bonds continued to soar.

We brought in great gains trading bonds, although I admit they could've been better.

But bonds are now pulling back. Yields are showing signs of a bottom. And although many market participants expect the Fed to slash rates next week (and they likely will), this time it seems, it could help steepen the yield curve by being supportive of higher longer term rates.

These measures would effectively provide a lifeline to the stock market that could push U.S. equities back to higher levels.

We've been doing great trading gold for nearly 18 months. We bot at the lows and have taken partial profits at the highs...

We've held half of our position. We raised our profit target a few times to allow a gold run. The rise over the past year has been big and strong.

This is why I'm selling the second half of my gold position for a juicy profit. This doesn't mean sell core physical gold or core positions you might have for longer term. I mean sell the positions we've built for trading and you'll be banking a 32% profit.

The charts suggests a pull back is likely. Could it go all the way down to the 23 month MA mega trend? This seems too far away and unlikely. But this rising \$1365 level is my ultimate bull mkt support level for gold.





We'll be looking to buy again on weakness as the leading indicator unwinds.

Silver has also been under pressure, but it shouldn't be a surprise with resources taking a hit.

Silver continues to hold above key support level at \$16.50, while its Spinner is downtrending near the recent lows. A break below \$16.50 could push silver lower, to possibly test the May lows near \$15.



Interestingly, the silver to gold ratio is at a historic high. It reached the 100 to 1 ratio. This ratio suggests it takes 100 oz of silver to buy 1 oz of gold.

Yet another extreme relationship that has seemingly gone way too far in the same direction.

Like I've been mentioning, I'm comfortable with my silver position. It's solid. But if you feel you are underexposed, consider buying some at mkt. I'll wait until silver falls below \$16 to buy.



Silver shares have also taken a beating. We're holding positions in Hecla Mining (HL) and Silvercorp Metals (SVM), and we'll ride through this weakness.

SVM is holding at the Jun uptrend near \$3. Its decline from the Dec highs has been harsh. And although

Spinner is seemingly uptrending, it's under pressure below zero. Keep your positions.

HL, on the other hand, broke below support at \$2.50. It's now testing the May uptrend near \$2. Spinner at an extreme low showing weakness. It also suggests HL could hold above \$2. I would consider buying more below \$2.

Gold shares have also been very telling. Thru Sept last year, we sold all of our gold shares. Gold's 'D' decline was upon us then and stayed on the sidelines.

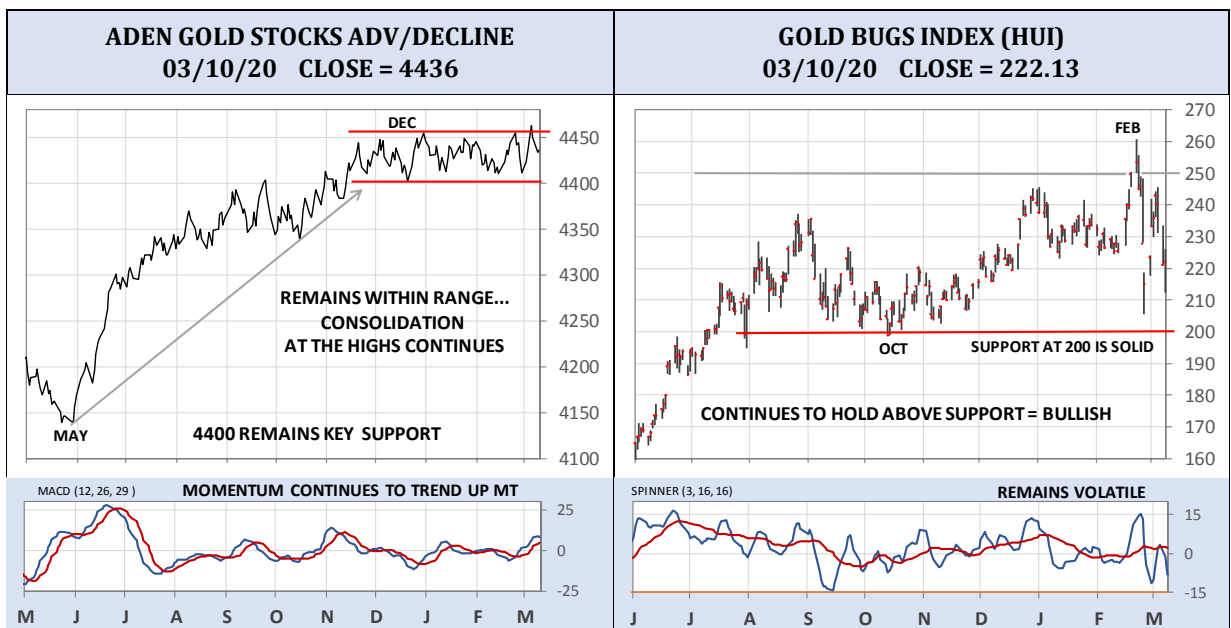
Because gold's 'D' decline was the shortest in 20 years, I was skeptical. I wanted to see gold break above the Sept highs before confirming the end of the 'D' decline, and the start of the renewed 'A' rise we're currently in.

