



-GCRU-

Weekly Trading Strategies



Omar Ayales

Achieves gains by trading commodities, currencies and stocks

June 10th, 2020

IN ITS 19th YEAR – Nº 888

BUY THE DIP?

**DON'T SWEAT THE REACTIONS,
FOCUS ON THE TREND...
REMEMBER IT'S YOUR FRIEND!**

U.S. DOLLAR UNDER PRESSURE

GOLD CONFIRMS SUPPORT AT \$1680

IS THAT ENOUGH?

The bullish narrative for stocks continues to gain momentum. The past week saw one of the strongest up moves in stocks this year.

NASDAQ pushed to new highs...

Analysts across the board and talking heads in mainstream financial news are baffled.

But an investor's nightmare is the trader's dream.

Technically speaking, the path to more highs for riskier assets is in place.

Major indexes have broken key resistance levels while safe havens like the dollar, bonds and gold have already begun to correct.

"The secret to making money in stocks is not to get scared out of them" – Peter Lynch

The ratio between risk and safety measured in various ways, and as shown recently, looks poised to swing further in favor of risk.

Speculation of a faster than expected economic recovery is giving assets all over an upward boost.

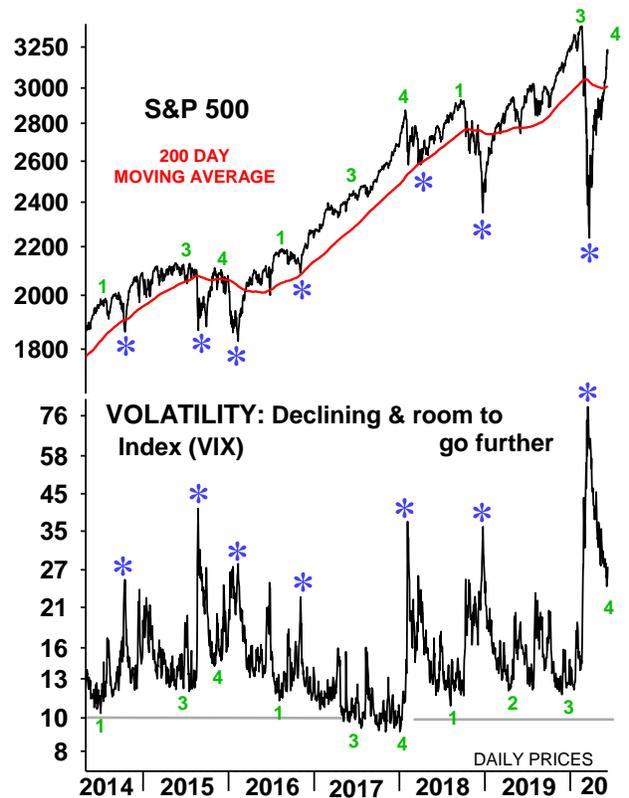
The bullish narrative seemingly anticipates a couple to a few years for the economy to reach growth levels pre-virus, but more importantly, the road to recovery has started. The worst outcome concerning the virus crisis has been priced in.

And unless a new narrative emerges that opens the way to lower levels, the path will remain to the upside.

Especially since the U.S. is in an election year, with the stock market's biggest cheerleader on the front running ticket.

An update of an earlier chart of the S&P 500 and the Volatility Index (VIX) shows the S&P's rise barely pushed volatility lower.

STOCKS MOVE OPPOSITE TO VOLATILITY

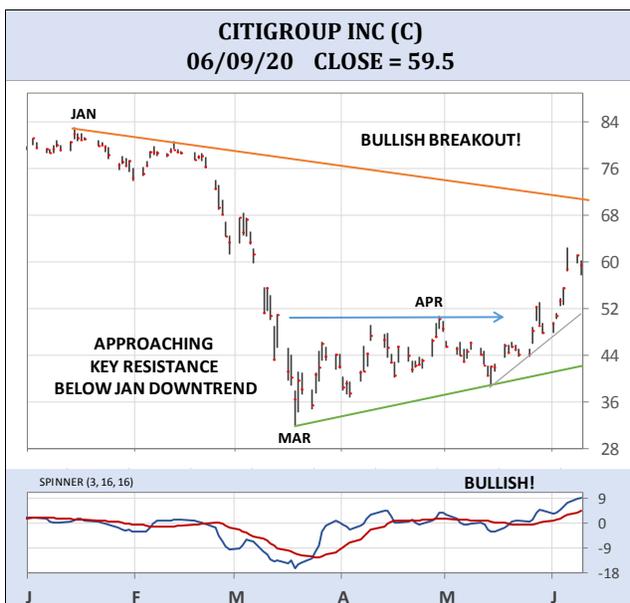


VIX remains high, with more room to fall further.

