-GCRU-

Weekly Trading Strategies

Achieves gains by trading commodities, currencies and stocks

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July 1st, 2020 **IN ITS 19th YEAR – Nº 891**

GOLD BREAKS OUT

GOLD MINERS FOLLOW

COPPER UPTRENDING

DOLLAR & BONDS UNDER PRESSURE

Inflation expectations continue to creep up. The stronger than anticipated consumer confidence numbers out of the U.S. are somewhat of a validation.

Broadly speaking assets are rising, particularly those that tend to rise in an inflationary environment. And they're poised to rise further.

Consider not only have central banks across the globe coordinated to implement the loosest monetary policy probably ever, but central governments have also opened the spigot of fiscal stimulus.

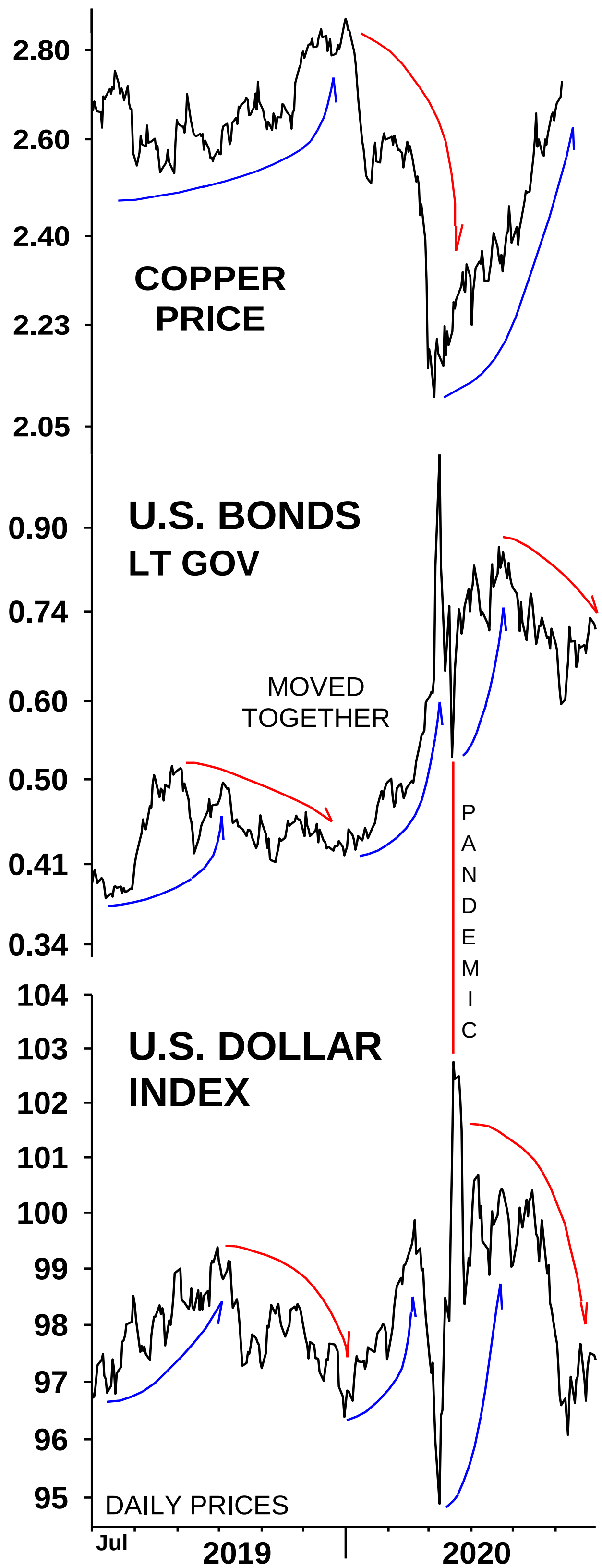
Chatter of infrastructure spending is getting louder.

The combination of unprecedented monetary and fiscal stimulus with brewing animal spirits could be the catalyst for inflation to run wild.

