



-GCRU-

Weekly Trading Strategies



Omar Ayales

Achieves gains by trading commodities, currencies and stocks

July 24th, 2019

IN ITS 18th YEAR – N° 844

**SILVER CONFIRMS BULL MKT BREAKOUT IN GOLD,
BUT COULD SEE PULL BACK ST**

**MARKET FAVORING RISK ASSETS AT THE ONSET OF
A PRICED IN FED RATE CUT**

**WE'RE INCREASING OUR CASH POSITION BY
SELLING HALF OF ACB.TO**

The downside in longer term rates is seemingly coming to and end, at least for the foreseeable future.

Our indicators are telling us long term U.S. government bonds are poised to bounce up ST, even at the wake of the Fed potentially cutting the Federal Funds rate.

And it all makes perfect sense....

The rate cut should provide ST stimulus which could extend the economic expansion thereby increasing inflation expectations longer term which could end up pushing longer term rates up.

Moreover, a lower rate environment globally allows the U.S. some flexibility regarding monetary policy. It could be especially valuable in a global trade war too.

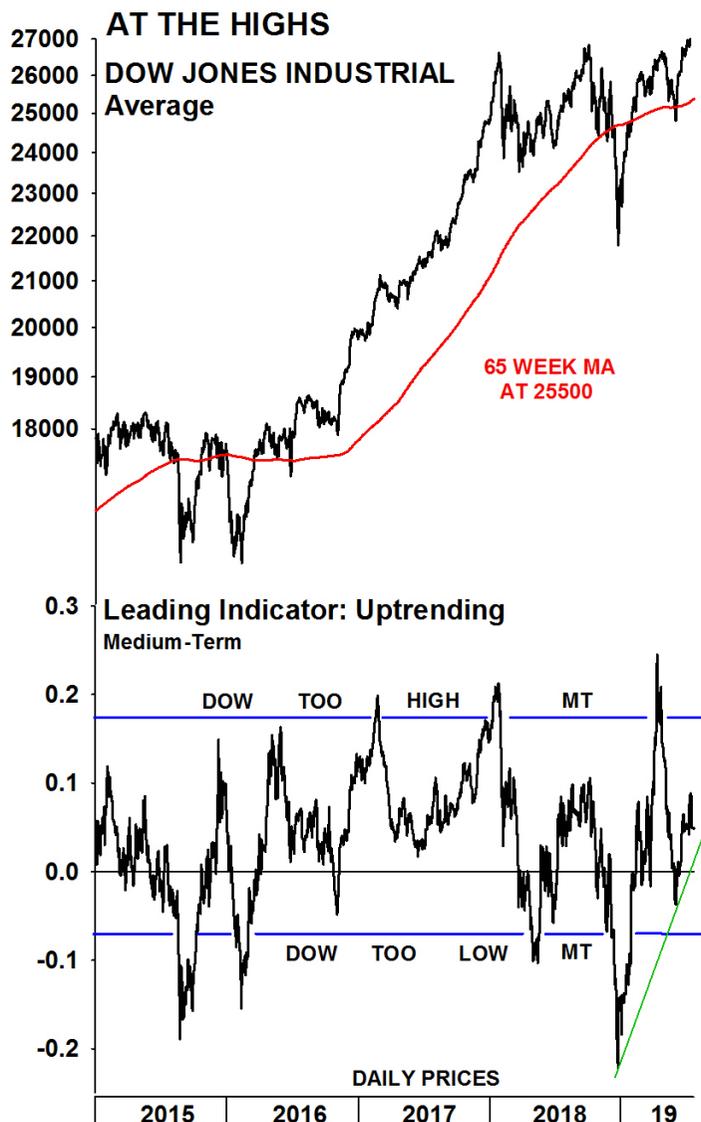
“Time is your friend; impulse is your enemy.”

-Jack Bogle

Reading between the lines, it seems the likely rate cut is more about countering economic slack due to trade disruptions with China than anything else.

Regardless, a cut will continue fueling the goldilocks scenario, particularly for U.S. equities, since economic stimulus would come at a time when the U.S. economy is firing on all cylinders. And despite noise surrounding corporate valuations, dividend yields of many remain at very attractive levels.