By this measure, the rise in stocks is not over just yet and more upside remains likely.

Our stock positions have been holding up well.

Citigroup (C) has led financials up, breaking above a key resistance and confirming a bullish pattern called an ascending triangle.



The breakout suggests C is likely to rise further; possibly to \$70 before the rebound from the Mar lows are over and done. Keep your positions.

US Global Jets ETF (JETS) rose the strongest. I picked up some last Wednesday and it took off, above \$20. It actually reached our first profit target at \$22 for a moment.

JETS is consolidating its breakout rise. As mentioned in the alert last week, if you sold some or all, you did well. It was a handsome profit. If you didn't, consider keeping it for now.



The upside may not be over just yet.

Broadcom (AVGO) is also holding strong. It too rose with strength to the Feb highs. It reached our first profit target at \$320.

Once again, if you sold and banked a nearly 15% gain, you did great! I'll take 15% within a month every month of the year!



If you didn't and as suggested in my alert, consider keeping it for now. AVGO is poised to rise further. Its super attractive dividend yield (4.5%) makes it an even better hold given the uncertainty that still surrounds the markets.

Keep your positions.

Novartis (NVS) is breaking out.

It rose yesterday, when most others fell.



It's acting like a safe haven of sorts.

However, it still has strong resistance below the recent high at \$92. NVS must break above this level to confirm strength that could push NVS to our profit target.

I've been contemplating on unloading NVS, given it has remained lackluster. But recent price action shows it as a quasi-safe haven given surrounding uncertainties exposing further appeal.

I'm keeping for now, but I'll be quick to swap it for something else if NVS fails to at least regain the \$90 handle.

Dollar Weakness: Yet Another Indicator

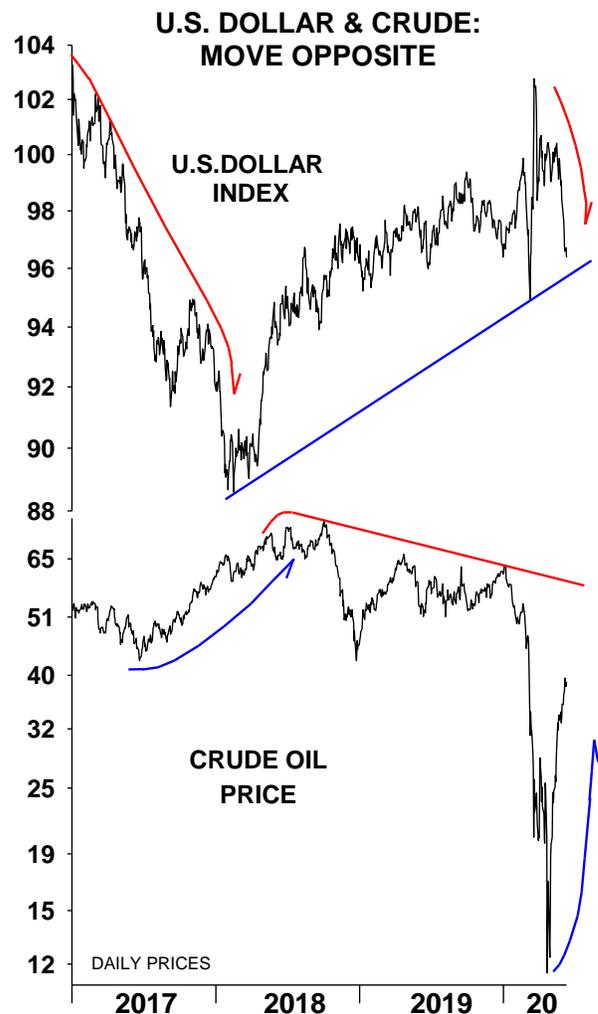
Another strong indication favoring risk assets is weakness in the U.S. dollar.

Dollar weakness tends to be inflationary.

Notice our next chart shows the U.S. dollar side by side with crude oil. The dollar and oil tend to move in opposite directions.

