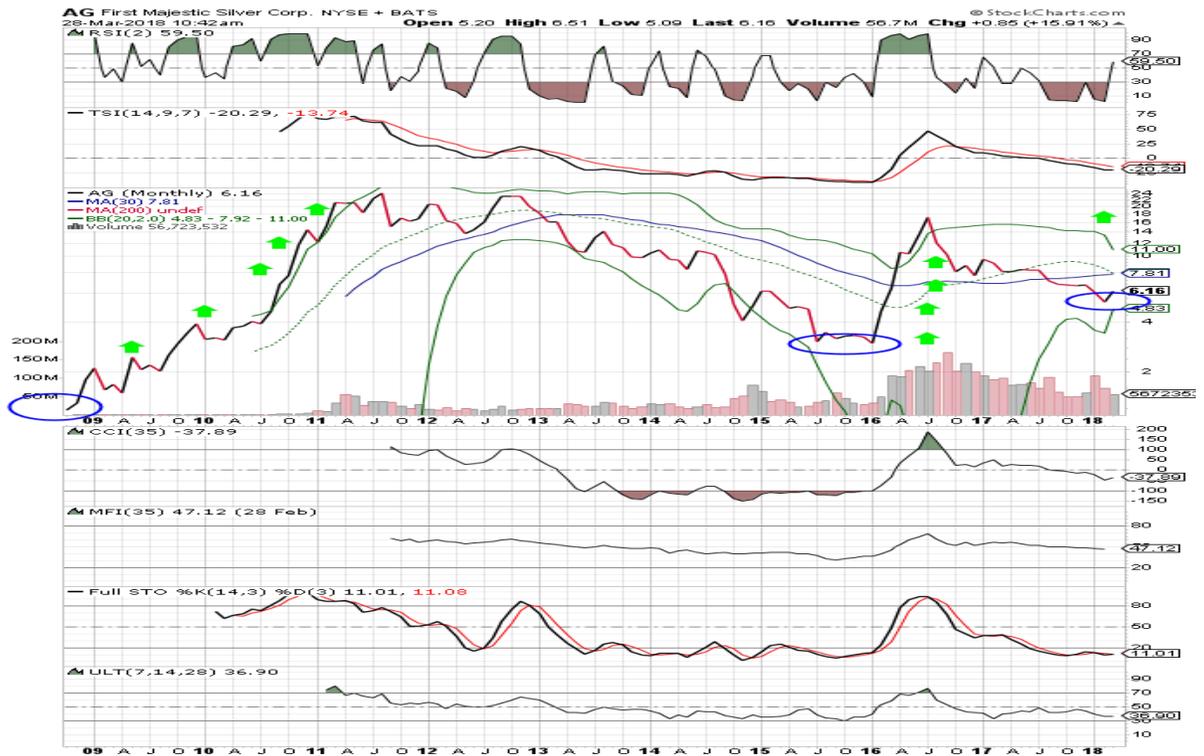
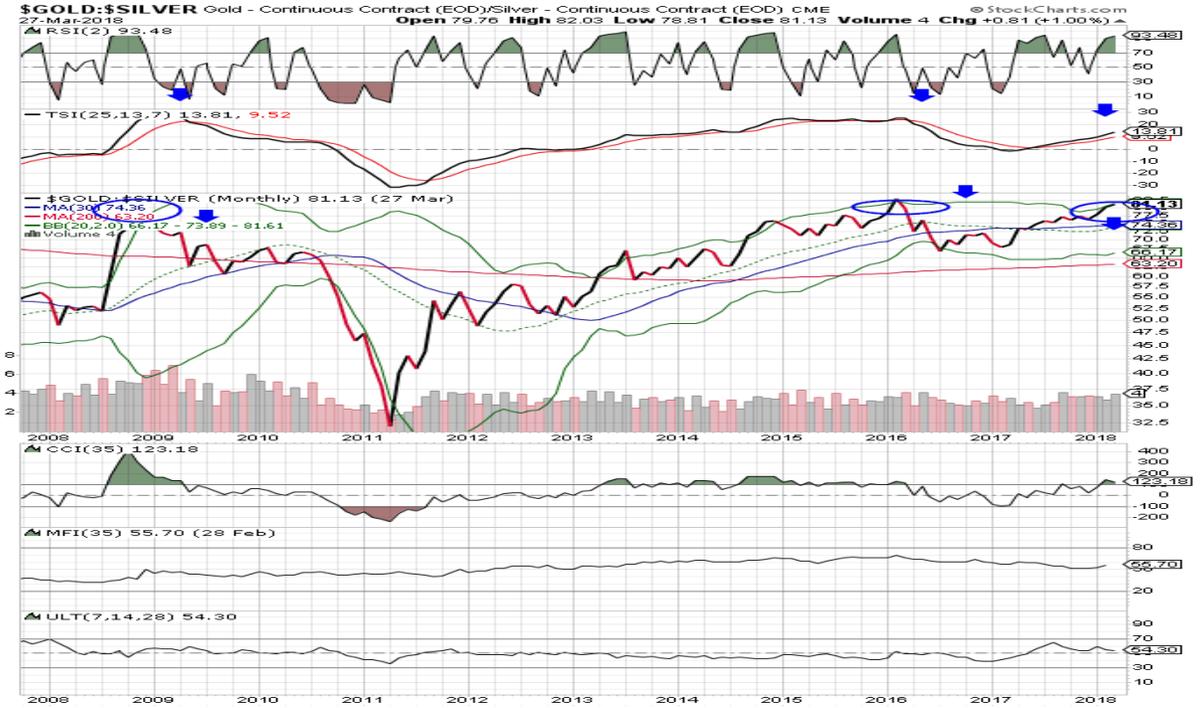


