



-GCRU-

Weekly Trading Strategies



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Achieves gains by trading commodities, currencies and stocks

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IN ITS 19th YEAR – Nº 874

VIRUS UPDATE: THE FED PANICS

VOLATILITY TAKES OVER

IT'S A WILD RIDE!

Widespread panic over the virus's impact has reached the Fed as the FOMC in an emergency meeting slashed the Federal Funds rate by 0.5%.

Concerns over potential impact on global supply chains has pushed the Fed to drop rates drastically.

Powell's words of hope turned into fear when yields on U.S. treasuries across the board fell to new lows.

The Fed's Powell tried to reassure spectators that the rate cut is an emergency, tied to an isolated event, and that their outlook for the economy remains favorable.

A statement that was meant to reassure markets, is seemingly being perceived as a sign of weakness. It's adding to fear and panic.

Interestingly, the rate cut was in reaction to the fall in the U.S. 90 day T-Bill rate.

"History may not repeat itself, but it rhymes" – Mark Twain

Our first chart shows the interest rates of the U.S. 90 day T-Bills, the Fed Funds and the Libor 3 month.

The 90 day T-Bill is set by the market. The Fed Funds is fixed.

Notice how T-Bills tend to lead the Fed Funds Rate during the rises and declines. The Libor tends to add credence to the moves in the T-Bill rate. But with the washout last week, the short rates collapsed, following the long rates, and adding pressure to the Fed Funds rate.

The decline in rates suggests liquidity is tight, putting downside pressure on asset classes.

Trump it seems, is finally getting his lower rates... at what cost?

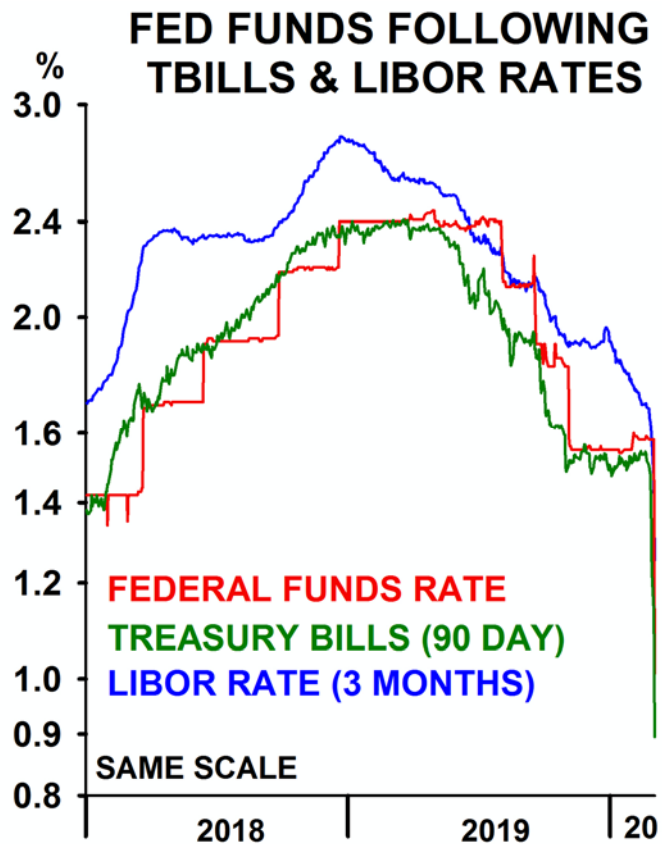
The decline in the stock market has been significant by all standards, but relatively small in the bigger scheme of things.

It's also been drastic and like many other markets, it could be reaching an inflection point.

