



# -GCRU-

Weekly Trading Service



Omar Ayales  
Editor

Achieves gains by trading commodities, currencies and stocks

5/25/2017

IN ITS 16<sup>TH</sup> YEAR- N° 739

## WHEN THE BOUGH BREAKS...

The past couple of weeks have been intense, to say the least.

The 10 year yield resisted at its key 2.42% resistance, the dollar broke below a key support at 98 and gold reversed a moderate decline for the time being.

Although many were not expecting this action, GCRU readers were practically waiting for it...

Political and economic issues have been brewing. And the dollar finally caved in, breaking key support levels. For the first time in a year, the dollar has turned bearish.

This is the reason why we're showing the dollar and the 10 year yield as the **Chart of the Week**. Although we showed it in our SPECIAL ALERT last week, it deserves further commentary.

The Chart of the Week shows the dollar and the 10 year yield side by side since 2014. Notice the 10 year yield and the dollar started moving together in May 2016. Since then, they've peaked and have started to decline.

*"The only source of knowledge is experience"*  
- Albert Einstein -

Not only have both breached key support levels, their MT leading indicators are telling us both charts still have room to decline further!



This means the decline in both the dollar and the 10YY could continue throughout the rest of 2017. The dollar is now positioned to decline to the bottom side of a 2 year long sideways band in the lower 90s. The 10YY could decline to the 2.10% level, initially.

Keep in mind the U.S. economy remains fragile. Housing starts declined from a month earlier showing renewed slack in an important sector of the economy.

Also China's woes continue to become more apparent. Just yesterday, Moody's Investor Services downgraded China's credit rating.

Interestingly, the Euro zone is looking perky with Germany leading the pack. Strength in the Euro zone and other emerging markets could also add downside pressure on the dollar.

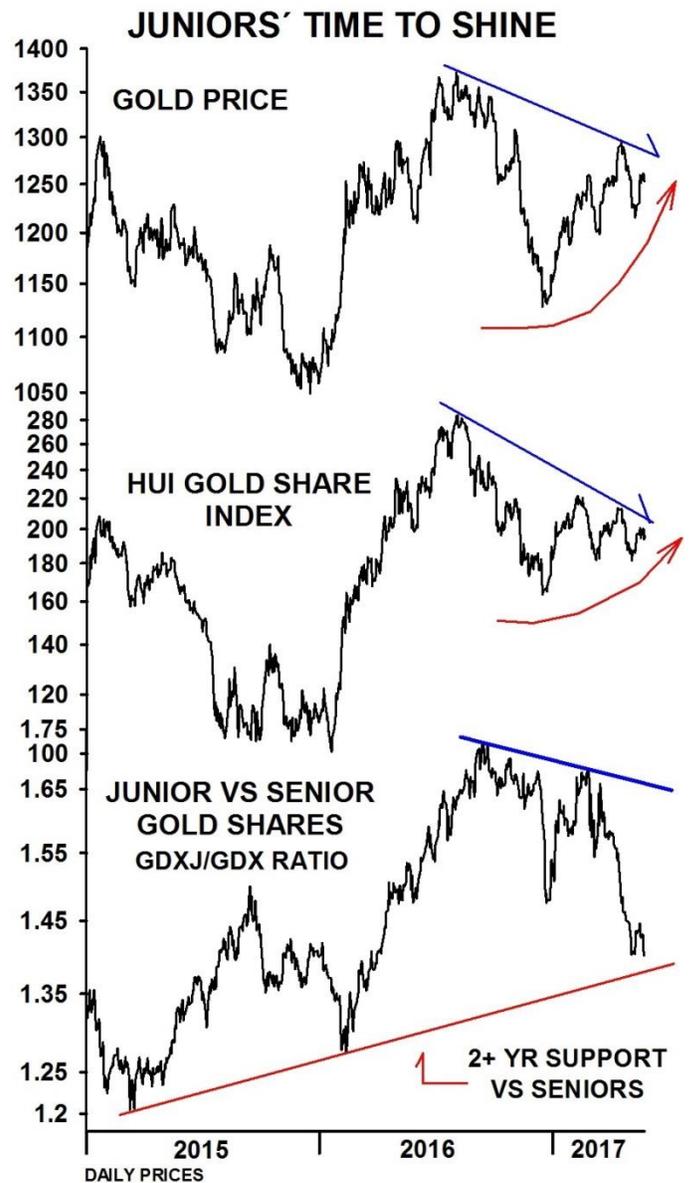
And while gold has been enjoying the benefits of a weaker dollar and rising inflation, it still has not broken above key resistance levels.

The 'B' decline remains in play.

Back in December 2015 when the Fed raised interest rates for the first time, it marked gold's bottom from a bear market that started at the 2011 peak. Furthermore, gold's next key bottom and support came in Dec 2016, when the Fed raised rates for the second time in a decade.