The Industrials broke to new highs, surpassing a triple top resistance. Notice the Dow Industrial's leading MT indicator showing room to rise further, suggesting more upside is likely in the foreseeable future.



If the past few days are prologue, it would seem the market will continue favoring risk assets ST-MT. The pull back in defensive stocks (such as utilities) and rise in riskier assets (like semiconductors) is a clear sign of where sentiment might be headed.

That could coincide with an uptick in inflation expectations and higher longer term rates (temporarily).

It could also coincide with an upcoming 'D' decline in gold if risk premiums on geo-political uncertainties decline...

Consider the seemingly-yet-priced-in rate cut would provide economic stimulus to an economy that's already running hot. This could fuel a stock market melt up rise. The famous final stage of all bull mkt rallies...

In a frenzy, greed will push demand toward risk assets, out of safe havens. This could be the catalyst for gold's 'D' decline.

Consider gold's leading indicators are very bullish, they're also, for the most part, over-extended suggesting a pull back is in the horizon.

GOLD & GOLD SHARES' RISE: Watch the 5 week MA



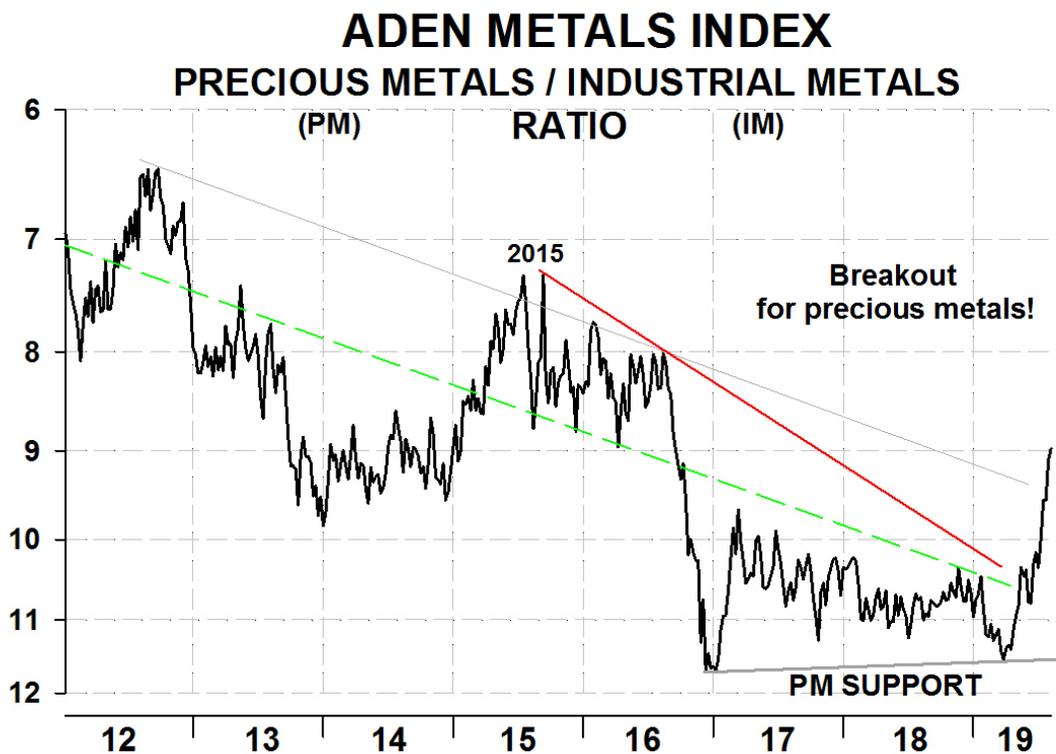
The rise in gold and gold shares has been impressive to say the least and very telling of what may lie under the hood of the economic bandwagon.

Technically speaking, the rise since May in the gold universe is reaching maturity and we could see a pull back decline within this growing bull market in gold and gold shares.

