



# -GCRU-

## Weekly Trading Strategies



*Omar Ayales*

Achieves gains by trading commodities, currencies and stocks

Apr 8<sup>th</sup>, 2020

IN ITS 19<sup>th</sup> YEAR - Nº 879

# TTID: THIS TIME IS DIFFERENT

## GOLD IS TESTING \$1700

### EQUITIES ACROSS THE BOARD RALLY

### TRADING STRATEGIES

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I started following the markets when I was a boy. I would follow price action closely. I would plot charts by hand daily with moving averages and trends too!

My mother was my personal stock broker.

We picked the charts we liked (usually gold shares!) and printed them. We would hand write entry levels, stop losses and information to keep track of the position.

Many times it was sweet payday...

Other times it was gut wrenching losses...

For good reason, my mother made sure I learned the hard lessons.

There are many, most of which you've probably learned yourselves.

"Inflation: When nobody has enough much money because everybody has too much." -Harold Coffin

But we are living unprecedented times. Old wisdom must be interpreted carefully. Some days the light at the end of the tunnel seems closer than other days.

A sense of value for stocks and assets across the board has been lost, left adrift. The most dire of consequences seems to have been priced into the market.

So dire that the decline in equities to the March lows had been nearly 40%, and Dow Theory had not yet signaled a bear market confirmation (it hasn't yet).

Ludicrous?

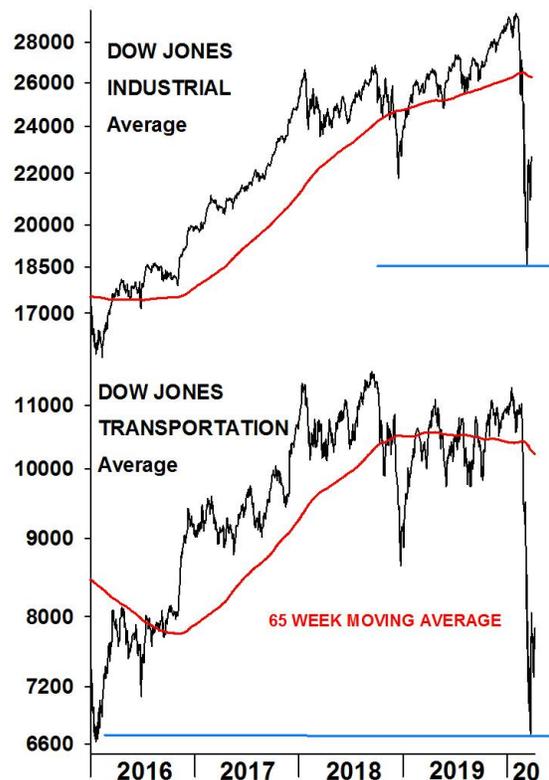
Not really. And it's not necessarily because the system is broken either. Rather consider the reaction, as strong as it has been, has not yet become trend setting.

According to Dow Theory, the recent March lows would have to be broken on the downside by both the Trans and the Industrials for a new bear market to be confirmed.

But considering how extremely oversold the whole equity sector is, and that volatility jumped higher than the 2008 highs, a further rebound rise or consolidation seems to be upcoming.

I believe fears driven by panic and herd behavior will soon be over and life will resume to a new normal.

Society will go back to demanding the goods and services it is known to consume (even though certain industries could be forced to redefine themselves, such as food and beverage, tourism, travel and others).



Economic activity will resume (at what rate we don't know), but it will resume.

The big blue chip companies are very solid places to be in, almost safe haven-like. They're the ones that will have most access to stimulus and will be able to keep their dividend yields, stock buy backs and other. They're the ones with the know-how and the team of experts that will juice up the system that has been made available to them.

I suspect the current rebound in stocks will continue and may likely reach the highs earlier this year. That will be the true test of strength.

If major stock indices and averages, particularly the Industrials and the Trans, rise to new highs, the bull market that was in place before the virus will be confirmed with more upside likely.

