



-GCRU-

Weekly Trading Strategies



Omar Ayales

Achieves gains by trading commodities, currencies and stocks

July 17th, 2019

IN ITS 18th YEAR – N° 843

**GEOPOLITICAL TENSIONS EASE,
CRUDE FALLS...**

**GOLD REMAINS RESILIENT,
RISING WITH POISE.**

**BUT GOLD SHARES ARE FROTHY,
SOLD HALF OF SGDJ FOR 18% GAIN.**

**STOCK MARKET IS LOOKING MORE
BULLISH NOW THAN BEFORE.**

The string of positive economic data out of the U.S. continued to pile on. This week, retail sales came in higher than expected and the outlook for consumer sentiment increased for the first time in months.

The economic data and indicators are all pointing towards a stronger than expected second quarter for companies catering to the U.S. economic growth story.

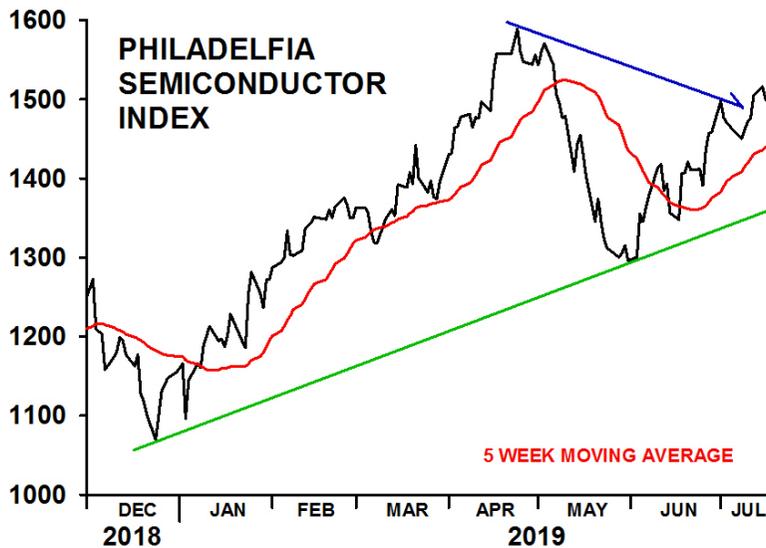
And with the Fed pretty much announcing a rate cut a couple weeks early, the outlook for stocks remains favorable.

“When reward is at its pinnacle, risk is near at hand.”

-Jack Bogle

In recent issues I've been pointing out the weakness in market leaders, such as the Transportation Average (IYT) and the Philadelphia Semiconductor Index (SOX) as a cause for concern for the broader market.

However, yesterday, both IYT and SOX broke above ST resistance and are looking poised for further upside.



Interestingly, the confirmation from the break above ST resistance confirms the bullish pace of the stock market and provides comfort regarding a bullish outlook.



If both of these reach new highs, it'll confirm a bullish scenario for stocks.

Our individual positions are doing well. They haven't risen as much as our gold shares did, but remain quietly appreciating.



Procter & Gamble (PG) reached a new high this week and it looks poised to rise further. It's up over 10% since we bot a few months ago and has lots of upside potential.

PG is expected to post solid growth during the second quarter of the year which could in turn push prices higher.

Keep your positions for now and wait for more upside before selling.

Disney (DIS) also rose with strength. Last week we wanted to see DIS break above \$144. And it quickly did, piercing above \$145 for a day or so.



DIS is showing plenty of upside potential. Keep your positions for now.

American Express Company (AXP) is another solid company catering to the U.S. consumer. It rose to new highs and it's very strong above 120.

It's reaching new highs daily. And with a strong consumer on its back, AXP is likely to post solid numbers that could be worthy of an upward push in the stock price.



Aurora Cannabis (ACB.TO) slipped below support at CA\$9 (ACB: \$7) but quickly jumped back above it. For now, ACB seems to be building a solid springboard base. Keep your positions for now. It's our only exposure to this growing sector.