Gold is fundamentally and technically very strong and a mild 'D' decline would confirm secular strength.

We'll be taking advantage of declines to add to our positions (buy the dips!) and intermediate tops to take partial profits. The bull has great potential going forward, especially since breaking above LT resistance.

Our next chart is the Aden Metals Index, a ratio between Precious Metals (PM) and Industrial Metals (IM).



The chart is bullish for precious metals exposing a longer term shift that favors precious metals.

The chart shows PM rising from a solid support, breaking above a downtrend since 2015, potentially reversing a multi-year long trend versus the Industrial Metals, IM.

However, ST, we could see a pull back that could coincide with gold's 'D' decline.

We recently sold half of our positions in gold and gold shares in the recent and current upswing for handsome profits and continue to hold about half our positions with tighter stops overall. Our precious metals represent 18-20% of our portfolio to date.

That percentage includes our recent addition of silver (ETF: PSLV). We bot some silver last Wednesday near \$15.70 (PSLV: \$5.85) and be ready to buy more on weakness.



More importantly, we're holding a robust cash position on the sidelines in highly liquid, low interest bearing instruments waiting for upcoming opportunities.

Silver has been very exciting to watch!

Our issue last week showed silver breaking out from a multi-year downtrend (since 2016) showing upside potential. It took off later that day.

Silver remains extremely undervalued relative to gold. Its recent breakout rise shows potential for upside. It also tells us that we could see it favored over gold in the foreseeable future.

The indicator below the chart above is nearing a high area. It's telling us silver is very bullish and could remain at these high areas or higher ST. It's also reaching a high area suggesting the upside is limited in this leg up rise. We'll see...

For now we have a small position in silver and are ready to buy more on weakness. Let's wait for a pull back below \$15.75 before buying. Silver's Spinner is overextended and could cool down a bit before rising further. We're raising our stop to 2 dc below \$14.

The strength in silver is a strong confirmation of gold's bull mkt. It was lagging, causing concern. But the breakout rise is very telling of what may come.

Adding to the bullishness of our precious metals portfolio are our miners.

All three of our positions rose to new highs and are at a stone's throw away from our second profit target.

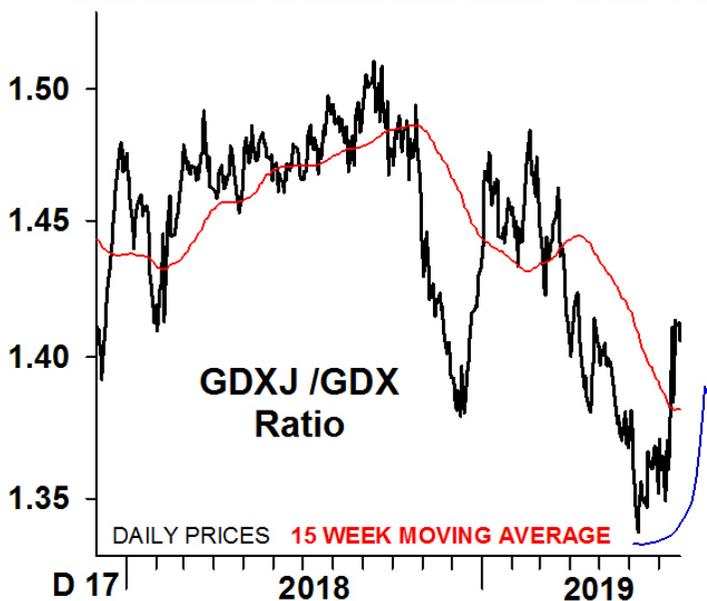
Gold shares as a whole seem to be near a resistance level too. For HUI it's the 2017 highs. A break above 220 on a 2dc would confirm a breakout from that resistance showing renewed strength.

HUI remains very bullish above its key trend identifier, the 5wk MA near 195. A break below this level means a downward correction has started.

Interestingly, during the bull mkt, senior mines have been outperforming junior mines. Not a typical characteristic of a bull mkt in gold.

However, the juniors are starting to outperform the seniors, breaking above key resistance. Normally this is a very bullish indication for the entire gold universe.

