

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.

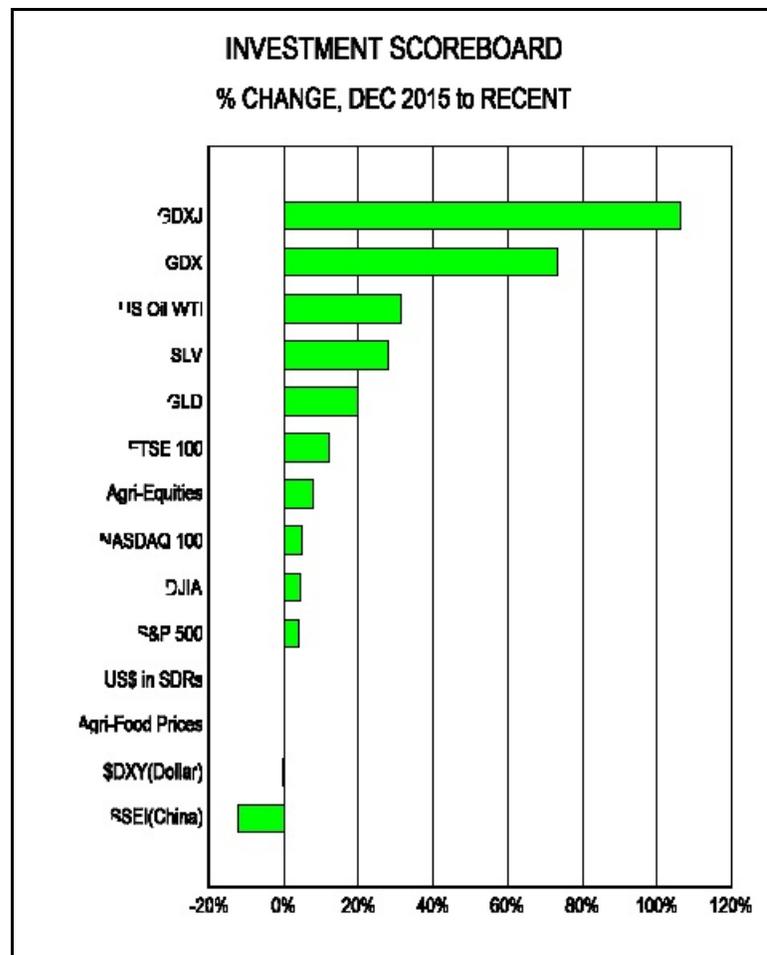
HORSES & NEGATIVE YIELDS

Dear O.W., Enjoyed reading your recent note, as always. But, horses? You have always seemed a wise steward of your wealth, so I am surprised that you are now an owner of horses. Having had some exposure to horses, I am reminded of a conversation with a wise, old veterinarian. We were rocking on a porch when he said, "Problem is no money in horses." To which I replied, "No, problem is all the money is in horses. No money comes out."

Into front end of a horse one puts money, essentially in form of grain or hay fed to it. Out the other end? Well, you know what comes out the other end. Further, takes lots of money to feed that horse, and it must be done so every day. Horses and politicians have a lot in common.

Bonds with negative yields are much like those horses. Into them one puts money as the investor must pay the borrower. In most cases individuals are giving the government their money, while at the same time paying the government for using their money. Sorry O.W., that is horse output. We prefer Gold to either negative yield bonds, horses, or politicians.

U.S. election results in 9 days, sometime during the night of 8 November. Early voting is already occurring. I voted on Tuesday, the 25th. Continued on page 3.



