



-GCRU-

Weekly Trading Service



Omar Ayales

Achieves gains by trading commodities, currencies and stocks

April 17th, 2019

IN ITS 18th YEAR – N° 831

**A STRONGER BULLISH CONFIRMATION
IS TRIGGERED... WE'RE BUYING SOME STOCKS!**

**WE SOLD SECOND HALF OF DTE FOR 10%+ GAIN!
WHAT ARE TOPPY UTILITIES SAYING?**

**WE GOT STOPPED OUT OF SILVER... IT'S WEAK
BELOW \$15... STAY OUT FOR NOW.**

**GOLD SHARES ARE FEELING THE PINCH TOO, BUT
ALLOW FOR SOME WEAKNESS**

The Transportation Average broke clearly above the Feb high this week confirming the bullish breakout the Industrials had just a week earlier. The move is bullish and could be the first clear sign telling us the bear is moving to the back seat.

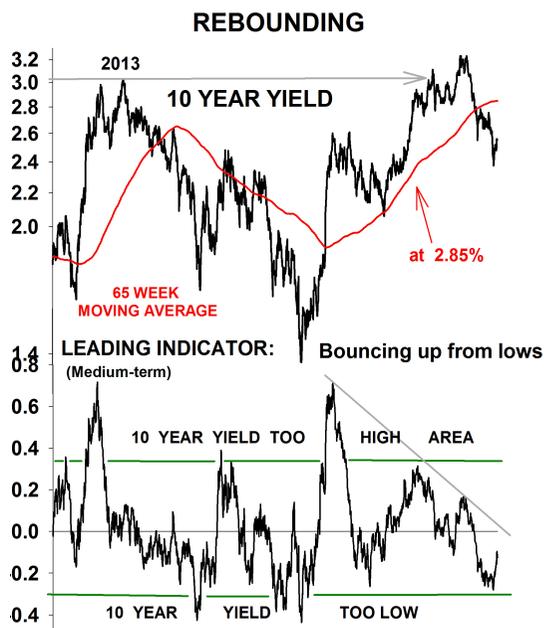
What could this mean? And especially at a time when growth prospects globally continue to decline.

We can't discard the fact that the breakout rise in the Transportation average is a bull trap. After all, the Volatility Index (VIX) did reach a new low suggesting stocks are frothy. Not only that, earnings season is not over and the data coming out is pointing towards disappointing figures.

"The successful man is not so superior in ability as in action."

-Roger Babson

However, we also must be able to adjust. When patterns form and break they expose a developing trend. We might not know exactly then what is the reason or reasons behind that development, but price action suggests a continuation or shift in dynamic fueling price movement. This is why technical analysis tends to give you an edge when selecting entry and exit levels.



We must be open to the idea that renewed strength in stocks could mean renewed optimism in business expectations at different levels, domestically in the U.S. and globally as the outlook for emerging markets continues to trend up.

Our first chart shows a chart of the yield on a U.S. 10 year T-note (10YY) with its MT leading indicator. Notice the 10YY's decline has been long and deep. However, its MT indicator is starting to rise from an extreme low area, suggesting the downside is limited.

This means the bond market could revert to a downtrend MT. The decline in bonds (rise in interest rates) suggests capital flowing out of safe haven instruments and possibly flowing into riskier assets, like U.S. equities at reasonable valuations.

Our next chart shows both stock Averages since September 2018. From the peak, they had a washout decline in Oct-Nov, to the December lows. A renewed rise up to the previous rally highs followed by a decline which started today's renewed rise surpassing the critical resistance.

The pattern is very typical of a H&S bottom. Many argue this patterns must come after a long drawn out bear market or decline. But the reality is the price action is what's telling and the move is indicative of a bottom with signs of renewed strength.

