Gold = US$1,224 -$ 4 Silver = US$14.30 -$0.15 Vol. 2018-354 30 November 2018

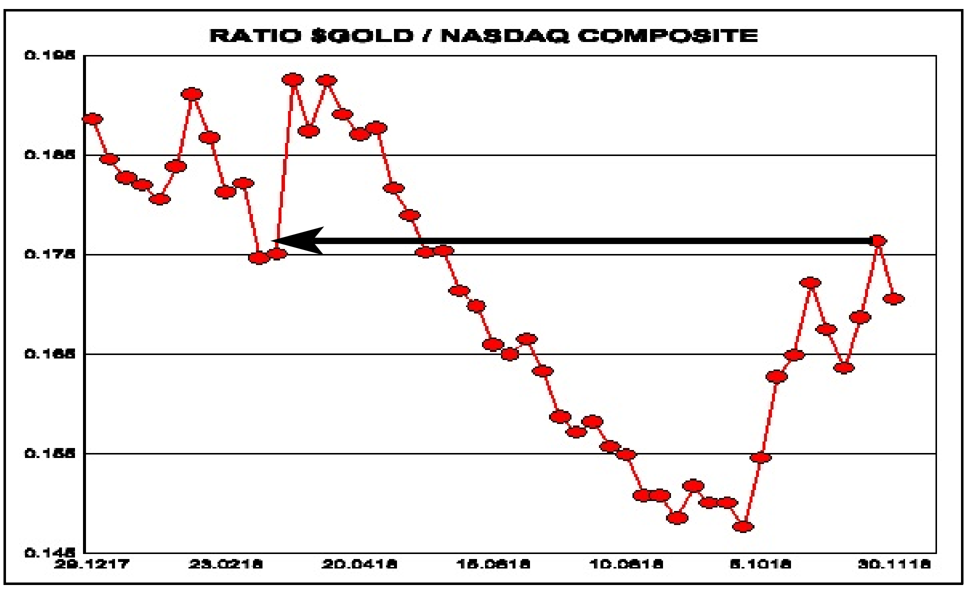
THE VALUE VIEW GOLD REPORT
TRADING THOUGHTS

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.

GOLD BETTER THAN RISKY STOCKS

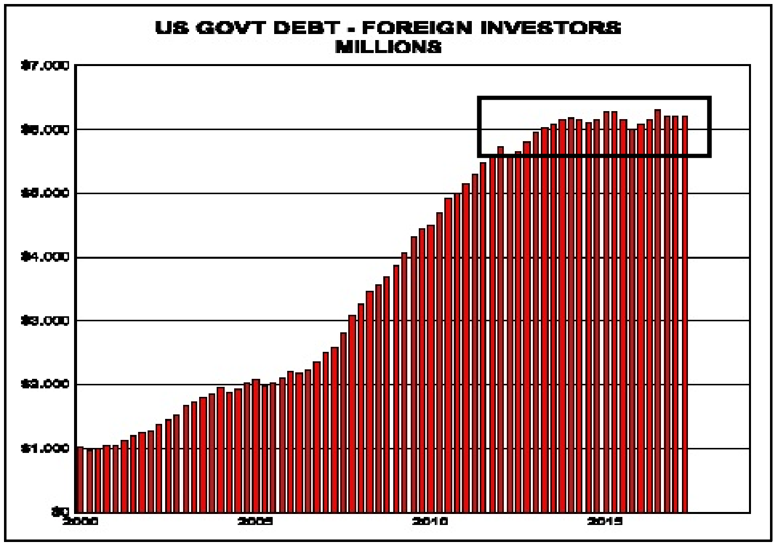
2018 may be the year that forces a lot of investors to rethink their investment strategy. If the U.S. market were to end year at today's level, return earned by most investors would barely beat a money market account. In that case we are using the S&P 500. What if we consider the NASDAQ 100, where those wonderful technology/internet fantasies, like AAPL, AMZN, FB, et all, reside? After fees, an investor would have done somewhat better than a money market account, but only because of Wednesday's short covering panic driven rally.