Gold's last key support level was during Mar 2017, when the Fed raised rates a third time.

Interestingly, the Mar rate hike coincided with a bottom from where gold's 'A' rise would take off. Gold's 'A' rise peaked near \$1300. The 'B' decline then began with a potential downside target at the Dec 2015 and 2016 uptrend support level near \$1185 as shown in our issue two weeks ago.



But so far, by holding above the Mar lows, gold displayed impressive strength within its cyclical bull market.

However, downside pressure from gold's 'B' decline will continue to keep a lid on gold, unless gold rises and stays above its previous 'A' rise peak near \$1300. Before then, don't be worried if gold actually reverses its recent rise and falls to test the \$1185 level. If it does, we'll be buying gold and gold shares with both hands!

Gold's strength did not allow us to buy more during recent weakness. However, don't try to be a hero and buy at current levels. Wait for more weakness or a clear breakout above the \$1300 level to buy more.

There are other indicators telling us gold could see some weakness before resuming its bullish rise. And that is gold shares and silver.

Typically, when gold rises within a bull market, silver rises more. So do gold shares, particularly the junior miners.

The silver to gold ratio is at the mid to lower 70s to 1. A break below 65 to 1 ratio in favor of silver would signal a heated gold and silver market. Keep in mind; the gold to silver ratio during the 2011 peak was at 30 to 1.

Gold shares have reacted better and stronger than silver, they too have not performed with strength that is typical of a bullish leg up in gold. Less, when we turn to the junior sector and how it has been performing.

The next chart shows a line-up of gold, HUI and a senior to junior gold mine ratio.

**Note the junior mines have outperformed the seniors since the low in Dec 2015.** Junior miners have been uptrending. They've performed better than the seniors during strong leg up rises in gold and have underperformed the seniors during gold's moderate rises or declines.

The senior to junior ratio is now reaching the uptrend that started late 2015. This tells us we could start seeing junior gold miners outperform the seniors once again, allowing for very profitable opportunities.

We don't want you to nose dive into the juniors just yet. Be patient and cherry pick your way through. We always recommend picking some up at market to avoid getting left out in case they don't pull back again. Then, buy more on weakness until you have a full position.

The idea is to be loaded up with gold shares, particularly juniors, when gold's 'C' rise begins.

We currently have positions in AEM and SLW (now WPM). We have handsome profits built on these. Some of you may have sold the second half of your AEM for an approximate 17% profit when it reached \$50. If you did, great. It's never a bad moment to take profits. If you didn't, then keep your positions. If you did sell and want to buy back, wait for weakness or a breakout...

We're adding to the stable of charts BTG and MUX, as announced last week. Both are great junior mines with solid assets in production and balance sheets. They're not as vulnerable as most, but allow enjoying upswings that are typical in junior gold mines.

### **Crude oil continues to rise.**

It's now a stone throw away from our first target and poised for more upside.

However, resistance right below our first target seems to be getting heavier so we recommend selling half above \$51.50 to protect some profits. If you sell at \$51.50 you should be banking 12% in less than a month! Keep the rest of your position.

An announcement by OPEC to extend production cuts an additional 6 to 9 months could give crude an additional push upward.

Sell the second half at our second profit target near \$55.

The stock market gave everyone a scare last week when it took a 1% dive. Although it's not that much of a decline within the bigger scheme of things, it does signal slack in certain sectors of the market, such as Transportation stocks and the automobile industry.

We sold our IYT via stop last week and we're keeping the cash handy to buy more gold shares.

Stocks, however, remain bullish and they will need a much bigger fall than 1% to trigger a trend reversal.

Our strategy for this week is to keep a close eye on gold's \$1285-\$1300 resistance level as a break above it would trigger a bullish 'C' rise that could push gold to \$1380 or higher.

Also keep an eye on the dollar's resistance level at 100.50. As long as it stays below this level, it'll remain weak. Also pick up some gold shares as well.

Remember not to pile in at this moment. Buy some now and more on weakness. Take a load off and protect half of your crude position. Again, cash from this recent profitable venture will be needed to buy gold shares moving forward.