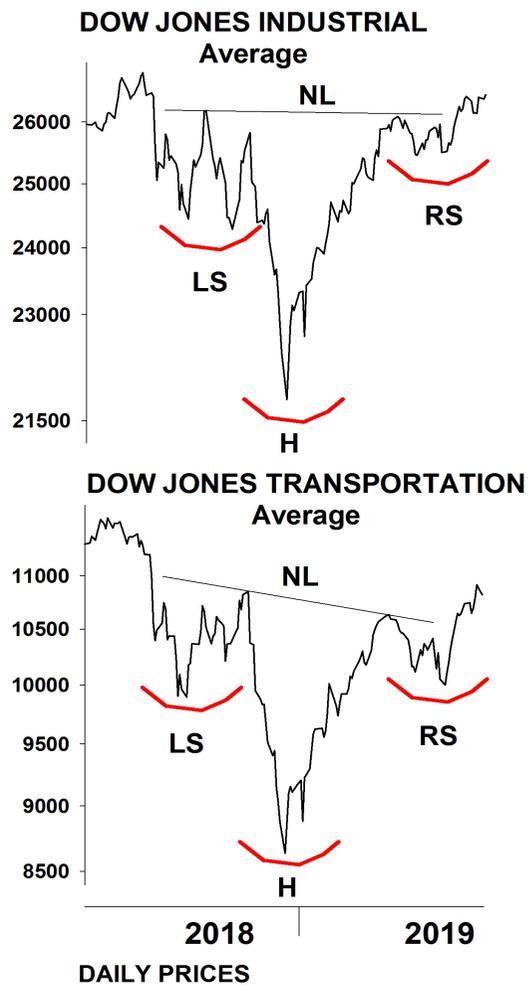
Both the Industrials and the Transports have broken above similar bullish patterns. Both breakout rises have also triggered a Dow Theory bull market confirmation.

A clear sign should have been the toppy utilities. We sold DTE Energy on a bounce up above \$124. It was up there many times. We took a 10.5% gain on the second half of DTE and have further increased our cash reserves. DTE could now see some downtime as risk appetite increases.

There are many stocks we've been following since the washout last year. We've been seeing how they've reacted to stock market weakness and checked out some fundamentals. We've also reviewed the technicals.

I really like Disney (DIS). Every since it took over 21 Century Fox last year on a deal valued at over 70 billion, it's been working to position itself as the ultimate content producing power house (watch out Netflix)

H&S BOTTOM COMPLETE



However, certain announcements regarding its CEO Bob Iger and the decline in overall stock market made me look at the development of price movement further.



DIS confirmed support at \$100 and had consolidated near \$115. Then just this week, DIS broke above the top side of a ascending triangle and exploded to \$130+.

The rise was coincidentally on the news of DIS launching its new streaming service called Disney Plus. Although DIS and Netflix's market cap are not too far from each other, DIS's annual income of nearly \$13 billion (sales of \$60 billion and assets of \$100 billion) can't compare to Netflix's \$1 billion in income (\$15 billion in sales and \$26 billion in assets). Even with this recent upsurge, DIS's price to book ratio is 3.5 times, as opposed to Netflix's 29.26 times. DIS's P/E ratio is 18.50 against Netflix's 131.02.

Netflix's value is solely based on its streaming service, while DIS streaming service is only now starting, with some of the most sought out content in the world. Currently, 100% of DIS income is

thru other means such as licensing, park entrance fees, food and beverage, real estate, merchandizing among others. Because of this and many other things, I believe DIS is one of the most undervalued companies out there.

It's also one of those companies that won't likely decline as hard as others with high valuations.

Buy some at mkt if you're looking to keep for long term. Traders, wait for a pull back to the breakout level below \$125 to buy. Buy more on weakness. Place stops at 2dc below \$109.

Another stock we've been following and it's looking really good is Proctor & Gamble (PG). Notice on the chart PG hardly dipped during October and since has risen strongly. It rose to new highs just yesterday.



PG's book to value is not as great as DIS, but it's still under 5. PG has annual income of 10 billion (66 billion in annual sales and 123 billion in assets). PG is a leader when it comes to packaged consumer products and as online retail continues to grow through