With the collapse of equities, especially the risky technology stocks, the wisdom of owning Gold has again come true. In chart below is plotted the ratio of price of $Gold to value of NASDAQ Composite index. If

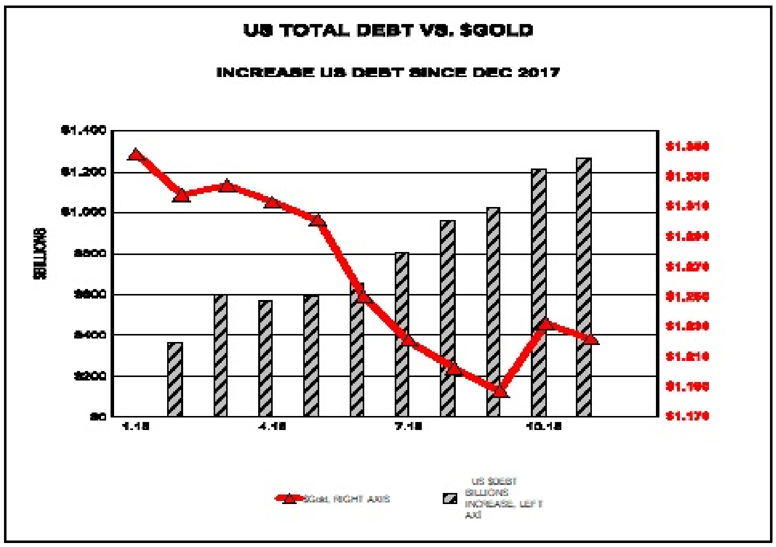


that ratio is up or rising, Gold is performing better the equities. If the ratio is down or falling, equities are doing better than Gold. First dot in graph is ratio at end of 2017. If we compare the current plot to that one, equities for year to date have done better. However, from that low in chart in late September, ratio is up substantially. Gold has been doing far better than risky stocks since September. Now follow the black line back from the high established last week. Notice that the ratio was above that for middle of March.

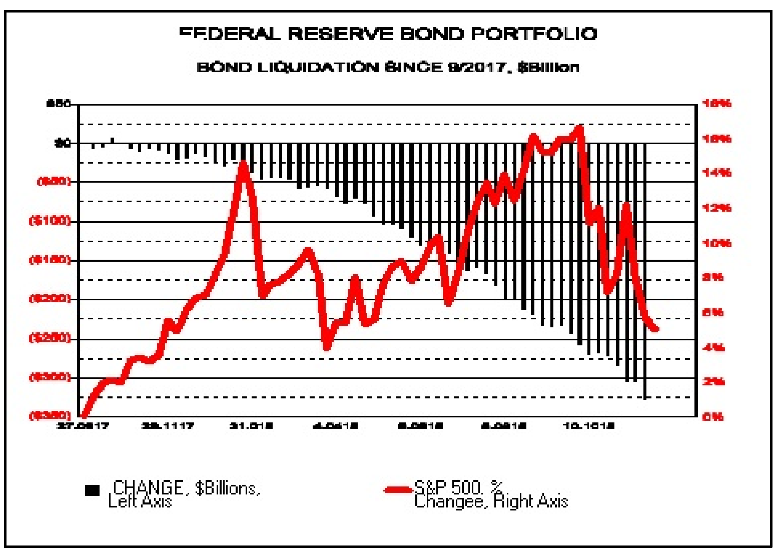
Through last week Gold has performed better than equities since middle of March. ***This week, post U.S. Thanksgiving holiday week, ratio has slipped some, but that does not remove new high for ratio established last week, or positive trend for that ratio.***



Investment sectors gain attention when relative strength is positive. In short, money is drawn to those parts of the market that have improving performance and money moves away from weak sectors. Given that Gold has been performing far better than risky stocks, it should draw money.



