



-GCRU-

Weekly Trading Strategies



Achieves gains by trading commodities, currencies and stocks

Omar Ayales

Sept 4, 2019

IN ITS 18th YEAR - Nº 850

SILVER REACHES 3 YEAR HIGHS!

... SO DOES THE U.S. DOLLAR

FEAR & UNCERTAINTY KEEPING GOLD UP

U.S. 10 YEAR YIELD REACHES NEW LOW... MORE EXTREMES!

MORE INDICATORS POINT TO A ST SHIFT

Recent price volatility is pushing markets further into extremes. Indicators reading overbought (or oversold) conditions are commonplace. The table seems set to witness a shift.

The U.S. 10 year yield fell to a new low; bonds of all shapes and sizes rose with strength. Gold quickly bounced up as it also fed on fear and uncertainty.

Gold is now lingering at the recent highs near \$1550. Its leading indicators have been sitting at highs showing strength, but they're also showing a limited upside for now.

Moreover, and as impressive as gold's rise has been to date, it seems to be showing signs of ST exhaustion. Gold must rise above the recent highs convincingly to show renewed strength. Otherwise, current action could just be a part of an intermediate topping process, as the indicators suggest.

The pattern gold is forming is called a rising wedge pattern. It's a bearish pattern. If gold breaks below the recent uptrend on a 2dc below \$1520, it could then decline to the wedge target near its mega-breakout-level at \$1365.

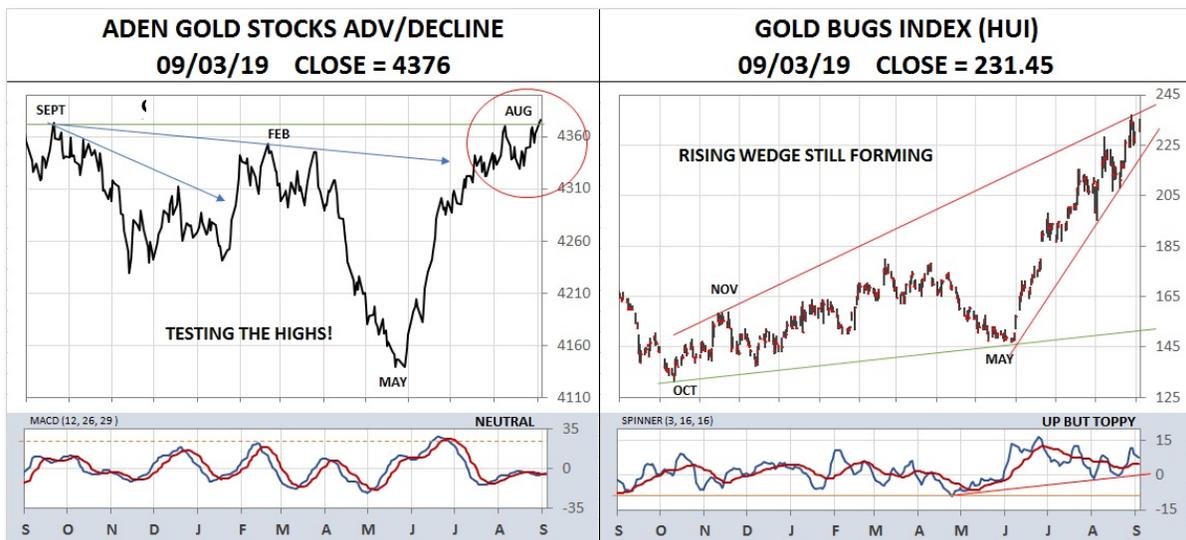
"A creative man is motivated by the desire to achieve, not by the desire to beat others." -**Ayn Rand**



Also, look at Spinner, the small chart below gold. It's below its moving average (red-line), testing an uptrend since May. The pattern suggests exhaustion.

The only way to fight exhaustion is with strength. This means gold must rise above \$1580 for the rising wedge effect to fade and give room to a continued uptrend and channel.

Gold shares are also exposing further signs of exhaustion. HUI remains near the highs and it's also forming a rising wedge as Spinner continues to post lower highs.



The chart tells us if HUI breaks below 225 on a 2dc, it could decline to 165.

Interestingly, the A/D Line inched higher, still testing the Sept 2018 highs. The struggle is very real. The A/D Line has failed to confirm strength that's been supportive of HUI.