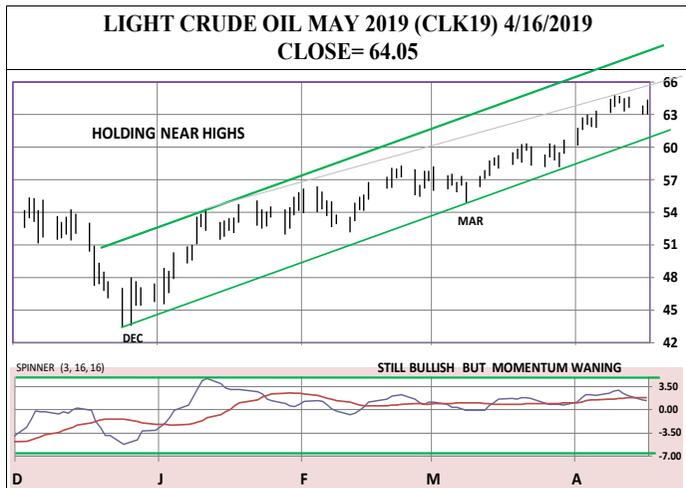
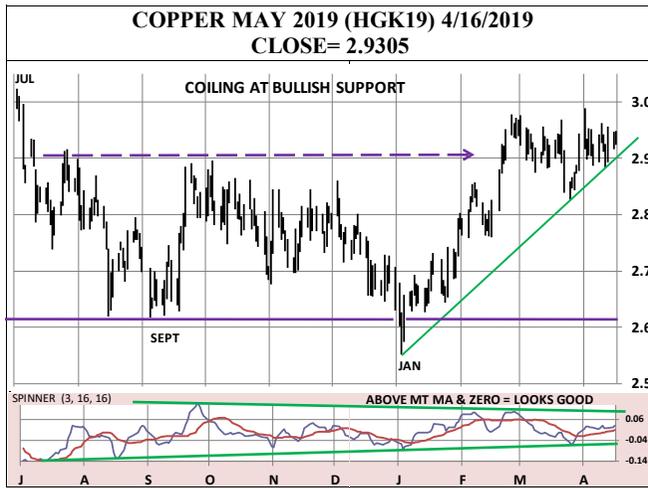
online retailers such as Amazon (recently online sales surpassed retail sales for the first time ever!). Packaged consumer products are likely to be even more accessible to consumers as they become more accessible.

Like I said, PG is not as good of a deal as DIS. If you had to pick between the two, I'd go with DIS.

We're also holding half a position in Aurora Cannabis (ACB.TO). It continues to consolidate after surging to the old highs. Our positions have handsome profits built in and we'll continue to hold our reduced position for now.



We have cash on the sidelines from recent sales and should consider buying stocks such as the ones above that are poised to perform well in a bull market environment, but that are seemingly cheap enough to hold in the event the bear is just temporarily napping.



Resources and energy have held strong. Crude oil is still holding on to its \$64 handle and looks very strong above its Nov uptrend near \$60. This means crude could still fall back nearly 10% and remain on solid uptrend. We're out for now but waiting for a decline to buy again.

Copper is also showing resilience by staying near the highs, above \$2.85. But it's clear copper's ceiling at \$3 is a hard hurdle to overcome. Copper seems to be coiling above the Jan uptrend just as Spinner is resuming its rise.

Keep your positions for now. Wait for a break above \$3 to see copper pick up steam.



Caterpillar (CAT) got a boost from overall strength in U.S. equities. It's testing key resistance at \$142. It actually rose to new highs, but continues to struggle to breakout clearly. If copper now breaks above \$143, it'll have open upside to rise to our second profit target at \$150. Be quick to sell to protect a 25% gain on the second half of our position.

For now, keep your positions.