U.S. Credit Card Maxed Out: One thing U.S. government seems good at is borrowing money. But, foreign lenders seem to have their fill of U.S. debt. Top chart is of U.S. government debt owned by foreign investors. Scale is in millions which makes beginning value in 2000 $1000 million, or one trillion dollars. At that level foreign investors were more than willing to buy more U.S. debt. In 2014 those borrowing rose above $6 trillion, and at end of 2015 were $6.284 trillion. Foreign investors seem to have said they have all they want. ***Selling U.S. debt to foreign investors seems to be game over. U.S. needs to find another source of money if it wants to continue spending.***

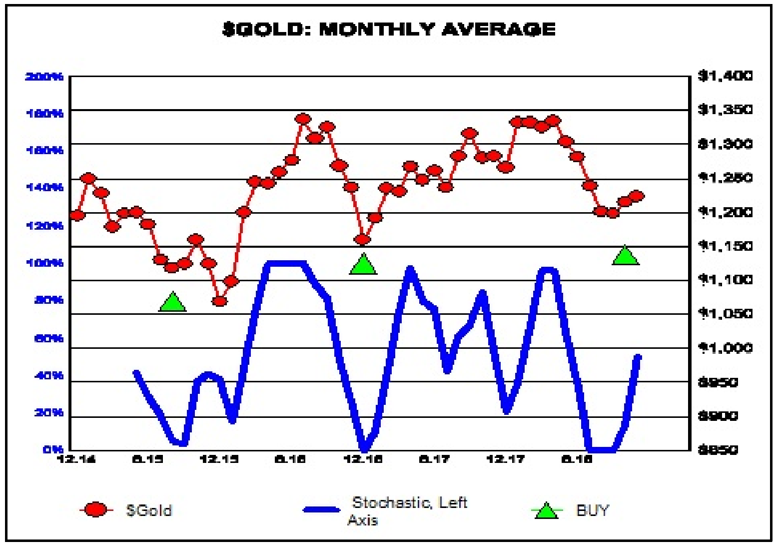


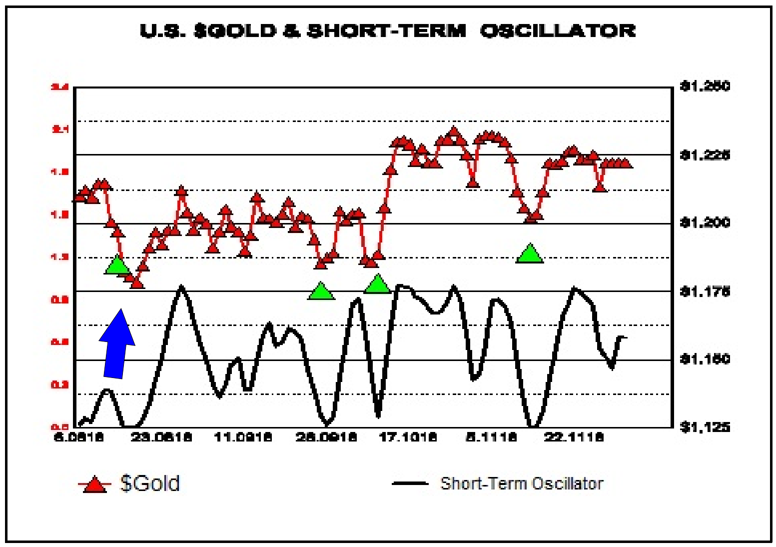
U.S. government deficit, middle chart, continues to march higher. In last twelve months cash deficit was $1.27 trillion. Few, if any, in U.S. government seem to be advocating spending less money. With some essential spending bills remaining to be passed and strong differences of opinion, a shut down of non essential

U.S. government activities seems a near real possibility.

In bottom chart previous page bars are amount of bonds that Federal Reserve has liquidated since September 2017 when program began. Since that date, ~$327 billion have been allowed to mature without reinvesting proceeds. In simple terms, Fed Res "turns in" maturing bonds and receives funds from the borrower, largely U.S. government. By doing that the amount of bank deposits at Fed Res have shrunk by ~$455 billion. Those reserves are no longer available to lend to stock investors or anyone else.

