THE
ADEN FORECAST
MONEY • METALS • MARKETS

APRIL 2018 37th year

GLOBAL JITTERS... UNCERTAINTY...TARIFFS

It's been a tough year so far... It's been difficult for investors, thanks to volatile markets, mixed signals and ongoing global and geopolitical tensions.

As you'd expect, this has led to uncertainty and nervousness. Most people are confused, and with reason. There seems to be a new twist almost every day.

SO WHAT'S GOING ON?

As you know, we have to go with the facts. And as strange as it may seem, the fact is, the growing trade tensions have been driving the world markets, sentiment and the global economy. They have become the most important force.

As we mentioned last month, this is one of those wild cards that seems to come out of nowhere. But this trade war has become a big one and the reason everyone's so nervous is because it has the potential to disrupt economic growth, dragging many of the markets with it.

Then there's the fear of escalation, eventually causing global chaos and maybe even war... It wouldn't be the first time, and it looks like these concerns are growing in synch with the speed at which global tensions have escalated.

In just the past month, for instance, it's been impressive...

TARIFF TANTRUM

You'll remember that last month Trump surprised the global community by announcing a 10% tax on aluminum imports and a 25% tariff on steel.

Then Trump signed a presidential memorandum that could impose tariffs on up to $60 billion of Chinese imports. Ignoring the risk of a possible trade war, Trump said this action was the first of many to come.

China urged the U.S. to back away from the "brink," but then they threatened retaliatory measures. Shortly thereafter, China took action by putting up to a 25% tariff on 128 U.S. products, which escalated the dispute.

A couple of days later, the U.S. announced more tariffs... this time 25% on about 1,333 Chinese products. China quickly struck back announcing $50 billion in new tariffs, mostly on agricultural products. Both parties then said there's still time for negotiation. That settled things down a bit, but it didn't last long.

China filed a complaint against the U.S. at the World Trade Organization (WTO). Then Trump upped the ante, threatening to triple tariffs on Chinese goods, adding another $100 billion to the existing proposal.

So of course China responded, warning they were prepared to launch a "fierce counter strike" of new measures if the U.S. follows through on the additional tariffs on $100 billion of Chinese goods...

But now, China's president is defusing tension. He's saying a cold war mentality is out of place and promises to open China's economy further by lowering import tariffs on products like cars.

WHERE IS THIS GOING?

The end game is unknown, but it's been upsetting the markets, especially the stock market. Basically, when trade tensions escalate, the stock market falls. And when tensions ease, the market's been rebounding. This explains the wide volatility in the stock market over the past couple of months.

It also explains why the stock market dropped to worrisome levels. Even though it still remains bullish, it's reached important key levels, triggering one bear market signal.

And if the stock market were to turn bearish, it would have a wide range of repercussions...

STOCK MARKET ON THE FENCE

Since the stock market leads the

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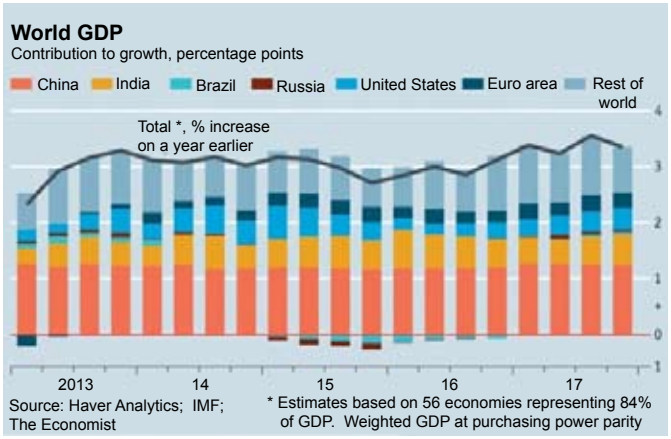
economy, it could mean a recession lies ahead. And even though the world economy is growing by about 3%, this would affect most countries as well (see **Chart 1**).

That would indeed be the case if this also coincided with escalating trade tensions. In fact, some signs are already starting to emerge in some of the other major countries, and Trump's tariffs are also starting to hurt U.S. factories as prices surged.

So we'll now have to see if this is temporary, or the beginning of a global slowdown.

Trade wars are not good for the overall environment and neither is geopolitical uncertainty like we're seeing with Syria and Russia. And combine all of this uncertainty with a debt that's growing larger by the day, it's even more of a concern.

CHART 1



A $20 TRILLION DEBT

We haven't talked about the debt lately but it's glaring. Currently, the total debt is $20 trillion, which works out to $173,000 per person. And it's expected to soar even further in the years ahead. One reason why is because 10,000 baby boomers are retiring every day and this will continue for the next nine years.

Interestingly, several famous establishment economists recently published an article warning the U.S. is broke. This is coming from a former Treasury Secretary, Chairman of the Council of Economic Advisors, Fed members and so on.

As our dear colleague Chuck Butler reported, these experts note the U.S. is heading to $1 trillion annual deficits. These will stay extremely high as far as the eye can see as the debt keeps on soaring.

Now, here's a crazy situation, in case you forgot... The country that has lent the most money to the U.S. by far over the years is China. They are the U.S.'s biggest creditor, holding more than $6 trillion in U.S. Treasury bonds.

At times, Chinese officials have threatened to dump a big chunk of those bonds, but they wouldn't because it would wreak havoc on the bond market, and they'd only be hurting themselves.

But China's holdings of U.S. Treasuries is currently at a six month low and if trade tensions heat up, we expect they'll continue to lighten up on their bonds.

LOW INTEREST RATES TO STAY

This brings up another interesting point... as you'll see in this month's Interest Rate section, it now looks like interest rates are going to stay low or perhaps move in a very moderate rise... slow and steady.

We know that's opposite of what we've been saying, but things are changing and when they do, we have to change with them... So despite what Fed head Powell says, three or four interest rate hikes do not look to be on the horizon.

What is this telling us? At this point, we don't yet know. But ongoing low interest rates would certainly tie in with a slowing economy, or stagflation.

MEANWHILE, THE ECONOMY IS DOING FINE

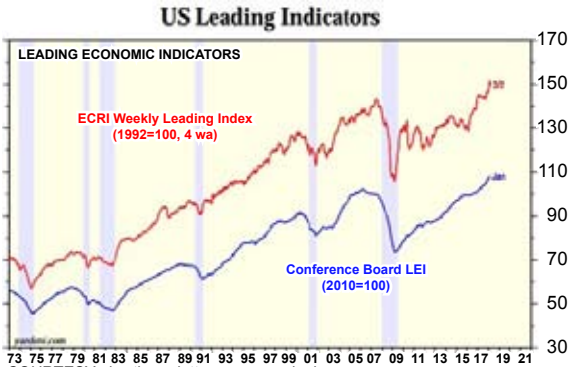
Currently, the economy is looking good (see **Chart 2**). The index of Leading Economic Indicators, keeps hitting new record highs. This is saying there's no recession in sight.

Plus, GDP is almost 3%, inflation is up but it's still moderate, unemployment claims are at the lowest level in 50 years, consumer sentiment is at a 14 year high and the list goes on.

So this really makes things confusing... As we see it, there are many crosscurrents taking place at the same time. This could mean that change is in the air. And you'll also see what we mean in the metals section inside.

