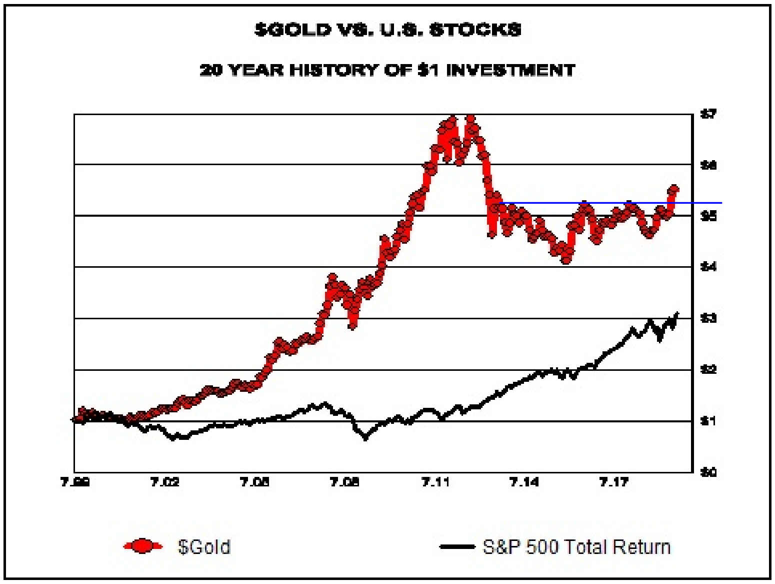
THE VALUE VIEW GOLD REPORT
TRADING THOUGHTS

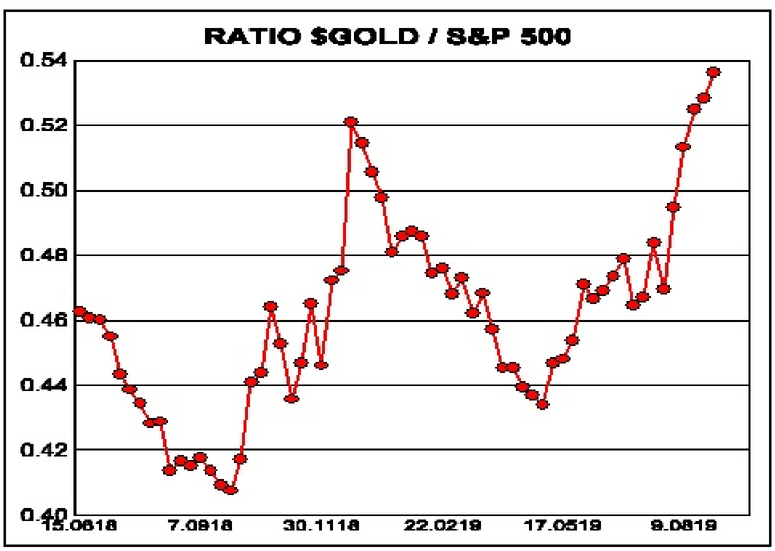
TRADING THOUGHTS is about timely and profitable buying of precious metals. We do not believe every turn in the market can be called. Our goal is that our recommendations should be profitable. Profits are the goals, not trades. Do not expect all recommendations to be profitable. No system can achieve that lofty goal. Our goal is simply to state whether conditions in the precious metal's market are favorable or not. Current investment strategy is bullish for Gold. Buy signals are issued when appropriate. These signals are generally speaking for day they are issued. If price remains below signal price, buying can be done. Do Not Buy signals are given when market is over bought, and buying is unwise. We are not issuing any sell signals in a bull market. Blue triangles indicate an over bought condition. These would not be good times to buy.

JUST PLAIN DUMB

IN 1936 Keynes published a book filled with bad economic ideas that are now a pox on our world. Since then, more than 80 years ago, his followers have been spouting ideas on how to FIX our economies. If Keynes was right, why do they have to keep FIXING them?



These fixers recently reached a new high for just plain dumb ideas: Negative interest rates. Germany recently sold a 30-year bond with a negative interest rate. Sounds like a good deal for German government, and a long-term rotten deal for investors. BUT, negative interest rates will somehow FIX the global economies. Oh where is Batman and Robin when we need them?



