



# -GCRU-

## Weekly Trading Strategies



*Omar Ayales*

Achieves gains by trading commodities, currencies and stocks

August 5<sup>th</sup>, 2020

IN ITS 19<sup>th</sup> YEAR – Nº 896

# GOLD BLOWS OFF!

## MINERS DAZZLE

### MOST OTHER ASSETS ARE RISING!

### IS IT ALL ABOUT THE DOLLAR?

—

**G**old cut thru the \$2,000 landmark like a hot knife thru butter. The gold market is heating up. Our profit targets are getting hit yet again!

The manic phase of gold's bull market is evolving as this goes to press. Momentum indicators are bullish by all metrics.

More upside is likely. But how much further?

Gold's intensity could be peaking and it could soon give way to consolidation, a pull back or downtime. Consider gold's current bull mkt leg is 2 years old.

The last time gold had such a strong up-move was during the period from 2009 thru 2011 (extended 'C' rise). Moreover, gold tends to peak at the end of the summer and it's quickly reaching the top side of the March up-channel (and our profit target) at \$2,100.

"Ultimately, the world always returns to what it knows and trusts.  
What it knows and trusts is gold." -**Richard Russell**

We profited handsomely during the first quarter and repositioned during the March lows. Profit targets have been raised from \$1,800, to \$1,900, and more recently to \$2,100.

I'll sell my positions at \$2,100 and wait for weakness to buy again. A decline below \$1,900 will be a good start.

Patience has paid off. Discipline is the key.

It has allowed us to take full advantage of the gold mkt's 2-year upmove.

The miners have performed even better. They've both more than doubled their value from the Mar lows.



The HUI Index (a gold share index) continues to rise with strength. It rose to a new high yesterday, together with gold.

The move was bold.

And although more upside is likely, a ratio between HUI and gold suggests the miners are getting to be a bit expensive compared to gold.

This next chart shows a ratio between HUI and gold.

Notice the ratio bottomed and started rising in favor of HUI in 2015, which was also the bottom of the gold market. Notice also the rise has not

been a straight shot up, and whenever the indicator (lower chart) has reached a high area, it has turned to favor gold over gold shares.

The ratio is now also reaching a longer-term downtrend, just as the leading indicator below the ratio shows gold shares are at a high area versus gold.

The chart tells us to enjoy our profits built up, and don't let it get too late before protecting them.



We have handsome profits built up in Kirkland Lake (KL). It's showing renewed strength after breaking above the Nov highs. KL could rise to the top side of the March up-channel near \$60.

Notice Spinner on the rise with room to unfold. Profits built since late June are at nearly 50%.

Our profit target is nearly reached (\$58). Sell your positions above the target to protect a

handsome gain. I'll be looking to buy back above the March uptrend, below \$50.

B2 Gold (BTG) rose to new highs, above \$7 with impressive strength and it's positioned for more upside. Spinner suggests the rise may be starting.

BTG is very bullish above the March uptrend near \$6.50. Buy more below \$7.

Sell at profit target which is the top side of the March up-channel near \$8.



NG is also picking up steam. It has struggled a bit more to catch on, but it's now looking like it could have the strength to surpass its next key resistance level at \$10. A break above this level could propel NG to the Apr highs near \$13.

NG has strong support above \$8. Keep your positions. Buy more at mkt, ideally below \$9.

Bonterra Resources (BTR.V) also rose with strength yesterday. It confirmed support above \$1.20 and it now looks positioned to test next resistance near \$1.50. A break above this level would be very bullish, opening the door to further upside, to possibly the top side of the March up-channel near \$2.

Keep your positions.

Hecla (HL) continued to rise with strength. It broke above a developing rising wedge showing impressive strength. Interestingly, Spinner continues to decline, suggesting momentum could be slowing.

I sold half of my positions at \$6 for a juicy 100%+ gain, per the trigger alert (300% annualized). I'm keeping a reduced position for now and waiting for weakness to buy more.



Over the past 10 days, I've unloaded about a quarter of my precious metals portfolio for awesome gains. If more profit targets are reached, I'll sell more.

With some exceptions, I'll wait for some weakness before becoming a net buyer once again.

I'm keeping other silver and gold shares on the radar to buy on weakness. For latecomers, try to pick up some BTG and NG on weakness.

