



# -GCRU-

Weekly Trading Strategies



*Omar Ayales*

Achieves gains by trading commodities, currencies and stocks

September 9<sup>th</sup>, 2020

IN ITS 19<sup>th</sup> YEAR – Nº 901

## IT'S ALL ABOUT THE DOLLAR

### DOWNSIDE PRESSURE ON ASSETS ACROSS THE BOARD ARE LIKELY TO CONTINUE DURING DOLLAR REBOUND

### AMPLE CASH RESERVES READY FOR NEXT ROUND OF OPPORTUNITY!

**T**he rebound rise in the U.S. dollar index is gaining steam. It regained the 93 handle and it's ready to push higher...

Support above a 10-year uptrend at 90 (as shown recently) is being confirmed with the latest push up.

The rebound is likely to reach a key resistance at 95 ST, the dollar's Mar downtrend. Whether the dollar breaks this level or not is harder to decipher.

"Stocks will fluctuate." -J.P. Morgan

ST, however, the dollar rebound means more downside pressure in stocks, commodities and currencies is likely. Key support levels on most markets will be tested. Some might be broken. Volatility is pretty much guaranteed.

Remember dollar strength is dis-inflationary. The dollar has been falling for the past 6 months and it's found a strong support level at a 10-year uptrend.

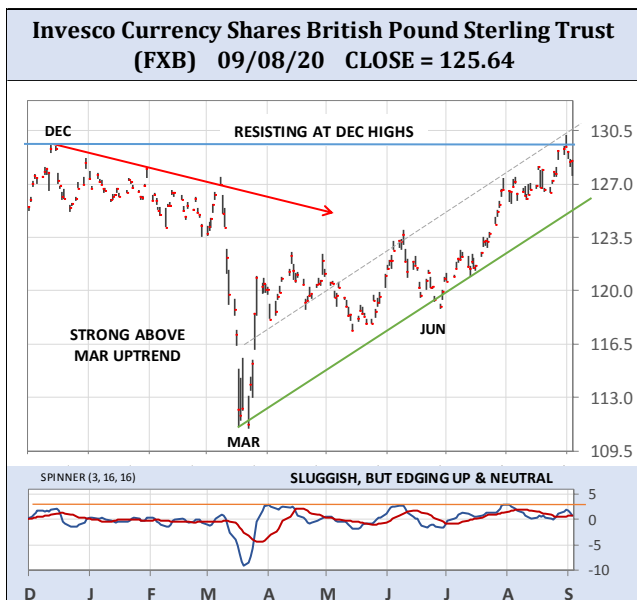


Thus far the dollar's rebound seems to be a secondary reaction within an intermediate bear market that was confirmed earlier this year.

If the dollar breaks above 95, it could signal a reversal from the recent 6-month (Mar) downtrend. If the dollar fails to surpass 95, it'll could resume the downtrend and re-test support at 90.

Current price action on assets across the board is normal, and to a degree, healthy.

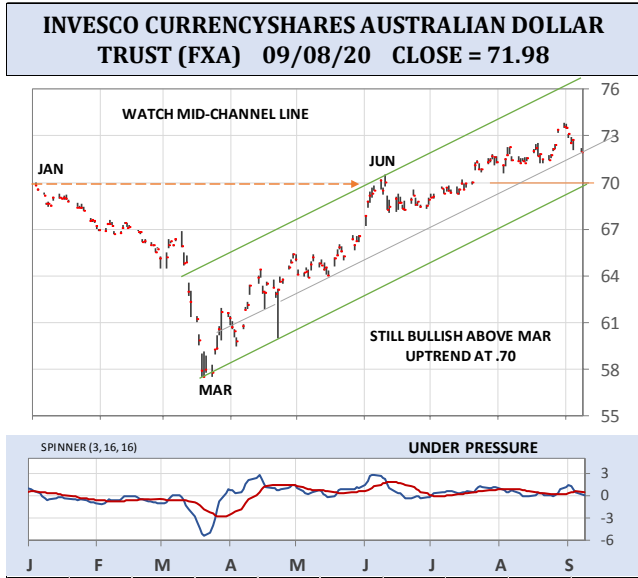
But downside pressure in all assets isn't over just yet...