Clarity will begin to surface in the months ahead. We'll keep you posted, but one thing seems certain... things change, markets change and we'll go with the flow.

CHART 2



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U.S. & WORLD STOCK MARKETS

Stumbling in the 9 year bull market

The stock market has been on a wild roller coaster ride. It's been swinging up and down in the biggest volatile moves since 2008-09, depending on the news of the day.

TENSIONS, TENSIONS

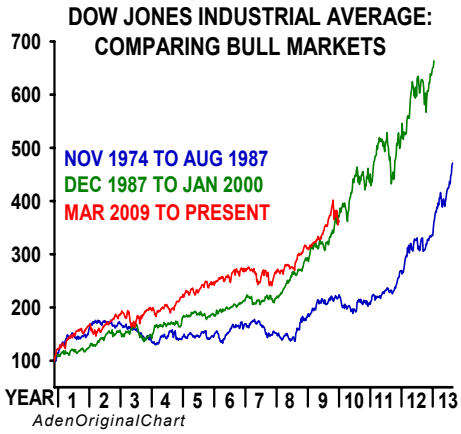
The main market movers have been the trade tensions, Facebook's problems, geopolitical tensions and political risk, which is at a 15 year high. These have been driving the markets.

Good fundamentals, like better values and good earnings and dividends have taken a back seat for now. Instead, they've driven the stock market to near the brink and that's where it currently stands.

Tech stocks, which had been leading the way up for quite a while, also led the way down. This was especially true of some of the former high flyers, and they dragged most stocks lower.

This led to some panic... Emotions are high and we can understand why. After the tranquil, steady stock rise last year when volatility was at historical lows, this year has been turbulent and rocky, and there's a chance a major top has formed. The 9th inning is getting closer.

CHART 3



WHAT HAPPENS NEXT?

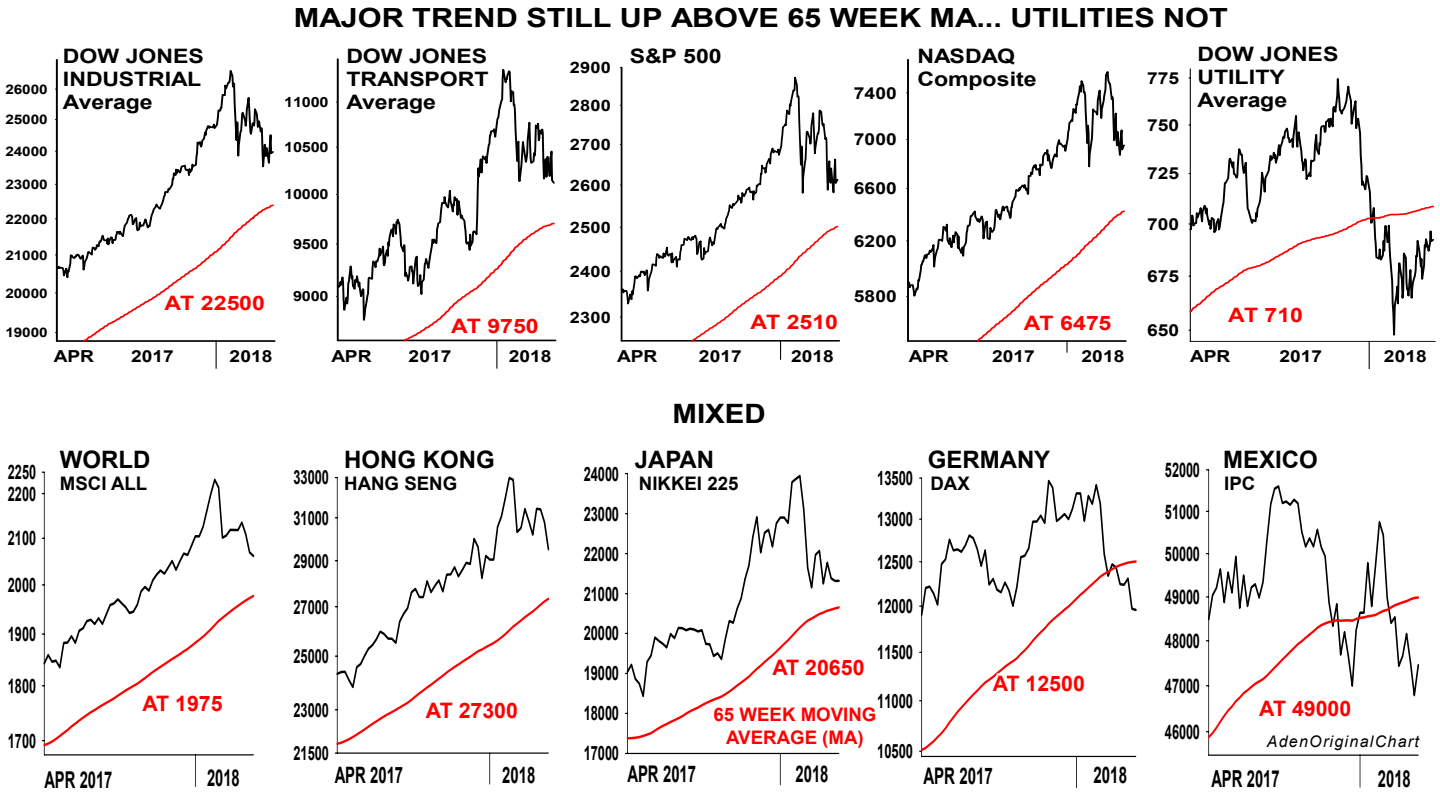
But before we get ahead of ourselves, let's take a chart walk and put all opinions aside. Let's instead see what the markets are actually telling us...

First, you can see that most of the stock indexes remain above their 65-week moving averages (see top of **Chart 4**). As you know, this average identifies the major trend. So the stock market will remain bullish as long as the stock indexes stay above these averages.

The averages are listed on the chart in red. (The Dow Utilities has been the exception, but it looks like its turn at bat is coming up.)

The global stock markets remain bullish too, for the most part (see bottom of **Chart 4**).

CHART 4



But Germany and Mexico have turned bearish, and this could be a leading sign for the others.

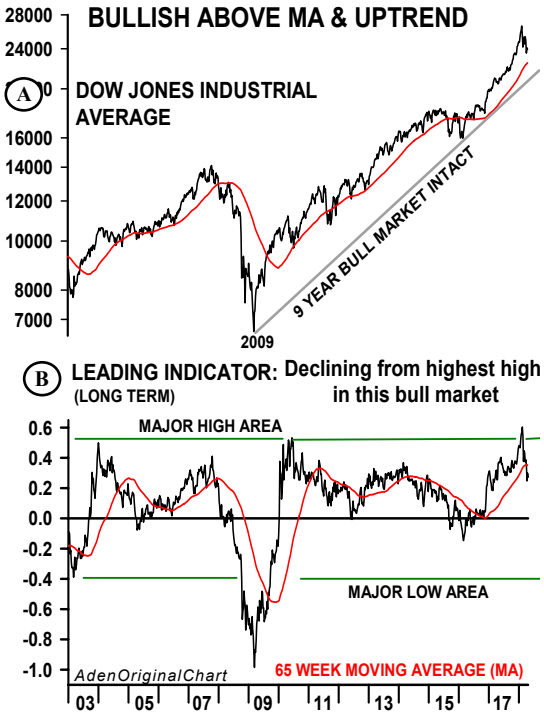
DOW THEORY

It's also very important to note that the famous Dow Theory, which has been reliable for over 100 years, just triggered a bear market sell signal. This happened on April 9 when the Dow Transportations closed below its Feb 9 closing low, confirming the new low in the Dow Industrials reached on March 23rd.

