



-GCRU-

Weekly Trading Strategies



Omar Ayales

Achieves gains by trading commodities, currencies and stocks

May 20th, 2020

IN ITS 19th YEAR – Nº 885

SILVER BREAKS OUT!

SILVER MINES EXPLODE!

RESOURCES SHOW REBOUND HAS LEGS

OPTIMISM IN STOCKS SEEPS BACK

Expectations of an economic recovery are growing.

Speculation global business will pick up the pace as restrictions ease and borders reopen is flying high.

Lingering uncertainty fueled by Covid-19 remains.

And it's contributing to silver's perfect storm...

For the past month I've been showing you silver's potential when compared to gold and gold shares.

"Gold is money, everything else is credit" -J.P. Morgan

Silver had been coiling.

I demonstrated how undervalued silver was relative to gold; and how silver had been moving similarly to gold miners since the 2015/16 lows but had yet to catch up to the miner's most recent upmove.

Since our last issue, silver rose feverishly, as it's known to react when in favor.

We have been holding a full position and recommended newer members and those who were underweighted to buy more a couple of weeks ago.

Since, silver pierced above resistance at \$16.50 like a hot knife through butter. It then regained the \$17 handle and it's now threatening to surpass \$18!



SILVER'S TURN TO SHINE VS GOLD



A rise to \$19 seems imminent.

If \$19 is surpassed, silver will become more powerful with further upside potential.

Consider the gold to silver ratio is at all-time high. It recently reached 125:1. That's 125 ounces of silver needed to buy 1 ounce of gold.

The ratio suggests silver's value versus gold is at an extreme low; silver is poised to outperform gold ST.

We continue to hold a full position in silver and recommend selling a bit at our first profit target at \$19 to protect a 25%+ gain.

Silver miners have also been explosive.

They're getting hot like there's no tomorrow.

Hecla Mining (HL) confirmed support at the recent resistance level near \$2.50, then jumped up over 30% in a week!

HL is now at the top side of the Mar upchannel. It's looking steady above \$3 and is quickly approaching resistance level at our first profit target near \$3.50.

Sell half of your positions at the first profit target to protect a 45% gain in just 5 months.



Silvercorp Metals (SVM) reached a 3+ month high, almost reaching \$5. It pulled back since but continues to hold above its 5wk MA (key ST trend identifier) near \$3.85.

Reconfirmed news of SVM's takeover of Guyana Gold Fields could be putting some ST downside pressure.



Longer term, SVM's move to diversify into gold production in a region that's quickly becoming red hot for its gold mining is good news.

It's allowing a good opportunity to buy some at cheaper levels. I'm currently holding a full position and will not buy more. But if you're looking for more exposure to silver miners, consider buying SVM at the lower levels.

Last week I also included a new silver miner: Fortuna Silver Mines (FSM).

It recently broke above its 15wk MA showing strength and it took off this week to new highs! Noteworthy, FSM's 5wk MA just crossed above its 15wk MA, exposing a bullish cross.

I didn't buy as I was waiting for a deeper pull back, below \$3. I did recommend buying at mkt last week for new members and those who were underweight silver or silver miners.



For those of you who did, FSM enjoyed a 30% gain, surpassing the initial profit target suggested!

FSM is poised to rise further. Consider taking some profits and buying more on weakness. I'm waiting for a pull back below \$3.50 to buy.

Gold: Resilient

Gold confirmed growing support at \$1680 after breaking back above a downtrend since Apr near \$1720.