We took more profits this week after selling half of our junior mine ETF (SGDJ) for a 18%+ gain. I didn't send out an alert as I was a bit hesitant to sell myself given the bullish up move. The gold market remains resilient and strong and we already have a reduced position.



But I did sell half anyway, banking some more profits, remaining true to our strategy. If you haven't sold, consider selling half at mkt, but, if you feel underweight precious metals and gold shares, then keep it.

SGDJ is now testing the Apr 2018 highs. A clean breakout above those highs on 2dc above \$32 exposes growing strength with more upside potential. Keep the second half of your position.

Broadly speaking, gold's trend turned bullish when it broke above \$1365. However, that doesn't mean we won't see price fluctuation, possibly back to this level.

I'm not eager to buy more gold or gold shares at this moment. They seem frothy ST. We've also protected some profits and should still have enough exposure to gold and gold shares to benefit from an extended 'C' rise.

We also have enough cash after some profit-taking to take advantage of bargains.

Our indicators continue to paint a very bullish scenario for gold longer term. They also suggest the upside ST maybe nearing maturity.



Moreover, consider a 'D' decline in gold is on the horizon. A clear break below \$1390, the 5wk MA could be the start of a further decline that could reach deeper support at \$1300-\$1285.

This doesn't mean gold will collapse. I'm not foreseeing this outcome. But if that were to be the case, we'd be selling more aggressively. My focus is to take advantage of ST price fluctuations by buying and selling at the opportune time, and keeping our portfolio dynamic.

Our work shows gold confirmed a mega cyclical bull mkt after breaking above \$1365. Our technicals tend to lead the way and they've been razor sharp.

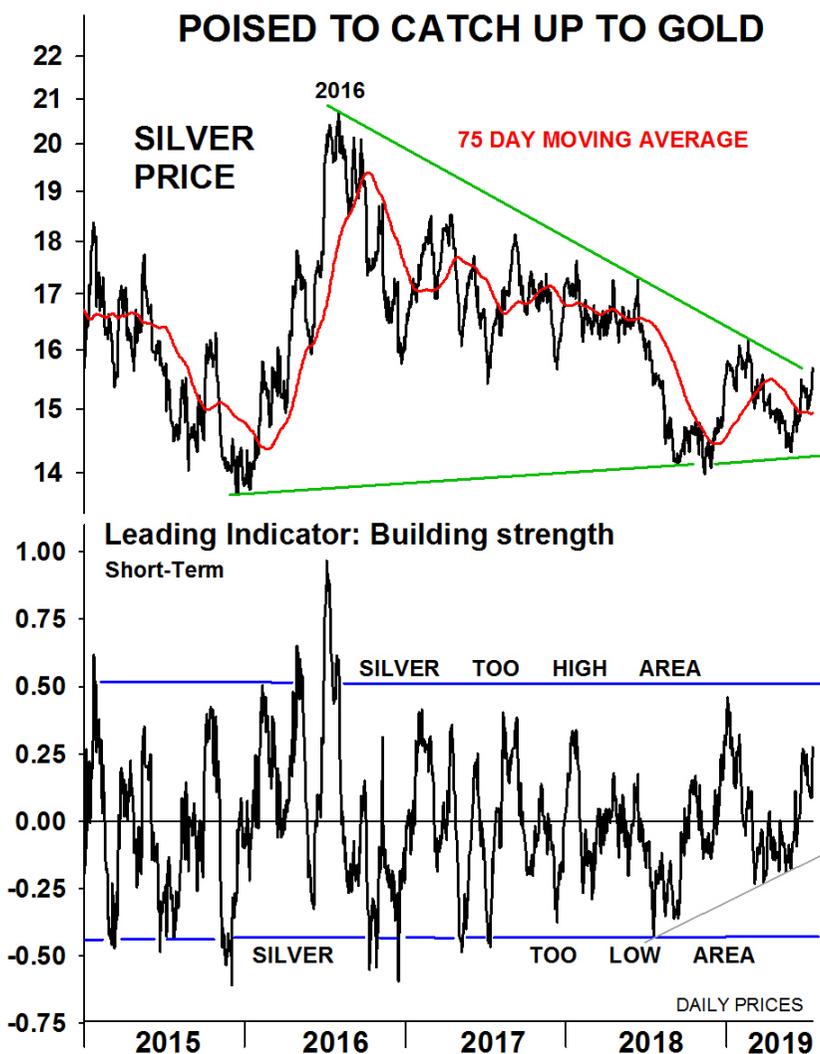
For the past week or so, our indicators have been signaling caution as they approach overbought levels. Lagging platinum and silver were also cause for concern.