This is a big warning and it's a real sign of caution, despite the bullish moving averages. But since it was an end of the day whip, and it quickly recovered, we're giving it the benefit of the doubt.

So overall, our technical signals are mixed and this raises an important question...

CHART 5



CONFERENCE IN LAS VEGAS

We'd like to take this opportunity to invite you to The Money Show Conference in Las Vegas. The dates are May 14-16 and Mary Anne will be speaking on May 15. Omar Ayales, our editor of GCRU, will also be giving a presentation and we look forward to seeing you there. Admission is free.

For more info go to: https://conferences.moneyshow.com/moneyshow-las-vegas/speakers/7f021d7bf25e478c91706341d8cde3eb/mary-anne-aden/?scode=044904

WILL THE BULL MARKET CONTINUE?

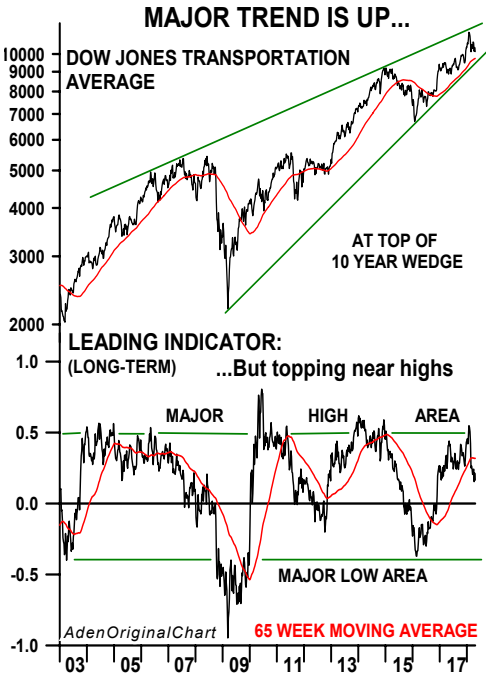
Is this bull market going to recover and continue on its upward path, like the last two big bull markets? (see **Chart 3**) That is, are we going to see a final blow off phase, which is fairly typical at the end of long bull markets?

At this point, we don't know. We previously thought so, but now that we're seeing mixed signals, it's time to be on guard.

Meanwhile, you can see the Dow Industrials' big picture looks very strong and bullish (see **Chart 5A**).

But the leading indicator (**B**) is declining. Even though it's still bullish above the zero line, this too is signaling caution.

CHART 6



The Dow Transportation Average is similar (see **Chart 6**).

Interestingly, when we compare the Dow Utilities index to the Dow Industrials, this ratio trading at bombed out levels, and the leading indicator is starting to bounce up from a Utilities "too low" area (see **Chart 7**). This tells us the Utilities could be set to outperform the Industrials.

If so, this would coincide with rising bond prices, since the two generally move together. And as you'll see next, this could be what's in store for the months ahead.

TIME TO BE CAUTIOUS

As you know, this month we were stopped out of most of our recommended stocks. We're still holding Adobe and Netflix, but we've mostly moved into cash and we think that's a good thing for the time being.

If you have stocks you're holding for the long term, they're still okay to keep.

But if our other indicators join the Dow Theory and also turn bearish, then we'd advise selling the stocks you have when (or if) the market turns all-out bearish... Please keep in touch.

CHART 7

U.S. INTEREST RATES AND BONDS

Stabilizing rates: Bonds a good buy?

There are some important straws in the wind, signaling that change may be coming.

We know we've been talking about change for several months now. But this is something new and different and it'll probably surprise you.

INTEREST RATES...

Let us explain what we mean...

As you know, everyone's been talking about rising interest rates. They've been watching the Fed like a hawk, wondering what they're really going to do... We've also been showing you how the 30 year yield had risen above its mega trend for the first time since 1981, indicating it was set to rise further.

This has all been a concern because much higher interest rates would affect the economy, business, housing and more. Basically, everything is tied to interest rates, in one way or another.

CHART 8

...LEVELING OUT

But in an about-face, it now looks like interest rates may change course. Or more likely, rates could muddle along in a sideways type of move. This is the opposite of what everyone's been thinking, but that's what the markets are starting to tell us.

The 30 year yield, for instance, recently declined back below its 80 month moving average (see **Chart 8**).

In other words, the mega interest rate trend has not clearly turned up. Instead, the rise above this key average has so far been a 'fake out.' The same thing has happened four times in the past 20+years, and it means interest rates are going to stay at low levels as long as this mega trend stays down.

And other subtle signs are telling us the same thing...

The bond price, for example, now appears to be bottoming near its 11 year uptrend (see **Chart 9A**). More important, the leading indicator is on the rise and it's turning bullish (**B**).

This is a strong sign that bond prices will likely soon follow. And if they do, it'll coincide with lower interest rates because the two move in opposite direction.

CHART 9

BONDS TO OUTPERFORM STOCKS

Also very interesting... **Chart 10** compares bond prices to the stock market and here too, a big change appears to be underway...

Note, the leading indicator is also rising (**B**). This tells us bond prices will soon be stronger than stock prices.

That is, bonds are poised to outperform stocks, probably as a safe haven. And gold is also set to outperform stocks. So, what's the bottom line?

BONDS: Pointing up

Essentially, we'll want to start investing in bonds. Although it's currently premature, we may be buying soon.

This also reinforces the view that interest rates are going to stay at lower levels. And a couple of other signals are backing this as well.

Looking at **Chart 11**, you can see the two short-term interest rates (the Libor rate and the Fed Funds rate) have surged.

They're now at a point where they're almost as high as the 10 year yield, **especially the Libor rate, which is the key global rate for borrowing.**

This is a warning sign because if these short-term interest rates rise and stay above the 10 year yield, it'll be bad news. It'll mean the yield curve has inverted and this situation almost always precedes a recession.

(The normal situation is, if you're lending money for say 10 years, you should receive a higher interest rate because you're lending your money for a longer time period. By the same token, if you're lending your money for three months, you'd expect to receive a lower interest rate. When the opposite happens, the situation is flipped upside down, risk is higher in the short-term and it's not good for the economy.)

GLOBAL DEBT LOAD TOO HIGH

Interestingly, the bond guru, Bill Gross, is one of the few people who sees a similar outlook, despite the Fed saying that interest rates will gradually head higher. Gross

strongly disagrees.

As Steve Sjuggerud reports, Gross notes that significantly higher interest rates are not possible and the Fed's talk of more rate hikes this year is likely exaggerated.

He points out, the U.S. and global economies have too much debt and they're too highly leveraged to stand more than a 2% short term interest rate in a 2% inflationary world.