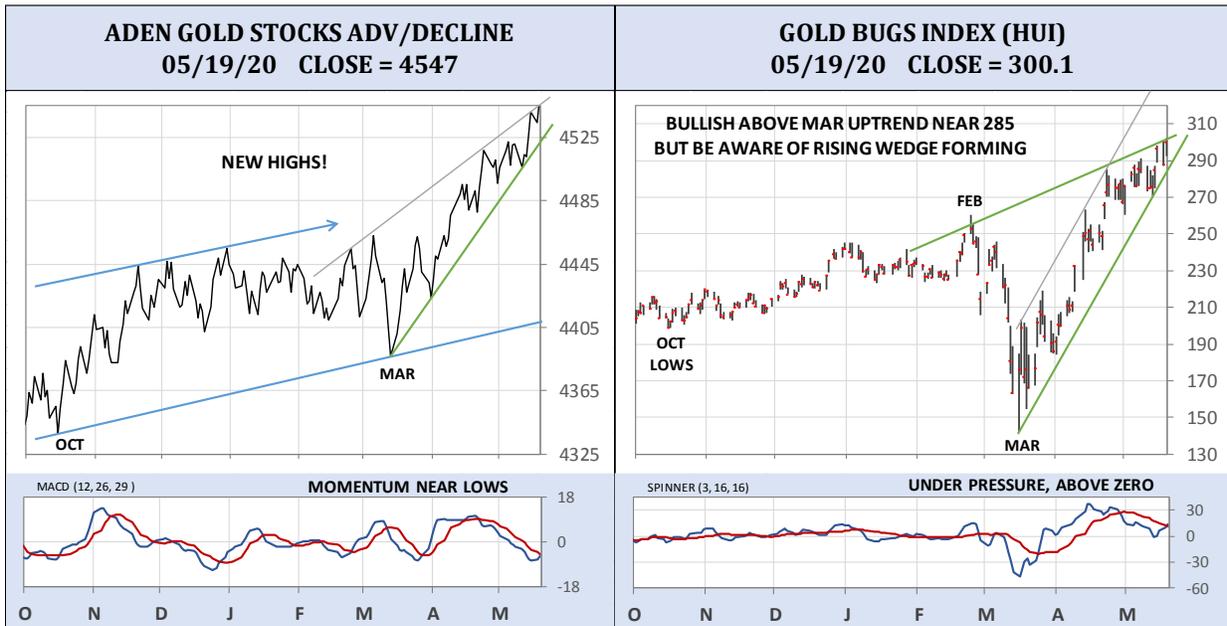


Momentum has shifted to the upside, at least ST.

If gold now breaks to new highs for the move, above \$1785, it'll confirm renewed strength that could propel gold to the all-time high area above \$1900.

But if gold resists below \$1800, it'll show exhaustion, likely followed by a decline that could possibly reach deeper support near \$1450.

Short term keeps an eye on \$1680. Gold remains very strong above this level. But a break below it could be the start of a deeper decline.



Gold shares have been the true winner.

The HUI Index has shown impressive strength. It's reclaiming the 300 level; a more than 100% rise from the intraday lows in Mar.

Notice our in-house A/D Line too. It's at new highs thereby confirming HUI's bullish price action.

It shouldn't be a surprise that gold shares as an index have outperformed most markets since the Feb/Mar lows.

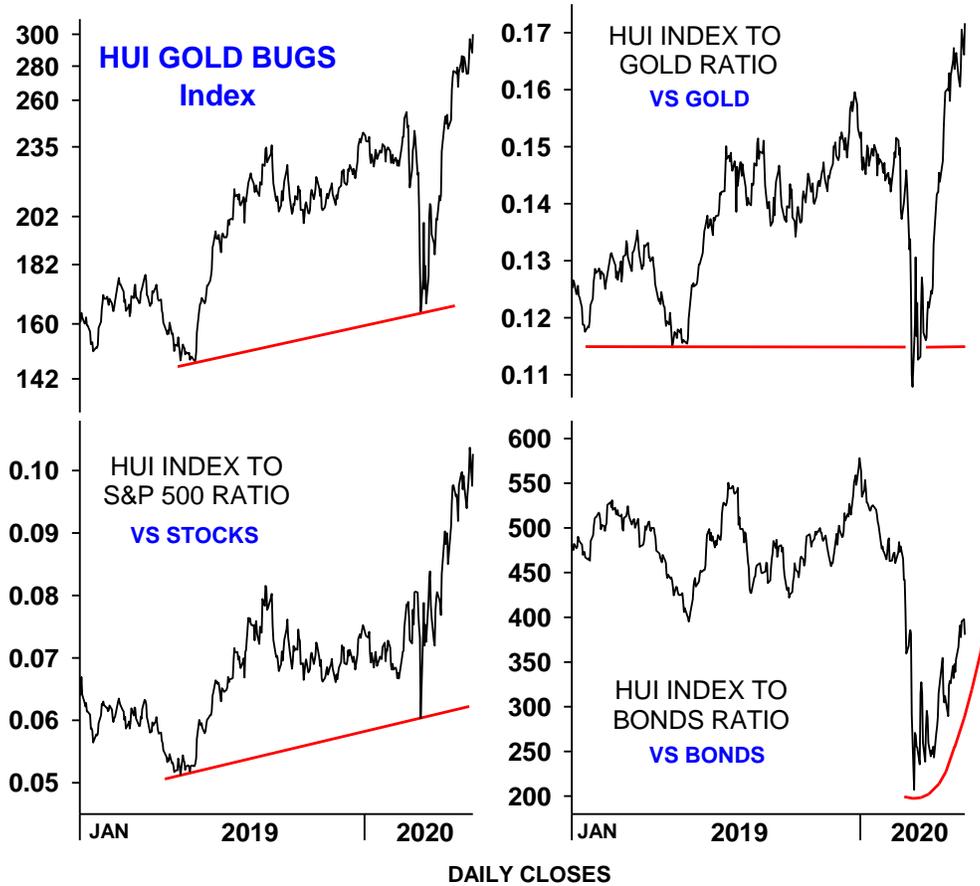
Our next chart shows the HUI Index on the top left and three other charts next to it. The three charts are ratios, or comparisons between HUI and other markets.