On the other hand, if stocks fail to break to new highs, or if one of the major averages fails to confirm the other (Trans or Dow), then a non-confirmation would be triggered which would be a bearish sign.

Partially because the downfall in economic activity was government instituted rather than cyclical (even though by many standards it was already headed in that direction), I believe markets and economic activity can jump back.

Much will depend on the change in policy and public rhetoric surrounding the virus, the decline of its impact and pushing people to go back out to work.

My worry is that if governments are delayed in doing so, society can enter into a depression. The difference with a recession being the consumer and the average person's state of mind and emotion.

In a depression, there's no amount of stimulus that can ease the pain.

Our stock portfolio consists of ATT (T), Citigroup (C), Novartis (NVS) and Shopify (SHOP).

NVS has been among the best. We bot some last week just before it took off. NVS continues on its V shape recovery. Spinner at a high, but with room to rise further.

NVS has confirmed support at the Aug lows. A rise to the recent highs near 100 is likely. Keep your positions.



C is also rebounding, showing support above the recent Mar low. Spinner is on the rise, testing zero, showing momentum is heating up.

A break above C would show stronger signs of strength that could push C to the Jan downtrend near \$75. Keep your positions.

ATT has also started to rebound. It's showing higher lows and even though Spinner is below zero, it's clearly up trending. It's showing momentum picking up steam and upside potential.

We bot some more last week at the lows.

Shopify took a beating but quickly bounced up. Once again confirming support above the May





uptrend near \$300. Spinner is falling from a high area, but holding near zero, showing momentum remains up.

Keep your positions.

Consider companies have never had access to capital at the current rates (basically free). Never in history and it's likely they never will.

This chart of the yield of a 30

year U.S. government bond is very telling given the extreme nature of its decline.

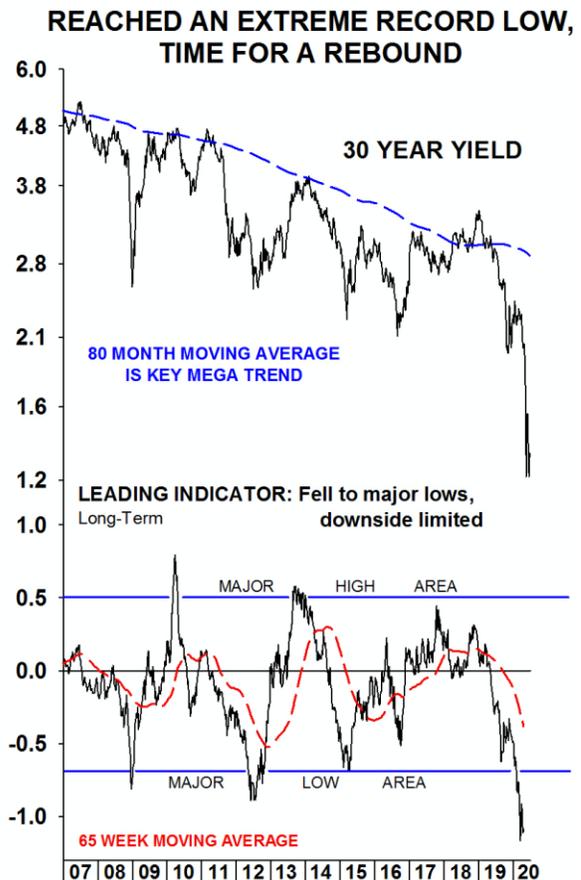
The chart is since 2007. It has the 80 month moving average (a mega trend that tracks the broader moves of the 30 year yield dating back to the 70s).

Moreover, notice the 30 year yield at a new low with its indicator at an extreme level. The chart not only shows money at the cheapest rate it's ever been, it also tells us a rebound is likely and higher rates down the road could be part of the new normal.

Just before the decline, my cash position was at the highest level it has been in years.

I've had most of my cash in U.S. dollars because the dollar is king.

The dollar had been rising for as long as gold and U.S. bonds have. The three actually were the safe havens of choice. We rode thru the safe haven



trade of 2019 with lots of gold and U.S. dollars (and got the last bit of the rise in bonds).