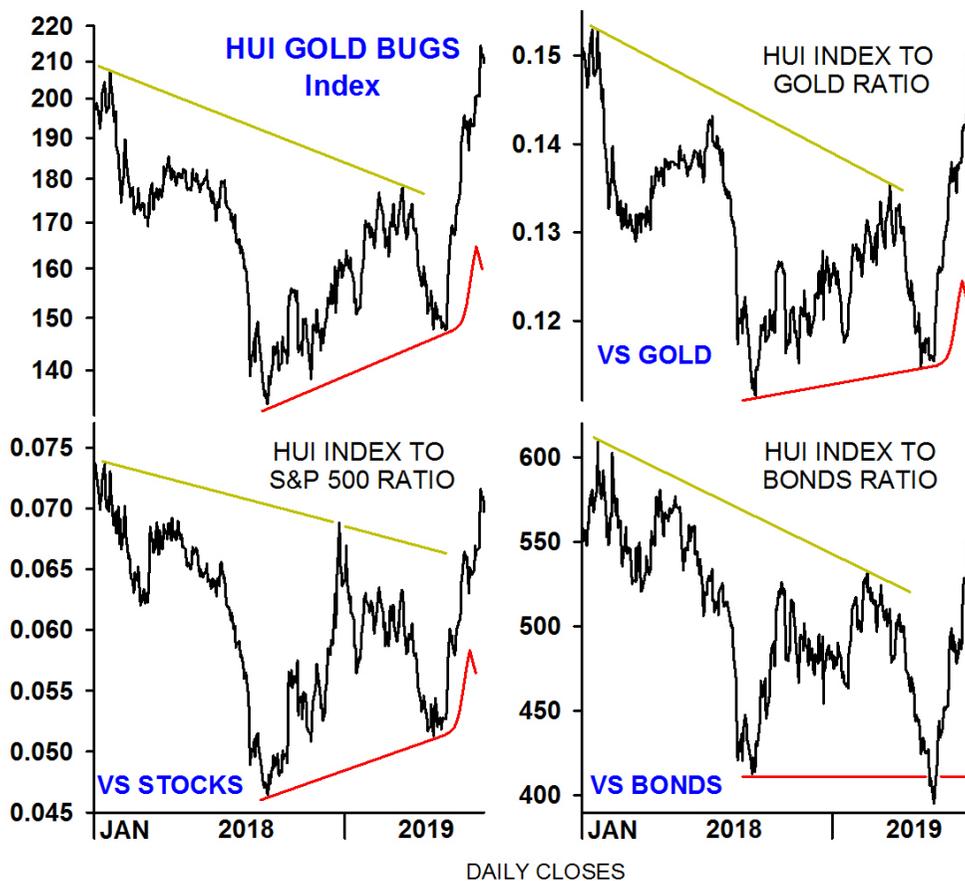
JUNIORS STRONGER... FINALLY!



Also interesting to note, HUI remains stronger relative to gold, the S&P 500 and bonds! It's been a top performer this year.

I've been showing this ratio since the beginning of the up move and it just gets more exciting by the day!

GOLD SHARES: STRONGEST!



However, the rise may be reaching maturity and we could see a pull back. We already took some profits and are holding a strong position, but ready to sell more if second targets are reached, or our tighter adjusted stop limits are triggered.

Our Junior Mine ETF (SGDJ) rose to a new high for the move but got sold yesterday on high volume. The action is very typical of a key reversal day, particularly because of the volume behind the move.

Spinner is very bullish above its uptrend near zero, but it's over-extended, telling us a pull back is likely. SGDJ remains bullish above its 5wk MA just above \$31. Keep your positions. Sell

if our second profit target is reached near \$40. We're raising our stop to 2dc below \$31 (up from \$30).



Agnico Eagle Mines (AEM) also reached new highs for the move (above \$54) earlier this week. It's now pulling back, seemingly losing momentum ST. Keep in mind, however, AEM remains bullish above its 5wk MA near \$51.50.



Keep your positions for now. Sell if second profit target at \$55 is reached, or if our adjusted tighter stop is hit on a 2dc below \$51.50.

