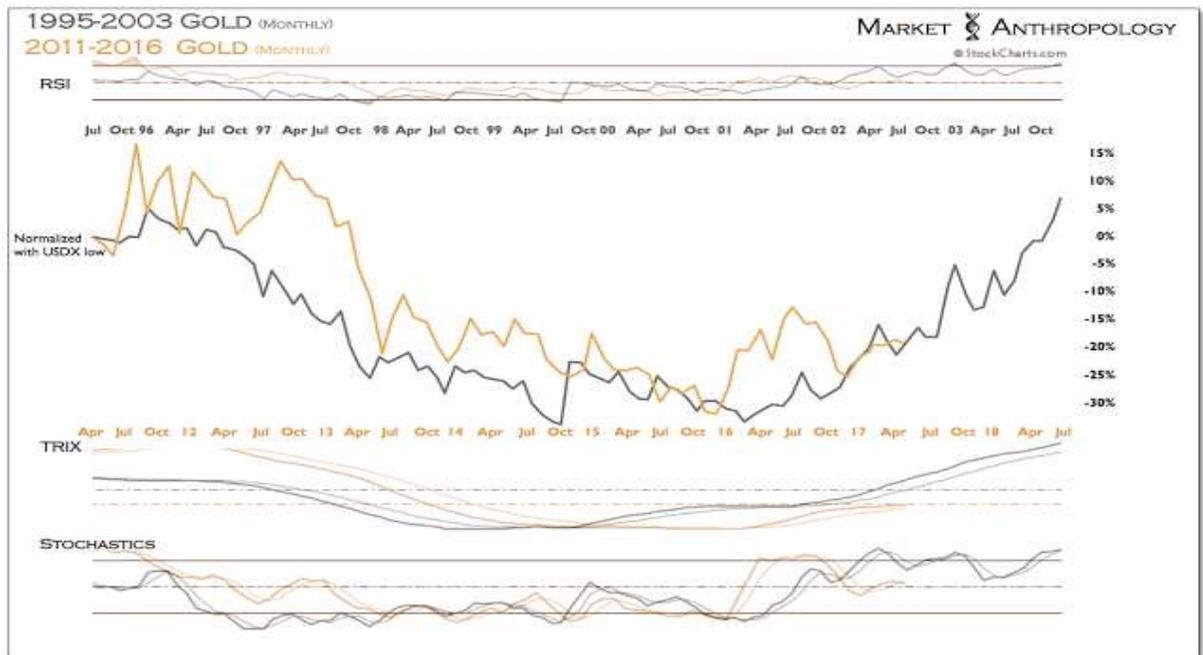
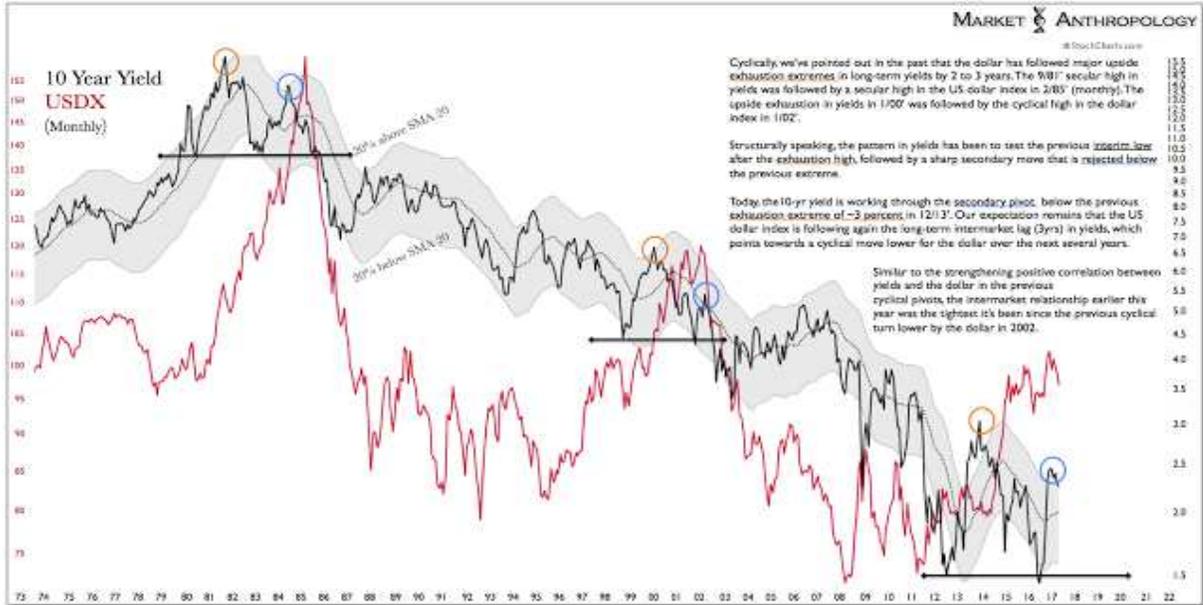


