

Australia runs the risk of slipping back to the labour versus capital political era

This week the commentary is shorter and not stock specific due to my absence on a marketing trip for FGR, in New York and London. FGR shareholders might be interested to learn that the responses from New York have been particularly positive. They have been impressed by what has been achieved over the last three year and are excited to see we are on the cusp of commercial sales volumes (as opposed to samples). London? Well, they are still strangling themselves with their knickers over the Brexit debacle.

Global warming does not apply to economics as industrial activity is cooling

The world is in the middle of a cooling down phase (not in the environment, but in economic activity). How much of it is because of the trade wars, Brexit and economic sanctions? They probably all contribute to some extent and all result from government intervention. At the same time the alternative energy and EV sectors are booming from subsidies and in Australia in particular, business is suffering from record high electricity costs. So, blood is being drained from the rest of the economy to cause a boom in alternative energy (more pain being caused by government intervention).

With reference to last week's comments, the alternative energy drive is coming from globalisation pressures, not nationalistic preferences. The Australian governments, both State and Federal, have abandoned the interest of the Australian citizens so as to walk in-step with the global community. How smart is that? Where are the loyalties to the electorate that democracy is supposed to give us? Why has Australia destroyed its comparative advantage on energy when compared with the rest of the world?

China's embracing of EVs is good for rare earths

Reviewing China's auto sales over recent months shows an interesting trend. Automobile sales dropped 13.8% YoY in February, the 8th month of consecutive declines. However, new energy vehicles sales are booming, up 53% YoY in February. China seems to be embracing the new technology faster than any other country and so they should, as China is the world's worst polluter.

This trend is already impacting the market for rare earth materials with China becoming an importer. Maybe this sector is due for another run, especially given that Lynas is having issues with its Malaysian operation. Watch Peak Resources and Pensana Metals, both under our chart coverage.

Lucapa continues to churn out large diamonds

Lucapa has reported the recovery of another large diamonds from Mothae, being 83.9 carats. Though not of

as high a value as some of the other large stones, it does attest to its propensity to produce large diamonds.

So far the market has not acknowledged the 70%-owned interest in kimberlite Mothae mine with the shares selling at similar levels to those experienced when the Company relied solely upon the 40%-owned alluvial mine in Angola. The larger equity stake, the lower risk country of Lesotho and the greater geological certainty of a kimberlite mine, as opposed to alluvials, should all provide greater comfort to shareholders, as should the diversification beyond a single mine. The value is there but so far the market cannot see it.

Disclosure: Interests associated with the author own shares in Lucapa Diamond Company

Labor is going back to the past with policies that were previously abandoned as failures

You get to my age and find you have accumulated a fair bit of knowledge over the decades, and hopefully some wisdom. You think you know the lie of the land; what is right and what is wrong, what works and what doesn't. You think that you should be reaching some sort of equilibrium with everything in its place, but that is so wrong. You still have to deal with the increasing proportion of the population that is younger than you who, haven't gone through the long learning process.

So these thoughts come to me as I observe Bill Shorten heading down the path of capital versus labour that was the focal point of politics for much on the 20th Century. It is ironic that it was the Labor governments of Bob Hawke and Paul Keating that finally expunged this ideology from the Australian political scene. It looks like we are about to go back in history.

Who could believe that we are going back to the path of failure? Unfortunately there are many younger voters who didn't experience the failures of a system that became patently obvious in the 1960s and 1970s in particular. They are easy prey for the rhetoric of Labor today. If only they knew what we know.

What is the true ideology of the ALP?

Once, a long time ago, the Labor was genuinely for the workers. That is no longer the case. The Labor movement still works in tandem with trade unions, but in a cauldron of greed and corruption where Labor politicians seek to ride the trade union escalator to Canberra. There is nothing noble about the cause of Labor today. It is just a blatant grab for power and the wealth that comes with it.