The recent breakdown in the dollar has coincided with the breakout in crude oil. Oil's breakout rise suggests a rise to the pre-virus highs near \$54 is now likely.

Remember crude oil tends to follow U.S. stocks. And they both tend to pull interest rates up too.





All three asset classes (LT gov bond yields, crude oil and U.S. equities) have bottomed at an extreme low; stocks were the first, followed by crude oil and more recently the longer-term rates.

I'm now ready to have some exposure in crude oil. However, I'll wait for a pull back below \$35 to buy some.

Another key indicator of growing momentum in favor of risk is copper's breakout rise this past week.

Copper rose above key resistance at \$2.50 showing more upside is now likely. Copper has opened the door to a continued rise to possibly pre-virus levels just below \$3.

More importantly, the subtle rise in copper is telling us the global economic chains are starting to move again.

Our exposure to resources and energy thus far has been mainly through BHP Billiton (BHP) and Exxon Mobil (XOM). Both are positions I'm overweight in with good reason.



These are rock solid multinational companies that are structured to endure crises like the one we're going thru. Plus, they offer very attractive dividends that make the wait worthwhile.

But as a bonus, this week resource stocks caught a strong bid.

Both BHP and XOM exploded to the upside, breaking above key resistance levels and opening the door to more upside potential.

I'm keeping my positions for now, but I'll quickly sell half if profit targets are reached. BHP is especially close.

Bond Yields: Tick Up

Yields on long term U.S. government bonds started to rise from an extreme low.

Remember LT gov bond yields tend to rise with resources and the U.S. stock market.

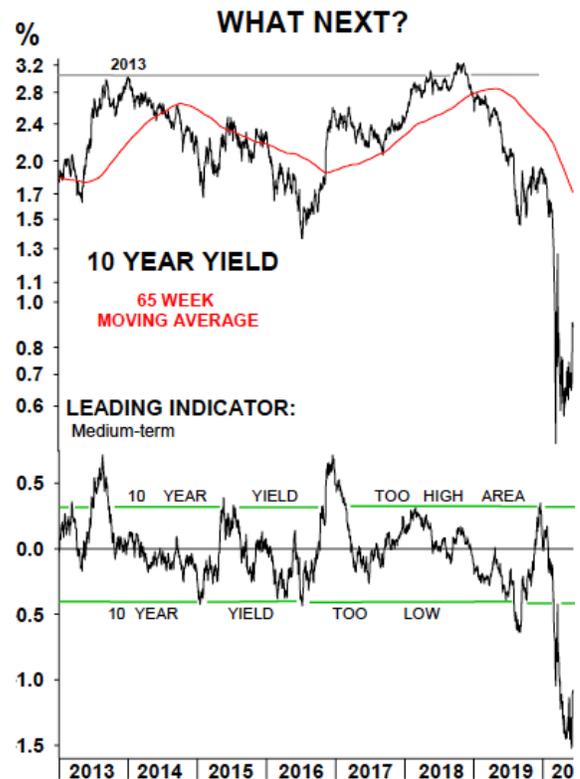
Thus far, it has been the laggard.

However, our next chart shows LT bond yields have been too low and are ready to bounce up.

The extreme indicator below is also a clear indication of an overdone market for now.

We recently picked up TBT, an ETF that is inverse to TLT (another ETF that tracks LT U.S. government bond yields). When you buy TBT it's like shorting LT U.S. gov bonds.

TBT rose above \$17 showing strength. It pierced \$18, but quickly gave it back. Keep your positions for now. U.S. bonds remain very expensive and a further decline is still likely.



Precious Metals Simmering

Gold is bouncing up with strength, reinforcing support at \$1680.

Just this week, gold regained the \$1700 handle showing strength. But it remains below ST resistance at \$1750 (the Apr downtrend).

If gold fails to surpass \$1750 in the next week or so, it'll show weakness and expose an intermediate top pattern. Keep in mind a break below \$1680 will reflect more weakness that could ultimately push gold down to its lower support to possibly \$1450.

Keep your reduced positions for now.

Gold shares are also under pressure. HUI Index remains below its critical 5wk MA resistance (278). Moreover, the HUI Index is now at the bottom side of its Bollinger Band for the first time since Mar.

Notice on the chart HUI hasn't reached the downside target on its confirmed rising wedge pattern.

