

- GCRU -

Weekly Trading Service



●●● GCRU #590

●●● May 28, 2014 (in its 13th year)

CHART OF THE WEEK FINALLY FORMING THE BOTTOM?



IN THIS EDITION

GOLD BREAKS KEY ST SUPPORT 3

Open Positions 19

Abbreviations 20

MARKET LEADERS

Gold (futures) 5

Silver (futures) 6

US Dollar Index 7

Copper (futures) 8

Crude (futures) 9

D. Industrials & D. Transports 10

HUI & Adv/Dec Line 11

STOCKS

iShares Barclays 20+ Yr. T Bond (TLT) 13

Canadian Dollar Trust (FXC) 14

Silver Wheaton (SLW) 15

Double Long Gold (DGP) 16

Royal Gold (RGLD) 17

Exxon Mobile Corp (EXO) 18

KEY PRICES

Name/Symbol	May 27, 2014 price	Change	May 20, 2014 price
Gold (GCM14)	1265.50	-29.10	1294.60
Silver (SIN14)	19.067	-0.332	19.399
HUI (\$HUI)	207.28	-9.76	217.04
Copper (HGN14)	3.1775	0.0325	3.1450
Oil (CLN14)	104.11	1.78	102.33
S&P500	1911.91	39.08	1872.83
U.S. Dollar (DXM14)	80.405	0.312	80.093
30 Year T-Bond (ZBM14)	137 - 12	0 - 04	137 - 08
10 Year T-Note Yield	2.518	0.009	2.509
13-WEEK TREASURY BILL	0.028	0.003	0.025

"Just as a cautious businessman avoids investing all his capital in one concern, so wisdom would probably admonish us also not to anticipate all our happiness from one quarter alone"

- Sigmund Freud

WHAT HAPPENED?

Gold dropped \$25 today. Most experts can't explain why, but here's our take on it...

- First, gold is entering a seasonally slow period. This could last for another month or so but seasonality alone doesn't explain why the decline was so steep and sudden.
- Concerns about the Ukraine diminished following Sunday's election, reducing demand for gold as a safe haven. The new President has already taken **bold steps** to bring the situation under control while Putin has made it clear that Russia will work with Ukraine's new government, lowering the expectation of a bigger conflict with Russia. And the markets are essentially breathing a sigh of relief, at least for now.
- Deflationary forces continue to increase.
- Important Technical damage has been done.

As you know, \$1280 was a very strong support level for gold. As the **Chart of the Week** shows, this level has been tested several times since April and it held, until yesterday when it didn't.

We'd like to see another dc below 1280 to confirm weakness. However, it's probable that gold's headed down, near the \$1180 to \$1200 area. It also suggests gold could continue forming a head and shoulders bottom.

And even though we may sound like a broken record, there're growing signs indicating that could be the bottom for this decline, which has been in force since 2011- 12.

DEFLATION GAINING MOMENTUM

Most important, deflationary pressures have been intensifying.

Although there has been some improvement, global economies remain sluggish, despite massive stimulus efforts from the most relevant central banks around the world.

No doubt a sign that stimulus measures will likely continue as a means to jump start the economy. However, regardless of the inflationary effects these measures may cause LT, current economic sluggishness is feeding deflation ST.

Our **inflation-deflation barometer** is an indicator that measures rising inflation against falling deflation by using a ratio between gold and bonds.

Historically, gold has been used to measure inflation and bonds used to measure deflation. Rising gold prices, tend to indicate rising inflation while rising bonds tend to indicate higher deflation.

The **Chart Below** shows the ratio since 2003. Notice the steady rise in gold (inflation) against bonds (deflation) through 2011. Moreover, after the peak in gold, bonds start to strengthen against gold and have continued to be stronger since.

INFLATION - DEFLATION BAROMETER



The 2003/2008 uptrend in favor of gold shows that we could still see bonds strengthen even more against gold. This shows us a sluggish economic outlook. And with it more economic stimulus that could eventually (LT) lead to higher inflation and low interest rates.

Raising deflationary forces puts downward pressure on gold and the resource sector. However, lower interest rates and deflationary forces will continue to fuel demand for stocks and bonds.

Silver continues to hold above \$19! Despite weakness in gold, silver continues to hold firmly above its key support. As long as silver holds above this level, it'll

be poised to rise. However, we must be cautious as deflationary forces could also push silver below its support levels. We recommend keeping your triggers ready.

WHAT TO DO?

That's basically why we're keeping our Dow Industrials (DIA) position and adding a bond recommendation this week. We also recommend protecting profits on your copper position as deflation is bound to put downside pressure on the resource sector. However, keep some in case we see some upside first.

This past week we were stopped out of our crude put as crude rose above its key resistance showing impressive strength. Our puts were sold virtually valueless. However, we'll be making a new recommendation on crude later on once we can identify a clear top or bottom.

Our strategy this week is to lower our exposure to gold in the event gold closes another dc below \$1280, and silver if it breaks below 18.70 on a 2dc. We'll also continue diversifying our trades in other markets such as in DIAs, bonds and other currencies (currently we own a position in the Canadian dollar).

