THE
ADEN FORECAST
MONEY • METALS • MARKETS

NOVEMBER 2017 *36th year*

LOW RATE ENVIRONMENT DOMINATES MARKETS

The questions keep coming...

This month most of your questions focused around four areas. These were our recommended stops, marijuana stocks cryptocurrencies and real estate... So here goes...

Let's start with our recommended stops.

PROTECTING OUR GROWING PROFITS

We decided to put stops on our recommended stocks to protect the profits that have built up in most of our recommendations. We've been using a 10-week moving average or a support level to establish these stop levels.

As the price goes up we'll adjust the stop accordingly. This allows us to ride the bull up and lock in greater profits, and then sell when the market falls by a previously determined amount.

So the stops will be changing about every week or two... which is why they're called trailing stops. These stop levels will be listed on page 12 and in our weekly updates in-between our monthly issues.

It's important to note, we do not advise selling any of our recommended stocks unless they close BELOW the stop levels. And if we do sell, there's a good chance it'll coincide with a steeper downward correction, unlike anything we've seen so far this year.

Also, if the bull market remains intact, which it probably will based on our indicators, then we'll buy some of the strongest stocks again, once the downward corrections appear to be near an end.

The point is, we don't think it's a good idea to ride through a downward correction. Instead, we'd opt to preserve capital and this is a good way to do that. These stops can be placed with your broker, online, or you can use mental stops, personally keeping track of them.

Having said that, it's also important to know that if you're a long-term investor and don't mind riding through a downward correction, then don't sell your stocks based on these stop levels. In other words, if the market stays above its 65-week moving average, the major trend will remain up and you'd want to stay with the bull market.

So it's essentially a personal decision based on the type of investor you are and your individual objectives. In any event, we'll be keeping you updated as this bull market evolves.

WHAT ABOUT REAL ESTATE? IS IT IN A BUBBLE?

The housing market has been doing very well...

New home sales recently hit a 10 year high. They also just experienced their best monthly sales growth in 25 years.

Most impressive, however, the home price index is now surging into new record high territory. That is, it finally surpassed the peak reached in 2007, prior to the subprime real estate bust (see **Chart 1A**).

You'll remember this also triggered the financial crisis, which resulted in the worst recession since the Great Depression, pushing the world economy to the brink. But those days are well behind us and this real estate boom essentially confirms this.

Low interest rates are key

One of the main factors pushing real estate prices higher has been the ongoing decline in interest rates. As you'll see in this month's Interest Rate section, even though interest rates will probably head higher in the months ahead, they're unlikely to soar.

On the contrary, interest rates will likely stay near their lower levels. And if they do, it'll continue to fuel

INSIDE

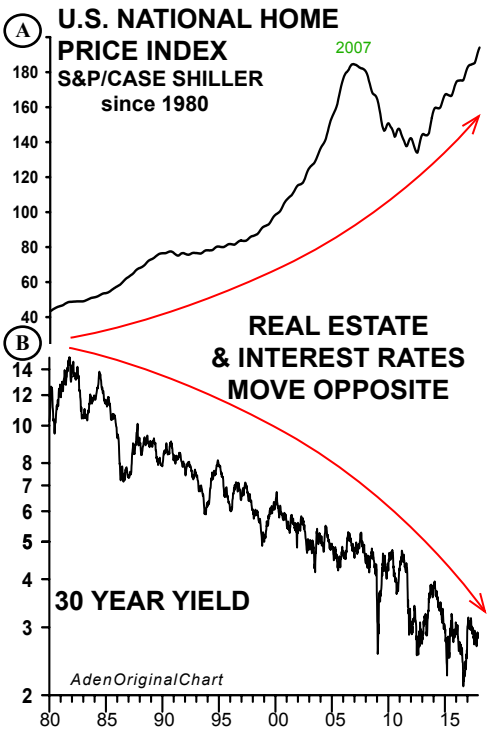
rising prices in both stocks and housing.

CANNABIS STOCKS

Marijuana stocks have become very popular and many of you are wanting to know more...

First, it's important to recognize that this is a relatively new business, but in many cases it's taking off like gangbusters (see **Chart 2B**). At this point, these stocks are speculative but we've taken a good look at the industry and these are our conclusions...

CHART 1



The entire marijuana movement is gaining strong momentum. Pot isn't taboo, like it was not so many years ago. It's become mainstream. In fact, many people like pot a lot more than alcohol and this has resulted in some form of legalization in 29 countries.

Canada, however, is the marijuana global headquarters. It's head and shoulders above the other countries, it exports pot and it's set on global domination of this business.

Plus, it has huge growth potential. Many are comparing this young industry to the early days of the tech stock boom... and that could end up being the case as marijuana becomes the next "big thing."

Currently, there are many marijuana stocks available, but with little history behind them, it's hard to know which ones are good and which are not.

But if you want to give pot a try, we'd go with the Horizons Marijuana Life Sciences ETF (HMMJ.TO). It invests in 10 large marijuana stocks and it's looking good. This way you'll also be diversified within the industry.

... We know this isn't for everyone, but if you want to speculate on what could be an upcoming boom, you may want to go ahead and take a flyer.

OKAY, & WHAT ABOUT CRYPTOCURRENCIES?

This is another market that has really taken off (see **Chart 2A**). Bitcoin is the most well known but there are now over 1200 cryptocurrencies.

When Bitcoin hit $1000 many said it was a bubble. Well, it's now near $5000 and the bubble keeps going. So what to make of it?

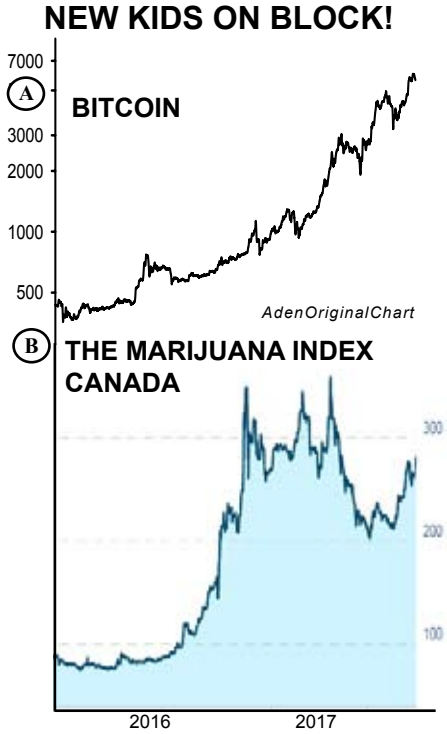
We've read a lot of the pros and cons. And we're just not comfortable recommending digital currencies, not yet.

Lately, many non-investor friends have been asking us if they should buy and that's usually a sign of a top.

Plus, many respected experts like Warren Buffett, Ken Rogoff, Jamie Dimon, Ray Dalio, Mark Cuban and others have called them a fraud and/or they're looking for a collapse.

But who knows? Maybe these are the currencies of the future, but the value here is to also watch the blockchain technology develop further. In the meantime, we feel it's best to watch from the sidelines.