Although last quarter we didn't log in a gain (or a loss), we've been positioning to take advantage of brewing opportunities in blue chip stocks, and gold and gold shares, mainly. Our cash pile has decreased, but we've bot great companies at great prices.



I'm also holding some pound sterling. It hasn't held as strong as gold and depending on how complicated Mr. Johnson's (British PM) medical condition gets, we could see the pound fall a bit further even.

Longer term, the pound is poised to outperform the dollar.

Speculation of a return to some type of normal is also fueling demand for gold.

Keep in mind gold's secular bull mkt strength is mainly due to policy that ultimately erodes the purchasing power of currencies.

The current amount of stimulus being offered, while it will give support to equities, it will also erode purchasing capacity of currencies longer term, which in turn fuels demand for gold as the ultimate hedge against wealth erosion.

The recent upmove in gold, silver and gold shares is very bullish. Whenever the gold universe moves in sync, the moves are stronger and validated.

Notice that just this past week, gold confirmed support above the 5wk MA, HUI broke above the 5wk MA for the first time since February and so did silver.

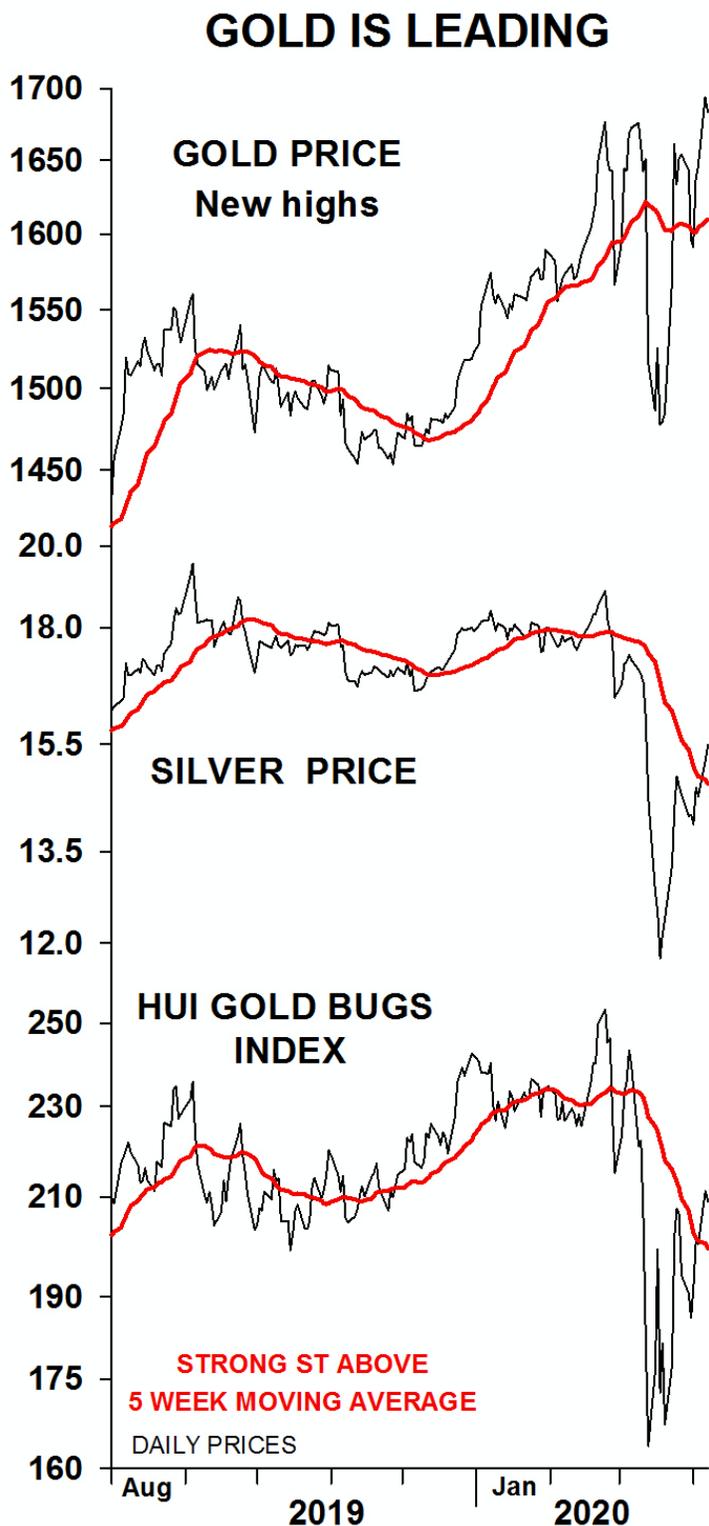
All three are showing a very bullish picture for the gold universe.

