



-GCRU-

Weekly Trading Strategies



Omar Ayales

Achieves gains by trading commodities, currencies and stocks

Aug 6th, 2019

IN ITS 18th YEAR – N° 846

**SPECULATION CURRENCY WARS ARE BREWING
IS SUPPORTIVE OF GOLD**

**COPPER BREAKS SUPPORT...
GLOBAL OUTLOOK TAKES ANOTHER DIVE...**

SWAP COPPER FOR SILVER

U.S. EQUITIES ALSO DROP... BUY THE DIP?

Volatility spiked up; stocks dove in the worst one day decline this year earlier this week. Speculation over an escalating trade war and its dampening impact on the global economy are seemingly fueling the stock market pull back.

It's also putting downside pressure on resources and inflation expectations. Dr. copper broke a key intermediate support at \$2.60 suggesting the longer-term trend may have shifted down.

Unprecedented Times: Gold price soaring, China Yuan collapsing, Fed cuts rates first time in 8 years, long rates take a further dive, Germany's longest bond goes negative for first ever, copper at new low, QE tightening stopped, stock market's worst day this year, Central bank gold purchases near six decade high...

I now suspect dis-inflationary forces will continue to gain strength putting downside pressure on copper and resources while giving precious metals an upward boost (as hinted in the precious metals - industrial metals ratio shown two weeks ago).

Copper broke below our stop. It has been showing weakness over the past year. Its inability to break above \$3 was a strong sign. The break below \$2.60 confirmed a longer-term shift.



Interestingly, silver is holding up strong. Weakness in resources doesn't seem to be affecting it yet. Recent price action suggests silver could start moving with precious metals rather than with resources.

The silver to gold ratio remains near an extreme (90:1) and a reversion to a historical mean (67:1) seems likely.

Our next chart shows a silver to copper ratio. Since the early 2000s the ratio has favored silver, but since 2011, copper held higher ground. And now, silver is starting to break out from a base and has room to rise to the 2011 downtrend initially.

This suggests, silver is poised to rise ST.



Sell copper (if you haven't already), and buy a bit more silver. Don't load up too much just yet. I still think we'll get an opportunity to buy at lower levels in the near future. However, the bull mkt remains strong making the downside hard to identify. Buy in the lower \$16s and later on near \$15.

I sold my position in copper yesterday for a 10% loss since my stop was triggered. If you haven't sold, consider waiting for a pull back above \$2.60 to sell. But don't get too greedy, the

downside now seems open. More importantly, increase your exposure to silver.

Crude oil on the other hand continues to hold above support at \$52. Although demand could remain weak for resources overall, supply disruption and geo-political unrest will likely continue being supportive of crude oil.

We must remain cautious. There's already noise of a growing supply glut for 2020. We're adjusting our profit targets.



Kinder Morgan (KMI) has pulled back with U.S. equities. It's still holding above key support at \$19.50. However, a diminished outlook for global growth is putting a tight ceiling in the resource space and this could affect all resource related companies.

I recommend waiting for a jump up above \$20, or better to sell half of your position for a small gain.



After unloading copper and half of KMI, exposure to resources should shrink to about 10-12%.

After adding silver, our precious metals should represent 20% of our portfolio with healthy cash reserves.

Global sluggishness and geo-political uncertainty are likely to continue being bullish for U.S. bonds and gold too.

And although the U.S. is not protected from global weakness, it remains the strongest economy relative to most others with a strong currency and attractive yields on government bonds, still!

The U.S. growth narrative will continue being supportive of a stronger U.S. dollar index too.

DXY rose to new highs, reaching the top side of the 2019 up channel just above 98. Technically, DXY is poised to rise further, particularly if it holds above the Jan uptrend near 96.