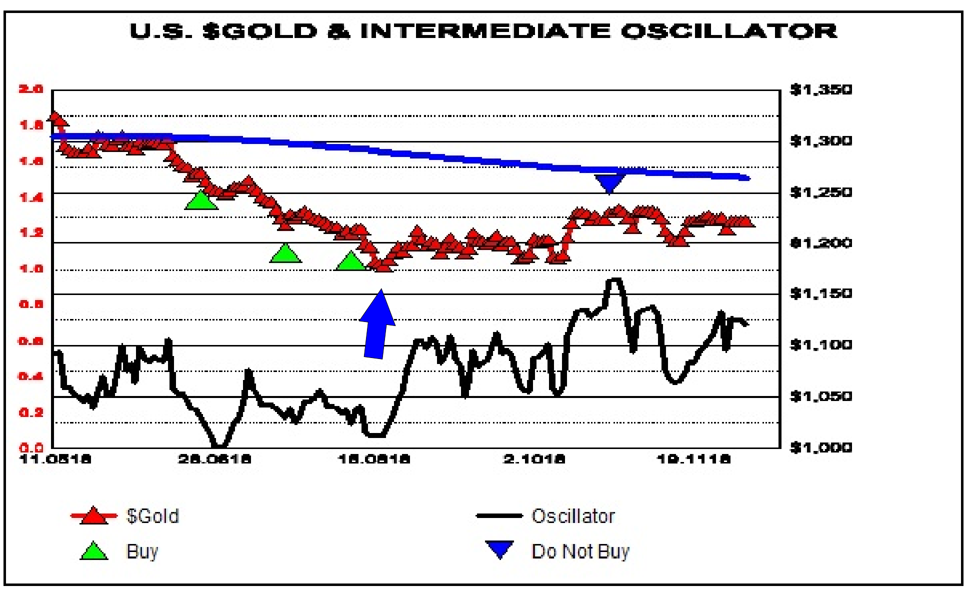
In last twelve months Federal Reserve has liquidated ~$320 billion of bonds. U.S. government deficit, financed by selling bonds, was ~$1.27 trillion. Total money drain from U.S. financial system ~$1.59 trillion. In coming year that drainage will rise. Stock market is one of those sources of funds for this drainage. Little wonder it has developed a problem.





Gold is not a source of funds for this money. Neither Federal Reserve nor U.S. government is selling Gold. That means their financial activities do not directly impact Gold.

CHARTS: Top chart is of the monthly average price of Gold. Lows in that chart, and associated buy signals, are easily observed. Also note that both recent lows were higher than previous low. The



challenge in that chart, $1,350, is easily identified.

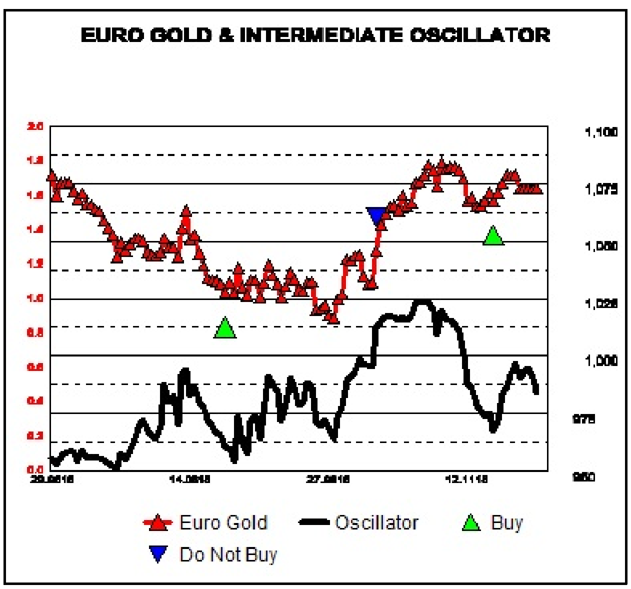
On Wednesday Chairman Powell of Federal Reserve Board gave a speech. In that speech he said that U.S. interest rates were approaching a neutral level. As it has raised U.S. interest rates 8 times, that is a reasonable statement. That neutral level has been thought to be the goal of Federal Reserve. With U.S. stock market and $Gold both over sold, U.S. stocks rallied as short sellers rushed to cover, U.S. dollar collapsed, and $Gold went up. Street is now busy slashing expectations for U.S. interest rates. By next week Street may have expectations of Federal Reserve cutting interest rates, as that group always runs to an extreme. The more positive view of interest rates in the trading community means dollar is not likely to go up, and is positive for Gold and Silver. ***That all said, the buy signal in top chart on previous page, remains the dominant signal.***