And silver's extreme weakness relative to gold cannot go unnoticed. This is an extreme situation by historic standards, which sticks out like a sore thumb, that could revert back to a mean allowing for a seemingly profitable venture.

Whether that means silver rises more or falls less than gold is yet to be seen.

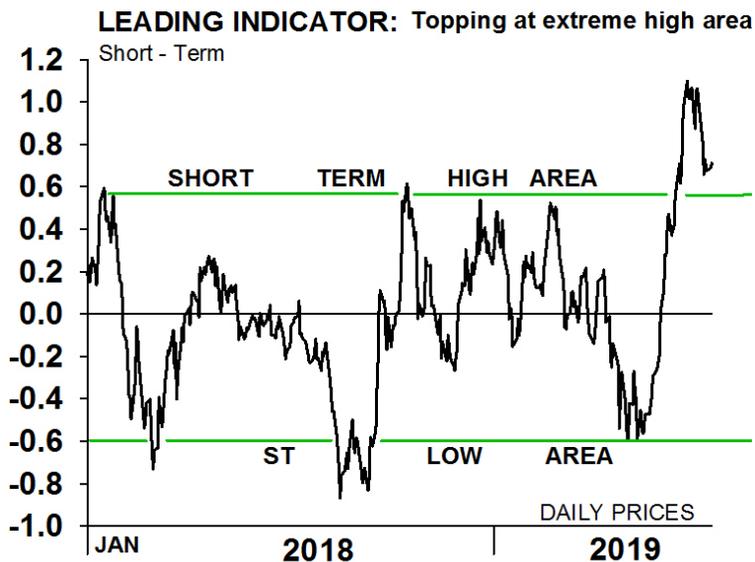
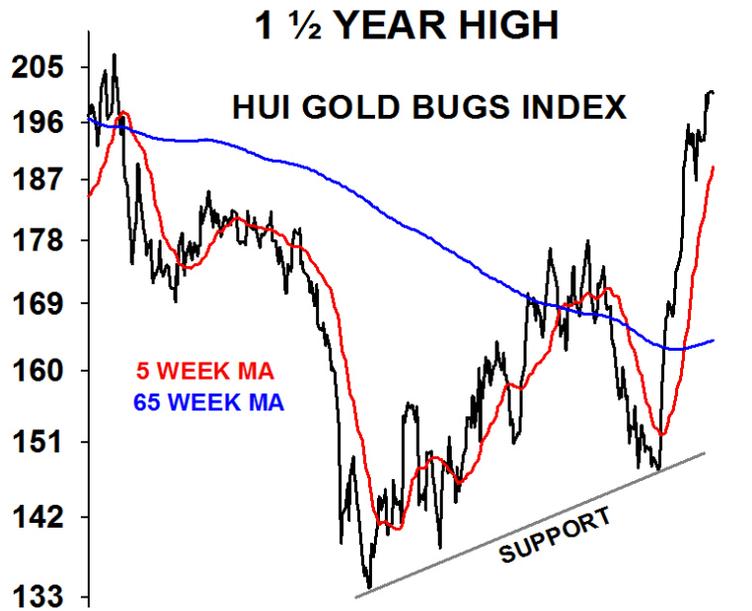
Silver reacted strongly today, showing upside potential by regaining the \$15.50 handle and testing a downtrend since 2016. However, silver's still near the pits and needs to rise stronger before showing a breakout performance.