Typically a bond has a par value, and let us use $1,000 for that value. That is amount of money that will be returned to you when bond matures. Bond will pay 0% interest, meaning you get no interest payment for the entire time they, a government or a company, have your money. That is not unusual, and such bonds are common during periods of high interest rates.

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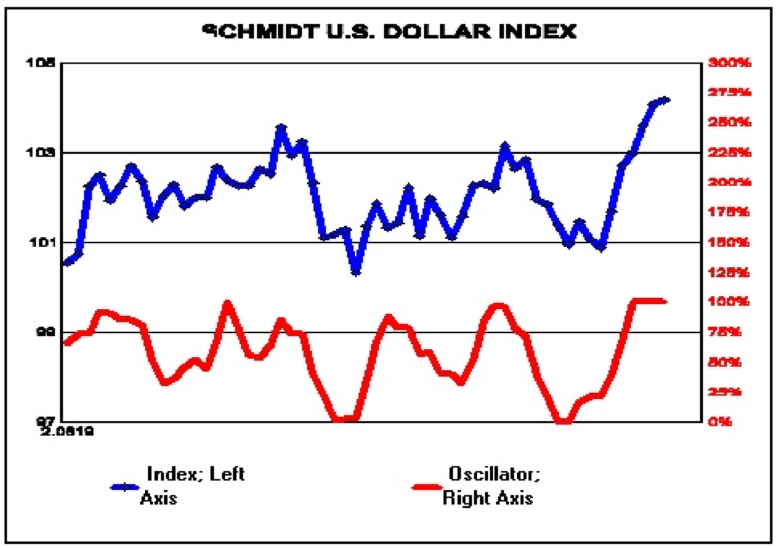
If you pay $1,000 for the bond your return over the life of the bond will be zero, 0%. If, for example, you pay $950 for the bond, you will earn $50 when the bond matures. That is interest income. In this case your return is positive.

But instead, you take your money to an expert on financial management. Your expert pays $1,050 for a 0% coupon bond with a par value of $1,000. When the bond matures you will receive $1,000, and have lost $50 on the investment. If that does not sound good, it is because you are clearly not a financial expert.

What is your financial expert thinking? Well, the hope is that a greater fool than you will come along willing to pay $1,060 for your bond. See, it is better to lose $60 than $50. Again, only something a financial expert or a modern economist understands.

With negative interest rates you are guaranteed to lose money unless some greater fool exists. So, why not consider Gold? Gold could go down, and you might lose money, perhaps more money than on the bond. But, Gold can also go up. The above bond can only go down. With Gold you might make money. With the above bond you can not, unless some greater fool exists.

And that my friends is how modern followers of Keynes are going to fix the economy, by you losing money. Seems getting a big dog to guard your money hidden at home might be a better idea.



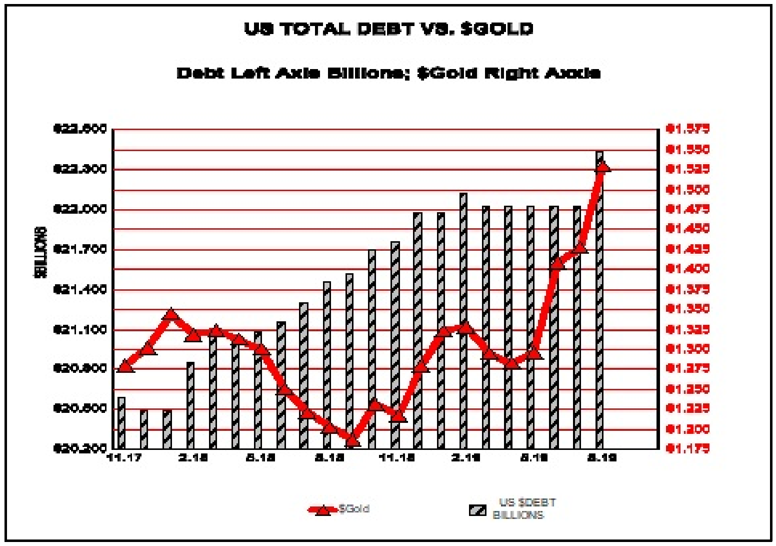
In ***1930s, during the Great Depression, government was considered the solution to all economic woes***. In the next bust, hopefully, that will be reversed by recognizing that government has always been the problem, never the solution. And, economists will be go on to earning a living wage serving fake meat, something they have more than 80 years experience doing.

