



-GCRU-

Weekly Trading Strategies



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Achieves gains by trading commodities, currencies and stocks

Aug 21, 2019

IN ITS 18th YEAR – N° 848

LOTS OF ACTION THIS WEEK!

TOOK 30% PROFITS IN SGDJ

& BOT SOME DUST AS INSURANCE

BOT SOME MSFT, IT'S ALREADY DOING GREAT!

THE CART IN FRONT OF THE WHEEL

It was nice to see some of you at the Money Show this past weekend. Thank you for making it. I will be posting the presentation inside the member's section for anyone who'd like to see it...

There was lots of interest in gold, naturally. I got to speak to other traders and investors, some who attended the conference, others that were speakers.

"Buy sheep, sell dear" - old Wall St. adage

Much of the main stock investors have been aroused by the rise in gold shares from Sept 2018 bottom to the recent top. Speculation is running wild. I'm seeing people buying gold who have never recommended a trade in it.

It's a sign of an intermediate top if you ask me..

The adage buy cheap, sell high seems obvious but actually it has a deeper meaning.

There's a reason why something is cheap. It's because there's too much of it, or just not too many people are interested...

Likewise when something's expensive. Either too little of it or too many people want it...

Whichever it is, herd behavior tends to push markets to extremes. But it's in those extremes that we can find opportunities.

Take silver... the overlooked child. It's fate devastated by its industrial appeal, subject to trade wars, tightening deflationary pressures and others.

However, these critics ignore its relationship to gold over history. It always had an industrial use over gold given its availability. There was more of it, so it was cheaper. About 20x more.

That should put a floor on the silver to gold ratio at about 20 to 1. Compare that to its current valuation of 88 to 1. It takes 88 ounces of silver (not 20) to buy an ounce of gold.

Consider the historical mean is 67 to 1.

Many have forgotten about silver. And usually when it tends to perform very similarly to gold shares, it hasn't. Its low to high

gain has been 20%. Not bad, but not close to HUI's 70% or even gold's 30% gain during the same timespan.

We first started buying silver when the ratio was in the lower 90s to 1. The current fall below 90 suggests the trade is paying off.

We've already taken great profits in the gold share up move. Our indicators are showing strength, but they're also showing gold shares have reached an extreme and some consolidation is likely.



Its timing is coinciding with gold's 'D' decline that has been on the horizon. Although the 'D' decline has not yet broken down, the recent price action signals signs of exhaustion.

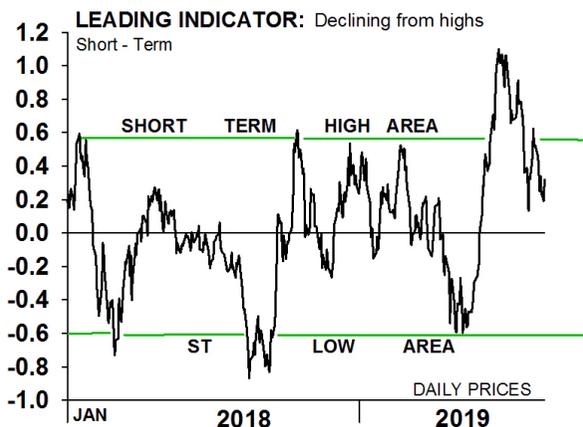
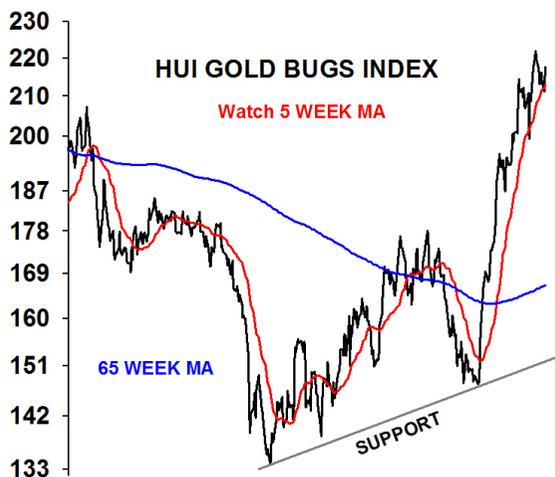


Gold remains very strong, especially above \$1500. However, consider gold has ST support near \$1450 and lower, at its previous resistance near \$1365. But in a 'D' decline, it wouldn't be unrealistic seeing gold test its mega trend, the 23 month MA near \$1300. Coincidentally, it's also gold's Nov uptrend.

I continue to hold half of our original position even though gold reached our second profit target recently. Some of you may have sold, protecting handsome profits. If you did, that's good! I opted to keep my position since I have already reduced overall exposure to precious metals and want to keep some exposure given gold's bullish undertone.