In hindsight, we've been preparing for this moment. It's no coincidence our cash positions are at the highest they've been this year.

I'm keeping a close eye on the dollar and will be looking to buy other stocks and assets when the dollar reaches its 'rebound peak'.

Our growing cash pile is mainly in U.S. dollars, but we've also been diversifying into other



currencies. First with British Pound Sterling (“BPS”), and more recently with Australian dollars (“Aussies”).

Global currencies, including the ones we hold, have been rising against the dollar since the pandemic-led collapse in Mar-Apr. It has allowed us to keep the purchasing power of our money in a zero interest rate policy (ZIRP) environment.

Current dollar rebound strength also means our Aussies and BPS could lose some ground gained. But that’s okay. Allow for the ebb and flow of the currency market.

What’s really important is to keep cash or liquidity to take advantage of the opportunities a stronger dollar is now (and will be) allowing.

**The Dollar Takes No Prisoners**

All assets fell .... including gold and gold shares.

They haven't fallen as hard as U.S. equities, but it's been enough to continue exposing growing resistance for gold at the recent one month downtrend near \$1970.

This consolidation is taking the form of a bullish flag pattern. But be aware, the pole of the flag at \$2100 and it must be broken for the pattern to be confirmed.



Moreover, downside pressure is mounting. Spinner failed to hold above zero and it’s turning down.

Lower highs are evident. A break below ST support at \$1900 would confirm weakness and void the bullish flag pattern.

A decline to \$1800 would then be likely. Keep in mind however, gold could slip further. It has deeper support at \$1685.

I'm currently out and I'm waiting for weakness to buy.

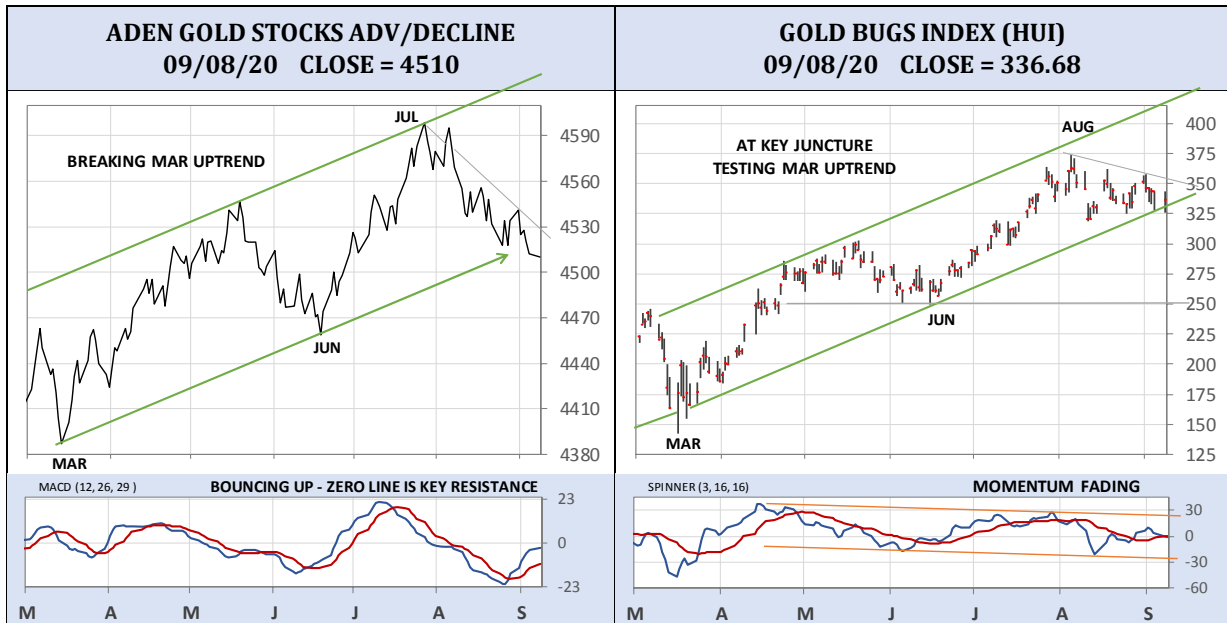
Silver is also showing weakness.