CHART 2



SPECIAL NOTES

• It's not too late to join us at the Money Show's Legends of Wall Street Seminar at sea! From January 12 to 22 aboard the Crystal Serenity we'll be going from Panama, Costa Rica, along the Mexican Riviera and ending in San Diego.

These cruises are a real treat... combining useful investment info, lovely ports of call, personal get togethers and dinners, all aboard the world's #1 rated cruise ship. We hope to see you there! For more info go to https://www.moneyshow.com/events/cruises/the-legends-of-wall-street-cruise/?scode=043574

Thanks and best wishes to you all.

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U.S. & WORLD STOCK MARKETS

Ongoing record highs: One for the history books

The stock market is still on a roll. It's strong and bullish, scoring one record after another this month.

BREAKING RECORDS

For example, the stock market hit record highs based on daily, weekly and monthly closes. This was a combination that's never happened before in stock market history.

The stock market also passed the longest time period without a 3% downward correction since records began in the 1920s.

The Nasdaq matched a 37 year record for all time highs and the Dow Industrials broke above 23,000, which was another milestone. And there was further evidence the stock market could keep soaring in the months and probably years ahead, like it did during previous major bull markets...

So what happened?

MELT UP ESCALATING?

You may remember last month we told you that big bull markets tend to rise strongly in the latter stages. That's when the public pours in and buying often becomes frenzied as the melt-up escalates, driving prices sharply higher.

Well, based on the latest figures, the public is now starting to jump in. Investors poured the most money into stocks in about four months, and the most into tech stocks in more than eight months.

If this continues, we could see big upward surges in stocks and lots of speculation coming up in the months ahead as this bull market powers onward and upward. So you'll want to be prepared.

Meanwhile, our indicators are all technically bullish (see **Chart 3**).

Note the main stock indexes remain near record highs. They're also well above their 15 week moving averages, signaling they're super strong. Plus, the major trends are solid and the bull maket will remain

CHART 3

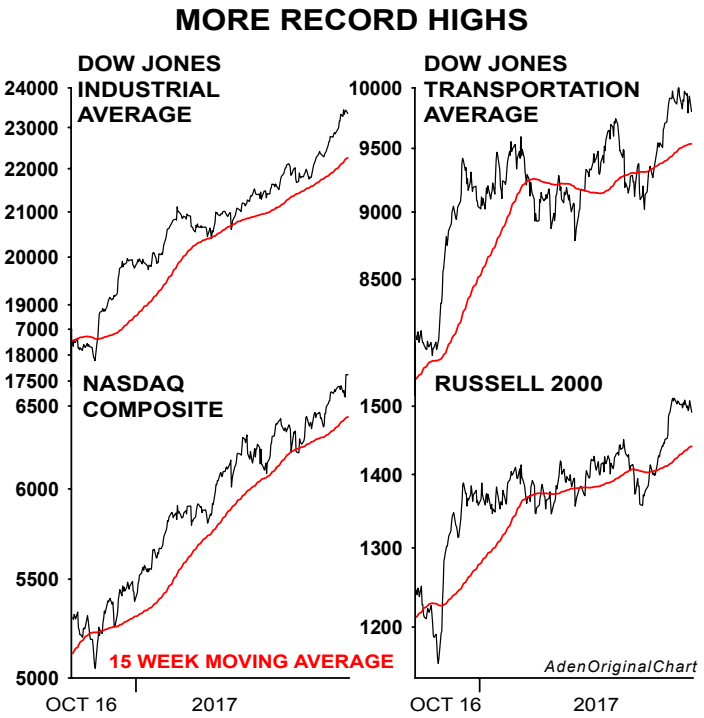
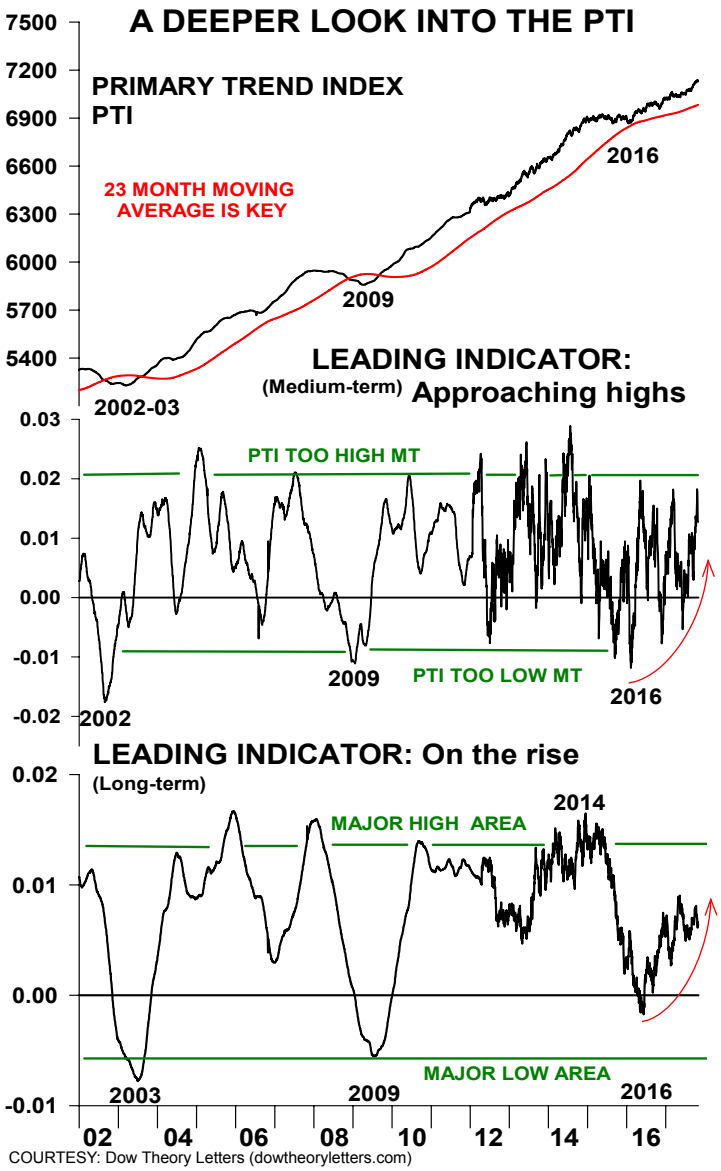


CHART 4



COURTESY: Dow Theory Letters (dowtheoryletters.com)

intact by staying above the 65 week moving averages, now at 20400 for the Dow Industrials, 5825 for Nasdaq, 9000 for the Dow Transportations and 1350 on the Russell 2000.

PRIMARY TREND INDEX

But there's one special indicator in particular we want to show you this month...

The Primary Trend Index (PTI) was one of the late, great Richard Russell's favorite indicators, which he developed to track the primary trend of the stock market (see **Chart 4A**, courtesy of dowtheoryletters.com)

As you can see, it's been hitting new record highs, confirming the bull market in stocks is solid and strong.