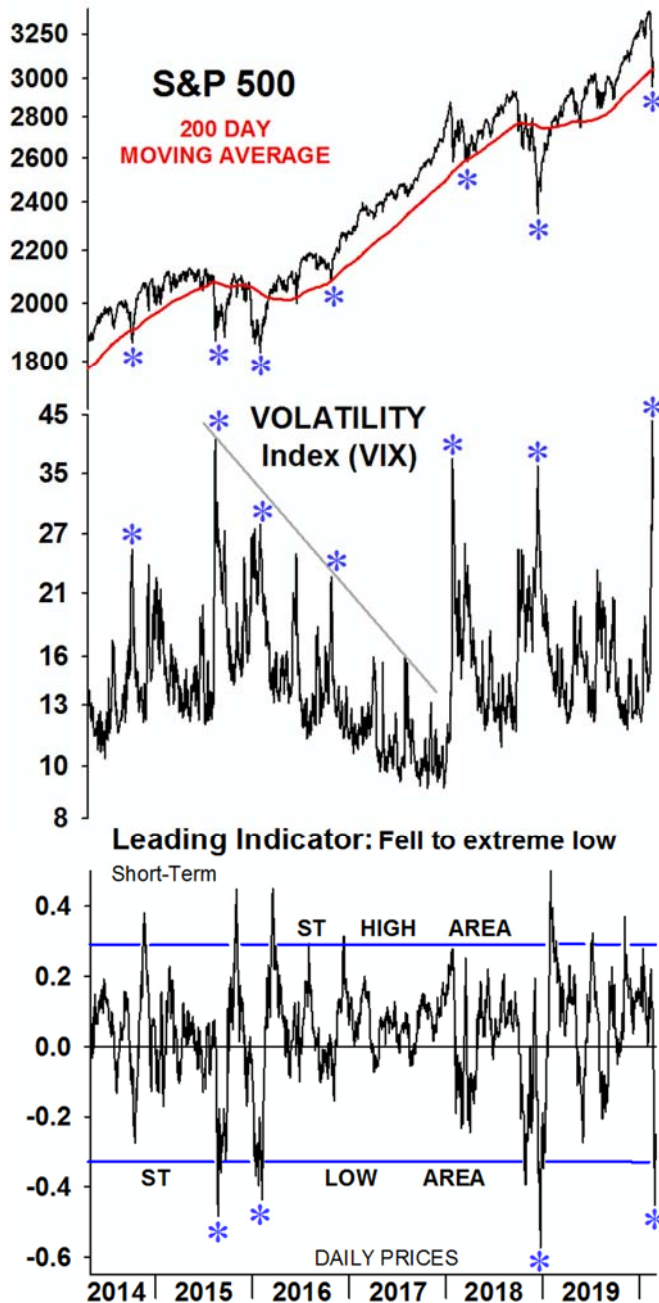
Our next chart shows the S&P 500, the Volatility Index (VIX) and the S&P 500's ST leading indicator.

As shown before, extreme spikes in volatility tend to coincide with bottoms in the S&P 500. Moreover, also notice the third chart, S&P 500's leading indicator, it's also at an extreme low, looking ripe for a ST bottom.

Could a stage for a 2020 rally in stocks be forming?



VIX: SOARING TO HIGHS WHILE STOCKS TAKE A DIVE



It's tempting to buy into stocks. The decline has been hard and fast. Stocks are reaching values that a month ago would be considered a "no brainer" buy.

Yearly dividend yields from Exxon and BHP Billiton (even better now!) allow to receive attractive dividend yields during times of uncertainty and price instability.

Extremes due to fear tend to be transient and tend to return to a normal path.

Noteworthy, extremes continue to emerge in all markets. The declines are allowing for great opportunities.

We've sat on cash waiting for declines to levels that were once considered laughable. They're here now, and I'm buying.

Other than cash, my single largest exposure is in the gold universe. Here's where I'm adding the most.

Gold continues to show impressive secular strength. It's been volatile near the highs, but it broke back above \$1600 just yesterday, like a hot knife thru butter.

Gold logged on nearly a \$50 rise.



More importantly, its move was not isolated. Silver and the miners rose with strength too. HUI is reclaiming its 5wk MA while silver confirmed support at \$16.50.

Gold remains very bullish above the May upchannel and a rise to the top side of it near \$1730 is possible.

On the downside, notice Spinner on the chart is below zero showing weakness. This suggests downside pressure remains.

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Gold must break above \$1680 to confirm strength that could push it to the top side of the May upchannel. Keep your positions.

Silver is also showing strength.

Not only did it confirm support at the key level near \$16.50, it broke back above \$17. It seems to be rebounding.