The chart measures strength in gold shares relative to the S&P 500, U.S. government bonds and gold itself.

Notice the surge in favor of the HUI Index since Feb/ Mar 2020.

You'll remember we bot gold shares heavily at the depths of the Feb/Mar lows and over the past month have trimmed positions, protecting handsome gains (38% on average).

GOLD SHARES: ONE OF THE STRONGEST!



Our open positions are up even more.

We're holding partial positions in Agnico Eagle Mines (AEM), NovaGold (NG) and Kirkland Lake Gold (KL).



KL has not followed the rest of the gold shares to new highs. Price action suggests KL is under pressure. Spinner shows momentum waning, telling us the upside might be limited.

I'm selling the rest of my position in KL protecting a 28% gain (34% total position since Jan 2020). Down the road I'll be looking to buy KL on weakness. It remains one of my favorites.

AEM seems to defy gravity.

It rose further, to new highs for the move. It's flirting with the \$70 handle.

Suddenly our second profit target at \$80, which at one point seemed unattainable, is within reach.

A clear break above \$70 opens the door to \$80. If reached, sell the rest of your positions

AEM remains very bullish above its 5wk MA (\$62). But below it could suggest a shift in trend.



Place trailing stops at the 5wk MA and update it weekly. For today, raise stop to 2dc below \$62.

NG is bouncing up from key support at \$10.50. It's testing \$12 and it's within striking distance of yet another new high. Our second profit target is at \$13.

Sell the second half of your position if the second profit target is reached. Raise stops to 2dc below \$11.

Fed Propped Stocks to New Highs

Since our last issue, stocks rose further.

They're looking stronger as the lockdown comes to an end, and things start to normalize.

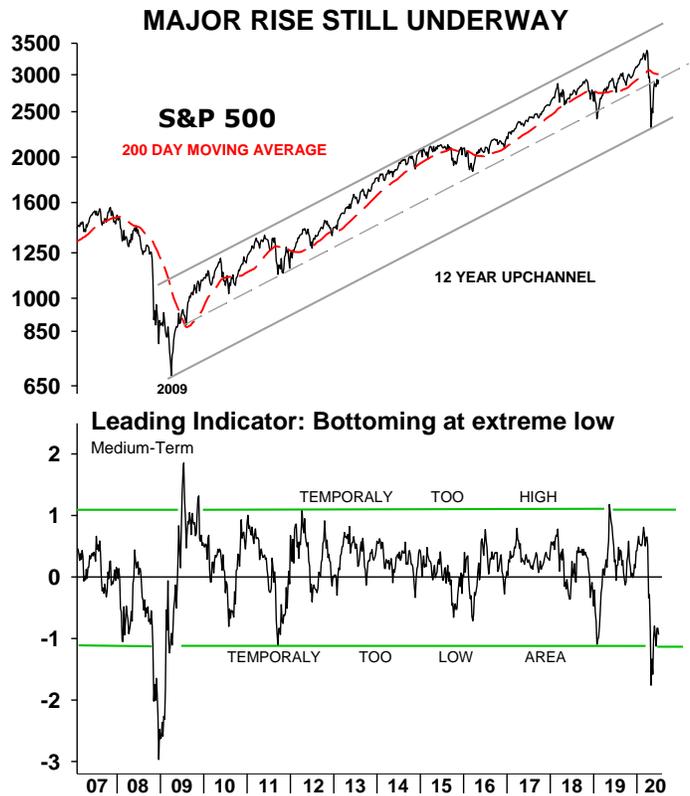
Plus, the Fed's safety net is giving investors and traders across the board added security.