However, I will be waiting for my indicators to fall back to oversold levels before buying again.

POISED TO CORRECT IN A BULL MARKET



Gold shares are looking more topy. They're lower and declining tops in Spinner suggest momentum is falling.

Notice on the chart HUI above is testing its 5wk MA just as its leading indicator is falling from extreme overbought levels. This tells us momentum may be shifting.

Considering gold shares tend to trade at a discount when gold is not in favor, is where the first cracks of a leg up rise are exposed.

We took more profits last Wednesday when we sold the second half of our junior gold miner ETF (SGDJ) protecting a 30% profit, bolstering performance of our precious metals portfolio this quarter.



Over the past couple of weeks, we've slowly shifted our exposure to silver, from the miners. Although we are keeping a reduced position in Kirkland Lake Gold (KL). We continue to hold gold and silver too.



To hedge our longs, we bought a 3x levered inverse ETF to HUI (DUST). This ETF will move in opposite direction to gold shares.

This means, when gold shares fall, DUST will rise. The position secured should be a small one and meant to be a hedge.



Our precious metals exposure with recent changes sits at 18% of our portfolio. Our cash reserves at just about 40%.

Cash meaning highly liquid low interest bearing instruments in U.S. dollars.

We've been building up cash to take advantage of upcoming opportunities.

The U.S. Dollar Index rose to the highs. It's back above 98 and showing strength. The dollar is yet another true testament to global weakness.



I believe uncertainty regarding the U.S. will continue turning into certainty and will fuel an extended rise in U.S. equities.

Global markets will continue favoring U.S. equities given their luster and exposure to the U.S. economic growth story.

And because the U.S. bonds are so much cheaper than other sovereign bonds, investors and traders will likely continue favoring U.S. bonds over others.

Demand for U.S. bonds will drive interest rates lower, which should act as economic stimulus in an economy that's already running hot. This will continue supporting a goldilocks scenario for U.S. equities as the U.S. economy is the biggest winner.

San Francisco's Fed Chair Daly could not have put it more clear in an interview yesterday, saying, "I do believe this was an appropriate recalibration of policy (regarding the rate cut) in response to the headwinds we're facing — along with inflation rates that continue to come in under our 2% target... However, I should stress that my support for this cut is based around my desire to see our economic expansion continue — not because I see an impending downturn on the horizon."

Not only that, you can be sure that president Trump will do everything in his power to keep the market at or near record highs thru the elections.

Our stock exposure increased a bit as I added Microsoft (MSFT). Our overall exposure to U.S. equities, excluding resources and precious metals related is a 30%. The day this issue went to press, stocks fell, allowing us to pick up some MSFT at great price.



Notice the chart shows MSFT holding above an uptrend as Spinner breaks above zero, showing momentum picking up steam.

If you didn't buy MSFT last week, buy some on weakness.



We also continue to hold Procter & Gamble (PG). It rose further, nearing the recent highs and our first profit target. PG has a solid uptrend and base above \$110.

PG continues to dominate its market. It recently posted great quarterly results and it's positioned to continue benefiting from a robust U.S. consumer. Keep your positions, especially if PG holds above \$110.

Disney (DIS) has not been as strong as MSFT and PG. It's lagging a bit. However, it's showing support above \$132 just as Spinner breaks above its MT MA as it rises from an extreme low. This exposes renewed upside potential. If you're not in this trade, buy some below \$135.



American Express Company (AXP) also continues to struggle. Although it's in a great position to benefit from a robust consumer, it remains lackluster. AXP is holding near the highs, and if it breaks to new highs, it could show renewed and invigorating strength. Let's keep monitoring it for now.

AXP is getting dangerously close to our stop loss. If it hits our stop, unload for practically break even.



Our exposure to the cannabis industry remains very limited. We're keeping some exposure just to keep us alert as to how this industry is developing and the opportunities that will be forthcoming.