My chart of the week is an inflation / deflation barometer. It shows copper side by side with long term U.S. government bonds.

> "The market can stay irrational longer than you can stay solvent."
> **-John Maynard Keynes**

COPPER MOVES OPPOSITE TO BONDS & DOLLAR



As many of you know, bonds tend to rise during uncertainty. This basically means investors and traders alike will take money out of investments or cash and park it in stable and secure long-term assets such as U.S. government bonds for a yield.

As bonds get bot, yields fall.

When business sentiment flourishes, feeding animal spirits, investors and traders will sell their bonds and invest in riskier assets offering a better yield than the bond itself.

Selling bonds causes its price to fall naturally and its yield to rise.

This situation is said to be inflationary since the amount of cash coming into the marketplace tends to push prices up overall.

One of the places money flows into first in an inflationary environment is copper. The reason being copper can be found in almost everything, and it ends up being a good barometer for overall business sentiment … hence the name Dr. Copper.

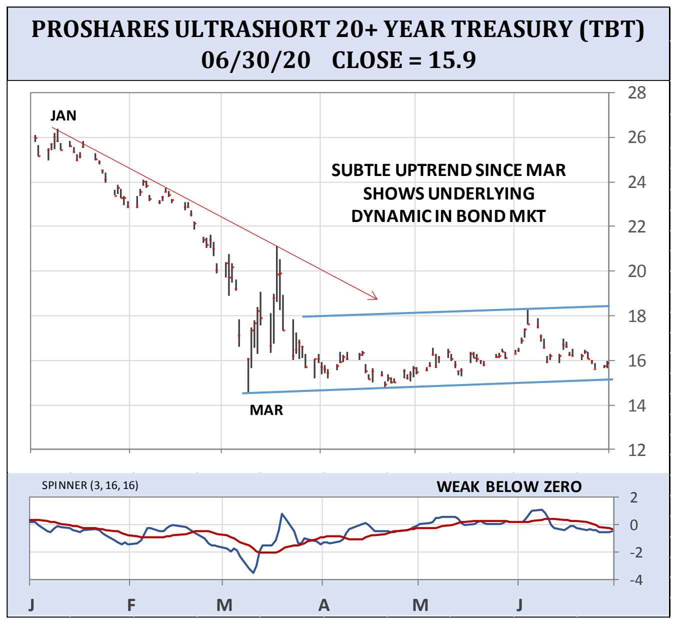
Notice the chart shows bonds and copper move unequivocally in opposite directions.

In March, during extreme uncertainty given the lockdowns, copper bottomed after a collapse for the ages. At the same time, bonds blew up to new highs.

Since then, notice bonds have eased off the highs while copper has been rising, reaching a new high for the move almost daily.

The chart shows money flowing into risk assets.

And that dynamic is poised to continue as the world gravitates away from broad lockdowns to targeted lockdowns, suggesting business may not be affected as badly during a second or third virus wave.



For the past month or so, we've seen signs of inflation flare up in different places.

We've been buying TBT as a way to trade the rising rates on longer term bonds. The idea being that as money flows out of bonds and into risk assets, long-term yields will rise.

TBT has been recently under pressure as fears over the second wave of the virus spooked markets.

But the reaction was secondary; long term yields are inching up. Notice TBT continues to hold above the Mar uptrend.

Keep your positions.

The almighty Dollar

The U.S. dollar index has also been very telling.

It's been under pressure since March, falling with bonds as demand for safe havens are down trending.

However, don't count the dollar out just yet. Although it continues to show downside pressure below the March downtrend (98), it remains above a stronger support level (96).

Consider the greenback remains the currency of choice, particularly due to its condition as a global payment system through SWIFT.