It broke below its bullish Jul uptrend just as Spinner resisted at its MTMA, which suggests momentum may have peaked for now.



The chart is saying silver is poised to pull back to possibly the Mar uptrend near \$22. I'm holding a reduced position and waiting for weakness to buy more.

Weakness in gold and silver miners are also very telling of sentiment driving the gold universe.



The HUI is testing the Mar uptrend and support level. Our in-house A/D already pierced below its own Mar uptrend.

The charts with their indicators still suggest more downside is likely. For HUI, the line in the sand is 325. A break below 325 exposes weakness that could push HUI to the Jun lows near 250.

We're out of gold shares for the most part too; after making great gains during the recent bull mkt run up. Wait for weakness to develop further before buying new positions.

My reduced precious metals portfolio consists of a bit of silver as mentioned, a full position in NovaGold (NG), a reduced position in Hecla Mining (HL) and a small position in Bonterra Resources (BTR.V). Total exposure to precious metals is at 17% of my portfolio.

I'll keep this smaller precious metals position during weakness. Gold's secular bull mkt is so strong that I don't want to be left out. I will double or triple holdings once key lows are tested and support is confirmed.

Keep an amount you are comfortable with riding through weakness.

NovaGold (NG) is looking stronger by the day. It broke above resistance at \$10 and it's at a new 3 month high.

NG is very bullish above the Mar uptrend near \$9, but it has stronger support at the Dec uptrend near \$8. If NG holds above these levels and breaks above \$11, it could then rise to our profit target.

We're up about 25% since we bought in Jul, less than 2 months ago. Keep your positions even if you must ride through weakness.



Hecla Mining (HL) continues to decline as expected. It broke below the rising wedge pattern with downside target at the Mar uptrend near \$4.

Notice Spinner resisting at both its MT MA and the zero line. It's suggesting momentum is declining.

We've done great by taking profits on HL and we have a reduced position. I'm riding through weakness and buying again when a clear bottom emerges, ideally near \$4.

Bonterra Resources (BTR.V) continues to hold on to the Mar uptrend. It remains under pressure due to its recent changes in management.

However, BTR has world-class assets and a strong partner in Kirkland Lake Gold (KL). I'm keeping BTR due to its takeover potential.



### U.S. Equities Also Reacting...

The past couple of days have seen sharp selloffs, particularly in the tech heavy NASDAQ. The S&P 500 is also getting sold.

However, I don't believe the narrative of a bear market, unless a fundamental shift happens that could change the entire dynamic surrounding stocks.

I agree certain valuations are crazy. But the lack for a yield-generating alternative is scarce, allowing for a whole new normal to value stocks.

Moreover, as far as tech goes, it's likely that the trade-tech war with China for world dominance continues. This means many tech companies are likely to receive favourable treatment until the international conflict is resolved.

I'm taking advantage of weakness in stocks to buy more.

Consider our position remain reduced, at only 20% of our portfolio. Exposure is distributed between Citigroup (C), Shopify (SHOP). Walmart (WMT), S&P 500 Index (SPXL) and an ETF that short bonds (TBT), (It moves with long term yields).



SHOP and WMT are great because of their future together. SHOP does have a high valuation; but if its relationship with WMT continues to develop, its value could increase 100x.