Why not speculate?

The propped-up stock market is actually pulling energy prices and interest rates up with it.

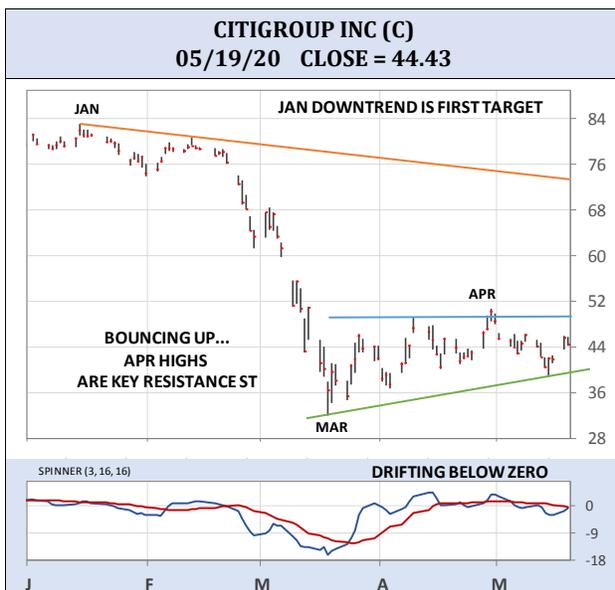
The S&P 500 is back to testing key resistance at 3000. A break above this level shows broader based strength with more upside likely.

Additionally, look at the chart of the S&P. It's since 2009 with its 200 day MA. It remains near 3000. A break above this level reverts the trend to bullish. Notice its MT leading indicator is rising from the pits, with lots of room to develop.



Could a stronger rebound rise be developing?

Keep an eye on 3000 on the S&P 500. A break above this level signals broader strength.



We're holding Citigroup (C) and Novartis (NVS).

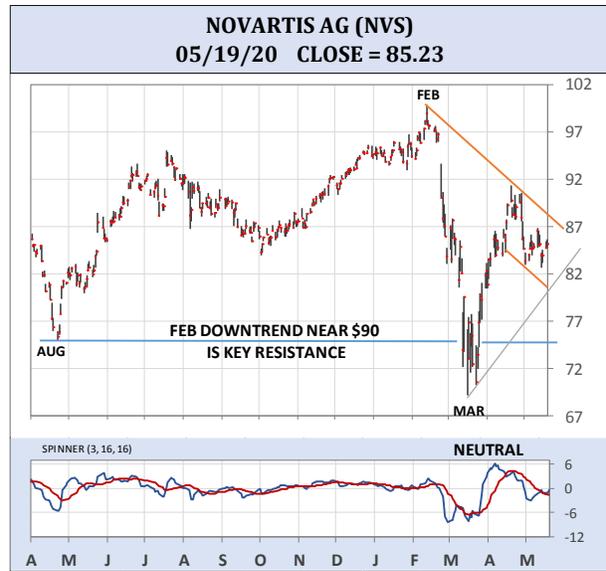
C continues to grind out from the lower levels. But there's still lots of downside pressure below \$50.

However, if C continues to hold above \$40, it'll show upside potential. Keep your positions as long as C holds above the Mar uptrend near \$40. Raise stops to 2dc below \$40.

NVS is also holding above support at \$82. It must rise above the Feb downtrend near \$90 to show renewed strength. If it fails, NVS could fall back to support near \$82.

Keep your positions as long as NVS holds above \$80.

Resources and Energy rise with stocks!



Crude oil rose with strength, reaching the Jan downtrend & resistance level near \$35.

The up move was bold. And it's giving support to energy shares too.

Crude oil must now break clearly above the Jan downtrend on a 2dc above \$38 to show renewed strength that could push crude oil to the 2020 highs near the mid \$60s.

