



# -GCRU-

*Weekly Trading Service*



Omar Ayales

Achieves gains by trading commodities, currencies and stocks

March 27, 2019

IN ITS 18<sup>th</sup> YEAR – N° 828

**BUY THE DIP...  
IN PRECIOUS METALS & GOLD SHARES!**

**BONDS SPIKE UP**

**MARKETS WHISPER RECESSION IN  
SLOW GROWTH MANTRA**

**OUR QUARTER REVIEW IS IN AND MORE PROFIT  
TARGETS ARE ON THE HORIZON!**

**COPPER FLIRTING WITH STOP, BUT DON'T SELL  
YET... I'M ADJUSTING STOPS...**

**OIL HOLDING FIRM**

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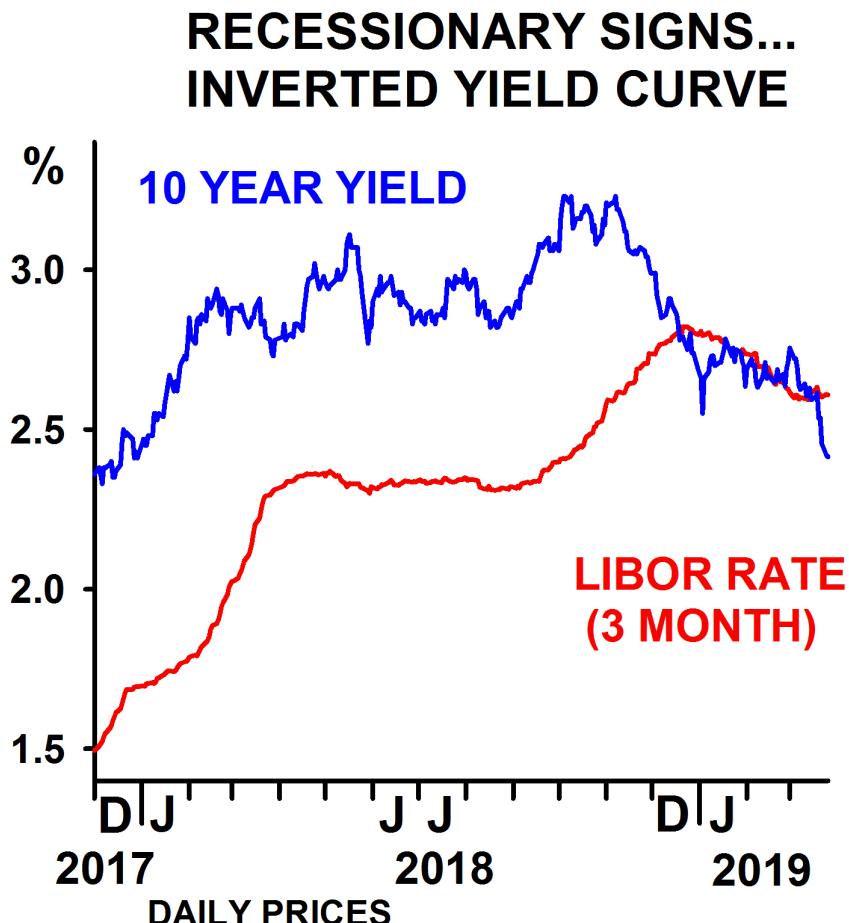
**I**nvestor's flocked to safety. They bought long duration bonds, pushing long term rates lower causing the yield curve to "officially" invert for the first time since 2007. A sign that an economic slow-down or recession is upon us.

Regardless on your take, it's yet another chant in the slow growth mantra.

**Famous last words....**

*"In the past the rise of short term interest rates above long-term rates has predicted recessions, it may not do so this time around. March 26, 2019" -  
Mary Daly, President of San Francisco Federal Reserve Bank*

Our first chart shows the yield of the U.S. 10 year note and the Libor Rate (3 month) since Dec 2017. Prior to that, both those rates inverted in 2006 - 2007, about a year before the following recession. The time before that was in the year 2000, just before another recession.



Noteworthy, both of those times, the inversion occurred about a year before an economic recession.

By a recession I mean a significant decline in economic activity that goes on for more than a few months.

The decline in long term yields means money is moving out of equities and risk asset and into safer, lower yielding, longer term assets.