Good luck and good trading,

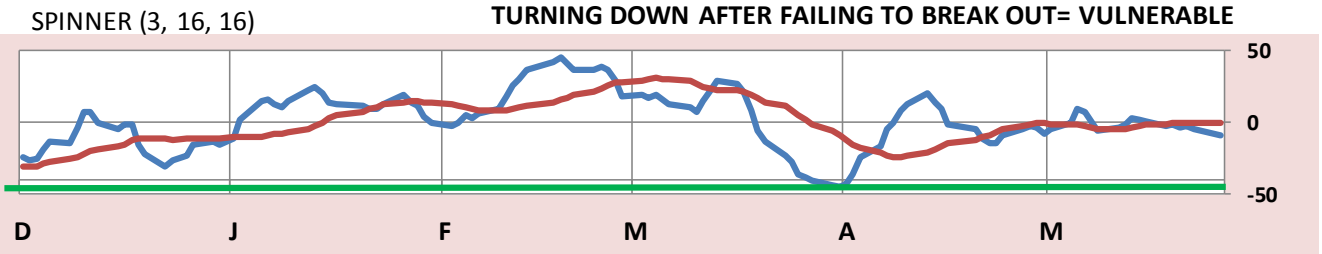
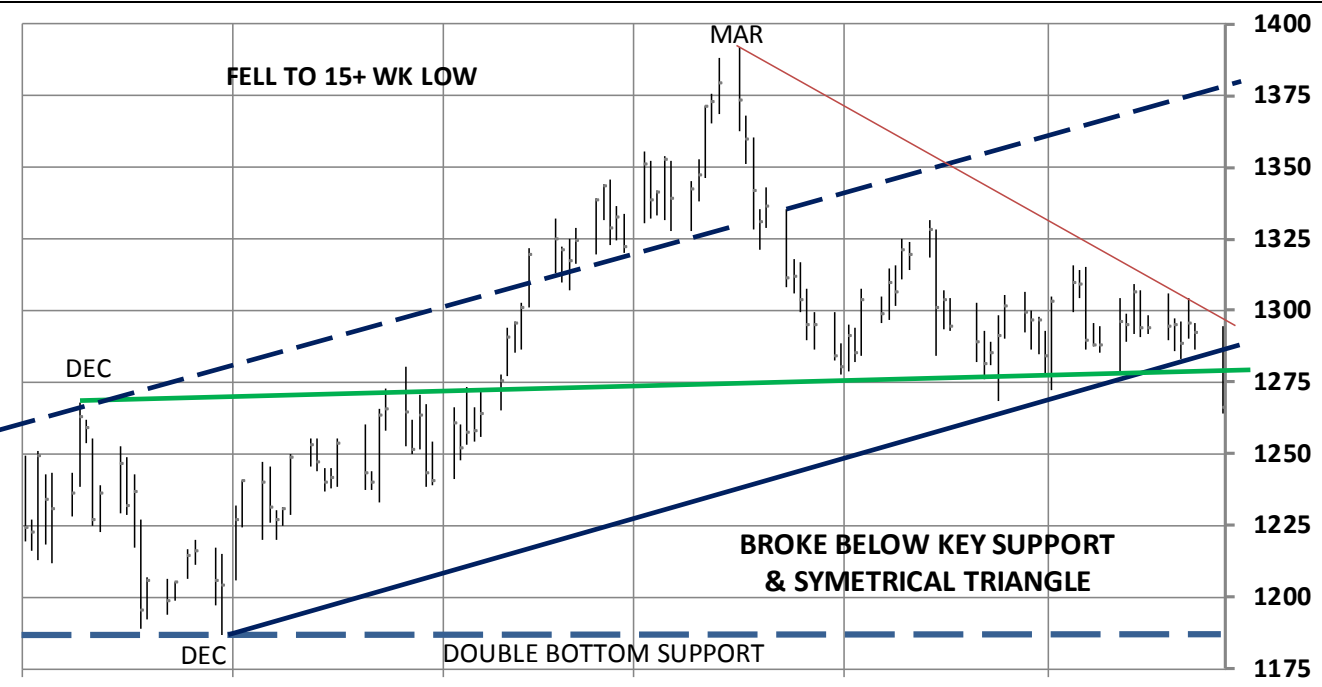
Omar, Mary Anne and Pam

If its Wednesday, its GCRU!

MARKET LEADERS



GOLD JUNE 2014 (GCM14) 5/27/14 CLOSE = 1265.5



Long at:	1193 (Dec-19-13), 1195 (Dec-20-13). Sold half at 1350 for a 13% profit! 1320 (Mar-24-14), 1285 (Mar-31-14), 1290 (May7-14), 1290 (May-21-14)
Stop:	2dc below 1280.
Profit Targets:	1420 & 1536
New Recom:	Keep your positions.

Break below 1280 showing more downside is likely. Must wait for another consecutive dc below 1280 to confirm weakness. If gold stays below 1280, it could decline to test the Dec double bottom support near 1180 before rising. Spinner confiring weakness. Notice Spinner breaking down after failing to break into bullish territory and now pointing to the downside with room to weaken further. On the upside, if gold bounces above 1280, it'll be a good sign. However, gold must rise clearly above the Mar downtrend on a 2dc above 1300 to see renewed strength. We recommending selling your positions at mkt if gold stays another dc below 1280. Keep your Dec 2015 call options only. On the contrary, if gold bounces back above 1280, keep your positions.

CALL OPTION SPREAD #1

Bought Dec 2015 1600/1700 COMEX gold call spreads for approximately \$1,300 (Nov-20-13)

CALL OPTION SPREAD #2

Bought Dec 2015 1500/1600 COMEX gold call spreads for approximately \$875 (Jan-8-14)

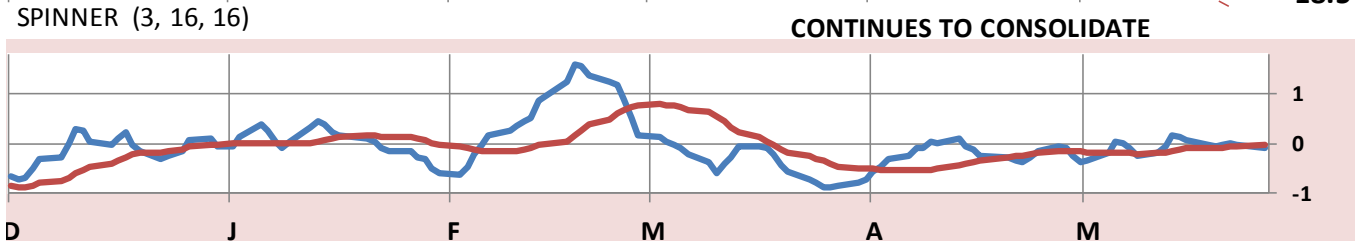
SILVER JULY 2014 (SIN14) 5/27/14 CLOSE= 19.067

**CALL
OPTION
SPREAD
#1**

Bought Dec 2015 26/27 COMEX silver call spreads for approx. \$1,010. (Nov-20-13)

**CALL
OPTION
SPREAD
#2**

Bought Jul 2014 23/24 COMEX silver call spreads for approx. \$725. (Dec-24-13)



Long at:	19.75 (Mar-31-14), 19.75 (Apr-2-14), 19.70 (Apr-9-14), 18.95 (May-1-14), 19.10 (May-9-14).
Stop:	2dc below 18.70.
Profit targets:	22 & 23
New Recom:	Keep your positions.