CHART 6

We thought it would be interesting to see how the PTI looks running it through our leading indicators, and the results can be seen on the charts.

Surprisingly, despite the strong rise stocks have already had, the leading indicators are rising but they're not yet near the high areas, based on the medium-term and long-term.

In other words, this is telling us the stock market has room to rise further before it's overbought and it's reinforcing what our own stock indicators are showing.

The bottom line is, all systems are still go.

GREED SETS IN

Another interesting point we want to pass on this month can be seen on the Fear & Greed index (see **Chart 5**). Greed has been picking up and it's currently at an extreme.

This coincides with the VIX index, which is often referred to as the fear index (see **Chart 6B**). It's been hitting new lows all year, telling us the market has not been fearful at all.

That is, it's indirectly reinforcing this greed factor. It's either that, or it's telling us the market has just been complacent all along.

CHART 5

The point is, when markets are filled with greed, they're often poised for some sort of downward correction. This also tends to coincide with a low in the VIX (see the numbers on the chart and the corresponding declines that followed in the S&P 500, above).

And considering this bull market rise has not corrected almost all year, it's been due for a breather.

Will it happen? It could and if it does, it would be normal. In fact, steep down corrections were pretty common in the late 1990s as the Nasdaq soared to its high in early 2000.

And it would also likely provide us with a good opportunity to buy at a better price for the remainder of the bull market.

IT'S A GLOBAL BULL MARKET

Remember, this is a global, powerful bull market and it's unlikely to end with a whimper (see **Chart 7**). The world economy is strong and many of the global stock markets will probably continue to outperform the U.S. stock market.

But as long as the bull stays in the driver's seat, they'll all likely do well and you'll want to stay with the bull for as long as it lasts.

WHAT TO DO...

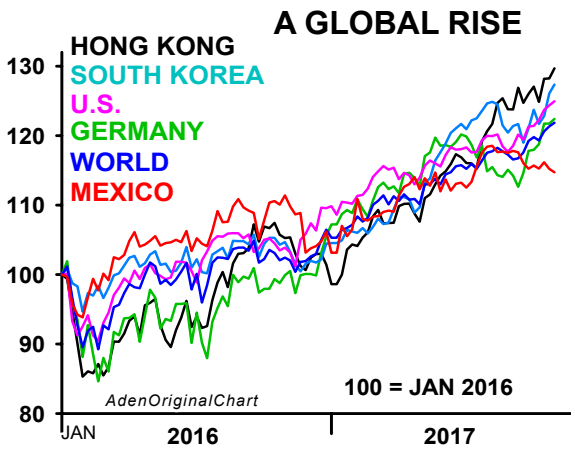
For now, we continue to advise holding the stocks you have. If one of your stocks closes below the trailing stop level that is listed on page 12, then sell it.

We realize these stops are rather tight... But we feel is warranted at this time.

If a stop is triggered, it would not mean the bull market is over, not at all. But it would be a way of protecting profits and/or limiting losses.

As or friend and colleague Matt Kerkoff pointed out... no one ever went broke taking a profit. And this is a good time to put this into effect, if need be.

CHART 7



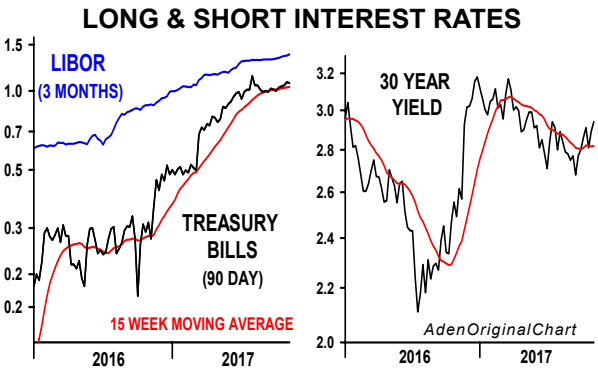
U.S. INTEREST RATES AND BONDS

Interest rates rising... for long?

We've often talked about how important interest rates are...

We know that may seem strange because many people think interest rates are boring. But they're not, not by a long shot. In fact, interest rates may just be misunderstood...

CHART 8



INTEREST RATES MATTER

Consider this...

1. Interest rates drive most of the markets. That's certainly true of stocks, bonds, currencies and metals. In all of these cases, they're a primary fundamental factor moving these markets.

2. Interest rates have also been one of the most important tools used to keep the world economy afloat. And that's still happening.

Over the past 30 years, for instance, declining interest rates were a key factor offsetting the surging inflation of the 1970s. Then they kept going down. To refresh your memories, here's a recap of what happened...

A KEY IN CALMING FINANCIAL CRISIS

Once deflation set in, combined with the financial crisis of 2007-08, interest rates became even more important. They were the tool favored by central bankers around the world to keep the world economy from slipping over the cliff.

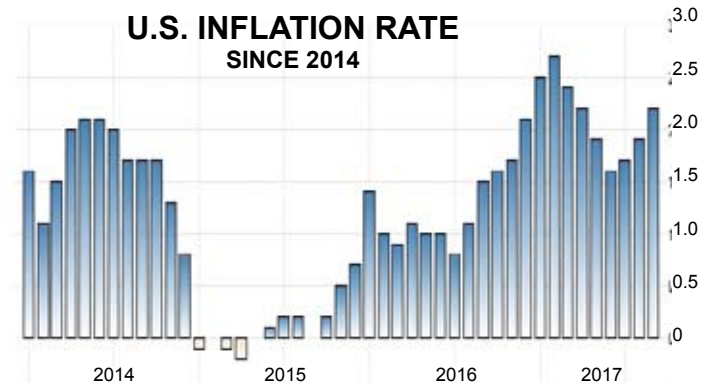
Interest rates plunged, eventually hitting a 5,000 year low last year. That is, they dropped to the lowest level in all of recorded history.

This was a huge deal and it was done to save the world economy from what could have been a disaster, worse than the Great Depression.

Many don't realize, the global economy was literally teetering on the edge for quite a while. And ongoing lower interest rates were a good way to pull the economy back and help boost some type of growth.

So ultra low interest rates, near zero, were a big factor in saving the day. That's why central banks aren't in a hurry to push interest rates too high, too soon. Instead, they're taking a slow and steady approach because they don't want to rock the boat.

CHART 9

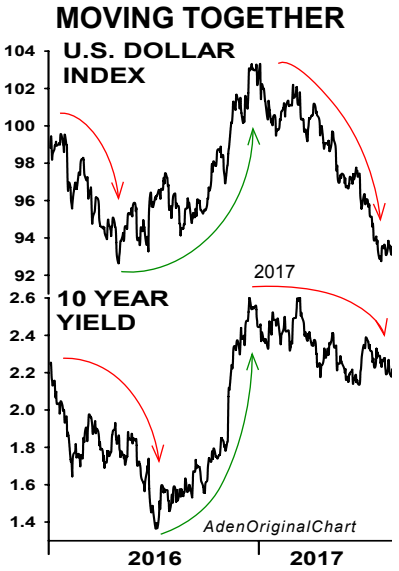


COURTESY: tradingeconomics.com
SOURCE: U.S. Bureau of Labor Statistics

WHAT'S THE CURRENT SITUATION?