It seems as if the market has practically discounted all of the net positives it can foresee...

A potential economic downturn in the U.S. would also put downside pressure on the U.S. dollar index (DXY) and it could act as a stimulant for emerging economies.



DXY is showing strength above 95.25. It continues to hold within a clear uptrend. However, the triple top resistance at the 96-97 level should not go unnoticed and could spell upcoming weakness.

DXY is already flirting with ST support levels. But if it fails to hold at the 95.25 level, it could fall back to 90. Despite potential upcoming weakness, the dollar remains “the cleanest shirt in the dirty hamper”, among other currencies.

Our next chart shows gold and long term U.S. government bonds.

Notice the correlation between the two. Since 2015, possibly the bottom in the gold market, both gold and bonds have moved together.

They both bottomed mid 2015, end of 2016 and the end of 2018. They also peaked near similar dates, even though gold has clearly outperformed bonds in that time frame. Gold is uptrending while bonds have essentially been a sideways market.

## GOLD & BONDS: A relationship

The chart also shows that uncertainty over the economy is growing pushing money towards safe haven assets.

It should not be a surprise that precious metals and gold shares have been the top performers since the second half of last year.

Gold continues to rebound higher showing bullish support above a key level near \$1295, gold's 15wk MA. If gold manages to hold above this uptrend and rises above its multi-year resistance at \$1365, it's off to the races.

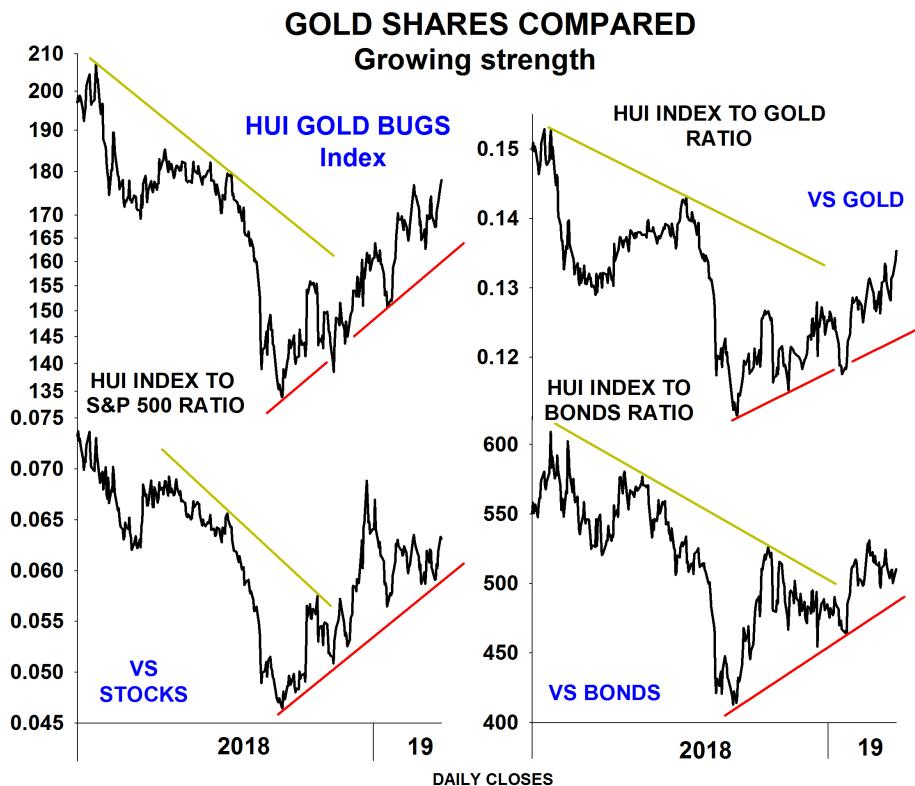
There are lots of eyes looking at that resistance level.



Silver is also rising. It's upmove has been less noticeable than gold's, but it remains uptrending, forming a strong base.

Notice silver is at the bottom half of the Nov up channel. It's rising quietly... but it's rising. If silver now breaks above \$15.75, into the upper half of the up channel, it'd be gaining momentum and rise to its key resistance near \$17 would be likely. We're holding a full position in silver as we continue to wait for a stronger upmove.