The break above the 5wk MA confirms the ST trend is up and a continued rise is likely.

If gold now breaks above \$1700 and stays above it, we could see it rise to the \$1800-\$1900 level (all time highs). It could fuel another 100% rise in gold shares.

The gold universe is by far our largest exposure. A bit less than half of my portfolio is made up of gold, silver and gold shares. The other half are blue chip stocks and cash.

Our biggest gold share positions are Agnico Eagle Mines (AEM) and Kirkland Lake Gold (KL).



AEM has performed well since our last issue. It confirmed support at the recent low and has established a new Mar upchannel with support at \$42.50 (Mar uptrend). If AEM can stay above the Mar uptrend, it could the rise to the Feb highs near \$62.

Keep your positions.

KL is another one of my long time favorites. I also couldn't resist buying more below \$30. It also jumped to new highs for the move and it's approaching a resistance in the higher 30s (Jan downtrend). If this resistance is broken, a continued rise to \$50 would be likely.

Spinner bullish with room to rise further suggesting momentum continues to favor KL. Keep your positions.

We're also accumulating NovaGold (NG) and have some exposure to Sabina Gold & Silver (SBB.TO).

NG continues to creep up. It regained the \$8 handle and flirting with the \$9 one. Spinner on the rise, well above its MT MA and zero line showing upside momentum.



NG is one of my favorite juniors given its solid management and stellar assets. Keep your positions.

Sabina Gold & Silver (SBB.TO) is another junior miner. A true junior. Sabina recently confirmed support above CA\$1 and started to bounce up.

It's now showing resistance well below the Aug downtrend, however. Spinner above zero, but lackluster, could turn down. Keep your reduced exposure as the rise in gold will likely give an upward boost to all gold shares.



We also have exposure to 2 silver companies, Hecla Mining (HL) and Silvercorp Metals (HL). They're both still rising from extreme levels. They've seemingly confirmed the lows and support although they continue to consolidate.

Notice SVM has formed a bullish flag pattern since it bounced up from the Mar lows.



SVM's pole resistance is near \$4.60, which is coincidentally converging with the Dec downtrend.

This suggests that if SVM breaks above this relevant resistance, it'll show strength and a continued rise to the Dec highs near \$6 would be likely.

Spinner is receding, breaking below MT MA and testing the zero line. If you're looking for exposure, buy some at mkt.

HL continues to consolidate above the Aug/Mar lows. The support level is solid and more upside seems inevitable from current levels.

HL has had a solid management with solid commitment to reducing debt and generating cash flow. It's positioned to be a leader within its industry.

Keep your positions. At current levels HL is very cheap. If you're looking for exposure, buy some at mkt.

Last but not least are resources.

Copper continues to stage a rebound. Yesterday it broke above ST resistance and it's now testing the Jan downtrend, a more relevant resistance level.



Coincidentally Spinner is also on the rise, breaking above zero, showing momentum is building for copper and resources.

Copper must break above the Jan downtrend on a 2dc above \$2.45 to show signs of renewed strength. Otherwise, it could fall back to re-test the Mar low.

Crude oil is similar. It's chugging up from the extreme lows (below \$20).

And any news regarding the potential production cut is very bullish. But any doubts push it back down.

Crude oil is just too vulnerable to whims of a few that it's best to stay out during times of anarchy and chaos, the sorts of which we're living today.