We sold the second half of our Kirkland Lake Gold (KL) above \$50 for a handsome 55% gain in a few months. We're out of gold shares at this moment.

The space just seems frothy at current levels and some downtime is likely. We continue to hold our inverse ETF: DUST. It's a small position insuring against downside risk. Keep your position.

We'll continue having exposure to precious metals through gold and silver (up 20% since Jul, when we first bot it).

Silver has been the leader of the pack since Jun - Jul. It bottomed at a key level near \$14.50 and bounced up. It was when silver broke above a downtrend since 2016 that I decided to buy.



The move couldn't have been more timely. Selling and taking profits on overpriced gold shares and buying undervalued silver gave our exposure to precious metals a new floor, rather than a ceiling.

Silver now has an open upside all the way to our adjusted first profit target near \$21.50.

Silver's indicators, however, are similar to gold. They're reaching extremes suggesting the upside could be limited ST. Keep your positions and buy more during weakness.

Yet another relationship that seems over-extended is between gold and the U.S. dollar.

Just yesterday, the U.S. dollar index reached a new high, breaking above the top side of the up-channel since Jan 2019. The dollar is booming. Its next real resistance is near 102.

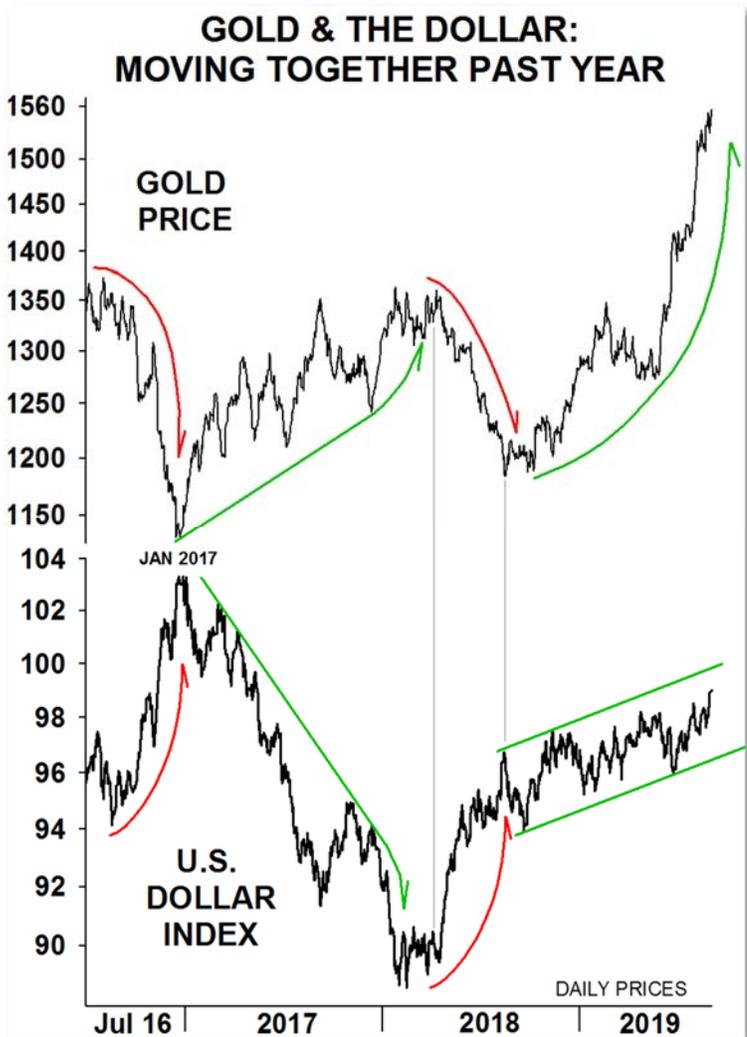
Our next chart shows gold and the U.S. dollar both indexed to 100 since Jul 2016. The relationship has historically been inverse. Gold would rise when the dollar would fall and vice versa.

Notice that during the second half of 2016, the dollar index rose to a new high while gold fell to the cyclical lows. Gold bottomed and then started to rise. The dollar started to fall.

In 2018, gold topped out and pulled back. The dollar, on the other hand rose during the same time frame. Most interesting has been since Aug 2018, when both gold and the dollar started rising together.