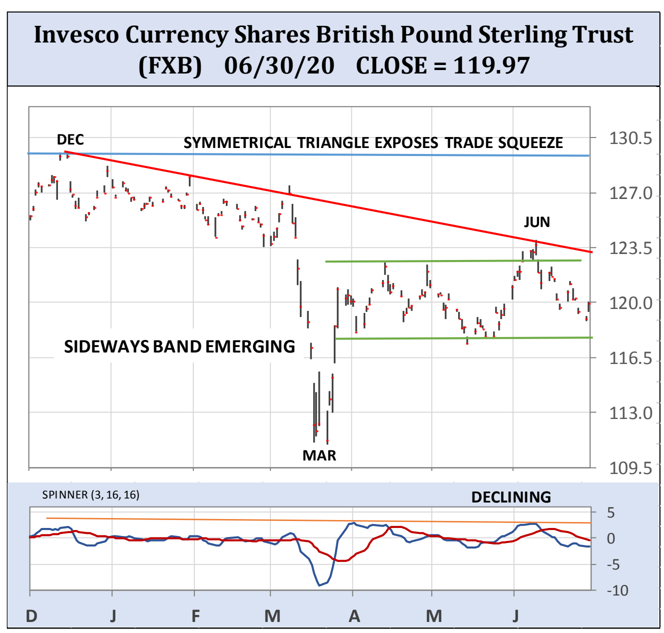
Keep sidelined cash mainly in U.S. dollars.

I'm also keeping some sidelined cash in pound sterling.

It has been a good balance within our cash position.

Notice it's moving sideways in a band as it consolidates the recent jump up since the March lows. Moreover, it's showing support at the bottom of the band.

British pound sterling must rise above the $1.28 (FXB: 124) to show signs of renewed strength. Keep your positions.



Gold's About Face

Interestingly, and as reported last week, gold has decoupled from the safe haven trade. It didn't fall along with bonds and the dollar.

It actually stayed stronger, rising to new closing highs.

The demand mechanic and narrative fueling gold's recent rise since March has shifted to inflation.

This means gold is going back to its more traditional role of a hedge against inflation and inflation expectations.

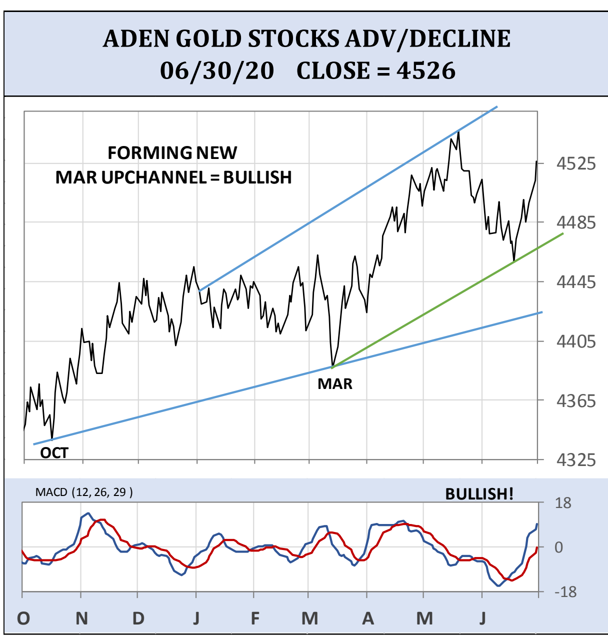
And it shouldn't come as a surprise given the money printing scheme the world central bankers have embarked, working around the clock to debase their currencies.

Gold's 'line in the sand' was the $1785 level (the top side of a nearly 3-month consolidation band).

Yesterday's break above this level was very telling. Even more since gold pierced $1800 for the first time in 8 years.

The bullish pattern on gold formed by the April resistance and the March uptrend (ascending triangle) suggests a continued rise to test the all-time highs near $1900 is now likely.

Last week I showed you a chart that hinted towards this new dynamic pushing us into securing new positions in gold shares (after a great quarter of profits).



KIRKLAND LAKE GOLD LTD. (KL)
06/30/20 CLOSE = 41.24

AGNICO EAGLE MINES LIMITED (AEM)
06/30/20 CLOSE = 64.06

B2GOLD CORP. (BTG)
06/30/20 CLOSE = 5.69

The HUI Index (a gold miner index) held at a key support at 250. It then rose, breaking above its critical 5wk MA and triggering a ‘buy’ signal.