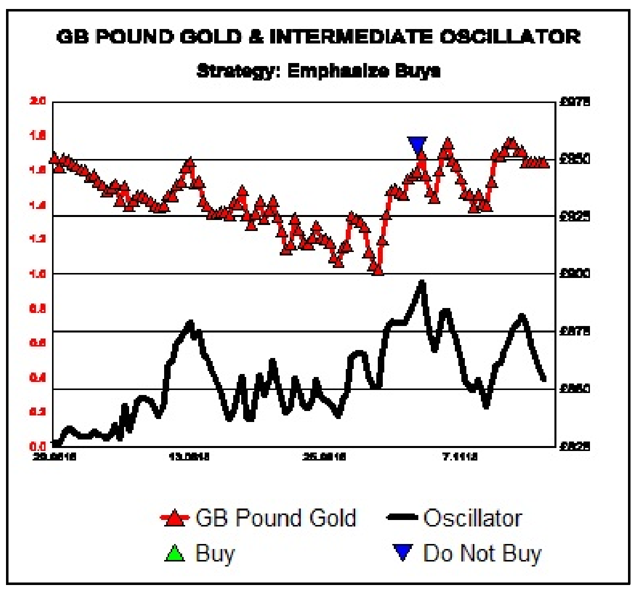
Analysis of $Gold / S&P 500 Ratio Data: 1945 - 2017 73 Years

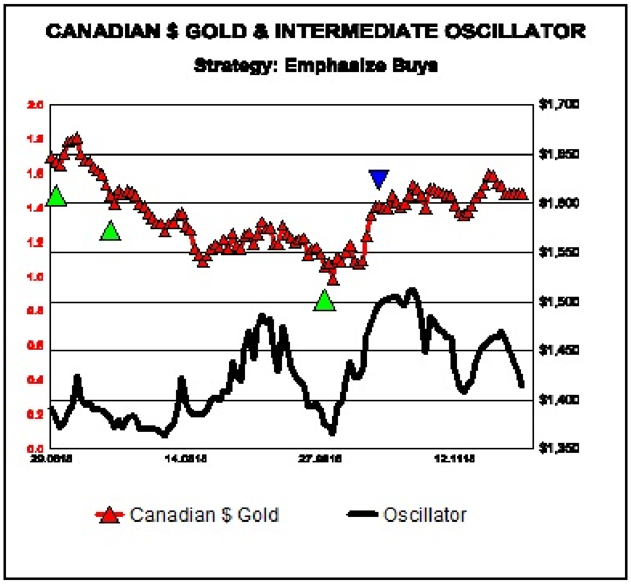
If S&P 500 =	2,749	$Gold should be:	$3,105 **+154%**
If $Gold =	$1,224	S&P 500 should be:	1,084 **-61%**