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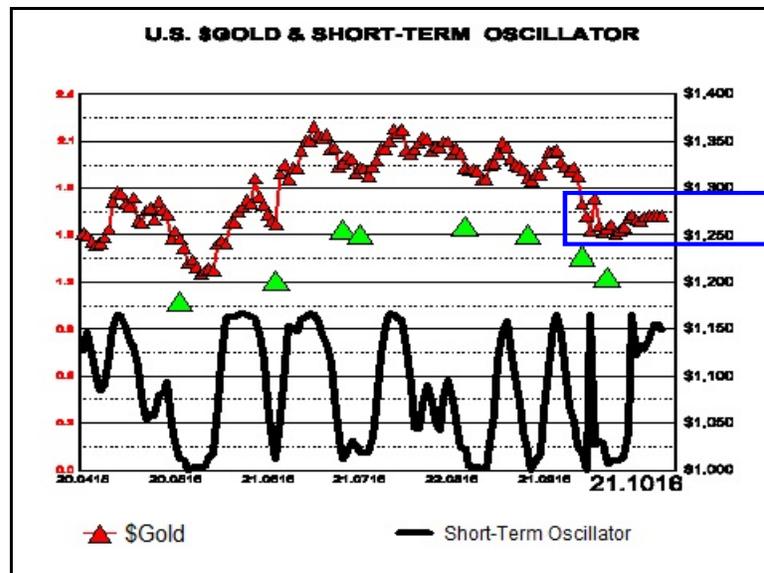
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**319 Days and counting since \$Gold bear market low,
\$1046.90 on 17 Dec 2015. \$Gold up 22% from low.**

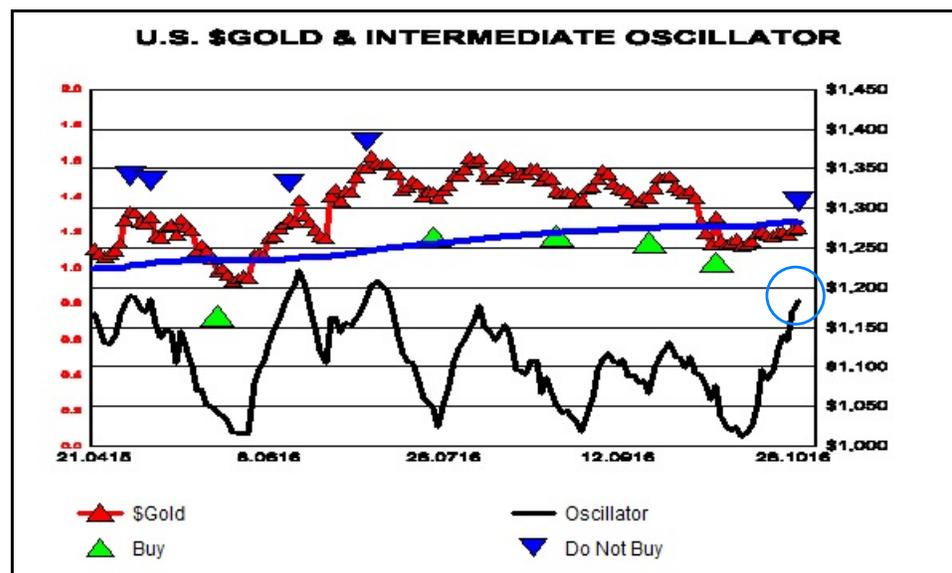
We continue to be a “raging” Bull on \$Gold. Valuation and sentiment are such that bullish on \$Gold is the only reasonable conclusion. **\$Gold has the potential to double from that low.**

GOLD BULL MARKET: As can be observed in chart of dollar’s value on page 6, traders are again rallying dollar based on belief in a strong U.S. economy that will lead to the FOMC raising interest at the 14 December meeting. Remember that traders rarely read beyond the headline of a report as so few of them understand the details of any particular report. For example, on Friday U.S. reported estimated real economic growth last quarter of 2.9%, at an annual rate. Economist, always willing to spout nonsense, talked of the inherent strength of and return to a growth path for U.S. economy. In reality, roughly a third of that growth is related to foreign trade. Despite foreign trade being negative for U.S. economy, it was less negative which means it was a positive force. Anyway, most of the improvement in that measure was due to strong exports of U.S. grains, corn, soybeans, and wheat. FOMC is not going to justify raising interest rates based on simply good grain exports.

Combination of U.S. presidential election and expectation of a U.S. rate increase have stalled many markets, including equities and Gold. In both charts notice that \$Gold has made a low at roughly \$1,250. From that level oscillator in both charts has risen to over bought. What that generally means is that buying is somewhat stronger than selling. Those are the set of conditions that move oscillator higher.



Interlude: Over bought condition in Gold and in Silver is a result of market reaction to FBI announcement that it is again investigating Clinton. For that reason we would not read a lot into it as Gold moved very quickly up on that event.



