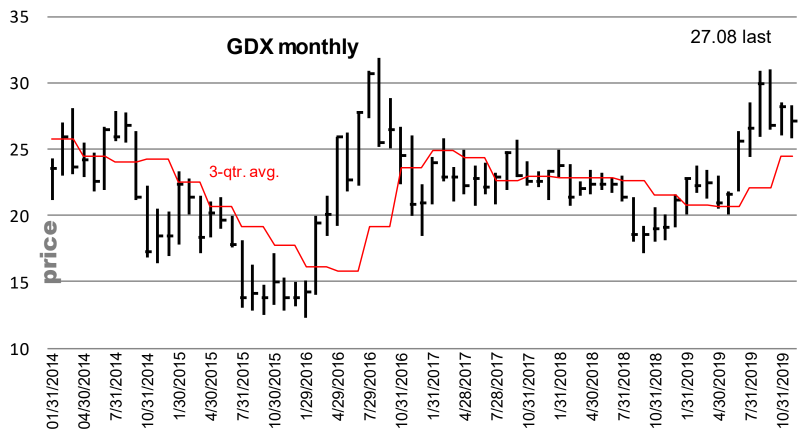
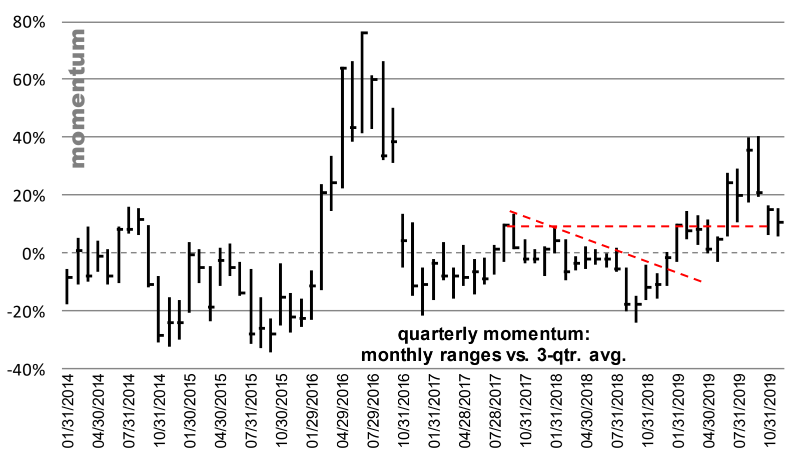
GOLD, SILVER & MINING

MSA

December 1, 2019

WEEKEND REPORT





GDX (VanEck Vectors Gold Miners ETF)

GDX came to life back in late 2018, coincident with gold. At the time MSA also urged long GDX (we were using 40-wk. avg. momentum, similar to this 3-qtr. avg. oscillator).

The first breakout level was in specified our December 2nd, 2018, report. **19.80** was the trigger level. GDX achieved that the next week.

A secondary breakout (horizontal) occurred in early June (see our June 9th report) as our **23** weekly closing trigger was achieved the next week. Our specified initial target was at least 30.

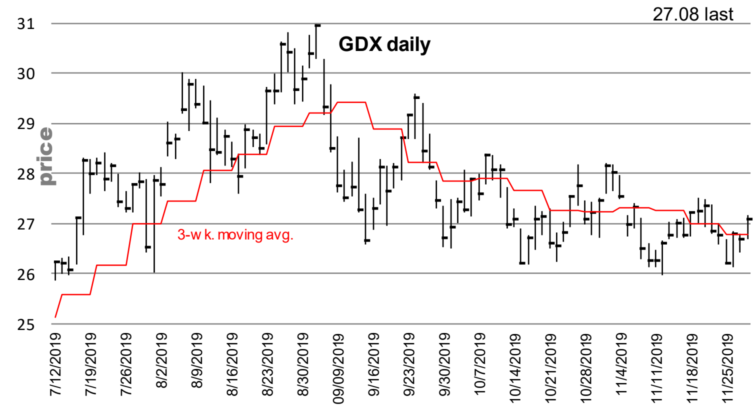
In sum, we look for structures that are likely to generate double-digit percentage moves or greater in their first major leg, with potentials well beyond that as a further bull (or bear) trend unfolds.