## Silver Fever

Silver is also rising with impressive strength. It rose to new highs and it's showing more upside potential.

I sold half of my position for a 70% profit in silver. I continue to hold a reduced position and I'm waiting for any pull back or weakness before buying back.

As with the rest of the gold universe, silver has bullish support at its March uptrend near \$20. Wait for weakness to load up.



Silver's indicator is bullish, but near a high area. Keep your reduced position.

## Is it all about the dollar?

It sure seems like it ... at least for now.

I've been showing the dollar breakdown for the past couple of weeks ... it must seem as though it's happening in slow motion!

I can't stress enough the importance of its breakdown and the implications.

## 2 YEAR LOW, ROOM FOR MORE



The next chart shows the U.S. dollar index with its leading indicator since 2011. Notice the clear uptrend since the 2011 lows.

The recent breakdown is bearish, and it opens the door to see more weakness to possibly the 2011 uptrend and support level near 88. Coincidentally, it's near the 2018 lows.

It's no coincidence broad asset strength has coincided with dollar weakness.

Moreover, the dollar's leading indicator (on the lower chart) is at an extreme low. While it's showing a weak U.S. dollar, it's also showing an over-extended dollar on the downside, and it could temporarily stabilize.

This means the dollar might show some support at the 88-90 level. If it does, the dollar could bounce back to test resistance at 96.

A dollar rebound would put downside pressure on most asset classes.

My cash is mainly in U.S. dollars. It's also partially in British pound sterling.

The pound rose to new highs for the move, regaining the \$1.30 handle it lost back in Dec. The up move in the pound should offset weakness in the U.S. dollar.



If the pound manages to hold above the Mar uptrend, it could go back to trading at a recent historic normal area near \$1.50 for a pound or even at \$2 per pound.

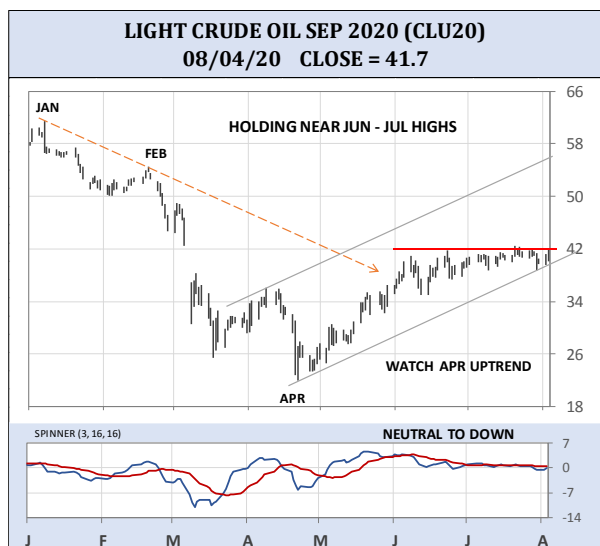
### Resources Also Catching A Bid!



Copper remains near the highs. It's quietly forming a top. It's been downtrending for the past couple of weeks, although it does remain very strong above the Mar uptrend.

If copper holds above the uptrend at \$2.70, it could rise to the top side near \$3.20. Copper's ST indicator (Spinner) is bottoming near zero, suggesting a renewed leg up rise may now be likely.

The March uptrend is a key level, keep a close eye on it.



Crude oil is also similar. It had a bullish rise to \$42, but continues to resist. Support at \$39 is also growing, but a trade squeeze seems inevitable.