But silver's dirt cheap. And given fundamentals fueling gold, we could see silver catch up. Consider silver is only 12% above its low near \$13.65 and down over 75% from the highs. Compare that to gold's 35% from its lows and about 35% from the highs.



Buy silver at mkt and more below \$15. Silver has been slowly lifting off. And when it does, it catches fire and there's no stopping it. Be patient. Silver has been in a long drawn out bottoming process without having clearly broken out yet. We could still see some resistance before a clean breakout rise. Place stops at 2dc below \$13.90.

I'm done taking partial profits in gold and gold shares, for now. Even with adding some silver, our position remains reduced (at about 18-20% our portfolio) since the last time we were net buyers (about 2 months ago). My cash position is about 30% making minimal interest, but waiting for sweet deals.



And we could see them start showing up sooner than later. Notice gold shares are a bit over-extended ST. Notice HUI's leading indicator coming down from an extreme. This tells us HUI is strong, but it's also telling us it's overextended.

Remember the 5wk MA is a great trend identifier for HUI. It's currently at 190. This means, a clear break below 190 could be the catalyst for further weakness. Conversely, gold shares remain bullish as long as HUI is above 190.



Agnico Eagle Mines (AEM) and Kirkland Lake Gold (KL) are among the strongest. KL reached a new high, while AEM is showing some resistance at \$52.

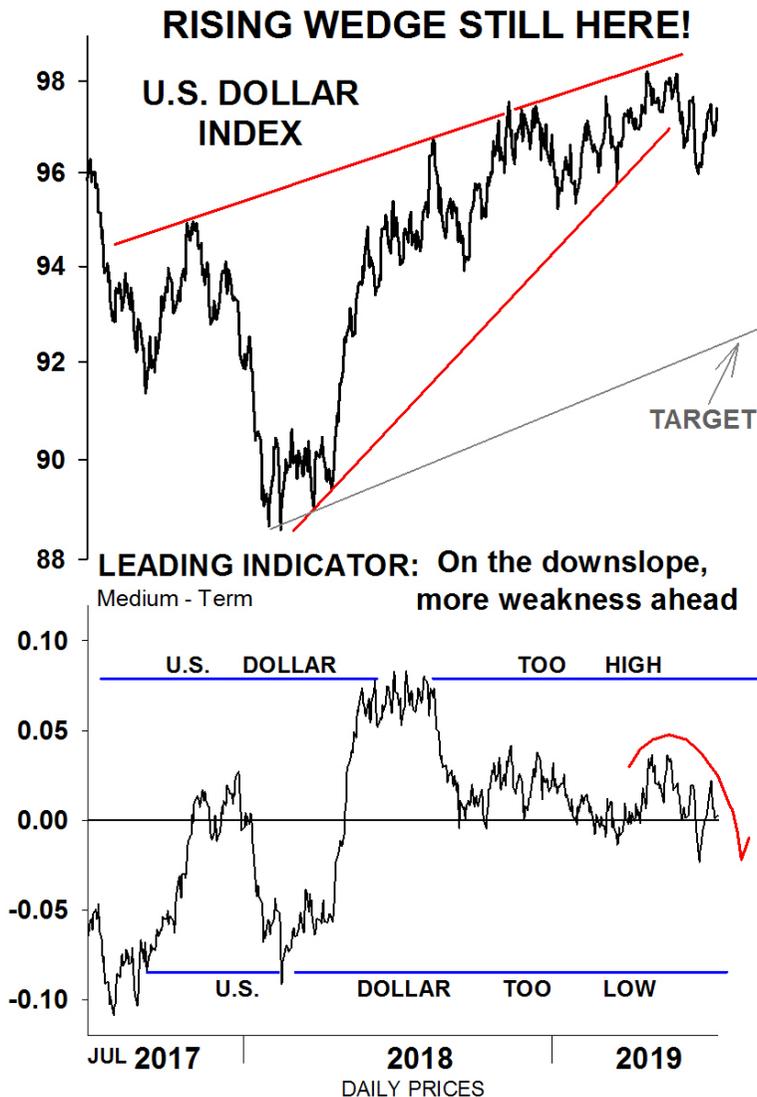
I'm willing to be more patient with weakness in KL, but I'll have a shorter trigger with AEM if momentum shifts. You'll notice our stop is shorter in AEM than in KL.