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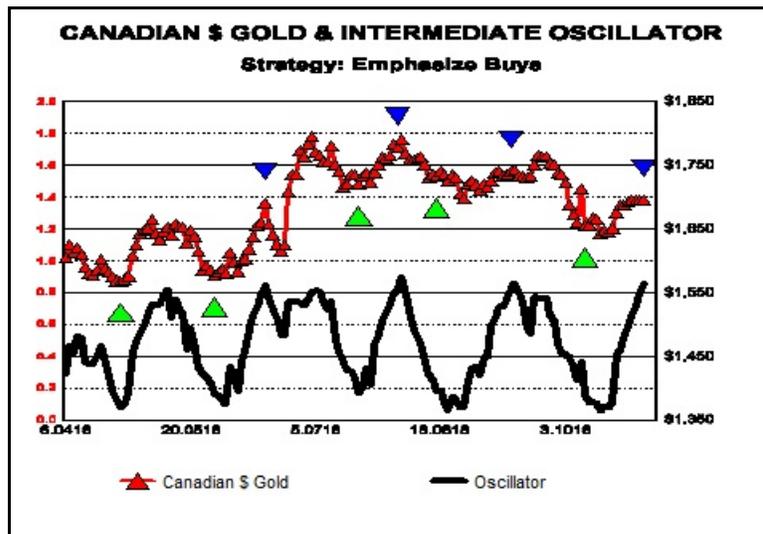
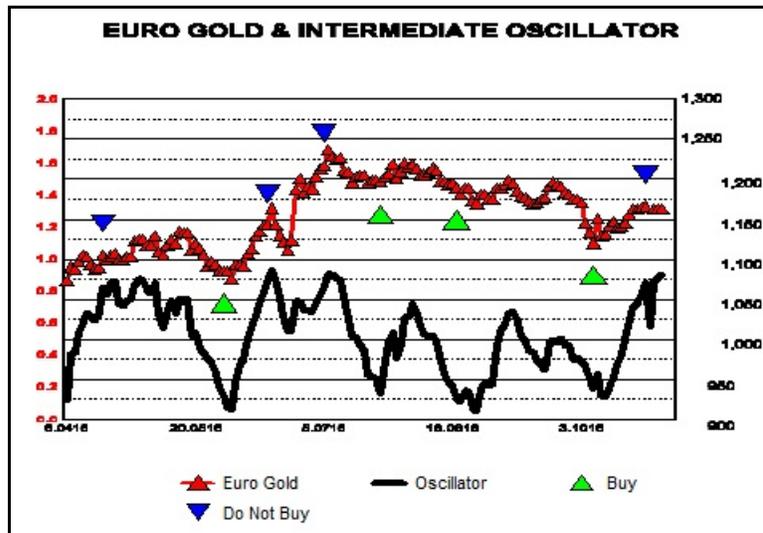
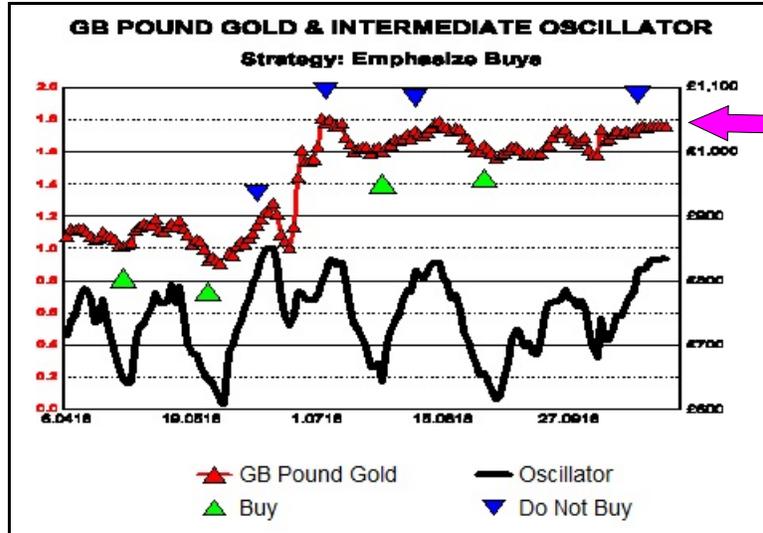
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Given that the election will soon be over and that FOMC is unlikely to raise rates in December, investors should be using buy signals to add to Gold and Silver holdings. Note that UK £Gold continues to flirt with that £1,050 level. A move up through that level would likely bring more buyers into Gold market.