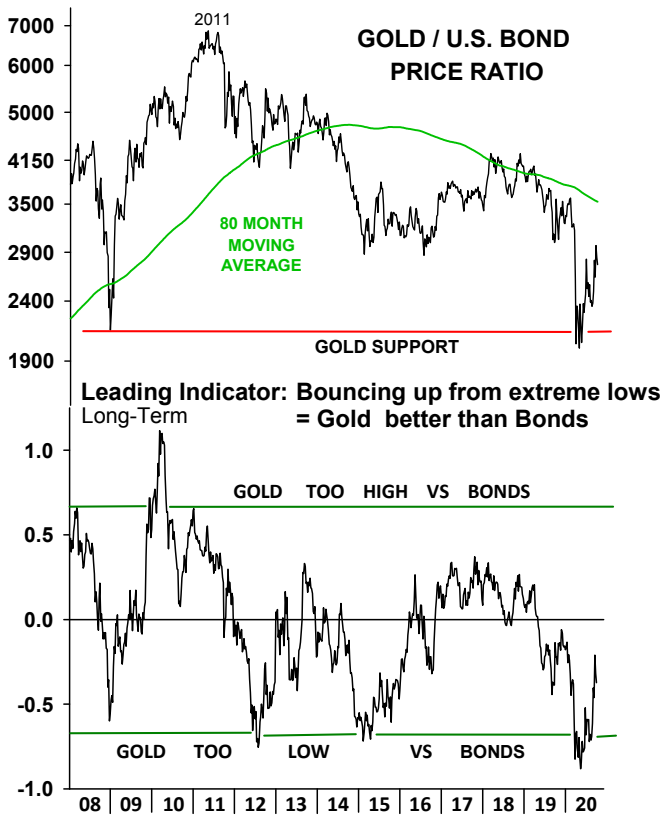
Interestingly, even though WMT is a retail giant, with sales of nearly 600 billion a year, it's in a position to double its valuation on becoming a more efficient retailer, following in Amazon's footsteps.



If WMT is successful, it could increase profitability by 100% without increasing gross sales from previous years. The current P/E ratio at 27 would be slashed in half and WMT would be in a position to compete with Amazon for online market share (currently only at 10%).

I'm keeping both positions during weakness and buying again

## GOLD STRONGER THAN BONDS



when signs of a bottom emerge. I'm adjusting WMT's stop to its mega uptrend near \$115.

By different metrics, LT U.S. gov bonds are seemingly overbought and some downside is likely (upward potential for bond yields).

This next chart to the right shows a gold to a LT U.S. gov bond ratio since 2008. The chart below the ratio is the leading indicator.

Notice bonds have been favored over gold since the 2011 peak in gold. The recent collapse has reached levels last seen in the financial crisis.

The indicator below is starting to rise from an extreme, suggesting that gold will likely be favored against bonds in the foreseeable future, likely due to low yields or negative real yields.

TBT could continue to consolidate longer. But the lows seem to have been set for the next intermediate move. Keep your positions as long as TBT holds above the Mar low near \$14.50.

Recent gains achieved by trading the S&P 500 Index using the ETF SPXL were erased as SPXL fell from a new high for the move to the Mar uptrend near \$50.

It's testing the key uptrend. And more downside pressure





remains likely. However, I'm keeping my position during weakness and maybe adding more.

For now, exposure to stocks is low and appropriate. We don't want to be completely out. Having extreme positions are harder to sleep on.

Citigroup (C) is also under pressure. It recently rose, re-testing a downtrend since Mar. But it's showing resistance and backing down. C is now near \$50 with a key support level at \$48 approaching.



Keep your position for now, and for as long as C holds above the Mar uptrend and support.

