Starboard Weekly Report Ending February 10, 2017
Charts of the Week

This week's charts are a daily and monthly relative strength comparison of Gold ($GOLD) to the 30 year US Treasury Bond price ($USB). Charts are provided by StockCharts.com.

TECHNICAL

The green arrows on the top daily chart show a very strong breakout for gold that started in late December after being pummeled right after the election. Daily gold strength to bonds is important. When it is followed up by a strong monthly chart, as shown on the bottom chart, we know that there is a long term trend starting. The daily gold is very bullish while the long term picture is developing in that direction; as the green arrows on the bottom 3 supporting charts indicate. This is determined by looking at the 50 day being well over the 200 day on the daily versus the monthly still trading below its 50 month average. Note how the gold strength was above the 50 month from the starting point of the bottom chart in 2007 until the cross over in 2013. This changed the long term picture in 2013 to a bear market. Prior to that, from 2007 until 2013 we had a strong bull environment. To get back to a real long term gold bull market we need to see the gold price continue to further rally against bonds.

FUNDAMENTAL

This gold relationship is crucial because it relates to investors preference toward store of value of the shiny metal. Since 2011 the FED and other World Central Bankers skewed that preference by driving rates to historic and even negative lows. What gold could be telling us is that the manipulation is in the rear view mirror. The strength or weakness of the dollar is also an important catalyst; however, when government economic influence abates then rates will once again create strength or weakness in currency levels.

ASIDE

"Belief can be manipulated. Only knowledge is dangerous." Frank Herbert, Writer
Is our gold long term chart comparison a roadmap of manipulation or are we actually gaining knowledge. Only time will tell.