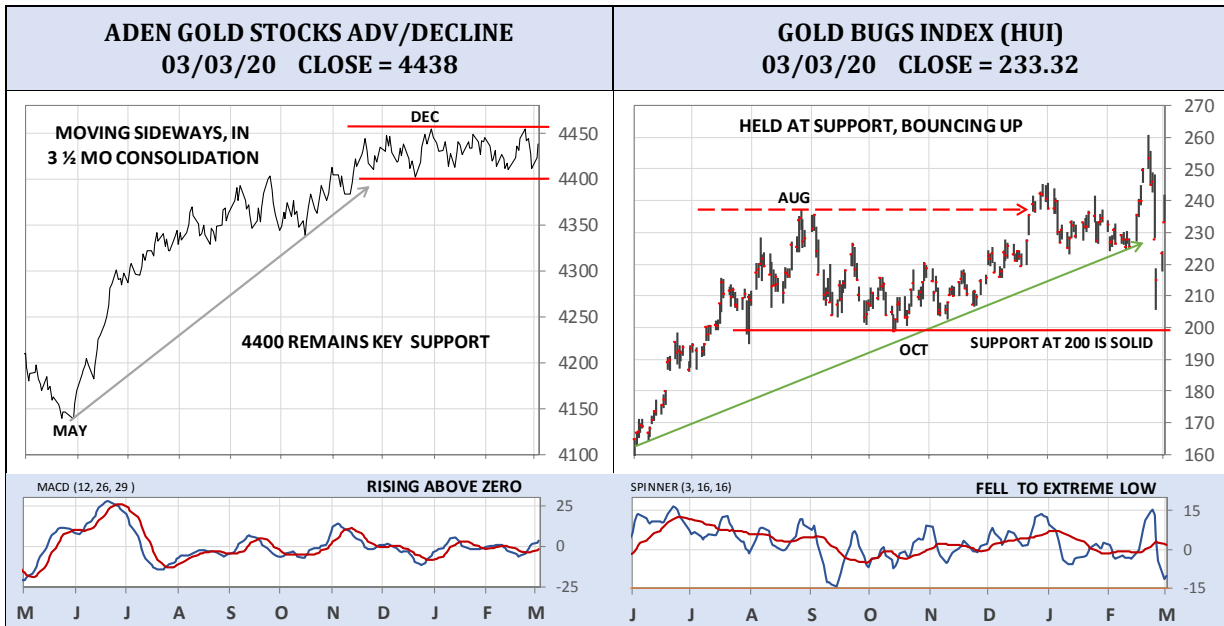
Spinner is at an extreme low and it could fall further as silver settles at support. The indicator also suggests an extreme.

I'm holding solid positions in silver. We started buying in July. I'm waiting for further weakness to buy more. However, if you're not in, or are underweight, buy some below \$17.



Similarly, gold shares bounced up from deeper support at 200. The move was quick and fast and it could've been intended to wipe out the skeptics.

This is another reason why it's best to remain patient.



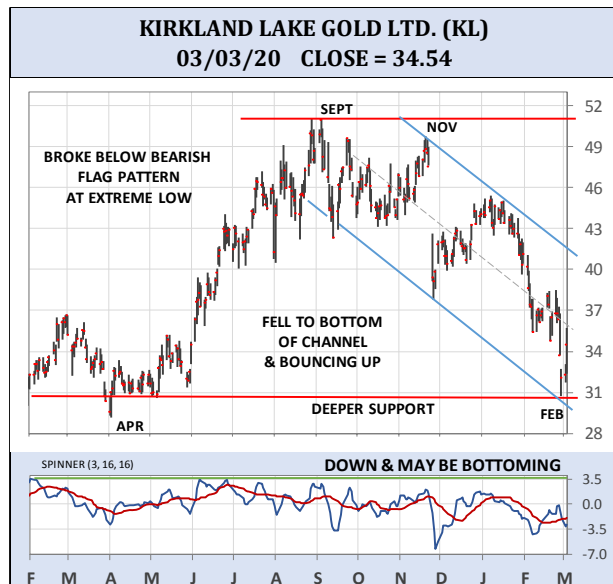
HUI's decline did show weakness, but the reaction confirmed support. The 200 level is key. HUI's bounce up happened just as Spinner bottomed at an extreme level. Also important are gold shares clearly follow gold without being negatively influenced by stock market sell-off.