U.S. M-2 NSA MONEY SUPPLY GROWTH
(Inflation is a monetary phenomenon.)

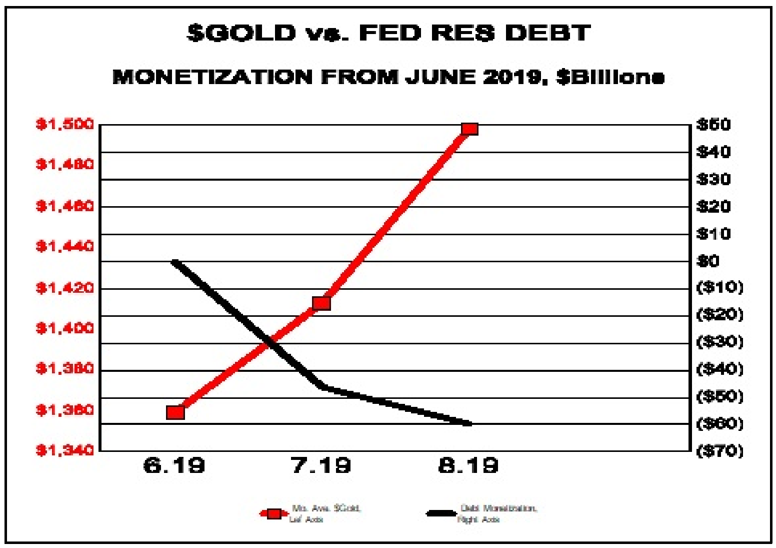
	3 Mos.	6 Mos.	12 Mos.
To June 2019	7.6%	5.6%	4.7%
To July 2019	9.1%	5.9%	5.1%

ECONOMIC DISTORTIONS occur when markets are not allowed to freely function. Economic distortions are corrected by painful events that cannot be seen in advance. In above chart on previous page is plotted our index for U.S. dollar built on values of 11 other currencies, and it is a ***picture of a MAJOR***

ECONOMIC DISTORTION. As is obvious, dollar's value has exploded upward on world central banks trying to emulate German bonds as best they can. Central banks want to lower rates as that is how to make their currency and exports cheaper which will lead to economic nirvana.



Let us use a simple example to explain how value of dollar has become distorted. As we are writing, 10 year U.S. Treasury bond yields 1.5% while a 10-year German bond yields -0.68%. Idea is to force investors out of German bonds, where one loses money, into U.S. bonds. In doing so they sell Euros and buy dollars. Forcing money out of EU will make it better. See how this works.



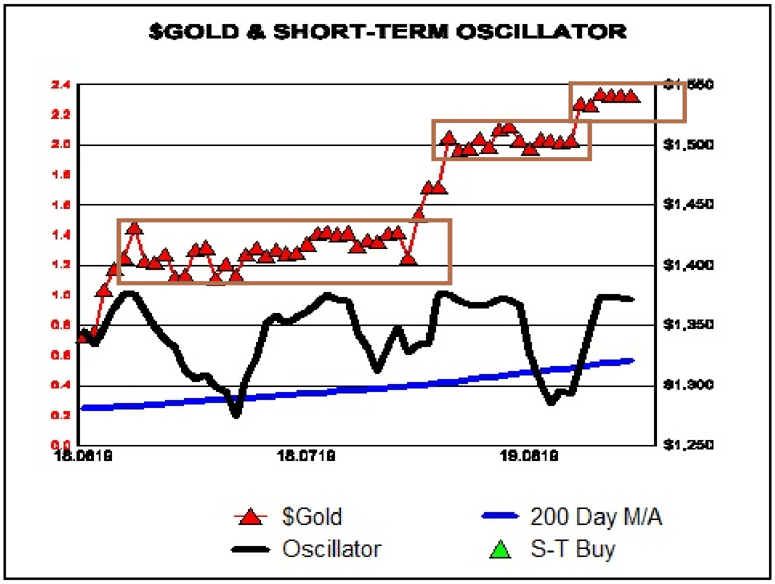
At same time in U.S. deficit spending is back in vogue, another moment of genius by Keynesian economists. See top chart. Already borrowed $400+ billion this month. In September Congress will pass spending bills for government, and it can really get to spending. New budget needed by 1 October.