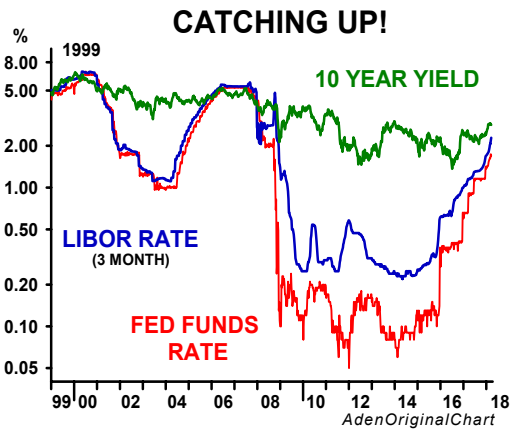
CHART 10

This leverage caused the Great Recession. And if central banks raise rates too quickly, they'll risk a repeat performance. This is something no one wants, so rates will likely stay low.

STILL EARLY, BUT CHANGE IN AIR

This makes sense and it's what our charts are now telling us. It's a switch in our position, but again, when the markets change we have to change with them.

CHART 11



For now, these are straws in the wind and it's still early. But a change is in the air, which is very important because **the direction of interest rates is one of the more important factors dictating the direction for most of the other markets and the economy**.

On a final note, we wanted to show you how the 10 year yield has risen up to the 3% level, which is a strong resistance level (see **Chart 12**). Chances are it will again resist at 3%, which would also coincide with the other signals we're receiving.

CHART 12

So stay tuned and we'll soon see how this unfolds, and how to best take advantage of this probable change.

CURRENCIES

U.S. dollar: Under pressure at the lows

The U.S. dollar was pretty quiet this month. But trade tensions continue weighing on the dollar and much will depend on how this plays out.

If the trade dispute intensifies, it'll be bad news for the dollar and it could fall sharply. On the other hand, if tensions ease, the dollar could bounce up, at least temporarily, which would be normal.

TRADE DEFICIT: 9½ year high

Currently, the trade deficit again hit a new 9½ year high. This has become one of Trump's main priorities and as this deficit grows, it's adding fuel to fears of an all-out trade war.

A weaker dollar could help the trade imbalance by making U.S. exports less expensive, and now China is also considering a weaker yuan.

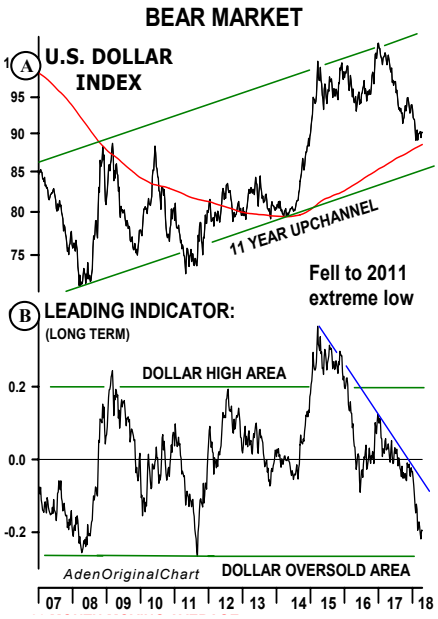
But hitting China with tariffs seems to be the primary focus because the U.S.'s biggest deficit is with China.

This in turn will keep downward pressure on the dollar and it'll remain weak by staying below 90.50 (see **Chart 13**). Lower interest rates could also keep a lid on the dollar.

The dollar's leading indicator, however, is near an oversold area (**B**). This means the dollar could move up in the months ahead, perhaps due to the large amounts of overseas cash destined to return to the U.S. But even if this does boost the dollar, the dollar index will remain bearish by staying below 95.

All things considered, the dollar will likely continue to decline. Remember, markets can stay oversold for a

CHART 13



long time, while the price heads lower, and that could be what's in store for the dollar.

For now, the central banks of the world have been cutting back on their dollar holdings, in large part thanks to the trade tensions.

CURRENCIES

This has provided a boost to some of the other major currencies (see **Chart 14**). As dollar reserves are reduced, they're primarily being moved into euros.

But other currencies are benefitting as well. Some are doing better than others, but they're all poised to rise further.

Looking at the Australian dollar on **Chart 15A**, you'll see what we mean… Note it's trading at the bottom side of a long-term channel and its leading indicator (**B**) is bullish. This tells us it has a lot of room to rise further and a strong Australian dollar goes hand in hand with rising natural resources.

The other currencies are similar.

BUY AND KEEP CURRENCIES

That's why we continue to recommend buying and holding the euro (FXE), Japanese yen (FXY), and the Canadian and Australian dollar (FXC and FXA).

We now also have a large U.S. dollar position, having sold many of our stocks. This will likely be temporary, but it's okay to keep your cash diversified between U.S. dollars and the recommended currencies at this time.

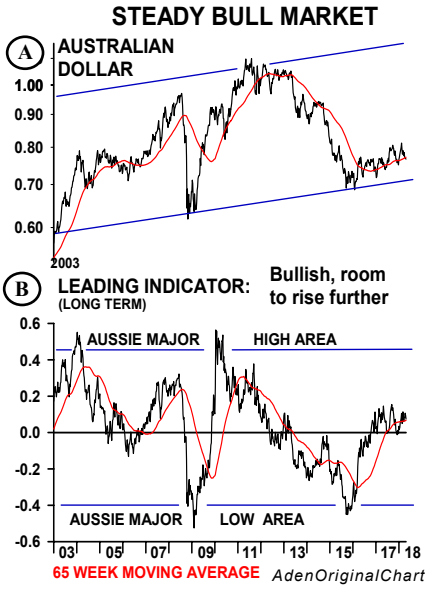
With stocks hitting records for volatility, the main point is… cash is a good investment for the time being.

CURRENCY INVESTING IS EASY

The other day we were talking to a friend about currency investing. We agreed that it's sometimes hard to get U.S. investors interested in currency investing because they feel it's risky or complicated.

In fact, it's the opposite. But since U.S. investors generally think in terms of U.S. dollars only, they tend to shy away from currencies, often because they don't understand them.

CHART 15



But here are the basics…

When the U.S. dollar declines, the major currencies rise. So by simply keeping your cash in say euros, instead of U.S. dollars, during times of dollar weakness, you can chalk up good gains just by sitting in cash… but in the right cash.