But the one that beats them all is gold shares.

Gold shares continue to outperform most asset classes. They've been on a tear since last Aug, and more strongly since Nov.

Our next chart shows HUI index and how it compares to other assets, such as bonds, stocks and gold itself. Notice these ratios are rising thereby confirming that gold shares have been the best yielding asset since the second half of 2018.

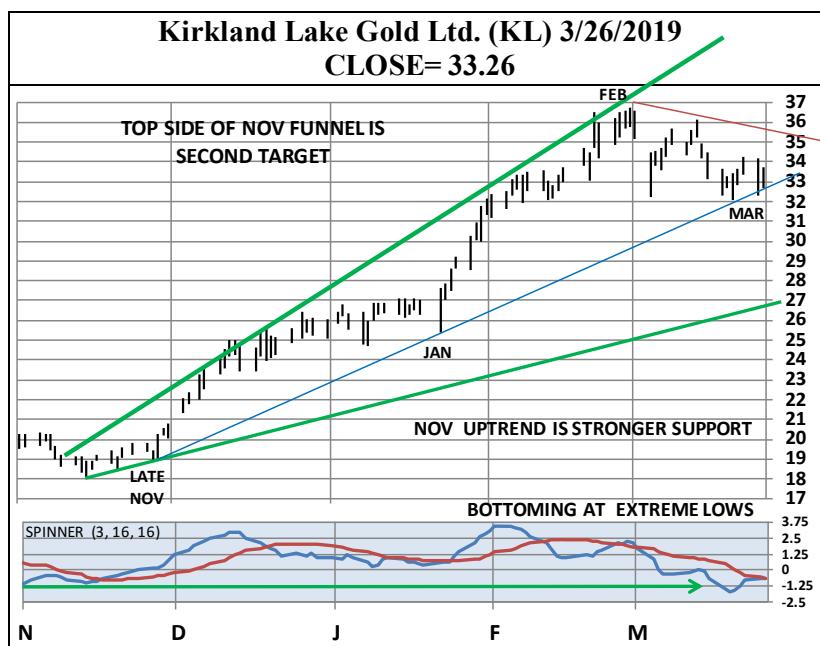


Another indication of gold share strength is our in-house A/D Line. Notice it finally broke above the Sept downtrend suggesting renewed strength in gold shares.

We've already been taking profits on some gold shares and have handsome profits built on others. Since Aug last year, precious metals and gold shares have taken up a large portion of our portfolio.

We had reduced our positions a bit earlier in the quarter by protecting profits built. But week we decided to shift back to owning more gold shares given the Federal Reserve's shift in stance.

We bought some Kirkland Lake Gold (KL) and added to our positions in SSR Mining (SSRM).



KL finds support at the Nov uptrend, confirming strength. Spinner is bottoming near an extreme suggesting KL has limited downside. KL is poised to resume its rise and reach the top side of its funnel.

Keep your positions for now.

SSRM unexpectedly dropped before we could protect some profits in the issue before last. However, the dip allowed us to pick up more positions. SRRM is now rising showing upside potential. Keep your positions.

**SSR MINING INC (SSRM) 3/26/2019**  
**CLOSE= 13.59**



Agnico Eagle Mines (AEM) is about to reach our first profit target at \$46. It reached a new high for the move and it's looking positioned to rise further.

**AGNICO EAGLE MINES LIMITED (AEM) 3/26/2019**  
**CLOSE= 45.56**



AEM could be reaching our profit target this week. If it does, I recommend selling half to protect an 18%+ gain.

The junior mines are also showing signs of strength. Our own Junior Mine Trust is up, flirting with new highs for the move and a stone's throw away from our profit target, near the Apr 2018 highs, just below \$32.

SGDJ is positioning for further upside. Be quick to protect profits if the target is reached.



Another indication of this investor sentiment can be seen in the price movement of utilities. Although most stocks are showing signs of weakness, the utility stocks are rising.

Utility companies tend to be a safe haven for investors given the consistent business activity utility companies have. Basic services is just one of those things you don't compromise, regardless of your financial condition.



Back in Oct-Nov last year, when I started pointing towards signs the slow growth mantra could catch on, I recommended buying DTE Energy (DTE). One of Michigan's leading energy companies.