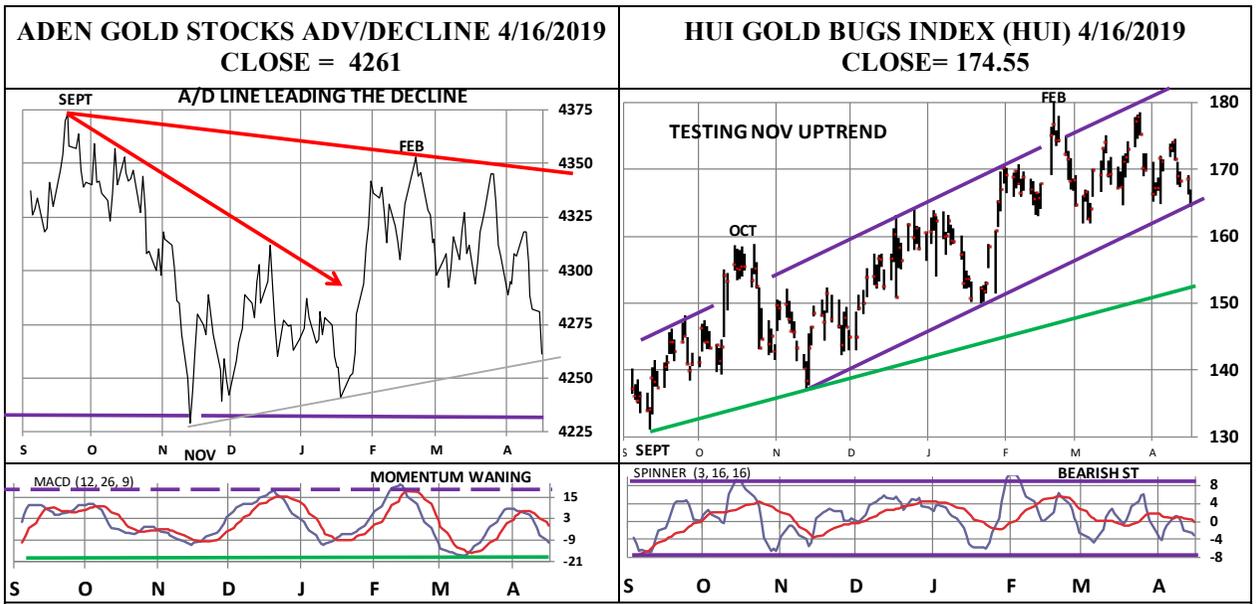
Precious metals are also showing weakness as risk appetite increases. Gold's 'B' decline weakness remains the driver. Gold's break below \$1290 was telling and ST weakness could now turn into MT weakness. Gold has strong support at the Aug uptrend near \$1265. Keep a close eye on this level.

In the months leading up to today, we've slowly reduced our exposure to the gold universe. We sold half of our gold and our entire platinum position last quarter. This week, silver got stopped out by breaking below \$15.



Silver broke below key support at \$15. A lackluster silver price has been telling us all along that slack remains in precious metals.

I'd rather keep my reduced position in gold and allow for some weakness in our gold shares than holding on to silver and other precious metals such as platinum.



We've been doing well trading gold shares. Recently we increased our positions. We've also done well on our precious metals portfolio. This is why I recommend keeping your gold shares and your reduced position in gold, allow for some weakness. Buy more at lower levels. But don't go all in. Weakness still has room to develop further.



Another big sign that was flashing right in front of our face was our in house A/D Line. The A/D Line didn't break above the Sept downtrend suggesting slack remained.

The A/D Line has now fallen to nearly the Nov lows where a bottom could be formed. HUI is testing Nov uptrend, a bullish support no doubt. But remember, HUI has strong support at the Sept uptrend near 153.

Our gold shares are holding up well for the most part. Yes, they've pulled back a bit and some are testing key support levels.

Agnico Eagle Mines also broke below ST support. I could have been a bit optimistic raising stops last week to \$42. Although AEM does have ST support at this level, price action suggests we could see more downside.



Adjust stops to 2dc below \$40. Allow for some leeway. Look to buy or increase positions on further weakness.

Kirkland Lake Gold (KL) is still one of the best gold share out there. It's holding firmly above \$30, the Nov uptrend. Notice Spinner's above its MT MA and rising from the lows. If KL breaks above \$35, it's off to the races!



We added to our positions this week and are open to buying more on further weakness.

Our Junior gold Miner (SGDJ) is also showing weakness. It too broke the uptrend from Nov. Spinner resisting at MT MA confirming SGDJ is losing momentum. Consider, however, SGDJ is approaching a ST low.

We bought some more SGDJ this week. Keep your positions for now. Don't buy more yet until weakness develops further. Reduce stops to 2dc below 24.

SSR Mining (SSRM) broke below support at \$12. It's looking vulnerable. However, Spinner is also telling us the downside remains limited. I recommend keeping thru some weakness and buying more at lower levels later on.

We bought some more this past week. Adjust stops to 2dc below \$11.



Despite recent sales of silver and platinum, as well as gold shares, our exposure to precious metals remains high, particularly thru gold shares. Gold shares could also benefit from surging stocks if gold holds above key support levels. Increase your exposure to U.S. equities too. Don't go overboard. Remember both averages must rise to new highs to have one last confirmation. Buy some of the better looking stocks. Be cautiously optimistic.