Good luck and good trading,



Omar Ayales  
Chief **Trading** Strategist  
**GCRU**

[www.goldchartsrus.net](http://www.goldchartsrus.net)

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| KEY PRICES             |                    |        |                    |
|------------------------|--------------------|--------|--------------------|
| Name/Symbol            | May 24, 2017 price | Change | May 17, 2017 price |
| Gold (GCM17)           | 1253.10            | -5.60  | 1258.70            |
| Silver (SIN17)         | 17.17              | 0.26   | 16.91              |
| HUI (HUI)              | 196.20             | -4.35  | 200.55             |
| Copper (HGN17)         | 2.58               | 0.04   | 2.55               |
| Crude Oil (CLN7)       | 51.36              | 2.29   | 49.07              |
| S&P500                 | 2404.39            | 47.36  | 2357.03            |
| U.S.Dollar (DXM17)     | 97.15              | -0.31  | 97.46              |
| 30 Year T-Bond (ZBM17) | 153 - 17           | -0.08  | 153 - 25           |
| 10 Year T-Note Yield   | 2.27               | 0.05   | 2.22               |
| 13-week Treasury bill  | 0.91               | 0.03   | 0.88               |

## JOIN ME AT A CONFERENCE

I'll be speaking at the Metal's Writers Conference 2017 in Vancouver, Canada at the Vancouver Convention Centre East on May 28 -29.

Click [HERE](#) to see more.

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## CHART SECTION SUMMARY

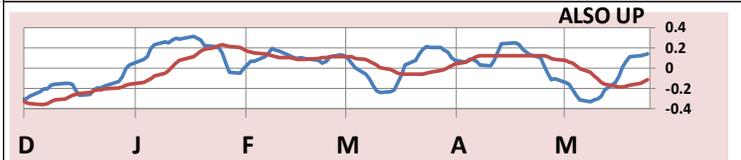
| PAGE N° | Symbol                | Trade Update &/or Current Position  | Status<br>L=Long<br>S= Short<br>O= Out<br>P= Put<br>C= Call | Initial Entry Date | Position Entry Price | Last Closing Price | Stops           | Target #1 | Target #2 |
|---------|-----------------------|---|---|--------------------|----------------------|--------------------|-----------------|-----------|-----------|
| 6       | GOLD                  | Keep second half positoin. Buy again near 1230.   | L   | Jan-5-17           | 1170, 1220           | <b>1253.10</b>     | 2dc below 1200  | 1380.00   | 1450.00   |
|         | PHYS                  | Keep second half position. Buy again near 9.90.   | L   | Jan-5-17           | 9.63, 10.12          | <b>10.25</b>       | 2dc below 9.80  | 11.50     | 12.00     |
| 7       | SILVER                | Keep your positions.  | L   | Jan-5-17           | 17.35                | <b>17.12</b>       | 2dc below 16    | 19.25     | 20.50     |
|         | PSLV                  | Keep your positions.  | L   | Jan-5-17           | 6.35                 | <b>6.52</b>        | 2dc below 6     | 7.20      | 7.90      |
| 8       | HUI Index<br>A.D LINE | Our strategy will reman in plae as we add 2 other junior gold miners to our recommended list      |   |                    |                      | <b>196.20</b>      |                 |           |           |
| 9       | GDXJ                  | Keep your position.   | L   | Mar-16-17          | 37.3, 35.75, 31.90   | <b>32.21</b>       | 2dc below 28    | 38.00     | 50.00     |
| 10      | AEM                   | Keep your positions. Buy again near 45  | L   | Mar-16-17          | 42.50                | <b>48.27</b>       | 2dc below 40    | 50.00     | 60.00     |
| 11      | WPM                   | Buy again near 19.25.   | L   | Mar-17-17          | 19.80                | <b>20.77</b>       | 2dc below 18.50 | 22.00     | 23.75     |
| 12      | BTG                   | Buy a bit at mkt and more near 2.30. Place stops at 2dc below 2.20. Profit target at 3 & 3.30.    | O   |                    |                      | <b>2.47</b>        | 2dc below 2.20  | 3.00      | 3.30      |
| 13      | MUX                   | Buy a bit at mkt and more near 2.50. Place stops at 2dc below 2.35. Profit targets at 3.50 and 4. | O   |                    |                      | <b>2.80</b>        | 2dc below 2.35  | 3.50      | 4.00      |
| 14      | US Dollar<br>DXM17    | Stay out for now.   | O   |                    |                      | <b>97.15</b>       |                 |           |           |
| 15      | TNX                   | Stay out.   | O   |                    |                      | <b>2.27</b>        |                 |           |           |
| 16      | COPPER<br>HGN17       | Stay out for now.   | O   |                    |                      | <b>2.58</b>        |                 |           |           |
| 17      | Crude-<br>CLN17       | Keep your new position. Sell half above 51.50, for an approximate 12% gain in 3 weeks.            | L   | May-4-17           | 45.90                | <b>51.36</b>       | 2dc below 41.50 | 52.00     | 55.00     |
|         | DBO                   | Keep your position. Sell half at adj profit target.   | L   | May-4-17           | 8.05                 | <b>8.76</b>        | 2dc below 7.25  | 8.85      | 9.50      |
| 18      | DIA                   | Keep your positions. Sell half at first profit target.  | L   | Apr-11-17          | 205.00               | <b>209.82</b>      | 2dc below 200   | 225       | 240       |
|         | IYT                   | Stay out-   | O   |                    |                      | <b>162.82</b>      |                 |           |           |

