



-GCRU-

Weekly Trading Strategies



Omar Ayales

Achieves gains by trading commodities, currencies and stocks

September 23rd, 2020

IN ITS 19th YEAR – Nº 903

ASSETS FALL ON DOLLAR STRENGTH...

WE SAW IT A MILE AWAY...

**BUT DOWNSIDE PRESSURE IS NOT
OVER JUST YET!**

**U.S. EQUITIES ARE SHOWING
SUPPORT**

**GOLD & RESOURCES TO PULL BACK
FURTHER**

The U.S. dollar index bounced higher. It reclaimed the 94 handle, confirmed support above the lower 90s and making its biggest skeptics doubt their own bearish theories...

The dollar's rise is putting downside pressure on all assets. Equities, metals and currencies continued to pull back.

“The 4 most dangerous words in the world of investing are:
This Time is Different.” -**John Templeton**

The dollar inched higher and for now, the rebound is ongoing...

As mentioned in recent issues, the U.S. dollar index has decade-long support at 90-92. A break below this level is necessary for the ongoing decline since March to continue.

If the dollar were to confirm its decline by breaking below 90, a further fall to the lower 80s would be likely. It could coincide with rises in most asset classes, including precious metals, gold, resources, stocks, global currencies...



It would lighten the burden on international debtors whose debt is U.S. dollar denominated (which are many, especially sovereign states).

It would bring inflation the Fed is in such dire need for.

But if the dollar holds above support at the lower 90s and confirms strength by breaking above the Mar downtrend at 95, it could push the dollar higher, to possibly test the recent year-long highs above 100.

A dollar rise above 95 could spur deflationary forces that would keep a lid on some asset prices, pushing them lower.

The U.S. dollar index is approaching a crossroads...

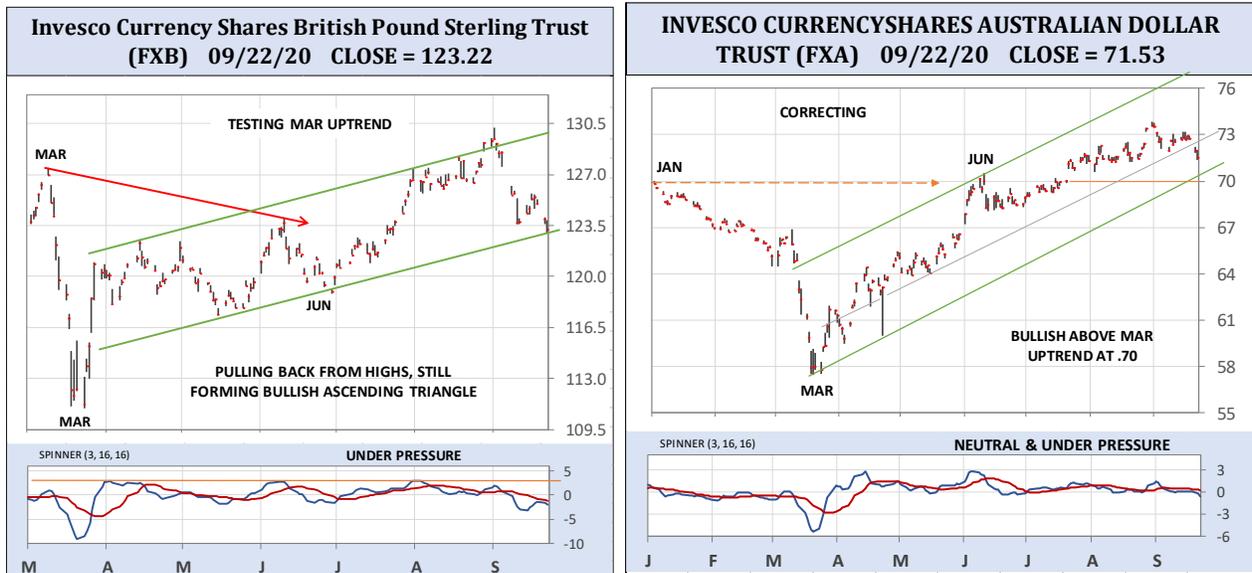
Most of my cash is in U.S. dollars, most of it after recently cashing in great profits.

