



-GCRU-

Weekly Trading Service



Omar Ayales
Editor

Achieves gains by trading commodities, currencies and stocks

MAY 31, 2017

IN ITS 16TH YEAR- N° 740

PICK YOUR PITCH

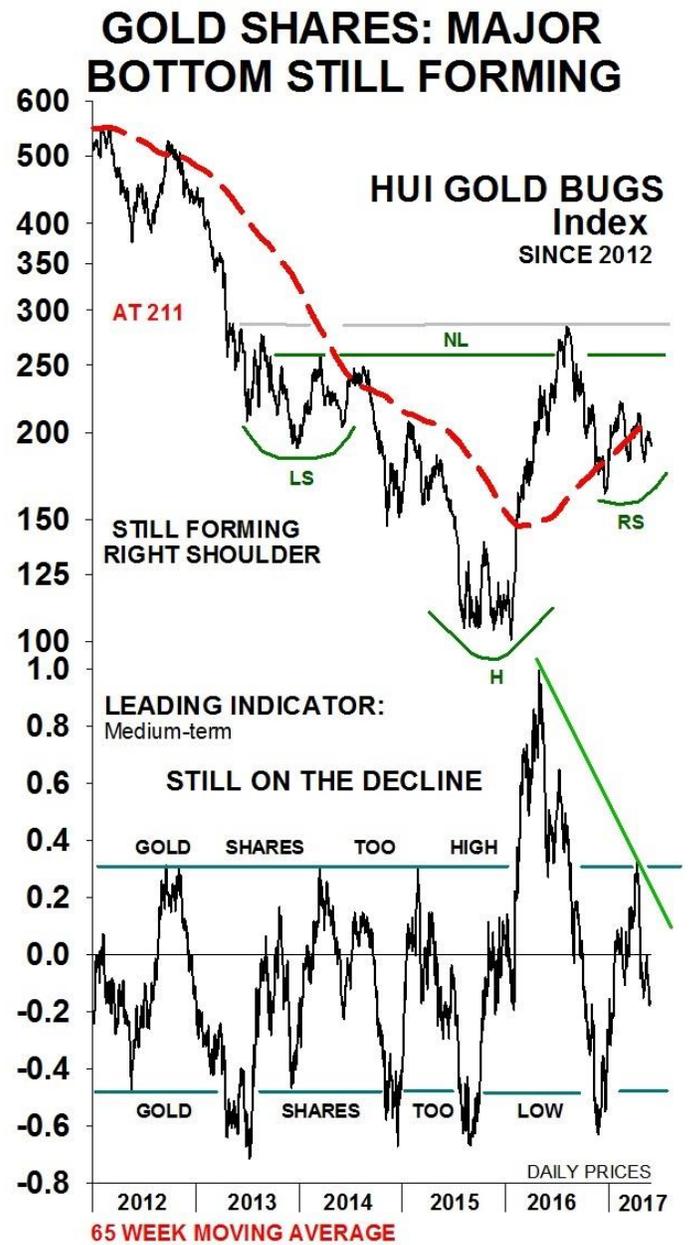
This past week was short and quiet, particularly for gold. However, underneath the hood there are underlying issues brewing that we must focus on and keep a tight grip on.

Gold continued to resist below a key 'C' rise-breakout-level near \$1290-\$1300 despite strong U.S. dollar weakness.

Keep in mind, the U.S. dollar index broke a massive uptrend and support level recently showing a clear trend reversal, yet gold failed to capitalize by breaking above equivalent resistance levels. Moreover, gold shares remain lackluster and weaker than gold since the bounce up from the May lows.

Silver has shown a similar story. It's been outperforming gold during the bull market but it failed to surpass its February highs in April, and weakened with gold shares. Yes, silver and gold shares are reflecting 'B' decline weakness more than gold is. Those are the things that make you go hmmm...

So, while you couldn't really tell gold remains within a 'B' decline by looking at gold itself, the surrounding circumstances are showing "'B' decline" pressure remains strong.



"The two most powerful warriors are patience and time" – Leo Tolstoy –

Not to sound like a broken record, but if gold fails to break above the \$1290-\$1300 level, the decline will likely resume.