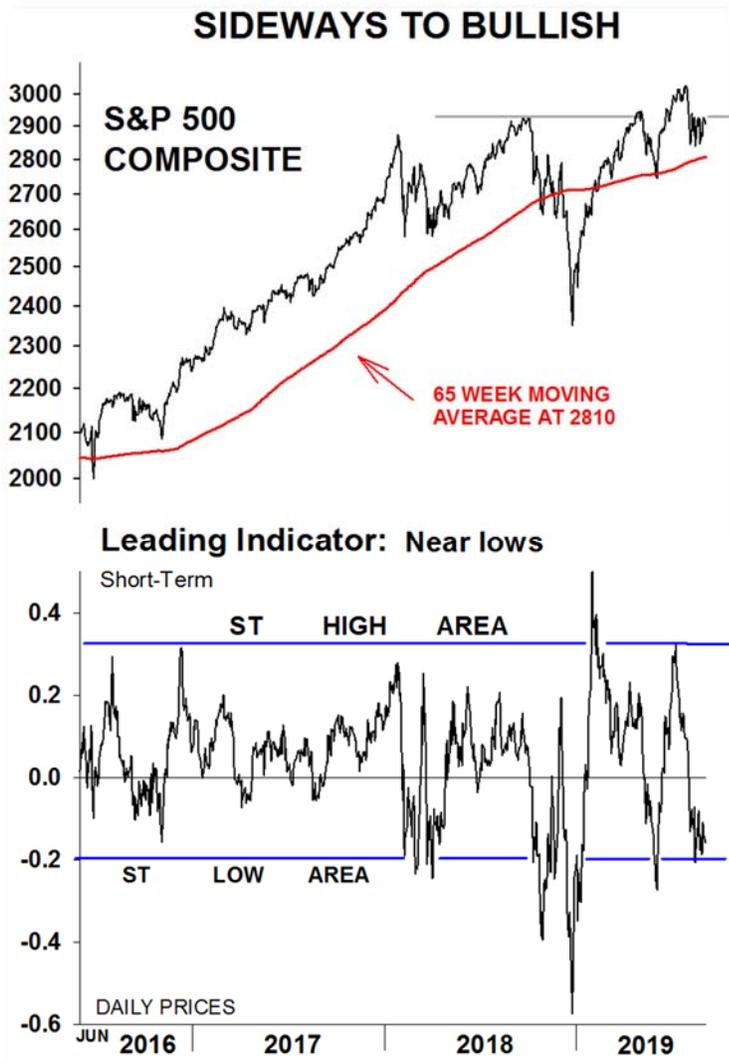
I suspect the U.S. dollar will remain strong and will continue drawing attention. Demand for U.S. Treasuries is likely to remain and demand for U.S. equities could increase as they remain the best performers relative to most global counterparts.

We continue to hold robust cash reserves in U.S. dollars in low yielding, highly liquid, interest bearing accounts, ready to jump on the next opportunity.



Be patient. We're on the brink of a shift that will allow us to buy cheap, at a better value.

Yet another indication of an extreme is the U.S. stock market. It remains near the highs, but its leading indicator is coiling at a low level.



This tells us stocks have been out of favor ST and have reached oversold levels.

S&P 500 and its leading indicator are telling us the downside is limited and some upside is now likely. Keep in mind, the S&P 500 remains at stone's throw away from the all time highs. A rise to new highs would confirm strength and a renewed leg up rise would be likely.

We continue having exposure to U.S. equities through Procter & Gamble (PG), Microsoft (MSFT), Aurora Cannabis (ACB.TO) and Kinder Morgan (KMI).

PG has been the shining star.

It rose to the recent closing highs today and looks poised for more upside. The chart above shows a clear uptrend with the top side of the channel being our first profit target at \$125.

On the downside, support continues to grow. PG remains very strong above \$110. It's been a great ride and there's still upside potential. Sell half when first profit target is reached.

Disney (DIS) is also holding up strong, above the bottom side of a sideways consolidation band near \$132. DIS is a great company to own and you should consider keeping it longer term when their very ambitious streaming projects come to reality. Keep your positions.



MSFT has also remained resilient. It's holding above an uptrend since Dec showing impressive strength. If MSFT holds above this uptrend near \$135, it could then rise to the top side of the Dec upchannel near 150. Keep your positions.