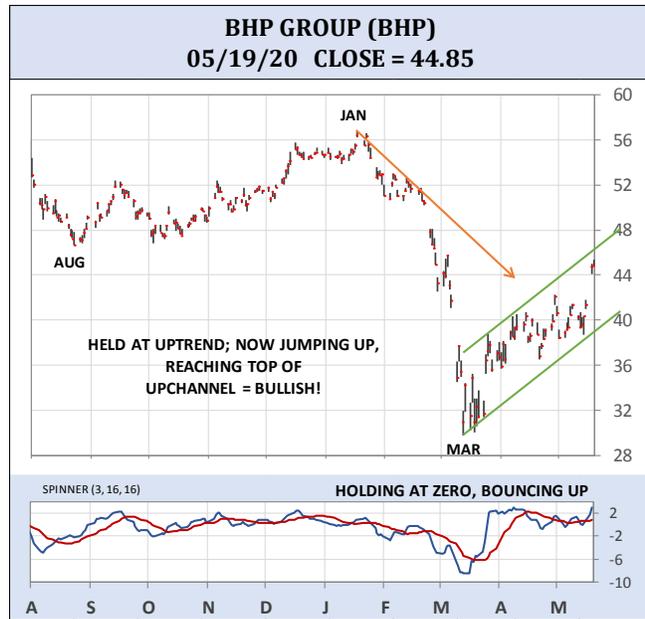
If crude fails to surpass the resistance, it could then fall back to the mid \$20s. Volatility is likely to remain.



Dr. Copper, due to its ability to forecast economic growth, continues to edge upward. It's quietly building a base above support at \$2.30.

I've stayed away from the commodities themselves (crude oil and copper) but do have exposure through two rock solid companies: Exxon Mobil (XOM) and BHP Billiton (BHP).

BHP had an amazing rise yesterday. It gapped up, reaching a new high for the move. Resource companies remain among the most bombed out sectors and could continue to attract demand due to its attractive dividend yield and solid business operation.



Keep your positions.

XOM is very similar. It's starting to show stronger demand as a value play. The rock-solid dividend yield that was recently confirmed says it all.

As the world slowly grinds out of lockdown, these bigger multinational players will likely be best positioned to recover.



Keep your positions.

If you're looking for exposure to resources, both BHP and XOM are great buys at mkt.

The Dollar Index Fails to Confirm Strength

The U.S. dollar index failed to surpass ST resistance at 101. Just as it rose to test it, the dollar fell, breaking below 100 and nearing ST support at 99.

A break below 99 on a 2dc could confirm weakness and a decline initially to 96 would be likely.

Remember 96 is the dollar's rock-solid support level. A break below would be very bearish, signaling an intermediate trend reversal.



Despite recent weakness, the dollar is the strongest and most liquid currency out there. Keep most of your cash in U.S. dollars.

I also have some cash in British pounds. It has been lackluster to bearish for the most part of the year mainly due to the economic impact of the virus.

It will likely go back to dealing with allies for new trade deals; allowing it to get on the recovery path faster.

Keep a small part of your cash in pound sterling.

Our strategy for this week is to take some profits in KL at mkt, and sell half of HL if profit target at \$3.50 is reached. Remember to adjust stops. Our cash position is rising.

Good luck and good trading,

Chief Trading Strategist/GCRU
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TRADER SHEET PAGES 13 & 14

KEY PRICES			
Name/Symbol	May 19,20 Price	Change	May 12,20 Price
Gold (GCM20)	1748.10	41.30	1706.80
Silver (SIN20)	17.86	2.15	15.71
HUI (HUI)	300.10	24.64	275.46
Copper (HGN20)	2.41	0.05	2.36
Crude Oil (CLN20)	31.86	5.53	26.33
S&P500	2922.94	52.82	2870.12
U.S.Dollar (DXM20)	99.37	-0.59	99.96
30 Year T-Bond (ZBM20)	178.63	-1.19	179.81
10 Year T-Note Yield	0.71	0.03	0.68
13-week Treasury Bill	0.118	-0.005	0.123