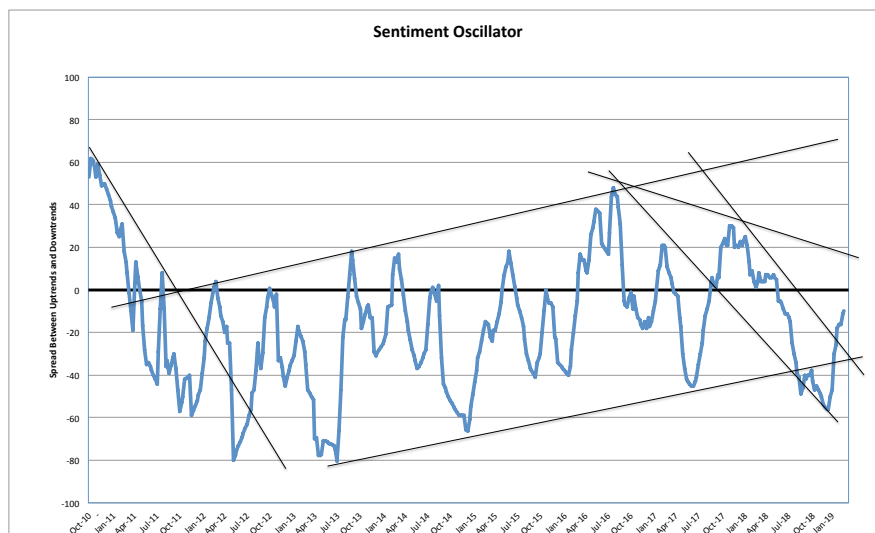
Back in the 1990s I had a brief two year period when I worked with a former Labor government cabinet minister.

Labor had been voted out of office so there were plenty of ex-ministers with time on their hands. Many of them passed through the office of Far East Capital to touch base with their former colleague. I was shocked by some of the conversations that took place.

These guys were not interested in the greater good or the advancement of Australian society. It was all about schemes to make money. There was a consensus that their political career was all about “buying” votes - about getting into power and reaping the benefits that flowed from being in power. It was all about getting rich. These were the ultimate capitalists; capitalising their gains whilst socialising their losses. If people really knew.

Australia’s consumer confidence is falling. No wonder, with the looming prospect of a Labor Government. It is disappointing that the whole political agenda in a democracy can be changed due to the impact of an ignorant number of voters accounting for less than 5-10% of the electorate.

Disclosure: Interests associated with the author own shares in First Graphene and the author is the non-executive chairman.











Sentiment Oscillator: (Not updated from the previous week) There were 30% (31%) of the charts in uptrend and 38% (40%) in downtrend on Friday’s close. No material change.

Detailed Chart Comments




NB. Only the bold comments have been updated. Comments in grey type are from previous weeks and will be less relevant. Please note that this list is a cross section of the market. It IS NOT a list of recommendations.

Indices	Code	Trend Comment	
All Ordinaries	XAO	another high	
Metals and Mining	XMM	small pullback	
Energy	XEJ	surged higher	
Stocks	Code	Trend Comment (updated comments in bold)	Main Interest
Adriatic Resources	ADT	rising wedge	zinc
Aeon Metals	AML	testing downtrend	copper + cobalt
Alacer Gold	AQG	surged higher	gold – production
Alkane Resources	ALK	gently down	gold, zirconia
Acacia Resources	AJC	Sideways at the bottom	coal
Alchemy Resources	ALY	breached downtrend	nickel, cobalt
Alicanto Minerals	AQI	back to lows	gold exploration
Allegiance Coal	AHQ	heavy fall, then strong recovery	coal
Alliance Resources	AGS	still down	gold exploration