The breakout happened in Jan this year. We started buying gold shares then, knowing that our first buys may end up being at the higher side.

We didn't want to be out after gold's breakout performance.

Gold shares remain bullish above rock solid support. HUI has held above 200 thru weakness. It if continues to hold above support, it could then resume its rise.

The A/D Line to the left is still consolidating near the highs. A clear breakout above the top side of the sideways band would confirm strength.



AGNICO EAGLE MINES LIMITED (AEM)
03/10/20 CLOSE = 49.33



KIRKLAND LAKE GOLD LTD. (KL)
03/10/20 CLOSE = 32.01



NOVAGOLD RESOURCES INC. (NG)
03/10/20 CLOSE = 8.27



since last Jun. It's formed an impressive upchannel. It's now testing the Jun uptrend & support level. Spinner tells us the downside may be a bit overdone, suggesting NG could rise from current levels.

Gold shares continues to bottom above key levels. They've taken a toll, but we've secured great positions at good prices that will allow us to capitalize down the line.

Our gold shares also continue to bottom at extreme levels.

Agnico Eagle Mines (AEM) is showing support at the \$46-\$50 area; although there's deeper support at the May lows near \$40. Spinner is on the rise, it broke above zero, but remains lackluster.

If AEM holds above support, it could resume its rise sooner than later. Keep your positions.

Kirkland Lake Gold (KL) is another of my favorites. It's holding clearly above the Apr lows. Notice Spinner is on the rise, suggesting momentum is quietly building.

If KL holds at deeper support, it'll form a solid base that could stage a renewed upswing to the Jan downtrend, initially near \$40.

Sabina Gold & Silver (SBB.TO) is also consolidating at the May uptrend near \$1.35. Spinner bearish, unable to pick up steam.

Sabina could rise to the Aug downtrend. A break above this level would be bullish. Keep your positions.

NovaGold (NG) has been very strong

Unlike the gold universe, resources dropped to lower levels. Copper pierced below its intermediate support at \$2.50, and crude oil fell below its mega support at \$40.

Crude fell to its 2016 lows, reaching the mid to lower \$30. It broke below the Jan downchannel showing clear weakness. Spinner at extreme suggesting downside may be limited.

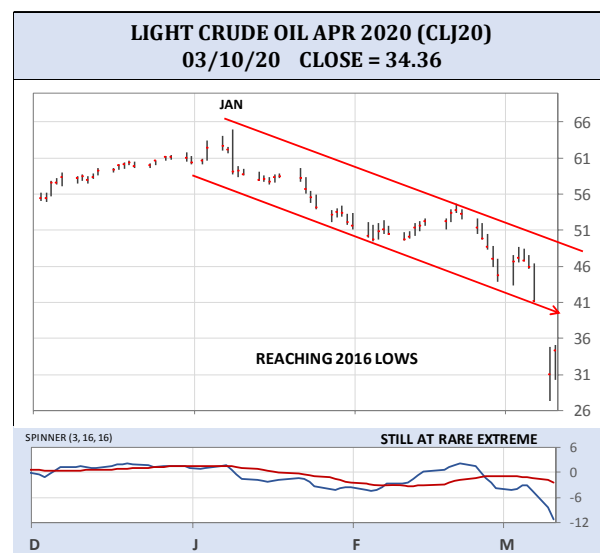
But crude's bound to rebound.