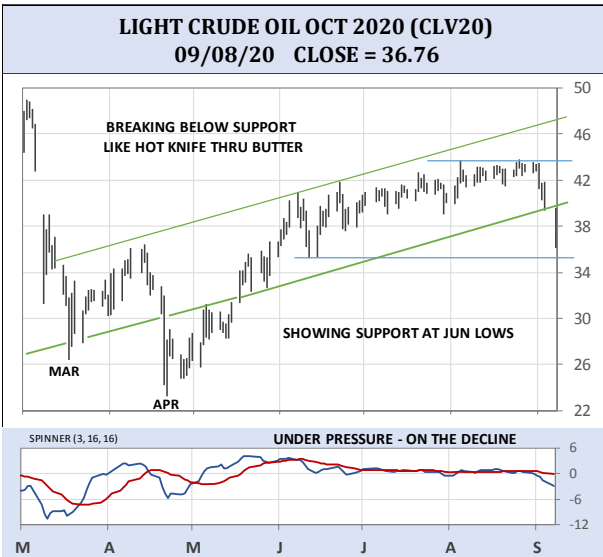
### Resources Also Pulling Back

The bullish rise in copper also validates the recent up-move in global currencies and U.S. equities. It confirms a critical low from the pandemic-led lockdowns.

But copper is not immune from U.S. dollar strength. It too is pulling back from recent highs.

It's holding above \$3 for now, but it has stronger support near \$2.95, the Mar uptrend. If copper holds at this level, it could then extend its rise to the top side of the Mar upchannel near \$3.40.





Copper has held up better than crude oil, despite ongoing production cuts.

A key reason being crude oil's demand remains severely underpinned given reduced air and maritime travel due to ongoing Covid mitigating restrictions.

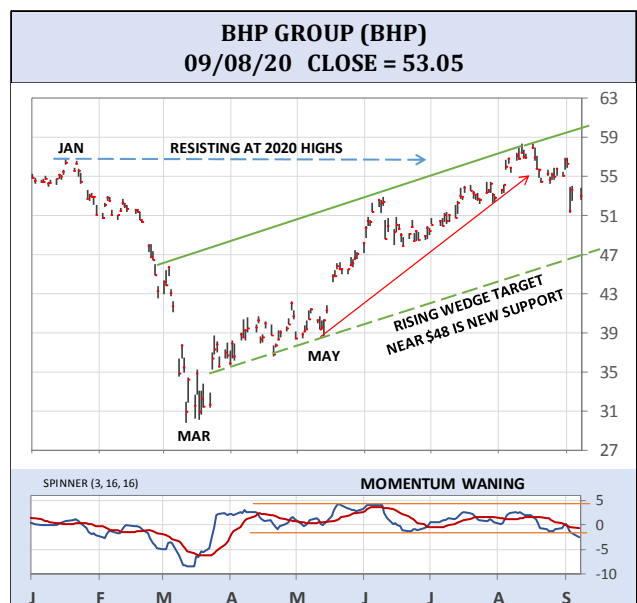
As lockdowns end, so should the downside in energy prices...

Yesterday's decline was deeper than anticipated. It pierced through our support level at \$39. Our stop has not been hit, but it could easily. I don't want to sell into panic and I'm willing to wait for a rebound or reaction to \$40 to reduce positions.

Keep your positions for now, but look for a bounce up to unload.

Exxon Mobil (XOM) fell further after we sold our positions last week for a loss; the chart suggests more downside ST is likely. XOM will be a great trade again soon. But stay out for the moment.

I offset some of the losses by selling half of BHP Billiton (BHP) via



alert for an 18% gain. BHP broke below our stop, suggesting more downside was likely.

I'm keeping the rest during weakness and waiting for price to bottom before buying more, ideally below \$50.

With our sales, exposure to resources is at 8% of total portfolio, split between BHP and crude oil.

Again, we don't want to be completely out. Exposure is already quite low. I'll be looking to add some more on further weakness.

Our strategy for this week is to make sure you have healthy cash balances. In U.S. dollars mainly, but looking to diversify into other currencies. Keep exposure to equities across the board low. Get ready to buy when weakness hollows out. We're ready and keeping a hawk eye.