Dragged down, but holding above key support... Silver declined with gold, breaking below its 3+ wk Apr uptrend showing weakness. Weakness confirmed by Spinner, which has continuously failed to cross into bullish territory. Keep an eye on 19 support. Remember that silver has proven support at this level. As long as it holds above 19, it'll be poised to rise and retest the Feb downtrend. Keep your positions for now.

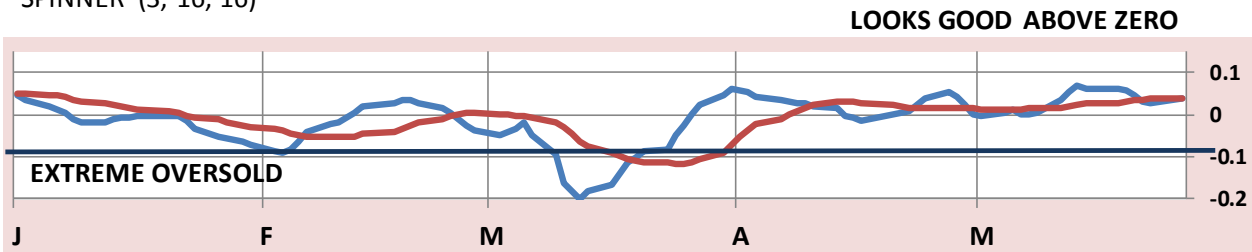
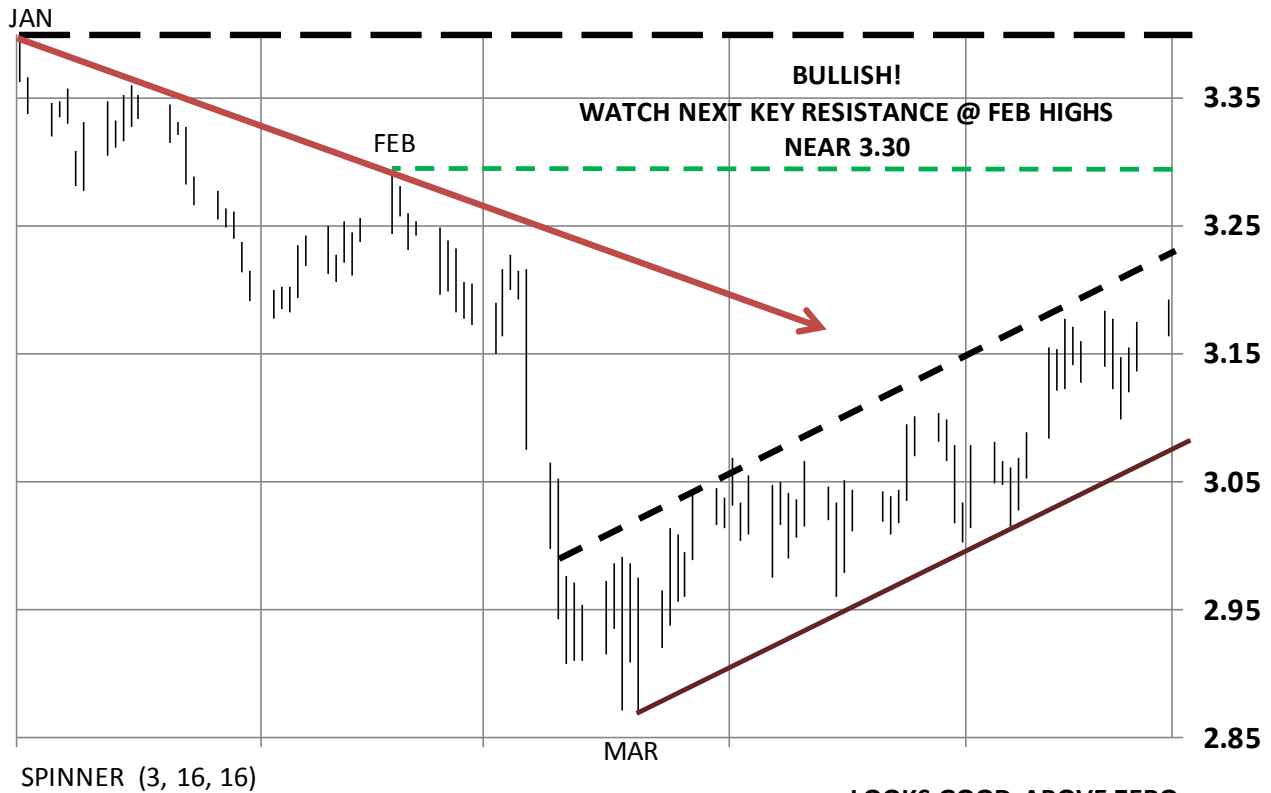
U.S. DOLLAR INDEX JUNE 2014 (DXM14) 5/27/14 CLOSE= 80.405



New Recom: **Stay out.**

The US dollar index is starting to break above its Feb downtrend as Spinner retests a resistance level showing strength. A clear dollar breakout above 80.50 on a 2dc would show renewed strength and a rise to its next resistance (Feb highs near 81.50) would be likely. On the downside, notice Spinner is at an extreme overbought level. Spinner is telling us that dollar resistance below 80.50 is strong. If dollar fails to break above this level, it'll likely decline again to its support near 79. A clear break above 80.50 would add to downward pressure on gold. Likewise, gold would benefit on dollar weakness as shown by dollar failing to break above 80.50 on a 2dc.

COPPER JULY 2014 (HGN14) 5/27/14 CLOSE= 3.1775



Long at:	2.92 (Mar-20/21-14), 2.95 (Mar-24-14)
Stop:	2dc below 3.08 (adjusted).
Profit Target	3.20 & 3.35
New Recom:	Sell half at mkt for an average profit of 8%. Sell the rest at second profit target.