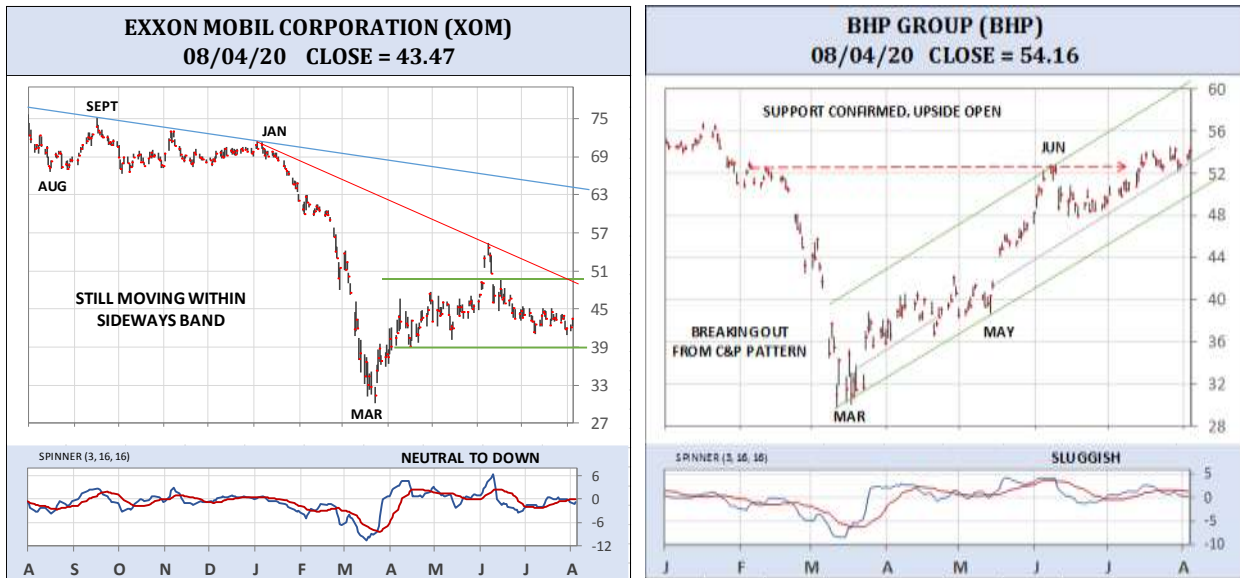
Yesterday's price action was very encouraging. And if crude oil breaks above \$42, it's off to the races.

Keep your position as long as crude oil holds above \$39.

BHP Billiton (BHP) also continues to rise with strength. It reconfirmed support above the Mar uptrend near \$52 and it's once again pushing higher.

BHP recently broke above the Jun highs showing strength, opening the door to a rise to the top side of the March up-channel, near our first profit target.

Spinner is starting to trend down, suggesting momentum could be waning. Keep your positions for now.



Exxon Mobil (XOM) continues to consolidate. It's still showing support above \$40 but it's been unable to rise to its key resistance at \$51. A break above this resistance would be very bullish, with a rise to the Sept downtrend near \$63 likely.

Keep your positions for now. XOM offers great stability and it's a dividend generator.

### Low Mortgage Rates Fuel Real Estate Market

Issues surrounding the economic recovery continue to put downside pressure on certain market sectors. Others continue to rise with undivided strength.

The recent surprise in new home sales shouldn't come as a surprise. The ultra-low interest rate environment fostered by applied monetary policy is fueling the real estate bubble.

The next chart is the 30-year mortgage rate with its long-term leading indicator.



The 30-year mortgage rate has fallen to an extreme low. The indicator below now suggests this decline has reached an extreme level last seen in 2012.

A rise in yields could put a damper on home purchases and add downside pressure to the real estate market. It could spell problems for the economy and the stock market.

Recently, I've shifted my positions. I've kept Citigroup (C) and added Shopify (SHOP).

C is under pressure but continues to hold above the March uptrend near \$48. C is bullish above this level.

Banks play a key role when stimulus is being rolled out. I'll continue to have exposure with C as long as it holds above \$48, the March uptrend.

SHOP has been very impressive. It gained the \$1000 handle and it's sitting comfortably above it.

**HISTORIC LOW RATES FUELING REAL ESTATE BUBBLE**



SHOP is a great company that is poised to thrive given its business model. SHOP provides business to business solutions and a solid online platform for businesses to deliver their products and services to end users.

SHOP recently announced a deal with Walmart that could bring about increased business activity moving forward.

Keep your positions, buy more on weakness.

My strategy this week is to keep an eye on the U.S. dollar index. If it bounces up, watch for broad asset weakness that could allow for a good buying opportunity. Take profits in precious metals if targets are reached.

And remember, if it's Wednesday, it's Gold Charts R Us!

