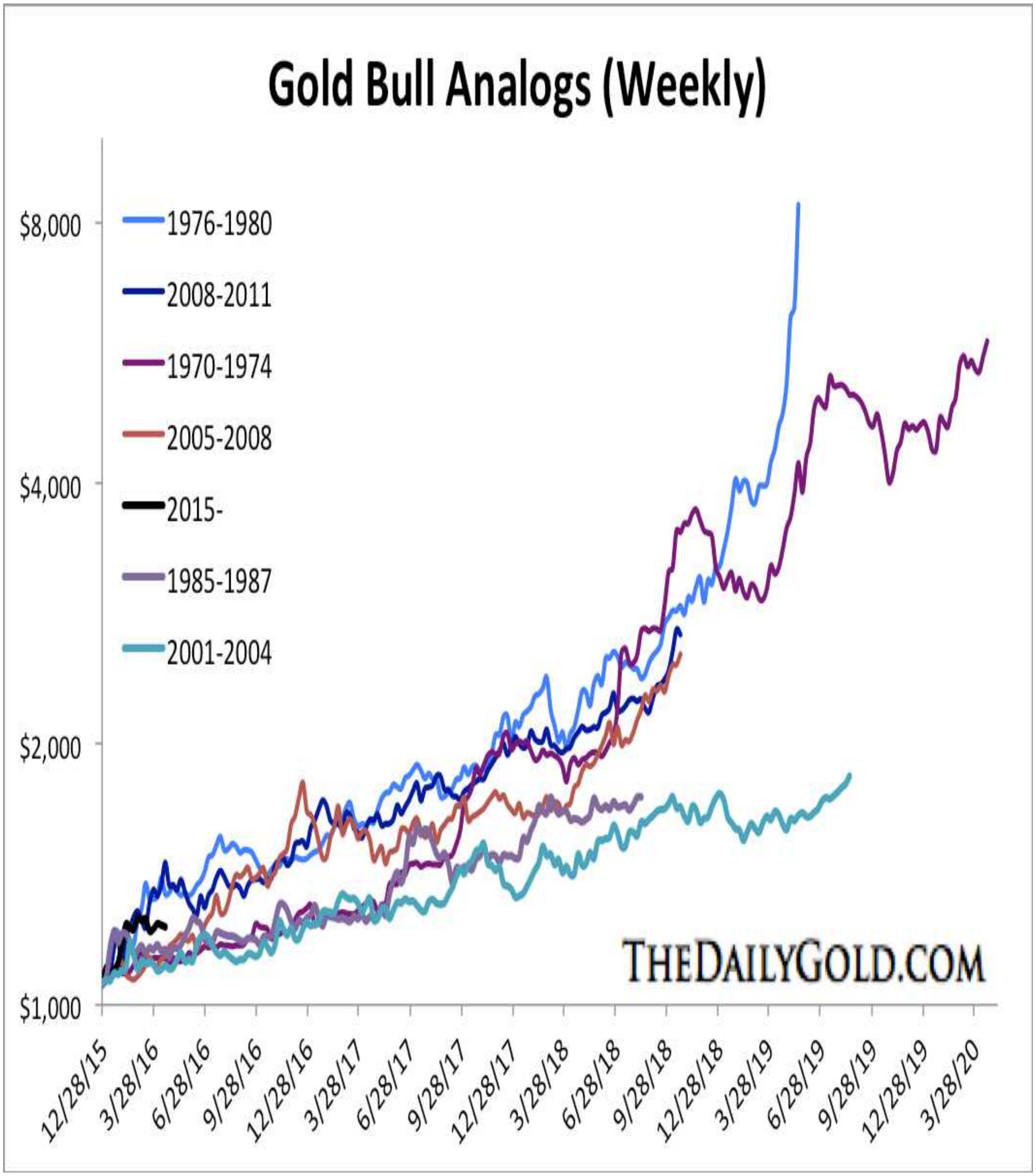
Starboard Weekly Report Ending May 6, 2016
Charts of the Week



The above chart from Jordon Roy Byrne (reprinted with permission) came from his weekly report in TheDailyGold.com. Mr. Byrne is a Chartered Market Technician (CMT).

TECHNICAL

Mr. Byrne has recently written a book on gold and has a letter on the same subject that is outstanding. In the book he makes strong technical and fundamental arguments that we are embarking on a multiple year incredible gold bull market. I strongly agree with his premise and today's chart is one of many in the future that we will make use of from TheDailyGold.com. The big take away from the above chart is the projection that we are in the beginning stages of a huge opportunity in gold, and even more so in gold stocks. The 2015 period is the short black line almost hidden in the far left bottom corner of the chart. When compared to previous gold bull markets, this black line shows that it is in its very initial stages. Regardless of which previous bull it follows, it is projecting serious upside anywhere from returning to the recent 2012 highs to over $8000, if it were to mimic the 1976-1980 bull market. The recent gold bear market was one of the worst ever recorded and that suggests an equally severe volatility to the upside, so $10,000 per ounce anyone?

FUNDAMENTAL

Much of the 10 trillion balance sheet growth of the world's Central Banks found its way into equity, bond and commodity markets rather than creating any real GDP growth. The cheap money created from this activity has created enormous bubble investments like the recent Chinese Central Bank's encouraged iron-ore price surge. The recent oil rally can also be aligned with China's efforts. Each new surge of bank liquidity is becoming less effective in creating equity and commodity price increases. However, bond buying continues to drive rates lower to zero and negative levels and that has created the real rate of return (after inflation) to decline. And that is the current basis for the lift off in gold. The next more serious surge in the price of gold will be monetary inflation; especially when the dollar starts to drop. This will wake up US investors to buy gold as inflation protection and since most gold is bought and sold in dollars it will have a hedge effect on the price of gold. There is yet another wild card in the surge of gold and that is price inflation, although inflation has surged since 2008 it has been trending down for about two years. If we get signs of additional wage price pressure in November from a pro-labor Clinton administration, then we will have even further upside in the shiny yellow metal.

ASIDE

"It gets late early out there." Yogi Berra

Even though gold is up 21% and many exploration companies have doubled or tripled from year end, is not too late to be early.