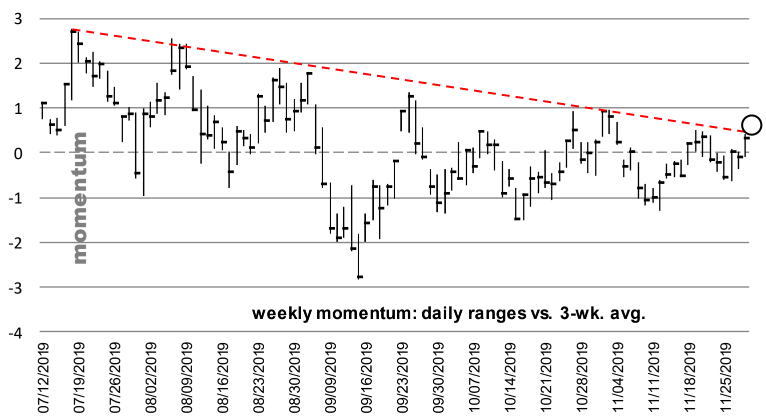
So now GDX is in a corrective process but holding well. Contrast the past four months' price chart action with the price action following the mid-2016 surge. Totally different tonal behavior. And with the current price above 27, that means that even with the up and down redundant action of the past several months, GDX is still holding a gain of 37% above its initial buy signal.

In order to identify a level that would indicate resumption of upside, we defer to less long-term metrics. See the next page.

GDX weekly (3-wk. avg.) momentum

Close a day **27.40** or higher this week and the action will be credibly above the trend line on momentum as well as the last oscillator peak along that line two weeks ago.



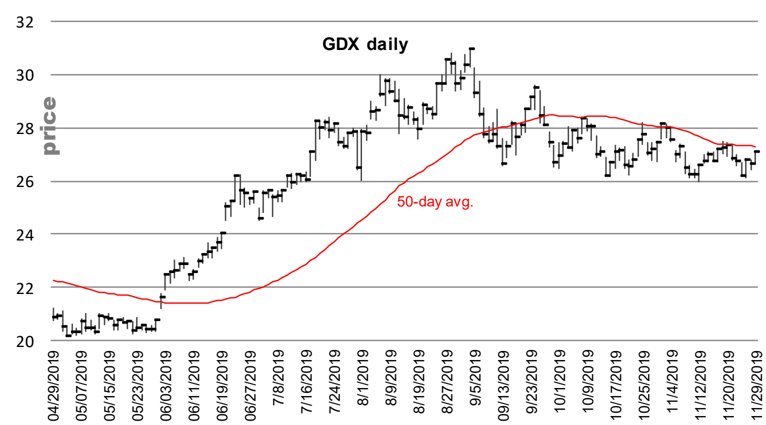


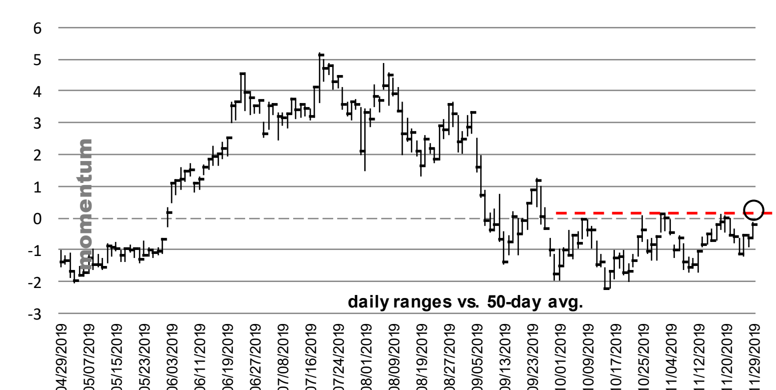
GDX vs. 50-day avg.

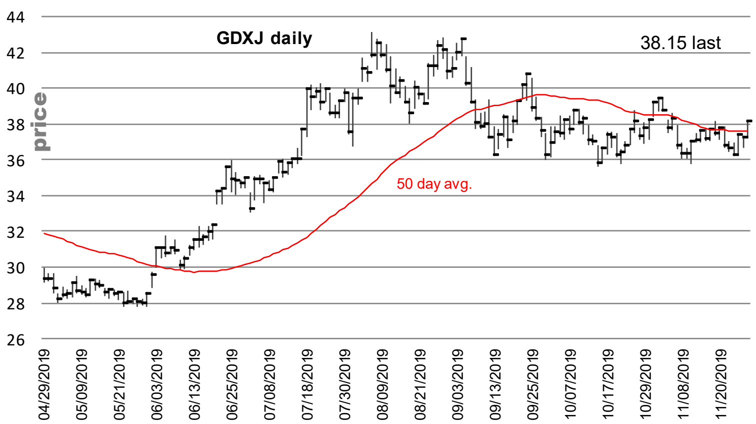
The corrective process was effectively over by mid-September with a low at 26.60. Since then there's been narrow up and down price action.