Copper rose to a new 2+ mo high this week, just shy of reaching our first profit target. Copper is looking good above its Mar uptrend and it's poised to test the Feb highs. However, Spinner breaking below its MT MA showing signs of weakness. In addition, world deflationary pressures could also put a damper on the resource sector and copper. Keep an eye on 3.08 (Mar uptrend). A break below this level would show weakness and more downside would follow. We recommend protecting some profits at market and raising your stops to a 2dc below 3.08.

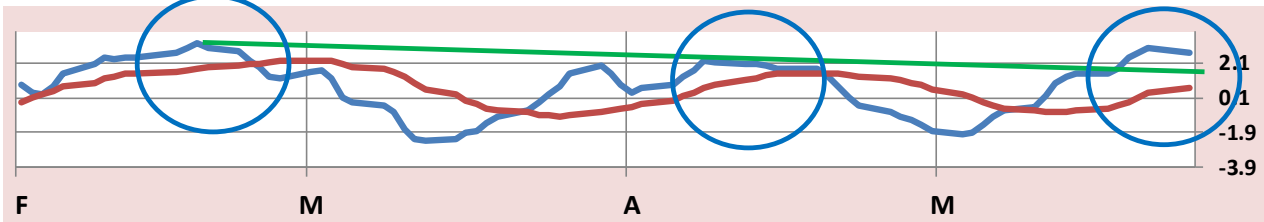
LIGHT CRUDE OIL JULY 2014 (CLN14) 5/27/14 CLOSE= 104.11

BULLISH BREAKOUT!



SPINNER (3, 16, 16)

BREAKOUT!

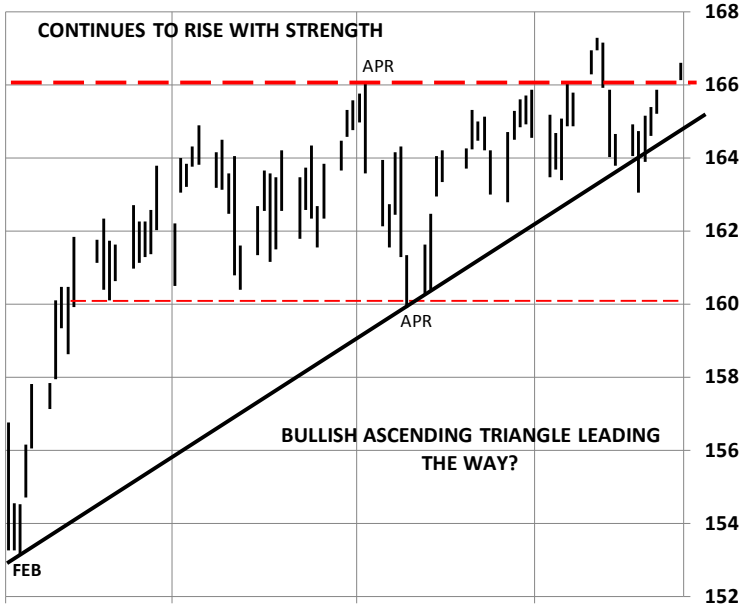


Put Spread 97.50/95 (Feb-13-14) @ 550. Sold for a loss :(

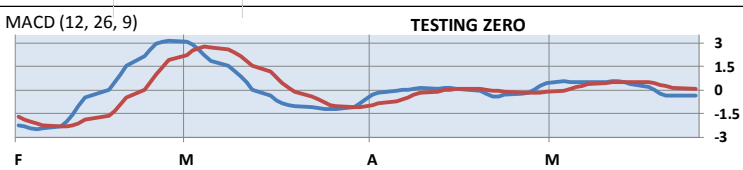
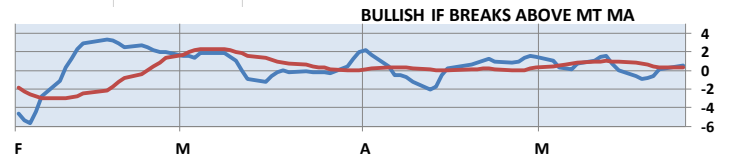
New Recom: **Stay out for now.**

Crude continues to rise with strength. It broke above the top side of a 3mo consolidation band and key ST resistance showing renewed strength! Spinner confirming as it breaks above Feb downtrend. All good signs of strength. On the downside, keep a close eye on the Mar uptrend near 100. A break below this level on a 2dc would signal a first sign of weakness. However, the Mar lows are crude's next real support at 96. Stay out for now. We'll wait for a clear sign with good profit potential before jumping back in.

SPDR DOW JONES INDUSTRIAL (DIA) 5/27/14
CLOSE= 166.47 US\$



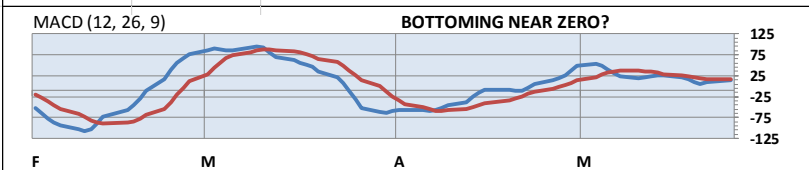
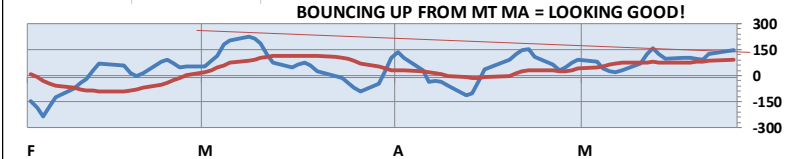
SPINNER (3, 16, 16)



DOW JONES TRANSPORTATION AVERAG (^DJT) 5/27/14
CLOSE= 8017.84 US\$



SPINNER (3, 16, 16)

