



Risk Management for navigating your future.

Starboard Weekly Report Ending June 3, 2016 Charts of the Week

\$GOLD Gold - Spot Price (EOD) CME
 02-Jun-2016, 14:30 ET, daily, O: 1,215.90, H: 1,220.00, L: 1,212.00, C: 1,212.90, V: 106248, Chg: -2.30 (-0.19%)
P&F Pattern Spread Triple Bottom Breakdown on 25-May-2016
 Scaling: Traditional [Reversal: 3]

(c) StockCharts.com



\$USD US Dollar Index - Cash Settle (EOD) ICE
 02-Jun-2016, 16:00 ET, daily, O: 95.40, H: 95.58, L: 95.15, C: 95.566, Chg: +0.11 (0.12%)
 No recent chart pattern found
 Scaling: Traditional [Reversal: 3]

(c) StockCharts.com



The Spot Gold and US Dollar Point and Figure charts were provided by StockCharts.Com

TECHNICAL

We have had enough up and down movement in these two vitally important currencies to give us all severe neck pain. Point and Figure charts give clarity to price movement that is extremely valuable. Comparing these two charts from the beginning of this year, we can observe that Gold is presenting the better picture. The X's (denoting buying) on the Gold chart have gone to higher highs while the O's (denoting selling) are holding previous lows. Prior to this year, Gold was in a clear downtrend with a multiple series of lower lows. Since touching 100 in March (denoted by 3), the Dollar chart had a series of lower lows bottoming this May (denoted by 5). It has risen since then and inversely accounts for the corresponding decline in Gold. Point and Figure charts are like keeping score of a tennis match indicating whether buyers or sellers are winning the back and forth battle. When prices break out or break down from previous highs or lows, they give warning of the likely price trend direction. When gold breaks 1300 it will be a clear winner but until then price movements like today's jump are just part of the back and forth motion. Inversely, if the US Dollar breaks below 92, then it will be very positive for gold. All the up and downs until the final breakouts or breakdowns are *just noise*.

FUNDAMENTAL

The FED narrative on interest rates is the key driver of what will happen to the dollar or gold over the immediate term. If they raise rates in June or July, then the dollar will rally driving gold lower. Their recent narrative has been toward an increase, but today's unemployment numbers indicate economic weakness and thus possibly stalling or cancelling any rate increase. They continue to use this false rate story to keep stock prices elevated in hopes that the wealth effect will ignite the economy. The breakout or breakdown of the Dollar or Gold will tell us if their story is working. As long as the complicit media milks this FED façade, neck braces will be needed for watching the continued back and forth movements. I strongly believe that the 1300 gold breakout will happen, but more sideways action is likely over the short term until confidence in the FED interest rate plot is recognized.

ASIDE

"Those who plot the destruction of others often perish in the attempt." Plato in Phaedrus

The sooner the destructive "*FED think*" is perished the better off we will all be from an economic standpoint.

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