Good luck and good trading,



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UPCOMING CONFERENCE

**Come join me in Las Vegas at the Money Show on
May 13-15, 2019. Click [here](#) to sign up. It's free!
I look forward to seeing you there**

KEY PRICES			
Name/Symbol	Apr 16, 2019 Price	Change	Apr 9, 2019 Price
Gold (GCM19)	1277.20	-31.10	1308.30
Silver (SIK19)	14.91	-0.30	15.21
HUI (HUI)	164.81	-9.38	174.19
Copper (HGK19)	2.93	0.00	2.93
Crude Oil (CLK19)	64.05	0.15	63.90
S&P500	2907.06	28.86	2878.20
U.S.Dollar (DXM19)	96.65	0.04	96.61
30 Year T-Bond (ZBM19)	146.34	-1.66	148.00
10 Year T-Note Yield	2.59	0.09	2.50
13-week Treasury bill	2.38	0.02	2.36

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						
GOLD	Gold fell to new lows for the move after failing to surpass the Feb downtrend in the recent rebound confirming ST weakness. Moreover, Spinner's resisting below zero showing weakness. Keep an eye on 1265 (Aug uptrend). If gold holds at this support, it'll show strength and could resume its rise to test the "make or break" resistance at \$1365. We're holding reduced positions after selling some last quarter. We'll be looking to buy some on a continued decline that holds at \$1265. Don't jump all in. Increase your positions or buy new ones if you're out.	L	Bot: 1170 (Jan-5-17), 1220 (Mar-16-17). Sold half at 1287 for 8% gain. Bot: 1225 (Jul-3-17). Sold half at 1345 for 11% gain. Bot 1289 (May-16-18), 1265 (Jun-21-18), 1258 (Jul-5-18), 1205 (Aug-30-18). Sold half at 1290 for 5% gain.	1291.30	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). Sold half at 10.54 for 7% gain. Bot: 9.98 (Jul-3-17). Sold half at 10.95 for 10% gain. Bot: 10.58 (May-1-18), 10.15 (Jun-28-18), 10.20 (Jul-5-18), 9.65 (Aug 30, 18). Sold half for 5% gain.	10.48	2dc below 10	10.85, 12.75
SILVER	You're out. Silver broke below key support at \$15 showing renewed weakness. We got out near \$14.85 for 6% loss. The Feb downchannel is converging with the Nov low and support level exposing a likely downside target for silver. Silver has been lackluster. It's been trying to tell us that the gold upmove is not as strong as expected. We recommend staying out for now and looking for a continued decline below \$14.50 before buying again.	O	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). Sold half at 16.65 for a small gain. 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). Sold via stop for 6% loss.	14.92		
PSLV	You're out.	O	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). Sold half at 6.27 for a small gain. 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). Sold via stop for 6% loss.	5.62		
HUI Index	Our in house A/D Line was warning us all along. It wasn't lagging the HUI, it was leading the decline. The A/D Line is testing a mild uptrend since Nov. A break below this level suggests weakness could push gold shares to possibly the Nov lows. On the right, HUI is holding at the Nov uptrend, just barely. Spinner resisted below zero showing weakness, but also nearing an extreme. The chart tells us more weakness ST is likely. However, the dynamics for continued upside remain intact. We've made good profits on gold share during the past 2 quarters. Keep your positions and look to selectively increase them during weakness (or buy new ones if you're out).	-	N/A	174.55		
AEM	Agnico Eagle Mines (AEM) is testing ST support at \$42 as Spinner falls to an extreme low. Last week we raised our stop. However, I recommend allowing for some more lee-way and lowering your stop to a 2dc below \$39. Add to your positions on any decline to \$40 or lower.	L	38.60 (Dec-11-18), 38.95 (Jan-4-19)	41.70	2d below 39 (adj)	46 52
SGDJ	ALPS ETF TRUST SPROTT JUNIOR MINES (SGDJ) is showing weakness. It's falling sharp and it's at new lows for the move. Spinner under pressure suggesting more downside is likely. However, keep your positions for now. Allow for some weakness. Don't buy more yet.	L	26.65 (Jan-30-19), 28.35 (Apr-10-19).	26.14	2dc below 24 (adj).	31.5
SSRM	Slipping below stop. SSRM is also showing weakness, testing the Sept uptrend. Spinner is bearish but near an extreme suggesting weakness could soon be over. Keep your potitions for now. Reduce stops to 2dc below \$11.	L	12.25 (Jan-4-19), 12.90 (Mar-21-19), 12.50 (Apr-10-19).	11.91	2dc below 11 (adj)	14.70, 15.25 & 20
