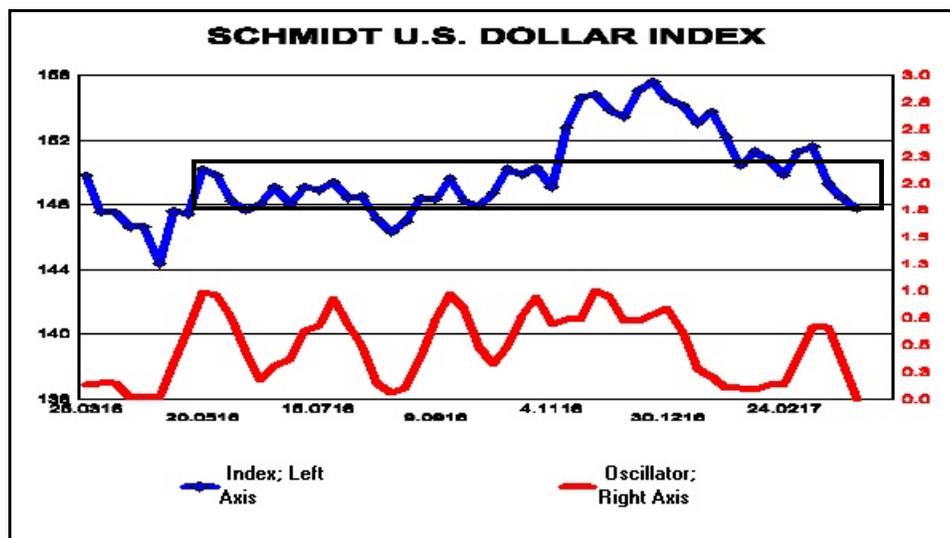


THE VALUE VIEW GOLD REPORT TRADING THOUGHTS

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.

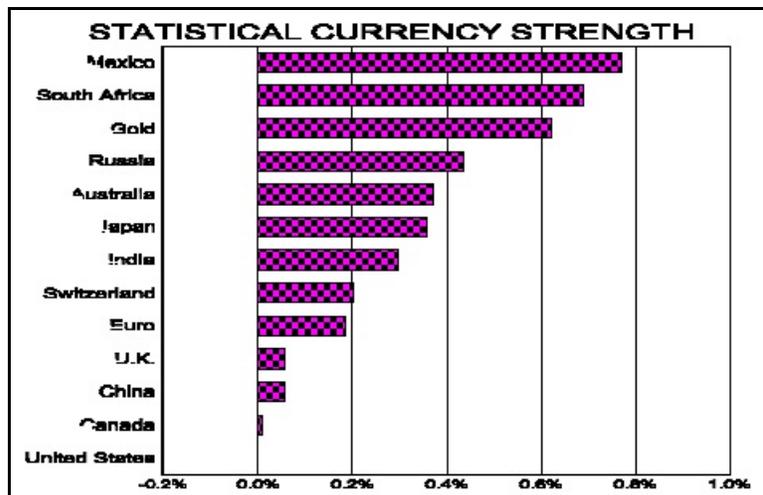
DOLLAR MOVING TOWARD BROKEN

Value of U.S. dollar is now moving toward broken. Entire phony rally on last U.S. interest rate hike has now collapsed, as expected. Left wing investment sites, like CNBC, tried hard to blame the crash of the Street's dollar fantasy on Trump, but real culprit was the nonsense spewed out by Street strategists and



economists. Someone has to criticize these sources of misinformation as they will never admit they were wrong. Dollar will be broken when it falls down out of that rectangle in top chart.

We are critical yes, because for sometime we have been observing in the chart to the right the sinking of the dollar's strength. Now the dollar sits at the bottom of the pile. Given



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the poor fundamentals, trade deficit, fiscal deficit, and accumulated debts that are unmatched by any nation, strength developing in the dollar seems both unlikely and only possible through divine intervention.

One claim that was popular last week is that dollar and most U.S. stocks were falling due to Ryancare not being passed by U.S. House of representatives. In the chart we just left, South Africa and Russia have been showing strength for some time. We have trouble seeing any connection with those currencies and Ryancare. Mexico has moved to top cause Street had this nonsensical belief that Trump was going to start a trade war with Mexico. Fairly evident that Street's fantasy of dollar strength was nonsense from the start.