This suggests more downtime is likely before HUI finds stronger support.

Stay out of gold shares for now.

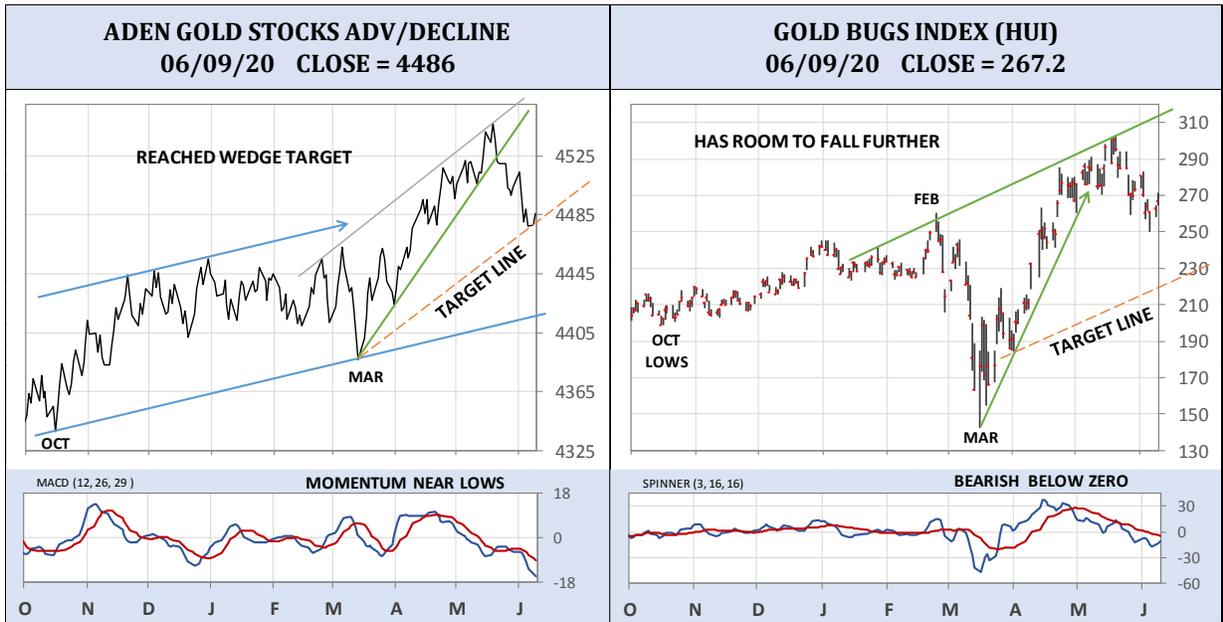
I also bot some DUST. An inverse ETF to the GDX (another ETF that tracks the HUI Index).

This means when HUI Index falls, DUST rises. It's like 'being short gold shares'.

My position in DUST is small and it's only to counter growing weakness. Keep your positions.



Consider buying some if you're not in.



Exposure to precious metals is at about 20% of our total portfolio. It's mainly made up of silver and silver shares (in addition to small positions in gold and DUST).

Silver and silver shares are holding up better than gold and gold shares.



Our preference for silver is due to its cheaper value relative to gold on a historic basis. Also, demand for silver as an industrial metal could rise with demand for other resources such as copper.

Our silver shares have also held strong.

Hecla Mining (HL) has remained strong near the highs at \$3.50. However, it's starting to show some weakness as it slides to the lower \$3s.

We've already taken great profits in HL and are holding a reduced position.

Consider keeping some while riding through weakness. We'll buy more at lower levels.



Silvercorp Metals (SVM) has been stronger than HL. It rose to new highs, above \$5 this week. It's holding strong. If SVM now stays above \$5, it could rise to our profit target at the Feb highs just below \$6.

Keep your positions.

Fortuna Silver (FSM) is also holding up strong. It's near the highs, just below \$5. It's forming a rising wedge pattern too.

The chart pattern suggests a decline below \$4.50 would confirm the bearish pattern and a decline to the wedge target near \$3.20 would be possible. FSM remains strong above this level (coincidentally it's also FSM's 15wk MA).



Our strategy this week is wait and see. We recently increased exposure to stocks and it's been profitable. Let's wait for potential to develop further before

cashing out. Keep exposure to silver and silver mines, and reduced exposure to gold and gold shares. If you haven't bot TBT, consider buying some below \$17.