Production, it seems, at some point must be cut just for lack of storage space. It is still to be seen how the oil glut will affect oil prices.

Crude oil did break above a downside wedge. It still could rise to \$42. A solid production cut could push crude oil to that level in a matter of days.

I've decided to play resources thru established blue chip companies like Exxon Mobil (XOM) and BHP Billiton (BHP).

Both of these companies could get a double thrust that could push value up. Not only will they receive a big chunk of stimulus that is being provided for, but they'll likely rise with the rebound brewing in copper and crude oil.

XOM broke above the mid-channel line, above \$40. Spinner also broke out above zero for the first time in a couple months. Spinner is suggesting momentum is finally to the upside. XOM could rise ST to the Jan downtrend near \$52.

Keep your positions.



BHP is also rising. It hasn't been as strong as XOM, but it's a close second. It's also testing \$40 confirming support above recent lows near \$30.

Spinner is bullish with more upside potential. Keep your positions.

We locked in great dividend yields for both companies which has allowed us to look over the valley during extreme volatility.

Our strategy for this week is to stay patient. Buy some more gold shares on weakness if you're not yet in or with limited exposure. Be sure to stay mainly with blue chip and established companies. They're the safest right now.

Good luck and good trading,

Chief Trading Strategist/GCRU  
[www.goldchartsrus.net](http://www.goldchartsrus.net)  
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TRADER SHEET PAGES 13 & 14

KEY PRICES			
Name/Symbol	Apr 07,20 Price	Change	Mar 31,20 Price
Gold (GCM20)	<b>1683.70</b>	87.10	<b>1596.60</b>
Silver (SIK20)	<b>15.48</b>	1.32	<b>14.16</b>
HUI (HUI)	<b>209.18</b>	23.14	<b>186.04</b>
Copper (HGK20)	<b>2.27</b>	0.04	<b>2.23</b>
Crude Oil (CLK20)	<b>23.63</b>	3.15	<b>20.48</b>
S&P500	<b>2659.41</b>	74.82	<b>2584.59</b>
U.S.Dollar (DXM20)	<b>99.91</b>	0.82	<b>99.09</b>
30 Year T-Bond (ZBM20)	<b>179.22</b>	0.16	<b>179.06</b>
10 Year T-Note Yield	<b>0.74</b>	0.04	<b>0.70</b>
13-week Treasury Bill	<b>0.128</b>	0.098	<b>0.030</b>

