

Will a businessman be better than a career politician?

The skittishness of the markets was shown when the Dow futures fell by 800 points whilst the Australian market fell by more than 2% in a knee-jerk reaction to the news that Trump had won the election, but the next day when New York opened the market was very strong. This led to a 3.3% reversal of the All Ordinaries the following day and it continued to improve over the rest of the week

Yes, many people were shocked by the result, but look beyond that shock. Is Trump going to be any worse than the inept leadership that has been coming out of world in recent years, from America, Australia and elsewhere? I'd opine that almost all world leaders have been failing us as they have been more concerned with social issues and popularity rather than with the fundamental issues. They have been more concerned with imposing regulations and impediments to efficiency than incentivising us to create wealth. They have been more interested in government handouts and buying votes than enabling individuals to be creative and productive in building value. They have been indulging the green movement which is anti-growth and discriminatory against emerging economies and countries that desperately need to lift their populations out of poverty.

Whilst in New York last week, it was eye opening to hear the accounts of the last eight years under Obama and the way he has been pursuing policies which have been anti-business to the extent of being oppressive. It is almost impossible to find anyone who says he has been good for the country (though admittedly that is not based on a representative cross section of society).

It is also interesting that most of the people I met with have been shocked by the result. It was not these people that voted Trump in, perhaps because they didn't want to embrace the unknown, but it was the wider population that has said they have had enough of the incipient politicians of the past. They want a change. The social democracy agenda that the Democrats have been pushing has not been equally fair to all.

I'm reminded of when Ronald Reagan came to power following a period of government by the Democrats. He was no rocket scientist. It was often said his greatest claim to fame had been as a B-grade Hollywood actor. Yet, he presided over a dramatic resurgence of US pride and status. He gave Americans hope again. It may well be that Trump will do the same.

The most disconcerting aspect of Trump during the election campaign has been his ill-considered comments that made people wince. It made it difficult for many people to take him seriously, yet the majority has voted in his favour. Perhaps we can hope that he said many things to create an impact and get people's attention. It was a show, and he is a showman. Now that he has won, why should we expect that he will stick to what he said? After all, he is a politician and all politicians lie. Why will he be any different? The end has justified the means. He is now about to take charge and he can get down to actually doing the job rather than

arm waving. Having control of Congress is going to make him much more effective than say, Malcolm Turnbull in Australia, in making the hard decisions.

It matters not that Trump is lacking in political experience if it is that very experience that makes all politicians fail. I'd rather see someone with real life experience. His lack of experience in international policy shouldn't matter either, given the appalling failure of foreign policy for many decades. He couldn't do any worse. This is an experiment brought about by the failure of past leaders. The outcome is uncertain but so long as there is change, any change, there will be opportunity for those who adapt.

Home grown pride verses the global community

One commentator has observed that the election of Trump was a slap in the face to the liberals (the American kind). Trump achieved strong support from the rustbelts and the towns that have suffered from globalisation and the relocation of industry to China. These are the working class people that have lost out from globalisation, which operates with disrespect to culture. The Republicans appeal to Americans with a sense of home grown pride whereas the Democrats are increasingly appealing to those with global affiliations. As one voter said on the radio, "you have to look after home base first". This is why Trump won. This is also why Brexit is happening.

Globalisation doesn't cater for everyone and not everyone gets rich. It isn't enough to compensate the losers through the redistribution of wealth through social welfare payments. That doesn't fit well with the human psyche when it builds a society based on taking handouts rather than creating value and independence. It is not very motivating.

Infrastructure materials suddenly in demand

We saw the copper and iron ore markets responded instantaneously to Trump's statement that he would spend big on infrastructure. Iron ore prices were already doing well while copper has recently decided to come out of the doldrums. We can expect more institutional money to flow into these sectors as it is an easy tonic for them to swallow. However, it will take longer to actually get the programs going, so there is a lot of anticipation already factored into the markets.