Here's an example of how it works…

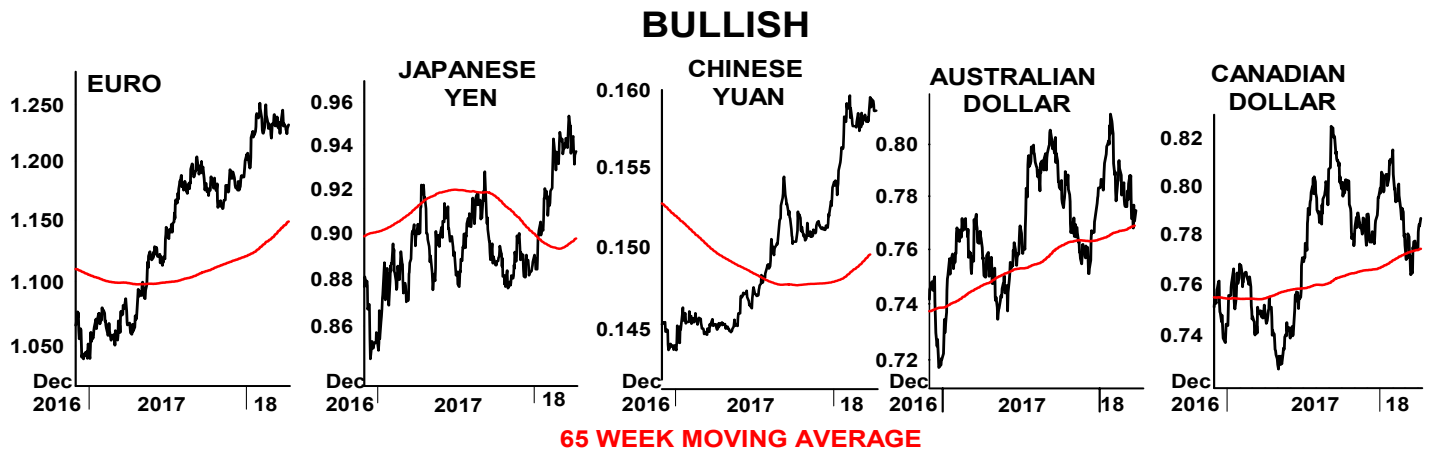
Let's say in 2001, you saw the dollar was starting to drop. So you switched $10,000 into euros… As the dollar declined, the euro rose, and you stayed in euros… But around 2008 the dollar was beginning to bottom.

At that point, you sold your euros and moved the money back into U.S. dollars. But instead of $10,000, your cash could have grown up to 80% more, thanks to the euro's appreciation during that time.

Now this example is assuming you actually bought the euro and kept it in a bank account. Not many banks offer accounts in other currencies, but one we recommend is Everbank, based in St. Louis.

We have known them for many years and they offer accounts in many different currencies. But some of you may think that's too much trouble. If so, then the other option is to buy the currency ETFs.

CHART 14



CURRENCY ETFs ARE GOOD!

These are like index funds that follow the movements of a particular currency and there are several to choose from … Again, let's take the euro as the example…

Like the previous example, if you want to take advantage of the euro's rise (dollar weakness), then you buy the euro's ETF, which is FXE. As the euro rises, this ETF will move up in tandem with the euro's rise. In this era of trade wars, currency diversification is important and it's a good strategy to use to your advantage.

METALS, NATURAL RESOURCES & ENERGY

A Closer Look at the Turnaround Time

We've talked a lot about the turnaround time in gold over the last two years. We've believed that a major change has been taking place, from a bear market to a bull market. That is, the gold price has been in a turnaround time period since hitting a low in December 2015 at $1049.

And this year, gold is holding firm with the feeling of wanting to break out of this turnaround time!

And when this happens, the bull market will be in full force and the turnaround time will be over. The $1380 level on gold is this key threshold, and it looks like it's coming up pretty soon.

THE TIME HAS COME

Looking closely at the metals, you can see the market doesn't look exciting. Granted, palladium rose with the stock market, but otherwise, we've seen gold moving up quietly while the others are holding above their low supports (see **Chart 16**).

But we've had some bullish confirmations during the last two years. There's also been several telltale signs within this sector suggesting the time has come.

Here are some samples of this...

Last January we showed you how **gold and the stock market** tend to move opposite, but there are many times when they move together, like they've been doing for the last 2+ years.

The most interesting thing about this, and it's the bottom line today, is when they both move together. They can move together for several years and it generally means the underdog is ready to take over the bull market in a major way.

Chart 17 shows this best. Here you'll see the S&P500 and the gold price on the same scale, which makes it easier to see them together. First note that gold (in red) bottomed in **1969** and it started to rise in a major bull market through the 1970s.

Meanwhile, the stock market bottomed in **1974** and it rose quietly while gold soared to its **1980 peak**. Of course all eyes and investments were on the gold universe then, yet stocks were chugging ahead.

Then it changed.

Gold peaked and declined for 20 years while the stock market rose in a wonderful bull market **until 2000**. They moved opposite during those 20 years.

Then the markets changed again by 2002 when they rose together. But gold had the much better bull market until its record peak in **2011**.

Meanwhile, the stock market was rising quietly from its **2009** lows, taking over the bull market status from gold when it continued to soar after gold peaked in 2011.

This brings us to today.

Gold and the stock market have been moving together since gold reached a low in **December 2015**. Gold's rise has been quiet while stocks have roared upward.