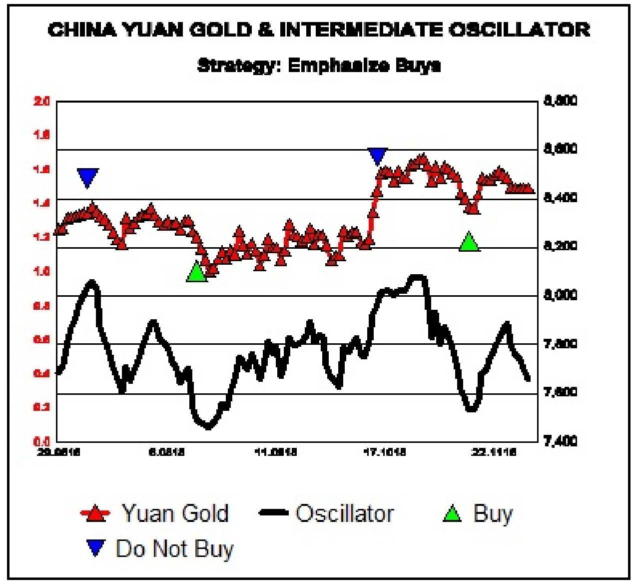
RISKS: In the U.S. a variant of **Political Risk** may be on the verge of manifesting itself. In January the House of Representatives will come under the control of Democrats. That group is opposed to anything and everything that President Trump might want. Elephant in the room is the U.S. southern border. Will Trump shut down non essential parts of U.S. government if funds for wall on southern border are not provided? Politically, he has no choice but to do so. Markets may not react, immediately.

Gold in other currencies, shown below and top of next page, all present attractive pictures. Gold investors in those nations have experienced a nice move upward in recent months. That action is a combination of stronger Gold price and movement of currencies lower. EU investors should own Gold as the ‘governing” leadership of EU refuses to recognize the increasing fragility of that union. Attitude of that leadership is that member nations should have no say in the governance of the EU. Tyranny comes in many shapes.