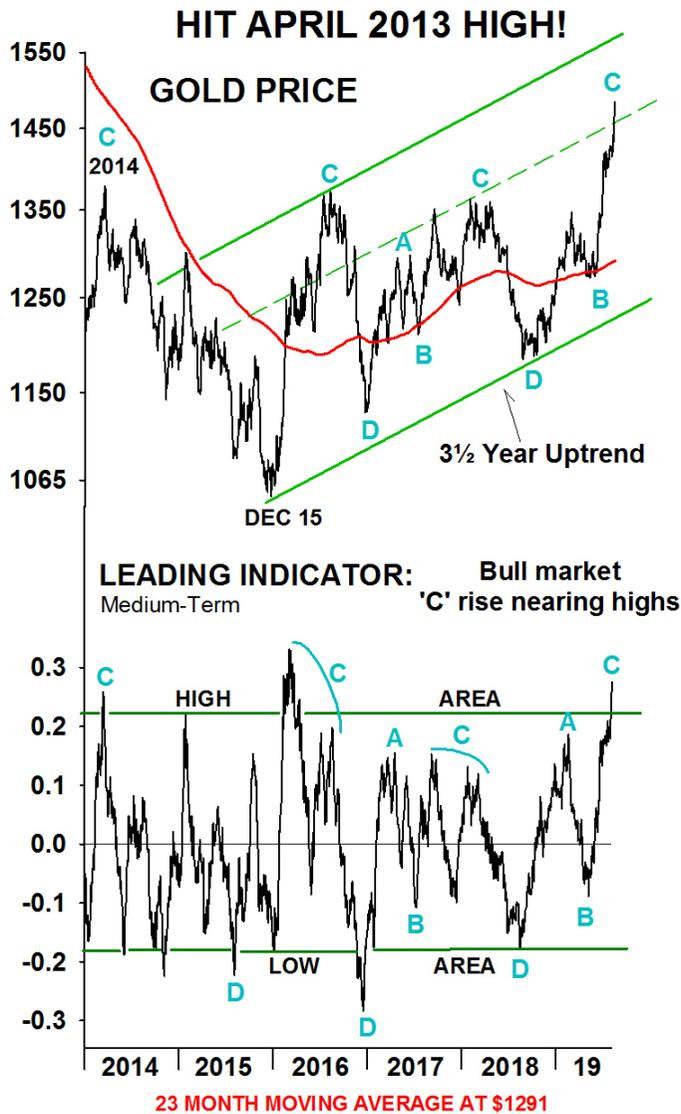


I believe the U.S. dollar index will remain strong, particularly since its counterparts are noticeably weaker.

Turning to gold, it pierced below its 5wk MA last week, just before taking off.... Pull back, break out!

Gold closed at its April 2013 highs and it looks very bullish. Spinner broke above MT MA confirming upside momentum continues to develop.

The 'C' rise is having another hurrah and looks very bullish above \$1415. Other indicators suggest the end of the 'C' rise is near and a 'D' decline is on the horizon.

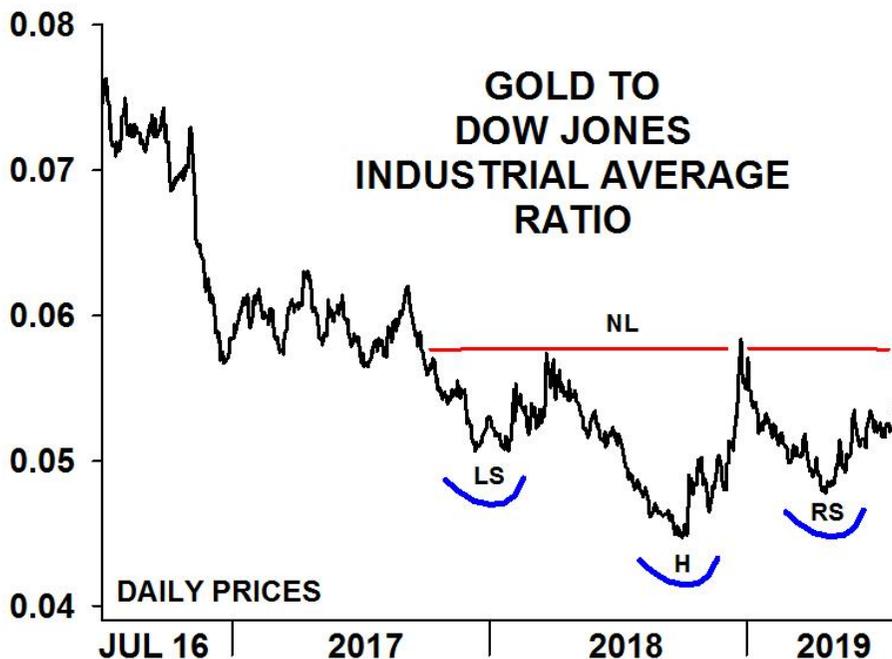


The chart above shows gold's rise since 2015. I've identified the ABCDs to easily identify the cyclical moves.