## 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 (42%)</b>						
<b>GOLD (GCM20)</b>	New high for move! Gold bounced with strength after testing \$1600 support level. Gold is breaking above \$1700, a key resistance level that if clearly surpassed could open the door for more upside, to possibly the old highs near \$1800-\$1900. Spinner seemingly at an extreme level, but has room to run further. Keep your positions for now.	L	Bot: 1485 (Mar-18-20).	<b>1683.70</b>	2dc below 1300.	1900
<b>PHYS</b>	Keep your positions. Wait for weakness to buy more.	L	11.75 (Mar-18-19).	<b>13.39</b>	Holdin g	Open
<b>SILVER (SIK20)</b>	Breakout! Silver rose above \$15, a previous support turned into resistance, showing renewed strength. Moreover, silver is breaking out a bullish flag pattern with an upside target at \$18-19, silver's key resistance level. Keep your positions. If you're underexposed, consider buying at mkt, ideally below \$15.	L	Bot: 15.80 (Jul-17-19), 16.50 (Aug-7-19), 16.80 (Nov-8-19), 12 (Mar-18-20).	<b>15.480</b>	Holdin g	18.50 & 25
<b>PSLV</b>	Keep your positions. Wait for weakness to buy more.	L	Bot: 5.50 (Jul-17-2019), 6.25 (Aug-7-19), 6.19 (Nov-8-19).	<b>5.60</b>	Holdin g	Open
<b>HUI Index</b>	Gold shares are starting to pick up steam. They're rallying from the lows. HUI broke above a previous support turned into resistance at 200 showing impressive strength. Spinner is validating the action as it too holds above zero. Moreover, HUI's breakout is happening just as our in house A/D line breaks above the top side of the Dec consolidation band providing an indication the next intermediate move is to the upside. HUI has a first resistance level at the Feb highs near 250 (likely target ST). If this level is surpassed, a straight shot up to 300 initially would be likely. Keep your positions. We have solid exposure to gold shares. Picked up a bit more Agnico Eagle Mines (AEM) and Kirkland Lake Gold (KL) last week.	--	N/A	<b>209.18</b>	N/A	N/A
<b>AEM</b>	Breaking out... AEM rose stronger, breaking clearly above \$40, confirming support above key level at \$35-\$40. AEM is showing signs of renewed strength as it tests the Jan downtrend at \$46. If AEM breaks clearly above this level, AEM could rise back to its 2020 highs and resistance near \$62.50. Keep your positions.	L	58.75 (Jan-9-20), 49.50 (Feb-19-20), 36.50 (Mar-18-20), 39.65 (Apr-1-20) (AVG: \$46)	<b>45.43</b>	Holdin g	65 & 80
<b>KL</b>	KL continues to rebound showing strength. However, KL is not yet out of the woods and in the clear. It must break above the Nov downtrend on a 2dc above \$37 to show strength that could push KL to test the Nov highs near \$50. Keep your positions for now.	L	37.50 (Feb-19-20), 34.50 (Mar-4-20), 26 (Mar-12-20), 29 (Apr-1-20) (AVG: \$31.75).	<b>33.96</b>	Holdin g	-
<b>HL</b>	HL continues to bounce up from extreme lows. It's slowly posting regular higher lows. Spinner on the rise too, positioned for more upside. Wait for a break above \$2.50 to see renewed strength that could propel HL to the Jan highs. If you're underexposed, buy some at mkt.	L	2.96 (Jan-28-20), 2.65 (Mar-4-20), 1.65 (Mar-18-20) (AVG: \$2.42).	<b>1.80</b>	2dc below 1.30	3.50 & 6
<b>SVM</b>	Forming a bullish flag pattern above the key Jun low & support level with pole resistance near \$4.80. Pole resistance coincides with the Dec downtrend, exposing a strong resistance level. If SVM breaks above \$4.80 on a 2dc, it'll show super strength that could propel SVM to the recent highs near \$6. Hold your positions. If you're underexposed, buy some at mkt.	L	5.49 (Jan-6-20), 4.92 (Feb-4-20), 3.40 (Mar-4-20) (AVG: \$4.60).	<b>3.45</b>	2dc below 2.25	6 & 9
<b>SBB.TO</b>	Sabina remains our smallest position. Although it's started to rebound, it's seemingly stuck in the mud. Spinner above zero but flat suggesting momentum may have stagnated. Sabina must rise above the Aug downtrend near \$1.70 to show signs of renewed strength. Keep your position for now.	L	1.55 (Mar-4-20)	<b>1.20</b>	Holdin g	-
<b>NG</b>	NG continues to consolidate its rebound above its strong support level near \$6. NG regained the \$8 level where it seems very comfortable. Resistance at \$9.50 is strong. A break above this level could push NG into a new bullish phase. Keep your positions. We haven't been able to pick up more below \$7. I'll be looking to buy a bit more below \$8.	L	8.50 (Mar-4-20), 7.65 (Mar-18-20) (AVG: \$8).	<b>8.91</b>	2dc below 6.50	10.50 & 13