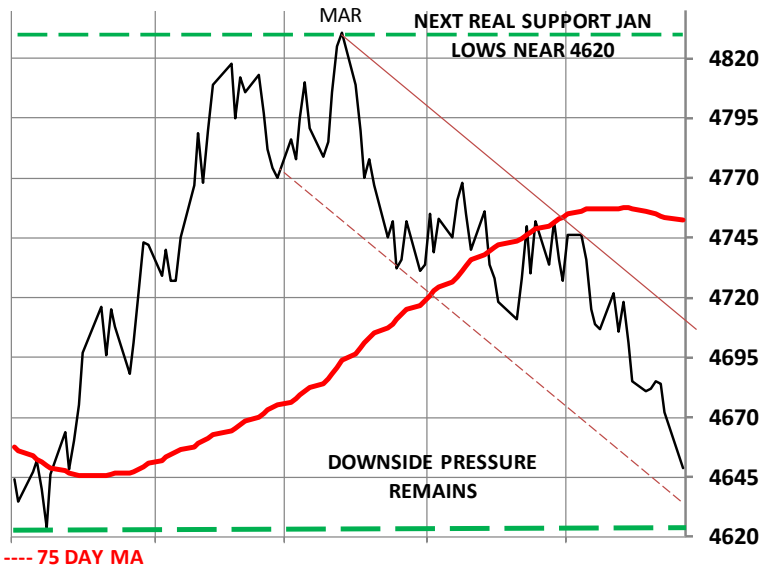


Entry Level	166.50 (May-14-14)
Stop	2dc below 160
Profit Target	175 & 190
New Recom	If not in, buy more at market & below 166.

Poised to rise further! The stock market is bullish. All indicators are showing it. New highs in some indexes seen almost on a daily basis. Notice the bullish ascending triangle that the DIA is forming. DIA already started to peek above their resistance and look poised to continue rising. Dow Transportations broke above a rising wedge, confirming strength. On the downside, we're keeping an eye on the Feb & April uptrends. A break below this level for both DIA and Trans on a 2dc below 165 and 7870, respectively, would be an important sign of weakness. Buy more DIAs at mkt and below 166.

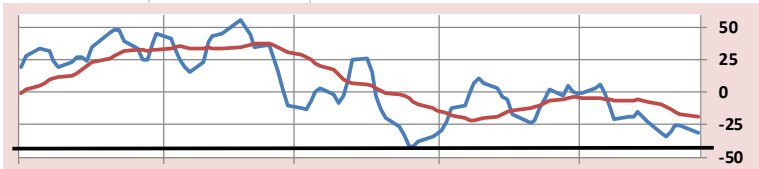
ADEN GOLD STOCKS ADV/DEC LINE 5/27/14 CLOSE=4649

HUI GOLD BUGS INDEX (HUI) 5/27/14 CLOSE= 207.28



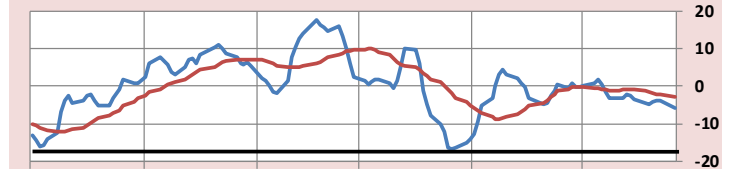
SPINNER (3, 16, 16)

BEARISH BUT OVERSOLD



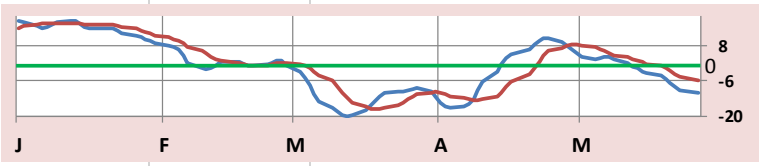
SPINNER (3, 16, 16)

MORE DOWNSIDE IS LIKELY



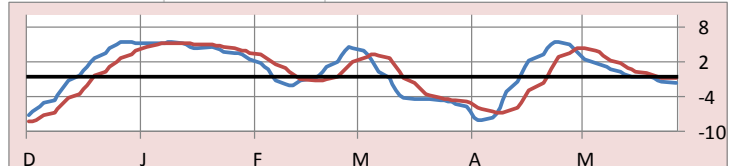
MACD (12, 26, 9)

MORE DOWNSIDE PRESSURE



MACD (12, 26, 9)

BREAKING BELOW ZERO = BEARISH

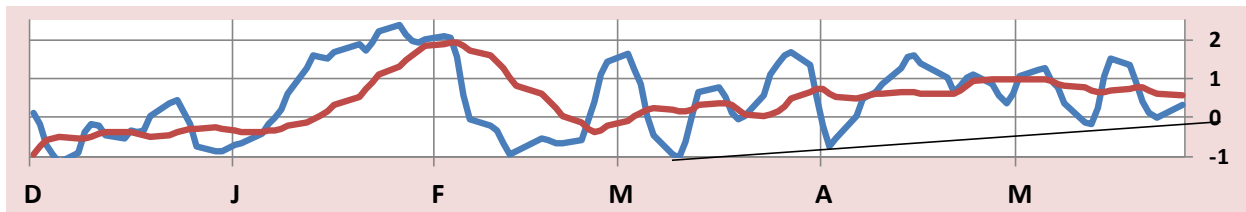
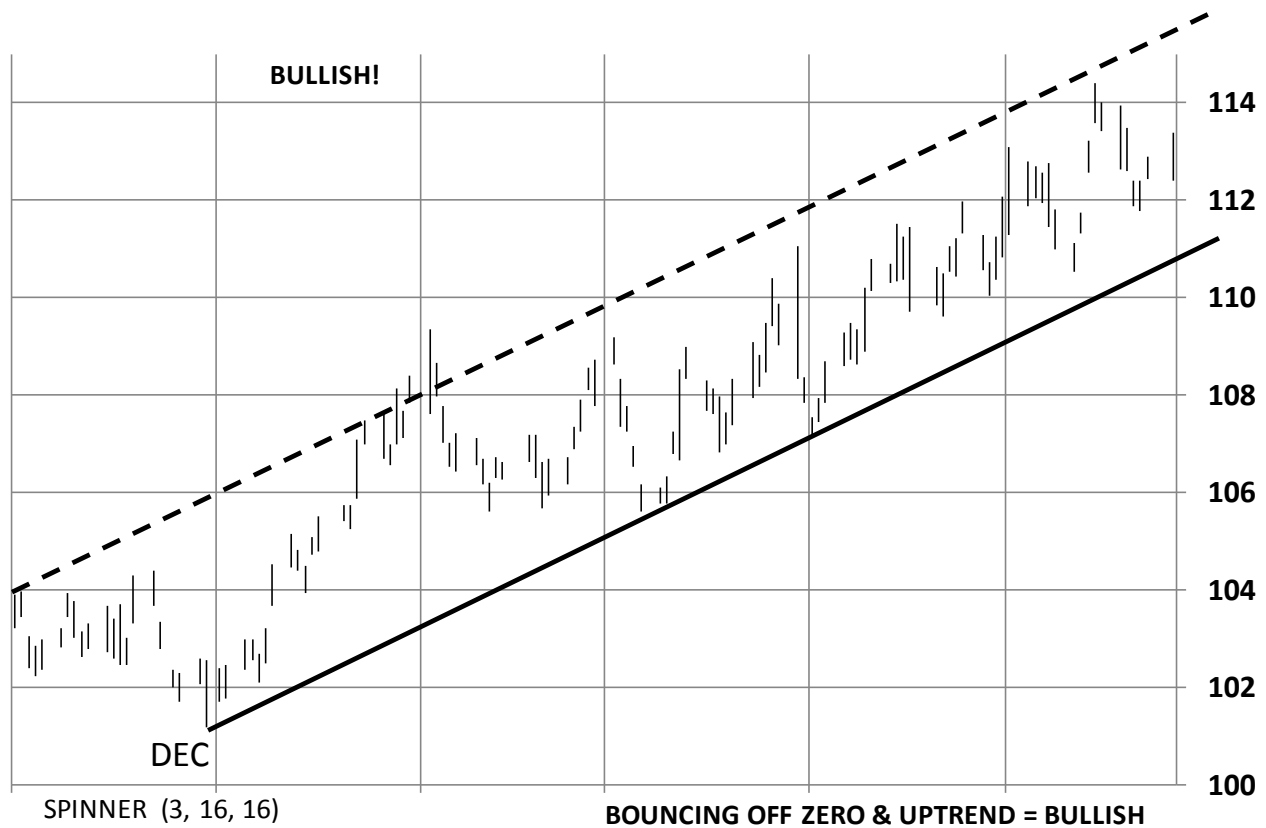