For this intermediate trend momentum chart the red horizontal structure is defined by repeated failed rallies up to zero line area (one was marginally above the zero line). A daily close .20 over the 50-day avg. will amply overcome that structure. For Monday that requires **27.48**, Tuesday **27.46**, Wednesday **27.44**, etc.

The 3-wk. and 50-day agree fairly tightly on what's needed to turn this process back to the upside.



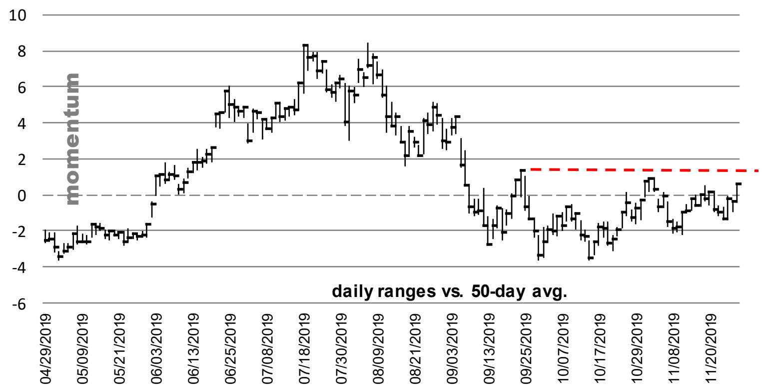




GDXJ (VanEck Vectors Junior Gold Miners ETF)

We'd like to see both oscillator highs of the past several months closed above. For Monday or Tuesday that requires 38.93; Wednesday 38.91; Thursday 38.87; and Friday 38.82.

Interestingly, GDXJ had a 4% up-week last week while GDX rose 1%. Let's update the spread below.