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 (GCM20)	Bullish! Gold broke above the Apr downtrend confirming strong support at the \$1680 level (the old resistance). Gold is flirting with the Apr highs. A break above \$1785 would be very bullish and it could propel gold to the all time highs above \$1900. Keep your positions.	L	Bot: 1485 (Mar-18-20).	1748.10	2dc below 1450 (adj).	1900
PHYS	Keep your positions. Sell when gold reaches profit target.	L	11.75 (Mar-18-19).	14.05	2dc below \$11.20	Open
SILVER (SIN20)	Breakout! Silver broke above resistance at \$16.50 showing renewed strength. Silver could now rise to the top side of the Mar upchannel near \$19, which is the Feb highs and a strong resistance area (also our first profit target). The Indicators continue to show lots of upside potential for silver, especially when compared to gold. Keep your positions. Sell some at our first profit target and keep the rest.	L	Bot: 15.80 (Jul-17-19), 16.50 (Aug-7-19), 16.80 (Nov-8-19), 12 (Mar-18-20) (AVG: \$15.275) New members may have bot at \$15.20 (May-6-20).	17.860	2dc below 15	19 (almost reached!) & 25
PSLV	Keep your positions. Sell when silver reaches first profit target.	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).	6.37	2dc below \$5.25	
HUI Index	Gold shares remain on a bullish path. HUI rose to new highs piercing 300 intraday. It's showing some resistance at that level as it forms a rising wedge pattern. The pattern tends to be bearish as it signals exhaustion. If HUI breaks below 270 on a 2dc, the pattern would be confirmed and a decline to support at 200 would be likely. But, if HUI holds above the 275 support, and now stays above 300, a renewed upchannel with more upside potential would emerge. Also keep an eye on our gold share A/D Line. Indication of future price movement is more precise when both HUI and the A/D Line confirm each other.	--	-	300.10	-	-
AEM	AEM reached a new high for the move. It's flirting with the \$70 handle. A break above this level could push AEM to our second profit target at \$80. AEM has been among the strongest. It remains bullish above the Mar uptrend near \$64. 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); Sold half via alert at \$61+ for 32 ½ % gain.	68.01	2dc below \$62 (adj)	80
KL	Under pressure. KL has drifted lower since the turn of the month. It's testing \$40 and flirting with Mar uptrend & support. KL has exposed resistance at \$44 and must break above this level initially to show signs of renewed strength. Sell the rest of your position at mkt.	L	37.50 (Feb-19-20), 34.50 (Mar-4-20), 26 (Mar-12-20), 29 (Apr-1-20) (AVG: \$31.75). Sold half at \$43.50 for average 40% gain (Apr-29-20).	40.48	2dc below 30.	\$50
HL	HL is rising in typical bullish fashion. It showed strength when it broke above resistance at \$2.50 at the end of April. It pulled back to the breakout level and held, showing support; and it's now taking off, at a stone's throw away from the Feb highs near \$3.50 (our first profit target). I recommend selling half at our first profit target to protect a 45%+ gain.	L	2.96 (Jan-28-20), 2.65 (Mar-4-20), 1.65 (Mar-18-20) (AVG: \$2.42).	3.35	2dc below 1.50	3.50 (almost reached!) & 6
SVM	SVM broke above the Dec downtrend & resistance showing strength. It remains very bullish above the Mar uptrend near \$4. A break above \$4.70 on a 2dc would confirm strength that could push SVM to the Dec highs near \$6. Consider news about the Guyana Goldfields take over was re-confirmed and it could be putting downside pressure on SVM. However, the take over is great for SVM which allows it to diversify into gold production in a region that's quickly becoming a gold mining hot spot. Keep your positions. If you're not in and are looking for exposure, take advantage of weakness to buy some.	L	5.49 (Jan-6-20), 4.92 (Feb-4-20), 3.40 (Mar-4-20), 3.45 (Apr-7-20) (AVG: \$4.40).	4.23	2dc below 2.25	6 & 9
FSM	Bullish! FSM exploded to the upside, reaching the top side of the Mar upchannel and the Aug highs near \$4.50. Spinner is picking up steam showing rising momentum. If FSM now breaks above the Aug high resistance, it's off to the races! New members and others that're underweight silver shares should've bot some last week at mkt. Some maybe even sold some as our first target was reached for a 30% gain. Keep your positions for now. Be aware of the \$4.50 resistance. if it fails to break resistance, it could pull back to the Mar uptrend near \$3. Buy more below \$3.50.	O	New Subs Bot \$3.25 (May-13-20).	4.20	2dc below 3	4 & 6
NG	NG is confirming support above \$10.50 by bouncing up and breaking the Apr downtrend. Spinner is starting to pick up steam, showing momentum could be shifting to the upside. If NG holds above support and rises above \$12, a continued rise would be likely. Keep the rest of your positions.	L	8.50 (Mar-4-20), 7.65 (Mar-18-20) (AVG: \$8). Sold half at \$11.50 (Apr-15-20) for 45% gain.	11.95	2dc below \$11	10.50 (surpassed!) & 13 (almost reached!)