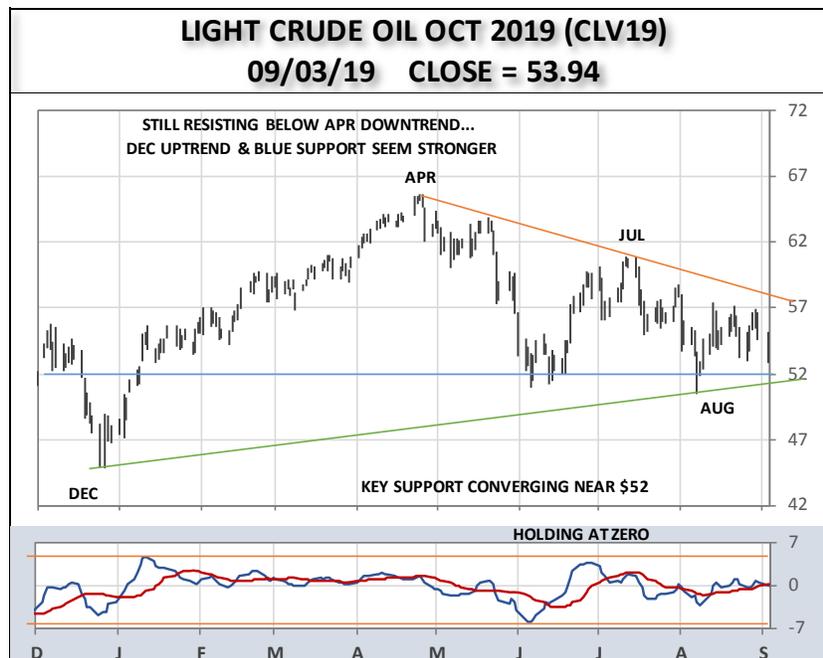


ACB.TO seems to have found a bottom near CA\$7. It's starting to jump up, but it's too soon to tell. However, support for ACB.TO is growing at this CA\$7 level. We could see it rise and attempt to regain the CA\$10 handle.



Resources remain sluggish. Headlines from global trade disruptions are continuously adding to the pressure. Slack in global demand is taking a toll. Copper is an honest testament of tepid global growth.

Crude oil has also been under pressure, but it's holding up better than most resources. OPEC+ are working to keep supply tight. Plus, if U.S. equities are ready for an upward boost, they could push oil higher.



Keep in mind crude oil must break above \$58 to show a sign of renewed strength. The indicator is telling us crude oil could rise further ST. Its leading indicator is also at an extreme.

Extremes in gold, bonds, rates, stocks and resources together with a strong U.S. dollar are telling us we're on the brink of a shift that will dictate the next intermediate market moves. It's not the time to be making big placements unless you find something grossly undervalued.

Good luck and good trading,



Omar Ayales
 Chief Trading Strategist/GCRU
www.goldchartsrus.net
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KEY PRICES			
Name/Symbol	Sept 3, 2019 Price	Change	August 27, 2019 Price
Gold (GCZ19)	1555.90	4.10	1551.80
Silver (SIZ19)	19.24	0.94	18.30
HUI (HUI)	231.54	-2.38	233.92
Copper (HGZ19)	2.53	-0.02	2.55
Crude Oil (CLV19)	54.93	0.00	54.93
S&P500	2906.27	37.11	2869.16
U.S.Dollar (DXU19)	98.95	1.05	97.90
30 Year T-Bond (ZBZ19)	165.91	0.19	165.72
10 Year T-Note Yield	1.47	-0.02	1.49
13-week Treasury bill	1.91	-0.03	1.94