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

Good luck and good trading,

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[www.goldchartsrus.net](http://www.goldchartsrus.net)  
 A division of Aden Research



**TRADER SHEET PAGES 12 & 13**

*Dear Members:* I'm making some changes I hope you will appreciate. I've concentrated the chart analysis on the upfront editorial version and have limited commentary on the "Trader Sheet" below to specific call to action.

The Trader Sheet will also continue being available on its own in our members section for easy reference.

KEY PRICES			
Name/Symbol	Sep 08,20 Price	Change	Sep 01,20 Price
Gold (GCZ20)	<b>1943.20</b>	-35.70	<b>1978.90</b>
Silver (SIZ20)	<b>26.99</b>	-1.65	<b>28.65</b>
HUI (HUI)	<b>336.89</b>	-9.93	<b>346.82</b>
Copper (HGZ20)	<b>3.03</b>	0.00	<b>3.03</b>
Crude Oil (CLV20)	<b>36.76</b>	-6.00	<b>42.76</b>
S&P500	<b>3331.84</b>	-194.81	<b>3526.65</b>
U.S.Dollar (DXU20)	<b>93.44</b>	1.10	<b>92.34</b>
30 Year T-Bond (ZBZ20)	<b>176.28</b>	-0.06	<b>176.34</b>
10 Year T-Note Yield	<b>0.684</b>	0.012	<b>0.672</b>
13-week Treasury Bill	<b>0.108</b>	0.008	<b>0.100</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 (17%)</b>					
<b>GOLD (GCZ20)</b>	Wait for dollar rebound to fully develop before buying gold. Keep an eye on gold's support at \$1900. A break below could exacerbate weakness and decline to \$1820, and possibly to support at \$1685. On the upside, \$1970 is first key resistance. A break above shows signs of renewed strength. Stay out for now. I'll consider buying some near \$1700.	O	Bot: 1485 (Mar-18-20). Sold via alert for 35% gain (Aug-11-20).	<b>1943.20</b>	-
<b>PHYS</b>	Stay out for now.	O	11.75 (Mar-18-19). Sold via alert for 35% gain (Aug-11-20).	<b>15.31</b>	2dc below \$11.20
<b>SILVER (SIZ20)</b>	We're keeping reduced positions during weakness. Silver's break below Jul uptrend near \$27 confirms month long downside pressure. A decline to the Mar uptrend near \$22 is now likely. Wait for further weakness to buy more.	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>26.991</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>9.41</b>	2dc below \$5.25
<b>HUI Index</b>	Downside pressure remains a driving force. HUI showing support at the Mar uptrend, & seems reluctant to give way to lower levels. A break below 325 confirms the Aug high top area and a decline to the Jun lows is likely. I'm holding reduced positions in gold shares. I'm also willing to continue holding during weakness and will buy more when signs of an intermediate bottom emerges over the next month or so.	--	-	<b>336.68</b>	-
<b>HL</b>	Holding a reduced position. Riding it thru weakness & buying more on a further decline to the Mar uptrend 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>5.45</b>	2dc below \$3.5
<b>NG</b>	Holding a full strong position in NG. It's at new 3+ month high. Not many miners can say the same. A break above \$11 will confirm recent upmove that could push NG to the Apr highs above \$13. Keep your positions as long as NG holds above the Dec uptrend near \$8.	L	8.30 (Jul-15-20), 8.70 (Jul-22-20), 8.99 (Aug-7-20) (AVG: 8.65).	<b>10.65</b>	2dc below 8.
<b>BTR.V</b>	Holding small position thru weakness. Keep as long as BTR.V holds above the Jun low at \$1.	L	1.32 (Jul-23-20).	<b>1.28</b>	2dc below \$1
<b>CURRENCIES (55%)</b>					
<b>U.S. DOLLAR (DXU20)</b>	Most of our cash position is in U.S. dollars. The dollar's break above its 5wk MA at 93 suggests more upside is likely. A rise to the Mar downtrend near 95 is likely. The rebound rise will continue putting downside pressure on most assets. Wait for the dollar's rebound rise to peak to buy assets.		-	<b>93.44</b>	-
<b>FXB</b>	Holding some BPS to help counter currency risk. BPS is resisting at Dec highs (FXB: \$130 // BPS: \$1.34). A pull back or decline to the Mar uptrend is now likely. Take advantage of ST weakness in BP to diversify cash position more.		-	<b>125.64</b>	-
<b>FXA</b>	Started following Australian dollar and have been waiting for some weakness to diversify some of my cash position into Aussies. I suspect the Aussie could fall back to the Mar uptrend (FXB: \$70 \ Aussie: \$0.70). Take advantage of dollar strength to diversify some of your cash position.		-	<b>71.98</b>	-