Kirkland Lake Gold (KL) is also very bullish. Reaching new highs every other day. It's starting to show some weakness as it forms a top. Spinner near a high area too suggesting the upside may be overdone for now.



Nonetheless, KL remains very strong above its 5wk MA at \$43. I wouldn't consider selling unless KL broke below that level on a 2dc. Raise you're stops to protect profits.

Keep in mind a 'D' decline is the end of the ABCD cycle. A renewed up-cycle could emerge after.

The longer term upside potential in gold could also coincide with a stock market top. But for now, ST, stocks are poised to rise, at least until stimulus from the possible rate cuts wears off.

The stronger U.S. dollar index (DXY) is indicative of a robust U.S. economy and how the markets are favoring U.S. dollar denominated assets.

DXY rose back above 97, piercing above the May downtrend and resistance level near 97.25. Spinner looks poised for more upside ST.



DXY strength will put downside pressure on gold and most other assets. We could see a stronger DXY during a melt-up in stocks too, just like during the last bull mkt that ended in 2000.

This would mean that our “Other Stock” portfolio could continue to rise in the foreseeable future.

American Express Company (AXP) beat consensus estimates which were already high. AXP is testing the recent highs. A clear break above \$130 would show renewed strength and a continued rise would then be likely.



Disney (DIS) also pulled back. It's showing ST support at \$140. Spinner, however, looks bearish suggesting DIS could continue to lose momentum ST.

I'm a big believer in DIS's story. I believe DIS is poised to rise further. We're already sitting on profits built. Let's keep it for what seems to be the melt up rise.



Procter & Gamble (PG) was hit harder. It's still getting sold and Spinner broke below its MT MA showing momentum is down.



But, despite weakness, PG remains above its solid October uptrend and 15wk MA at \$108. Keep your positions. Adjust stops to 2dc below \$108.

Aurora Cannabis (ACB.TO) confirmed weakness by staying below its support level at CA\$9. Spinner bearish, below zero, telling us momentum remains grim. As indicated in previous issues, it's just not the right environment for weed stocks, for now.



I'm selling half of my position for a small loss and increasing cash position. With the partial sale of ACB.TO we decrease overall exposure to stocks to just below 30% and increase our cash position to about 30%.

Resources remain sluggish.

Copper was bouncing up, but it remains lackluster, likely due to a weaker global demand outlook. We'll continue to hold on to our position as long as copper holds above its critical support at \$2.60.



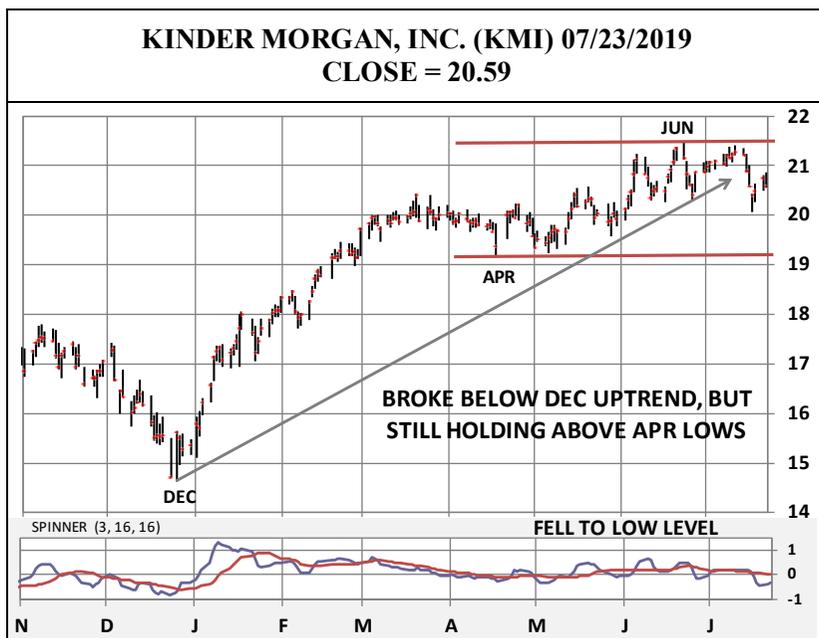
Crude oil has declined less than copper, but remains under pressure, despite growing turmoil in the Middle East. It's bouncing up. Today it regained the \$57 handle and looks poised for more upside.