Positive Platinum Asset Management Commentary

In its latest quarterly report to shareholders, Platinum Asset Management paints an improving picture of economies around the world. Summarising the main points it says;

- the Chinese economy is responding well to government deficit spending
- retail sales in China have been growing at rates of 10% and house prices in the 100 largest cities are up 13%. Heavy duty truck orders are up 30%
- there has been a distinct absence of volatility in the developed markets

- there is a trend away from financial/safe assets towards real or inflation assets
- Europe's economy is growing faster than America's
- Europe and Japan are looking more positive than the financial press is telling us

The bottom line of all of these observations is that there is a disconnect between the negative perception around China and the actual, improving levels of activity. In Europe there are positive signs on which to base optimism but investors sentiment has not acknowledged the improvements. If the sentiment was to shift to align itself with what is actually happening, and if we add to this the optimism that has suddenly come out of the USA, then we could quickly have a basis for money flowing into stocks. Certainly there seems no strong reason why we should be bearish or overly cautious.

Cardinal has quickly become an orphan

One of the best performing gold juniors in 2016 has been Cardinal Resources (CDV); until last week. The announcement of a maiden 4 mill. oz gold deposit would normally lead to congratulations, even if the grade is low. Instead, the CDV share price fell by 70% from 65¢ to 19.5¢. Ouch!

At the higher cut-off grade the Namdini resource comprises 3.6 Moz in 80 Mt at 1.4 gpt. While low grade it does offer excellent leverage to the gold price. However, the news that there is a refractory component has scared the living daylights out of the market, bringing back memories of how Ampella fell from grace when its multi-million ounce project in Burkina Faso was kiboshed due to a similar metallurgical issue.

What has annoyed the market in this case is that the sample size for making the metallurgical announcement was very small, being one hole over a 1 km long deposit. Shareholders would have preferred to have seen a more representative sample, but maybe management knows that it would be unlikely to change the view.

As we are so often reminded, you have to trade mining stocks if you don't want to be playing a game of snakes and ladders. Never forget to take some profits even if this means selling when everyone else is talking the stock up. Unfortunately for CDV shareholders its name will now be synonymous with difficult metallurgy and it will no longer be a "go to stock" for a new gold discovery. That said, it might still be a good buy down here.































Sentiment Indicator: NOT UPDATED This week there were 31% (30%) of the charts in uptrend and 44% (39%) in downtrend.

Detailed Chart Comments












NB. Only the bold comments have been updated. Comments in grey type are from previous weeks and will be less relevant.

Indices	Code	Trend Comment	
All Ordinaries	XAO	testing uptrend	
Metals and Mining	XMM	rising again	
Energy	XEJ	strongly higher	
Stocks	Code	Trend Comment (updated comments in bold)	Main Interest
ABM Resources	ABU	holding longer term contract	gold
Aeon Metals	AML	ST downtrend	copper + cobalt
Alacer Gold	AQG	correcting lower	gold – production
Alkane Resources	ALK	new high	gold, zirconia
Acacia Resources	AJC	Sideways at the bottom	coal
Agua Resources	AGR	down again	phosphate
Alicanto Minerals	AQI	heavy correction	gold exploration
Attleche Chemicals	ATC	down	industrial minerals
Anova Metals	AWV	new high	gold
Antipa Minerals	AZY	testing downtrend	gold
Archer Exploration	AXE	downtrend	magnesite, graphite
Argent Minerals	ARD	testing downtrend	polymetallic
Aspire Mining	AKM	uptrend reversed	coal
Atrum Coal	ATU	heavy pullback	coal
Aurelia Metals	AMI	testing downtrend	gold + base metals
Auroch Minerals	AOU	rallied to meet resistance line	exploration
Aus Tin	ANW	breached uptrend	tin, cobalt


