I've been diversifying into British Pound Sterling (BPS) and Australian dollars ("Aussies"). I'm taking advantage of a stronger dollar to buy assets that are out of favor.

The reason is to keep the purchasing power of my liquid cash, which is sizable (nearly 55% of my portfolio), as opportunities develop in different markets.

As I've said before, the risk of holding cash is the price paid to take advantage of developing opportunities in volatile markets.

Keep your cash diversified and available.



Gold: Lower Highs

Gold failed to maintain growing momentum, resisting below the Aug downtrend, confirming downside pressure remains since its early August highs.

It's reaching a nearly 2-month closing low, and testing a key trend identifier (15wk MA, now at \$1900).

A clear break below \$1900 on a 2dc will confirm weakness, extending the decline since Aug. Weakness could push gold down to its next key support at \$1680.

This support level is converging with gold's mega trend, its 23-month MA and quickly emerging as a key downside target.

I bought some gold below \$1900 on Monday. It's a small position. I'm ready to buy more on further weakness, ideally below \$1700. If you haven't bot yet, wait for further weakness to buy some.

Gold shares are also showing weakness.

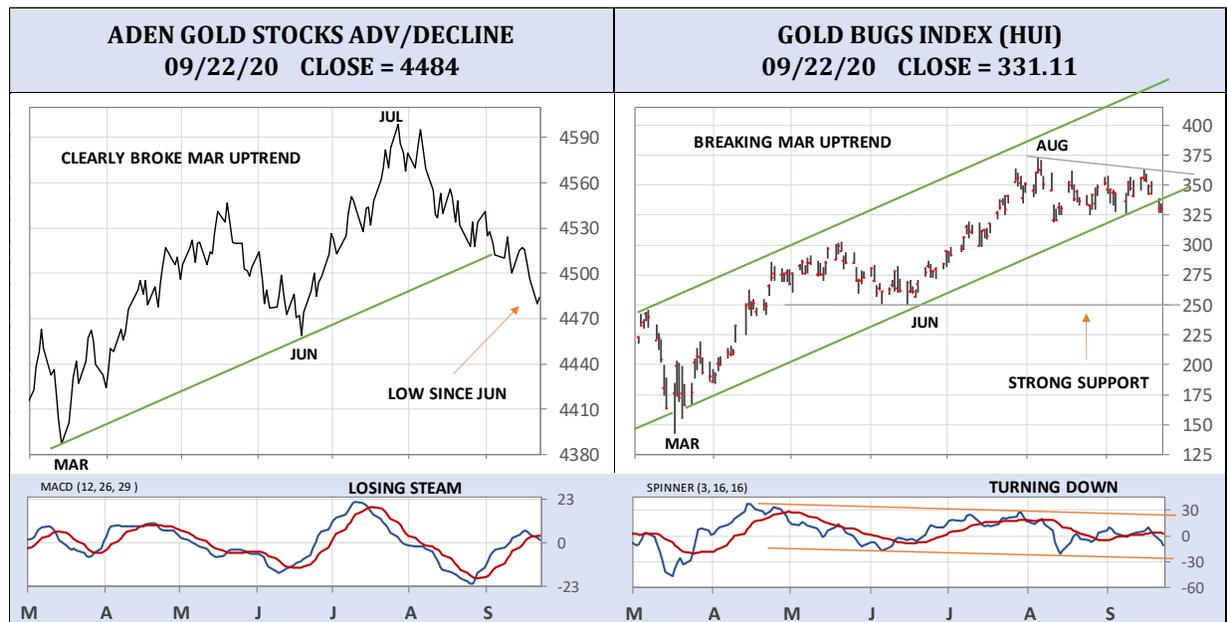
The HUI Index (a gold miner index) broke below the Mar uptrend & support for the first time, following our in-house gold share A/D Line.