The chart below gold, is its leading indicator. Notice it's reaching an area that has traditionally indicated a top. The last time was the 2016 high. This doesn't mean the rise is over, but it does mean its current phase is reaching maturity.

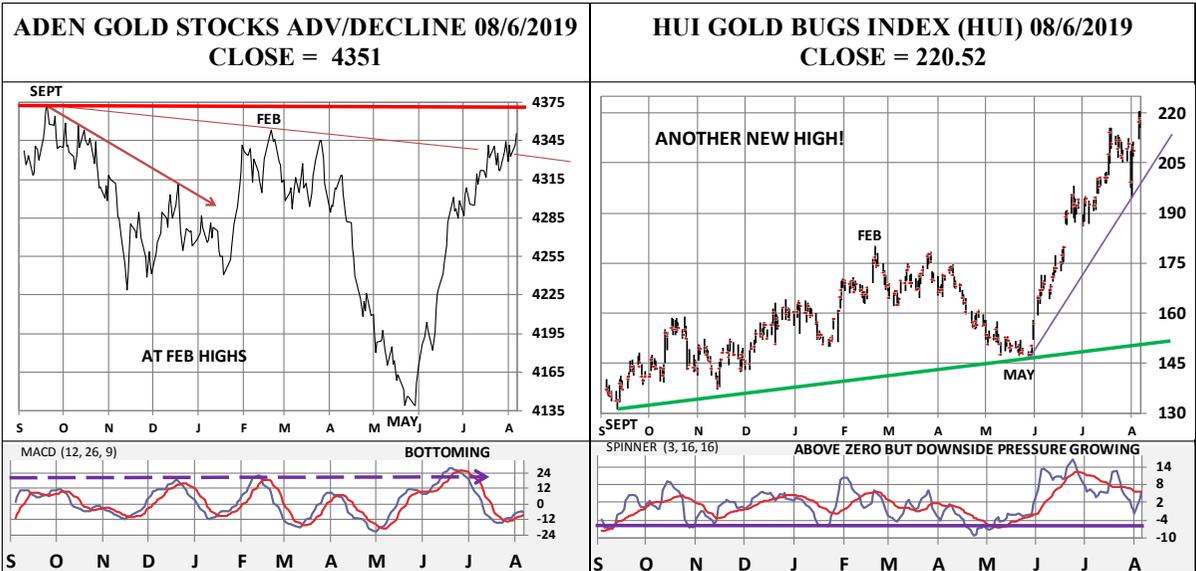
Remember gold turned bullish longer-term after breaking above \$1365. And although a 'D' decline is upcoming, that doesn't mean the bull mkt is over. Far from it.

GOLD: BOTTOMING VERSUS STOCK MARKET



Notice this next chart. It's the ratio of gold compared to the Dow Industrials from gold's cyclical bottom area. The chart has favored equities. However, the chart is forming a bullish H&S bottom favoring gold. This tells us the future outlook favors gold over stocks.

Gold shares are also looking very bullish confirming strength behind the up move in the gold universe.



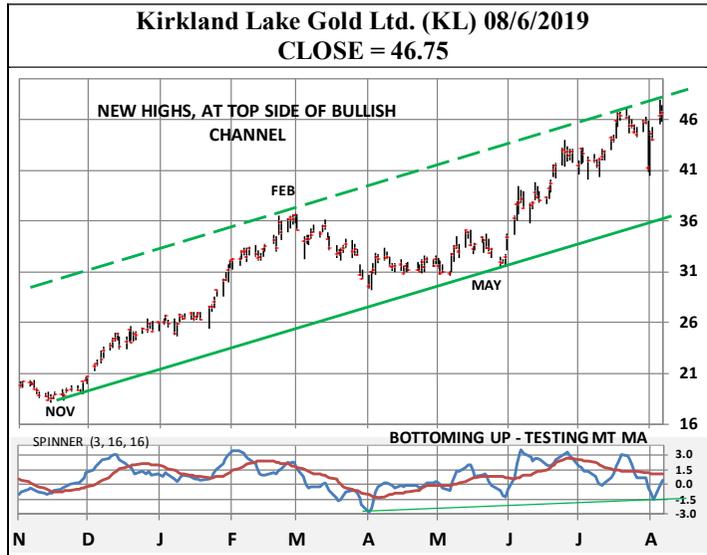
Noteworthy, however, is our in-house Gold Stock A/D Line. It's struggling to break out from its 52wk high. It's showing weakness and could put a drag on the entire space.