Interest rates have been rising this past year. But, looking at the left of **Chart 8**, you'll see the 90-day Treasury Bill rate is only now barely above 1%. So, even though interest rates have been rising, they're coming from very low levels.

CHART 10



The same is true of long-term interest rates... The 30 year yield is now near a 5½ month high. The same goes for the 10 year interest rate. But here again, these rates are still at historically low levels, despite their recent rises.

WILL FED SKIP RATE HIKE IN DEC?

Meanwhile, Fed head Janet Yellen has been flip flopping somewhat regarding what comes next...

First she said interest rates will rise again in December. This didn't make sense to many observers because the economy remains sluggish and inflation is still relatively low (see **Chart 9**).

Even though inflation has been perking up in the past couple of months, inflation is barely above 2%, which was the Fed's target level, and it's not a threat.

The point is, raising interest rates in this environment would not be a good idea. So the Fed now appears to be back pedaling.

Basically, they've been hinting that they may skip the rate hike in December. We'll soon see...

LOW RATES, LOW DOLLAR

Low interest rates have kept downward pressure on the U.S. dollar this year (see **Chart 10**). And we know the Trump administration likes the weaker dollar, mainly because it's been boosting exports, it's been helping to spur economic growth and the housing market, it's been beneficial for multi-national companies and it's provided a boost for the stock market.

A weaker dollar could also help fuel some inflation. And that too would be yet another positive.

So you'd think the bottom line would be ongoing low interest rates. But increasingly, our technical indicators are telling us the opposite. A look at **Chart 11A** shows you what we mean...

BONDS VULNERABLE

Here you'll see the U.S. government bond index going back to 2011. Even though bonds are still in an uptrend, they've stayed below their 65-moving average since last year.

This average indentifies the major trend and bonds will remain bearish by staying below this moving average.

At the same time, the leading indicator is declining, dipping into bearish territory (**11B**). This is reinforcing the bear market in bonds, signaling bond prices are likely headed lower.

A mega bear market drop, however, will not be confirmed until the **30 year yield rises and stays above 3.08%.** If that happens, it would mark a huge change in the interest rate outlook, which could last for years and it would be extremely bearish for bonds.

In the meantime, our position remains the same, which means avoiding bonds for the time being. The market is vulnerable and risky and it's best to stay on the sidelines.

This applies to U.S. and global bonds. And since most bonds generally move together, we'd avoid corporate and junk bonds too.

For now, stocks are still the place to be and bonds are clearly in the back seat.

So stay focused on the stock market until the markets tell us otherwise.

CURRENCIES

U.S. dollar: Correcting in a bear market

The U.S. dollar remains bearish, and it has been all year.

REBOUNDING FROM LOWS

But as we mentioned last month, the dollar had dropped too far and it was due for an upward rebound. This is normal following a steep decline and the dollar has indeed been bouncing up in recent weeks.

This, however, will not change the major trend, which is down. And it will stay down even if the dollar index rises to as high as 97.50, its red 65-week moving average (see **Chart 12A**).

In addition, the dollar's leading long-term indicator is on the decline and it's bearish too. This tells us that once this rebound rise is over, probably well before year-end, the dollar will likely resume its down move.

And since the leading indicator has quite a way to fall until it reaches the major low area, the upcoming dollar decline could be a steep one.

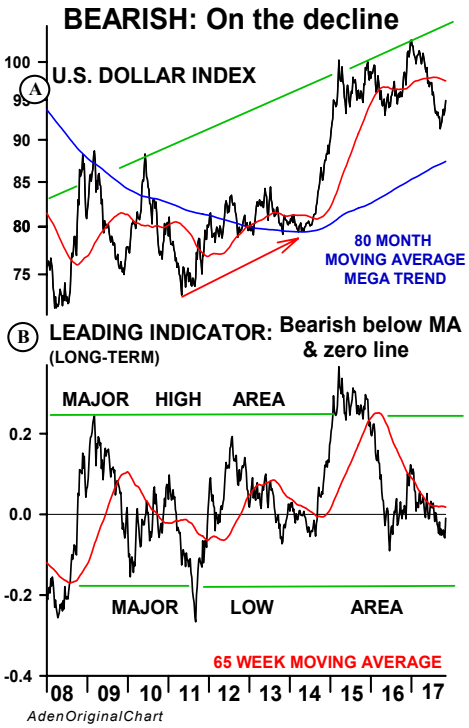
HIGHER RATES PULLING DOLLAR UP

For now, however, the dollar is focused on higher interest rates. This alone has kept upward pressure on the dollar. And if interest rates continue to move higher as we suspect, it could keep the upward momentum going, at least for the time being.

Along these lines, the currency markets have been watching closely to see who Trump was going to pick to head up the Federal Reserve once Yellen's term is up. This announcement came yesterday and Jerome Powell will be the next Fed head.

This was seen as good news because Powell has been dovish on monetary policy in his years at the Fed. That is, he'll likely maintain continuity and opt for steady or lower interest rates.

CHART 12



Wall Street likes Powell and since Trump likes easy money and low interest rates, Powell was the favorite.

A hawk, for instance, would have increased the likelihood of an ongoing interest rate rise and a stronger dollar.

A dove like Powell, on the other hand, will probably take a more gradual approach, which will not bode as well for the dollar... So stay tuned.

CHINA: Consolidating power

In another interesting development, Chinese President Xi Jinping cemented his power and will continue to lead China in the years ahead. Some are now calling him the most powerful leader in the world and this will continue to have repercussions in many areas.

As far as the U.S. dollar is concerned, we can expect to see more moves by China to eventually become the world's new reserve currency.

This has been a long-term goal and they've been moving in that direction via direct trade agreements with dozens of countries, eliminating the dollar from the transactions, building goodwill along the way by providing infrastructure worldwide, building up their gold reserves and more.

This is obviously not going to happen from one day to the next, but it could happen eventually, and it wouldn't be unusual.