Even more telling of strength within gold shares is our in house A/D Line. It has held above the Dec lows at 4400, just as its leading indicator broke above zero.

Consider that a break above the Dec highs could push the miners to a renewed leg up rise.

We're currently holding positions in Silvercorp Metals (SVM), Hecla Mining (HL), Kirkland Lake Gold (KL) and Agnico Eagle Mines (AEM).

KL broke below a bearish flag pattern with pole support at \$35. It reached the pattern's target near \$30 (Apr 2019 lows) but quickly bounced back up.



KL's Spinner is falling, approaching an uptrend since Dec. If KL holds above support level above \$30, it could make its way back to the Sept highs. Buy at mkt.

SVM found support at \$3. It's jumping up. Interestingly, its leading indicator has been rising since earlier in Feb. SVM could rise initially to the Dec downtrend, above \$5 if it holds above \$3. SVM is a great play on silver and the miners. Take advantage of weakness to buy. I'm buying at mkt, ideally below \$3.50.

HL also is confirming support at \$2.50. Notice Spinner declined to a new low since last May. It's also showing signs of a bottom, just as HL bounces up from the support level.

The price action is encouraging. It suggests a rise to the Jan highs near \$3.50 is likely. Buy some more at mkt, ideally below \$2.75.

AEM also fell on panic selling. It found support at the \$46 level and it's bouncing back up.

AEM's Spinner is bouncing up from an extreme, showing potential. However, it is struggling to surpass its MTMA. Keep your positions.

The other gold shares we had been monitoring are also looking like great buys.





NovaGold (NG) fell below \$9, reaching the Jun uptrend, just below \$8. Spinner is at an extreme showing downside may be limited. It also suggests some consolidation is still likely.

NG has great assets and great management. It's positioned well to outperform its peers.

Buy at mkt, ideally below \$8.50.

Sabina Gold & Silver Corp (SBB.TO) is a junior miner that I really like. It's a producer in the making, with great assets and management too.

Notice SBB.TO fell to the bottom side of the Aug downchannel. The 6+ mo long downchannel could be reaching an extreme. Buy at mkt, ideally below \$1.50.

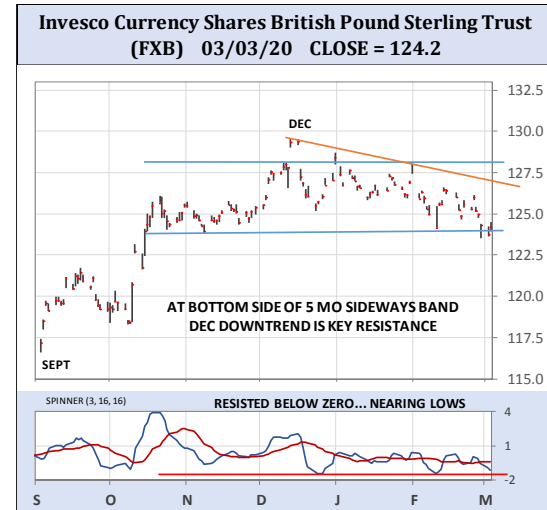
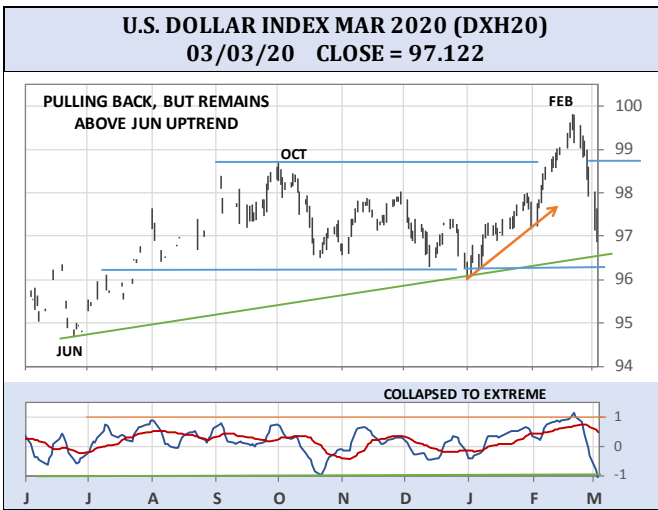
Another top performer due to its safe haven allure has been the U.S. dollar. It's been falling from the peak in Feb and it's approaching a key support at 96.

