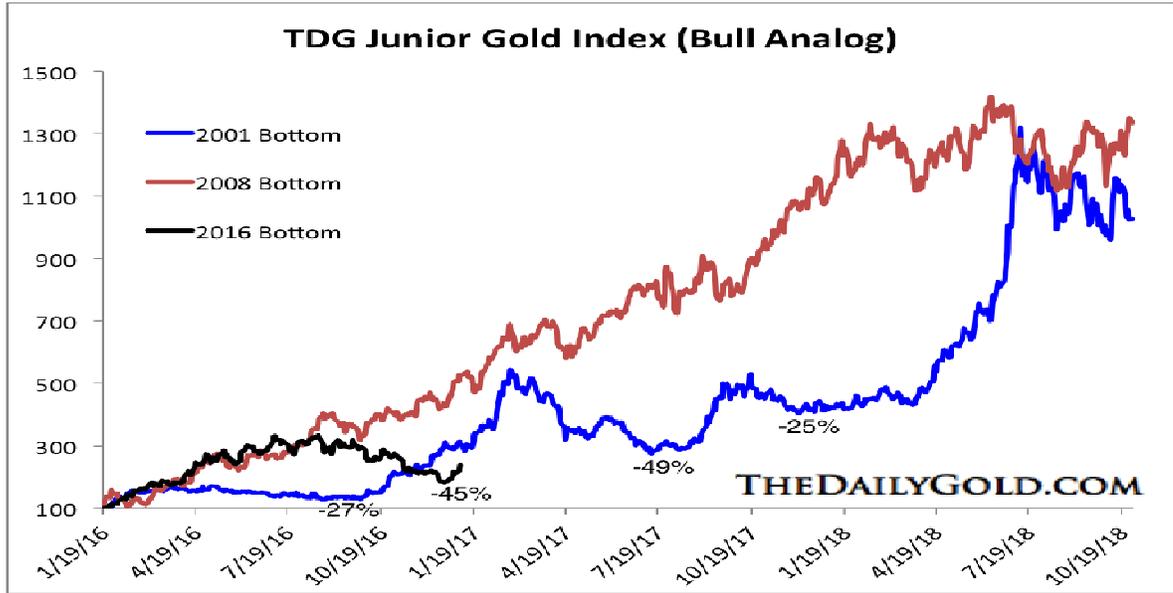


Starboard Weekly Report Ending January 6, 2017 Charts of the Week



This week we will review two different facets of the Junior Gold Miners. The top chart is a long term comparison from TheDailyGold.com of today's price to previous bull markets. The bottom chart is on the short term Junior Gold ETF (GDXJ) along with the usual supporting indicators. This chart and indicators was created from StockCharts.com

TECHNICAL

In both charts, one long term and the other short term, we have a bullish picture for junior gold stocks. The black graph line (bottom left) in TheDailyGold.com analog is an indication of an early stage of multiple years of upside for junior gold stocks. Our second daily chart has a lot going on with each green circle representing a strong rally in the GDXJ while the red arrows create areas of concern. The worries that the red arrows are indicating is a gap in the chart as well as a spike above the Bollinger Bands. Both should cause a sell off or consolidation before the short term rally can resume. Today's trading showing the GDXJ down almost 7% will go a long way toward correcting the New Year's over bought rally. The index is up 18.76% this week so a pullback is in order and should represent a buying opportunity. We are fully invested long term in the precious metal sector so we need to be more focused on the first chart. It is nice to be getting favorable performance in gold stocks after suffering through a difficult fourth quarter where they seemed to find a bottom.

FUNDAMENTAL

Depressed sectors often rebound during the first quarter due to tax loss selling that ends with the new tax year. The fourth quarter tax selling was a large factor in precious metals poor performance. Beyond a tax selling rebound, the key component for a continued gold rally is a declining dollar. Interest rates will determine the direction for the "buck" and as discussed last week, they look poised to decline. That decline will cause a lower US dollar which is the main fundamental basis for gold's upside. In last week's letter it was indicated that we were going to buy ZROZ, but it did not happen due to surging to a much higher level. If it pulls back, then I intend to buy it. Since it is below its 50 vs 200 day moving average, there is no reason to chase it.

ASIDE

"The two most powerful warriors are patience and time." Leo Tolstoy

This winning concept works in navigating markets equally as well as it does in war and peace.

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