## 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 (25%)</b>						
<b>U.S. DOLLAR (DXM20)</b>	Bullish. King dollar has held near the recent highs, showing impressive strength. With governments on lockdown, people turn to liquidity and are holding vast amounts of cash. The U.S. dollar is the reserve currency of the world and the fast paced movements in the financial markets has caused the volatility. Keep most of your sidelined cash in U.S. dollars.		-	<b>99.91</b>	-	-
<b>FXB</b>	Bull flag pattern forming, with pole resistance at 122. The pattern suggests if FXB breaks above \$122 convincingly, a rise to the Dec high & resistance level would be likely. Keep some of your cash in british pounds.		-	<b>119.61</b>	-	-
<b>RESOURCES AND ENERGY (14%)</b>						
<b>Crude (CLK20)</b>	Breaking out! Crude oil broke out of a rising wedge with an upside target at \$42. The rise from the lower \$20s thus far has been impressive. Crude oil is catching up. The bullish pattern crude broke out from tells us more upside is likely. There's chatter that OPEC, Russia, the U.S. and Canada are in conversations to cut production massively to try and give price stability. The crude trade is a bit of a 'hot mess' and it's best to stay out. We'll continue having exposure thru Exxon Mobil (XOM). If you're looking to buy crude oil, now would be a good moment to buy.	O	Out	<b>23.63</b>	0.00	0
<b>XOM</b>	XOM is breaking up as it continues to rise from the extreme lows. Spinner above zero showing strength with lots of room to rise further. XOM just broke above the middle of the Jan downchannel near \$40. If it now stays there, XOM could rise to the top side of the Jan downtrend near \$55. A break above this level could propel XOM to the Jan highs near \$70. Keep your positions.	L	61.90 (Feb-6-20), 61 (Feb-12-20), 50 (Mar-5-20), 32 (Mar-18-20) (AVG: \$51)	<b>41.24</b>	2dc below 30.	69 & 75
<b>COPPER</b>	Copper continues to consolidate the recent waterfall decline. The pattern copper is forming is more like a bear flag with pole support at \$2. This tells us, if copper fails to rebound further, and falls below \$2, a decline to the pattern's target near \$1.75 would be likely. Spinner is on the rise, testing zero, suggesting momentum could be creeping up. Copper must break above the Jan downtrend on a 2dc above 2.40 to show signs of renewed strength. Stay out for now. We'll continue to trade resources thru BHP Billiton (BHP), Exxon Mobil (XOM) and silver.	O	-	<b>2.2725</b>	Out	-
<b>BHP</b>	BHP broke above its bullish flag pattern suggesting a rise above the Jan downtrend near \$44 is now likely. Spinner bullish, near a high area, but with lots of room to rise further. A break above \$44 could then propel BHP to the Jan highs near \$56. Keep your positions.	L	54.75 (Jan-15-20), 52.50 (Jan-30-20), 43 (Mar-5-20), 31.50 (Mar-18-20) (AVG: 45.40)	<b>38.52</b>	2dc below 30.	60
<b>MELT UP RISE PORTFOLIO (19%)</b>						
<b>C</b>	C continues to form a bottom at extreme lows. Recent price action shows support at the lows is strong and more upside could develop from current levels. C must now break above \$46 to show renewed strength that could propel it to the Jan downtrend, above \$70. Keep your positions. If you're not exposed, now it's a good time to buy.	L	73.75 (Nov-20-19), 40 (Mar-25-20) (AVG: \$57).	<b>41.25</b>	Holdin g.	85 & 100
<b>T</b>	ATT seems to have found a bottom above \$26.50. It's bouncing up with strength. Spinner below zero, but rebounding, showing upside momentum developing. We bot a bit more last week. Keep your positions.	L	38.75 (Jan-22-20), 37.50 (Feb-4-20), 28 (Apr-1-20). (AVG: \$34.75).	<b>30.08</b>	Holdin g.	50
<b>NVS</b>	NVS is rising with strength as the healthcare industry is seen more and more as a key player in sorting out the health impact of the virus and post-virus era. We picked up more last week. Keep your positions.	L	94.75 (Jan-23-20), 80.75 (Apr-1-20) (AVG: 87.75).	<b>83.99</b>	Holdin g.	120
<b>SHOP</b>	SHOP pulled back to nearly the May uptrend and support level this past week. However, SHOP already started to rebound confirming strong support above the May lows. SHOP is a company that is poised to thrive in the new post-virus-contact-averse era. Keep your positions.	L	350 (Mar-16-20), 315 (Mar-18-20). (AVG: \$332).	<b>378.54</b>	Holdin g	600

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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	
	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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