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Altech Chemicals	ATC		breached resistance line	industrial minerals - synthetic sapphire
Anova Metals	AWV		new low on poor production report	gold
Apollo Consolidated	AOP		breached support	gold exploration
Argent Minerals	ARD		still in downtrend	silver
Aurelia Metals	AMI		new high	gold + base metals
AusTin	ANW		holding support line	tin, cobalt
Australian Bauxite	ABX		breached uptrend	bauxite
Australian Potash	APC		pullback to support line	potash
Australian Mines	AUZ		hitting resistance	cobalt/nickel
Australian Vanadium	AVL		rallying, but hitting resistance	vanadium
Bounty Coal	B2Y		back to lows	coal
BHP	BHP		surged to multi-year high	diversified
Base Resources	BSE		breaching downtrend	mineral sands
Bathurst Resources	BRL		risen to meet resistance line	coal
Battery Minerals	BAT		surge out of downtrend, then a pullback	graphite
BBX Minerals	BBX		surged higher, but stopped at resistance line	gold
Beach Energy	BPT		surged higher	oil and gas
Bellevue Gold	BGL		new high	gold
Berkeley Energia	BKY		consolidating pattern after steep rise	uranium
Blackstone Minerals	BSX		back to lows	gold, cobalt
Breaker Resources	BRB		up again	gold
Broken Hill Prospecting	BPL		new low	minerals sands
Buru Energy	BRU		breaching downtrend	oil
Cardinal Resources	CDV		new low	gold exploration
Cassini Resources	CZI		consolidating	nickel/Cu expl.
Celsius Resources	CLA		back to lows	copper/cobalt
Chalice Gold	CHN		sideways, but pushing higher	gold
Cobalt Blue	COB		new low	cobalt
Comet Resources	CRL		surge higher	graphite
Dacian Gold	DCN		new high	gold
Danakali	DNK		sideways	potash
Davenport Resources	DAV		down	potash
Doray Minerals	DRM		rising	gold
Eden Innovations	EDE		down	carbon nanotubes in concrete
Egan Street Resources	EGA		risen to meet resistance line	gold
Emerald Resource	EMR		uptrend	gold
Evolution Mining	EVN		breaching uptrend	gold
Exore Resources	ERX		rising	gold exploration
FAR	FAR		crunched down on dud oil well	oil/gas
First Graphene	FGR		breached uptrend	graphene
Fortescue Metals	FMG		surged higher	iron ore
Galaxy Resources	GXY		back into downtrend	lithium
Galena Mining	G1A		steep rise	lead
Galilee Energy	GLL		sideways after breaching downtrend	oil and gas, CBM

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Gascoyne Resources	GCY		collapse back to lows	gold
Gold Road	GOR		rising	gold exploration
Golden Rim	GMR		back to sideways movement	gold exploration
Graphex Mining	GPX		surge, testing downtrend	graphite
Heron Resources	HRR		sideways	zinc
Highfield Resources	HFR		rallied to meet resistance line	potash
Hillgrove Resources	HGO		sideways	copper
Hipo Resources	HIP		rallied to meet resistance line	battery metals
Iluka Resources	ILU		heavy correction	mineral sands
Image Resources	IMA		higher	mineral sands
Independence Group	IGO		new uptrend forming	gold, nickel
ioneer (was Global Geoscience)	INR		testing downtrend	lithium
Jervois Mining	JVR		rising	nickel/cobalt
Jindalee Resources	JRL		surge higher, then a pullback	lithium
Karoo Gas	KAR		breached downtrend	gas
Kasbah Resources	KAS		holding new uptrend	tin
Kibaran Resources	KNL		downtrend	graphite
Kin Mining	KIN		heavy fall	gold
Legend Mining	LEG		new low	nickel exploration
Lepidico	LPD		rising	lithium
Lithium Australia	LIT		continuing downtrend	lithium
Lucapa Diamond	LOM		continuing downtrend	diamonds
Lynas Corp.	LYC		improving off the lows	rare earths
Macphersons Res.	MRP		down	gold/silver
Mako Gold	MKG		higher in new ST uptrend	gold
Marmota	MEU		sideways	gold exploration
MetalsX	MLX		down	tin, nickel
Metro Mining	MMI		new low	bauxite
Mincor Resources	MCR		sideways	gold
Musgrave Minerals	MGV		down	gold exploration
Myanmar Minerals	MYL		uptrend	zinc
Nelson Resources	NES		still struggling in downtrend	gold exploration
Neometals	NMT		down	lithium
Northern Cobalt	N27		down again	cobalt
Northern Minerals	NTU		spike out of downtrend	REE
Northern Star Res.	NST		struggling with uptrend	gold
NTM Gold	NTM		sideways	gold
Oceana Gold	OGC		bounce off support line	gold
Oklo Resources	OKU		down	gold expl.
OreCorp	ORR		rising	gold development
Orinoco Gold	OGX		down	gold development
Orocobre	ORE		testing downtrend	lithium
Oz Minerals	OZL		resumed uptrend	copper
Pacific American Coal	PAK		at lows	coal