## Starboard Weekly Report Ending March 29, 2018 Charts of the Week



This week we have two monthly charts from StockCharts.com. The top chart is the Gold Silver Ratio (GS ratio) and the bottom one is a price chart of a more active silver holding, First Majestic (AG).

## **TECHNICAL**

The take away from these two charts is how AG moved the last two times the GS ratio went above 80; it is now 81.13. Not only did silver companies take off when the GS ratio reversed, but the junior gold index GDXJ doubled from the 2009 reversal. In 2015 the GDXJ actually tripled from low to high. AG is a silver only company that has a huge leverage to the price of silver. When silver rises, AG does a rocket shot. In the 2009 episode it went up 10 times, while in 2015 it was up 6 times from its low. As we await the next reversal of the GS ratio, we can look to the stock markets of the world as a likely catalyst to create the move. Attached to this week's email are a series of charts that are all showing either breakdown or near collapse for US and world markets. Technical analysis wise, precious metals are the only asset class that appears to have any kind of an upside potential.

## **FUNDAMENTAL**

We are likely looking at a serious continuation of a selloff in risk assets throughout the developed world; and as well as, but to a lesser extent, in the emerging world. Much of the positive economic development for the past ten years has been due to the wealth effect of rising markets. When these markets reverse they could have an immediate recessionary effect on the countries involved. If and when a recessionary cycle arrives, it could have serious consequences due to the sovereign debt levels being in the stratosphere. Debt without the means to pay it is tantamount to bankruptcy. When countries arrive at this point then their currencies will be affected and precious metals, especially silver, will become a monetary hedge. The current negative trading in the dollar could be due to our rising balance payments and budget deficits. The weak Dollar, along with a declining stock market, may possibly slow the economy. And that may be what the more stable precious metal pricing is trying to tell us.

## **ASIDE**

“Remember, gold and silver always have had value and never have gone to zero. Can you say the same for stocks and bonds? Mark Skousen, American Economist

When investors start to worry about stocks and bonds going to zero, they will once again remember gold and silver. The charts are indicating that downside market fear and upside precious metal opportunity will be upon us shortly.

Nothing on this Weekly Report should be interpreted to state or imply that past results are an indication of future performance. There are no warranties, expressed or implied, as to accuracy, completeness or results obtained from any information posted on this or any “linked” website. Any reference made to specific securities or any charts/graphs on the Weekly Report is not to be considered a recommendation. Every investment strategy has the potential for profit or loss.

### **Please note:**

It's the client's responsibility to notify Starboard of any changes that would in any way influence their financial requirements. Starboard Asset Management, Inc. 03/29/18 Weekly Report