The gold miner A/D Line also held above support, showing strength, forming a new key up channel since March.

The coordinated rise in both HUI and the A/D line is very bullish, suggesting a rise to new highs for the move are now likely.

We picked up new positions after being out of gold shares for over a month.

I picked up Kirkland Lake Gold (KL), B2Gold (BTG) and Hecla Mining (HL) during weakness last week.

KL is now bouncing up from the March uptrend confirming support. KL regained the $41 handle easily and it’s positioned for more.

KL must now break above the Nov downtrend on a 2dc above $44 to show renewed strength. Notice Spinner is picking up steam, suggesting momentum is turning up.

Keep your positions. Buy more on a dip below $40.

BTG has been moving in a sideways band since reaching highs back in May. It's now testing the top side at the May highs near $5.75 just as Spinner starts showing momentum swinging its way.

A clear break above the May highs means it's off to the races.

Keep your positions.

Agnico Eagle Mines (AEM) didn't fall below $60 and didn't allow us to buy some then. AEM is now rising with strength.

For now, it seems that ship has sailed.

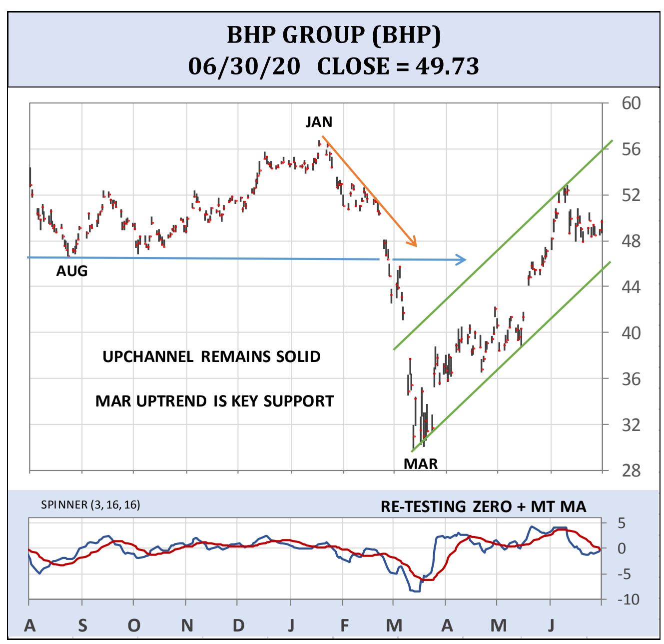
As a hedge against weakness we had secured a position in DUST. It's a 3x levered ETF inverse to GDX (it's like shorting a big gold share index).

It's fallen with the renewed rise in gold shares.

IT broke support, but more importantly, gold shares are showing renewed strength. We had a small position in DUST as an insurance against further downside in gold shares.

I recommend selling now for a loss. Losses here should be small amounts and seen as an insurance premium against declines.

Resources are poised



Resources continue to catch bids. The lockdown unwind continues fueling risk appetite.

As seen above, it's pushing copper (and resources) up.

We're trading resources through an overweight position in BHP Billiton (BHP).

Based in Australia, BHP is a huge conglomerate producing and selling natural resources around the world.

BHP has a solid dividend yield that allows us to keep it thru weakness. Notice on the chart however, BHP has formed a tight but clear support above $48.