The A/D Line had been showing weakness when it broke the Mar uptrend. It's still at the lower levels and it could fall further. HUI is poised to fall back to possibly the Jun lows near 250.

That's when we want to be doing the bulk of our gold miner buying. In the meantime, we'll be holding on to limited exposure during weakness.

Continue to hold reduced positions in a handful of gold and silver miners as well as gold and silver. Precious metals should represent about 18% of our portfolio.



Last Friday sold half of NovaGold (NG) for a 40% profit in under 2 months. It reached our profit target at \$12 before pulling back. Downside pressure within the gold universe will continue putting a lid on NG. It could push NG back to the Mar uptrend near \$9.



I'll be ready to buy more below \$9 if given the chance.

We also added BlackRock Gold Corp (BRC.V). I bought a bit last week at CA\$1.10. It's been declining with gold shares, breaking below CA\$1 level.

And it has room to fall further. The chart suggests BRC.V could fall and test the Mar uptrend near CA\$0.50. I'll buy more then.

Junior mines can be subject to volatile swings and it's best to keep during weakness and add at bottoms. Avoid assuming large positions at any given moment.

I continue to hold positions in Bonterra Resources (BTR.V) and Hecla Mining (HL).



BTR.V is another junior mine with great potential. I'm also riding thru weakness. It has been quiet during the Covid-19 lockdowns but it's slowly returned to normal operation. In the upcoming months we should be able to have a better understanding as to where they are now.

BTR.V continues to hold above \$1.20 which has become key ST support. Keep your small position.



Hecla Mining (HL) continues to descend. It's showing support at \$5. Consider its 15wk MA is currently just below \$5 confirming the support level.

A clear break below \$5 on a 2dc could push HL to the Mar uptrend near \$4, an ideal re-entry level. Keep your reduced position during weakness.

I'm keeping an eye on many other gold miners.

They're too many to include every week while we wait.

Among those that I'm keeping an eye on are many of our traditional favorites such as Kirkland Lake (KL), Agnico Eagle Mines (AEM). B2Gold (BTG), Wheaton Precious Metals (WPM) among others...



I recently added Franco Nevada (FNV). A gold royalty company with great management and solid growth year over year. On the chart, notice it recently broke below the Mar uptrend. The chart suggest a decline to the Jun lows near \$125 is likely.

Wait for weakness to buy.

Silver also dropped.

The decline in gold and weakness in resources is putting downside pressure on silver.

Silver broke below ST support at \$26, drifting lower, and it's nearing the Mar uptrend and support near \$23.

Keep in mind, however, silver has deeper support at \$19, a previous resistance level just below the Mar uptrend. Keep your positions as long as silver stays above \$19 and buy some below \$23.50.



Resources Lagging

Last Friday, I also unloaded positions in crude oil for a small 8% gain. It was timely. Crude had broken below our uptrend and support level, reaching an extreme, only to bounce up to the Mar downtrend near \$42 where we sold.

Crude oil fell further and it's looking vulnerable below \$40. Dollar strength will continue to put downside pressure on resources, particularly crude oil as they both have traditionally moved in opposite directions.



Dr. Copper is showing signs of exhaustion.

It remains surprisingly bullish above \$3, the Mar uptrend. But the intensity of the rises is in demise, suggesting exhaustion with increasing downside risk.

A break below \$3 could be the catalyst. U.S. dollar strength will likely be the cause of a breakdown too.

We've considerably reduced exposure to resources. My only position is thru BHP Group (BHP). It's the largest iron ore and metals/minerals producer in the world, based out of Australia.

We recently reduced exposure to BHP too, protecting a handsome double digit gain. I'm holding a reduced position now and remember it's our only exposure to resources.

The chart suggests a decline to \$48 is likely, the Mar uptrend. Keep your reduced positions and consider buying some below \$50.