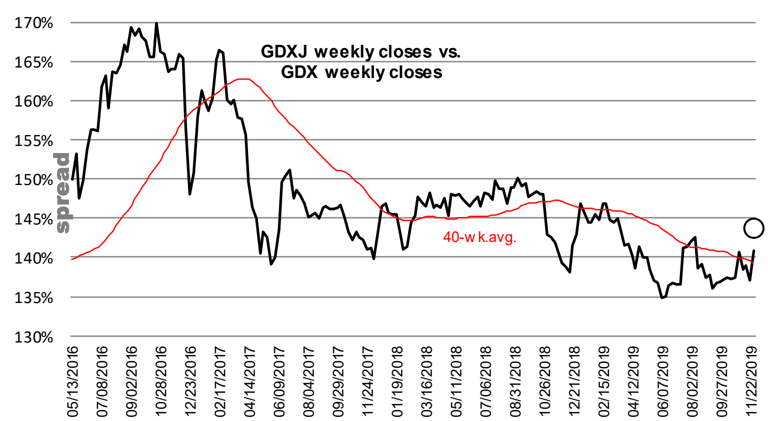


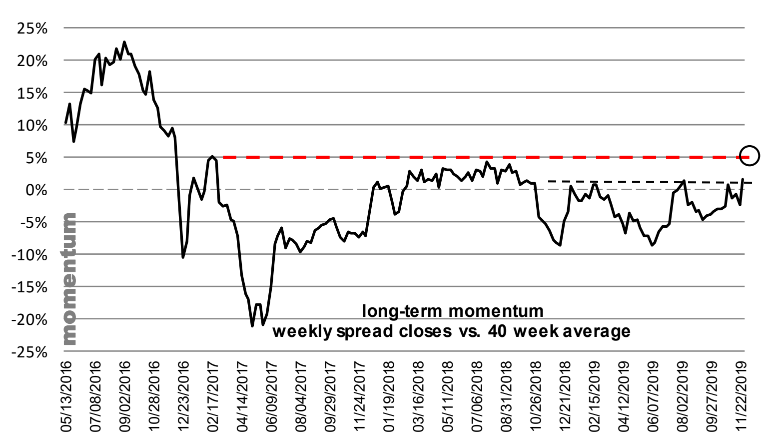
Relative performance of GDXJ vs. GDX

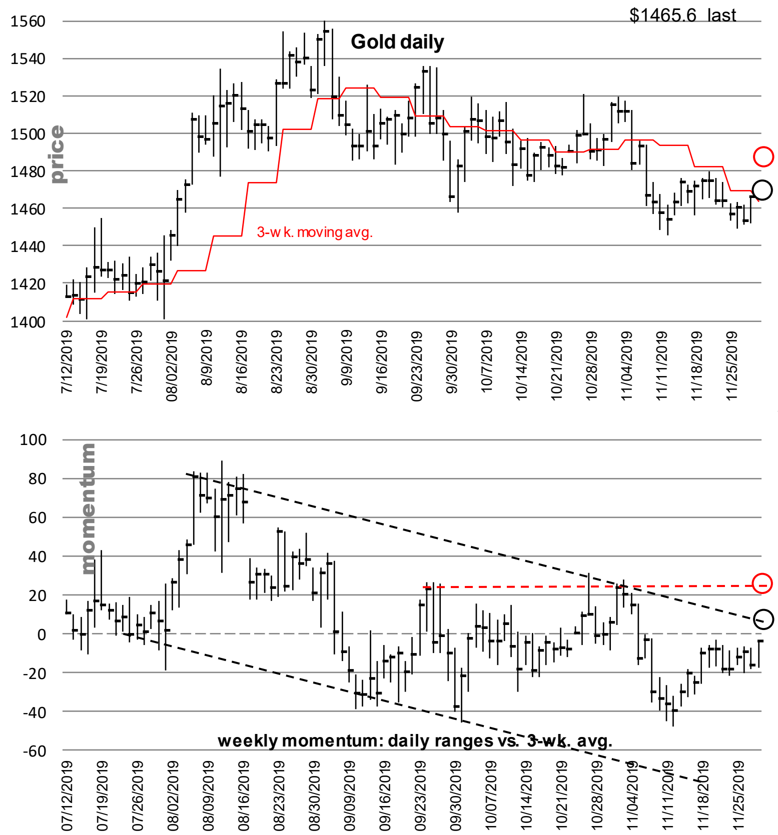
The key level on this long-term momentum chart (the 40-wk. avg. is similar to the 200-day or 3-qtr. avg.) is the red horizontal. Close over it and all peak oscillator closes (shallow) of the past three years will come out. Note that last week's momentum close took out all prior highs of the past year (black horizontal), but we prefer to see the multi-year red-line structure come out.

A weekly spread chart close (top chart) at **144.24%** will accomplish that larger breakout this week. Last week's spread close was 140.88% (GDXJ's price expressed as a percent of GDX's).

For the second week of December a weekly close at or above **144.15%** will break out. Adjust that down by about .1% per week. These momentum breakout levels are noted on the spread chart, and as you can see, it doesn't take much in terms of upticks to generate that major momentum breakout.







Gold weekly momentum

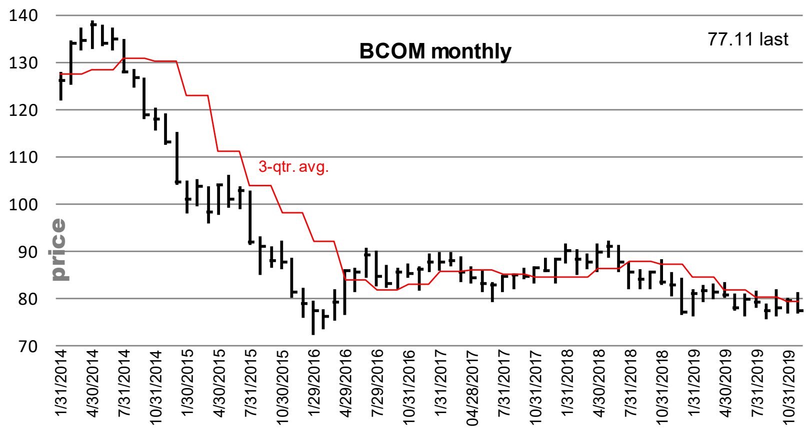
Daily ranges measured against the 3-wk. avg.