Gold's support levels are at \$1235 (the Dec 2016 uptrend), \$1215 (the 23 mo MA) and \$1190, gold's cyclical bull market support since 2015.

A decline to \$1230 would be a good buying opportunity, but a decline below \$1200 would be even better. We recommend buying bits at the different support levels.

In this game of musical chairs, we don't want to get stuck without a chair when the music stops.

And as mentioned last week, the best opportunities will be in the miners, particularly the junior gold mines. This is why we picked up bits of BTG and MUX this past week, adding to our position in GDXJ.

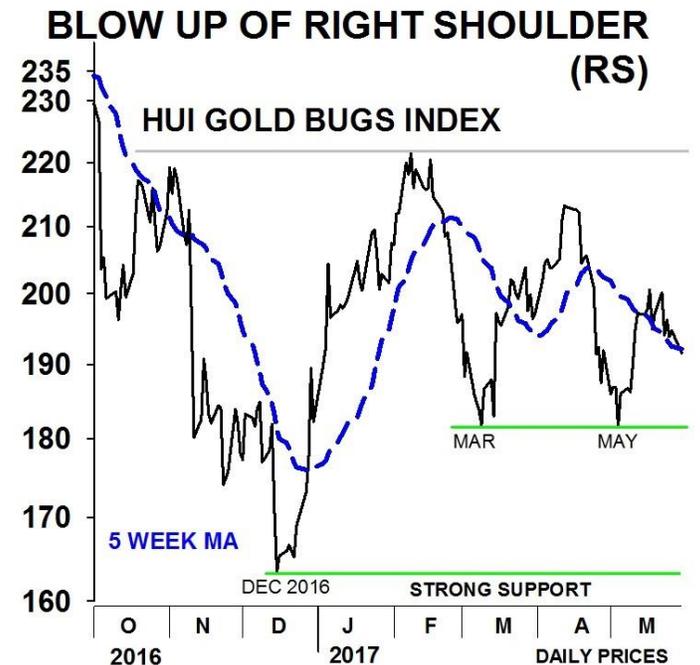
This is also why we have the HUI index as our **Chart of the Week** today. The chart starts in 2012 and it shows how gold shares continue to form a massive head and shoulders (H&S) bottom.

The right shoulder continues to form while the MT indicator shows more downside pressure is likely ST. This justifies the lack of performance recently.

However, as the next chart shows if HUI holds above the Mar lows near 180, the bull market in gold will prove to be very strong. The indicator is also telling us HUI could fall to the Dec lows in a worst-case scenario, which wouldn't be a bearish sign.

The **next chart** shows a blow up of the right shoulder, and as you can see, if the Mar-

May lows are clearly broken (180), the December lows wouldn't be out of the question. The 5 week MA works well in identifying the ST moves, and for now they are hugging. Let's see if it holds.



Coincidentally, if weakness in gold and gold shares unravels in the next weeks, it'd coincide with a dollar that is poised to rebound from its waterfall decline. The U.S. dollar index could jump up to the 100 level and even so, it'll remain bearish.

Recent data showing an upward revision in GDP to 1.2% from 0.7%, plus an uptick in inflation per the Fed's gauge could give the dollar a ST boost.

And indeed the U.S. dollar index is poised for a ST bounce up. As you'll see inside this edition, the dollar is rising from a soft support near 96.50 and from an extreme oversold level. This tells us a bounce has already started.

And while we wait for gold's 'C' rise, we recommend taking advantage of a potential rebound rise in the dollar. However, buying

the index or an ETF would offer too much risk and very little reward. So, we turn to options where we can play the potential upside limiting downside risk. The option strategy is described in the chart section below on page 13.

Our trade on crude proved to be a timely one. Last week crude rose to our first profit target on the news OPEC was extending production cuts. But heavy profit-taking at that level pushed crude downward. We sold half of our position just above \$51.50, securing a 12% gain in under a month.

However, we believe crude still has lots of upside potential which is why we recommend keeping the second half of your position. If crude breaks above resistance at \$52, it could shoot up to the Jan highs near \$57, just above our second profit target.

The stock market also remains very bullish. This past week, Robert Shiller, a Nobel Prize winner and an avid student of the markets said we could see stocks rise an additional 50%!