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Pantoro	PNR		breached downtrend, moving higher	gold
Panoramic Res	PAN		breached downtrend, at secondary resistance point	gold , nickel
Peak Resources	PEK		in wedge	rare earths
Peel Mining	PEX		testing downtrend	copper
Peninsula Energy	PEN		downtrend again	uranium
Pensana Metals	PM8		sideways	rare earths
Perseus Mining	PRU		testing downtrend	gold
Pilbara Minerals	PLS		down heavily	lithium/tantalum
PNX Metals	PNX		lower	gold, silver, zinc
Polarex	PXX		new low	polymetallic exploration
Prodigy Gold	PRX		testing downtrend	gold exploration
Real Energy	RLE		new high	gas
Red5	RED		breached step uptrend	gold
Red River Resources	RVR		breaching downtrend	zinc
Regis Resources	RRL		moving higher	gold
Resolute Mining	RSG		rallying	gold
RIO	RIO		pullback	diversified
Salt Lake Potash	SO4		re-entering downtrend	potash
Saracen Minerals	SAR		testing uptrend	gold
St Barbara	SBM		testing uptrend	gold
Sandfire Resources	SFR		rising	copper
Santos	STO		into uptrend	oil/gas
Sheffield Resources	SFX		down	mineral sands
St George Mining	SGQ		new, gentle uptrend forming	nickel
Sipa Resources	SRI		recovered, to sideways pattern	general exploration - Ni,Cu, Co, Au
Stanmore Coal	SMR		new high	coal
Strandline Resources	STA		down	mineral sands
Sundance Energy	SEA		down again	oil/gas
Syrah Resources	SYR		new low	graphite
Talga Resources	TLG		steep rise	graphite
Tanami Gold	TAM		breached downtrend	gold
Technology Metals	TMT		short term down	vanadium
Tiger Realm	TIG		down	coal
Triton Minerals	TON		breached steepest downtrend	graphite
Troy Resources	TRY		down	gold
Vango Mining	VAN		down	gold
Vector Resources	VEC		weaker	gold
Venturex	VXR		stronger	zinc
Vimy Resources	VMY		testing downtrend	uranium
Volt Resources	VRC		sideways	graphite
West African Resources	WAF		down	gold
Westwits	WWI		down	gold
Western Areas	WSA		ST uptrend breached	nickel
Whitehaven Coal	WHC		breached ST downtrend, resistance at \$5-\$5.20	coal

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Totals	30%	42	Uptrend
	38%	53	Downtrend
		139	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	35	25.2%	
Gold Exploration	14	10.1%	
Graphite	8	5.8%	
Nickel	8	5.8%	
Coal	8	5.8%	
Oil/Gas	8	5.8%	
Lithium	8	5.8%	
Copper	6	4.3%	
Mineral Sands	6	4.3%	
Zinc/Lead	6	4.3%	
Potash/Phosphate	5	3.6%	
Cobalt	4	2.9%	
Tin	3	2.2%	
Uranium	3	2.2%	
Rare Earths	4	2.9%	
Silver	1	0.7%	
Bauxite	2	1.4%	
Diamonds	1	0.7%	
Vanadium	2	1.4%	
Iron Ore	1	0.7%	
Other	6		
Total	139		

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