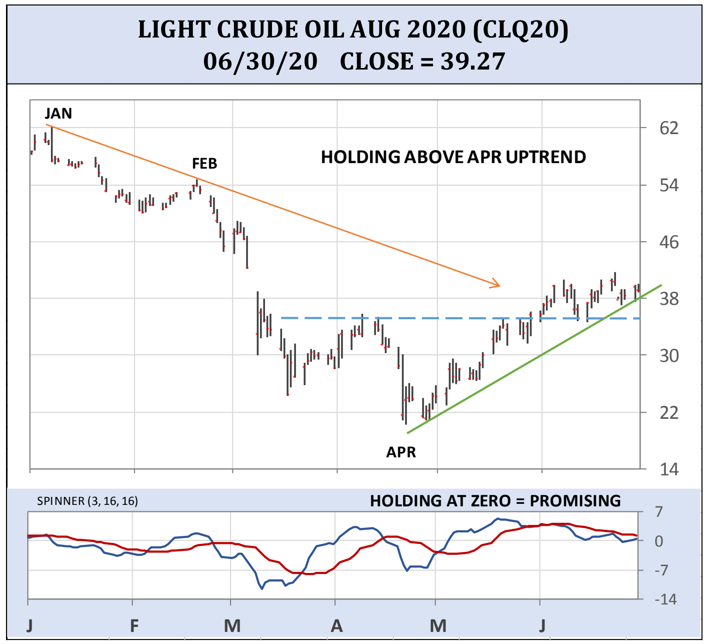
If BHP holds, we could then see it rise further to possibly the top side of the up-channel near $56.

Spinner under pressure, but slowly coming out. It too is showing momentum could be rising.

Keep your positions.

Crude oil is starting to form a top near $40. However, it has strong support at $35. As long as crude holds above this level, it'll look poised to rise further.

Crude oil has been the runt of the litter. It hasn't risen as boldly as copper or as impressively. But it's bound to catch up, as it historically has done.



Demand for crude should only rise from current levels.

Keep your positions.

I also have exposure to energy with Exxon Mobil (XOM). It's under pressure and could be showing renewed downside.

However, XOM is a giant. And if there's someone who will benefit from many energy companies going bust, it's the bigger XOM-like companies.

Plus, XOM offers a great dividend yield making it easier to keep during weakness.

Silver's Perfect Storm

As I've contended before, silver has a very unique situation given its properties as a resource and a precious metal.

The current inflationary environment is giving all asset classes a push upward. However, these tend to be the times silver outperforms gold.

Silver's coiling above the March uptrend showing strength. However, silver must break above $19 to show renewed strength that could push it up to new highs for the move.

Silver has been somewhat of a laggard, but it's favored under the current environment.

Keep your positions.

Silver miners are doing great!

I picked up some Hecla Mining (HL) below $3.

It quickly got bot and it's jumping up strongly. It's once again at the highs just below $3.50. A break above this level would be bullish.

The March uptrend is also key near $2.90. As long as HL holds above this level, it'll show continued upside potential. Spinner is picking up steam. Price action seems ripe for a continued rise up.

SILVERCORP METALS INC. (SVM)
06/30/20 CLOSE = 5.37

I'm also holding positions in Silvercorp Metals (SVM). They're also bullish and at a new high for the move since March.

SVM is approaching key resistance at the Dec highs near $6. Moreover, Spinner is picking up steam suggesting momentum may be rising.

On the downside, the March uptrend near $4.70 is key support. Keep your positions as long as SVM holds above this level.

Keep your positions.

FORTUNA SILVER MINES INC. (FSM)
06/30/20 CLOSE = 5.09

FSM is also very bullish. It's at a new high. Spinner is perky with room to rise further.

FSM must stay above the March uptrend to show strength. For those of you holding FSM, keep your positions. I'm still waiting for more weakness to buy.

Stock Market is hanging in there

The stock market, as it's known to do, continues to climb the wall of worry.

Many that concentrate on hard fundamentals and value are struggling to trade this market. They're the toughest skeptics too.

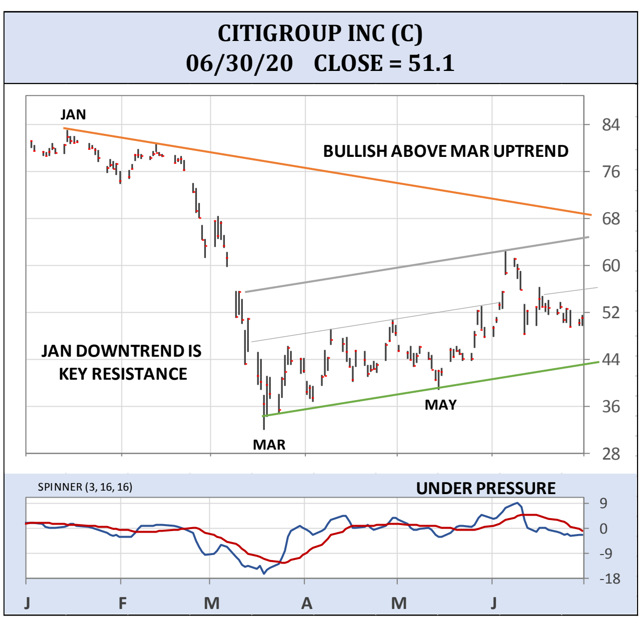
But remember, the stock market tends to price in a perceived reality in the future, usually six months to one year.