Although we won't base our strategy on that single comment alone, it reaffirms our commitment to hold on to our DIAs.

Not only that, as you'll see in the chart section below, the Industrials have formed a bullish ascending triangle pattern. An ascending triangle is a bullish continuation pattern showing more upside is likely. A break above the Mar highs would confirm the pattern and a rise to our first profit target would be probable.

Our strategy for this week is to buy the recommended call spread in the dollar. Take advantage of a potential ST rebound rise while we wait for the bigger move in gold. Continue to watch closely the action in the miners and silver, and cherry pick your way through this current accumulation stage.

As Warren Buffet says, "pick your pitch, you don't have to swing at all the balls that are thrown your way."

Good luck and good trading,



Omar Ayales
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KEY PRICES			
Name/Symbol	May 30, 2017 price	Change	May 24, 2017 price
Gold (GCQ17)	1265.70	9.20	1256.50
Silver (SIN17)	17.43	0.26	17.17
HUI (HUI)	191.59	-4.61	196.20
Copper (HGN17)	2.56	-0.02	2.58
Crude Oil (CLN7)	49.66	-1.70	51.36
S&P500	2412.91	8.52	2404.39
U.S.Dollar (DXM17)	97.21	0.06	97.15
30 Year T-Bond (ZBM17)	154 - 19	1.02	153 - 17
10 Year T-Note Yield	2.22	-0.05	2.27
13-week Treasury bill	0.91	0.00	0.91

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CHART SECTION SUMMARY

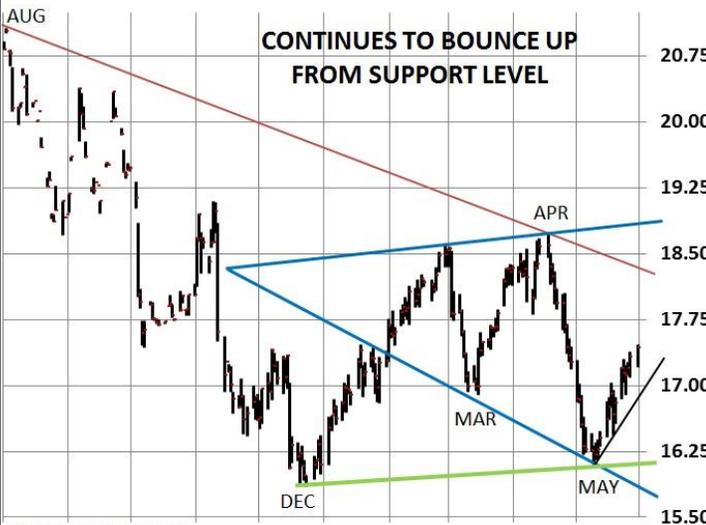
PAGE N°	Symbol	Trade Update &/or Current Position	Status L=Long S= Short O= Out P= Put C= Call	Initial Entry Date	Position Entry Price	Last Closing Price	Stops	Target #1	Target #2
5	GOLD	Keep second half positoin. Buy again near 1230.	L	Jan-5-17	1170.00	1265.70	2dc below 1200	1380.00	1450.00
	PHYS	Keep second half position. Buy again near 10.05.	L	Jan-5-17	9.63	10.29	2dc below 9.80	11.50	12.00
6	SILVER	Keep your positions. Buy more bleow 16.50.	L	Jan-5-17	17.35	17.43	2dc below 16	19.25	20.50
	PSLV	Keep your positions.	L	Jan-5-17	6.35	6.58	2dc below 6	7.20	7.90
7	HUI Index	We'll continue to accumulate selectively during weakness.	--			191.59			
8	GDXJ	Keep your position.	L	Mar-16-17	37.30	31.48	2dc below 28	38.00	50.00
9	AEM	Keep your positions. Buy again near 45	L	Mar-16-17	42.50	48.06	2dc below 40	50.00	60.00
10	WPM	Buy again near 19.25.	L	Mar-17-17	19.80	20.82	2dc below 18.50	22.00	23.75
11	BTG	Buy a bit at mkt and more near 2.30.	L	May-25-17	2.45	2.46	2dc below 2.20	3.00	3.30
12	MUX	Keep your position. Buy more near 2.50.	L	May-25-17	2.72	2.64	2dc below 2.35	3.50	4.00
13	US Dollar DXM17	Consider buying bull call spreads for the U.S. dollar index Sept 2017 99/102 for an approximate value of \$455. That is, buy a call option at 99 for \$690 and simultaneously sell short a call at 102 for \$235. Sell the spread on a bounce up to 99 or higher.	O			97.21			
14	TNX	Stay out.	O			2.22			
15	COPPER HGN17	Stay out for now.	O			2.56			
16	Crude-CLN17	Keep second half of position.	L	May-4-17	45.90	49.66	2dc below 41.50	52.00	55.00
	DBO	Keep your positions. Sell half at profit target.	L	May-4-17	8.05	8.51	2dc below 7.25	8.85	9.50
17	DIA	Keep your positions. Sell half at first profit target.	L	Apr-11-17	205.00	210.21	2dc below 200	225	240
	IYT	Stay out-	O			165.37			