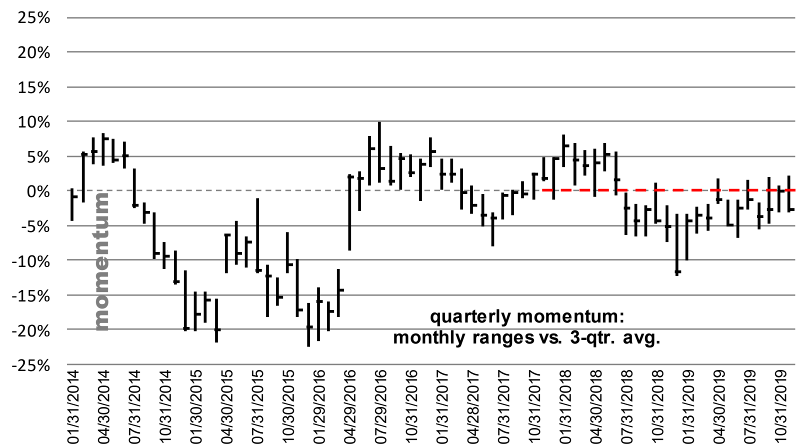
Momentum will break out above its four-month -old parallel channel with a daily close this week at **$1471** or higher (black circles).

The red horizontal on momentum, a secondary positive breakout level, will come out with a daily close this week at or above **$1487** (red circles).

Achieving those numbers should move gold off its lows and back up towards the prior highs.

But we also continue to closely watch the actions of the commodity category and the Dollar Index. These markets will no doubt have an impact in driving the next up-leg in gold. Those long-term charts are updated on the next pages.



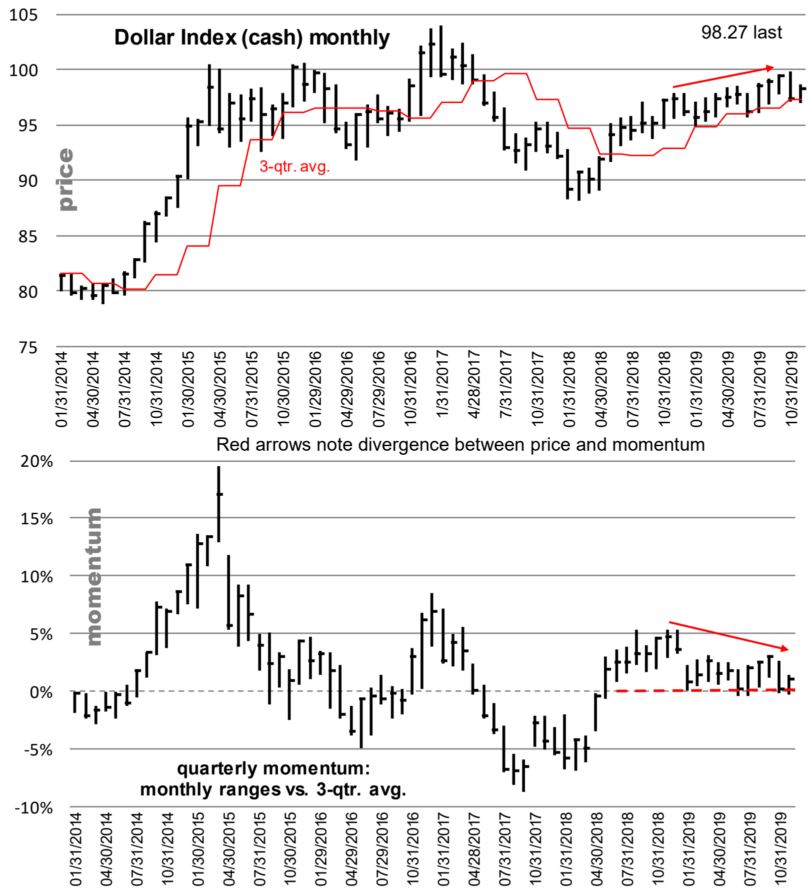


Bloomberg Commodity Index

MSA's identification months ago of the zero line on quarterly momentum as the key structural level was apparently correct. Still no monthly closes over the zero line, though action is certainly continuing to crowd at that structure. For December we'll need to see a monthly close **above 79.35**. But next quarter the zero line adjusts down to an estimated **78.78**. And if BCOM drops more by the end of this quarter, then that number will adjust down as well.

So we continue to monitor. And we expect that after a monthly close over this excessively-used structure, the upside will shock in terms of tone, speed, and percent.