# CHART SECTION

**GOLD JUNE 2017 (GCM17) 5/24/2017**  
CLOSE = 1253.1



**Sprott Physical Gold Trust (PHYS) 5/24/2017**  
CLOSE = 10.25



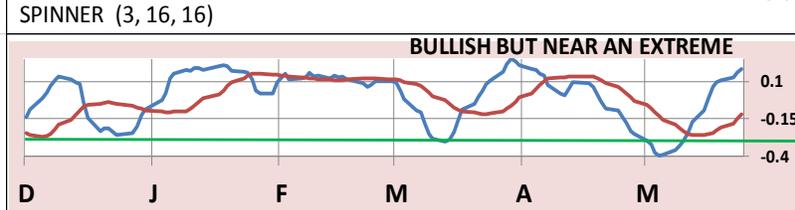
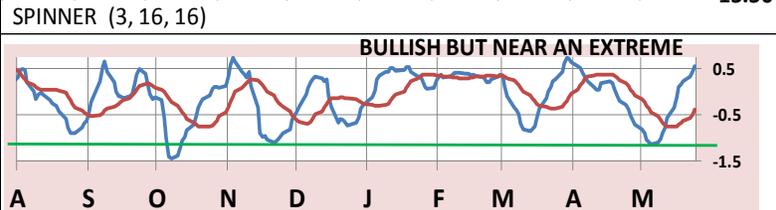
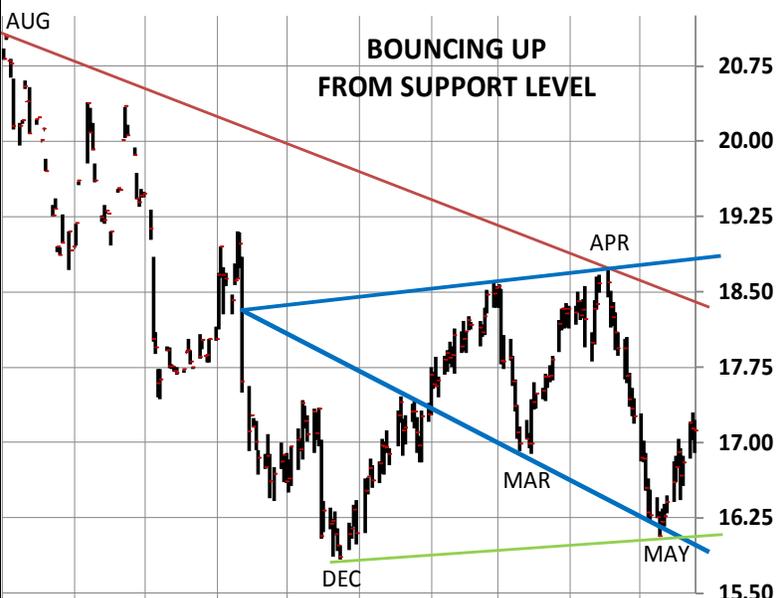
|                |   |
|----------------|---|
| Long           | 1170 (Jan-5-17), 1220 (Mar-16-17). <b>Sold half at 1287 for an average 8% gain.</b> |
| Stop           | 2dc below 1200.   |
| Profit Targets | 1380 & 1450.  |
| Recom          | <b>Keep second half position. Buy some near 1230.</b>                               |

|                |  |
|----------------|--|
| Long:          | 9.63 (Jan-5-17), 10.12 (Mar-16-17). <b>Sold half at 10.54 for an average gain of 7%.</b> |
| Stops          | 2dc below 9.80.  |
| Profit Targets | 11.50 & 12   |
| Recom          | <b>Keep second half position. Buy below 9.90.</b>  |

Gold quickly reversed its decline since the Apr highs and started to rise. Although the backbone of gold's cyclical bull market rise remains inflation driven, the recent upsurge in gold was mainly due to weakness in the dollar. Gold is flexing its muscles as it reaches the door-step of a key resistance level near 1285-1300. Spinner bounced back above zero showing momentum is on gold's side for now. However, don't let the cheerleaders fool you. Keep in mind, gold's 'B' decline is not over yet. Gold must rise above the recent Apr high near 1300 to confirm the end of the decline and the start of a 'C' rise. This tells us we could see gold rise a bit further to the 1285-1300 level and remain within the 'B' decline. Moreover, this also tells us we could still see gold decline to 1180 and remain bullish within its cyclical bull market. If you are currently not fully invested, don't be the hero that buys at mkt. Wait for a decline to 1230 to buy again or buy on a breakout above 1300.