FOMC was meeting the last time we visited. With the dollar failing to rally on U.S. rate increase, Gold again ignored the consensus forecast. Why? The dollar story was predicated on actually two faulty beliefs. One of those is that higher domestic rates should strengthen a currency. Second. that view assumed no one else raises rates. For second time Hong Kong raised rates in reaction to FOMC move. China also moved rates higher. Talk has also developed on Bank of England raising rates perhaps in May.

\$Gold & FOMC Rate Increases

| Date FOMC Action | \$Gold | % Change |
|------------------|----------|----------|
| | \$Gold = | \$1,252 |
| 16 Dec 2015 | \$1,049 | 19% |
| 14 Dec 2016 | \$1,127 | 11% |
| 15 Mar 2017 | \$1,202 | 4% |

Please note that observations in above table have not revealed some secret to buying of Gold. What has been identified is that when the consensus forecast is built on frivolous assumptions it is likely to be wrong. Further, the herd mentality has been extremely strong, perhaps even dominant, making the consensus forecasts more prone to serious error. Higher interest rates will at some level effect Gold, but 1% interest rate is not a high rate.

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

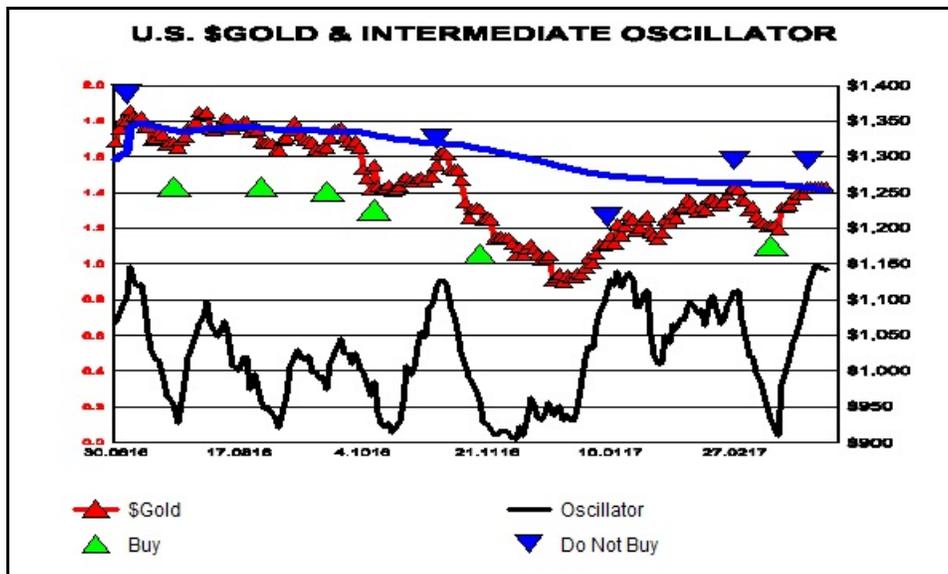
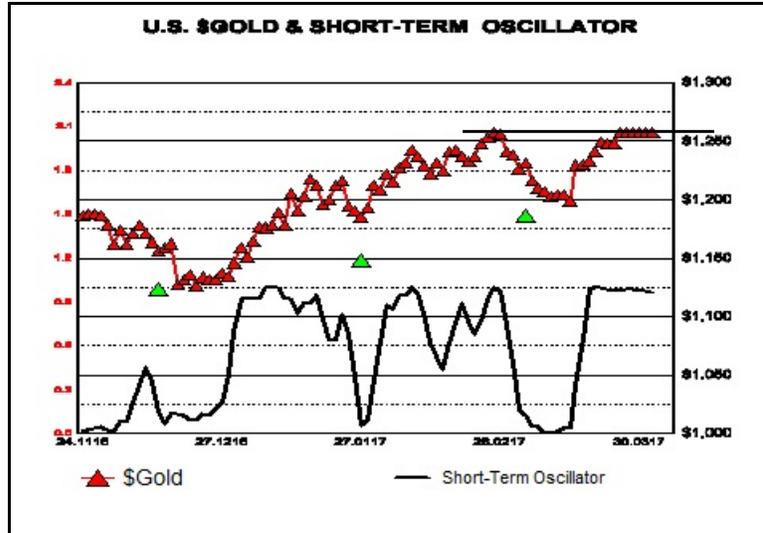
| | | | |
|--------------|---------|--------------------|---------------|
| If S&P 500 = | 2,362 | \$Gold should be: | \$2,711 +117% |
| If \$Gold = | \$1,252 | S&P 500 should be: | 1,099 -53% |

As we have repeatedly noted: ***“REMEMBER the BIG picture:*** \$Gold made a bear market low in December 2015 at \$1,046. A test of that low was made in December 2016 at \$1,123. That second low was confirmation of a new bull market. Has now been more than 15 months since bear market low and more than 3 months since the confirming low. Some may still be waiting for “\$900”, but they are surely becoming lonely. In a bull market, one should think bullish.” Yes, we do keep repeating this view. All one needs to do is consider the nonsensical action over replacing the U.S. health bill to recognize that politicians simply have a propensity to act in dim-witted fashion. The EU is another great example. Gold is the only defense against the actions of politicians.