## 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>RESOURCES AND ENERGY (8%)</b>					
<b>Crude (CLV20)</b>	Sell, but not at mkt. Wait for a bounce to \$40. Remove stops for now. Crude oil collapsed today below support at \$39. It's near the Jun lows. The decline has been harsh and therefore a sharp rebound rise is likely. If you want out, wait for the rebound reaction before selling. Otherwise, keep your positions.	L	35 (Jun-15-20), 42 (Aug-12-20) (AVG: \$38.50).	<b>36.76</b>	Hold.
<b>XOM</b>	XOM broke support at \$40 on 2 consecutive days. The decline confirms a bearish descending triangle suggesting more downside is likely. XOM has been dragging our portfolio. Sell at mkt for a loss.	O	61.90 (Feb-6-20), 61 (Feb-12-20), 50 (Mar-5-20), 32 (Mar-18-20) (AVG: \$51)	<b>38.18</b>	-
<b>COPPER (HGZ20)</b>	Copper is pulling back from recent highs. It remains strong above its key support at the Mar uptrend near \$2.95. A break below it could be the start of a trend reversal. I recently reduced exposure to resources considerably by selling XOM and half of BHP.	O	-	<b>3.0250</b>	-
<b>BHP</b>	Sold half of position protecting 18% profit built this year. Holding smaller position and adjusting stops. I'm keeping my smaller position through weakness, and consider buying again 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). Sold half per alert at \$53.50 protecting 18%+ gain (Sept-8-20).	<b>53.05</b>	2dc below \$47 (new).
<b>MELT UP RISE PORTFOLIO (20%)</b>					
<b>C</b>	Still holding. C is uptrending above the Mar uptrend near \$48. Resistance at \$55 has been hard to surpass. A break in either directions points to C's next intermediate move. Keep C as long as it holds above \$48.	L	73.75 (Nov-20-19), 40 (Mar-25-20), 50 (May-27-20), 50 (Jul-1-20) (AVG: \$55).	<b>51.04</b>	2dc below \$48.
<b>WMT</b>	Buy more on weakness, ideally below \$135. Keep your positions.	L	130 (Aug-26-20).	<b>138.45</b>	2dc below 115 (adj)
<b>SPXL</b>	Holding. Fell hard after reaching a new high since Feb this year. Allow some leeway. Would consider buying more on weakness.	L	53 (Aug-11-20), 54 (Aug-12-20) (AVG: 53.50).	<b>51.68</b>	2dc below 45
<b>SHOP</b>	Holding during weakness. Consider buying on further weakness near \$800, the Mar uptrend.	L	930 (Jul-16-20), 900 (Jul-24-20) (AVG: 915).	<b>917.40</b>	2dc below \$800.
<b>TBT</b>	Holding steady above \$14.50 support level. TBT is trading between Mar lows near \$14.50 and Jul high near \$18 for 6 months. Momentum fading; keep as long as it holds above Mar low & support.	L	15.40 (Aug-12-20).	<b>15.64</b>	2dc below 14.50

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All charts in *GCRU* are daily prices.

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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.

**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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