End of Economic Era? AAPL this past week reported first decline in annual sales in 15 years. This event was a yellow flag for current technology era that began about two decades ago. Lethargy and disappointment are likely to develop in popular tech sectors, and those investors overly concentrated in it. What will replace it? Gold? Defense(Putin) stocks? Agri-Commodities? Remember, most investors cannot even recall Polaroid, Tampax, or Xerox's copier dominance, or bowling stocks of 1950s.

Continued from page 1, U.S. elections: By time this letter is mailed about a quarter of voters in Northeast Florida will have already expressed their views. But on some reflection, a horse would have been better than some of the choices.

Have tried hard to not dwell on U.S. election as most have probably read or heard more than all of us wish had been the case. Best thing to come out of this election is that a lot of pollsters will be out of jobs shortly. No group has been paid more for forecasts worth so little.



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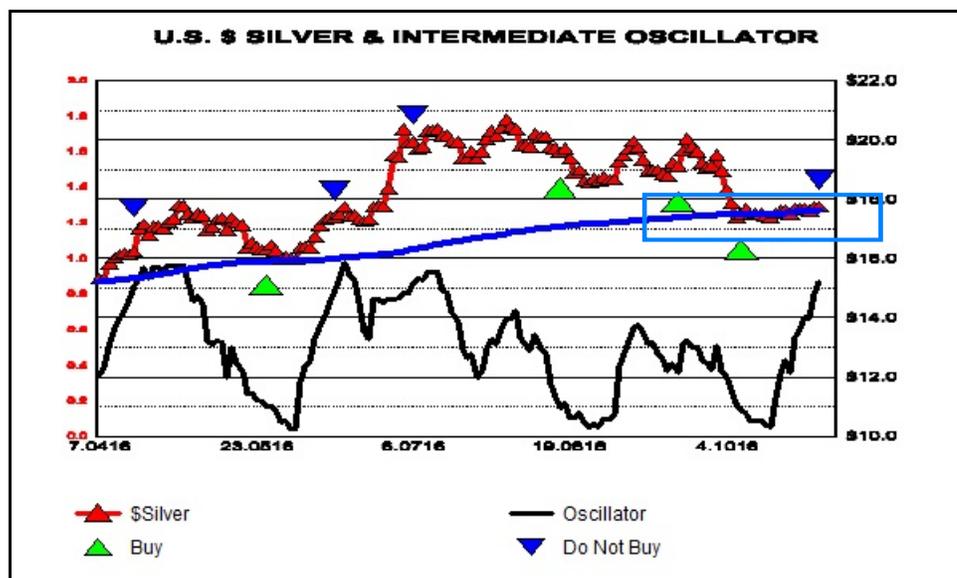
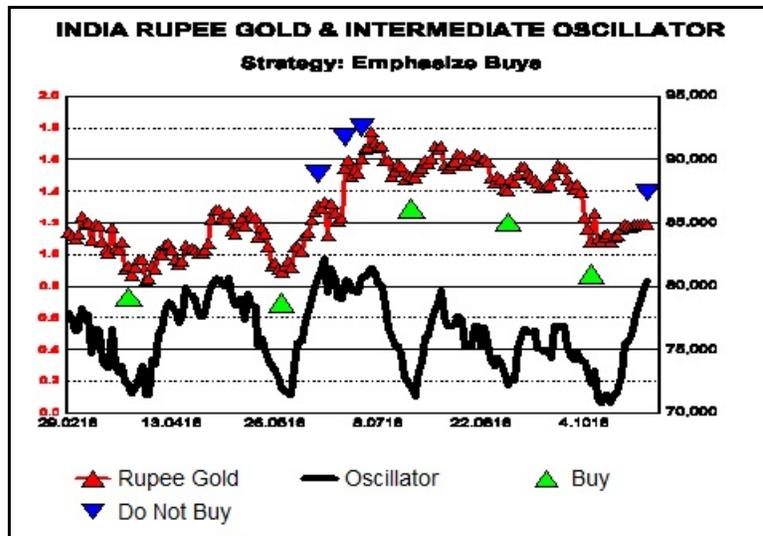
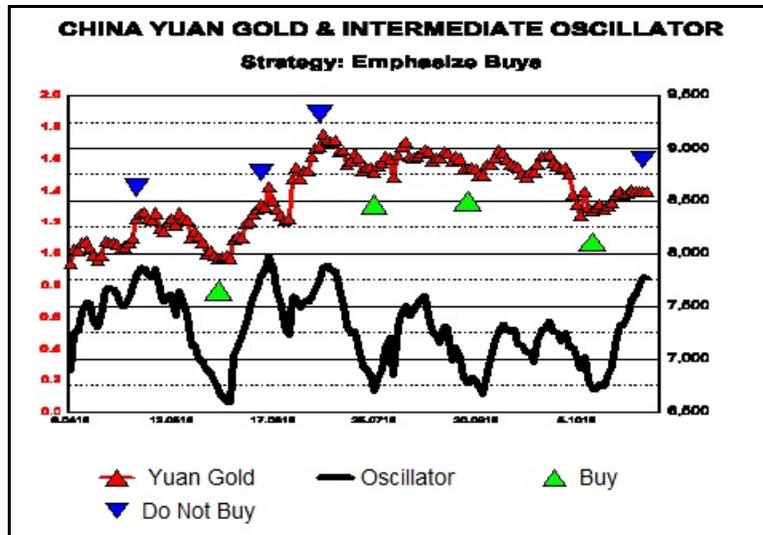
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Clearly, a Clinton presidency would be good for Gold. Policies advocated parallel those that have been totally unsuccessful in Venezuela over past decade or so. Results will be similar. Gold in U.S. dollars will rise fairly nicely over time in such a situation.