Overall, both AEM and KL remain very strong with upside potential. We'll take advantage of pull backs to increase our positions.

Keep in mind, we're in a sweet spot. We've taken handsome profits in gold and gold shares but continue to hold healthy exposure waiting for more upside to develop. Keep in mind, if gold breaks clearly above \$1420 on a 2dc, we could see a bullish flag breakout that could fuel an extended rise.

On the downside, if gold and gold shares fall on weakness, we've built our cash position to take advantage of trade opportunities.

I'm not throwing out a re-buy level just yet. Wait for price movement and indicators to develop further and expose the levels as they form. Try to stay objective.



The U.S. dollar index (DXY) has been rebounding after recently turning bearish. Weakness in DXY had been giving everything an upward boost. However, the recent rebound rise is starting to put pressure on all assets.

But DXY is at a key resistance level, testing the May downtrend near 97. A clear break above this downtrend on a 2dc above 97.50 could push DXY back to bullish and put further pressure on assets. Remember, dollar strength tends to be deflationary.

For now, intermediate momentum remains down. DXY's break below the rising wedge is just the start, and more downside will continue to develop.

Resources continue to struggle. Lackluster global growth continues to weigh on demand across the board.



Copper continues to form a long base above \$2.60. This week, it jumped up from support and it's testing ST resistance. This means, if copper can maintain upside momentum, it could rise to the top side of the long drawn out sideways-bottoming-band near \$3. A break above \$3 could turn copper bullish.

We sold Caterpillar (CAT) too, protecting a single digit gain. Although it jumped up with strength today, I'd rather stay out given its exposure to trade wars between China and the U.S.

Crude oil had risen back above \$60 showing impressive strength. However crude failed to clearly break above this level, and collapsed thereafter.

The ease in tensions in the Middle East were the catalyst, but slack in global demand remains the underlying fundamental reason.



However, geopolitical tensions in the Middle East are far from settled and geopolitical disruptions could lead to supply shocks and price increases. Keep your positions as long as crude holds above \$52.

We're also holding Kinder Morgan (KMI) as our sole energy share. Although it's more of a utility company by operation, it allows for solid exposure to the oil market without incurring liability.



KMI fell today with the violent drop in crude oil. However, it held up well and remains resilient above \$19.50.

Keep your positions for now.

Our strategy this week is to keep a close eye on the dollar and how it can affect commodities. Buy some silver at mkt and watch for explosive upside potential. Keep your gold and gold shares for now. Stocks are also rising with strength and we're well positioned to weather the storm.

Good luck and good trading,



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KEY PRICES			
Name/Symbol	July 16, 2019 Price	Change	July 9, 2019 Price
Gold (GCQ19)	1411.20	10.70	1400.50
Silver (SIU19)	15.68	0.53	15.15
HUI (HUI)	200.65	6.00	194.65
Copper (HGU19)	2.70	0.07	2.63
Crude Oil (CLQ19)	57.62	-0.21	57.83
S&P500	3004.04	24.41	2979.63
U.S.Dollar (DXU19)	97.04	-0.06	97.10
30 Year T-Bond (ZBU19)	153.63	-1.46	155.09
10 Year T-Note Yield	2.12	0.07	2.05
13-week Treasury bill	2.10	-0.10	2.20

SAN FRANCISCO MONEY SHOW

I will be speaking at the 'SAN FRANCISCO MONEY SHOW' in San Francisco on the 15-17 of August 2019. Let me know if you can make it. Would enjoy meeting you.

Double click [HERE](#) for more information.