CHART SECTION



**SILVER JULY 2017 (SIN17) 5/30/2017
CLOSE= 17.427**

**Sprott Physical Silver Trust (PSLV) 5/30/2017
CLOSE= 6.58**

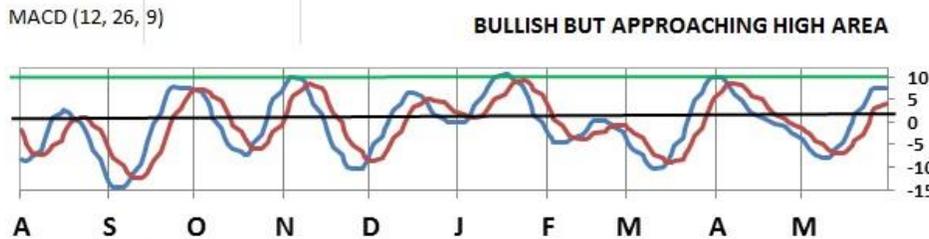
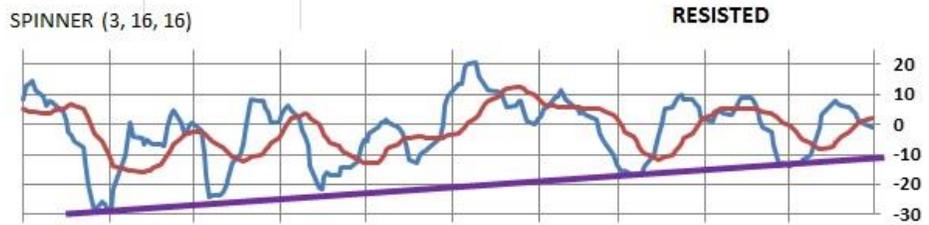


Long	17.35 (Mar-16-17), 17 (May-1-17), 16.35 (May-4-17).
Stop	2dc below 16.
Profit Targets	19.25 & 20.50
New Recom	Keep your positions. Buy more below 16.50.

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	Keep your positions. Buy more below 6.25

The bullish Right Angled Broadening Formation remains in play. Silver continues to rebound from key support where the Dec uptrend and the bottom side of the Right Angle converge. Moreover, silver continues to catch up to gold. Spinner bullish but approaching a ST resistance level. This tells us we could see silver rise and test its first key resistance level near 18, the Aug downtrend. On a bigger picture, silver will remain bullish by holding above the Dec uptrend near 16, our stop loss. Keep your positions for now. We recommend buying more on weakness below 16.50. Our strategy is to have a full position for the bigger upcoming up-move. However, in a worst case scenario, if silver breaks below 16 on a 2dc, we recommend selling.

HUI GOLD BUGS INDEX (HUI) 5/30/2017 CLOSE= 191.59



Not much change in gold shares since last week. HUI continues to fluctuate between two key trends, the Aug downtrend, currently near 203 and the Dec uptrend, near 185. Gold share weakness in relation to gold shows 'B' decline pressure more clearly. This also tells us that gold shares are likely to outperform gold in a 'C' rise. But first HUI must rise above the Aug downtrend initially to trigger a bullish up-move in gold shares. Keep a close eye on HUI's support levels at 185 (the Dec uptrend) and 180 (Mar lows). Both are key levels. We recommend adding to your gold share positions if HUI falls to those levels. Last week we picked up a bit of BTG and MUX. We'll continue to accumulate selectively during weakness.