CHART 16

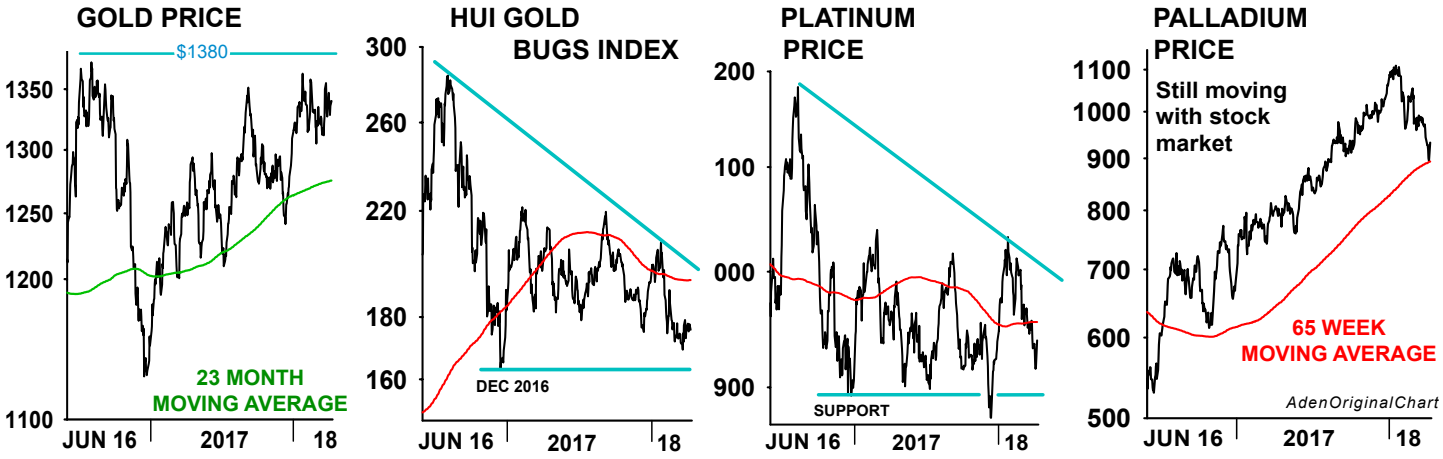


CHART 17

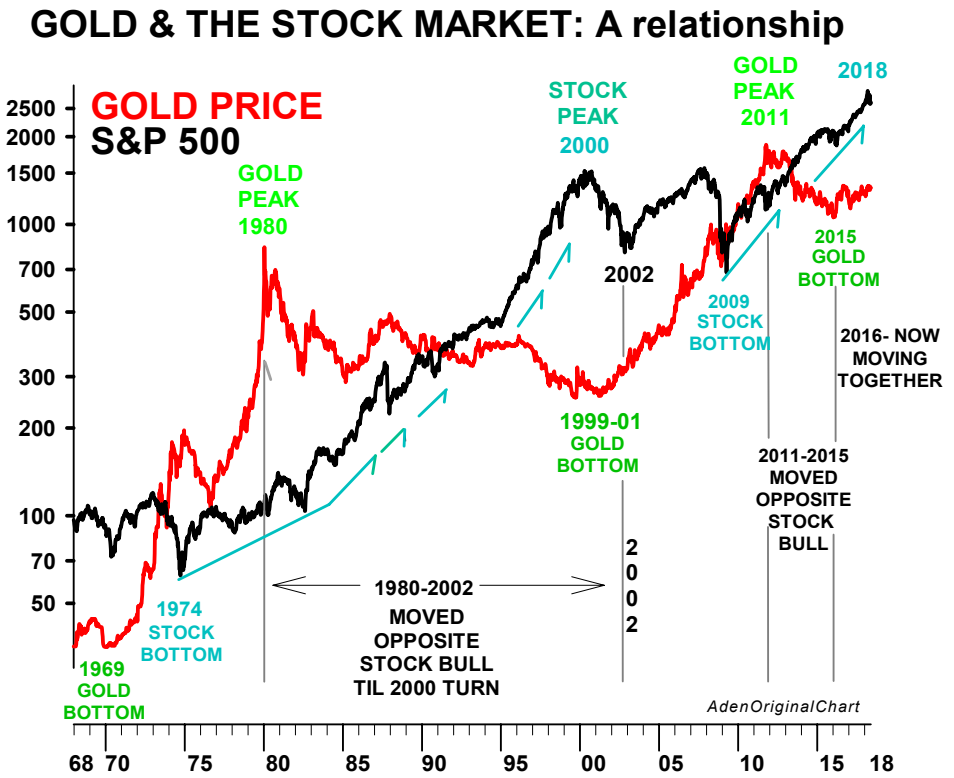
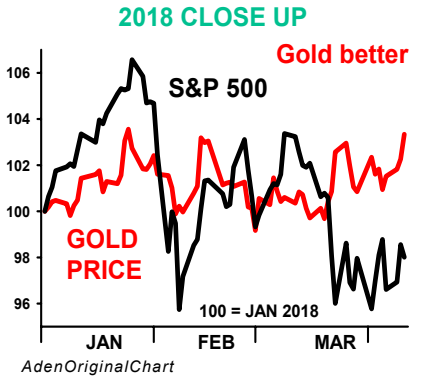


CHART 18



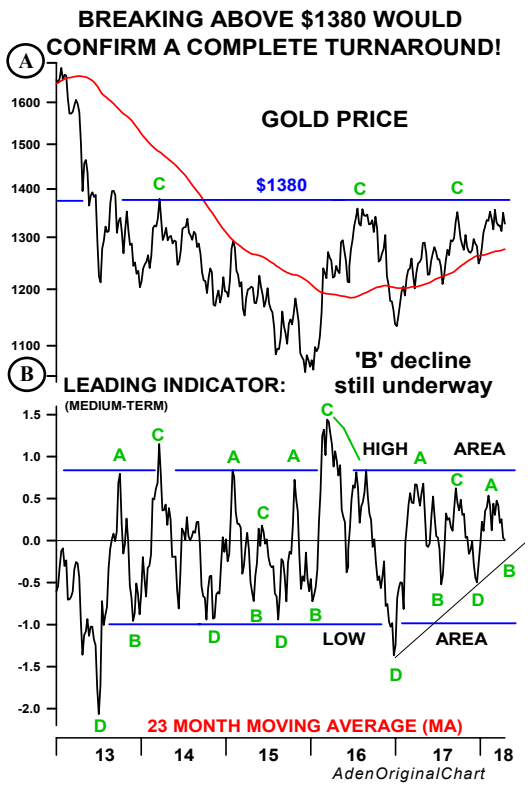
The gold market is now coming up from behind and this year shows that a change is underway.

Note the close up, this year on **Chart 17**. The historical wild moves in the stock market started while gold has been creeping upward. Keep in mind, stocks had little volatility last year.

And now with the trade tensions ongoing, along with geopolitical tensions, the large cap tech companies coming under pressure, as well as the Federal Reserve's policy, we'll likely see the stock market and gold change places once again.

Plus, it'll be following the pattern of the underdog overtaking the top dog!

CHART 19



GOLD TIMING

The most important number to watch is $1380 on the gold price. This has been the key resistance area during the full bear market since 2013. You can see this clearly on **Chart 19A**.

The bear market's saucer bottom has had stubborn resistance at this level. Gold has been holding below it. And while the 'B' decline is still underway, gold has held firm due to safe haven buying during the turbulence, and the weaker dollar.

Gold will remain under pressure for now by staying below $1360, and if it declines below $1305, it could then test the 23 month moving average (MA) at $1277. Note how gold has essentially stayed above this key MA over the last two years.

But once gold breaks clearly above $1380, it's off to the races.

Another bullish sign for gold is its strength in other currencies. This means gold is moving on its own merit and it's not due to currency fluctuations.

We all know the euro has been on the rise, for example, yet when looking at **Chart 20** you can see how well gold's held up in a strong currency.

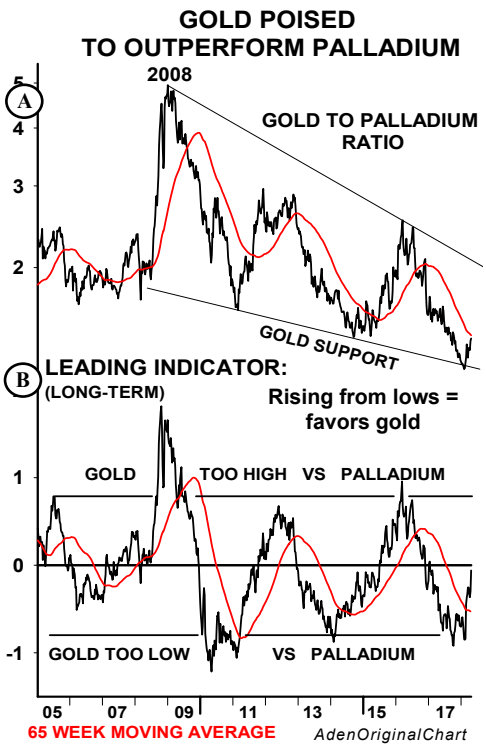
It's in a four year uptrend and gold's been bottoming above the uptrend since last December.

Another potentially bullish situation is gold compared to palladium.

Palladium has been moving with the stock market and gold has been weaker

CHART 20

CHART 21



than palladium since 2008 (see **Chart 21A**).

Note the ratio has been on the decline, finally reaching a low this year at a key gold support. Meanwhile, the indicator is bouncing up from the "too low" gold area.

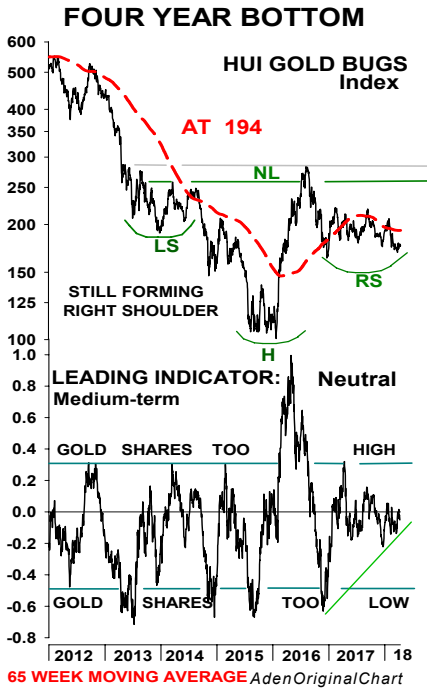
Both suggest that the downside is limited for gold, and it's poised to outperform palladium going forward.