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 (15%)						
GOLD (GCZ19)	Gold bounced up with strength, erasing losses registered at the end last week. However, gold closed at a new high, while coiling into a rising wedge. Spinner is testing a key uptrend since May, suggesting momentum may be ready to turn down. Keep a close eye on \$1520, a break below this level could ignite a pull back. A break below \$1465 will confirm the 'D' decline.	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).	1555.90	2dc below \$1300	Not selling!
PHYS	Keep your positions. Keep second half thru. Wait for weakness to buy more.	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).	12.36	2dc below 10.35	Not selling!
Silver (SIZ19)	The rise continues! Silver broke to new highs, clearly above the \$19 handle. Spinner is breaking out showing momentum rising. If silver can hold above the Jul uptrend near \$17.50, it could rise to our first profit target. On the downside, silver seems over-extended and a pull back to the Jul uptrend near \$17.50, initially would be likely. Keep your positions.	L	Bot: 15.80 (Jul-17, 2019), 16.50 (Aug-7-19).	19.365	2dc below 15	21.50 & 25
PSLV	Keep your positions. Wait for weakness to buy.		Bot: 5.50 (Jul-17-2019), 6.25 (Aug-7-19).		2dc below 5.25	6,5 & 7.
HUI Index	Gold shares remain near the highs. They bounced up today after falling back a bit last Friday. We sold the second half of our last gold shares for a 55% profit since May. Combined profits since last Aug are over 110% in KL alone. But the rise in gold (and gold shares) seems overstretched and a pull back or correction is likely. Notice HUI forming a rising wedge pattern with downside target at 170, near the Oct uptrend. Spinner showing lower tops, losing momentum. But wait for HUI to break below the May uptrend on a 2dc below 225 to see a pattern breakout and decline to target near 170. We'll be looking for an upcoming decline to buy again.	--	N/A	231.45		
KL	KL remains near the highs, showing impressive strength. Spinner is above zero and an uptrend of its own. However, Spinner is also showing resistance at a high area suggesting some downtime is imminent. Stay out for now, buy again during weakness.	O	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), sold second half above \$50 for a 55% gain (Aug-28-19).			50 (reached!)
DUST	DUST is struggling to break out from the downside wedge pattern. The rise in gold puts a toll on DUST. However, we're using DUST as insurance against downside risk given the extraordinary rise gold has had to date.	L	7.40 (Aug-14-19), 7.20 (Aug-21-19).	6.03		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 (45%)						
U.S. DOLLAR (DXU19)	The dollar index remains very strong. Notice DXYU19 breaking above the top side of the Jan upchannel. It tells us more upside is now likely. A rise to its next resistance near 100 is now brewing. Could it be that a re-surgng dollar is the catalyst for weaker gold?		Holding cash reserves mainly in U.S. dollars.	98.95		
RESOURCES AND ENERGY (12%)						
Crude (CLZ19)	Crude oil failed to surpass resistance at the Apr downtrend near \$57.50. It got slapped down and it's re-testing support at the \$52 level. Spinner neutral. Global sluggishness is dragging crude down with resources. Keep your positions for now.	L	57.90 (May-24-19), 53.75 (May-31-19), 54 (Jun-19-19).	53.94	2dc below 52.	67 & 75
KMI	KMI continues to coil. It's showing resistance at the Jul downtrend, but it also has strong support above the Dec uptrend near \$19.50. Spinner has been inching lower for months telling us momentum is falling. We have a reduced position and will continue to keep as long as KMI holds above support at \$19.50.	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).	20.12	2dc below 19.50.	24 & 28
OTHER STOCKS (28%)						
ACB.TO	ACB.TO continues to show signs of a bottom above CA\$7. Spinner has formed a bottom pattern and could be getting ready to breach the zero line. This tells me, ACB.TO could benefit from an upsurge in value. A break above CA\$8 on a 2dc, means it could then rise initially to the May downtrend near \$10. Keep your positions for now.	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.	7.57	Hold reduced position	14.50 (ACB: 12)
PG	PG rose with strength today, nearly breaking to new highs for the move. Spinner above zero showing strength, but struggling to hold on to its MT MA telling us momentum may be waning. Our profit target is at the top side of the Oct upchannel, which is just a stone's throw away. Be quick to sell half if target is reached.	L	103 (Apr-24-19), 106 (May-22-19), 105.50 (Jun-5-19).	121.36	2dc below 110.	125 & 150
MSFT	MSFT is showing some resistance below \$140. However, it continues to hold above the Dec uptrend. Moreover, Spinner is also above zero, suggesting continued upside is likely. If MSFT holds above the Dec uptrend, we could see an extended rise ST. Otherwise, a decline below the Dec uptrend would show technical damage.	L	135 (Aug-14-2019), 134 (Aug-26-19).	136.04	2dc below 120	170 & 200
DIS	DIS continues to consolidate within its sideways band since Apr between 130 & 145. A break above 145 on a 2dc could show renewed strength that could push DIS to our first profit target. If, however, DIS breaks below 130, it could fall to the Dec uptrend, near 120. DIS will remain bullish above this level. Keep your positions.	L	132 (May-10-19), 133.75 (May-22-19), 132 (May-23-19), 135 (Jun-5-19).	136.31	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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