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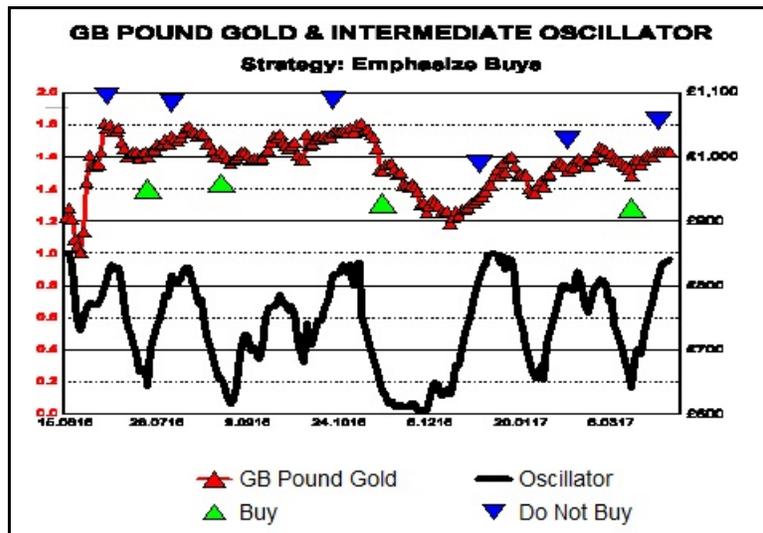
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Contrary to widespread expectations \$Gold rallied on the last FOMC meeting. Gold had previously sold off from the last short-term high due to belief that the dollar would rally. Now again Gold has rallied back to near last short-term high. In the top chart resistance level is clearly observable. That resistance level is coming in again at about the 200-day moving average, which is plotted in middle chart, of about \$1,250. Some chance does exist that the resistance level will hold. But, with U.S. Congress needing to raise the U.S.



debt ceiling Gold is likely to have some support. *Overbought condition may cause \$Gold to “peddle” laterally for a while at roughly current level, or slightly lower.*

On an intra day basis we would be watching about \$1,266. Move through that level should bring in traders as buyers. Any over sold condition should be used to add to Gold positions.



