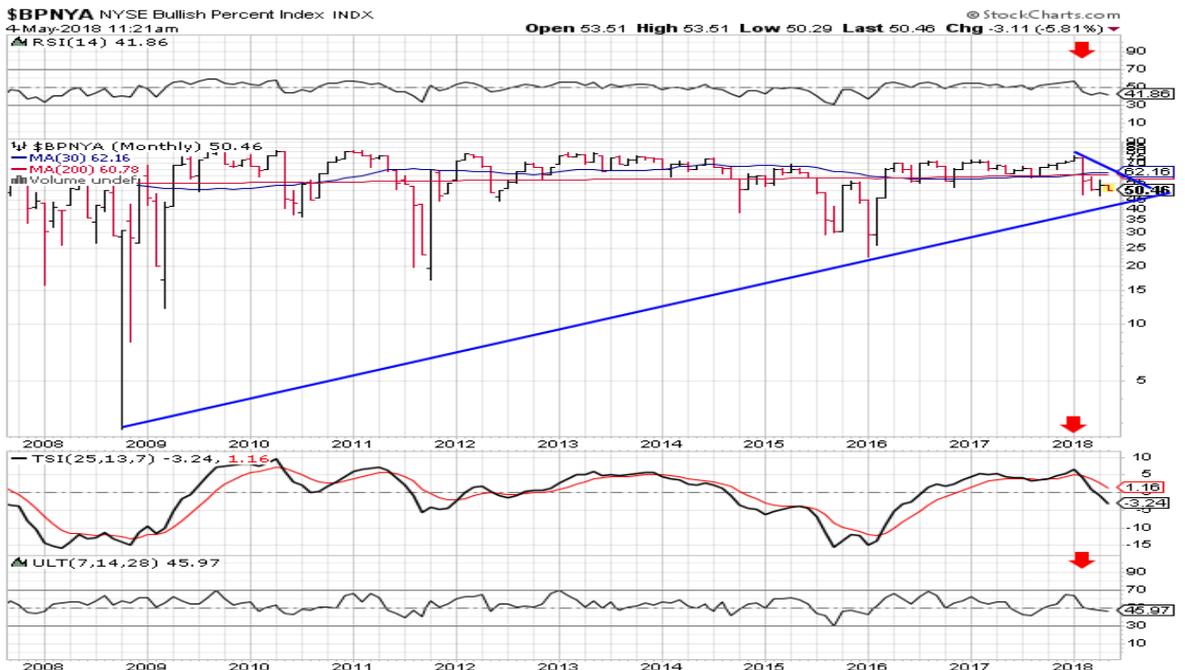


## Starboard Weekly Report Ending May 4, 2018 Charts of the Week



This week's Gold and NYSE Index (NYA) monthly charts come from StockCharts.com.

## **TECHNICAL**

Attached to today's email is a gold chart from Kimble Charting Solutions and it is similar to the one above. Kimble has titled their chart "*The End is Near*". Looking at the triangle formation on both of the charts above, their end is near because they have to break one way or the other from these tight formations. My belief is that gold will break to the upside and the secondary charts with the green arrows support this conclusion. Because it is much broader, the NYA chart is used instead of the DOW or S&P to depict the overall US market. It is an index of 1500 companies from the US and 400 from foreign issues. The triangle drawing used in the bottom NYA chart is much shorter than the one used on the gold chart; but it depicts a similar narrow trading range. When price breaks down, as the secondary charts indicate, that break could be considerable. Readers of this will surely be rejoicing if, in fact, the end is near as both of these charts are indicating.

## **FUNDAMENTAL**

So why has it taken so long for the gold rally to start and the market to decline? Liquidity or the lack thereof is the reason things have dragged out this long. It is not liquidity alone but the narrative surrounding it that has had a confounding effect on markets. The central banks of the world have been playing a dangerous game with their liberal quantitative easing policies. They have been artificially depressing interest rates and making sure equity markets rose to create wealth effect economies. If interest rates continue to rise, as both LIBOR and FED funds are telling us, then the great central bank experiments to create false prosperity will be ending. We can only hope that the ominous name for Kimble's gold chart "*The End is Near*" does not materialize for world economies as the world markets decline due to credit issues.

## **ASIDE**

*"In economics, things take longer to happen than you think they will, and then they happen faster than you thought they could"*. German Economist Rudiger Dornbusch

This week's charts are indicating our long wait may be upon us faster than we think!

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### **Please note:**

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