The dollar's indicator, however, is extremely oversold, suggesting the Jan lows near 96 are good support. I continue to hold cash mainly in U.S. dollars.

The other currency I'm also holding is Pound Sterling. The pound is testing the bottom side of a 5+ mo long sideways band, just as Spinner reaches an extreme oversold level.



The chart suggests weakness. But it's also showing weakness may be reaching an end. If so, a bounce up to the top side of the channel would then be likely.



We continue to hold some pound sterling, particularly during a liquidity crunch.

We've also been showing extremes developing in resources.

The waterfall declines in copper and crude oil are staggering.

Noteworthy, copper has held above support at \$2.50, for now. It's bouncing up confirming strong support. Keep in mind this is a sign of real strength shown in copper since reaching new highs in Jan (then at \$2.90).

Price action suggests that copper could rise to the Jan highs if it holds above support at \$2.50.

If copper holds at this level, it would provide a strong support for resource companies and other industrial metals.





Crude oil also dipped to an extreme, reaching a mega support level near \$40. It bounced up from this extreme but it remains vulnerable below \$50.

Spinner on the chart is starting to rise from an extreme which shows signs of upside potential.

Crude price support of the past 20+ years suggests \$40 is a strong floor. Keep your positions

for now. Buy some at mkt.

One of my resources companies, BHP Billiton (BHP) fell further. But like I warned before the collapse, I'm buying them as safety due to the dividend yield it pays to shareholders.

Notice BHP holding at the bottom side of a funnel just as Spinner shows signs of a bottom near an extreme. Price pattern suggests a reversion to a mean is likely.

Keep your positions. Buy some at mkt.

Exxon Mobil (XOM) is another favorite. Very similar to BHP. It also fell to an extreme low. It's bouncing up, showing signs of support near the \$50 area. Spinner rising from extreme low, suggesting momentum could start picking up steam.

XOM is a great company with great dividend yield that will allow a ride thru weakness. Keep your positions. Buy a bit at mkt.



As shown earlier, stocks seem to have fallen to an extreme level too.

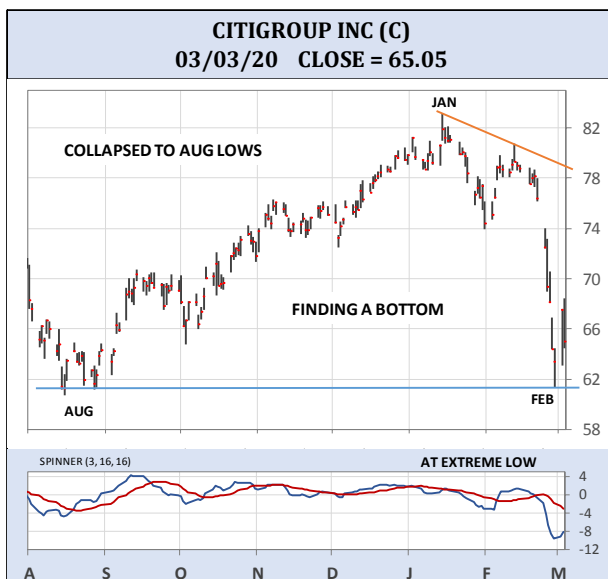
Our positions fell lower but they're worth holding. It's opening the door to lots of opportunities but uncertainty could continue putting a lid ST.

Citigroup (C) fell to deeper support. Its leading indicator suggests some upside is now likely as it rises from the extreme oversold level. Keep your positions for now.

We'll wait for a stronger confirmation of support before buying. Consider the rate cut affects C's income from its core business.

ATT also broke below support, but bounced up with strength after testing deeper support. T is near our entry level and back within range (lower side).