One point to make. Despite repeated use of the zero line as resistance, the downside has been nil over the past year. In fact, last year's close was 76.71.



Dollar Index (1)

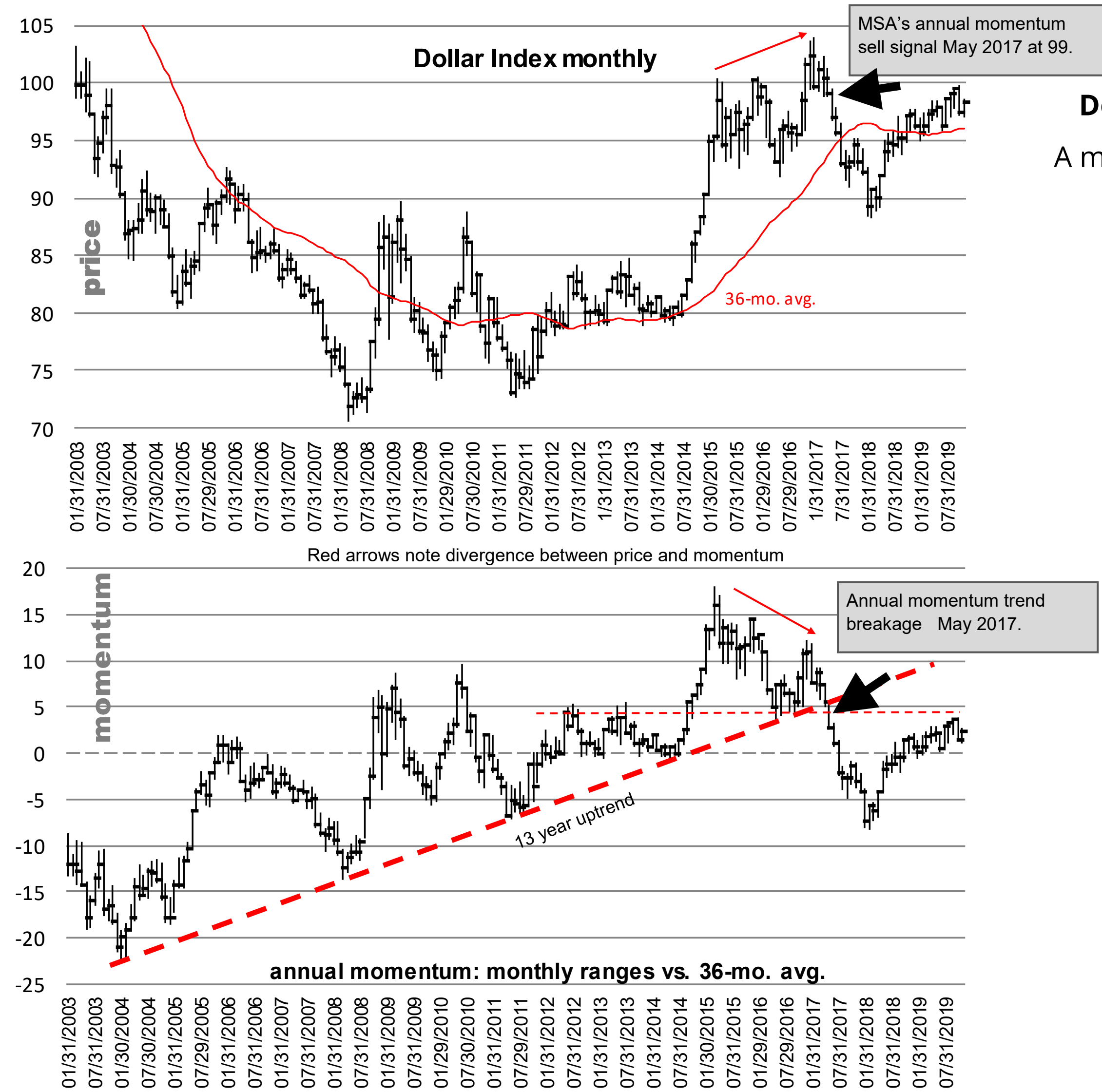
Pounding on the zero line for support over and over and over (the inverse of BCOM, by the way).

Meanwhile, the Dollar has managed a 2% gain since last December.

The 3-qtr. avg./zero line remains at **97.27** this quarter but is estimated to adjust up to **97.83** next quarter. Monitor for a monthly close below.

Dollar Index (2)

A macro trend vista.



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