Trump is a short-term uncertainty. Major investment funds seem to be assuming that Clinton will win, and their lives will continue without any discontinuities. Trump win would be a discontinuity for many. That, we think, suggests equity market weakness and Gold strength coincident with a Trump victory.

Over time a Trump victory will not change reality that 535 politicians and thousands of uncaring bureaucrats will continue to run U.S. government. As shown on front page of each monthly issue, \$Gold has outperformed U.S. equities for past 19 years. We see little reason that will change.

Silver continues to move in an extremely tight range, just above \$17.50. Notice that oscillator has been moving toward over bought. Again, that condition suggests that buyers are slightly stronger than sellers. As with Gold we will email any buy signals.



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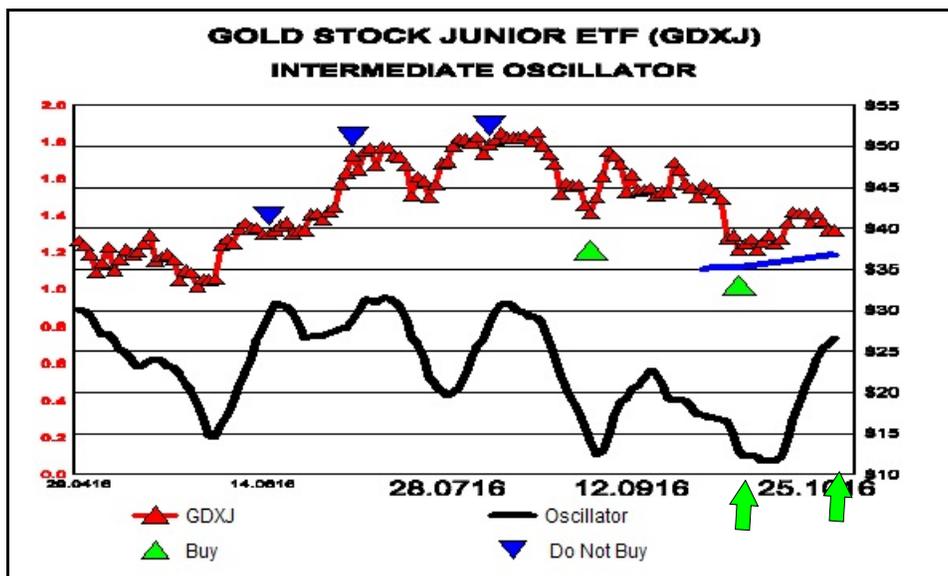
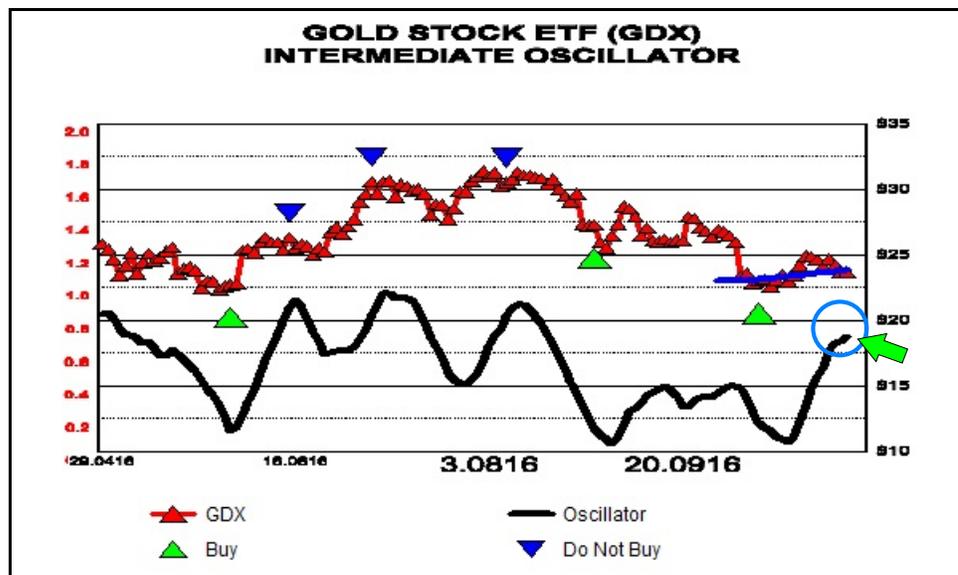
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GOLD STOCK ETFs