Keep your positions for now. I'll buy more below \$34. Keep in mind T's dividend yield is also very attractive, making it a buy and hold during times of uncertainty.



Healthcare companies have been testing support. Concerns that policy could slash profit margins is implemented is pushing NVS lower. It has reached an extreme level, however, suggesting deeper support near the Oct lows is strong. Keep your position.



SHOP is one of my favorite tech stocks. It's holding at a bullish uptrend since Nov as Spinner looks for a bottom at an extreme.

I had an entry level below \$430 which was triggered on Friday. However, per the alert, I didn't buy or sell anything. I'm still looking to buy some below \$450.

Our strategy for this week is to go out shopping! Increase exposure to gold shares. Buy some high dividend yielding stocks too, ideally within resources and energy. Keep a healthy pile of cash. We'll wait for weakness to develop further in stocks before buying.

Good luck and good trading,

Chief Trading Strategist/GCRU
www.goldchartsrus.net
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KEY PRICES			
Name/Symbol	Mar 03,20 Price	Change	Feb 25,20 Price
Gold (GCJ20)	1644.40	-5.60	1650.00
Silver (SIK20)	17.19	-1.00	18.19
HUI (HUI)	233.32	-11.80	245.12
Copper (HGK20)	2.58	0.00	2.58
Crude Oil (CLJ20)	47.18	-2.72	49.90
S&P500	3003.37	-124.84	3128.21
U.S.Dollar (DXH19)	97.12	-1.78	98.90
30 Year T-Bond (ZBH20)	172.35	5.65	166.69
10 Year T-Note Yield	1.01	-0.32	1.33
13-week Treasury Bill	0.92	-0.57	1.49

TRADER SHEET ON PAGES 13 & 14

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 (30%)						
GOLD (GCJ20)	Pulling back... Gold fell on the recent liquidity crunch. However, it's holding above the bullish May uptrend near \$1550. Spinner is at an extreme low suggesting momentum is down, but could be reaching an apex. If gold stays above the May uptrend, a rise to the top side of the channel near \$1730 would be likely. Keep your positions.	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).	1644.40	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).	12.84	10.00	Open
SILVER (SIK20)	Broke below symmetrical triangle, testing bottom side of 8 mo long sideways band just as Spinner reaches an extreme low. Silver is near an extreme. It did break below support nominally. I'm comfortable with exposure to silver and will buy more on further weakness below \$16. If you're not in or underexposed, buy some below \$17.	L	Bot: 15.80 (Jul-17-19), 16.50 (Aug-7-19), 16.80 (Nov-8-19).	17.188	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).	6.63	2dc below 6.10	Open
HUI Index	Gold shares fell together with most asset classes as fears drove demand to liquidity. The decline is reaching extreme weakness seen last Sept near the lows, just as HUI reaches the Oct lows, a solid support. I'm increasing exposure to the gold universe from 30% to 40-45%. I would consider buying more on further weakness.	--	N/A	233.32	N/A	N/A
AEM	AEM continues to show signs of downside pressure. It hasn't fallen to levels seen in other gold shares, suggesting strength or that the downside may not be over just yet. AEM is one my favorites and I'll continue to hold on to my positions. I'll buy more if AEM falls below \$45.	L	58.75 (Jan-9-20), 49.50 (Feb-19-20)	50.55	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).	34.54	Holding.	-
HL	Buy some at mkt. HL fell to \$2.50, a key support level just as Spinner fell to an extreme suggesting downside may be limited for now. We've been waiting for weakness to add to our position.	L	2.96 (Jan 28 - 2020)	2.78	Holding.	3.50 & 6
SVM	SVM fell below the 200 day MA showing weakness. It's showing support at \$3. Spinner seems to have begun rebounding already. A rebound rise to the Dec downtrend near \$5 is likely. We've been waiting for weakness to add to our position. Buy some at mkt.	L	5.49 (Jan-6-20), 4.92 (Feb-4-20).	3.50	Holding.	6.75 & 9
SBB.TO	Also fell to an extreme. Sabina is a junior we've had our eye on for a while. I'm excited about this one. Although weakness might not be over just yet, I'm buying some at mkt. Spinner is at an extreme suggesting weakness could be nearly over. Buy some at mkt.	O	-	1.55	-	-
NG	NG fell to the Jun uptrend and support just below \$8. Spinner declined to an extreme suggesting the downside could be limited ST. NG is a great asset. We've had it on the radar for some time and are now buying at mkt. NG has great assets, great management. Buy at mkt.	O	-	8.61	-	-