At Federal Reserve the gang has started monetizing U.S. government debt, though hard to see yet in bottom chart. Black line, using right axis, is change in size of Federal Reserve bond portfolio since end of June.

In week ended 21 August, total bonds held by Federal Reserve fell by $2.4 billion from the previous week. Mortgage backed securities held fell by roughly $7.5 billion due to maturities and payments. BUT, Federal Reserve bought about $5.2 billion of Treasury securities. ***While that purchase did not fully offset mortgage maturities, it is an indication that monetization of exploding U.S. government debt has begun***.

So, for the foreseeable future Federal Reserve will buy U.S. government debt, indirectly through bond dealers so as to not look like pure debt monetization, so that U.S. government can spend money. This approach to financing government induced "prosperity" has been shown repeatedly to lead to inflation and economic failure. However, now we have really, really smart economists in charge.

Next chart is of $Gold and short-term oscillator over a shorter time period to allow us to see better developments. Short-term oscillator, black line, has tried three times to become over sold, but has failed to do so. That "weakness" was sufficient to entice more investors into Gold and Silver markets.



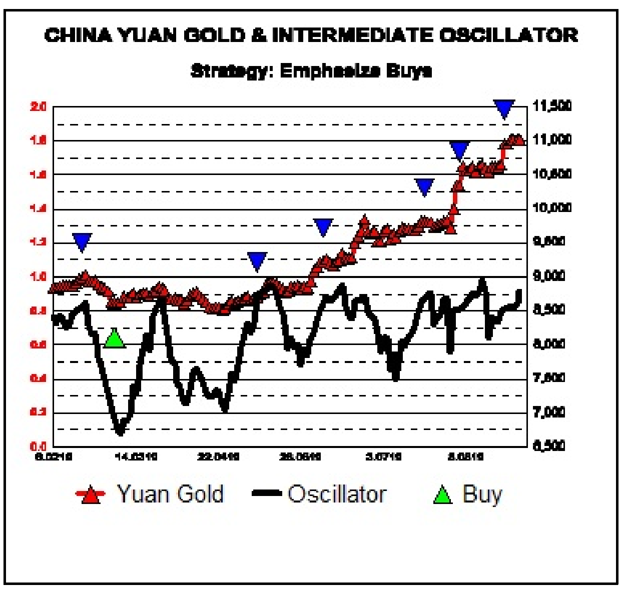
Coinciding with that "weakness" $Gold developed a narrow trading range. Those are highlighted by brown rectangles. Most recent one has an upper border at $1,555, intra day. $Gold is long over due for some kind of correction, but politicians keep supporting it. Latest support is suspension of Parliament in UK for last furlong of Brexit.

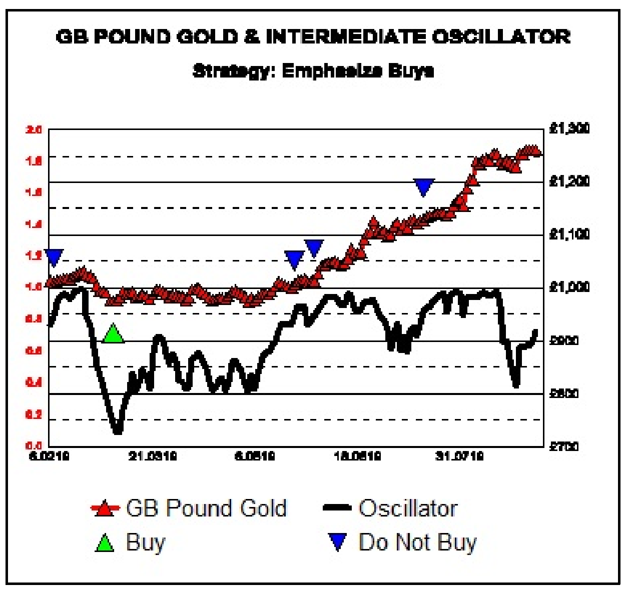
On Thursday Yo Yo Boys decided that China had surrendered. They sent U.S. stock market up and Gold down. Can not count times the have declared Trade War over. In any event, perhaps we will get some weakness to encourage new money into Gold.