We sold the second half of AEM taking handsome profits (+38% since Dec) and remain with reduced positions in Kirkland Lake (KL), Junior Gold Miner ETF (SGDJ), gold and silver.

Our positioning allows us to continue having exposure to gold's upside without giving up the ghost. Consider the longer-term trend for gold turned up when it broke \$1365. But a pull back or correction is approaching. We'll be ready to load up with cash in hand.



AEM reached a new high. It's looking very strong. It reached our second profit target and it's poised to rise even further. However, the rise has been long and extended and could pull back sooner than later. We'll be ready to buy again.



KL gave us a scare after our issue last week as it slipped below our adj stop. I quickly sent out an alert to keep your position since the new stop level was a bit too tight.

I'm reducing it back to 2dc below \$35. Also, sell if the second profit target is reached. We'll be looking to buy again on weakness.



The junior miners are struggling to rise further and stronger. But with current environment favoring gold, we could see a renewed boost before the current 'C' rise is over. If we do, it could push SGDJ to our second profit target. Sell if second target is reached.

And despite current gloom and doom from trade war fears, the real impact for the U.S. consumer, the main driver of the U.S. economy and of the U.S. stock market, is not as much as it would seem.

The impact will be felt more outside of the U.S. as global growth remains tepid and uncertain.

Consider that strong fundamentals fueling the economic expansion in the U.S. remain intact. Global economic weakness has been and probably will continue fueling U.S. strength.

The decline in stocks, although shocking as it unfolds, will prove to be a great buying opportunity (that's right, buy the dip!).

The reality is the U.S. economy is firing on all cylinders. Plus, the spread between rates in U.S. and its counterparts remains significant, allowing the Fed leeway in the implementation of monetary policy. A strong tool against potential headwinds stemming from trade disruptions.

The recent rate cut was a hawkish one in that it's being advertised as preemptive given the resilience of the U.S. economy. This, I've contended in past issues, fuels a goldilocks scenario for U.S. equities.

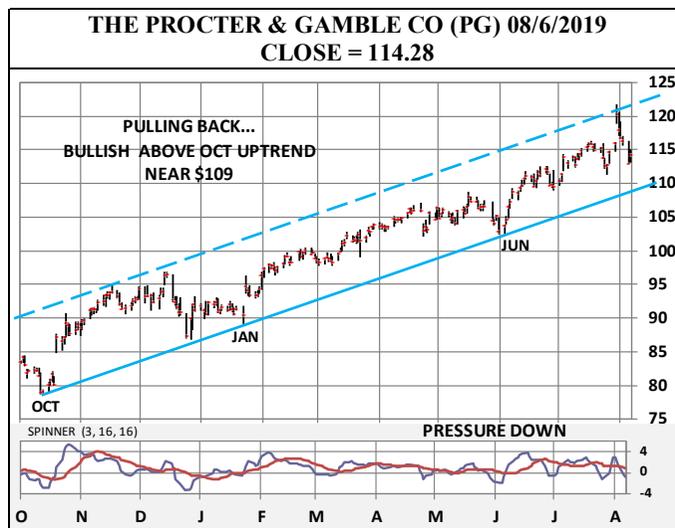
“Sustain the expansion, keep it going...” is the Fed’s MO.

And although financial markets are looking for a more accommodative stance, the narrative behind the robustness of the U.S. economy will likely prevail and continue to fuel the melt up rise in U.S. stocks.

A flight to risk assets could also be the catalyst for gold’s ‘D’ decline. The best part of it is we’re sitting on ample cash reserves, waiting patiently for great opportunities that are unfolding before our eyes.

Panic selling might not be over just yet. More downside volatility ST is likely. We’ll wait for prices to stabilize above support levels before buying new positions.

Our “Other Stock” portfolio took a hit with the recent pull back. However, for the most part, they’re holding up better than most.



