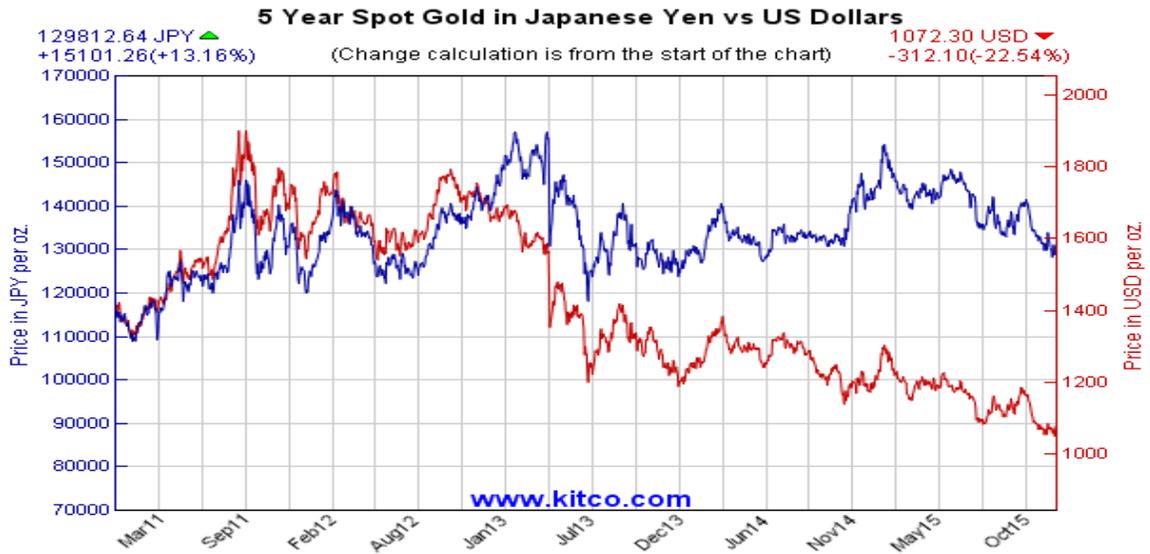




Starboard Weekly Report December 23, 2015  
Charts of the Week



The top chart showing gold in YEN and Dollars is from Kitco.com. The bottom chart is on the GDXJ that is an ETF on the small gold mining stocks and provided by StockCharts.com

## TECHNICAL

The first chart covers gold the past 5 years in two different currencies. The YEN in gold is positive over that period while the dollar is very negative. This comparison shows how gold is a currency substitute; i.e., if your currency is declining then gold can be a good protective investment. The current strength of the dollar will not continue forever and when it does decline, then our patience for holding gold will be rewarded. The second chart shows three distinct bottoms, which is a strong sign of a long-term foundation being in place for the junior mining stocks. Based on the technical position that this chart is showing, the small gold miners could see a big lift off after year end when tax loss selling abates. We can start celebrating that move when the 50 day average crosses the 200 day; but we still have a couple of points to go before that happens, as the GDXJ chart indicates.

## FUNDAMENTAL

Currencies rotate in value because as they raise that particular country's competitive position in world trade suffers due to higher prices for their exports. The dollar as the reserve currency creates additional world trade problems because lesser valued currencies have to borrow and trade in dollars, which weakens their economy. The recent FED action of increasing rates was scorned around the world since it is perceived that it will further increase the value of the dollar. I am not sure further increases are in store for the buck because it looks very topy. It could trade slightly above last March's high, but a reversal looks to be in the making after that new high occurs. This may be what the GDXJ chart is telling us and confirmation will take place when we get a moving average crossover.

## ASIDE

*"Controlling our currency, receiving our public moneys, and holding thousands of our citizens in dependence... would be more formidable and dangerous than a military power of the enemy."* Andrew Jackson, 1832

If "Old Hickory" was to review the activity of our modern FED, he would conclude that the United States is under siege. Central Banks are not infallible and when they are wrong they cause currencies to decline, like the yen chart above. Gold is currency insurance against their mistakes.

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