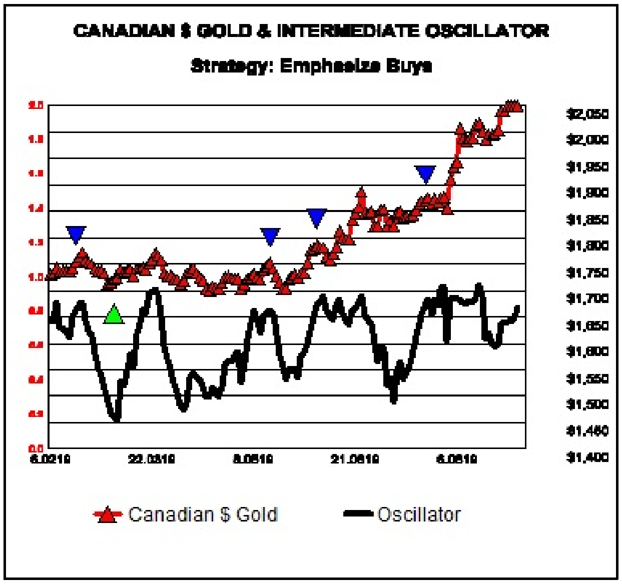
Analysis of $Gold / S&P 500 Ratio Data: 1945 - 2017 73 Years

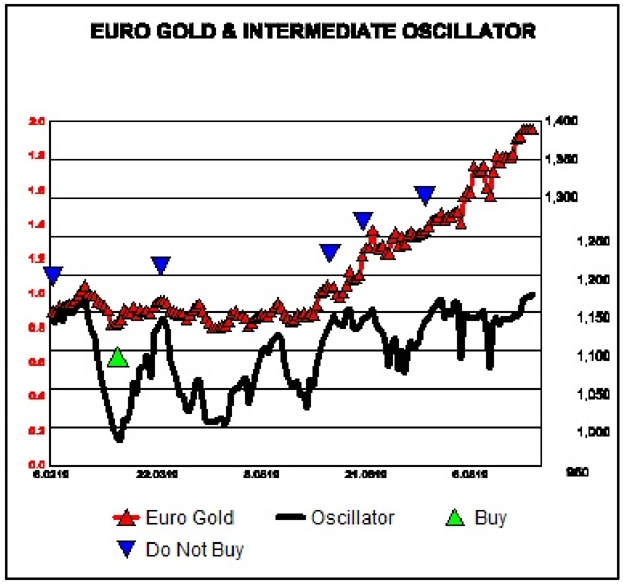
If S&P 500 =	2,925	$Gold should be:	$3,282 **+115%**
If $Gold =	$1,524	S&P 500 should be:	1,358 **-54%**

Last month we wrote, "***THAT CURRENCY with most restrictive or tightest monetary policy should be strongest currency.***" That currency is Gold. Every one of the currencies in the charts below has a problem. China is likely to continue a controlled devaluation. UK has Brexit. Euro has a central bank that is punishing its citizens with negative interest rates. Buy Gold on weakness.