Gold shares leading gold? Gold shares continue to decline showing weakness and more downside pressure. All indicators continue to point to more weakness. The A/D Line has formed a clear down channel with the bottom side coinciding with the A/D Line's next key support at the Jan lows near 4620. HUI broke its support clearly and it's now at a 16+ wk low with room to decline further. HUI's next key support is at the Dec lows near 190. Spinners and MACDs for both A/D Line and HUI are bearish or turning bearish showing that downside pressure outweighs upside potential. For gold shares to show a sign of real strength, both HUI and A/D Line would have to break above their Mar downtrend on a 2dc above 220 and 4700, respectively. We're out of our gold shares with the exception to DGP (double gold ETF) and RGLD (gold royalty company). Both of these tend to follow gold rather than gold shares. However, we'll be looking at market action closely this week and recommend selling if gold stays below 1280, or if any break below their stop losses.

STOCKS



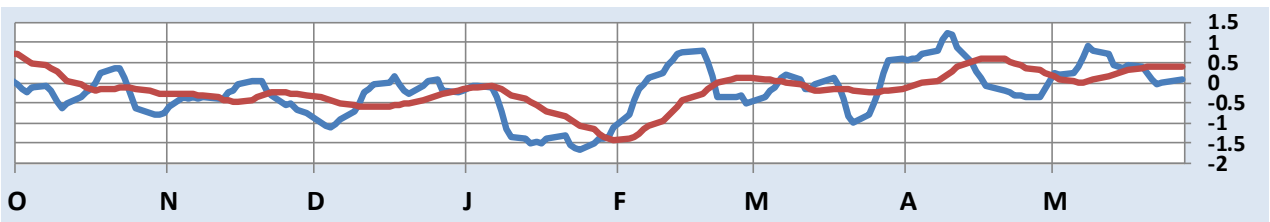
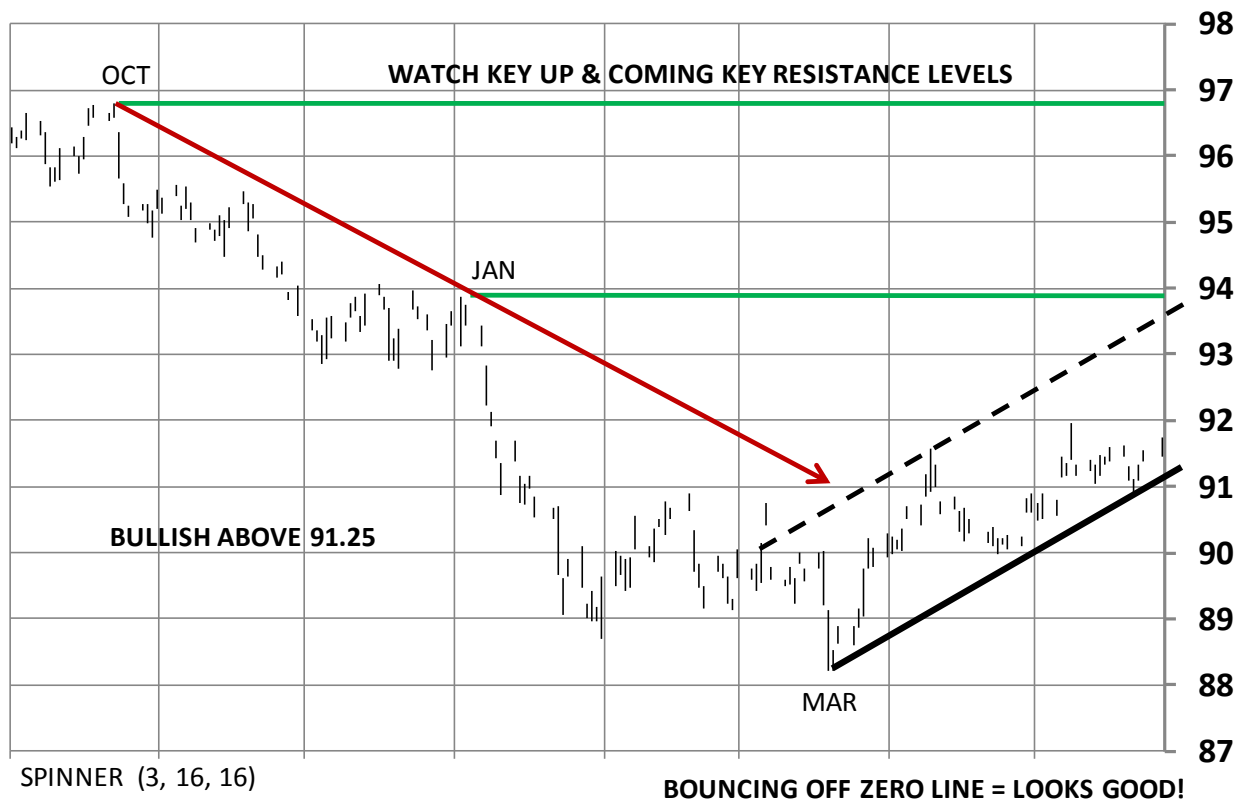
iShares Barclays 20+ Year Treas Bond (TLT) 5/27/14 CLOSE= 113.36