Remember, if it's Wednesday, it's GCRU!

Good luck and good trading,

Omar Ayales
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A division of Aden Research



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THURSDAY AT 1.20PM EST...
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TRADER SHEET PAGES 11 & 12

KEY PRICES			
Name/Symbol	Jun 09,20 Price	Change	Jun 02,20 Price
Gold (GCQ20)	1721.90	-12.10	1734.00
Silver (SIN20)	17.79	-0.47	18.26
HUI (HUI)	267.20	-3.08	270.28
Copper (HGN20)	2.60	0.11	2.49
Crude Oil (CLN20)	38.94	2.13	36.81
S&P500	3207.18	126.36	3080.82
U.S.Dollar (DXM20)	96.32	-1.34	97.66
30 Year T-Bond (ZBU20)	174.31	-4.66	178.97
10 Year T-Note Yield	0.83	0.15	0.68
13-week Treasury Bill	0.165	0.020	0.145

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 (19%)						
GOLD (GCQ20)	Holding at support near \$1680... for now. Gold rebounded from \$1680, but it must now confirm strength by breaking above \$1750, the Apr downtrend. A break above this resistance level could push gold to the Apr high near \$1785. A move above this high would confirm more upside potential. If gold fails to surpass either resistance level, it'd show weakness, confirming the intermediate top formation. Keep your positions for now.	L	Bot: 1485 (Mar-18-20).	1721.90	2dc below 1450.	1900
PHYS	Keep your positions. Sell when gold reaches profit target.	L	11.75 (Mar-18-19).	13.71	2dc below \$11.20	Open
SILVER (SIN20)	Bullish upmove! Silver continues to move up with impressive strength. Support near \$17 is growing where the Mar uptrend and previous Dec low support converge. A lot of pressure below \$19 remains. A break above this level on a 2dc would be very bullish. Keep your positions.	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 bot at \$15.20 (May-6-20).	17.794	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).	6.42	2dc below \$5.25	
HUI Index	Under pressure. Gold shares are showing weakness below their 5wk MA at 280 on the HUI Index. The rising wedge breakdown from a couple of weeks ago continues to unwind. More downside in gold shares is likely. The downside target is near 225. Our in house A/D Line fell more showing weakness, and more downside is likely. Stay out for now. I'm holding a small position in DUST (equivalent to shorting the HUI). Exposure in miners remains strong in silver mines (SVM and HL) and in silver.	--	-	267.20	-	-
DUST	Holding a small position in DUST to counter downside risk in precious metals portoolio. DUST is an ETF that is 2x inverse to the GDX (GDX is another ETF that tracks the HUI Index). Buying DUST is the equivalent to shorting gold shares. A decline in gold shares to their 15wk MA near 240 could propel a rise in DUST to \$70, over 100% rise. However, DUST is risky business. Avoid assuming large positions in relation to your remianing long positions in precious metals.	L	30.75 (May-27-20)		2dc below 25	70
HL	Bullish near the highs! However, HL has failed to rise clearly above resistance at \$3.50, while spinner is already turning down. This suggests momentum could swing to the downside. We've already taken partial profits on this great trade. It has exposure to gold and silver. I'm taking advantage of weakness to buy more.	L	2.96 (Jan-28 -20), 2.65 (Mar-4-20), 1.65 (Mar-18-20) (AVG: \$2.42). Sold half at \$3.50 (May-20-20) for 46% gain.	3.16	2dc below 1.50	6
SVM	Bullish! SVM is pushing higher. Spinner is breaking out showing strength with more upside potential. A rise to our profit target is now likely. Sell your positions at our profit target. Hold on to your position as long as it holds above the Mar uptrend near \$4.20.	L	5.49 (Jan-6-20), 4.92 (Feb-4-20), 3.40 (Mar-4-20), 3.45 (Apr-7-20) Sold half at \$4.10 for 7% loss. (AVG: \$4.40).	4.95	2dc below 4.20 (adj).	6+
FSM	FSM has held up among the strongest. It's very bullish above the May uptrend near \$4.50. Interestingly, it's also forming a rising wedge. If FSM fails to break above \$5, it could fall back to the Mar uptrend near \$3.50. Many of you own it already. I'm waiting for a decline below \$4 to start buying.	O	New Subs Bot \$3.25 (May-13-20). Some may have sold part for 30% gain.	4.56	2dc below 3	4 & 6