Starboard Weekly Report Ending June 9, 2017 Charts of the Week



This week we have two interesting long term monthly charts from Market Anthropology. The first depiction compares the price relationship of the US 10 year Treasury yield with the Dollar. The bottom picture illustrates how Gold prices responded the last time the Dollar dropped; then compared that move with the current Gold price movement and forecast. (gold colored line)

TECHNICAL

The U.S. rates and Dollar relationship have a huge bearing on world stock and commodity prices. Please note the gold and blue circles in the top chart analysis; if these two past comparisons are representative of our near-term future, then the Dollar is in for a free fall. As shown in the bottom chart, that Dollar decline should be very beneficial for Gold. In 2002 the Dollar was between 115 and 120 on its world price index. It bottomed in 2006 to the low 70 area, which was approximately a 38% drop. From 2006, please note that the Dollar did not bottom and start its present rise until 2011. Gold, as shown in the bottom chart, started its rise in 2002/2003 which took it in price from \$343 per oz. to a 2012 high of \$1,867, a move of 5.4 times. If, as the bottom chart indicates, we are in a similar trading pattern and Gold rises 5.4 times from today's \$1,290 per oz., that could lead to a gold price of over \$7,000 per oz.

FUNDAMENTAL

Seventy percent of world commerce is contracted in Dollars; therefore, when the Dollar is high then the cost of doing business is higher for the rest of the world. This is especially true for commodities because being priced in higher costing Dollars adversely impacts their demand. If you think my analysis above is extreme, then consider the following: the US is only 25% of world GDP but it is able to hold the rest of the world hostage because its currency is used in 70% of world commerce. That is an untenable political and economic position. Due to the Dollar's commercial importance, Gold could be the Dollar's counterbalance. Until it reverses, and our top chart is indicating it has, the strong Dollar means asset inflation in our country but deflation for the rest of the world. We are appropriately positioned for when the rest of the world challenges Dollar supremacy.

ASIDE

"Fear and euphoria are dominant forces, and fear is many multiples the size of euphoria. Bubbles go up very slowly as euphoria builds. Then fear hits, and it comes down very sharply. When I started to look at that, I was sort of intellectually shocked. Contagion is the critical phenomenon which causes the thing to fall apart." Alan Greenspan

The top chart is a Contagion defined as spreading of a harmful idea or practice. It is telling us that the doctor of bubbles, Dr. Greenspan, is about to be intellectually shocked again.

Nothing on this Weekly Report should be interpreted to state or imply that past results are an indication of future performance. There are no warranties, expressed or implied, as to accuracy, completeness or results obtained from any information posted on this or any "linked" website. Any reference made to specific securities or any charts/graphs on the Weekly Report is not to be considered a recommendation. Every investment strategy has the potential for profit or loss.

Please note: It is the client's responsibility to notify Starboard of any changes that would in any way influence their financial requirements.

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