

Markets remain strong, but for how long?

Stock markets have been living in fantasy land over the past few months, in denial about the economic impact of coronavirus. The real question we should be asking is how long can this self deception continue before reality bites. Of course, not all industries are equally affected by the current state of affairs. Overall the economies of the world are slumping but there are also a number of beneficiaries that are profiting from the chaos.

Our All Ordinaries Index looked like it was running out of steam last week as it breached an uptrend, but the Metals and Mining Index continued to strengthen, largely on the back of gold and iron ore stocks that have been the big winners out of this pandemic.

Supply issues could be more important than demand for commodities

The copper price has been very strong, rising from around US\$2.45/lb to be nudging US\$3.00/lb over the last month. Normally, if there is an economic slowdown you would expect the copper price to weaken, but there is nothing normal today. Three countries supply more than half of the world's copper supply; Chile, Peru and China. Speculators are betting that the South American countries will struggle with the virus and this will affect supply, just as we have seen with iron ore coming out of Brazil. China is having its own issues with the flood disrupting supply.

Those resource companies that can maintain production and transport to markets across a range of commodities are in a good position to make windfall profits where the virus disrupts supply from competing countries. China is still the hungry giant sucking in resources from all around the globe. According to public statements its economy is still growing, albeit at reduced rates. At the same time it is probable that it is building stockpiles to provide a buffer against possible supply disruptions. The Communist Party cannot afford to have a supply induced recession that might lead to public disorder.

Look to increasing levels of uncertainty out of the USA

A strong theme in the coming months will be the increasing uncertainty in the USA that comes with the Presidential election. The statistics are showing that the USA's economy has slumped dramatically, so when will that be factored into stock prices? The polls are suggesting the Trump is headed for defeat. If Biden wins, what will be the changes that come about? Is it back to the Obama style and appeasement of China, or have we come too far down the road of confrontation? Will Biden be able to do much different with regard to the virus? Will he print even more money that will find its way into equity markets and boost the gold price further? There is plenty of fodder for speculation and volatility.

Chesser delivers better gold intercepts

Chesser Resources (CHZ) has released much better drill results last week than it did in its two previous ASX releases, which had left me somewhat ambivalent. This time around the best intercepts were 48m at 6.7 gpt, 55m at 4.27 gpt, 38m at 4.63 gpt, 36m at 2.93 gpt and 34m at 1.91, from Area D. The Western Splay holes were much less interesting. Nevertheless, the share price tripled on the back of this latest report.

The 48m at 6.7 gpt intercept comprised a rich portion of 10m at 25.1 gpt and a lower grade balance of 38m at 1.85 gpt). There are obviously some higher grade zones but the average grade of the orebody will be much lower than the highlighted intercepts.

In a discussion with the CEO a few weeks ago, the comment was made that the project was proving to be somewhat more complicated the more it was drilled. That is both good and bad; good because complicated geological situations can offer a wider range of deposits, but bad because they take longer to figure out and can be challenging to understand. It takes time.

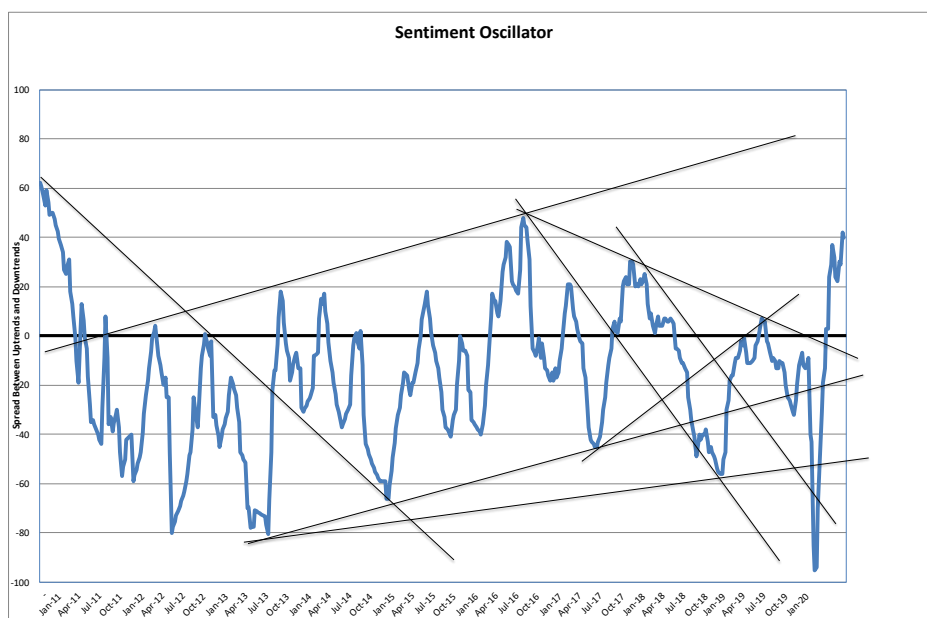
We have added MetalTech (MTC) and Wiluna Minerals (WMX) to the chart coverage this week. Wiluna is the rebadged Blackham Resources, with gold production at Wiluna. MetalTech is something different. It has acquired the Sturec Gold Project in Slovakia, which has a Measured and Indicated resource of 15.4 Mt at 2.05 gpt AuEq. The Inferred Resource adds another 310,000 oz at 0.99 gpt AuEq.