This means the stock market doesn't only discount the current conditions. They also factor in future and expected performance.

The more positive than anticipated data is fueling animal spirits, and it could fuel a rise to higher levels and higher than one could possibly justify.

It's no coincidence that "the stock market can remain more irrational than I can remain liquid."

This is one of the main reasons I believe in technical analysis of price patterns. It's because price discounts everything, even the things that can't be explained at the time. It is a measure of mass emotions.



And although gold has been stronger than the stock market, stocks have also held up strong and could rise further.

I continue to hold Citigroup (C), Broadcom (AVGO), JETS Global ETFs (JETS) and TBT (analyzed above).

The bank stress test last week was very telling of many financial institutions. Interestingly, C was among the best.

C has strong support at the March uptrend near $44. If it holds, and then rises above the Jan downtrend at $68, it'll show impressive strength.

On the downside, a decline below $44 on a 2dc would be bearish, and more downside likely.

Keep your positions.

AVGO is also holding strong. It's forming a clear bullish ascending triangle since March. A break to new highs, above $320 would be very bullish. Conversely, a break below the March uptrend on a 2dc below $300 exposes weakness.

Keep your positions.

Last but not least is JETS.

Concerns over a second wave is putting pressure on governments to impose mobility and border restrictions.

However, the narrative of implementing targeted lockdowns moving forward already puts a floor on price given the extreme measures applied then and broadly will no longer be imposed.

Plus, we know more about Covid-19 than before, including how to reduce the spread with good personal hygiene and other methods most people were not previously aware of.

Keep JETS for now.

Our strategy this week is to continue monitoring the 96 level on the dollar index. Also take advantage of weakness to buy more positions, particularly gold shares. Be selective and don't jump all in at once. Buy on weakness. Also be sure to own some resources or resource companies. It could be their turn to shine.

Good luck and good trading,

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

Good luck and good trading,

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A division of Aden Research

TRADER SHEET PAGES 14 & 15

KEY PRICES			
Name/Symbol	**Jun 30,20 Price**	**Change**	**Jun 23,20 Price**
Gold (GCQ20)	**1800.50**	18.50	**1782.00**
Silver (SIU20)	**18.64**	0.58	**18.06**
HUI (HUI)	**294.82**	12.11	**282.71**
Copper (HGU20)	**2.73**	0.07	**2.66**
Crude Oil (CLQ20)	**39.27**	-1.10	**40.37**
S&P500	**3100.29**	-31.00	**3131.29**
U.S.Dollar (DXU20)	**97.35**	0.74	**96.61**
30 Year T-Bond (ZBU20)	**178.56**	1.63	**176.94**
10 Year T-Note Yield	**0.65**	-0.06	**0.71**
13-week Treasury Bill	**0.135**	-0.005	**0.140**