**SILVER JULY 2017 (SIN17) 5/24/2017  
CLOSE= 17.117**

**Sprott Physical Silver Trust (PSLV) 5/24/2017  
CLOSE= 6.52**



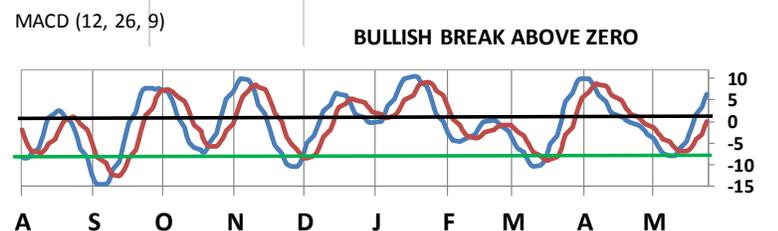
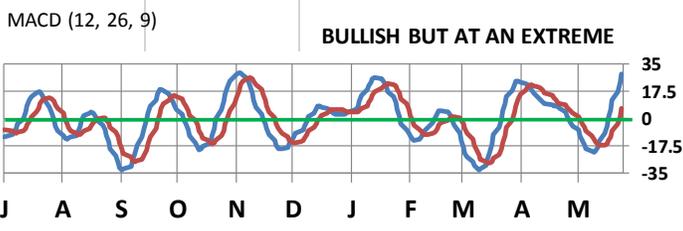
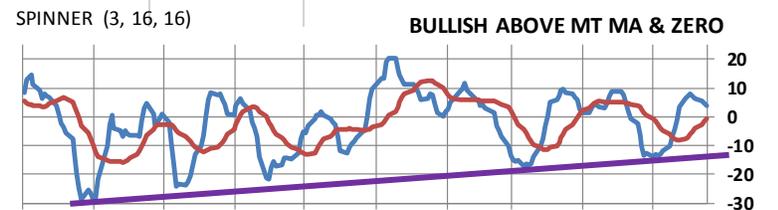
|                |   |
|----------------|---|
| Long           | 17.35 (Mar-16-17), 17 (May-1-17), 16.35 (May-4-17). |
| Stop           | 2dc below 16.                                       |
| Profit Targets | 19.25 & 20.50                                       |
| New Recom      | <b>Keep your positions.</b>                         |

|                |   |
|----------------|---|
| Long           | 6.60 (Mar-16-17), 6.40 (May-1-17), 6.20 (May-4-17). |
| Stop           | 2dc below 6.  |
| Profit Targets | 7.20 & 7.90   |
| New Recom      | <b>Keep your positions.</b>                         |

Silver continued to rise after bouncing up from the May lows showing impressive strength by holding above the Dec lows. Spinner moved from extreme to extreme. It's currently bullish but also telling us we could see some consolidation or even a pullback ST. Silver has rock solid support at the Dec lows. However, to confirm a new bullish uptrend, silver must rise above the Aug downtrend on a 2dc above 18.50. We recommend taking advantage of weakness to add to your silver position, if not yet in or not yet fully committed.

**ADEN GOLD STOCKS ADV/DECLINE 5/24/2017**  
CLOSE = 4553

**HUI GOLD BUGS INDEX (HUI) 5/24/2017 CLOSE= 196.2**



Gold shares are starting to show signs of renewed strength. HUI's bullish jump after reaching the Mar lows is showing two important things: a) gold shares have solid support at 180 and, b) strength. The 'W' low and support from Mar and May as seen in both the A/D Line and HUI shows strong support and a solid base where gold shares can now rise from. Moreover, both Spinners and MACDs for HUI and the A/D Line remain bullish. Also very impressive is the A/D Line's rise above both the Aug downtrend and the Feb highs. On the break, the A/D Line reached an 8mo high showing impressive strength. If the HUI follows and breaks above its own Feb high (220), thereby confirming strength in the A/D Line, we'd see a bullish confirmation that could push gold shares to their Aug highs near 280, or higher. Gold shares are currently offering some of the best potential for upside around. Keep in mind, however, gold's 'B' decline remains in effect and we could still see gold shares decline and re-test the 'W' low & support level before taking off. We've been patiently accumulating gold shares, gold and silver. Our strategy will remain in place as we add 2 other junior gold miners to our recommended list.