MKT VECTORS JR. GOLD MINERS (GDXJ) 5/30/2017 CLOSE= 31.48



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:	Keep your positions.

The junior gold miners remain lackluster as gold's 'B' decline remains in play. Lackluster strength is normal at this moment and will likely continue as long as GDXJ stays below the Aug downtrend. However, weakness continues to provide great opportunity to accumulate junior gold miners, which are poised to outperform seniors and gold itself in an upcoming 'C' rise. Keep your positions for now and as long as GDXJ holds above the Dec low support near 28.

Agnico Eagle Mines Limited (AEM) 5/30/2017 CLOSE= 48.06



Agnico Eagle Mines Limited (AEM) -NYSEArca

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

AEM continues to be a top senior miner performer. It's holding near the recent highs and reverses H&S break-out level. AEM will remain bullish by holding above its Mar uptrend (gray lines) near 45. However, keep in mind AEM's bull market support is at its 2016 uptrend near 43. If AEM declines to these levels, buy. Otherwise, keep your positions. A rise above 50 could coincide with a stronger rise in gold. However, be skeptical if AEM breaks above this level and gold remains below its 'A' rise peak near 1300.

Wheaton Precious Metals Corp Co (WPM) 5/30/2017 CLOSE= 20.82



Wheaton Precious Metals (WPM)

Long at:	19.80 (Mar-17-17). Sold half at 21.65 for a 9% gain. 18.90 (May-4-17).
Stop:	2dc below 18.50
Profit Target	23.75 & 28.
New Recom:	Buy again near 19.25.

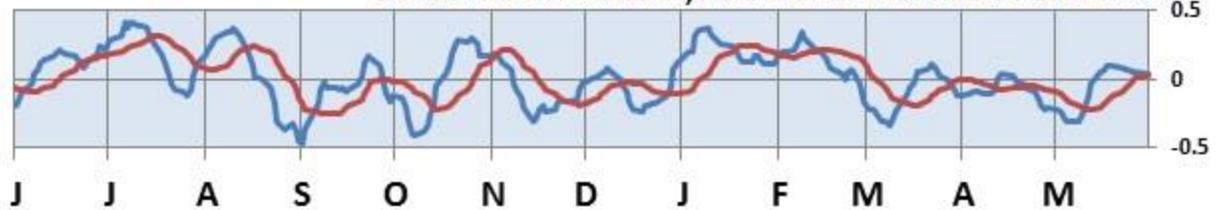
Another great performer within the gold (and silver) universe. WPM continues to hold near the Feb downtrend. And even though resistance is exposing weakness, action is normal given downside pressure due to gold's 'B' decline. We'll continue to accumulate WPM on weakness. Keep your position as long as WPM holds above its bull market support at the Dec uptrend near 18.50.

B2Gold Corp. (BTG) 5/30/2017 CLOSE= 2.46



SPINNER (3, 16, 16)

ABOVE MT MA & ZERO, RESISTANCE SHOWING SOFTNESS



B2Gold Corp. (BTG) -NYSE MKT

Long at: 2.45 (May-25-17).

Stop: 2dc below 2.20

Profit target: 3 & 3.30

New Recom: **Keep your positions. Buy more at 2.30.**

BTG continues to hold above its 5wk MA showing an upside bias ST. However, BTG's key bull market support lies at the Jun uptrend near 2.20. Spinner curved its rise showing momentum softening. A clear indication the gold universe remains in correction mode. We recommend keeping your position as long as BTG holds above 2.20.

McEwen Mining Inc. (MUX) 5/30/2017 CLOSE= 2.64



McEwen Mining Inc. (MUX) - NYSE

Long at: 2.72 (May-25-17).