CHART 14

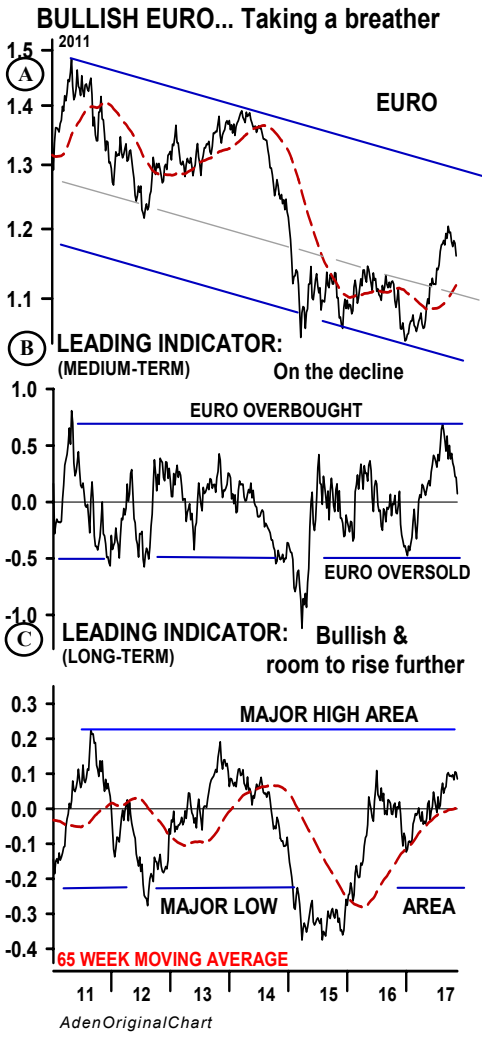
Remember, reserve status has changed many times over the centuries. It's an honor and it almost always goes to the world's leading economic power. China is currently #2, but it's expected to pass up the U.S. in the years ahead and it's making plans along these lines.

We'll discuss this more in future issues. But if it happens, it will have wide ranging repercussions, especially for the U.S.

EURO

Meanwhile, the euro remains bullish but its rise has stalled, in large part because of the way things are going between Spain and Catalonia, who wants their independence. In fact, this has been a key factor putting some downward pressure on the euro, therefore pushing the dollar up.

CHART 13



Looking at **Chart 13A**, you'll see the current euro situation...

The euro is well above its moving average, signaling the major trend is up. This is being confirmed by the euro's leading long-term indicator (**C**).

Note, it's on the rise and it has plenty of room to head higher before it reaches the major high area. This means the euro will likely move up a lot further.

But first, the euro is poised to decline in a normal downward correction (**B**). As you can see, it's not yet oversold, so it'll probably stay vulnerable for a while longer before it rises again.

Reinforcing this again are interest rates. It's pretty amazing to think that the Euro High Yield (junk bond) index is now yielding less than the super safe U.S. 10 year yield (see **Chart 14**).

This obviously makes the U.S. dollar even more attractive.

Since the other currencies tend to follow the euro we can generally expect the same from them as well

(see **Chart 15**).

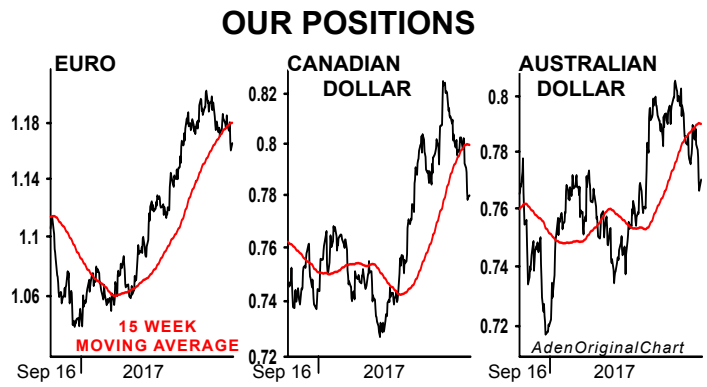
In fact, their downward corrections have been steeper. In other words, the dollar is going to have its time in the spotlight, at least for now, while the currencies correct further.

Nevertheless, these markets remain bullish and we continue to recommend holding the euro (FXE), the Canadian and Australian dollars (FXC and FXA).

If you recently bought new positions, that's okay. But if not, we'd wait for more weakness to buy new positions, or add to the ones you have.

And continue to keep a small position in U.S. dollars.

CHART 15



METALS, NATURAL RESOURCES & ENERGY

Resource Bullish... Gold in Turnaround

The strong dollar and higher interest rates have been putting pressure on gold this past month. The strong stock market has too. The dollar hit a 3½ month high while gold fell to its early August levels. Gold ended the month down slightly.

In other words, gold is holding up pretty well considering the jump in the dollar. Monetary policy is at the top of gold's agenda for its next move. And so is the ongoing strength in the stock market.

In many ways, it feels like 2001 all over again.

It was a dreary time for precious metals investors and advisors. It was one of the times when the environment was as bearish as it could be.

Gold was ending a 20 year bear market during a time when the dotcom flurry was all the rage. Gold was the laughing stock of the asset world, and you can understand why money had been moving into the stock market, and not into gold.

That was the eve of a great bull market in gold. And the gloom today is similar. So it now feels like we're getting closer to the end of the turnaround time from bear to bull.

CHART 16

UNUSUAL WORLD

We've talked about the possibility of black swans throwing a wrench into the markets and causing havoc. There are many angles and HSBC wrote about one being a good candidate for gold going forward. If risks are rising in the global financial markets, like the IMF has warned, and they aren't successfully contained, volatility in the financial markets may trigger safe haven buying in gold.

UNCHARTED WATERS

This is a real possibility given the uncharted waters we've been wading in for several years. Plus, gold is being slowly accumulated during what we call this turnaround time for gold. A liquidity crisis or a sudden bursting of the "everything" asset bubble would be very bullish for gold, and even the fear of one developing could cause more investors to move toward the gold safety net.

Central banks are an influence.

The Federal Reserve and the European Central Bank are going to continue to

have an influence on gold.

And it's not a coincidence that the Central Bank of Russia has already more than doubled the pace of its gold purchases according to the World Gold Council. The world is uneasy. Meanwhile, China is securing its strength in the world by "crowning" Xi and elevating him to Mao status.

LESS GOLD SUPPLY

Many have said there's difficulty finding new gold supplies to keep up with the increasing demand. Global gold supply increases only about 1.6% per year, and the floating supply of gold has been disappearing into private vaults.

Refiners cannot find enough scrap gold to produce fine gold to meet demand. If this continues, the next solution would be much higher prices.

Interestingly, Goldman Sachs is indirectly bullish on the precious metals by saying these metals remain a "relevant asset class" sought as a safe haven in response to "fear" in developed economies. The growing wealthy class in the emerging countries are buying gold too.

In their report on "Fear and Wealth" they assess the factors that tend to influence demand in both developed and emerging economies. They claim that the combo of fear and wealth accounted for an over 400% rise in gold prices over the two decades since the late nineties.

KEEP BIG PICTURE IN MIND

We all know the importance of gold's physical properties as a store of value. It's durable, portable, with divisibility and intrinsic value, not to mention its beauty. We personally enjoy keeping it and giving it to our children.