**MKT VECTORS JR. GOLD MINERS (GDXJ) 5/24/2017 CLOSE= 32.21**



**Junior Gold Miners ETF (GDXJ) - NYSEArca**

|                |  |
|----------------|--|
| Long at:       | 37.30 (Mar-16-17), 35.75 (Apr-17-17), 31.90 (Apr-25-17), 29.70 (May-4-17). |
| Stop:          | 2 dc below 28.   |
| Profit target: | 38 & 50.   |
| New Recom:     | <b>Keep your positions.</b>  |

GDXJ held above the mid-channel line of the Aug downchannel showing strength. It's now resisting below a shorter term downtrend since Feb. A break above this level on a 2dc above 35 would confirm recent strength and a rise to test the Aug downtrend near 38 would then be likely. Spinner remains on the rise with room to rise further. This tells us to keep our positions as momentum is picking up. We recommend buying some on weakness if you would like to increase exposure to the junior gold miner sector. If you are not confident about the recent indexing issues, you can also look to invest in SGDJ, the junior gold miner index by Sprott.

# Agnico Eagle Mines Limited (AEM) 5/24/2017 CLOSE= 48.27



## Agnico Eagle Mines Limited (AEM) -NYSEArca

|                |  |
|----------------|--|
| Long:          | <b>42.50 (Mar-16-17). Sold half at 46.05 for an 8% gain.</b> |
| Stop:          | 2dc below 40.  |
| Profit Target: | 50 (reached!) & 60.  |
| New Recom:     | <b>Keep your positions. Buy again near 45.</b>               |

AEM is very strong. Last week, AEM broke above a bullish H&S bottom with upside potential at 60. It now remains near the break-out level within a bullish uptrend with support at 45. If AEM fails to rise and stay above 50, we could see it decline to the Dec uptrend near 45. But, if AEM breaks and stays above 50, it could then rise to the H&S bottom target. Although we did not expressly say to take profits when the first profit target was reached, it's likely that many of you sold the second half of your position. If you did, you protected a 17% profit for the second half of your position. A smart move. If you did not sell, keep your positions. If you sold and want back in, wait for some weakness before buying again.

**Wheaton Precious Metals Corp Co (WPM) 5/24/2017 CLOSE= 20.77**



**Wheaton Precious Metals (WPM)**

|               |   |
|---------------|---|
| Long at:      | <b>19.80 (Mar-17-17). Sold half at 21.65 for a 9% gain. 18.90 (May-4-17).</b> |
| Stop:         | 2dc below 18.50   |
| Profit Target | 22.25 (almost reached! Adjust to 22), 23.75 & 28.                             |
| New Recom:    | <b>Buy again near 19.25.</b>  |

SLW (now WPM) failed to surpass the Feb downtrend, currently at 22, showing some weakness. Our first profit target was a few cents shy of being hit. Keep in mind; however, WPM remains poised to rise further as long as it holds above the mid-channel line near 19.25. Spinner remains above its MT MA and the zero line showing potential for further upside. We recommend keeping your positions for now. Also, lower your first profit target to 22 and selling half if reached. Keep the second half in case WPM breaks above the Feb downtrend. Buy more on weakness near 19.25.

## B2Gold Corp. (BTG) 5/24/2017 CLOSE= 2.47



**B2Gold Corp. (BTG) -NYSE MKT**

|            |   |
|------------|---|
| New Recom: | <b>Buy a bit at mkt and more near 2.30. Place stops at 2dc below 2.20. Profit target at 3 &amp; 3.30.</b> |
|------------|---|

B2 Gold is a junior mining company with great assets. It's growing fast and one of the best plays if you want junior gold miner volatility but not the risk. The chart above shows BTG forming a solid base above the Jun uptrend. Moreover, BTG just broke above the Feb downtrend and it's currently forming a bullish flag pattern with upside potential at 3. Spinner is above MT MA and zero showing strength with room to rise further. We recommend buying some at mkt and more on weakness.

## McEwen Mining Inc. (MUX) 5/24/2017 CLOSE= 2.8



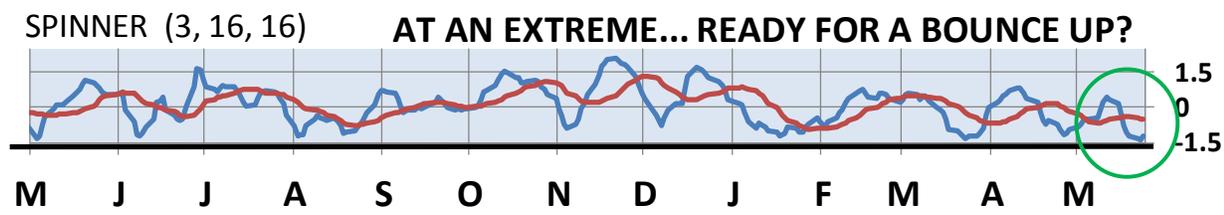
McEwen Mining Inc. (MUX) - NYSE

New Recom: **Buy a bit at mkt and more near 2.50. Place stops at 2dc below 2.35. Profit targets at 3.50 and 4.**

MUX is another great junior mining play. Its CEO and founder, Mr. McEwen, is heavily vested in the company owning a big chunk of stock (25%). He also does not receive a salary for his duties. Moreover, MUX is a mining company that only mines in North America and certain other exceptions in jurisdictions that are safe, such as Mexico and Argentina.