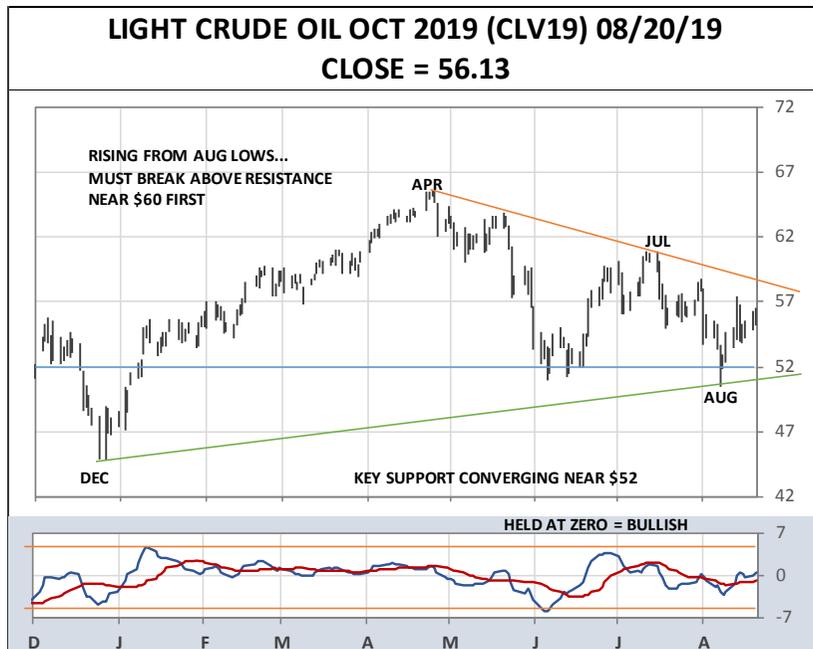
Consider that it's estimated for this industry to grow to a 50 billion dollar industry within 5 years. There is no other industry out there today with as much upside potential in such short amount of time.

The recent bounce up in U.S. equities has also given crude oil an upward boost. It continues to hold near the mid to higher \$50s.

To me this is encouraging as support above \$52 grows. However, it is concerning that crude oil is reluctant to break above the April downtrend near \$60.

Concerns over a growing oil glut could weigh down stronger if global economic sentiment doesn't improve. We recently reduced exposure to resources considerably, holding on to crude

oil. Keep the rest of your position, but be quick to take profits if targets are reached.



We also continue to have some exposure to Kinder Morgan.

KMI continues to confirm support above \$19.50. During the past several months, KMI has jumped up every time it has neared support at \$19.50.



I decided to reduce exposure to KMI since a ceiling at \$21.50 seems to be strong and energy shares could be sensitive to shocks from global trade disruptions and slack in demand due to global sluggishness.

Our exposure to resources remains at 12% of our portfolio.

Our strategy for this week is to continue trimming profits in gold shares if you remain over-exposed. If you want to buy a precious metals trade, buy silver, and wait for weakness before buying more gold or gold shares for now. Reduce exposure to downside in precious metals by buying DUST. Hold on to healthy cash reserves as they will come in handy soon enough.

Good luck and good trading,



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KEY PRICES			
Name/Symbol	August 20, 2019 Price	Change	August 13, 2019 Price
Gold (GCZ19)	1515.70	1.60	1514.10
Silver (SIU19)	17.15	0.16	16.99
HUI (HUI)	217.55	4.49	213.06
Copper (HGU19)	2.58	-0.05	2.63
Crude Oil (CLU19)	56.13	-0.97	57.10
S&P500	2900.51	-25.81	2926.32
U.S.Dollar (DXU19)	98.06	0.43	97.63
30 Year T-Bond (ZBU19)	165.00	2.06	162.94
10 Year T-Note Yield	1.56	-0.12	1.68
13-week Treasury bill	1.90	-0.06	1.96

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 (GCZ19)	Holding strong near the highs... Gold's very strong above the May uptrend near \$1450. But to keep momentum moving forward, it must break above \$1536 on a 2dc. If it fails to surpass resistance, we could see it start to pull back. A break below \$1450 would confirm a 'D' decline that could push gold all the way down to the Aug uptrend near \$1300. Spinner losing steam, but still uptrending. Keep your reduced positions for now. We'll be looking to buy again on a decline to the lower \$1300s.	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).	1515.70	2dc below \$1300	1536 (reached!)
PHYS	Keep your positions. Wait for weakness to buy.	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).	12.11	2dc below 10.35	12.25 (almost reached).
Silver	Silver continues to show most potential of all the precious metals. The recent breakout from the 2016 downtrend was a strong sign of what's to come. Silver has bullish support above the May uptrend (\$15.75) and it's poised to outperform gold and gold shares moving forward, as their price relation is at an extreme in historical context. If silver declines below \$16.75 on a 2dc, it could easily decline to \$15.50. Wait for weakness to buy.	L	Bot: 15.80 (Jul-17, 2019), 16.50 (Aug-7-19).	17.148	2dc below 15	18.50 & 21
PSLV	Keep your positions. Wait for weakness to buy.		Bot: 5.50 (Jul-17-2019), 6.25 (Aug-7-19).	6.350	2dc below 5.25	6,5 & 7.
HUI Index	HUI is showing resilience by holding near its 5wk MA. This support level is short term and a very bullish one. If broken to the downside, it could spell upcoming weakness and a sign of a developing 'D' decline. Notice Spinner has three declining tops, showing a clear loss of momentum. A bearish sign. At this moment, we've sold of most gold shares. Made great profits! We're holding half of Kirkland Lake Gol (KL) and just recently last week bot a bit of DUST (3x inverse ETF to HUI) as insurance against increasing downside risk in precious metals. Keep your positions for now. We'll be looking to buy again later on.	--	N/A	217.46		
SGDJ	Sold near the highs as SGDJ had already started showing signs of a top. The break below May uptrend suggests momentum may be shifting to the downside while Spinner declines. Stay out for now. Buy again later on.	O	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! Sold second half at \$34.50 for 30% gain (Aug-14-19)!	33.05		
KL	One of the best gold shares out there. We've done great trading KL the past 52 weeks. We're up over 60% in that timeframe. We're holding a reduced position. It's our lone gold share as we seemingly enter into a 'D' decline. Keep your position thru weakness, if any, we'll buy again on a further decline.	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).	45.50	2dc below \$35	50 (almost reached!)
DUST	Buy again at mkt, but don't overdo it. Gold shares continue to look topy after a phenomenal rise during the past year. A pull back or decline appears to be coming up. Protect the downside of what's left of your portfolio in gold, silver and KL with some DUST. Remember DUST is highly speculative and only recommended for those who are active traders.	L	7.40 (Aug-14-19).	7.19	2dc below 6.85	13