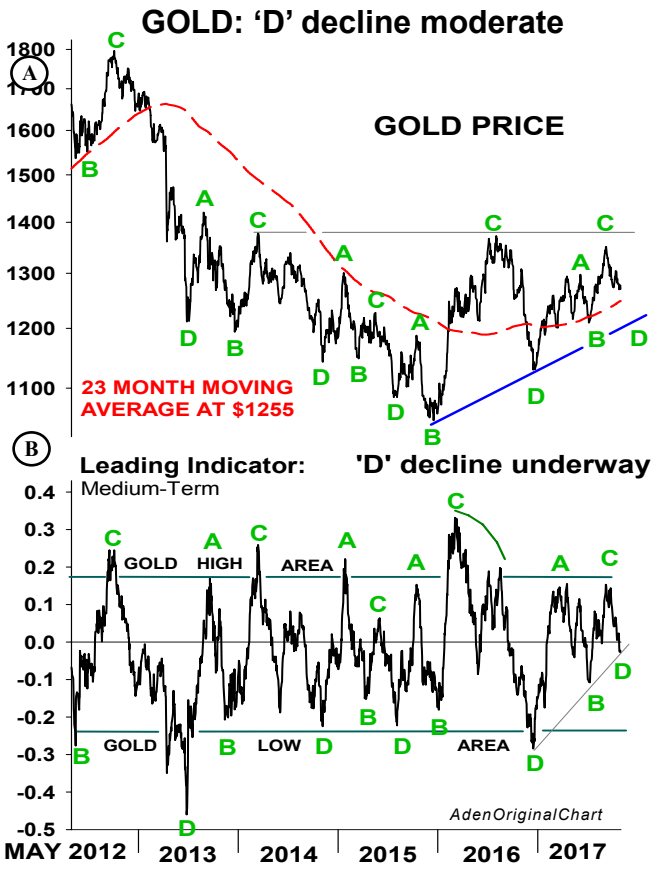
Gold has held up well this year compared to other assets, and we just may see it among the best performing asset classes for this year.

We haven't shown you the big picture of gold lately. So here it is on **Chart 16**, showing gold since 1969, along with its longer term indicator below.

There are several points to make that show a mega bull market is underway. First, note the almost 50 year upchannel is intact. In fact, gold could decline further and it would still be in a mega uptrend.

More revealing, for almost two years now, gold has been crawling up an almost 20 year trend and

CHART 17



it's formed another major upchannel, in red.

This is the one for today.

That is, if gold stays above its uptrend since the December 2015 low, all systems are go. Its indicator (**B**) has also been rising from the low since 2014, and it's rising above the zero line and blue moving average, which is bullish.

This is clearly saying, gold is poised to rise much further.

You can also see that gold reaches a mega low every 30 years, just as it does when it reaches a high. This means that a mega low could occur in 2029.

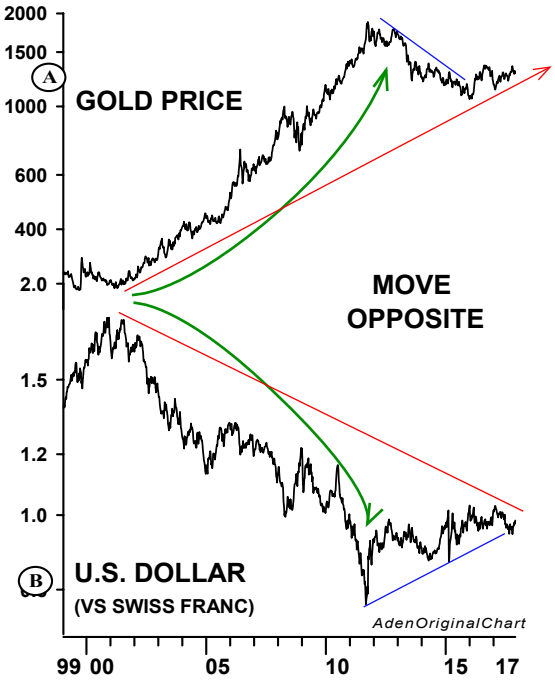
BUT before this, the 11 year cycle is putting a likely top in near the year 2020. These are all guidelines, but more important, the flow continues to move in the right direction.

Another good point is the 50% retracement in a major bull market. When gold hit its low in December 2015 near $1,050, it was then that it gave back half of its major rise from 1999 to 2011. So based on this theory, the low has been in for almost two years now.

THE FED AND GOLD

Gold got a boost on weak inflation this month when the CPI disappointed.

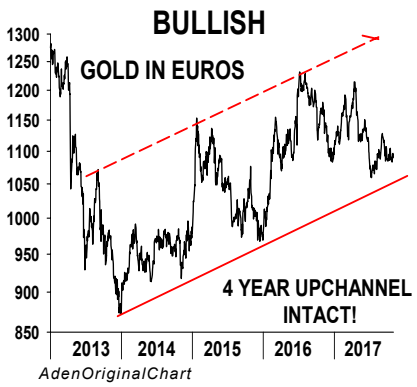
CHART 18



For the fifth month in a row, inflation has remained at the low end of this year's range, thereby raising uncertainty about the pace of interest rate hikes by the Fed.

The Fed left interest rates unchanged this week, and all eyes are on the December move... will they, or won't they?

CHART 19



The last two Decembers the Fed raised rates, and it ended up being the bottom in the gold price. Will three be a charm?

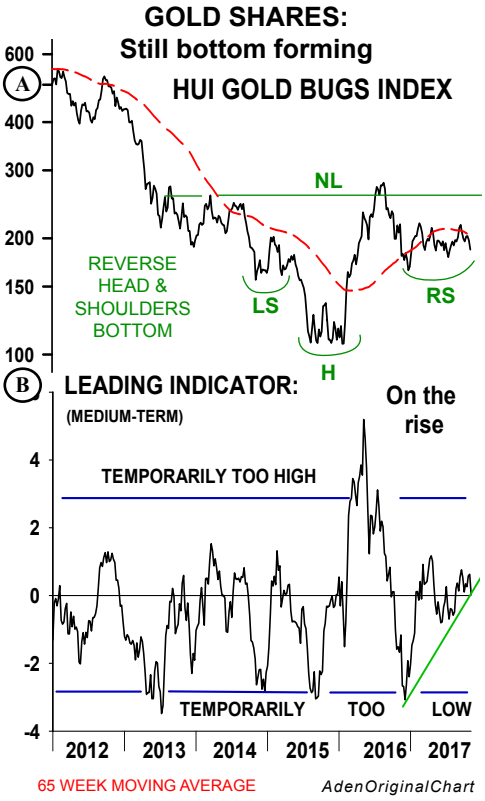
GOLD TIMING: How low 'D'?

With the December 2015 uptrend in gold a key support for this turnaround, let's take a closer look at gold on **Chart 17**.

Here you can see the full bear market since 2011 and the turnaround from bear to bull. Gold rose above its mega 23 month moving average in early 2016, and except for a quick dip below it last December, gold has stayed above it since then. **This is bullish**.

Gold reached its C rise peak on September 8, and it's been coming down in a moderate D decline for 8 weeks now. Gold is holding near $1270 while its leading indicator declines with room to decline further.

CHART 21



The decline isn't over yet, and gold could still test this average near $1255, but in a worst case, we could see the almost two year uptrend near $1200 tested before the decline is over.

Most interesting, if gold stays above this uptrend, it'll be a mild decline, and therefore a bullish one.