Index	Current Value	Low	% Change from Low	Date Of Low
GDX	\$23.81	\$12.40	92%	19 Jan 16
GDXJ	\$39.61	\$16.87	135%	20 Jan 16

ETFs: GDX ETF in top chart and GDXJ ETF in bottom chart. Thus far the Gold stocks have been sent higher simply on the amazing rise of price of Gold. Now the hard part comes as we wait for Gold’s next leg up.

ETFs have been soft as Gold has moved in a lateral manner. Equities discount the future, which means that the stocks of a sector usually move before a move develops in the drivers for the stocks. Gold is the driver for Gold stock ETFs. From the last Do Not Buy, inverted triangle. GDX moved down to a buy signal. In Elliot Wave theory that was a Subwave A in a Major Wave II correction. Stocks then rallied twice. In neither case did it rise above previous high. That would be a Subwave B. Move to the final low, last buy signal, would be called a Subwave C. That should have completed the Major Wave II which is a correction. A move above \$25 would suggest that both Gold and Gold stocks are prepared to move higher in perhaps a Major Wave III.



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Dollar Bulls Still Trying: A strongly, persistent group of economists and investment strategists are just absolutely convinced that the probability of FOMC raising U.S. interest rates on 14th of December is 100%. They have looked at the data and parsed everything said publicly by any Federal Reserve officials, and remain adamant of their view. Subsequent to that rate increase the U.S. dollar's value will soar higher, crushing Gold. Well, they have been saying the same thing for a year, and have not been right yet.

Several times traders' emotions have been exceptionally strong, pushing the dollar into over bought territory within lateral trend highlighted in chart by rectangle, That action can be observed in chart. Four times in the past six months the dollar has been pushed to over bought without success. Announcement that U.S. Federal Bureau of Investigation is again looking at Clinton's emails may cause dollar to break out to the upside somewhat as traders will be selling currencies like Mexican peso or Canadian dollar.

Virtual Gold: Bottom chart continues of most interest. Plotted is net Gold position of commercial accounts, essentially producers. When they sell Gold futures short, net short position becomes more negative, and is essentially added supply to market. Producers, because they are long Gold, generally should have a net short position to hedge price risk of their fundamental long.

Commercials have been reducing their short position for several months. As indicated by the second arrow in chart, they have been doing so more aggressively in recent weeks. Reduction in that short position has been about 17 million ounces.