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 (43%)						
U.S. DOLLAR (DXZ19)	The U.S. dollar index broke below the Jan uptrend showing ST weakness. Spinner, however, declined to an extreme low suggesting the downside is limited. Coincidentally, it's happening just as the dollar approaches the Jun uptrend and key support near 96. The chart suggests the dollar will hold at support and could now bounce up. Keep cash mainly in U.S. dollars (with exposure to Pound Sterling).		-	97.12	-	-
FXB	Global fears pushed all assets down on liquidity concerns. Pound sterling is holding at the bottom side of a 5 mo sideways band. Spinner bearish suggesting more weakness is likely, but also near an extreme. Markets are still settling from the broad based fear driven decline. Continue to keep cash in U.S. dollars and Pound Sterling.		Bot Pound Sterling below 1.30 (FXB: \$126.60)	124.2	-	-
RESOURCES AND ENERGY (15%)						
Crude (CLJ20)	Crude bouncing up from extreme dip that reached crude's mega support level near \$40. Volatility will likely remain as things settle down. Crude is very likely near the lows and a bounce up to the Jan downtrend near \$51 is likely ST. A break above \$51 could propel crude to the mid to higher 50s. Spinner near extreme lows suggests weakness may persist during a bottoming process. Buy some at mkt.	L	\$52.50 (Jan-30-20), 50.50 (Feb-6-20).	47.18	Holding Per Alert.	59 & 63
XOM	XOM fell further showing extreme weakness. It's one of those companies that one can hold during extreme weakness largely in part due to its consistent business and dividend yield. I'm buying a bit more at mkt.	L	61.90 (Feb-6-20), 61 (Feb-12-20)	51.30	Open	69 & 75
COPPER	Copper holding above key support near \$2.50. The FOMC commitment is giving the economy support which is giving markets support it can build on. Trading and investing can and will likely resume on deeper economic fundamentals. Concerns over the spreading virus may have peaked. We have limited exposure to resources but will be increasing a bit during weakness, particularly in companies that are rock solid, with good dividend yields like BHP Billiton and Exxon Mobil. This would push our exposure to resources from 15% to 20%.	O	-	2.5845	Out	-
BHP	BHP dropped to lower levels, exactly the bottom side of a funnel. BHP is weak and vulnerable. Spinner suggests momentum is down. However, weak sentiment could be reaching an apex which could set the stage for a rebound rise. BHP has a dividend yield of 7%. Consider buying some more at mkt.	L	54.75 (Jan-15-20), 52.50 (Jan-30-20)	43.94	Open	63 & 70
MELT UP RISE PORTFOLIO (12%)						
C	C fell to a deeper support at the Aug lows. The declining rate environment is putting downside pressure on C's core business activity. The decline, however, has been extreme as shown by Spinner and a rebound rise is likely. Keep your positions.	L	73.75 (Nov-20-19)	65.05	Holding.	85 & 100
T	T broke below support at \$36.50, dropping to the Aug low and deeper support near \$33. Spinner at an extreme suggesting limited downside. T is another great company with a great dividend yield. Keep your positions.	L	38.75 (Jan-22-20), 37.50 (Feb-4-20)	36.30	Holding.	50
NVS	NVS fell with everything else. It's holding at deeper support (Oct low), just as Spinner reaches an extreme low. The chart tells us if NVS holds at the Oct lows, it could rise to the recent highs near \$100. Keep your positions.	L	94.75 (Jan-23-20)	83.62	Holding.	120
SHOP	SHOP is holding above the Nov uptrend. SHOP is showing lots of strength with upside potential. Spinner bottoming at an extreme showing upside potential ST. I didn't buy new positions just yet. Buy some below \$430.	O	430 (Feb 28,20)	476.94	-	-

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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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