Since we've taken profits on half of our position and are still holding the second half. Just since our last issue, DTE reached new highs above \$125. On the chart you'll notice Spinner holding at the zero line and ready for more upside.

Among the industries that are thriving is cannabis. The industry potential is such that it's soaking up lots of speculation money. The cannabis industry could potentially disrupt several industries that have a long standing such as medicinal, entertainment and fabric.

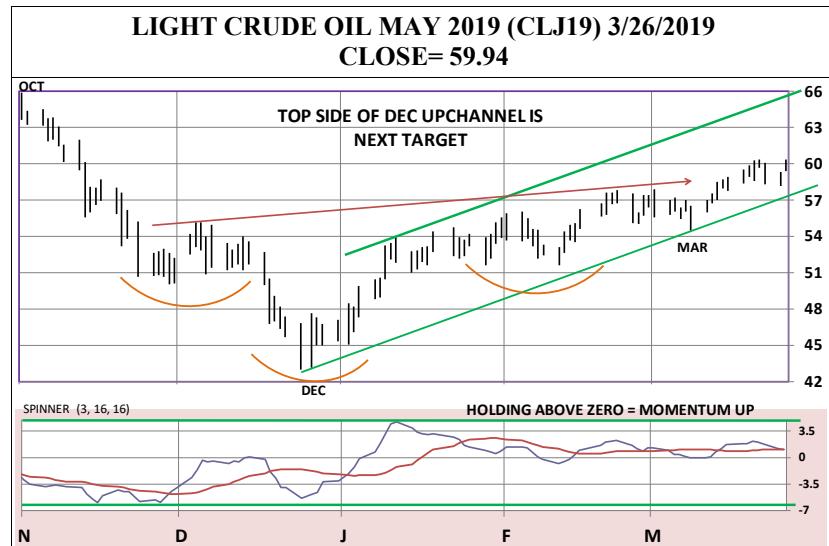
We've been eyeing the upside potential in this new industry and have profited handsomely trading Aurora Cannabis (ACB.TO & ACB). We secured a 25% gain recently and are holding the second half of our position.



Notice the chart shows some consolidation is likely from the recent up-move. The uptrend near CA\$10.50 seems like a possible target. However, the industry has been so strong that I do not want out all together.

I'll continue holding the rest of my position and will take advantage of declines on weakness near key support levels to buy more.

Interestingly, crude is holding up well. On going supply disruptions thru production cuts are likely to continue being supportive of higher oil.

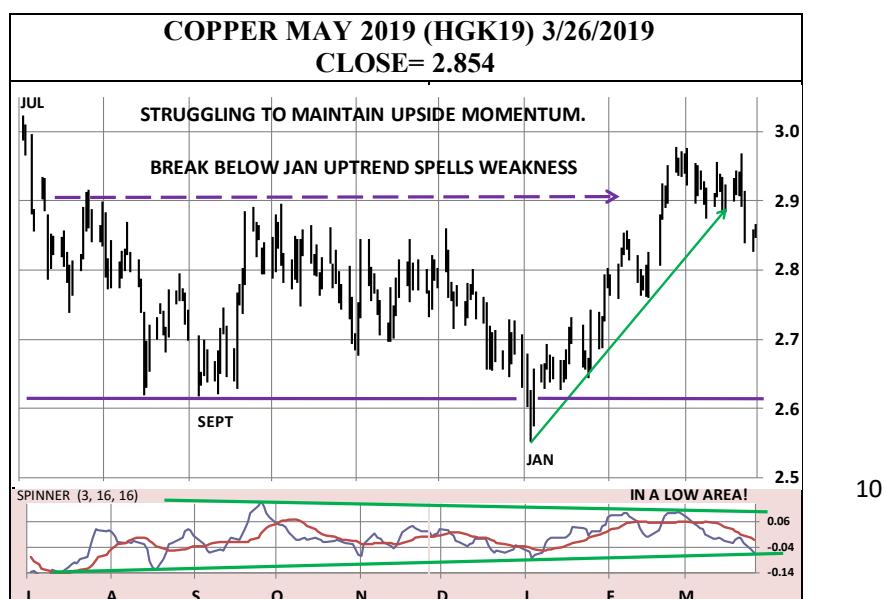


And although energy stocks are looking perky after the recent rise to \$60, they remain lackluster. Like I've been suggesting, supply disruptions can help maintain the price of crude, but it will not help maintain the price of the producers.