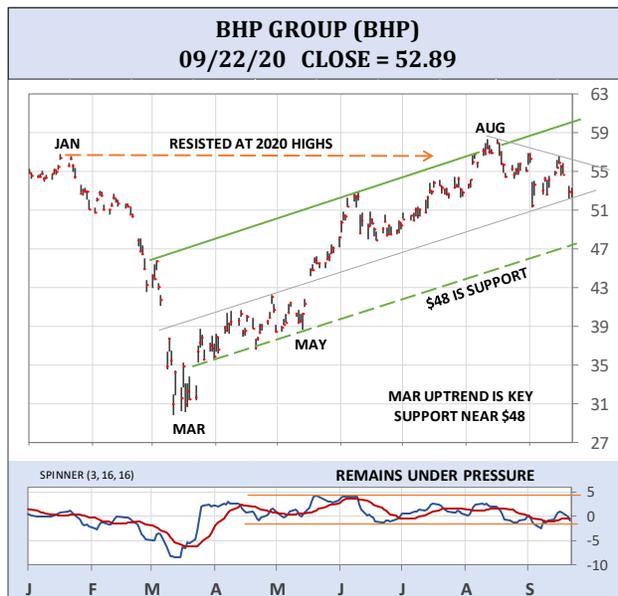
Stocks Show Signs of Support

The stronger dollar is also putting downside pressure on U.S. equities. The recent decline has been the strongest since the pandemic-led collapse in Mar.

However, stocks are holding up above deeper trends, showing the upside may not be over just yet.

Investor appetite is poised to grow, particularly as zero interest rate policies leave investors without a viable alternative.

It will continue to further the divide between stock market performance and the U.S. economy as certain stocks are traded as safe havens.



I continue to have growing exposure to U.S. equities, but I'm also making certain changes based on price action.

Citigroup (C) recently hit our stop at \$48. I've been waiting for a bounce back to the breakdown level at \$48 to unload.

It hasn't yet and has actually fallen further; Spinner suggests more downside is likely.

I'll wait a bit longer for a bounce to unload, above \$47.

WMT held above an uptrend since Jul near \$135, showing impressive strength. Spinner, the leading indicator below, is bottoming. It's suggesting the downside is limited and renewed upside momentum could develop.

Keep your positions, a rise to the top side of the Mar upchannel near \$155 is now likely. Keep as long as WMT holds above its mega uptrend at \$115.

Shopify (SHOP) fell together with tech stocks. SHOP broke below \$900 and nearly reached \$800. I bought some below \$900, adding to my open positions.

Notice the leading indicator on the chart below SHOP, is rising from



an extreme level, breaking above its MT MA while approaching zero.



This suggests the downside is limited ST and more upside is now likely.

We've also had exposure to SPXL, an ETF that triples the action of the S&P 500.

SPXL fell from the highs showing weakness. However, SPXL, as well as the S&P 500 are holding above a key trend identifier (15wk MA).



If SPXL can continue to hold above \$49, it could resume its rise to the top side of the Mar up channel near \$66. Keep your positions.

TBT, the inverse ETF to U.S. LT gov bonds, continues to build a base above the Mar lows near \$14.50.

Keep your position as long as TBT holds above this level.

I'm adding PayPal (PYPL) for the first time. It's a payment processing company with a strong online presence in most online retail transactions. True to its 'tech nature', it has a high valuation. Interestingly, it's comparable to Visa and Mastercard which are staples in the payment processing industry.

Although there are many other companies out there with similar business models to PYPL, it's the among the first and will likely remain an innovative leader in the global payment system.

Buy some at mkt. More on weakness.

Our strategy for this week is to remain patient and steady. We're looking to unload Citi (C) and will be buying some PayPal (PYPL). Most importantly, keep ample liquid cash reserves, ready to take advantage of developing opportunities!