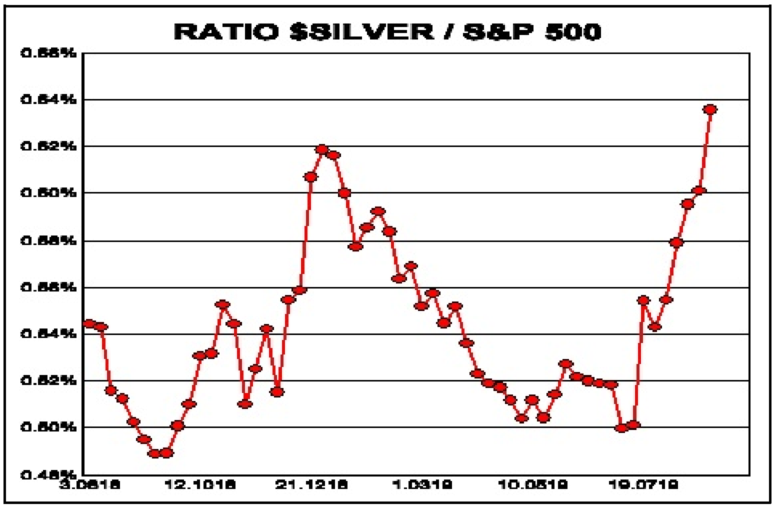








SILVER: Middle chart is favorite this month as it shows $Silver's performance over U.S. stock market spiking to a cycle higher. Eat your hearts out stock jocks.

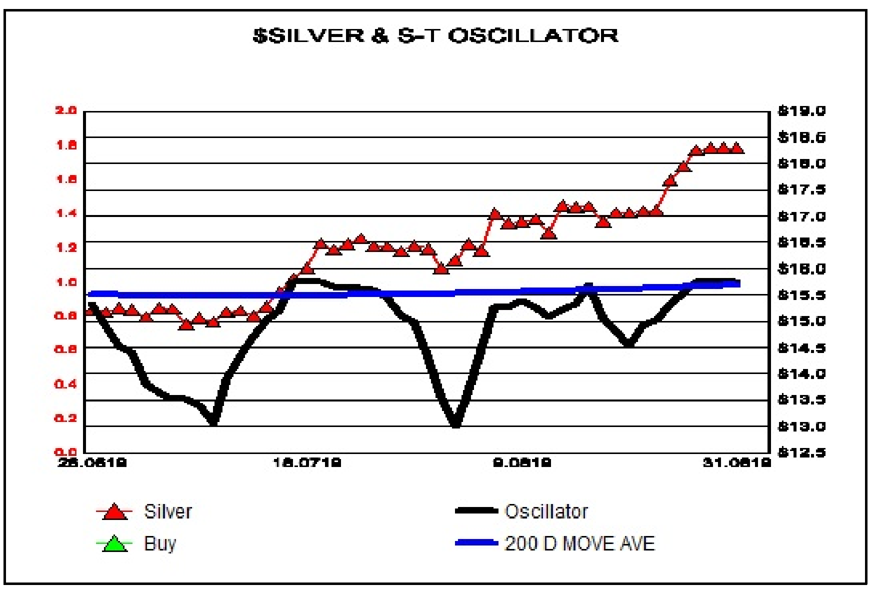


That action, along with move to above $18 this past week, suggests that new investors are being drawn into precious metals, and particularly Silver. Yes, bitcoins are still trading, but do not know why.

Intra day cycle high to date for $Silver is $18.58.

We are reading the action in Silver as confirmation of the action in $Gold.

Pattern developing in Silver is similar to that which we observed in Gold. Oscillator shows some periods of weakness that drag additional money into the market. That said, we remind ourselves daily of the risks in being more bullish when prices rise.