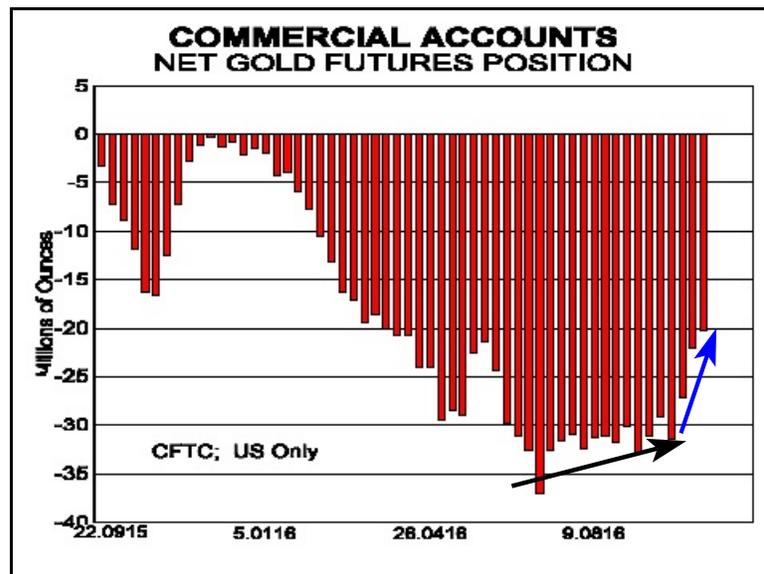
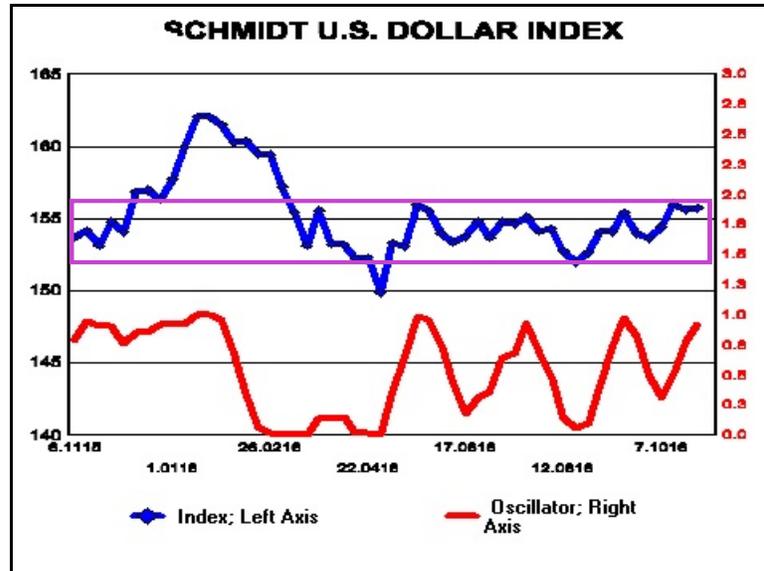
Note that all trades in futures require two parties because what is being traded is a contract. A contract requires both a buyer, a long, and a seller, a short. When commercials sold Gold short the other side of the trade has generally been speculative funds. For providing the other side of the contract, the long, they generally extract a return. As commercials have been buying back their short contracts, the long position held by speculators has declined. We believe the commercials are driving the trading and would not read a lot into the declining long position of large speculators.

Your Eternal Optimist,

Ned

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

VALUATION						
	US\$ GOLD	US\$ GOLD %	US\$ / CHINESE YUAN	CHINESE YUAN %	US\$ SILVER	US\$ SILVER %
CURRENT	\$1,275		\$0.1476		\$17.75	
Long-Term Target	\$2,033	59%	\$0.3330	126%	\$34.85	96%
Fair Value	\$957	-25%			\$16.40	-8%
Daily Oscillator	100%				100%	
Signal Oscillator	82%				87%	
Probability of BULL Trend	99%		81%		99%	
Bear Market Low	\$1,047	17 Dec 2015			\$13.55	14 Dec 2015
% Change From Low	22%				31%	
Days From Low	319 days				321 Days	
Speculative Trader Ratio *	2.9 [4.7]				2.7 [3.7]	
200 Day MA Current - Value	\$1,283 -\$ 8				\$17.60 +\$ 0.15	

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

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