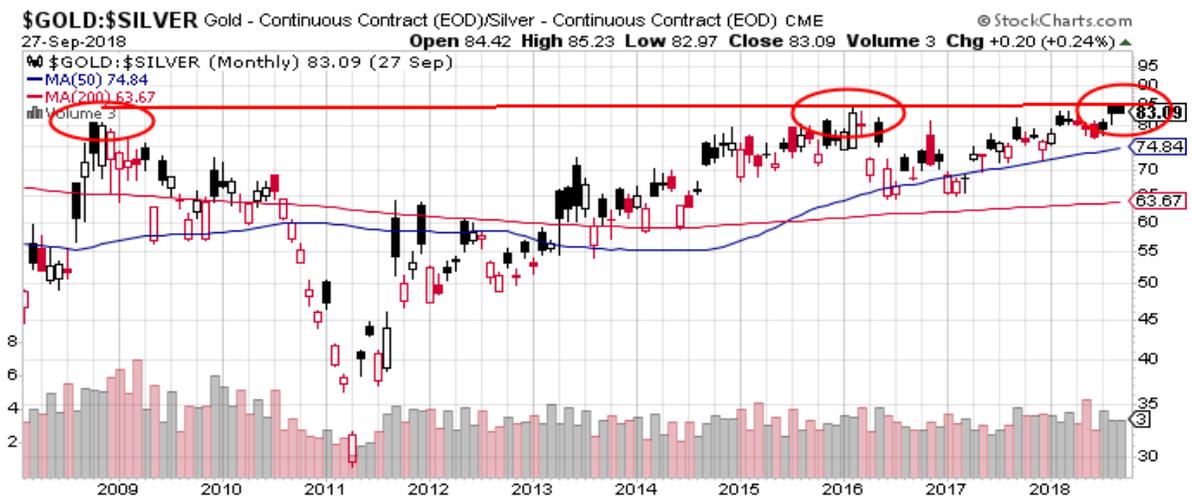


Starboard Weekly Report Ending September 28, 2018 Charts of the Week



This week we take a look at two monthly silver charts. The top one is a full chart picture of First Majestic (AG) that is a silver equity currently held in many of our accounts. The bottom chart is the comparison of how many ounces of silver in an ounce of gold. This is known as the Gold-Silver Ratio. Both charts are from StockCharts.com

TECHNICAL

The green vertical line on the top AG chart shows very strong support for this stock at the \$5 level. The red line on the bottom Gold-Silver chart is showing strong resistance at \$85 an ounce gold cost equivalent of silver ounces. This is a very significant level for both gold and silver because when silver is advancing ahead of gold it indicates more speculative money is moving both sectors. Please note on the bottom chart (circled in red) the strong movement in AG in the years 2009 and 2015; that is the last two times that this ratio got to the \$85 level. We have started to decline from \$85 on the daily ratio chart and that gives some hope for a sustained precious metal rally. Attached to your email are two files; one is a series of charts from Kimble Chart Service indicating a decline possibility for the S&P and the other is also from Kimble on a breakout in the silver futures market. Both the stock market decline and the silver-gold breakout appear to be coinciding, although they must be controlled by politicians because the market continues to kick the inevitable “decline can” down the road.

FUNDAMENTAL

It has been called to my attention that the investment banks are shorting gold futures and borrowing the gold from central banks in order to invest the proceeds in the stock and bond markets. As discussed last week, the bond market has been declining while the stock market hangs in there. But not for very long based on several diverging technical indicators. A declining stock market would force the investment banks that are shorting gold to cover and thus spurring a strong rally in the metal. The depressed level for gold and the elevated level for stocks need a catalyst and a declining stock market could create the spark that is needed

ASIDE

“Every silver lining has a cloud.”

Mary Kay Ash, Cosmetic Queen and American Businesswoman

If Mary Kay could put make-up on this market then it would still look like a pig. The cloud behind our silver lining is the stock market.

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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. 09/28/18 Weekly Report