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

Good luck and good trading,

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 A division of Aden Research

PAYPAL HOLDINGS, INC. (PYPL)
 09/22/20 CLOSE = 187.78



TRADER SHEET PAGES 12 & 13

KEY PRICES			
Name/Symbol	Sep 22,20 Price	Change	Sep 15,20 Price
Gold (GCZ20)	1907.60	-58.60	1966.20
Silver (SIZ20)	24.52	-2.94	27.46
HUI (HUI)	331.15	-24.88	356.03
Copper (HGZ20)	3.06	0.00	3.06
Crude Oil (CLX20)	39.80	1.52	38.28
S&P500	3315.57	-85.63	3401.20
U.S.Dollar (DXZ20)	94.02	0.93	93.09
30 Year T-Bond (ZBZ20)	176.69	0.19	176.50
10 Year T-Note Yield	0.664	-0.015	0.679
13-week Treasury Bill	0.088	-0.012	0.100

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 (18%)						
GOLD (GCZ20)	Bearish, but taking advantage of weakness to start tiptoeing back into gold. We picked up a bit at \$1900 on Monday, and ready to buy much more below \$1700. If you're not in yet, buy some on weakness. Keep in mind, more downside is likely but not guaranteed. Look to secure reduced exposure now but be ready to buy lots more on further weakness below \$1700.	L	Bot: 1485 (Mar-18-20). Sold via alert for 35% gain (Aug-11-20). Bot 1900 (Sept-21-20)	1907.60	2dc below \$1600	2100 & 3000
PHYS	Stay out for now.	L	11.75 (Mar-18-19). Sold via alert for 35% gain (Aug-11-20). 15.20 (Sept-21-20)	15.30	2dc below \$11.20	-
SILVER (SIZ20)	Silver broke below support at \$26 showing weakness; a decline to the Mar uptrend near \$23 initially is likely. It could even fall further to the 2020 breakout level at \$19. Buy some below \$23.50 and more below \$20. Lower stops to 2dc below \$19.	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).	24.523	2dc below \$19 (adj)	50
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.	8.74	2dc below \$5.25	-
HUI Index	Gold shares continue to show weakness with more downside likely. This can be seen in our in house gold share A/D line and it's now showing a decline on the HUI is likely to possibly the Jun lows near 250. We're mostly out, with minimum exposure that I'll keep during weakness. Last week we sold half of NovaGold (NG) for a 40% profit via alert, and bot a bit of gold and a new junior miner (Blackrock Gold - BRC.V). Exposure to the gold universe remains reduced at only 18% of total portfolio.	--	-	331.11	-	-
HL	We're holding a reduced position and riding through weakness. HL broke to a new low this week confirming the downside could reach the Mar uptrend near \$4. Buy some again on a decline to \$4.50.	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).	5.26	2dc below \$4	8
NG	Sold half last week for 40% gain in just 2 months. Keep the rest during weakness. Buy again on a decline below \$10. Keep stops.	L	8.30 (Jul-15-20), 8.70 (Jul-22-20), 8.99 (Aug-7-20) (AVG: 8.65). Sold half for 40% gain (Sept 18-2020).	11.34	2dc below 8.	12 (reached!)
BTR.V	BTR is on the takeover radar. We're holding a small position through weakness. Keep as long as BTR.V holds above the Jun low at \$1.	L	1.32 (Jul-23-20).	1.23	2dc below \$1	\$2.20 & \$3
BRC.V	Bot a bit last week. Holding small position through weakness. We'll wait for a clear sign of a bottom before buying more. Allow leeway.	L	1.10 (Sept, 21- 20)	0.94	2dc below 0.40	2 & 4
FNV	Lower lows... FNV remains under pressure below the Aug downtrend at 145. FNV's next downside target is the Jun lows near \$125. Wait for a decline to that level to buy some.	O	-	142.28	-	-
CURRENCIES (54%)						
U.S. DOLLAR (DXZ20)	The rebound rise continues. The dollar bounce is approaching the Mar downtrend and target at 95. A breakout above this level could reverse the downtrend since Mar. If DXY fails to surpass 95, however, it could then fall back to retest support at 92. A clear break below could push dollar into a deeper bear market. I'm waiting for dollar rebound rise to peak before buying commodities, stocks or currencies.		-	94.02	-	-
FXB	BPS is falling from the 2020 highs, countering dollar strength. Having a diversified cash position will allow us to keep the value of our cash better. Although most of my cash remains in U.S. dollars.		-	123.22	-	-
FXA	Held up stronger than BPS during dollar strength. The Aussie is a great way to diversify your cash position. Take advantage of U.S. dollar strength to diversify further into Aussies.		-	71.53	- 12	-