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 (17%)						
GOLD (GCQ19)	Gold continues to coil within a bullish flag pattern with an upside target near \$1550. A break above the flag's pole on a 2dc above \$1425 confirms the bullish pattern that could fuel a rise past our second profit target. We recently sold half and we're holding the second half waiting for further upside. Keep your positions for now and keep during weakness. We'll wait for further weakness to buy again.	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. 1282 (May-8-19). Sold half at \$1420 for 14% gain (Jun-24-19).	1411.20	2dc below \$1300 (adj).	1420 (reached), 1536
PHYS	Keep your positions for now and keep during weakness. We'll wait for further weakness 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. 10.20 (May-8-19). Sold half at 11.30 for 14% gain (Jun-24-19).	11.30	2dc below 10.25 (adj)	10.85 (reached), 12.75
Silver	Buy some at mkt and more below \$15. Silver is finally showing signs of upside potential as it tests a downtrend & resistance since 2016. Watch for a rise above \$16 to confirm recent strength.	O		15.68	2dc below 13.90	18.50 & 21
PSLV	Buy some at mkt. Buy more below 5.45.	O		5.75	2dc below 5.15	
HUI Index	Gold shares rose further this week, reaching new highs for the move! HUI regained 200 and it's looking very bullish with more upside potential. HUI remains very bullish above its 5wk MA near 190. Spinner holding above zero showing momentum remains up. We recently took partial profits on several positions. SGDJ was the latest this week bringing in gains of 18%+. We continue to hold reduced positions, waiting for a continued rise to our second profit target. Keep your positions. For now, the upside seems open.	--	N/A	193.67		
AEM	AEM held strong near the highs. It's showing resistance at \$52, nearly a 3 year high. Spinner's been falling since late Jun showing momentum wanning. AEM must now break above \$52 to show renewed signs of strength. Otherwise, it could pull back. A break below \$49 could add selling pressure and a decline to the Nov uptrend near \$43 would then be likely. Keep your positions but sell on a decline below \$49.	L	38.60 (Dec-11-18), 38.95 (Jan-4-19), 40 (Apr 23-19). Sold half at \$46.25 for 18% gain (Jun-5-19).	51.54	1d below 49 (adj).	55
SGDJ	SGDJ rose to new highs showing impressive strength. Could junior mines finally be catching up to seniors? We'll see, meantime, momentum continues to pick up the pace. Spinner above zero, testing MT MA showing good momentum. Keep the second half of your position. Sell the rest at second profit target. Raise stops to 2dc below \$30.	L	26.65 (Jan-30-19), 28.35 (Apr-10-19), 24.95 (May-8-19). Sold half at 31.60 (Jul-15-19) for a 18%+ gain!	32.12	2dc below 30 (adj)	31.5 (reached) & 40
KL	KL rose to new highs showing impressive strength. Spinner showing momentum back on the rise suggesting more upside is likely. Our second profit target at \$50 is approaching. Conversely, notice KL forming a rising wedge. A break below \$40 would confirm the bearish pattern that could push KL to the Nov uptrend at \$35. Keep your position.	L	32.90 (Mar-21-19), 32 (Apr-10-19), 31.70 (May-1-19), 32.50 (May-8-19). Sold half above \$40 for a 26% gain (Jun-24-19).	44.06	2dc below \$34	50
CURRENCIES (30%)						
U.S. DOLLAR (DXU19)	U.S. dollar index remains in a solid uptrend since Jan. The recent rise is reaching the May downtrend near 97. A clear break above the resistance, on a 2dc above 97.50, will confirm strength and a continued rise to the top side of the Jan upchannel near 98-100, would be likely. Spinner shows momentum is up but near a high area. And if the dollar index resists at the May downtrend, it could decline and test the Jan uptrend. A break below this uptrend, on a 2dc below 95.50, exposes a trend reversal.		Holding cash reserves mainly in U.S. dollars.	97.04		