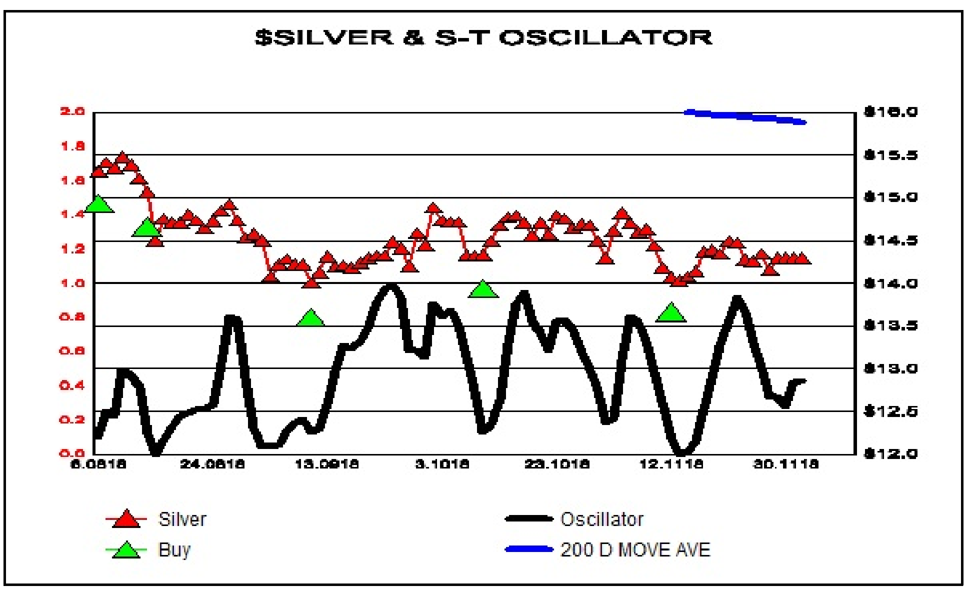




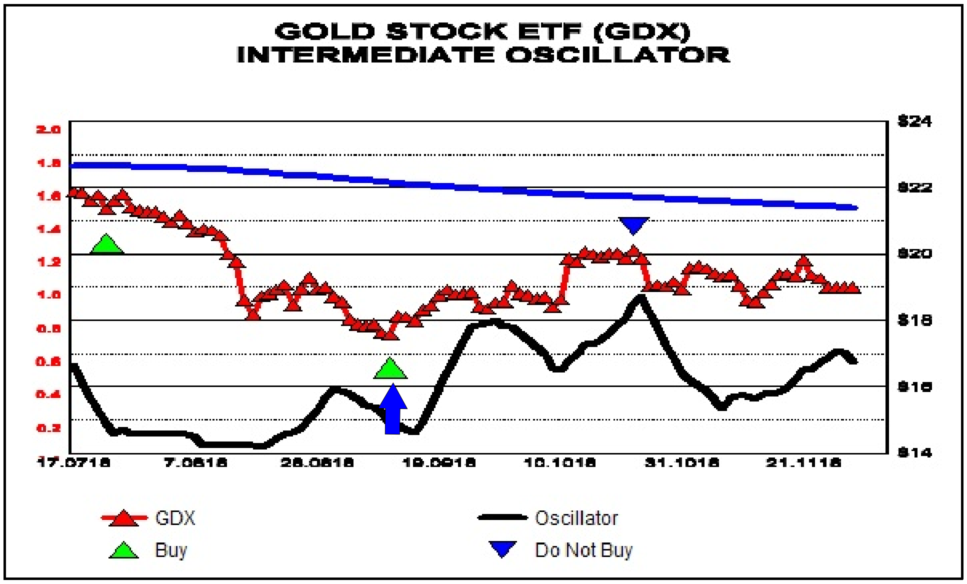


G-20 Meeting: Xi and Trump are expected to talk while at that meeting. China has a need, and some flexibility may be shown by Xi due to that need. Winter has already arrived in China, and fuel for heat is essential. Politically a lack of liquified natural gas for heat is unacceptable. China has been a major importer of U.S. natural gas. However, tariffs on U.S. gas have reduced imports of it. Xi may be willing to bargain reducing those tariffs and some on agricultural commodities in exchange for something from Trump. What that might be we cannot say yet. Tariffs on Apple products, mentioned this week by Trump, may be red herring, something Trump would be willing to forego in exchange for something else.

Silver has narrowed the trading range to $14-14.5. That narrowing of trading range suggests a resolution of it would seem closer. Given that Silver has bounced off of $14 several times in chart and adding in Powell's speech, we continue to think Silver is likely to move up and out of trading range. ***While may not feel like it, Silver has performed better than S&P 500 since middle of September.***



GDM ETF is in middle chart below and GDXJ ETF is in bottom chart*. *Both ETFs have rallied off lows to confirm Gold's move off its low. Gold stocks had been selling down for a little more than a week. Powell's speech on Wednesday punished those sellers badly. The Gold stocks moved higher as a consequence of that speech. That Wednesday turn in Gold stocks probably means that sellers will be very cautious for some time. Gold stocks are now likely to move higher through late January.



Your Eternal Optimist,

Ned

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

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VALUATION						
	US$ GOLD	**US$ GOLD %**	**US$ / CHINA YUAN**	**CHINESE YUAN %**	**US$ SILVER**	**US$ SILVER %**
CURRENT	$1,224		$0.1441		$14.30	
Long-Term Target	$2,127	**74%**	$0.3330	131%	$36.60	**156%**
Fair Value	$1,002	-18%			$17.25	21%
S-T Oscillator	83%				50%	
Signal Oscillator	80%				55%	
Probability of BULL Trend	89%		69%		26%	
Bear Market Low	$1,047	17 Dec 15	$0.1437	Oct 18	$13.55	14 Dec 15
% Change From Low	17%		0%		6%	
Days From Low	1,080				1,083	
Market Low Test	$1,123	15 Dec 16			$14.30	Nov 18
% Change From Test of Low	9%				0%	
200 Day MA Current - Value	$1,265 - $41				$15.89 - $1.59	