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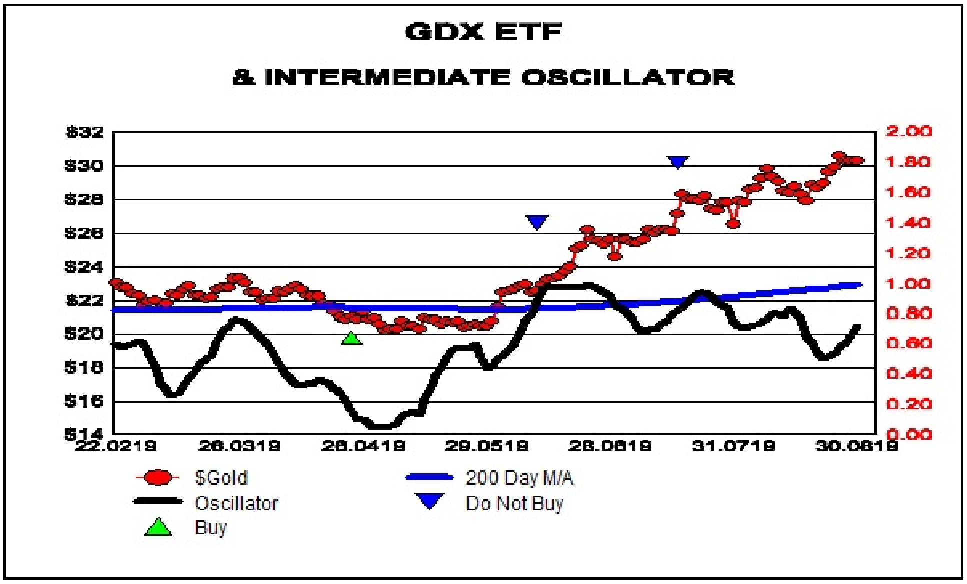
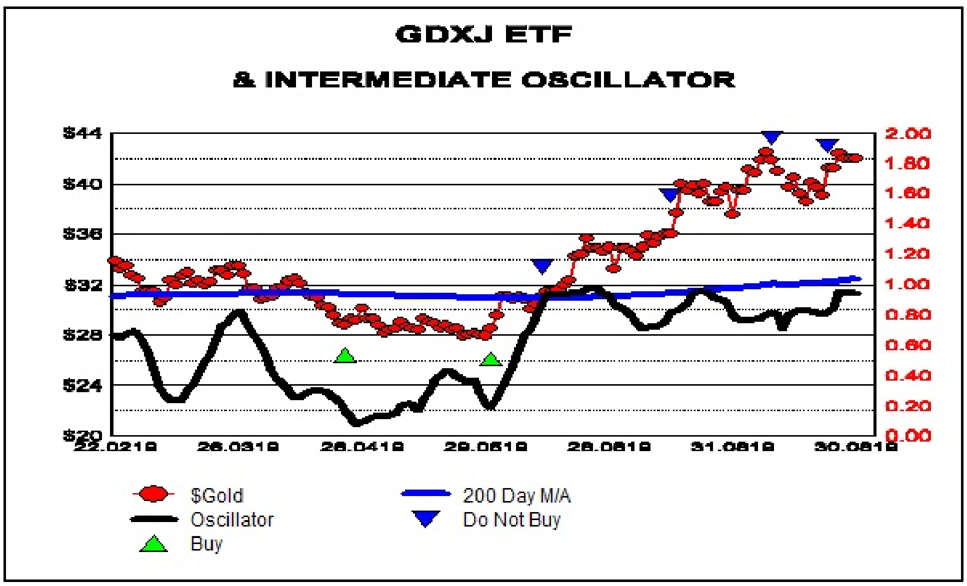
GOLD STOCK ETFs

GDX ETF is in top chart below and GDXJ ETF is in bottom chart. Both ETFs have been doing well. Each is developing sort of a rolling resting, which is good. In GDX oscillator shows that "resting" developing. Not is apparent in GDXJ, but it hit last 52-week high back on 7 August.

September is about to start and it is last month in calendar quarter. Many fund managers will not want to print end of quarter reports without Gold stocks, one of strongest stock groups. May see them buying in September.





Your Eternal Optimist, *Ned*

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Publication Schedule: Next *Trading Thoughts:* 30 September Next Monthly: 15 September

VALUATION				
	US$ GOLD	**US$ GOLD %**	**US$ SILVER**	**US$ SILVER %**
CURRENT	$1,524		$18.15	
Long-Term Target	$2,160	**42%**	$36.75	**102%**
Fair Value	$1,013	-34%	$17.20	-5%
Short-Term Oscillator	86%		98%	
Signal Oscillator	59%		86%	
Probability of BULL Trend	90%		56%	
Bear Market Low	$1,047	17 Dec 15	$13.55	14 Dec 15
% Change From Low	46%		34%	
Days From Low	1,353		1,356	
Market Low Test	$1,123	15 Dec 16	$13.91	Nov 18
% Change From Test of Low	36%		30%	
200 Day MA Current - Value	$1,318 + $206		15.68 +2.47	