Good luck and good trading,

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TRADER SHEET PAGES 11 & 12

KEY PRICES			
Name/Symbol	Aug 04,20 Price	Change	Jul 28,20 Price
Gold (GCZ20)	<b>2021.00</b>	57.10	<b>1963.90</b>
Silver (SIU20)	<b>26.03</b>	1.73	<b>24.30</b>
HUI (HUI)	<b>361.22</b>	5.01	<b>356.21</b>
Copper (HGU20)	<b>2.89</b>	-0.02	<b>2.92</b>
Crude Oil (CLU20)	<b>41.70</b>	0.66	<b>41.04</b>
S&P500	<b>3306.51</b>	88.07	<b>3218.44</b>
U.S.Dollar (DXU20)	<b>93.38</b>	-0.27	<b>93.65</b>
30 Year T-Bond (ZBU20)	<b>182.78</b>	1.34	<b>181.44</b>
10 Year T-Note Yield	<b>0.515</b>	-0.066	<b>0.581</b>
13-week Treasury Bill	<b>0.090</b>	-0.013	<b>0.103</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
<b>PRECIOUS METALS PORTFOLIO (22%)</b>					
<b>GOLD (GCZ20)</b>	Super strong! Gold pierced resistance at \$2,000! It's very bullish above the Mar uptrend near \$1,850. Keep your positions for now; sell at our profit target above \$2,100, or on a decline below the Mar uptrend & support near \$1,850.	L	Bot: 1485 (Mar-18-20).	<b>2021.00</b>	2dc below \$1800 (adj)
<b>PHYS</b>	Keep your positions.	L	11.75 (Mar-18-19).	<b>15.98</b>	2dc below \$14.25 (adj).
<b>SILVER (SIU20)</b>	Rose to top side of Mar upchannel showing impressive strength. Silver has been explosive. It reached our profit target at \$26. I sold half of my position for a 70% gain, per trigger alert. I'm holding a reduced position and waiting for weakness to buy more. Indicators are starting signal the rise is reaching maturity ST.	L	Bot: 15.80 (Jul-17-19), 16.50 (Aug-7-19), 16.80 (Nov-8-19), 12 (Mar-18-20), \$15.20 (May-6-20). (AVG: \$15.275) Sold half at \$18 for 17% gain (Jun-22); Sold more at \$26 for a 70% gain (Aug-4-20).	<b>26.028</b>	2dc below 20 (adj).
<b>PSLV</b>	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.	<b>7.73</b>	2dc below \$7 (adj).
<b>HUI Index</b>	Gold and silver miners continue to rank among the best performing asset classes this year. The HUI Index (gold share index) rose to a new high for the move yet again today. HUI is very strong above the Mar uptrend near 300. Indicators are starting to show HUI is at overbought levels and some consolidation or downtime is likely. We did extraordinarily well trading gold shares last quarter and this quarter is shaping to be a continuation. I'm selling as profit targets get triggered. Keep the rest of your positions and ride thru strength. I'll be looking for our indicators to unwind from extreme overbought levels before loading up.	--	-	<b>361.22</b>	-
<b>KL</b>	KL broke past resistance like a hot knife thru butter. KL is at a new high for the move, inching closer to our profit target at \$58. Spinner picking up steam showing momentum still favors KL. Keep your positions as long as KL holds above the Mar uptrend (\$45). Sell at profit target and buy more on weakness.	L	Sold for average gain: 34%; 80% annualized (May 2020). New Positions: 38.50 (Jun-24-20).	<b>55.60</b>	2dc below 45 (adj)
<b>HL</b>	Bullish rise to the top side of the Mar upchannel! But ST indicators (Spinner) losing steam suggesting strength could be waning. Profit target was reached today; sold half protecting 100%+ gain (300% annualized). I'm still holding a smaller position. I'll keep during weakness and will pick up some on a pull back to HL's breakout level near \$4.	L	2.96 (Jan-28 -20), 2.65 (Mar-4-20), 1.65 (Mar-18-20). Sold half at \$3.50 (May-20-20) for 46% gain. New Positions: 2.90 (Jun-24-20) (AVG: \$2.85). Sold half at \$6 for 105% gain (Aug-4-20).	<b>6.05</b>	2dc below \$3.50.
<b>NG</b>	NG is starting to catch bids. It rose with strength yesterday, trying to regain the \$9 handle. Spinner on the rise suggesting momentum is still up. NG has strong support at the Dec uptrend near \$8 and resistance at the Apr downtrend near \$10. A break above this level on a 2dc could push NG to the Apr highs. Keep your positions. Buy some more at mkt, ideally below \$9.	L	8.30 (Jul-15-20), 8.70 (Jul-22-20).	<b>9.56</b>	2dc below 8.
<b>BTG</b>	BTG rose to new highs for the move, breaking above the \$7 handle. BTG is very bullish above the Mar uptrend near \$6.50. Keep your positions for now; buy some more on weakness below \$7, ideally near \$6.50.	L	5.25 (June-25-20).	<b>7.21</b>	2dc below \$6.25 (adj)
<b>BTR.V</b>	BTR confirmed support at the Mar uptrend. It's now rising with strength showing more upside is now likely. BTR must initially break above \$1.50 to show strength. Indicators are flat, not providing clear indication. Keep your positions for now.	L	1.32 (Jul-23-20).	<b>1.39</b>	2dc below \$1