We recently took partial profits on crude and are holding the rest. Our second target is at \$66. I'm skeptical crude can sustain a rise to that level.

However, I will continue to keep my position given it's a reduced position to speculate a bit.

Sell at profit target if reached.



A slump in economic activity can also be seen in resources. Copper had been rising after consolidating a base above a key cyclical uptrend level near \$2.60.

But recently it failed to sustain ST support and has fallen back to the trading range near the lows. Copper is now showing some weakness ST. However, keep in mind, copper's support at \$2.60 is the level to keep an eye on.

Also consider the recent shift in rate policy by the Federal Reserve is likely to remove some downside pressure on emerging economies that could act as a catalyst for renewed business activity. Something that could be supportive of copper longer term.

Keep your positions.



Caterpillar (CAT), our lone resource company is also feeling the pressure. It too has been declining. However, we recently took an 18% profit in CAT on half of our position and are keeping the rest with built in profits.

I'm keeping a reduced position in CAT as part of the overall diversified strategy we've developed since the bear market in stocks broke out last fall.

### Quarter in Review

We're at the end of the first quarter and some reflection is warranted. Keep in mind, however, over the next few days we could see some of

our profit targets triggered and more profits secured. If that were to occur, our overall performance could be boosted.

But not counting our open positions, we managed to secure an average 7.5% gain for the first quarter of 2019 (30% annualized).

The return on our Other Stocks portfolio was our best performer. We were able to secure nearly a 10% gain in DTE Energy (DTE) and a 25% gain in Aurora Cannabis (ACB.TO) for an average gain in this portfolio of 17% during the quarter.

The return on precious metals and gold shares was an average 4% for the quarter. Our best trade was with B2Gold (BTG) as we managed to haul in an average 18% gain since we bought late last year and early this year.

We also secured gains in gold (+5%) and a smaller gain in platinum (+2%). At the beginning of the quarter we sold two positions for a loss as we were still fine tuning our portfolio.

Resources were not bad either with one notable exception... We secured an 18% gain in CAT and a 7.5% in crude oil. However we sold Danbury Resources (DNR) for a loss that wiped out most of our gains in resources. Our resource portfolio averaged a 1.5% gain.

The 7.5% average gain for the quarter is lower than the quarterly gain during the first quarter of 2018, but higher than the previous quarter average.

Moreover, we're holding positions with gains logged in and profit targets fast approaching. If AEM hits our profit target this week for example, it could improve our overall performance for the quarter.

Our strategy for this week is to watch profit targets closely. Many of our positions are getting closer. Protect profits if targets are reached.