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 (20%)						
GOLD (GCQ20)	Breakout! Gold pushed past resistance at the top side of the consolidation band at $1785 showing renewed strength. If gold now stays above this level, it could test the record highs. On the downside, keep a close eye on key support at $1680. A break below this support could trigger more weakness. Keep your positions as long as gold holds at $1680.	L	Bot: 1485 (Mar-18-20).	**1800.50**	2dc below $1680 (adj)	1900
PHYS	Keep your positions. Sell when gold reaches profit target.	L	11.75 (Mar-18-19).	**14.31**	2dc below $11.20	Open
SILVER (SIU20)	Holding strong. Silver continues to coil above key support levels ($17) and just below a key resistance ($19). Indicators are starting to show momentum steering upwards. Silver will benefit from a continued rise in both gold & resources. Keep your positions. Look for a break above $19 for a wild ride up.	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). Sold half at $18 for 17% gain (Jun-22).	**18.637**	2dc below 15	19 (almost reached!) & 25
PSLV	Keep your positions.	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). Sold half for 17% gain.	**6.54**	2dc below $5.25	-
HUI Index	Gold shares are trending up. Moreover a bullish pattern is being formed between the Mar uptrend and the recent May highs. If HUI now holds above 270 (Mar uptrend) and rises above 300, it'll be off to the races. On the downside, if HUI fails and breaks below the Mar uptrend on a 2dc below 270, the bullish pattern could be void and it'd be a strong sign the uptrend since Mar is over. We started buying back gold shares last week and could buy more soon. Exposure to precious metals is currently about 20% of the total portfolio.	--	-	**295.21**	-	-
AEM	AEM was the only miner that didn't hit our buy order last week. It held strong above $60 showing a growing ST support. It's also forming a bullish ascending triangle. A break above the May highs at $70 would be very bullish. A break below $60 now could show a shift in ST trend. Don't buy below $60 anymore. Wait for more weakness.	O	Sold recently for total average return of 35% (80% annualized).	**64.06**	-	-
KL	Picked up KL last week below $39. KL is holding solidly above the Mar uptrend near $37. It's nearing the key Nov downtrend resistance. A break above $43 shows signs of renewed strength. Place stops 2dc below 36. Keep your positions.	L	Sold for average gain: 34%; 80% annualized (May 2020). New Positions: 38.50 (Jun-24-20).	**41.24**	2dc below 36	50
HL	Bouncing up from support. HL dipped below $3, testing the Mar uptrend for the first time since the rise began. HL held, just as the indicators started to look perky. If HL now holds above $2.80, it could rise to test resistance at $3.50. A break above this level means it's off to the races. A break below the Mar uptrend could spoil the party. Keep your positions as long as HL holds above $2.80.	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. New Positions: 2.90 (Jun-24-20).	**3.27**	2dc below 2.70 (adj)	6
SVM	SVM continues to hold solidly above its Mar uptrend. It has claimed the $5 handle and it's a stone's throw away from new highs, near our profit target. It's forming a bullish ascending triangle which tells us that a break above the Dec high could push SVM even higher. Keep your positions for now and as long as SVM holds clearly above its Mar uptrend.	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).	**5.37**	2dc below $4.50 (adj).	6+
FSM	FSM continues to hold strong. It dipped, but didn't reach our re-entry level. I'm still waiting for FSM to test and hold at the Mar uptrend near $4.30 to buy. Some of you have positions. If you do, keep them as long as FSM holds above $4.30. You'll notice the chart may be forming a top. If FSM breaks below $4.70, a decline to the Mar uptrend would be likely. Buy on a decline to $4.30 or lower.	O	New Subs Bot $3.25 (May-13-20). Some may have sold part for 30% gain.	**5.09**	-	-
BTG	Bot some last week. BTG is confirming support above $5, the bottom side of a 2+ mo long sideways band. BTG had soared 100%+ since mid Mar prior to the band. That is, BTG hasn't declined and it's looking very strong. A break above the May high means it's off to the races! Keep your positions.	L	5.25 (June-25-20).	**5.69**	2dc below 5	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 (47%)						
U.S. DOLLAR (DXU20)	The U.S. dollar index holds the key. It's jumping up from key support at 96 showing the dollar remains bullish longer term. Indicators picking up steam. However, the dollar must surpass a shorter term resistance level that's becoming key: the Mar downtrend near 98. If the dollar breaks above 98 it'll show renewed strength. A break below 96 would expose structural weakness and an intermediate trend reversal. Watch 98 and 96 for next direction.		-	**97.35**	-	-