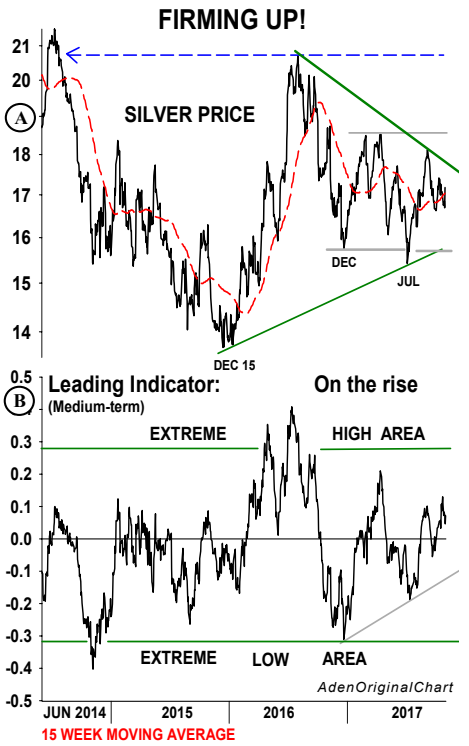
Let's keep an eye on these numbers this month. Of course once gold rises back above $1350, it'll be a start. But the big news for the bull will be when gold supersedes the last few C peaks near $1380, see **Chart 17**.

A break above this would be very bullish indeed!

We know the U.S. dollar rebound is putting pressure on gold. But as both **Charts 18** and **19** reflect, once gold rises in all currencies you know the rise has power behind it.

Gold tends to move opposite to the dollar, and it tends to move with the other currencies, like the euro. You can see how clear this relationship is. Gold and the dollar are a mirror image of one another.

CHART 20



But like we've been showing you, gold is also poised to rise in euros.

Chart 19 shows the consistent almost four year rise we've already seen in gold versus the euro. It's been basing for the last few months above this key trend, and by staying above it, gold will remain bullish in other currencies.

This is our example, but it's a good sample for all of the currencies.

SILVER IS STARTING TO FIRM UP!

This is good news for all because silver tends to be a sleeper. And when it wakes up, it tends to soar. We may be getting closer to seeing this type of action.

Chart 20 shows a good look at silver. You can see it's moved into a sideways range this year. The flash crash of last July is wearing off. This dip essentially held at the December lows, and now silver is holding above its 15 week average. This is firm action.

Once silver breaks above this year's high near $18.50, it'll be off and running, and it'll likely outperform gold. The $21 level would then be the next stop, the blue dashed line.

The indicator is on the rise, and it's pointing up.

CHART 22

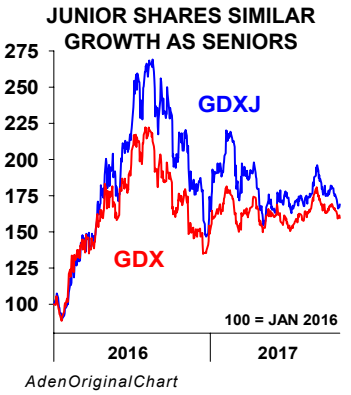


CHART 23

GOLD SHARES: Hit the most

Gold shares got the brunt of this eight week decline. Yet they're still holding up relatively well. Gold shares are still forming a major bottom, and this year has been a full year of forming the right shoulder of a reverse head and shoulder's bottom.

Chart 21 shows this well. Granted, it's taking longer than we'd like but it's not bad. And this formation will remain firm with the HUI index above 180. But as long as it stays above last December's low near 163 the major bottom will continue to form.

The leading indicator (**B**) is still on the rise and it has room to rise further. Once HUI rises back above 200, we could see this year's high near 220 reached. HUI could then jump up to the NL. Of course a breakout above the NL would turn the whole market outright bullish!

Gold mining companies are producing less than they did four years ago. And as Ian Telfer of Goldcorp says, gold mines are running out of gold, and it's harder to find with the technology they have today.

The mining business will come back to life once again. We believe it's just a matter of not-too-much time before we see bright lights ahead for this universe.

Junior shares have been weaker than seniors but **Chart 22** shows the junior ETF in blue moves closely with the senior ETF in red.

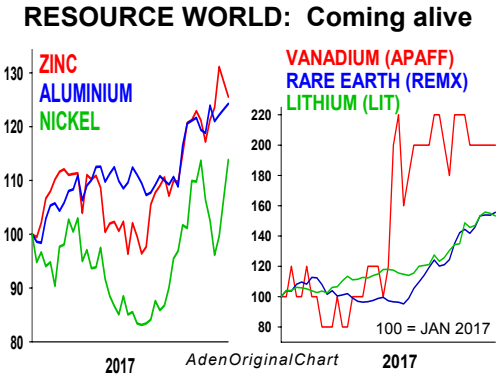
We recommend riding through weakness, it won't be that much longer before we're on the other side of the valley.

Palladium has been on a tear, approaching its 2000 record high near $1079 (see **Chart 23**). The auto industry has been key in keeping this metal strong, but it's now facing strong resistance.

Platinum has been the dud, but it has good support at $890. It's getting closer to a buy, but not yet.

RESOURCES: Bullish

CHART 25



The gold turnaround time has led the way for a bull market turn in the commodity and resource sector.

Copper is a good barometer for the global economy and it rose further this month as the bull market carries on (see **Chart 26**). It's been moving hand in hand with the Baltic Dry Index (BDI).

CHART 24

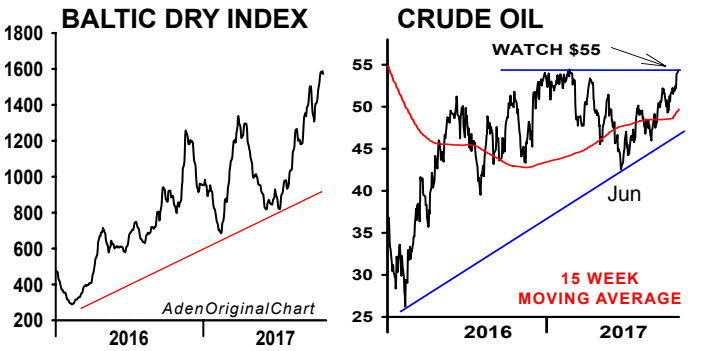


Chart 24 shows its steady rise for almost two years now, since reaching a historic low in February 2016.