Interestingly, it was announced yesterday by Saudi officials that they were ramping up production to record levels. The Saudis threatened to flood the market with excess supply and drive the prices lower.

But the price of crude continued to rebound. This suggests the crude oil market is tighter than one would think. And as tempting as it is to buy at current levels, I'll wait to buy more below \$30.

We continue to hold 2 resource companies Exxon Mobile (XOM) and BHP Billiton (BHP). They're both down, but starting to finally show stronger signs of a bottom as they rebound from an extreme.

The Spinner for both charts are also oversold suggesting the downside is limited. Both companies offer great dividend yields which allow us to ride thru some weakness. Keep your positions.



Individual stocks making up the Melt Up Rise portfolio are also bouncing up with strength after reaching an extreme low.

Overall the stock market could be getting ready for a renewed leg up rise. Keep your Melt Up Rise portfolio.

Citigroup (C) was hit the hardest but it's also one of our smallest positions. C broke below the Aug lows at \$62 showing weakness. It's now at the lower \$50s as Spinner reaches an extreme.

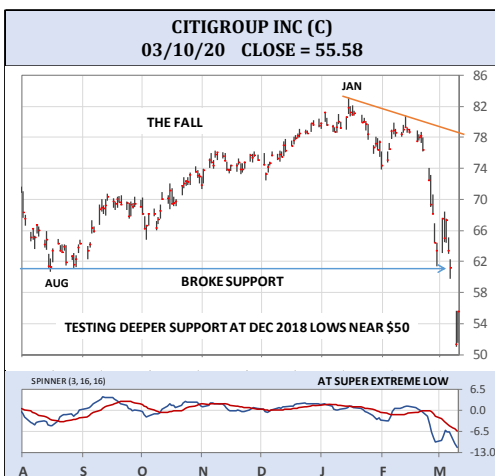
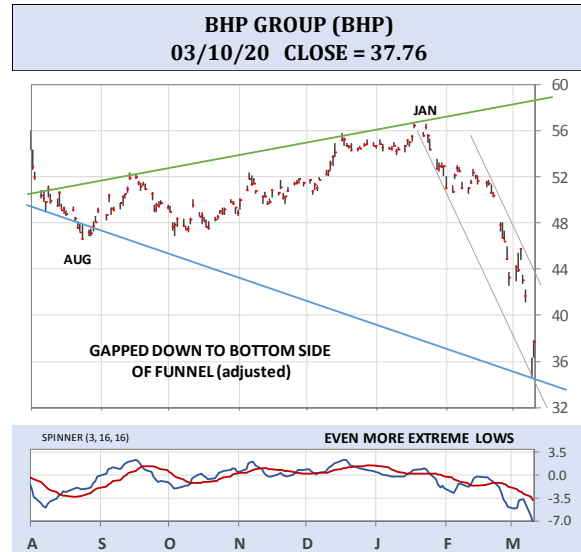
I'm keeping my position and wait for a rebound to unload.

ATT (T) was also hit, but not as hard as C. Spinner bearish showing room for more downside.

T has great price stability and offers a great dividend yield. If T can hold above the Aug low and support level, it could then rise to the Jan high near \$40, initially.

Novartis (NVS) also took a beating. It broke below the Oct lows showing weakness. Spinner coming out of the pits but with room to develop further.

Our strategy for this week is to sell gold for a 32% profit! Increase cash positions and watch the golden universe unfold.