FXB	Pound Sterling has been edging lower on renewed virus concerns. It's hovering towards the lower side of a 2+ month sideways band. Spinner is under pressure. The bottom side of the band is strong support. Keep part of your sidelined cash in British pounds.		-	**119.97**	-	-
RESOURCES AND ENERGY (18%)						
Crude (CLQ20)	Crude oil is taking a breather. It's back below $40, but it continues to hold above the Apr uptrend and a previous resistance, now turned support, at $35. There's lots of uncertainty regarding global demand. However, it's unlikely to go back to full lockdowns as seen in Mar. It's more likely to see targeted policies that will allow for business activity, although slow. If crude stays above $35, it'll continue to show strength with more upside potential.	L	35 (Jun-15-20)	**39.27**	2dc below 35 (adj)	54
XOM	XOM is near the bottom side of an adjusted uptrend. It's showing weakness, but still holding above key support at $40. Although the energy industry is in shambles, it will not go any where. It's needed way too much. And especially if we start seeing a surge in fiscal stimulus from governments which will likely cause a surge in demand. Keep your positions. If underexposed, consider buying some at mkt. Remember we've locked in a 5% dividend yield.	L	61.90 (Feb-6-20), 61 (Feb-12-20), 50 (Mar-5-20), 32 (Mar-18-20) (AVG: $51)	**44.72**	2dc below 40	65 & 75
COPPER (HGU20)	Bullish! Copper continues to rise with strength. Slowly but surely, it's on the brink of reaching its key resistance level at $2.90. Although we're out of copper, the analysis of its price movement is key to determine global demand. Rising copper also shows rising inflation. It's suggesting the U.S. dollar and bonds could give way to 'inflationary assets' such as resources and of course gold.	O	-	**2.7285**	Out	-
BHP	Holding strong above $48. BHP showed weakness last week by falling below $50. But this week, it's showing clear ST support above $48... very bullish action. If BHP holds and rises to a new high for the move, it'll confirm strength and extended upside potential. As the world turns towards fiscal stimulus and potential infrastructure building, resources and resource companies are poised to thrive. Remember that we're still locked in with a 5% dividend yield regardless. 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)	**49.73**	2dc below 44 (adj)	55 (almost reached!)
MELT UP RISE PORTFOLIO (15%)						
C	Many banks exposed vulnerabilities with the recent stress test done by the Fed. However, C was among the strongest and although it's falling with the sector, it could stay stronger given its stronger fundamentals. Keep your position for now. If you're under exposed, consider buying some at mkt.	L	73.75 (Nov-20-19), 40 (Mar-25-20), 50 (May-27-20) (AVG: $55)	**51.10**	2dc below $44 (adj).	$65 & 85
AVGO	AVGO is struggling to surpass resistance at $320. Its bullish ascending triangle is still valid and bullish, but AVGO is now testing the level. Our position is reduced and it's our only position within tech. We have double digit gains locked-in within the past month. I'm keeping my position.	L	282 (May-27-20)	**315.61**	2dc below 290	360 & 400
TBT	Buy some below $15.90. TBT continues to uptrend since Mar. The rise has been very subtle and the tug of war with safe haven buying is still very real. However, a pick up in activity led by governments through fiscal stimulus and construction of infrastructure could see long term rates spike up. Keep your positions for now.	L	16.15 (May-27-20), 16.75 (Jun-10-20).	**15.90**	2dc below 15	20 & 25
JETS	Higher lows. JETS found support at $16.50. If this proves true, JETS could then rise to the recent highs/ST resistance at 22 or higher, to $30, if the ST resistance is broken. As severe lockdowns continue to unwind, a more clear path for the economy emerges. Keep your reduced positions.	L	16.50 (Jun-3-20).	**16.65**	2dc below $16.50 (adj).	30

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Note: U should NOT feel our recommended prices are set in concrete. If mkts suddenly feel hot or cold to U, or dramatic news occurs, U can buy or sell, or stop at slightly higher or slightly lower prices. It also hinges on your experience level. Some people can use our prices as guides & know when they can take bigger risks.

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

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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