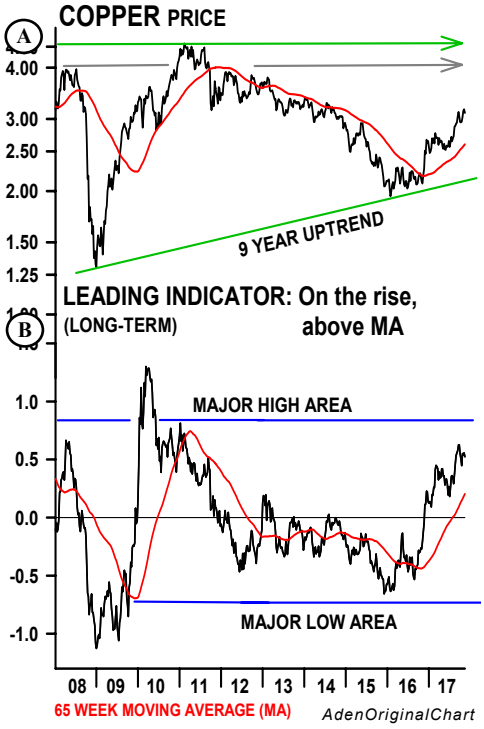
The BDI is an index of the price of moving major raw materials by sea. It covers many dry bulk carriers moving many commodities from coal, iron ore to the grains. This index is considered to be a leading economic indicator because it's predicting future economic activity for building and so on.

Solid earnings reports from companies including Caterpillar are fueling optimism about global growth. And it's clearly showing up in the base metals and resources, see **Chart 25**.

Crude oil is on the rise, breaking above $55 today, reaching its 2015 highs (see **Chart 24**). Strong global demand has been helping to push it up since June. Plus, uncertainty surrounding Iran's nuclear deal, talk of a potential extension to the OPEC led production cuts, and more recently, with U.S.supplies down more than expected it's all giving a boost to oil.

Crude has now confirmed a bull market and we recommend buying the crude oil ETF: US Oil Fund (USO); see page 12.

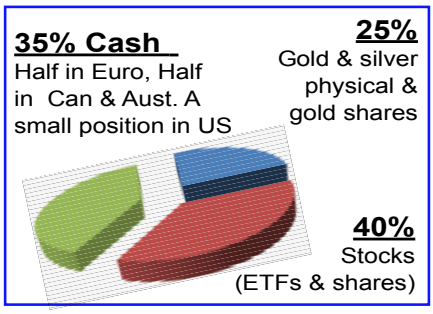
CHART 26



OVERALL PORTFOLIO RECOMMENDATION

U.S. & GLOBAL STOCK MARKETS

The stock market is on a roll, it remains strong and bullish, and it's set to rise further. Continue to hold the stocks you have. If you want to buy new positions, or add to the socks you have, we'd be cautious because the market is due for a breather, which would provide a better buying opportunity. For now, if one of your stocks closes below the trailing stop listed on the table to your right, then take profits and/or limit losses and sell it. We were recently stopped out of U.S. Steel (X). If you still have it, sell. Even though it's now bouncing up, it's been lackluster all along, so it's best to move on.



PRECIOUS METALS, ENERGY, RESOURCE

The resource sector is bubbling with crude oil and copper on the rise. Meanwhile, gold, silver and gold shares are under pressure with the stronger U.S.dollar. Gold and silver are holding up well, however, and while gold shares were harder hit, they too are holding above a key support. We could see more weakness while gold's D decline further develops. In a worst case, gold has strong support at $1255 and $1200. Keep your positions. If you don't have any positions, buy some during this weakness while the turnaround is underway. Crude has confirmed a bull market, and we now recommend buying the crude oil ETF: US Oil Fund (USO). The oil price has been stronger than most energy shares.

INTEREST RATES & BONDS

Interest rates have been rising this year but they're still at low levels. That is, bond prices are bearish and they're poised to fall further. A mega bear market drop, however, will not be confirmed until the 30 year yield rises and stays above 3.08%. If that happens, it would mark a huge change in the interest rate outlook. Meanwhile, it's best to stay on the sidelines and continue to avoid bonds in general.

CURRENCIES

The U.S. dollar has been bearish all year. But it's been bouncing up in recent weeks and it'll likely head higher before it again resumes its down move. So, the euro remains bullish but it'll probably stay vulnerable for a while longer before it rises again. Continue to hold the euro (FXE), the Canadian and Australian dollars (FXC and FXA), but wait to buy new positions on weakness.

* New Position

OUR OPEN POSITIONS in order of strength per section

STOCK ETFS & SHARES

		PURCHASE		PRICE AT	% GAIN/LOSS	CURRENT	TRAILING
NAME	SYMBOL	DATE	PRICE	date	SINCE BOT	RECOMM	STOPS
Adobe Systems	ADBE	Feb-17	118.93	180.94	52.14	Hold	156.00
Microsoft	MSFT	Dec-16	63.62	84.05	32.11	Hold	76.00
Dow Industrials	DIA	Aug-16	186.52	234.96	25.97	Hold	225.00
S&P Global 100	IOO	Aug-16	75.34	91.50	21.45	Hold	88.00
Nasdaq Pwrshrs	QQQ	Aug-16	117.7	151.81	28.98	Hold	146.00
Alcoa Corp	AA	Nov-16	31.85	47.46	49.01	Hold	46.00
Canada Index	EWC	Sep-17	28.49	28.97	1.68	Hold	28.50
U.S. Oil Fund *	USO	Nov-17		10.99		Buy	
SPDR Small Cap	SPSM	Nov-16	25.73	29.35	14.07	Hold	28.50
S&P 500 Index Equal	RSP	Dec-16	87.55	96.59	10.33	Hold	94.50
Templeton Emerg	EMF	Feb-17	13.42	17.13	27.65	Hold	16.60
US Global Inv China	USCOX	Jul-17	9.83	11.37	15.67	Hold	11.00
DJ Transportation	IYT	Nov-16	158.29	176.02	11.20	Hold	173.00
BHP Billiton	BHP	Sep-17	42.00	42.80	1.90	Hold	40.25
U.S.Global E.Europe	EUROX	Sep-17	7.11	7.08	-0.42	Hold	6.85

GOLD, SILVER & GOLD SHARES

		PURCHASE		PRICE AT	% GAIN/LOSS	CURRENT
NAME	SYMBOL	DATE	PRICE	date	SINCE BOT	RECOMM
Ctrl Fund of Canada	CEF	Mar-17	12.66	13.24	4.58	Hold
Silver (physical)		Aug-03	4.93	17.14	247.61	Hold
SPDR Gold	GLD	Mar-17	117.51	121.19	3.13	Hold
Gold (physical)		Oct-01	277.25	1278.10	360.99	Hold
Royal Gold	RGLD	Sep-17	90.19	86.63	-3.95	Hold
Gold Miners ETF	GDX	Feb-17	25.20	22.58	-10.40	Hold
Agnico Eagle	AEM	Feb-17	47.10	44.05	-6.48	Hold
Jr Gold Miners ETF	GDXJ	Feb-17	42.12	32.42	-23.03	Hold

CURRENCIES

		PURCHASE		PRICE AT	% GAIN/LOSS	CURRENT
NAME	SYMBOL	DATE	PRICE	date	SINCE BOT	RECOMM
Euro ETF	FXE	Jun-17	110.48	112.5	1.83	Hold
Australian dollar ETF	FXA	Jun-17	76.91	77.22	0.40	Hold
Canadian dollar ETF	FXC	Jun-17	76.09	77.01	1.21	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.