Good luck and good trading,

Chief Trading Strategist/GCRU
www.goldchartsrus.net
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TRADER SHEET ON PAGES 11 & 12

KEY PRICES			
Name/Symbol	Mar 10,20 Price	Change	Mar 03,20 Price
Gold (GCJ20)	1660.30	15.90	1644.40
Silver (SIK20)	16.96	-0.23	17.19
HUI (HUI)	222.13	-11.19	233.32
Copper (HGK20)	2.52	-0.06	2.58
Crude Oil (CLJ20)	34.36	-12.82	47.18
S&P500	2882.23	-121.14	3003.37
U.S.Dollar (DXH20)	96.39	-0.73	97.12
30 Year T-Bond (ZBM20)	179.59	7.24	172.35
10 Year T-Note Yield	0.75	-0.26	1.01
13-week Treasury Bill	0.39	-0.53	0.92

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 (40%)						
GOLD (GCJ20)	Sell second half at mkt. Gold continues to hold strongly near the highs. It breached \$1700 intraday showing super strength. Spinner is bullish with room to rise further. Other indicators are showing strength but the rise could be nearing maturity. I'll be looking for weakness to buy again.	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).	1660.30	Sell on a 2dc below \$1365 (adj)	Sell at mkt.
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).	13.13	10.00	Open
SILVER (SIK20)	Silver is consolidating at the bottom side of a 6+ mo long sideways band since Sept. Price action is confirming support at \$16.50. Spinner continues to show momentum is lackluster. We have solid positions built in silver and would add only on a decline below \$16.	L	Bot: 15.80 (Jul-17-19), 16.50 (Aug-7-19), 16.80 (Nov-8-19).	16.955	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).	5.95	2dc below 6.10	Open
HUI Index	Gold shares remain under pressure, together with most asset classes on panic selling and fear. However, they're holding above key support at 200 showing an intermediate bullish undertone. The A/D line to the left continues to hold near the highs. It's consolidating the bullish rise since May 2019, it's flirting with a breakout and it did reach new highs recently. Its indicator below has been rising too confirming a more bullish undertone. We picked up bits of gold shares back in Jan as gold kept rising. We've been buying more aggressively during the 'everything decline'. Keep your positions.	--	N/A	222.13	N/A	N/A
AEM	AEM continues to form a bottom above support area between \$46-\$50. Volatility remains high but it's normal during a bottoming process. Spinner rose above the zero line showing strength. If AEM holds above this area, it could resume its bullish rise and retest the Jan highs near \$62. Keep your positions. Buy a bit more on a dip below \$47.50.	L	58.75 (Jan-9-20), 49.50 (Feb-19-20)	49.33	Holding.	65 & 80
KL	Buy some at mkt. KL broke below support at \$35 during extreme weakness. It's now holding at deeper support above \$30. Spinner is showing momentum uptrending, suggesting KL could hold at its deeper support.	L	37.50 (Feb-19-20), 34.50 (Mar-4-20).	32.01	Holding.	-
HL	HL broke below support at \$2.50. It's now approaching the May uptrend and support near \$2. Spinner fell to an extreme low last seen in May last year which was before HL more than doubled in value. Keep your positions.	L	2.96 (Jan-28 -20), 2.65 (Mar-4-20).	2.28	Holding.	3.50 & 6
SVM	SVM is holding at the Jun uptrend after a month long washout decline. The downside has been severe and we're committed to keep SVM during weakness. Spinner still below zero, but uptrending. Keep your positions.	L	5.49 (Jan-6-20), 4.92 (Feb-4-20), 3.40 (Mar-4-20).	3.14	Holding.	6.75 & 9
SBB.TO	Continued falling to the bottom side of the Aug upchannel near \$1.30. Spinner bouncing up, but struggling to surpass resistance showing momentum could be lacking. On the upside of things, a new uptrend since May could be emerging. Sabina is seemingly holding at this level during weakness. Keep your new position. Ride thru some weakness.	L	1.55 (Mar-4-20)	1.40	-	-
NG	NG continues to form a base above the bullish Jun uptrend. We picked up some last week as our leading indicators had fallen to an extreme. If NG holds on to the Jun uptrend, it'll show strong support and a rise to the top side of the channel near \$10 would be likely. A break below the Jun uptrend could push NG to the Oct lows near \$6.	L	8.50 (Mar-4-20).	8.27	2dc below 8.	-