# U.S. DOLLAR INDEX JUNE 2017 (DXM17) 5/24/2017

CLOSE= 97.147



Recom

**Stay out for now.**

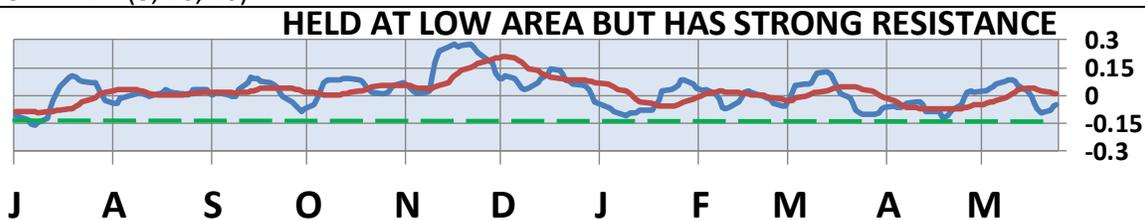
The U.S. dollar index finally caved in after it failed to break above the Jan downtrend at 100.50. The break below 98 triggered a bearish H&S top we've been showing since Mar. The pattern has a downside target near 94, coincidentally, the bottom side of the dollar's 2 year sideways band. If the dollar breaks below this next support, it'll confirm a trend reversal since 2011 that could push the dollar into the lower 80s or higher 70s. A weaker dollar bodes well for gold and will remain supportive of gold. On the other hand, notice Spinner at an extreme low area. This tells us the downside is limited ST. This could also be telling us a rebound rise for the dollar is now likely. However, for the dollar's rebound to show renewed strength, it must break above the Jan downtrend on a 2dc above 100.50. If it fails, it'll continue on a downward path.

# CBOE Interest Rate 10 Year T No (^TNX) 5/24/2017

CLOSE= 2.27



SPINNER (3, 16, 16)



## CBOE Interest Rate 10 Year T No (^TNX) - Chicago

New Recom: **Stay out**

The 10YY failed to rise above its resistance at 2.42% and continued to decline, forming a new downchannel since Mar. The downchannel support is converging with the Jul uptrend near 2.10, the 10YY's next likely target. A break below the Jul uptrend would intensify bearish action. A decline then could reach the Sept lows. On the upside, the 10YY must break clearly above the Mar downtrend on a 2dc above 2.40. A break above this level would propel the 10YY to the Dec/Mar highs near 2.62%, a key resistance level. Overall, downside pressure seems to be keeping a lid on rates which could continue adding downside pressure on the dollar.

# COPPER JULY 2017 (HGN17) 5/24/2017

CLOSE= 2.5835



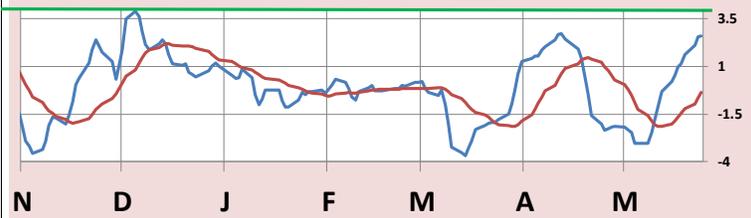
|           |                          |
|-----------|--------------------------|
| New Recom | <b>Stay out for now.</b> |
|-----------|--------------------------|

Copper bounced up sharply after testing support near the bottom side of a 7 mo long sideways consolidation band as Spinner turns bullish. This confirms copper's strong support at the Dec 2016 lows. Keep in mind, however, that although the move was encouraging for copper, it must still break above the Feb downtrend on a 2dc above 2.63 to follow up on its recent display of strength in early May. A break above 2.63 would push copper up to its next resistance at the top side of the consolidation band near 2.75. A break above this level would show renewed strength and more upside would then be likely. On the downside, if copper fails to break above the Feb downtrend and resistance near 2.63, it could then decline to re-test the 2.45 level. A break below this level on a 2dc would be bearish and could push copper lower. Although a break above 2.63 would trigger a buy, we recommend concentrating on gold and gold shares for now as they're offering better upside potential moving forward.

