

Starboard Weekly Report Ending May 26, 2017 Charts of the Week



The top daily price chart is the SPDR Gold ETF (GLD). The bottom chart is a weekly relative strength depiction of Van Eck's Junior Gold (GDJ) to the GLD. Both charts are from StockCharts.com

TECHNICAL

We start off with good news in the GLD price chart by way of the blue line 50 day moving average (DMA) traveling above the red line 200 day this week. All of the supporting graphs are also exhibiting strength with the exception of volume which is low. The GLD is priced at 10% of the actual gold price, less ETF custodian and management costs. It is a popular investment method for gold ownership by way of just holding an ETF. The DMA turned negative November 21, 2016 at 115.58 followed by a reversal this week at 117.77 DMA. The last time we had a positive crossover was March 2016 when we had an 11% plus move in the GLD but a 50 to 100% move in the junior gold stocks. It is worth noting that the actual gold commodity price has not done a moving average crossover. In the bottom chart we see that the junior golds have not been invited to the party. They are very much lagging when compared to the GLD. This has two possible outcomes; the GLD move is a fake breakout or the GDXJ will start rallying to play catch up. The bottom chart is a weekly in order to show that the long term GDXJ move is still intact. Please note the 2016 GDXJ comparative move once the GLD 50 DMA moved above the 200 DMA in early March. If price comparison repeats then we will have a strong summer for the junior golds.

FUNDAMENTAL

Today's accompanying Vestorly feature article addresses the fact that for a decade or more Americans have not gained any financial headway and largely because price increases have exceeded income. We are constantly reminded by the Federal Government that there is no inflation, but according to this article prices for most necessities are more greatly increased than the average income. This type of stealth inflation is likely why gold is performing so well. We all know this economy is not sound and that it is piled with debt. Until the bankers and politicians take steps to put us back on a sound footing, I believe that it is totally necessary to own gold and gold stocks.

ASIDE

"Economics is not brain surgery". Presidential candidate Dr. Ben Carson

In reality, maybe Dr. Carson could help our country because we have an economy that needs a lobotomy.

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