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Australian Bauxite	ABX		turned down at resistance	bauxite
Australian Vanadium	AVL		downtrend	vanadium
Avanco Resources	AVB		hitting resistance line	copper
AWE	AWE		down again	oil and gas
Azure Minerals	AZS		hitting resistance line	silver
BHP	BHP		strongly higher	diversified
Base Resources	BSE		sideways to higher	mineral sands
Bathurst Resources	BRL		strongly higher	coal
Beach Energy	BPT		steeply rise	oil and gas
Beadell Resources	BDR		higher	gold
Berkeley Resources	BKY		new high	uranium
Blackham Resources	BLK		breached support line	gold
Broken Hill Prospect.	BPL		breaching downtrend	minerals sands, cobalt
Buru Energy	BRU		testing downtrend	oil
Canyon Resources	CAY		down	bauxite
Cardinal Resources	CDV		new high	gold exploration
Carnegie Wave	CWE		stronger	wave energy
Cassini Resources	CZI		continuing higher	nickel/Cu expl.
Chalice Gold	CHN		new high	gold
Crusader Resources	CAS		new low	gold/iron ore
Dacian Gold	DCN		testing uptrend	gold exploration
Danakali	DNK		breaching support	potash
De Grey	DEG		sideways	gold
Doray Minerals	DRM		down	gold
Duketon Mining	DKM		rallying	nickel
Eden Energy	EDE		falling again	carbon nanotubes in concrete
Energia Minerals	EMX		down	zinc
Evolution Mining	EVN		down heavily	gold
Excelsior Gold	EXG		collapse	gold
Finders Resources	FND		strong uptrend	copper
First Australian	FAR		sideways	oil/gas
First Graphite	FGR		testing ST resistance line	graphite
Fortescue Metals	FMG		new high	iron ore
Galaxy Resources	GXY		heavy fall	lithium
Galilee Energy	GLL		breached downtrend	oil and gas, CBM
Gascoyne Resources	GCY		breaching support	gold
Geopacific Res. Resources	GPR		down	copper/gold exp.
Global Geoscience	GSC		heavy fall	lithium
Gold Road	GOR		breached uptrend	gold exploration
Goldphyre	GPH		short term down	potash, gold
Graphex Mining	GPX		breached downtrend	graphite
Herron Resources	HRR		breached uptrend	zinc
Highfield Resources	HFR		rallying	potash
Highlands Pacific	HIG		sideways around lows	copper, nickel
Hillgrove Resources	HGO		ST down	copper
Hot Chilli	HCH		testing downtrend	copper
Iluka Resources	ILU		falling	mineral sands
Image Resources	IMA		down	mineral sands
Independence	IGO		rallying	gold, nickel
Intrepid Mines	IAU		sideways - 7¢ capital return proposed	copper
Karoo Gas	KAR		rise from lows	gas
Kibaran Resources	KNL		breached support line	graphite
Kin Mining	KIN		higher	gold
Legend Mining	LEG		breach of gentle dwontrend	exploration

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Lithium Australia	LIT		downtrend	lithium
Lucapa Diamond	LOM		recapturing uptrend	diamonds
Macphersons Res.	MRP		sideways	silver
Manas Resources	MSR		rising	gold
Medusa Mining	MML		still in long term downtrend	gold
Metals of Africa	MTA		vertical rise	graphite
MetalsX	MLX		testing downtrend	tin, gold
Metro Mining	MMI		correcting within uptrend	bauxite
Mincor Resources	MCR		breached support line	nickel
Mineral Deposits	MDL		downtrend	mineral sands
Mustang Resources	MUS		at lows	diamonds, rubies
MZI Resources	MZI		still in downtrend	mineral sands
Northern Minerals	NTU		rising	REE
Northern Star Res.	NST		sell down	gold
Oceana Gold	OGC		down	gold
Oklo Resources	OKU		breached downtrend	gold expl.
Orecorp	ORR		on support line	gold development
Orinoco Gold	OGX		down	gold development
Orocobre	ORE		down	lithium
Oz Minerals	OZL		testing uptrend	copper
Paladin Energy	PDN		down again	uranium
Pacific American Coal	PAK		downtrend	coal, graphene
Pantoro	PNR		breached steepest uptrend	gold
Panoramic Res	PAN		rising	nickel
Paringa Resources	PNL		strong recovery	coal
Peel Mining	PEX		gentle uptrend	copper
Peninsula Energy	PEN		falling again	uranium
Perseus Mining	PRU		stronger	gold
Pilbara Minerals	PLS		falling	lithium/tantalum
PNX Metals	PNX		strong surge	gold, silver, zinc
Potash West	PWN		falling	potash
Red River Resources	RVR		surge to new high	zinc
Regis Resources	RRL		testing uptrend	gold
Resolute Mining	RSG		breached support line	gold
Reward Minerals	RWD		strong rise	potash
Rex Minerals	RXM		back to lows	copper
RIO	RIO		still strong	diversified
RTG Mining	RTG		breached support line	copper/gold
Rum Jungle	RUM		sideways	quartz
Salt Lake Potash	SO4		steeply higher	potash
Saracen Minerals	SAR		down	gold
St Barbara	SBM		down	gold
Sandfire Resources	SFR		stronger	copper
Santana Minerals	SMI		down	silver
Santos	STO		bouncing	oil/gas
Sheffield Resources	SFX		down	mineral sands
Silver Lake Resources	SLR		breached downtrend	gold
Silver Mines	SVL		down	silver
Sino Gas & Energy	SEH		sideways to down	gas
Southern Gold	SAU		uptrend continuing	gold
Stanmore Coal	SMR		steeply higher	coal
Sundance Energy	SEA		new uptrend confirmed	oil/gas
Syrah Resources	SYR		heavy fall	graphite
Talga Resources	TLG		sideways	graphene