TRADER SHEET CONTINUED

Symbol	Trade Update &/or Current Position	Status L=Long S=Short O=Out P=Put C=Call	Long or Short	Last Closing Price	Stops	Targets
CURRENCIES (30%)						
U.S. DOLLAR (DXZ19)	The everything decline? The U.S. dollar index broke a key uptrend and support level since 2018 suggesting more weakness is now likely. Spinner suggests the dollar has fallen to an extreme and a rebound is likely before a continued decline. For the first time since 2018 the dollar is showing stronger technical signs of a trend reversal with a bear market likely breaking out. We continue to hold cash (money market accounts or highly liquid ST treasuries) in U.S. dollars and pound sterling. We continue to slowly move out of cash and into extreme bombed out assets. Also I will diversify into pound sterling a bit more given its breakout rise.		-	96.39	-	-
FXB	Buy more pound sterling, sell some U.S. dollars. As the U.S. dollar is triggering a trend reversal, so might be the British pound sterling, but to the upside. The pound is breaking above a downtrend from Dec just as its Spinner turns bullish. Pound strength is countering dollar weakness. Buy more pounds. Keep equal ratio of dollars and pounds.		Bot Pound Sterling below 1.30 (FXB: \$126.60)	125.1	-	-
RESOURCES AND ENERGY (18%)						
Crude (CLJ20)	Catching a falling knife? Maybe... but the extreme low tells us crude oil hasn't had this severe of a decline since 1991. It broke below mega support at \$40 and it's now testing the 2016 low that ended up being the springboard for a bull market that lasted thru 2019. Buy below \$30 to complete position.	L	\$52.50 (Jan-30-20), 50.50 (Feb-6-20), 46 (Mar-5-20).	34.36	Holding.	59 & 63
XOM	Bot more recently; before crude oil's weekend wipe-out. Spinner bearish; it's resisting below the red line near an extreme low suggesting XOM may have ST support at the bottom side of the downchannel. If XOM holds, it could bounce up to the Jan downtrend near \$60 initially. At current levels (and last week's levels) XOM is a great hold for its dividend yield and corporate stability. Moreover, supply disruptions in crude oil could lead inflation higher which could benefit senior energy companies. Hold for now.	L	61.90 (Feb-6-20), 61 (Feb-12-20), 50 (Mar-5-20).	43.41	Open	69 & 75
COPPER	Bearish. Copper is breaking below key support at \$2.50 showing signs of renewed weakness. Spinner failed to turn bullish by resisting below its MT MA and the zero line. Pressure remains down. Resources are at an extreme. Keep your positions for now. The downside as steep as it is could prove to be short lived as governments and central banks across the board work hard towards implementing stimulus packages.	O	-	2.5215	Out	-
BHP	BHP dropped to the bottom side of the funnel showing extreme weakness. Spinner failed to pierce the red line and fell back to the recent extreme lows showing continued weakness. The roller coaster ride has been gut-wrenching, but we locked in a good dividend yield and will continue to hold during weakness. We bot some more last week. Hold.	L	54.75 (Jan-15-20), 52.50 (Jan-30-20), 43 (Mar-5-20).	37.76	Open	63 & 70
MELT UP RISE PORTFOLIO (12%)						
C	Breakdown. C broke below the Aug low support as Spinner dropped to an extreme showing weakness. It's holding at a key support level at \$50, the Dec 2018 lows. If this support is broken, C could continue falling. But if it holds, a rise to the Jan downtrend near \$78 would be likely. Hold unless C breaks below \$50 on 2dc.	L	73.75 (Nov-20-19)	55.58	2dc below 50 (new)	85 & 100
T	Under pressure. T remains under pressure below the Jan downtrend. It's now testing support at the Aug lows. Notice the downchannel emerging within the sideways band. Spinner showing weakness. However, T has a great dividend yield and provides essential telecom services to the U.S. consumer. I'll continue to ride it thru weakness. Hold for now. I'm still waiting for a dip below \$34 to buy more.	L	38.75 (Jan-22-20), 37.50 (Feb-4-20)	35.85	Holding.	50
NVS	NVS broke below support suggesting more downside is likely. NVS could still fall to the Aug lows near \$75, if \$80 is broken. Spinner is on the bounce, but resisting at its red line. As health concerns grow, the continued need for health products will too. I'm riding NVS thru some more weakness. Hold unless NVS breaks below \$75.	L	94.75 (Jan-23-20)	84.95	2dc below 75 (new)	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.

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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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