TRADER SHEET CONTINUED

Symbol	Trade Update &/or Current Position	Status L=Long S=Short O=Out P=Put C=Call	Long or Short	Last Closing Price	Stops	Targets
CURRENCIES (40%)						
U.S. DOLLAR (DXU19)	DXU continues to hold up better than most currencies. It's near the recent highs, threatening with more upside ST. Spinner is breaking out, suggesting rising momentum with more upside potential. Although strength in gold is the true measure of value for the dollar, compared to most other sovereigns, the dollar remains strongest, most favored. Keep cash position in liquid DXU denominated assets.		Holding cash reserves mainly in U.S. dollars.	98.06		
RESOURCES AND ENERGY (12%)						
Crude (CLV19)	Crude oil continues to coil into a symmetrical triangle between resistance at \$60 and support at \$52. Spinner suggests upside momentum could pick up steam and more upside is likely. Keep your positions for now. Wait for a break above \$60 on a 2dc for action to pick up the pace.	L	57.90 (May-24-19), 53.75 (May-31-19), 54 (Jun-19-19).	56.13	2dc below 52.	67 & 75
KMI	KMI confirmed support above \$19.50 after recently testing it. Spinner is holding above MT MA showing momentum could start picking up the pace. Keep ni mind, however, KMI must break above \$22 to show renewed strength. Keep your reduced positions for now.	L	20 (Apr-24-19), 19.90 (Apr-29-19), 19.90 (May-23-19). Sold half just above \$20 for break even (Aug-8-19).	20.14	2dc below 19.50.	24 & 28
OTHER STOCKS (30%)						
AXP	AXP is struggling to hold above the Dec uptrend and support level near \$121. Spinner above MT MA, testing zero, suggesting momentum could pick up steam. However, if AXP breaks below \$121 on a 2dc, sell your positions for break-even.	L	119.75 (Mar-23-19), 117.50 (Jun-5-19).	121.42	2dc below 121	142 & 165.
ACB.TO	ACB.TO continues to decline. Downside pressure continues to build. The current environment is not favoring cannabis stocks. We'll continue to hold a very reduced position to continue having exposure to this breaking industry.	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). Sold half for 12% loss.	7.87	Hold reduced position.	14.50 (ACB: 12)
PG	PG continues to thrive with current political and economic environment. It remains very strong, and uptrending. Remember it posted great quarterly results and it's poised to continue rising. Sell half if first target is reached at \$125.	L	103 (Apr-24-19), 106 (May-22-19), 105.50 (Jun-5-19).	118.90	2dc below 110.	125 & 150
MSFT	If you're not in, buy some at mkt. MSFT is bullish above the Dec uptrend. It's jumping up, looking strong. Spinner breaking back above zero suggesting momentum may be shifting back to the upside. Keep your position, buy some if you're not in.	L	135 (Aug-14-2019).	137.26	2dc below 120	170 & 200
DIS	DIS is at the bottom side of a sideways consolidation band near \$132. Spinner fell to an extreme level suggesting weakness may be overdone ST. The Dec uptrend and bottom side of the sideways band could start converging near \$132 soon. Keep your position, if you're not in, consider buying below \$135.	L	132 (May-10-19), 133.75 (May-22-19), 132 (May-23-19), 135 (Jun-5-19).	135.13	2dc below 132	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	
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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