World has always had politics, but

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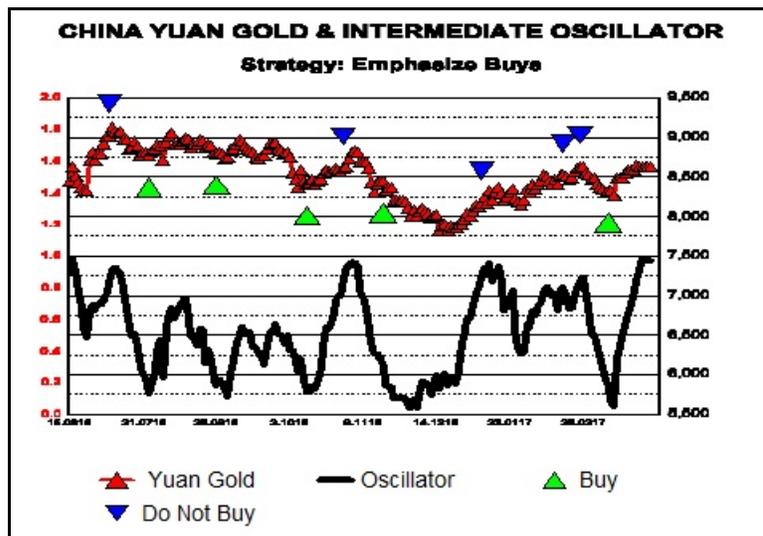
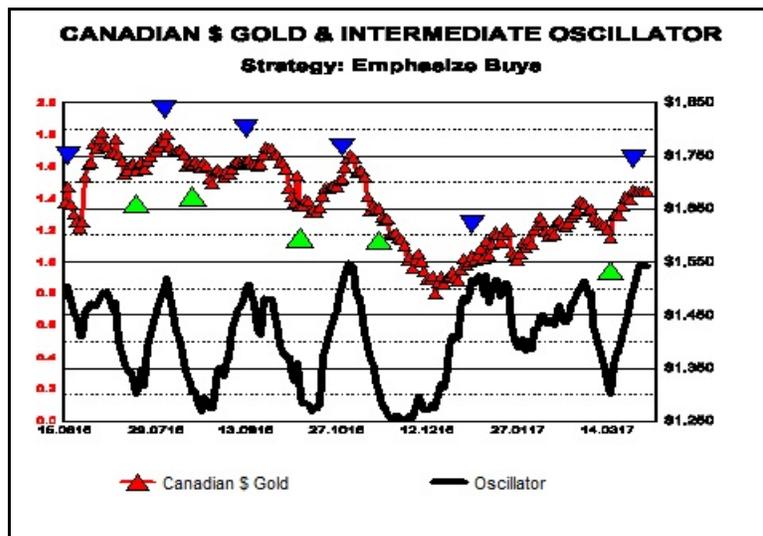
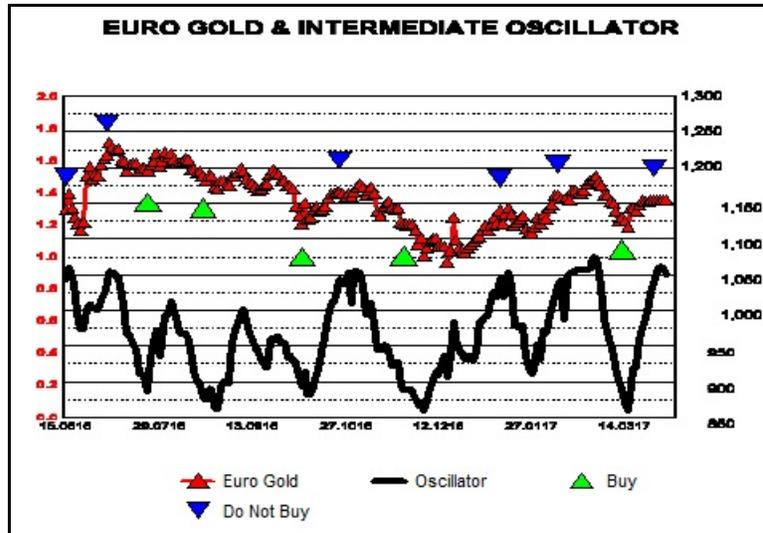
does seem that people are more aware of the political situation in their own country and others. All of us probably read more news on internet today that we did in the years when newspapers were primary source.

Bottom chart on previous page is of British £Gold. Trading through first resistance of £1,000 it is capable of moving up through £1,050 which would put it in blue sky territory. Why? Part is rally of \$Gold, but the rest is due to the politics associated with Brexit. Brexit raises uncertainty, and uncertainty supports Gold.

Politics of today in U.S. to England to EU all raise uncertainty for people. In such times investors are more likely to move from traditional home currency investments to those, such as Gold, that offer currency protection. Not “all” their money at one time, but on an ongoing basis.

Top chart is of EU €Gold. Last short-term rally carried to almost €1,200 which was a near break out into blue sky territory. Recent retreat was due to strength in Euro created by U.S. traders finally understanding French elections. They did not understand that French election is to be a two-stage affair. Le Pen might win first round but is not likely to win second round. Le Pen is viewed by traders as negative for EU.

The French elections as well as current U.S. political situation not only increase uncertainty, but increase the volatility of perceptions and opinions of the situation. Uncertain and volatile politics should increase investor interest in Gold,