Procter & Gamble (PG) fell after rising to new highs on a great earnings beat. The decline is not indicative of the decline in

valuation of PG. It remains a great asset, with great fundamentals. It'll resume its rise soon enough. Keep your positions.



American Express Company (AXP) also fell to a new low for the move. However, it's holding above its 15wk MA near \$121. AXP is another company that is poised to continue benefiting from a strong U.S. consumer. Keep your positions for now.

DIS posted huge earnings miss after the market close yesterday and it's getting sold. It'll likely fall further at the opening bell later on today. However, I'm holding my position and readjusting the stops.



The earnings miss was mainly due to DIS positioning itself to launch its streaming service later on this year. I believe DIS is poised to disrupt this growing industry.

Our weed stock is actually jumping up with impetus. It broke back above CA\$9 and it's looking ready for more upside. Keep in mind, ACB.TO must break above the Mar downtrend on a 2dc above CA\$10 to show signs of renewed strength.



Spinner is finally picking up steam, suggesting momentum could start tilting in favor of weed once again. Could it be leading the overall stock market bounce up?

Our strategy for this week is to tweet your portfolios. Sell copper (if you haven't already) and get ready to unload half of KMI. Buy some more silver, ideally near \$16.25. Allow for some leeway without stock positions. We're sitting on ample cash reserves (over 42%), waiting for the right opportunity.

Good luck and good trading,



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KEY PRICES			
Name/Symbol	August 6, 2019 Price	Change	July 30, 2019 Price
Gold (GCZ19)	1484.20	42.40	1441.80
Silver (SIU19)	16.45	-0.11	16.56
HUI (HUI)	218.63	7.77	210.86
Copper (HGU19)	2.56	-0.12	2.68
Crude Oil (CLU19)	53.63	-4.42	58.05
S&P500	2881.77	-131.41	3013.18
U.S.Dollar (DXU19)	97.42	-0.39	97.81
30 Year T-Bond (ZBU19)	161.00	6.38	154.63
10 Year T-Note Yield	1.74	-0.32	2.06
13-week Treasury bill	2.00	-0.04	2.04

TRADER SHEET ON PGS 16 & 17

SAN FRANCISCO MONEY SHOW – *NEXT WEEK*

I look forward to seeing you in San Francisco. My presentation will be on Saturday, August 17th at the Money Show. Double click [HERE](#) to sign up and for more information, It's going to be a great show!

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 (16%)						
GOLD (GCZ19)	Bullish! Gold rose to a new closing high! Spinner held at an uptrend since Mar and it's breaking decisively above zero and its MTMA suggesting momentum is up and strong. We've protected profits and continue to hold a reduced, but solid position. Our second profit target is nearly approaching. We're ready to sell the rest then. Don't buy new positions just yet. We'll wait for a pull back to the Aug uptrend in the lower \$1300s first.	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).	1484.20	2dc below \$1315;	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 10.40	12.75
Silver	Silver continues to test the Feb high area despite weakness in resources overall exposing strength. Spinner showing upside momentum building. Silver remains very cheap versus gold (90:1 ratio) and it's poised to breakout against resources (copper). Buy some silver below \$16.50. Don't go overboard just yet. I still think we'll get another chance to buy below \$16.	L	Bot: 15.80 (Jul-17, 2019).	16.56	2dc below 14	18.50 & 21
PSLV	Keep your positions. Buy some at mkt.	L	Bot: 5.85 (Jul-17, 2019).	6.18	2dc below 5.20	7 & 8.50
HUI Index	HUI broke to new highs this past week following gold's foot steps. It remains very strong above the 5wk MA near 200. The A/D Line, however, is still struggling to surpass the Sept 2018 high exposing slack. We're holding reduced positions after recent profit taking. We still have exposure to gold, Kirkland Lake Gold (KL) and Junior Miner ETF (SGDJ) and growing exposure to silver. We're waiting for weakness to buy back. Overall, the gold universe remains frothy. A slacking A/D Line could be the red flag flashing.	--	N/A	220.52		
AEM	AEM shot up to new highs for the move after dipping to it's support level. Spinner is breaking out, above its MT MA showing momentum rising. AEM is a great company and it has been very strong, allowing us to gain since the Aug lows. We'll be looking to buy again on weakness.	O	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).	56.79	1d below 52	55 (almost reached!)
SGDJ	SGDJ is bouncing up, showing strength. Spinner is holding at the zero line as it starts to rise suggesting renewed upside is now likely ST. We continue to hold half of our position. Sell on a rise to our second profit target at \$40.	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!	34.51	2dc below 33 (adj)	40
KL	Bullish! KL rose to new highs this past week showing impressive strength. Spinner is rising from an extreme level showing momentum on the upmove. KL remains very strong above the Nov uptrend near \$36. We adjusted stops to 2dc below \$35 via alert.	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).	46.75	2dc below \$35 (adj)	50