Stop: 2dc below 2.35

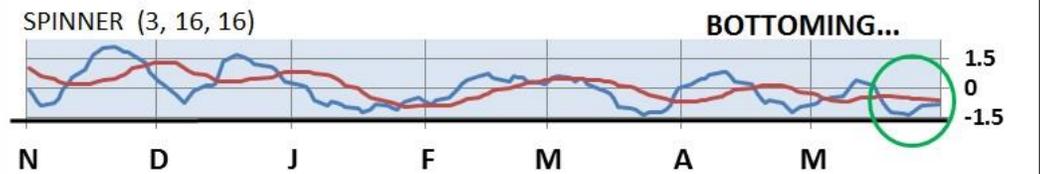
Profit target: 3.50 & 4

New Recom: **Keep your position. Buy more near 2.50.**

MUX continues to hold above the Nov/Dec lows near 2.50. However, Spinner weakness is telling us ST weakness could continue. If MUX holds above the May low support, it'll prove to be very strong. However, MUX also has support at the Jun lows near 2.35, our stop. We recommend allowing for some weakness as gold's 'B' decline continues to develop. We recommend taking advantage of weakness to build up your position.

U.S. DOLLAR INDEX JUNE 2017 (DXM17) 5/30/2017

CLOSE= 97.212



Recom	<p>Consider buying bull call spreads for the U.S. dollar index Sept 2017 99/102 for an approximate value of \$455. That is, buy a call option at 99 for \$690 and simultaneously sell short a call at 102 for \$235. Sell the spread on a bounce up to 99 or higher.</p>
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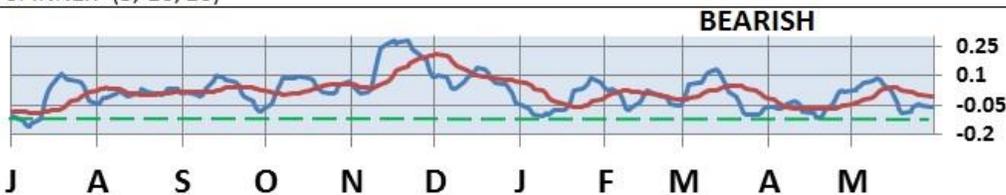
An upward revision to GDP from 0.7% to 1.2% is giving the dollar a boost. Notice the U.S. dollar index has reached a support level at the May low area near 96.50 (broken blue line). Coincidentally, the May low area, is converging with the bottom side of the Jan downchannel confirming support. Notice the last time the dollar reached the bottom side of the channel in Feb it bounced up to the Mar highs. As of today, the dollar is forming a bullish downside wedge pattern with an upside target at the Jan downtrend near 100. Spinner is rising from a low area telling us the downside is limited ST. Could this bounce up be what triggers a continuation of the 'B' decline in gold? We'll soon see. Keep in mind a dollar bounce up to the 100 level would not make it bullish. The dollar is poised to decline further. However, call options for a quick bounce up are cheap and a ST rebound rise is likely. Don't bet the house on dollar strength! Just a little fun while we wait for gold's 'C' rise to kick start.

CBOE Interest Rate 10 Year T No (^TNX) 5/30/2017

CLOSE= 2.22



SPINNER (3, 16, 16)



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

New Recom: **Stay out**

The 10YY continues to show weakness. Downside pressure remains strong, particularly below the Mar downtrend near 2.32%. The 10YY is fast approaching the Jul uptrend and support level, currently near 2.12. A 2dc break below this level would be a devastating blow which could push the 10YY lower, possibly to the Sept lows near 1.52%. Spinner seems to have reached a low but remains bearish below its MT MA and zero line. On the upside, keep in mind the 10YY must rise above the Mar downtrend to show signs of renewed strength that could fuel a rise to the Dec/Mar double top resistance. Weakness will remain supportive of gold moving forward. Extreme weakness, however, would be deflationary and could put downside pressure on gold.