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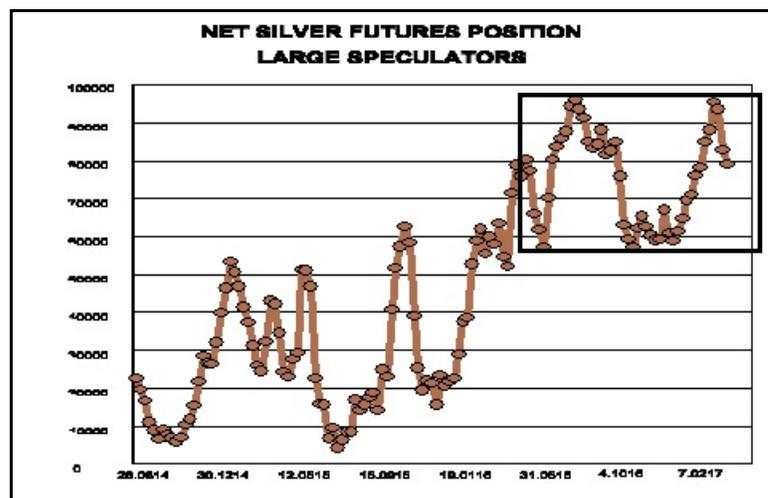
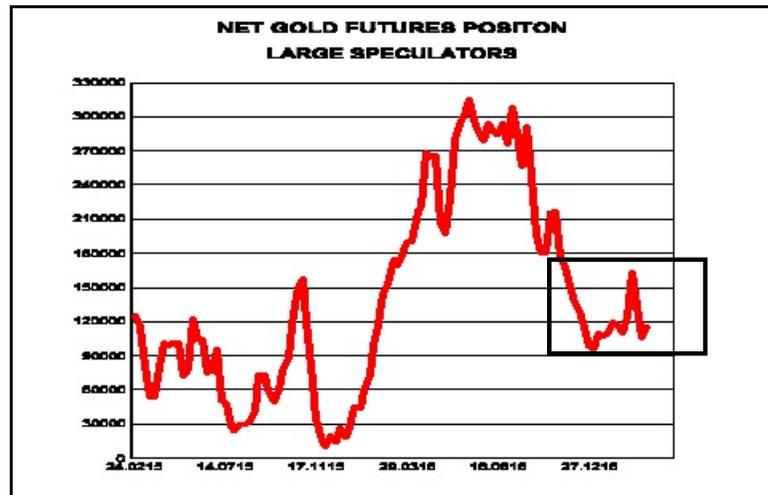
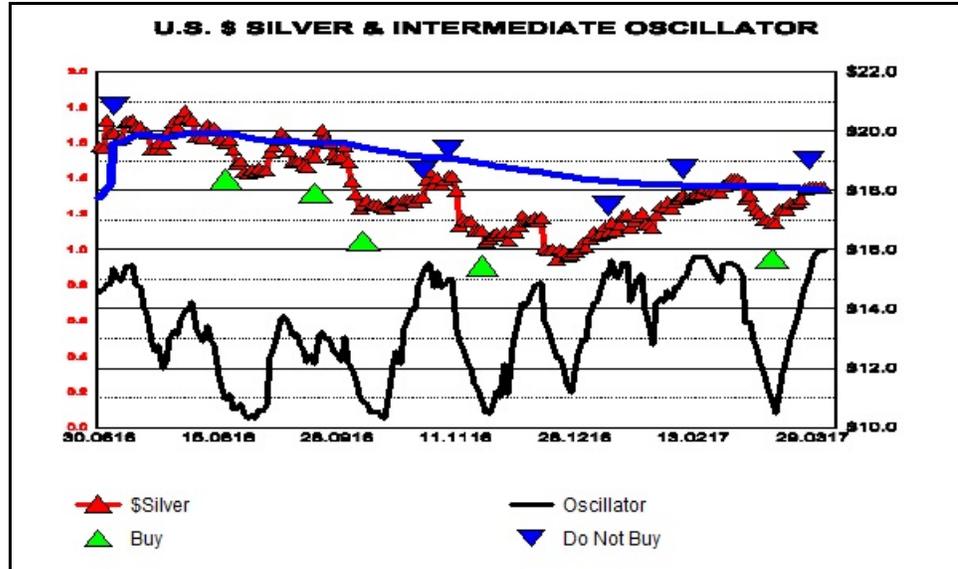
especially with ease of buying Gold electronically and over the internet.

Silver picture is similar to that of Gold. Silver moved up to a short-term high before selling off in anticipation of March FOMC meeting. As that meeting was imminent Silver became over sold, creating a buy signal. It has now rallied back to the moving average and is threatening the last short-term high. A move to about \$18.50 would likely bring buyers into the Silver market.

Middle chart is of the net long position of large speculative funds in U.S. Gold futures. Bottom chart is that for U.S. Silver futures.

Rectangle in middle chart is an effort to identify the likely range for that net long position in Gold futures. Our guess, as indicated by that rectangle, is that large speculators are close to their minimum position. That suggests they are more likely to add to their net long.