Likewise for gold shares compared to the stock market. The HUI index is also bouncing up from a low area versus the S&P500. And the ratio is breaking out of a downside wedge (see **Chart 22**). This suggests gold shares are set to outperform the stock market.

Talking about gold shares and a bullish bottom that's been underway for four years, take a look at **Chart 23A**. Gold shares have been telling us to be patient, and we think it'll be well worth it.

A major head and shoulders bottom has been forming since 2013, and the right shoulder has been forming for over a year. But the leading indicator is telling us that the lows are near.

CHART 23



We'll keep our gold shares.

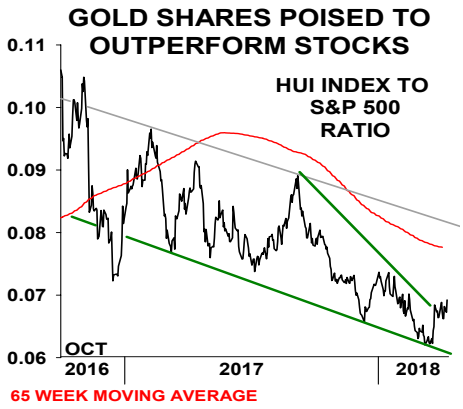
Some of you are concerned about investing in South African gold shares due to nationalization possibilities.

First, if it bothers you, then it's best to stay in North American mines. We recommend the royalty and streaming company Royal Gold (RGLD). This company is solid and it announced a dividend this month to be paid in April.

They are diverse with 194 properties on six continents with interests in many production and project mines. We continue to recommend it.

We also have two ETFs. One is a group of senior mines and the other is a junior mine group. Plus Agnico, Eagle. This is a good selection.

CHART 22



SILVER is interesting.

It looks set to explode one of these days... Look at its beautiful triangle it's formed for 2+ years now on **Chart 24**. And it's almost at its apex.... which way next?

The leading indicator (**B**) shows that it'll more likely be upward. Note how it's been in an uptrend for the past year, and similar to the 2015 uptrend before silver jumped up in 2016. We'll soon see.

Keep an eye on the upside. A break above the 2018 high near $17.60 would be a clean breakout. Silver could then test its 2017 highs near $18.50 before heading up to a stronger resistance at $21.

On the downside, a break down below $15.50 would be a set back.

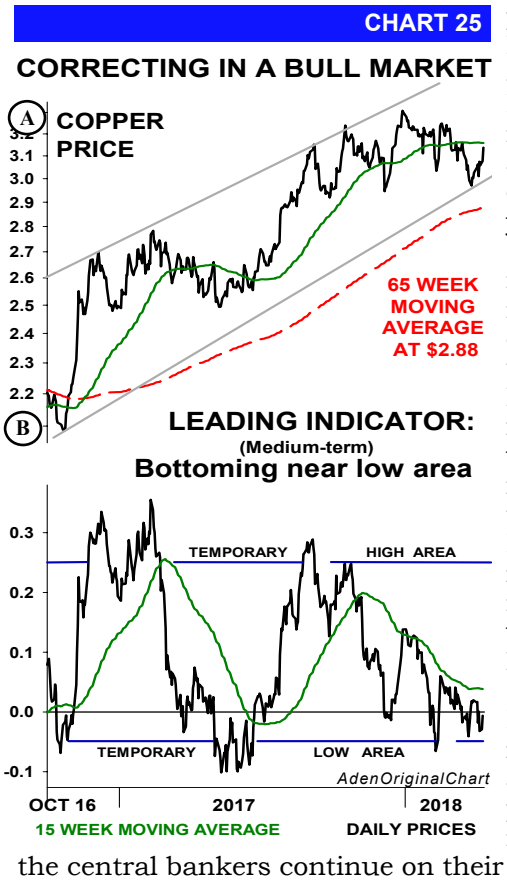
Silver may surprise on the upside as it gets near the end of its consolidation, and it just may spark the upcoming C rise in gold.

DEMAND BASED RISES

A demand based rise is the most powerful rise. It can be based on investor demand, safe haven demand, economic growth demand. There's also demand based on inflation and/or a weak U.S. dollar.

Gold demand continues to grow. For example, the sales of gold

CHART 24



products at the Perth Mint rose about 13% in March from a month prior, and it rose 34% compared to a year ago!

Plus, the most famous money managers have gold in their portfolios. Be it Ray Dalio for its store of value and portfolio diversification, or David Einhorn as an inflation hedge, many have a valid reason to hold gold.

Lord Jacob Rothschild , for instance, is all about wealth preservation. He rightly says that the central bankers continue on their greatest experiment in monetary policy in the history of the world. It's hard to wrap your mind around this thought because as time moves on it's easy for us to become immune to what's happening. But it's not normal.

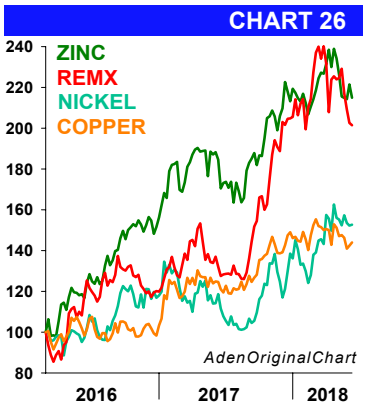
We agree with them all. And we believe gold and this universe is at the onset of a great bull market. And we want you all on board.

Price manipulators can only do so much, and at certain times. We've seen some obvious ones, but in the end, it doesn't normally make a difference in the major trend. They seem to take more advantage of intermediate moves.

RESOURCE AND ENERGY: Firm

When the resource sector rises with the precious metals, it's a powerful rise, and it can be due to a mix of the above mentioned reasons.

It's already happening. And we recommend keeping your resource positions. We don't think the past months decline is signaling a global economic slowdown. It's simply a healthy downward correction in a bull market for now.



Take copper, for example, on **Chart 25A**. This shows copper's bull market rise since 2016. It's risen 70%, from its January 2016 low to a high in January. It's come down since then but it's bouncing up and the major trend is up above its 65 week MA.

Its leading indicator (**B**) is at the lows and bottoming, thereby suggesting that copper's downside is limited, and it could soon resume a bull market leg up!

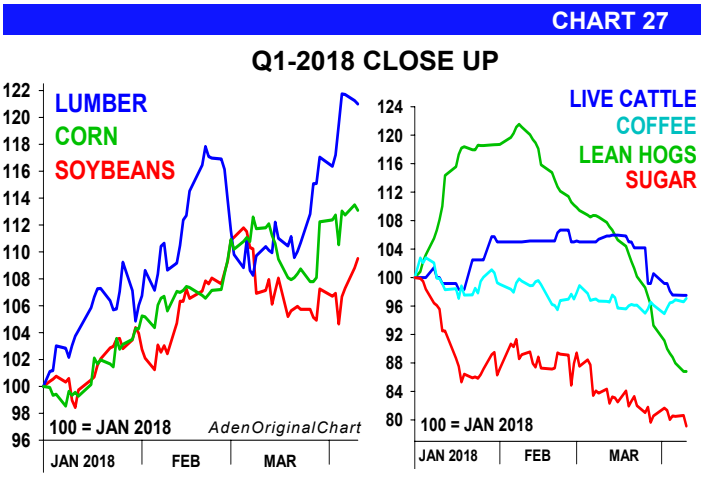
It's interesting to see how much stronger zinc and REMX have been compared to the strong copper price since 2016 (see **Chart 26**). The point is they are all in sync, with some stronger than others. REMX has a good cross section of rare earth, including cobalt and lithium. This is why we recommend this ETF.

