THE ADEN FORECAST
MONEY • METALS • MARKETS

Weekly Update February 1, 2018

MARKETS: GOING OUR WAY

Interest rates are on the move. Today the 10 year yield reached a four year high and the 30 year yield hit 3%. It's rapidly approaching the 3.05% level and a sustained rise above 3.05% would be a very big deal... It would confirm that the 37 year interest rate mega downtrend is finally turning up and rates would then be poised to rise even higher.

This is starting to make the **stock market** nervous. The market stalled a bit this week but this pause is insignificant. So far, the decline in stocks does not even qualify as a pullback or downward correction. But it's been so long since the market has had a correction, investors seem to forget this would be normal following such a steep rise.

Currently, for instance, the Dow Industrials, Nasdaq and S&P500 will remain super strong and bullish by staying above their 5-week moving averages at 25700, 7225 and 2775, respectively (see **chart**).

As for our recommended stocks, almost all of them have held firm and/or moved higher. They too are looking good, and we're raising our stops as follows: RSP 101, DIA 247, QQQ 155.50, IOO 92.50, SPSM 30.25, EUROX 7.35, MSFT 86, EWC 29 and ADBE 180. Remember, if one of your stocks closes below its stop level, then sell it.

If you want to buy more, buy small positions in DIA, RSP, MSFT, IOO and QQQ now and more later this month in order to average in.

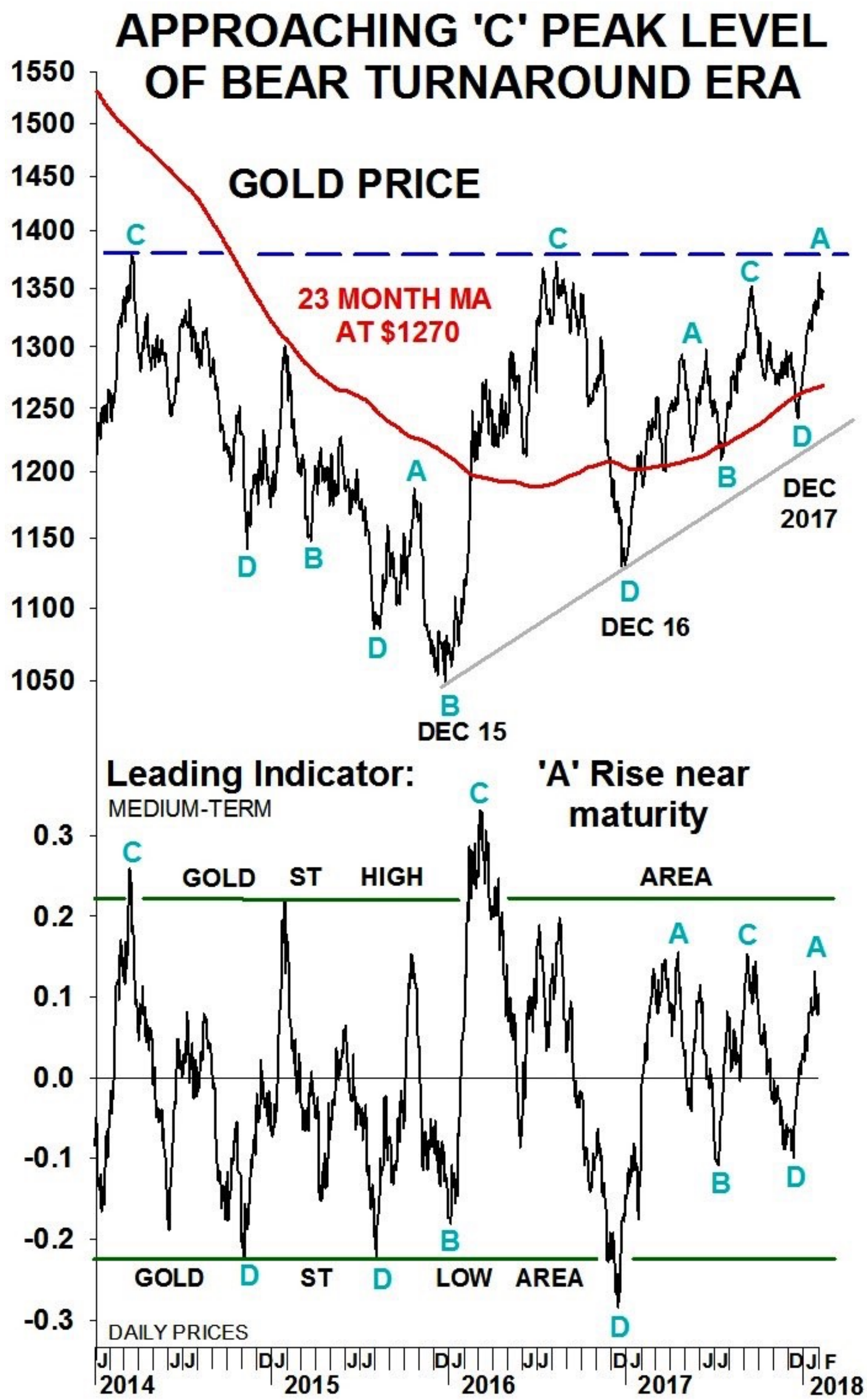
The **U.S. dollar** index fell to yet another new low today. The dollar's bear market is gaining momentum and it's set to fall further.

This is driving the currency markets higher and the euro's clearly leading the way up. It's now hitting a 3+ year high and it's likely going much higher. The same applies to the other currencies. So continue to buy and hold the euro (FXE) and the Canadian and Australian dollars (FXC and FXA).

The **gold market** remains firm near the highs, and also above its 5-week moving average. The weak dollar is helping to keep it firm. The "A" rise, however, looks like it's nearing maturity, but it'll remain very strong above $1325. The **chart** shows gold is approaching its key "C" peak level of the last four years at $1380. If this level is broken, the bull market will clearly be moving into a stronger phase. If we see a "B" decline develop beforehand, no worries. "B" declines tend to be mild and part of a consolidation time. The market looks good. Gold shares and silver are sluggish, and could be leading gold in a "B" decline. We'll see. Keep your positions.

Meanwhile, crude oil reached a high last Friday and it remains near the highs today. It's very strong above $63. Raise your USO stop to 12. Copper continues to fluctuate in a sideways move while remaining firm above $3.15. BHP looks similar..... raise your stop to 44.

Thanks, best wishes and until next week!
Pam and Mary Anne



STRONG ABOVE 5 WEEK MOVING AVERAGE