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Tanami Gold	TAM		new high	gold
Teranga Gold	TGZ		testing uptrend	gold
Tiger Realm	TIG		surging higher	coal
Tiger Resources	TGS		back to lows	copper
TNG Resources	TNG		surge through resistance	titanium, vanadium
Torian Resources	TNR		down	gold expl'n
Toro Energy	TOE		downtrend	uranium
Troy Resources	TRY		secondary downtrend	gold
Tyranna Resources	TYX		pullback	gold exploration
Vimy Resources	VMY		down	uranium
West African Resources	WAF		rallying	gold
Westwits	WWI		breached ST downtrend	gold exploration/development
Western Areas	WSA		breached support	nickel
White Rock	WRM		down	silver
Whitehaven Coal	WHC		new high	coal
WPG Resources	WPG		improving following placement	gold
Wolf Minerals	WLF		continuing down	tungsten
Totals	31%	44	Uptrend	
	44%	62	Downtrend	
		141	Total	

Guides to Chart Interpretations

- Charts usually go pass from one trend (up or down) into the other via a period of indecision and uncertainty during which the trend can either recover or change. This period is signified by the orange colour. The orange represent both the greatest risk and greatest reward possibilities.
- Once a chart is in confirmed up or downtrends it is not uncommon for 10-20% of that trend to have already transpired.
- There are trends within trends. The focus of this chart review is the immediate trend that affects the sentiment i.e. it can be a downtrend within a long-term uptrend.
- Not every chart warrants a new comment every week. The new comments are in bold type. Grey type comments may be dated.
- Individual charts provide a single view. It is valuable to look at charts of other companies in similar commodities, and the overall sentiment is also very valuable. Not many stocks can swim against the tide.
- We periodically add or delete charts, some times for obscure reasons. If a chart consistent gives poor signals or is very erratic, we may delete it. Sometimes we add a chart because we want to see what all the fuss is about. We do have a preference for charting stocks that we cover in our research as well.
- Errors and omissions may occur from time to time, especially in fast moving markets.

Amber Lights in Tables: Just a reminder if when the amber light is used in the table – it is when the charts are ambiguous or when there is a change of trend taking place. If a chart is breaching a downtrend it can either be a positive sign or a trap. Only once it has done more work can it be confirmed as a new uptrend. Maybe it is a new uptrend (or conversely a new downtrend); the risk takers can decide to jump on board early (or sell). They will maximise their profits (or minimise their losses if indeed it is the start of the new uptrend (downtrend). More risk-averse investors should wait a little longer, being prepared to give up some of the gains in return for greater certainty.

Weightings of Sectors Represented in the Company Charts			
Sector	No. of Companies	Weighting	
Gold	34	24.1%	
Copper	14	9.9%	
Gold Exploration	11	7.8%	
Oil/Gas	9	6.4%	
Potash/Phosphate	7	5.0%	
Mineral Sands	7	5.0%	
Graphite	6	4.3%	
Zinc	5	3.5%	
Silver	6	4.3%	

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Weightings of Sectors Represented in the Company Charts			
Lithium	5	3.5%	
Nickel	5	3.5%	
Uranium	5	3.5%	
Coal	10	7.1%	
Tin	2	1.4%	
Bauxite	3	2.1%	
Iron Ore	1	0.7%	
Diamonds	2	1.4%	
Other	9		
Total	141		

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