New Recom: Buy a bit at mkt and more at the Dec uptrend near 111. Place stops on a 2dc below 110. Profit targets at 120 and 130.

Bonds continue to rise with strength and are likely to continue rising as deflationary pressures increase worldwide. Notice TLT's Spinner bouncing off the zero line and its uptrend as it tests its MT MA showing strength with good upside potential. If TLT breaks above 114 on a 2dc, its off to the races! On the downside, keep an eye on the Dec uptrend as TLT's first key support. A clear break below it would signal downward pressure. Buy some at mkt and more on weakness.

**CurrencyShares Canadian Dollar Trust (FXC)-NYSE 5/27/14 CLOSE= 91.58
US\$**



CurrencyShares Canadian Dollar Trust (FXC) - NYSE

Long at:	91.25 (May-7-14), 91.19 (May-14-14), 91.05 (May-21-14).
Stop:	2dc below 88
Profit targets:	94 & 97.
New Recom:	Keep your positions. Sell half at first profit target.

Continues to move upward with strength and good upside potential. Notice Spinner bouncing off the zero line. As long as Spinner stays above this level, it'll show strength that could push the Canadian dollar to test its first resistance near the Jan high (94). On the downside, the Mar uptrend at 91 is key. A break below this level on a 2dc would show a sign of weakness. Keep your positions.

SILVER WHEATON CORP (SLW) 5/27/14 CLOSE= 20.6 US\$



Silver Wheaton (NYSE: SLW) Also traded in TSX:SLW.TO

Long at:	23.75 (Mar-24-14), 22.50 (Mar-26-14), 22.50 (Mar 31-14), 22.65 (Apr-10-14), 22.25 (Apr-23-14), 21.50 (May-16-14).
Stop:	2dc below 21.
Profit targets:	25 & 28.
New Recom:	Keep your positions. Sell on Thurs if SLW closes below 21 tomorrow (Wed).

Downside pressure remains strong as it pushes SLW below its ST support at 21, testing SLW's Jun/Dec uptrend & support. Spinner unable to gain momentum as it continues to resist near the zero line showing weakness. On the upside, keep an eye on 22. A break above this level could fuel a rise to the top side of the of the Jun/Dec upchannel near 27. Overall, look to see if SLW stays below 21. If it does, sell your positions at mkt for a loss.

PowerShares DB Gold Double Long ETN (DGP) 5/27/14 CLOSE= 27.44 US\$

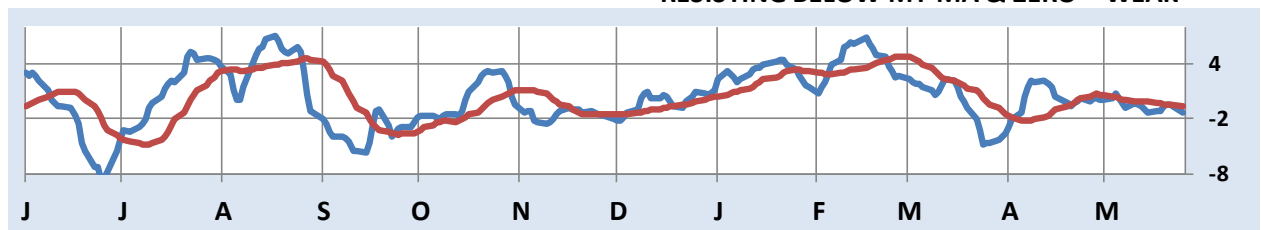


PowerShares DB Gold Double Long ETN (DGP) -NYSEArca

Long at:	28.75 (Feb-12-14). Sold half at 31.50 for a 10% profit! 28.65 (Mar 27-14), 28.50 (Mar-31-14).
Stop:	2dc below 28.
Profit Target:	32 & 35
New Recom:	Sell if DGP stays below 28 tomorrow (Wed).

DGP broke below its Dec/Apr uptrend and symetrical triangle showing weakness. Spinner failed to cross into bullish territoy and has started to decline confirming weakness. All signs show that downward pressure is strong and more downside is likely. On the upside, DGP must break above the Mar downtrend on a 2dc above 29 to see renewed strength. Be quick to sell at mkt if DGP hits our stop loss tomorrow.

ROYAL GOLD (RGLD) 5/27/14 CLOSE= 61.14 US\$



Royal Gold, Inc (NASDAQ: RGLD) Also traded in TSX:RGL

Positions	Entry Level: 64 (Apr-21-14), 65 (Apr-22-14), 65.50 (Apr-23-14), 65 (Apr-24-14)
Stop:	2dc below 62.
Profit targets:	72
New Recom:	Sell Thurs if RGLD stays below 62 tomorrow, on Wed.