Good luck and good trading,



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KEY PRICES			
Name/Symbol	Mar 26, 2019 Price	Change	Mar 20, 2019 Price
Gold (GCJ19)	<b>1315.00</b>	13.30	<b>1301.70</b>
Silver (SIK19)	<b>15.43</b>	0.11	<b>15.32</b>
HUI (HUI)	<b>177.95</b>	6.76	<b>171.19</b>
Copper (HGK19)	<b>2.85</b>	-0.07	<b>2.92</b>
Crude Oil (CLK19)	<b>59.94</b>	-0.19	<b>60.13</b>
S&P500	<b>2818.46</b>	-5.86	<b>2824.32</b>
U.S.Dollar (DXM19)	<b>96.23</b>	1.02	<b>95.20</b>
30 Year T-Bond (ZBM19)	<b>149.06</b>	2.16	<b>146.90</b>
10 Year T-Note Yield	<b>2.414</b>	-0.121	<b>2.535</b>
13-week Treasury bill	<b>2.405</b>	-0.003	<b>2.408</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	Targets
<b>PRECIOUS METALS PORTFOLIO</b>						
GOLD	The rebound continues. Gold is looking very strong above the Nov uptrend near 1295. Coincidentally, 1295 is also gold's 15 wk MA. Keep in mind, resistance at 1365 is strong. Spinner is at highs that have preceded ST pull backs since the current rise began in Aug. Keep your reduced position. We'll be looking to "buy the dip".	L	Bot: 1170 (Jan-5-17), 1220 (Mar-16-17). <b>Sold half at 1287 for 8% gain.</b> Bot: 1225 (Jul-3-17). <b>Sold half at 1345 for 11% gain.</b> Bot: 1289 (May-16-18), 1265 (Jun-21-18), 1258 (Jul-5-18), 1205 (Aug-30-18). <b>Sold half at 1290 for 5% gain.</b>	<b>1315.00</b>	2dc below \$1247	1365, 1536
PHYS	Sold half. Holding reduced positions. Waiting to buy again.	L	Bot: 9.63 (Jan-5-17), 10.12 (Mar-16-17). <b>Sold half at 10.54 for 7% gain.</b> Bot: 9.98 (Jul-3-17). <b>Sold half at 10.95 for 10% gain.</b> Bot: 10.58 (May-1-18), 10.15 (Jun-28-18), 10.20 (Jul-5-18), 9.65 (Aug 30, 18). <b>Sold half for 5% gain.</b>	<b>10.48</b>	2dc below 10	10.85, 12.75
SILVER	Less noticeable, but still uptrending. Silver is looking solid above the Nov uptrend and would be very bullish above the mid channel line. Spinner rolling over, but still showing momentum growing above zero. Keep your positions.	L	Bot: 17.35 (Mar-16-17), 17 (May-1-17), 16.35 (May-4-17), 17 (Jun-12-17), 16.30 (Jun-26-17), 16.15 (Jul-3-17), 15.75 (Jul-13-17). <b>Sold half at 16.65 for a small gain.</b> Bot: 16.40 (Nov-30-17), 15.95 (Dec-6-17), 15.80 (Dec-13-17), 16 (Jun-28-18) 14.60 (Aug 30, 18), 15.35 (Jan-22-19), 15.25 (Mar-15-19).	<b>15.43</b>	2dc below 15	17.5, 21
PSLV	Keep your positions.	L	Bot: 6.60 (Mar-16-17), 6.40 (May-1-17), 6.20 (May-4-17), 6.55 (Jun-11-17), 6.23 (Jun-21-17), 6.15 (Jul-3-17), 6.03 (Jul-13-17). <b>Sold half at 6.27 for a small gain.</b> Bot: 6.23 (Nov-29-17), 5.98 (Dec-6-17), 5.92 (Dec-13-17), 5.90 (Jun-25-18), 5.27 (Aug 30, 18), 5.52 (Jan-22-19), 5.60 (Mar-15-19).	<b>5.62</b>	2dc below 5.47	6.25, 8
HUI Index	Bullish! Gold shares remain in a solid uptrend. They reached a new closing high today, showing impressive strength. Spinner's bounce from the zero line is extending, approaching a high area. On the left, the A/D Line is breaking above the Sept downtrend; a key resistance level. However, because the A/D Line has already risen above this level, let's wait for a break above the Feb highs at 4350 before confirming renewed strength. MACD for A/D Line is bullish showing more upside potential. We increased positions last week on Thursday once again. We bought some Kirkland Lake Gold (KL) and added to our positions in SSR Mining (SSRM). Keep your positions. Still holding Agnico Eagle Mines (AEM) and Alps Sprott Junior Mines (SGDJ).	--	N/A	<b>178.16</b>		
AEM	Sell half at profit target. AEM is a stone's throw away from reaching our first profit target at the top side of the Nov upchannel near 46. Spinner rising, separating from MT MA showing strength and upside potential. Be quick to sell half at our first profit target protecting an 18% gain since the start of the year.	L	38.60 (Dec-11-18), 38.95 (Jan-4-19)	<b>45.56</b>	2d below 41	46 (almost reached), 52
SGDJ	New highs for the move! A clear break above 30 would surpass the July highs and it'd be off to the races! Spinner breaking out showing momentum picking up steam ST. Be quick to protect some profits at the profit target.	L	26.65 (Jan-30-19)	<b>29.64</b>	2dc below 26	31.5
SSRM	SSRM bounced back up after testing support near 12. It's now back above the Oct uptrend as Spinner jumped above its MT MA. The chart is bullish and suggests a rise to the top side of the Oct upchannel near \$15 is now likely. We bought some last Thursday, adding to our overall position. Keep it, but sell half at first (adj) target level.	L	12.25 (Jan-4-19)	<b>13.59</b>	2dc below 12	14.70, 15.25 & 20
KL	Bullish! KL has been among the strongest gold shares during the past couple of years. And it's confirming strength now as it stays above the late Nov uptrend near \$32.50. Spinner bottoming at an extreme level. It's not out of the woods just yet, but it looks ready. Keep your positions.	L	32.90 (Mar-21-19).	<b>33.26</b>	2dc below 28.20	39 & 50