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
RESOURCES AND ENERGY (4%)						
Crude (CLX20)	We're out now. Sold via alert for 8% profit. Mar downtrend near \$43 is proving to be strong resistance. Crude must break above this level to show more upside potential. On the downside, the Apr uptrend is ST support. A closing break below \$38 will confirm weakness and a further decline would then be likely. Stay out for now and during the dollar's rebound rise.	O	35 (Jun-15-20), 42 (Aug-12-20) (AVG: \$38.50). Sold all at \$41.20 (Sept-2020) for 8% gain.	39.80	-	-
COPPER (HGZ20)	Copper continues to show signs of exhaustion as a rising wedge develops. A break below the Mar uptrend at \$3 would confirm the bearish pattern and could ignite a decline to the Aug lows near \$2.80, initially. It seems resources are likely to fall further before bottoming. Resource portfolio is composed only by BHP Group (BHP).	O	-	3.0610	-	-
BHP	BHP is a great resource company. It's down from the Aug highs, but it's bullish above the Mar uptrend near \$48. We recently took double digit profits and are holding the rest, waiting for more weakness to buy.	L	54.75 (Jan-15-20), 52.50 (Jan-30-20), 43 (Mar-5-20), 31.50 (Mar-18-20) (AVG: 45.40). Sold half per alert at \$53.50 protecting 18%+ gain (Sept-8-20).	52.89	2dc below \$47	\$64 & \$72
MELT UP RISE PORTFOLIO (24%)						
C	Waiting for rebound to \$50 to sell. The rebound might take a bit longer to develop as stocks have started to downtrend. However, overall, exposure to stocks is low and we can allow for some leeway.	L	73.75 (Nov-20-19), 40 (Mar-25-20), 50 (May-27-20), 50 (Jul-1-20) (AVG: \$55).	43.29	2dc below \$48.	\$65 & \$85
WMT	Bought more during weakness. Would buy more on a decline to the Jul lows near the mega uptrend at \$115. Keep your positions. Buy more if you don't have a full position.	L	130 (Aug-26-20), 136 (Sept-18-20).	138.31	2dc below 115.	300 & 600
SPXL	SPXL fell and holding above the adj Mar uptrend, near the stop at \$49. Keep your positions for now and during some weakness.	L	53 (Aug-11-20), 54 (Aug-12-20) (AVG: 53.50).	50.74	2dc below 45	75
SHOP	Bouncing up from Mar uptrend & support level at 800. SHOP quickly jumped back above the 900 handle and it's looking poised for more upside. A break above \$1000 would confirm strength and a rise to the recent high at \$1150 would be likely. Keep your positions.	L	930 (Jul-16-20), 900 (Jul-24-20), 875 (Sept-18-20), (AVG: 900)	954.25	2dc below \$800.	1500 & 2000
TBT	TBT continues to form a base above the Mar/Aug lows near \$14.50. If TBT holds above this level, it could then rise to the Jul highs near \$18. A break above this level shows renewed strength. If it resists, it'll show weakness and a renewed decline then to the support level at \$14.50 would be likely.	L	15.40 (Aug-12-20).	15.54	2dc below 14.50	\$18 & \$26
PYPL	Buy at mkt.. Holding firm above Mar uptrend near \$175 (coincidentally, above its 15 day MA). If PYPL holds above Mar uptrend, it could rise to the top side of the Mar upchannel near 230.	O	-	187.78	2dc below 160	230 & 300

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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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