The stronger dollar could also be putting downside pressure on both crude and copper.

However, we'll continue to keep crude oil for now. It could rise with U.S. stocks. A break above \$61 is necessary to show a strong rebound rise.



Energy shares are also lackluster. Kinder Morgan (KMI) is not the exception. But it's firm and we're keeping it for its stability to have conservative exposure to resources. Our overall resource and energy portfolio is near 20-22%.



Our strategy this week is to stay put. Keep your positions, with minor a exception (sell half of ACB.TO for a small loss). We've been growing our cash position for bargain hunting later on. We're ready to take more profits if targets are hit. Adjust stops too.

Good luck and good trading,



Omar Ayales
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www.goldchartsrus.net
A division of Aden Research

KEY PRICES			
Name/Symbol	July 23, 2019 Price	Change	July 16, 2019 Price
Gold (GCQ19)	1421.70	10.50	1411.20
Silver (SIU19)	16.48	0.80	15.68
HUI (HUI)	209.63	8.98	200.65
Copper (HGU19)	2.70	0.00	2.70
Crude Oil (CLQ19)	56.77	-0.85	57.62
S&P500	3005.47	1.43	3004.04
U.S.Dollar (DXU19)	97.42	0.38	97.04
30 Year T-Bond (ZBU19)	154.28	0.65	153.63
10 Year T-Note Yield	2.07	-0.05	2.12
13-week Treasury bill	2.03	-0.07	2.10

SAN FRANCISCO MONEY SHOW – *NEXT MONTH*

I'll be speaking at the 'SAN FRANCISCO MONEY SHOW' in San Francisco on August 15-17, 2019. I'll enjoy meeting you there! Double click [HERE](#) for more information and to sign up!

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 (18%)						
GOLD (GCQ19)	Gold rose to new highs, but remains within a trading range at the highs, between \$1400 and \$1450. In the meantime, gold's bullish flag is turning into a bearish rising wedge pattern. This tells us, if gold breaks convincingly above resistance at \$1450, a continued rise would be likely. But if the wedge is broken on the downside, on a decline below \$1410 on a 2dc, a continued decline to \$1365 would be likely.	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).	1421.70	2dc below \$1300;	1420 (reached), 1536
PHYS	Keep your positions.	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).	11.38	2dc below 10.25	10.85 (reached), 12.75
Silver	Breakout rise confirms strength within gold universe. We bot some last week. Keep your positions.	L	Bot: 15.80 (Jul-17, 2019).	16.48	2dc below 14 (adj).	18.50 & 21
PSLV	Keep your positions.	L	Bot: 5.85 (Jul-17, 2019).	6.03	2dc below 5.20 (adj).	7 & 8.50
HUI Index	Gold shares are bullish, but they're also showing signs of weakness near the highs. The A/D Line rose to the Sept downtrend, but it's struggling to surpass resistance. The HUI Index has taken a breather following its stellar rise forming a ST top. HUI remains very strong above its 5wk MA near 197, and rising. If HUI breaks below this trend on a 2dc, we could see HUI and gold shares decline further, to possibly 170.	--	N/A	213.59		
AEM	AEM continues to show strength as it holds near the highs. However, it's forming a rising wedge pattern with downside target near \$44. Moreover, Spinner showing signs of resisting at its MT MA. Both are signs of caution. Raise your stop to 1dc below \$52. Sell on a break. We'll buy again near the Nov uptrend.	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).	53.20	1d below 52 (adj).	55 (almost reached!)
SGDJ	SGDJ rose to new highs for the move, just shy from our second profit target at \$40. Spinner at a high showing strength. It's also overextended. SGDJ is very bullish above the May uptrend, above \$33. But a break below could send SGDJ to the Nov uptrend near \$25. Raise your stops to 2dc below \$33.	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!	34.20	1dc below 33 (adj)	31.5 (reached) & 40 (almost reached!)
KL	KL rose to the top side of the Nov upchannel showing impressive strength. Spinner near the highs showing momentum is up. Amid all its bullishness, KL is forming a rising wedge pattern with downside target at \$36 if the May uptrend is broken on a 2dc below \$43. Raise your stops to 2dc below \$43. Sell if triggered.	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).	45.49	1dc below \$43 (adj).	50 (almost reached!)
CURRENCIES (30%)						
U.S. DOLLAR (DXU19)	The U.S. dollar index broke above the May downtrend showing strength. Incidentally, Spinner bounced up from the zero line suggesting momentum on the upmove. If the dollar can hold above 97, we could see it rise to the top side of the Jan upchannel near 98, initially. If the dollar fails to rise above the May highs, it could fall back. However, the dollar must break below 95.50 before showing signs of renewed weakness.		Holding cash reserves mainly in U.S. dollars.	97.42		