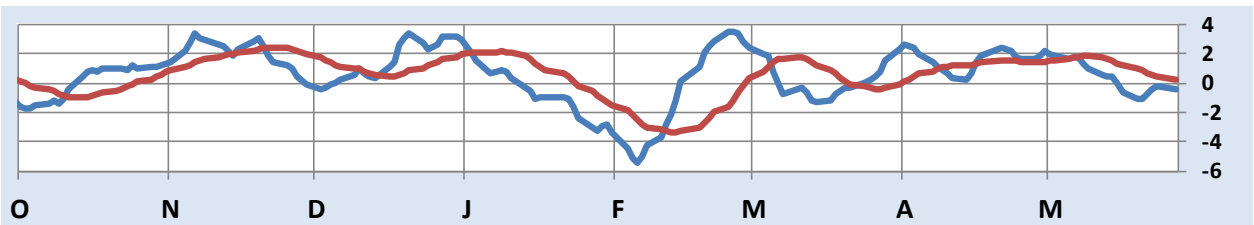
RGLD reached a 15+ wk low today, breaking below both its key support and descending triangle below 62. Spinner unable to break above the zero line confirming weakness. All signs of weakness telling us that RGLD is poised to decline further. On the upside, a break above the Mar downtrend, above 66 would be needed to see signs of strength. Keep a close watch on RGLD tomorrow. If it stays below 62, sell at mkt for a small loss.

Exxon Mobil Corporation (XOM) 5/27/14 CLOSE= 101.36 US\$



SPINNER (3, 16, 16)

RESISTING BELOW MT MA & ZERO LINE = VULNERABLE



Exxon Mobil Corporation (XOM) - NYSE

New Recom: **Longer Term Play. Buy some on a dip near 99 and more on weakness near 93. Place stops on 2dc below 90.**

Lower highs... XOM continues to decline from the Mar high after breaking below the rising wedge with downside target at 98-99. Spinner weak below both its MT MA and zero line. On the upside XOM must break above 102 on a 2dc to see renewed strength. We continue to recommend waiting until our entry level is reached before buying again.

OPEN POSITIONS

Symbol	Trade Update &/or Current Position	Status (L=Long, S=Short, O=Out P= Put C= Call)	Initial Entry Date	Initial Entry Price	Traders re-bot/ -sold at	Last Closing Price	Stops	Target #1	Target #2
SHARES									
FXC	Keep your positions. Sell half at first profit target.	L	May-7-14	91.25		91.58	2dc below 88	94.00	97.00
TLT	Buy a bit at mkt and more at the Dec uptrend near 111. Place stops on a 2dc below 110. Profit targets at 120 and 130.	O				113.36	2dc below 110	120.00	130.00
XOM	Longer Term Play. Buy some on a dip near 99 and more on weakness near 93. Place stops on 2dc below 90.	O				101.36	2dc below 90		
DIA	If not in, buy more at market & below 166.	L	May-14-14	165.50		166.47	2dc below 160	175.00	190.00
RGLD	Sell Thurs if RGLD stays below 62 tomorrow, on Wed.	L	Apr-21-14	64.00	65, 65.50 & 65	61.14	2dc below 62	72.00	
SLW	Keep your positions. Sell on Thurs if SLW closes below 21 tomorrow (Wed).	L	Mar-24-14	23.75	22.50, 22.50, 22.65, 22.25	20.60	2dc below 21	25.00	28.00
DGP	Sell if DGP stays below 28 tomorrow (Wed).	L	Feb-12-14	28.75	28.65, 28.50	27.44	2dc below 28	32.00	35.00
MARKET LEADERS									
Gold - GCM14	Keep your positions.	L, C	Nov-20-13 Dic-19-13	Dec 2015 Gold 1600/1700 // 1193	1195, 1320, 1285	1265.50	2dc below 1280	1420.00	1536.00
Crude- CLN14	Stay out for now.	P	Apr-23-14	97.50/95		104.11	2dc above 103	97.50	95.00
Silver SIN14	Keep your positions.	L, C	Dec-13-13 Nov-20-13	19.75 Dec 2015 Silver 26/27	19.75, 19.70 & 18.95, 19.10	19.07	2dc below 18.70	22.00	23.00
US Dollar DXH14	Stay out.	O				80.41			
COPPER HGN14	Sell half at mkt for an average profit of 8%. Sell the rest at second profit target.	L				3.18	2dc below 2.90	3.15	3.35

Quoting *GCRU* is permitted provided *GCRU* name, website address & subscription price are given.

All charts in *GCRU* are daily prices.

Fax subscribers please note this week's password to access *GCRU* daily edition via our website is: (*breakingsupport*).

Subscribers can obtain free online chart updates for all gold shares in *GCRU* via: www.bigcharts.com. To view Canadian stks please use CA as prefix (ie, to view Agnico Eagle (Toronto) you must use CA:AEM).

Note: U should NOT feel our recommended prices are set in concrete. If mkts suddenly feel hot or cold to U, or dramatic news occurs, U can buy or sell, or stop at slightly higher or slightly lower prices. It also hinges on your experience level. Some people can use our prices as guides & know when they can take bigger risks.

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, ie, 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 mkt's than in trading ranges where indicators such as Stochastics & Williams %R should be used.

NOTE: payments for *GCRU* services should be made payable to **MAP CUSTOMER SERVICE**. *Gold (& mkts) Charts R Us* is published weekly. You may sign up for 3-mos at \$300, 6-mos at \$585, 9-mos at \$855 or 12-mos \$1,110.

E-mail: gcru@adenforecast.com

- DISCLAIMER -

Due to the electronic nature of e-mails, there is a risk that the information contained in this message has been modified. Consequently *Gold (& mkts) Charts R Us* can accept no responsibility or liability as to the completeness or accuracy of the information. Whilst efforts are made to safeguard messages and attachments, *Gold (& mkts) Charts R Us* cannot guarantee that messages or attachments are virus free, do not contain malicious code or are compatible with your electronic systems and does not accept liability in respect of viruses, malicious code or any related problems that you may experience. Information in *Gold (& mkts) Charts R Us* is for general information only & is not intended to be relied upon by individual readers in making specific investment decisions. Appropriate independent advice should be obtained before making any such decisions. *Gold (& mkts) Charts R Us* do not guarantee or assure that readers will make money, or accept liability for any loss suffered by readers as a result of any such decision. Futures and share trading involves risk and is not for all investors. Past performance is NOT indicative of future results. Trading involves risk and should be pursued with risk capital only!

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