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 (39%)						
U.S. DOLLAR (DXM20)	The U.S. Dollar Index failed to surpass resistance at 101. It's now seemingly pulling back and could test support at 99 in the upcoming week(s). A break below 99 would add to the pressure that could push the dollar to deeper support near 96. I'm keeping cash mainly in U.S. dollars for now.		-	99.37	-	-
FXB	Pound sterling is testing support, showing weakness. It could remain vulnerable for a bit longer as the UK struggles to deal with the virus impact. However, the pound has a bright future. Keep some of your cash in pound sterling.		-	118.69	-	-
RESOURCES AND ENERGY (13%)						
Crude (CLN20)	Crude oil rose further, reaching the Jan downtrend below \$40. The rebound rise has been very strong and if the downtrend is now broken on a 2dc above \$40, a continued rise to the Jan highs would be likely. Although demand remains constrained, mainly due to low jet fuel sales, we could see a shift once the governments and borders start opening back up. If crude oil fails to break above the Jan downtrend, it could fall back to the April uptrend near \$20. We've been out of crude, but have exposure to energy through Exxon Mobil (XOM).	O	Out	31.86	-	-
XOM	XOM fell since our last issue as it approached the Jan downtrend near \$47. However, XOM is bouncing up, confirming growing support at \$40 and seemingly re-establishing a stronger uptrend. If XOM breaks above the Jan downtrend on a 2dc above \$47, it's off to the races and potentially fueling a rise to the mid \$60s. If you're not in and looking for some exposure, buy some at mkt, more on weakness near \$42.	L	61.90 (Feb-6-20), 61 (Feb-12-20), 50 (Mar-5-20), 32 (Mar-18-20) (AVG: \$51)	43.94	2dc below 30.	69 & 75
COPPER	Uptrending, but showing resistance below \$2.50. Indicators showing more room to rise. Price action would confirm renewed strength if copper holds above the Mar uptrend near \$2.30 and rises above resistance at \$2.50. A rise to the Jan highs near \$3 would then be likely. Resources and energy shares are looking better. We're out of copper but long resources through BHP Billiton (BHP).	O	-	2.4090	Out	-
BHP	Bullish! BHP gapped up from support at the Mar uptrend to the top side of the Mar upchannel. It's at a 2 mo high and primed for more upside. Spinner breaking out from consolidation suggesting momentum could continue to pick up steam. A rise to the Jan highs to the mid \$50s is now likely. Keep your positions. If you're not in and looking for exposure, buy some at mkt and more on weakness near \$40.	L	54.75 (Jan-15-20), 52.50 (Jan-30-20), 43 (Mar-5-20), 31.50 (Mar-18-20) (AVG: 45.40)	44.85	2dc below 30.	56
MELT UP RISE PORTFOLIO (8%)						
C	Stocks are rebounding. Whether it's optimism about governments and boundaries re-opening or the Fed prop... stocks are rising. Banks have been out of favor during the lock-down. But as the lock-down unwinds, demand for banks could come back stronger. C has support at \$40 with resistance at \$50. A break above \$50 will show renewed strength that could push C to the Jan downtrend. A break below \$40 could trigger more weakness. Keep your positions for now.	L	73.75 (Nov-20-19), 40 (Mar-25-20) (AVG: \$57).	44.43	2dc below \$40 (adj)	75 & 85
NVS	NVS is showing weakness by resisting below the Feb downtrend near \$90. If NVS breaks below support at \$82 on a 2dc, it could then fall further, to possibly the lower \$70s. If NVS holds at support near \$82, and breaks above resistance at \$90, it could then rise to the Feb highs, our profit target, near \$100. Keep your positions for now.	L	94.75 (Jan-23-20), 80.75 (Apr-1-20) (AVG: 87.75).	85.23	2dc below 80.	100

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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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