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 (22%)						
Crude (CLU19)	Crude oil found support above the Dec uptrend. Spinner is down, but forming a bottom near a low area, creating an uptrend since Jun, showing momentum could continue rising. Keep in mind, crude must break above the Apr downtrend on a 2dc above \$61 before showing signs of renewed strength. Otherwise, pressure will likely remain down. Keep your positions as long as crude holds above support at \$52.	L	57.90 (May-24-19), 53.75 (May-31-19), 54 (Jun-19-19).	56.77	2dc below 52 (adj)	67 & 75
COPPER (HGU19)	Copper is exposing weakness as it fails to clearly surpass the Apr downtrend and resistance. It continues to show lag. On the other hand, Spinner is above zero and MT MA showing momentum is shifting up. Copper has confirmed support above \$2.60. Keep your positions as long as copper holds at this level.	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).	29.83	2dc below 29.10	33.5 & 36.50
KMI	KMI is bouncing up, showing support at \$20. Spinner at a low area, near the lowest levels this year. The break below the Dec uptrend shows weakness, but real support remains at the Apr/May lows near \$19.50. Keep your positions as long as KMI holds above \$19.50.	L	20 (Apr-24-19), 19.90 (Apr-29-19), 19.90 (May-23-19).	20.59	2dc below 19.50.	24 & 28
OTHER STOCKS (30%)						
AXP	AXP is showing signs of strength, holding above the Dec uptrend at \$122. AXP's quarterly results came in strong, confirming strength. We will keep AXP as it's poised to continue rising as the great economic growth story of the U.S. continues to develop.	L	119.75 (Mar-23-19), 117.50 (Jun-5-19).	128.20	2dc below 121 (adj).	142 & 165.
ACB.TO	ACB.TO broke below key support at C\$9. Spinner below MT MA and zero showing momentum continues to decline. ACB.TO is hugging the bottom side of the Mar downchannel while forming a downside wedge pattern. A break above C\$9.50 will show signs of renewed strength that could push ACB.TO to the Mar downtrend near \$10.50. Sell half at mkt for a small loss and keep a reduced position to unload on a rebound.	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).	8.74	Stop hit. Selling half. Holding reduced position thru weakness.	14.50 (ACB: 12)
PG	PG remains near the highs. It's pulling back as Spinner shows a loss in momentum. However, PG remains one of my favorite stocks out there for the value it represents. PG remains very bullish above the Oct uptrend at \$108. Adjust stops to 2dc below \$108.	L	103 (Apr-24-19), 106 (May-22-19), 105.50 (Jun-5-19).	113.85	2dc below 108 (adj).	125 & 150 (adj).
DIS	DIS is pulling back after reaching new highs. It's now showing some support at \$140 as Spinner drifts below zero, looking for a floor. If DIS holds above \$140, it'll show strength with more upside potential. DIS's story is a great one and it continues to unravel. Keep your positions.	L	132 (May-10-19), 133.75 (May-22-19), 132 (May-23-19), 135 (Jun-5-19).	141.26	2dc below 135 (adj)	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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