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
RESOURCES AND ENERGY (23%)						
Crude (CLQ19)	Crude broke above the Apr downtrend above \$60, but failed to sustain rising momentum. An ease in tensions with Iran could have accounted for part of the decline, but Spinner had already been showing some lag. Allow for some weakness. Keep your positions as long as crude holds above \$52.	L	57.90 (May-24-19), 53.75 (May-31-19), 54 (Jun-19-19).	57.62	2dc below 52	67 & 75
COPPER (HG19)	Copper confirmed support above 2.60 once again this week. It jumped up and it's now testing the Apr downtrend near 2.70. Copper pierced above this level a few days ago, and if copper can keep up its momentum, the awaited rise to the Apr highs could materialize.	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 (May-1-19).	2.70	2dc below 2.60.	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), 32.14 (May-1-19).	29.68	2dc below 29.10	33.5 & 36.50
CAT	CAT rebounded yesterday with strength but continues to show resistance near \$142. Keep in mind earnings are poised to disappoint which could weigh on CAT. Stay out for now.	O	Bot: 115 (Oct-24-18), 125 (Nov-28-18). Sold half via alert for an average gain of 18% (Feb-25-19). Bot 134.70 (May-2-19). Sold second half at 136 (Jul-10-19) for gain of 6%	139.07		
KMI	KMI is pulling back after failing to reach new highs, convincingly. Spinner above zero, but remains lackluster. Despite weakness, KMI is holding above the Dec uptrend. If it continues to hold, we could see it rise again to re-test the recent highs near \$21.50. Keep your positions for now.	L	20 (Apr-24-19), 19.90 (Apr-29-19), 19.90 (May-23-19).	20.91	2dc below 19.50.	24 & 28
OTHER STOCKS (30%)						
AXP	AXP rose to new highs yet again, showing strength. Strong retail sales are poised to continue giving AXP an upward boost. AXP is very strong above the Dec uptrend near \$120. Spinner above zero, showing momentum creeping up. Keep your positions, more upside is likely.	L	119.75 (Mar-23-19), 117.50 (Jun-5-19).	128.05	2dc below 120 (adj).	142 & 165.
ACB.TO	ACB.TO slipped below the strong support, but continues to hold near it at CA\$9 (ACB: \$7). Spinner sunk to near extreme levels, but it's now seemingly looking for a bottom. Keep your positions as long as ACB.TO holds above \$9.	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)! Bot 11.75 (May-2-19). Sold half for 4% loss. 9.97 (Jun-6-19).	9.36	2dc below 9 (ACB: 2dc below 7).	14.50 (ACB: 12)
PG	PG remains bullish. Strong retail numbers will likely continue giving PG a boost upward as earning season approaches. A rise to the top side of the Oct upchannel near \$120 is now likely. Spinner showing momentum picking up the pace with room to rise further. Keep your positions. Adjust stops to 2dc below 107.	L	103 (Apr-24-19), 106 (May-22-19), 105.50 (Jun-5-19).	115.87	2dc below 107 (adj).	125 & 150 (adj).
DIS	DIS broke above resistance at \$144 showing renewed strength. DIS rose to new highs and it's looking very bullish above the Mar uptrend. Spinner has been holding above zero but struggling, and it's now finally showing signs of upside potential. Keep your positions.	L	132 (May-10-19), 133.75 (May-22-19), 132 (May-23-19), 135 (Jun-5-19).	144.28	2dc below 130	160 & 200

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Spinner: Spinner is an in-house momentum indicator (not always shown on charts). Momentum indicators use the rate of change in price to determine predominant energy flows. Spinner trading signals are generated when the faster timing line crosses above or below the slower confirming line. Upside crosses in the lower range of positive territory offer the most reliable signals for longs; downside crosses in the top range of negative territory for shorts. Avoid trading against the timing line, i.e., buying/selling if the timing line is in corrective mode (against direction of trade) unless the confirming line is positioning for a new 'confirming cycle'. It's important to always be aware of location, direction & cycling phase of the confirming line. Spinner signals are more effective in trending mkts than in trading ranges where indicators such as Stochastic & Williams %R should be used.

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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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