Picture in bottom chart for Silver futures is perhaps more complicated. Big picture is that these funds have had a strong bullish view on Silver. On a short-term basis the long position was reduced after matching the high of recent years. While a move above \$18.50 might change their attitude, we are going to waffle. Their position is probably about neutral, meaning it could go up or down.



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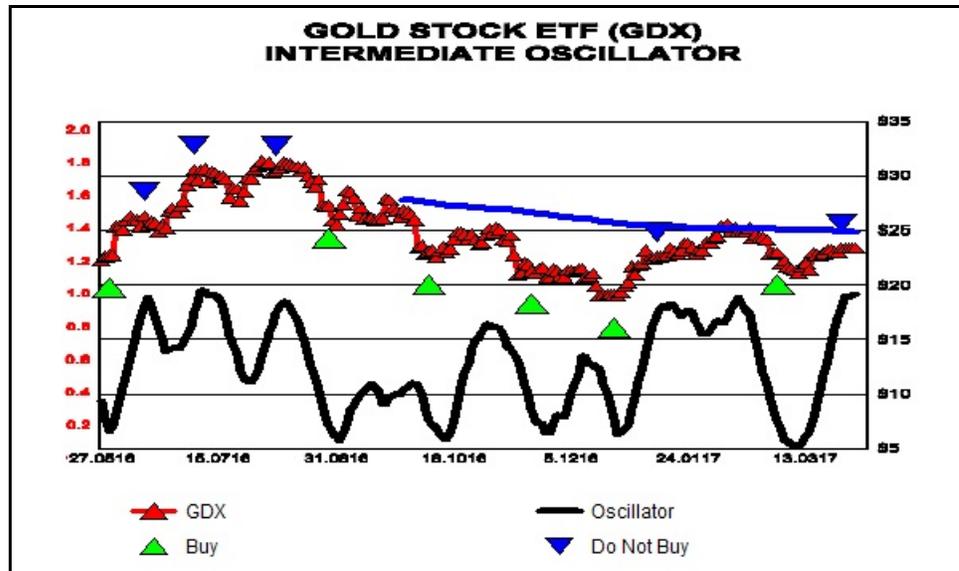
ETFs: GDX ETF is in top chart and GDXJ ETF is in bottom chart.

On Tuesday last we saw an example of political factor's influence on financial markets, and influence of a random news event. Republicans in the U.S. House announced they were going to kiss and make up. After which, they would then write a new health care law that all could love. Now we put that in the same category as hippos flying. But, the stock market loved all that love and pushed U.S. stock market up about 150 Dow points. At the same time Gold stocks were smashed. "Tomorrow" the hippo will likely come back to earth. **Health bill is important because that is source of money for big tax cuts Street is praying for and using to justify speculative bubble in U.S. equities.**

Similar picture in both charts. Gold stocks were over sold well before FOMC met, giving a buy signal. They have since rallied to short of their 200-day moving average. Both are now over bought.

Both are dependent on what Gold price does. First resistance for both is the moving

average. Second resistance level for GDX is ~\$26 while GDXJ second resistance is at about \$43.



Your Eternal Optimist,

Ned

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| VALUATION | | | | | | |
|-------------------------------|-------------------|----------------|---------------------------|----------------------|---------------------|---------------------|
| | US\$ GOLD | US\$ GOLD % | US\$ / CHINESE YUAN | CHINESE YUAN % | US\$ SILVER | US\$ SILVER % |
| CURRENT | \$1,252 | | \$0.1451 | | \$18.20 | |
| Long-Term Target | \$2,047 | 63% | \$0.3330 | 129% | \$35.60 | 96% |
| Fair Value | \$962 | -23% | | | \$16.75 | -8% |
| S-T Oscillator | 85% | | | | 99% | |
| Signal Oscillator | 81% | | | | 97% | |
| Probability of BULL Trend | 90% | | 71% | | 90% | |
| Bear Market Low | \$1,047 | 17 Dec 15 | 0.1444 | Dec 16 | \$13.55 | 14 Dec 15 |
| % Change From Low | 20% | | 0% | | 34% | |
| Days From Low | 470 days | | | | 473 Days | |
| Market Low Test | \$1,123 | 15 Dec 16 | | | \$15.70 | 23 Dec 16 |
| % Change From Low Test | 11% | | | | 16% | |
| Speculative Trader Ratio * | 2.1 | | | | 4.7 | |
| 200 Day MA Current - Value | \$1,255 - \$ 3 | | | | \$18.01 + \$0.19 | |

*Ratio of large speculator longs to shorts from weekly CFTC report on traders.

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