**LIGHT CRUDE OIL JULY 2017 (CLN17) 5/24/2017**  
**CLOSE= 51.36**



**SPINNER (3, 16, 16) BULLISH BUT NEARING A HIGH AREA**



|                |  |
|----------------|--|
| Long;          | 45.90 (May 4, 2017)  |
| Stops          | 2dc below 41.50.   |
| Profit Targets | 52 (almost reached!) & 55  |
| New Recom:     | <b>Keep your new position. Sell half above 51.50 for an approximate 12% gain in 3 weeks.</b> |

**POWERSHARES DB Oil ETF (DBO) 5/24/2017**  
**CLOSE= 8.76**



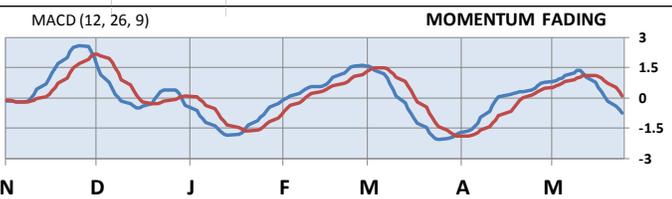
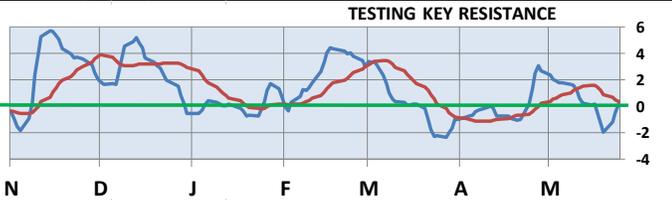
**SPINNER (3, 16, 16) RISING....**



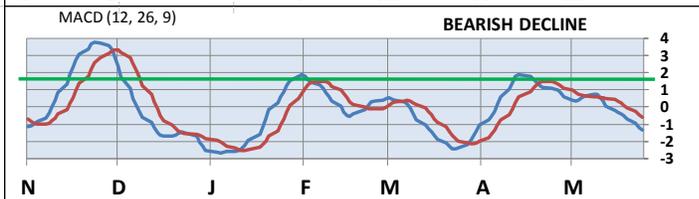
|                |   |
|----------------|---|
| Long           | 8.05 (May 4, 2017).   |
| Stops          | 2dc below 7.25.   |
| Profit Targets | 8.85 (adj) & 9.50   |
| New Recom:     | <b>Keep your positions. Sell half at adj profit target.</b> |

Crude continued to rise the past weeks on a variety of factors. Not only was it technically ripe for a rise when we bought it in early May, but crude inventories in the U.S. have shrunk as demand starts to rise. Moreover, OPEC is likely to announce an extension to production cuts for an additional 6 to 9 months. All bullish signs telling us the rise in crude may not be over just yet. Interestingly, crude is resisting at its 15wk MA as Spinner approaches a high area. Remember, crude remains within a rebound rise after a sharp decline and downside pressure will remain strong until crude surpasses the Jan highs near 57. We recommend selling half above 51.50 for a 12% gain and keeping the rest in case it rises to our second profit target. If the second profit target is reached, sell the second half of your position.

**SPDR DOW JONES INDUSTRIAL (DIA) 5/24/2017**  
CLOSE= 209.82



**Shares Transportation Average (^IYT) 5/24/2017**  
CLOSE= 162.82



|               |   |
|---------------|---|
| Entry Level   | 205 (Apr-11-17).  |
| Stop          | 2dc below 200   |
| Profit Target | 225 & 240   |
| New Recom:    | <b>Keep your positions. Sell half at first profit target.</b> |

|               |  |
|---------------|--|
| Entry Level   | 162.90 (Jan-12-17).<br><b>Sold via stop at 160.50 for a 1% loss.</b> |
| Stop          | N/A  |
| Profit Target | N/A  |
| New Recom:    | <b>Stay out.</b>   |

The stock market is starting to show subtle signs of growing weakness despite NASDAQ and S&P500 rising to new highs last week. These subtle signs of weakness could be pointing towards a correction in stocks. Notice the Transportation Average (IYT) declining since reaching new highs in Mar. Last week, the IYT confirmed weakness when it declined below a key uptrend and support near 160, reaching new lows for the move. And although IYT did bounce up, it now must rise above the Mar downtrend on a 2dc above 165 to validate the recent rebound and show strength. The Industrials, on the other hand, have been holding up better. They entered a sideways consolidation band since reaching the Mar highs and it's currently testing all-time high resistance. It seems as if the Transports are putting a drag on the Industrials. Keep in mind, key support levels must be broken before signaling a correction. The Transports already broke below a first ST support. The Industrials must now break below 20,000 (DIA: 200) to validate weakness in IYT. For Dow Theory to trigger a bearish trend reversal, both Averages must break below their 2016 lows. We sold IYT last week increasing our cash reserves. We recommend keeping 'some skin in the game' by staying long the Industrials unless 200 is broken on the downside. Keep cash ready to buy more gold shares.

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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, ie, 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.

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| 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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