And if you look at the performance of this years soft commodities, you can see lumber is much better (see **Chart 27**). It's really no surprise with the housing market.

Crude oil is strong, reaching a 3½ year high. It's now in breakout mode and it's taking energy shares with it. The shares have been lagging for several months, and this strength could end up helping pull up the stock market. Perhaps oil will end up reaching the $80 level the Saudis would like.

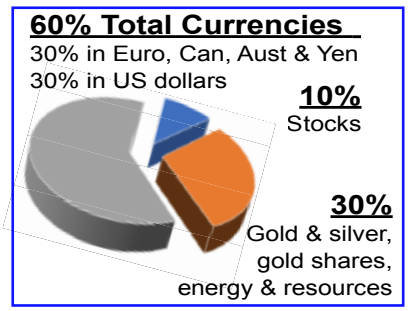
Crude had been under pressure with the trade tensions but the tension in Syria is pushing crude up.

Chart 28 shows the similar movements oil has with the 10 year yield. When looking closer you can see oil tends to lead the yield. We'll soon see.



OVERALL PORTFOLIO RECOMMENDATION

As we go to press Syria's horrific attack last weekend is causing major international tension, sparking a flight to safety. It's overtaken the trade tension for now, and uncertainty moved up another notch. Crude oil jumped up to a 3½ year high, gold is testing its major breakout level while gold shares and the resource sector bounce up. Plus producer prices increased solidly in March backing up a growing inflationary trend. The stock market remains in a wide volatile consolidation area while bonds are perking up.



U.S. & GLOBAL STOCK MARKETS

The stock market continues its wide swinging consolidation near this year's lows. Tensions and easing tensions are both keeping the market uncertain and therefore volatile. The nine year old bull market is still underway but it's time to be cautious. We did well in the bull run-up taking great profits in December, January and February with 40% of our portfolio. Our best gains were in DIA, MSFT, QQQ, AA and IOO and our worst was our break-even position in EWC. Since then we've been chopped up a bit in AMZN, IGV, QQQ and SPSM when we bought in March during the volatility and were quickly stopped out. We gave back a small position with 20% of the portfolio. We now have this cash waiting for opportunities. Continue to keep ADBE and NFLX with 10% of your portfolio. ADBE has great profits built up and we want to protect them. We're raising our trailing stop to 210 and sell if ADBE closes below. Also sell NFLX on a close below 280. With energy shares taking off, it could be the leader in the next leg (final?) of the bull market.

PRECIOUS METALS, ENERGY, RESOURCE

The time has come. Gold jumped up to its January highs while crude oil shot up to a 3½ year high. The others are also following suit.... gold shares, silver, copper and resources in general. It looks like the B decline may be over. Gold is very strong above $1305, and a final confirmation that a turnaround time is complete and a strong bull market is underway; it will be when gold rises and stays above $1380. It's getting closer! A break above $1380 would be a strong and bullish C rise, and gold could soar. Our gold shares are rising nicely and a rise in the resource shares is getting started. Energy shares are finally jumping up and catching up to the strong oil price. This will bode well for the stock market in general. We want you all fully invested and on board for a good rise.

INTEREST RATES & BONDS

Interest rates are resisting at an important crossroads showing that a reversal to the upside is not a done deal. There are straws in the wind showing interest rates could muddle along for a good while, and bond prices rise. The interest rate spread is narrowing the most in years suggesting that the upside is limited. The Libor rate is a stone's throw away from the 10 year yield, for example. Keep an eye on 3.01% on the 30 year yield. We'll continue to monitor this before we recommend buying bonds. Stay out for now.

CURRENCIES

The U.S. dollar index remained under pressure near the lows as trade tensions and uncertainty weighed on the dollar. The dollar has yet to rise in a contra-trend rebound rise, and while it'll remain very weak below 90.50, if this level is surpassed it could still rise in a bear market rally. The currencies remain firm and the Canadian dollar bounced up well. Keep your positions listed in the box.

OUR OPEN POSITIONS in order of strength per section

STOCK ETFS & SHARES

		PURCHASE		PRICE AT	% GAIN/LOSS	CURRENT	TRAILING
NAME	SYMBOL	DATE	PRICE	issue date	SINCE BOT	RECOMM	STOPS
Adobe Systems	ADBE	Feb-17	118.93	223.63	88.03	Hold	210.00
Netflix	NFLX	Mar-18	321.55	303.67	-5.56	Buy/Hold	280.00

PRECIOUS METALS, ENERGY, RESOURCES

		PURCHASE		PRICE AT	% GAIN/LOSS	CURRENT
NAME	SYMBOL	DATE	PRICE	issue date	SINCE BOT	RECOMM
Agnico Eagle	AEM	Feb-17	47.10	43.97	-6.65	Buy/Hold
Royal Gold	RGLD	Sep-17	90.19	88.53	-1.84	Buy/Hold
SPDR Gold	GLD	Mar-17	117.51	128.11	9.02	Buy/Hold
Gold (physical)		Oct-01	277.25	1360.00	390.53	Buy/Hold
Gold Miners ETF	GDX	Feb-17	25.20	22.75	-9.72	Buy/Hold
DJ US Energy	IYE	Jan-18	41.84	38.73	-7.43	Buy/Hold
Jr Gold Miners ETF	GDXJ	Feb-17	42.12	33.37	-20.77	Buy/Hold
BHP Billiton	BHP	Sep-17	42.00	46.11	9.79	Buy/Hold
Freeport-McMoRan	FCX	Feb-18	19.12	17.98	-5.96	Buy/Hold
Ctrl Fund of Canada	CEF	Mar-17	12.66	13.55	7.03	Buy/Hold
Rare Earth	REMX	Jan-18	32.12	27.97	-12.92	Buy/Hold
Silver (physical)		Aug-03	4.93	16.76	239.96	Buy/Hold
Horizons Marijuana	HMMJ.TO	Jan-18	20.38	15.34	-24.73	Hold

CURRENCIES

		PURCHASE		PRICE AT	% GAIN/LOSS	CURRENT
NAME	SYMBOL	DATE	PRICE	issue date	SINCE BOT	RECOMM
Canadian dollar ETF	FXC	Jun-17	76.09	78.45	3.10	Buy/Hold
Euro ETF	FXE	Jun-17	110.48	118.86	7.59	Buy/Hold
Australian dollar ETF	FXA	Jun-17	76.91	77.61	0.91	Buy/Hold
Japanese Yen ETF	FXY	Mar-18	90.25	89.7	-0.61	Buy/Hold

Note: Shares, funds & ETFs are listed in the box in order of strength per each section. Keep the ones you have on the list.