KL	Kirkland Lake Gold (KL) is holding above its Nov uptrend. It's showing higher lows since the recent lows earlier this month. KL has proven to be resilient and has held stronger than most. Keep your positions for now. If looking for exposure, but below \$31.	L	32.90 (Mar-21-19), 32 (Apr-10-19).	30.95	2dc below 29 (adj)	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
CURRENCIES						
U.S. DOLLAR (DXM19)	The U.S. dollar index (DXY) continues to struggle to surpass the resistance level between the 96-97 level. Spinner on the decline, showing weakness and more downside risk. DXY is coiling, between the resistance and the uptrend. A break in either direction would be very telling. A break above 97 would show renewed strength, while a break below 95.50 could spell officially a trend reversal. Keep cash reserves in U.S. dollars mainly.		Holding cash reserves mainly in U.S. dollars.	96.65		
RESOURCES AND ENERGY						
Crude CLK19	Crude oil remains near the recent highs. Spinner is falling from an extreme level telling us some downtime is now likely. Consider crude oil could fall back to the Dec uptrend near 60 and remain bullish. We've done well trading crude oil during the recent 2-3 years. Now we're out, and waiting for more weakness below \$60 before buying again.	O		64.05		
COPPER HGK19	Copper's struggling to surpass resistance built near \$2.90-3. However, Spinner remains above its MT MA with room to rise further, suggesting more upside is likely. If copper breaks above \$3 it'll show renewed strength and a rise to the old highs near 43.30 would then be likely.	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).	2.93	2dc below 2.78 (adj)	3.10 & 3.30
JJCTF (JJC)	Keep your positions.	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 is breaking above key resistance at the Feb highs. It reclaimed the 142 handle and it's now testing longer term resistance near 143, it's 65wk MA. A break above this level could put CAT out of the woods and in the clear and within striking distance to our second profit target at 150. Keep the second half of your position for now. Sell the rest at profit target.	L	Bot: 115 (Oct-24-18), 125 (Nov-28-18). Sold half via alert for an average gain of 18% (Feb-25-19).	142.03	2dc below 120	150
OTHER STOCKS						
ACB.TO	ACB.TO is jumping up from support near 11.50. It's been sliding slowly since receiving the big news about a month ago about Nelson Pelz a month or so ago. However, we've made good returns on ACB and are now willing to let it ride a bit longer. We have handsome profits built in (25%) too.	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)!	11.82	2dc below 10.50 (ACB: 2dc below 7.50)	14.50 (ACB: 12)
PG	Bullish! PG barely dipped during the Oct washout it has come back better and stronger than before. Still, at current levels, its price trades about 5 times above book value. During the recent washouts, PG didn't really decline much. This tells me PG is likely to remain stronger relative to other stocks on a renewed push upward. Consider buying some near 100 and more on a decline to 90. Place stops 2dc below 85.	O		106.42		
DIS	Great value! DIS exploded to the upside, breaking above a bullish ascending triangle and into new highs! DIS has it all and it's poised to rise further. ST it's a little over extended. A pullback initially to the breakout level near 120 is now likely. Buy some on a pull back below 125 and more near 109. Keep stops at key support level on a 2dc below 100.	O		129.90		
DTE	You're out. I sold the rest on a bounce up above 124. DTE surpassed 124 intraday a few times and closed above it the past two days. Today, however, it's falling, breaking below the Jan uptrend showing weakness remains. If stocks have a renewed rise, utilities could go to the back burner. Stay out. We did well with DTE. We averaged a 10% gain since Nov.	O	117 (Nov-21-18), 108 (Jan-4-19). Sold half via alert for average gain of 9% (Feb-22-19). Sold second half for 10.5% gain!	122.81		

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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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