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 (48%)						
U.S. DOLLAR (DXM20)	Under pressure. The U.S. dollar index remains under pressure below the Mar downtrend and previous support at 99. It's also testing support at 96. The downtrend and support levels expose a bearish pattern called: descending triangle. As it goes, if the dollar breaks below 96 on a 2dc, the pattern would be confirmed and a continued decline to the lower 90s would be likely. Dollar weakness could spur broad asset inflation.		-	96.32	-	-
FXB	New highs! Pound sterling broke above ST resistance to the Mar highs showing strength. It's now testing the Dec downtrend near 1.28 (FXB: 123.50). A break above this level would push pound sterling above 1.35 (FXB: 130). Keep some of your cash in pound sterling.		-	123.26	-	-
RESOURCES AND ENERGY (16%)						
Crude (CLN20)	Crude oil is reaching new highs! It's been rising from the Apr lows daily. The recent break above the Jan downtrend was bullish suggesting crude oil could continue rising to the Feb highs nar \$54. Buy some on ST weakness below \$35.	O	Out	38.94	-	-
XOM	Bullish! XOM broke above resistance at \$48 showing impressive strength. It reached the top side of the Mar upchannel. Yet spinner is showing bullish momentum and more upside is likely. XOM may now rise to the Sept downtrend in the higher \$60s. Sell half at first profit target.	L	61.90 (Feb-6-20), 61 (Feb-12-20), 50 (Mar-5-20), 32 (Mar-18-20) (AVG: \$51)	53.52	2dc below 40	65 & 75
COPPER	Pushing higher... Copper continues to rise. It confirmed strength this past week by breaking above \$2.50. If copper stays above this level, it'll be positioned to rise to the Feb highs near \$3. The upmove confirms strength shown in energy, particularly crude oil. Also strength is confirmed by bullish action in resource shares.	O	-	2.5990	Out	-
BHP	Bullish! BHP broke above the top side of the Mar upchannel showing impressive strength. It's nearly reached our profit target at \$55. Consider selling half of your position at \$55 to protect a 20% gain.	L	54.75 (Jan-15-20), 52.50 (Jan-30-20), 43 (Mar-5-20), 31.50 (Mar-18-20) (AVG: 45.40)	52.28	2dc below 40	55 (almost reached!)
MELT UP RISE PORTFOLIO (18%)						
C	Bullish! C was one of the strongest banks to rise this week. It confirmed a recent breakout above a bullish ascending triangle showing super strength. C is now approaching the Jan downtrend (and 200 day MA near \$70. I've adjusted our first profit target to that resistance level. Sell half if target is reached and keep the rest.	L	73.75 (Nov-20-19), 40 (Mar-25-20), 50 (May-27-20) (AVG: \$55).	59.50	2dc below \$43 (adj)	68 (adj) & 85
NVS	Breakout! NVS is breaking above \$87 showing renewed strength and potential. Spinner held at the zero line suggesting momentum remains up. Interestingly, NVS has been moving counter to the rest of our portfolio, acting as a hedge within the current environment. I'm keeping the position for now.	L	94.75 (Jan-23-20), 80.75 (Apr-1-20) (AVG: 87.75).	88.43	2dc below \$82.	100
AVGO	Testing the Jan highs... AVGO rose with strength from the Mar uptrend confirming bullish support above 300. AVGO must now break above the Jan highs above 320 to confirm ongoing strength. Raise your stops and your targets for now. AVGO looks poised to rise further.	L	282 (May-27-20).	315.32	2dc below 290 (adj).	360 (adj) & 400
TBT	Buy some at mkt, ideally below \$17. Long term rates continue to rise as demand for safe havens continue to ease. The trend has been set. TBT will continue to show higher long term rates on U.S. gov bonds if it stays above \$16. Keep your positions for now.	L	16.15 (May-27-20).	17.09	2dc below 15	20 & 25
JETS	Bullish! JETS broke above resistance at \$17 and \$20, rising to an almost 3 mo high! Spinner is bullish, showing momentum on the rise. JETS is now positioned to rise to the Feb highs near \$30. Keep your positions. Adjust stop limit and profit target.	L	16.50 (Jun-3-20).	20.46	2dc below \$17	30

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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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