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 (33%)						
U.S. DOLLAR (DXU19)	The U.S. dollar index (DXY) rose to the top side of the Jan upchannel after the Fed announced a rate cut. DXY's Spinner is winding down, losing momentum. Keep in mind, the rate cut is a measure to counter weakness from foreign markets and trade disputes rather than slack in the local U.S. economy where both unemployment and inflation remain low. DXY remains stronger than most of its counterparts and remains with a bullish outlook above the Jan uptrend near 96. Keep cash reserves in U.S. dollars.		Holding cash reserves mainly in U.S. dollars.	97.42		
RESOURCES AND ENERGY (16%)						
Crude (CLU19)	Downside pressure continues to push crude oil down. Sluggishness in copper and resources are taking a toll. However, I still believe \$52 is crude oil's new low. We've secured positions just above that. We've reduced positions in resources and energy overall but we'll continue to keep crude oil, as long as it holds above \$52.	L	57.90 (May-24-19), 53.75 (May-31-19), 54 (Jun-19-19).	53.63	2dc below 52.	67 & 75
COPPER (HG19)	Copper continues to struggle to clearly surpass the Apr downtrend & resistance showing a deeper lag persists. The lag is likely due to a lackluster global economy. However, on the upside, copper is proven it has support above \$2.60. Keep your positions as long as copper holds above this level.	O	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). Sold all at \$2.55 for 10% loss.	2.56	2dc below 2.60.	3.10 & 3.30
JJCTF (JJC)	Keep your positions.	O	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). Sold all for 10% loss.	29.83	2dc below 29.10	33.5 & 36.50
KMI	KMI broke below the Dec uptrend showing weakness. Spinner resisting, also showing weakness, suggesting more downside is likely. KMI is approaching key support near \$19.50. A break below this level would show renewed weakness. We're looking to lower exposure by selling half on a jump up above \$20 for a small gain. Sell half at mkt.	L	20 (Apr-24-19), 19.90 (Apr-29-19), 19.90 (May-23-19).	20.03	2dc below 19.50.	24 & 28
OTHER STOCKS (27%)						
AXP	AXP is testing support at \$122. Spinner bearish exposing more weakness ST is likely. AXP is holding at its 15wk MA. Keep your positions for now.	L	119.75 (Mar-23-19), 117.50 (Jun-5-19).	122.55	2dc below 121	142 & 165.
ACB.TO	ACB.TO fell to a new low for the move, approaching the Jan lows. Spinner bearish below zero showing momentum is down. The chart is bearish suggesting a further downside. I recently sold half for a small loss and will continue to hold a reduced position. Looking to buy when chart shows stronger signs of a bottom.	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.	9.05	Stop hit. Selling half. Holding reduced position thru weakness.	14.50 (ACB: 12)
PG	PG pulled back after reaching the top side of the Oct upchannel. However, PG remains strong above the Oct uptrend near \$109, coincidentally it's PG's 15wk MA too. Spinner showing weakness suggesting an extended pull back is likely. Keep your positions, ride thru weakness. The narrative behind PG's rise to date remains in tact. Don't let volatility scare you away.	L	103 (Apr-24-19), 106 (May-22-19), 105.50 (Jun-5-19).	114.28	2dc below 108.	125 (almost reached) & 150
DIS	DIS rebounded earlier in the day but got sold in the aftermarket after a huge earnings miss was announced. However, I'm going to stick to DIS. I'm lowering stops to allow leeway. The miss in earnings was mostly due to DIS working on setting up its streaming service which is supposed to launch later on this year. Keep your positions.	L	132 (May-10-19), 133.75 (May-22-19), 132 (May-23-19), 135 (Jun-5-19).	141.87	2dc below 132 (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	
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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