# 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
<b>CURRENCIES</b>						
U.S. DOLLAR (DXZ18)	The dollar remains within a bullish path. It's strong above the Sept uptrend near 95.25. The dollar remains bullish above this level. Spinner rising, showing upside potential. Keep in mind, however, the dollar has formed a triple top since Dec telling us resistance at the 96-97 level is strong. The less pronounced highs are forming a new rising wedge pattern which tends to signal exhaustion. Keep your cash mainly in U.S. dollars.		Holding cash reserves mainly in U.S. dollars.	96.23		
<b>RESOURCES AND ENERGY</b>						
Crude- CLF19	Sell the rest at or near profit target. Crude continues to rise with strength. It's inching up. It has now formed a clear Dec upchannel with support near 57 and first upside target near 66. Keep your position. Some more upside is likely before downside develops.	L	Bot: 60.75 (Nov-8-18), 47.50 (Jan-4-19). Sold half for 7.5% gain (Mar-13-19).	59.94	2dc below 55	66
COPPER HGZ18	Don't sell just yet! Adjust stops to 2dc below copper's 15wk MA at 2.78. Spinner showing downside could be limited ST. Keep in mind, copper's stronger support is near 2.60.	L	Bot: 2.97 (Sept 20-17). Sold half at 3.20 for a 7.5% gain! Bot: 2.95 (Dec-6-17). Sold half at 3.26 for a 10% gain! Bot: 3.06 (Feb-9-18), 2.95 (Mar-26-18). Sold half at 3.30 for 10% gain! (Jun-7-18). Bot: 2.99 (Jun-27-18), 2.75 (Aug-1-18), 2.65 (Jan-10-19).	2.85	2dc below 2.78 (adj)	3.10 & 3.30
JJCTF (JJC)	Keep your positions. Buy some at mkt if underexposed to copper.	L	Bot: 33.60 (Sept 20-17). Sold half at 37 for a 9.5% gain! Bot: 33.50 (Dec-6-17). Sold half at 37.30 for a 11% gain! Bot: 34.50 (Feb-9-18). Sold half at 37.25 for 9% gain (Jun-7-18). 33.40 (Jun-27-18), 30.40 (Aug-1-18), 28.75 (Jan-10-19).	32.33	2dc below 28.20	33.5 & 36.50
CAT	CAT broke the bullish Dec uptrend. It's showing some support at 129, its Jan uptrend. Spinner neutral. Keep in mind, however, CAT remains uptrending by holding above 120 (Oct uptrend). Keep your positions for now.	L	Bot: 115 (Oct-24-18), 125 (Nov-28-18). Sold half via alert for an average gain of 18% (Feb-25-19).	131.84	2dc below 120	150
<b>OTHER STOCKS</b>						
ACB.TO	Still bullish! ACB is consolidating near the recent highs after breaking out. It's very bullish above the Dec uptrend near 10.50. Spinner rolling over, breaking below MT MA suggesting a continued pull back is likely. Keep your positions for now.	L	Bot: 9.90 (Nov-8-18), 9.40 (Nov-9-18) (ACB: 7.60 Nov-8-18, 7.15 (Nov-9-18). Sold half for 25% gain (Mar-13-19)!	12.23	2dc below 10 (ACB: 2dc below 7.50)	14.50 (ACB: 12)
DTE	Utilities are on a tear. The safe haven of stocks. DTE is looking bullish above its previous resistance near 121. Spinner held near zero and it's starting to breakout showing upside momentum developing. Keep your positions.	L	117 (Nov-21-18), 108 (Jan-4-19). Sold half via alert for average gain of 9% (Feb-22-19).	125.91	2dc below 120.	150

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<b>ABBREVIATIONS</b>	
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