COPPER JULY 2017 (HGN17) 5/30/2017

CLOSE= 2.564



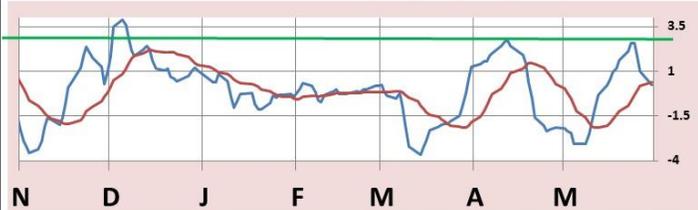
New Recom **Stay out for now.**

Copper rose to the Feb downtrend and resistance level near 2.60 on a rebound. However, copper hasn't been able to surpass the resistance level showing weakness within a bigger picture. Copper must rise above the Feb downtrend to confirm recent strength that could fuel a rise to a major resistance level near 2.75. Spinner is showing a glimmer of hope as it turns bullish by staying above zero. This tells us momentum is rising ST. However, if copper is unable to maintain upside momentum, weakness could push copper to re-test support at 2.45. A break below this level would extend the 2017 downtrend and weakness. Stay out for now.

LIGHT CRUDE OIL JULY 2017 (CLN17) 5/30/2017
CLOSE= 49.66



SPINNER (3, 16, 16) **TAKING A BREATHER...**

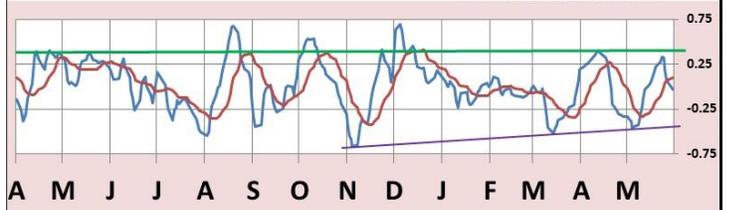


Long;	45.90 (May 4, 2017). Sold half at 51.55 for a 12% gain.
Stops	2dc below 41.50.
Profit Targets	52 (reached!) & 55
New Recom:	Keep second half of position.

POWERSHARES DB Oil ETF (DBO) 5/30/2017
CLOSE= 8.51



SPINNER (3, 16, 16) **TAKING A BREATHER...**



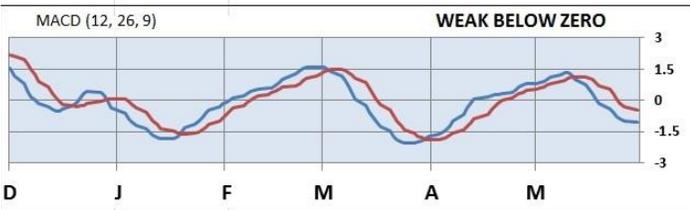
Long	8.05 (May 4, 2017).
Stops	2dc below 7.25.
Profit Targets	8.85 & 9.50
New Recom:	Keep your positions. Sell half at profit target.

Crude rose to our first profit target last week on news that OPEC extended production cuts. However, heavy profit-taking at a first resistance (52) pushed crude lower. The news regarding the production cuts is bullish and will prove to be supportive of crude moving forward. Notice crude regaining the 49 handle after the sell-off last week. This tells us, crude could resume its uptrend moving forward. Crude must break above the Jan downtrend on a 2dc above 53 to show renewed strength that could push it up to the Jan highs near 57. Keep in mind, crude has multi-year support in the lower 40s. If crude declines to lower levels, we'll be looking to buy again. Interestingly, DBO didn't reach our profit target. It didn't move as high as crude did during the run up. However, if you have DBO, keep your positions as crude is poised to rise further.

SPDR DOW JONES INDUSTRIAL (DIA) 5/30/2017
CLOSE= 210.21



SPINNER (3, 16, 16)



Shares Transportation Average (^IYT) 5/30/2017
CLOSE= 165.37



SPINNER (3, 16, 16)



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

Entry Level	N/A
Stop	N/A
Profit Target	N/A
New Recom:	Stay out.

The stock market shook the bears off without much trouble. The Transports (IYT) had been showing weakness by breaking below key support level only to bounce up and regain lost territory. However, IYT must now break above the Apr high to confirm recent strength. The Industrials (DIA) on the other hand remain very strong. They confirmed support at the Dec uptrend and are now forming a bullish ascending triangle as it tests its all-time highs. A clear break above the Mar highs would be very bullish and a rise to our first target would then be likely. Spinners for both Averages are turning bullish showing upside potential ST. We recommend keeping your DIAs for now. Stay out of IYT.

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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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