## 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
<b>CURRENCIES (48%)</b>					
<b>U.S. DOLLAR (DXU20)</b>	The U.S. dollar index slipped further, to new lows for the move. The dollar is approaching a key level at 88, a multiyear uptrend & support. The dollar could bounce up, in a secondary reaction, rising to the Mar downtrend (96); putting downside pressure on most asset classes. The intermediate trend, however, will remain down unless the dollar breaks above 96. Keep most of your cash in dollars.			<b>93.38</b>	-
<b>FXB</b>	Pound Sterling pushed higher, reaching the highs of 2020, an intermediate resistance level. If pound can stay above the Mar uptrend, it could then continue to rise higher, all the way to a historical mean near \$2 per pound sterling. Keep some of your sidelined cash in pound sterling.		-	<b>126.54</b>	-
<b>RESOURCES AND ENERGY (18%)</b>					
<b>Crude (CLU20)</b>	Showing weakness below \$42. This past week, it dipped below \$40 for just a moment, but then bounced back up showing support at \$39. The trading range between \$42 and \$39 is narrowing. A trade squeeze will likely emerge. I'm betting it could be to the upside. Watch for a break above \$42 to show explosive strength.	L	35 (Jun-15-20)	<b>41.70</b>	2dc below 39
<b>XOM</b>	Continues to consolidate in a sideways band. Spinner starting to point down, breaking below zero, showing momentum could be trending down. This means, some more weakness is likely. XOM's Spinner has not broken above zero in over a month. Watch for XOM to break above \$51 for stronger, more explosive upside potential.	L	61.90 (Feb-6-20), 61 (Feb-12-20), 50 (Mar-5-20), 32 (Mar-18-20) (AVG: \$51)	<b>43.47</b>	2dc below 40
<b>COPPER (HGU20)</b>	Approaching a crossroads... Copper started to downtrend after peaking in Jul. The reaction is secondary as the primary move remains to the upside. However, the move since Mar lows has been strong and a pull back is likely. If copper holds at the Mar uptrend near \$2.75, it'll confirm strength and continue its rise, above the \$3. If it breaks below, more downside will then be likely.	O	-	<b>2.8945</b>	Out
<b>BHP</b>	BHP is breaking above a cup & handle pattern with upside target near \$72. BHP must now stay above the Mar uptrend near \$50 to continue rising to its target. On the downside, if the Mar uptrend is broken, more downside would then be likely. Sell if Mar uptrend is broken on a 2dc below 50.	L	54.75 (Jan-15-20), 52.50 (Jan-30-20), 43 (Mar-5-20), 31.50 (Mar-18-20) (AVG: 45.40)	<b>54.16</b>	2dc below 50 (adj).
<b>MELT UP RISE PORTFOLIO (12%)</b>					
<b>C</b>	Testing support at the Mar uptrend. C is resisting below \$52 ST. It looks weak. A break below the Mar uptrend near \$49 would confirm weakness. Keep your positions for now and as long as C holds above \$48.	L	73.75 (Nov-20-19), 40 (Mar-25-20), 50 (May-27-20), 50 (Jul-1-20) (AVG: \$55)	<b>50.14</b>	2dc below \$49 (adj).
<b>SHOP</b>	SHOP is showing impressive strength, reclaiming the \$1000 handle. Momentum is up; Spinner suggests more upside is likely. Keep your positions as long as SHOP holds above \$800, but sell some at the top side of the Apr upchannel near \$1200.	L	930 (Jul-16-20), 900 (Jul-24-20) (AVG: \$915)	<b>1080.00</b>	2dc below \$800 (adj)

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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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