MetalTech describes the deposit as a low sulphidation epithermal system with a main zone of mineralisation 1,200m long and 100-150m wide, to a depth of at least 300m. Gold occurs freely and in non-refractory association with sulphides, and with silver as electrum. A small CIL mill back in the period 1987-1992, recovered 1.54 gpt.

The previous owners of the project were discouraged from developing the mine due to a ban on the use of cyanide in Slovakia. MTC will be looking at alternative recovery methods such as ammonium thiosulphate processing.

The deal involved MTC paying A\$750,000 in cash and a A\$2/oz royalty on ounces above the 1.5 Moz already in the Measured and Indicated Resources, where the grade is greater than 2.5 gpt, capped at 7 Moz. A 2% NSR is payable on all production. Directors of MTC are to share in 20 mill. performance rights, receivable as a facilitation fee for the introduction of the project. (One would have thought that the job of directors is to introduce projects without taking a clip up front).

We are not offering a view on the project or company at this point as we haven't done sufficient homework. The first step is to put it under chart coverage while we walk up the learning curve.





Sentiment Oscillator: Sentiment edged lower during the week with 58% (59%) of the charts in uptrend and 18% (17%) in downtrend on Friday's close.

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	breached uptrend	
Metals and Mining	XMM	down from highs	
Energy	XEJ	starting downtrend	
Stocks	Code	Trend Comment (updated comments in bold)	Main Interest
Alpha HPA	A4N	new high	HPA
Adriatic Resources	ADT	new high	zinc
Aeon Metals	AML	rising	copper + cobalt
Alkane Resources	ALK	new high	gold, zirconia
Alicanto Minerals	AQI	back to recent highs	gold exploration
Allegiance Coal	AHQ	at lows	coal
Alliance Resources	AGS	sideways at highs	gold exploration
American Rare Earths (was BPL)	ARR	on support line	rare earths
Apollo Consolidated	AOP	new high	gold exploration
Arafura Resources	ARU	down again	rare earths
Aurelia Metals	AMI	continuing higher	gold + base metals
Australian Potash	APC	breached downtrend	potash
Australian Vanadium	AVL	new low	vanadium

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Auteco Minerals	AUT		at highs	gold exploration
BHP	BHP		testing uptrend	diversified, iron ore
Base Resources	BSE		hitting resistance	mineral sands
BBX Minerals	BBX		surge higher	gold exploration
Beach Energy	BPT		heading lower	oil and gas
Beacon Mining	BCN		still beneath resistance line	gold production
Bellevue Gold	BGL		new high again	gold exploration
Blackstone Minerals	BSX		rising	nickel
Blue Star Helium	BNL		down	gas, helium
Breaker Resources	BRB		still in LT downtrend	gold exploration
Buru Energy	BRU		heading lower	oil
Buxton Resources	BUX		turned down at resistance line	nickel exploration
Capricorn Metals	CMM		new high	gold
Cardinal Resources	CDV		surge on takeover bid	gold exploration
Central Petroleum	CTP		shallower downtrend	oil/gas
Chalice Gold	CHN		rallying	gold exploration
Chase Mining	CML		testing downtrend	nickel/copper/PGE
Chesser Resources	CHZ		steep rise	gold exploration
Dacian Gold	DCN		new low	gold
Danakali	DNK		rising	potash
Davenport Resources	DAV		rallying	potash
De Grey	DEG		pullback and then a rally	gold
E2 Metals	E2M		at highs	gold exploration
Ecograf (was Kibaran)	EGR		sideways	graphite
Element 25	E25		uptrend	manganese
Emerald Resource	EMR		new high	gold
Euro Manganese	EMN		at lows	manganese
Evolution Mining	EVN		at highs	gold
First Graphene	FGR		still in long term downtrend	graphene
Fortescue Metals	FMG		new high	iron ore
Galaxy Resources	GXY		breaching support	lithium
Galena Mining	G1A		rising	lead
Galilee Energy	GLL		breached uptrend	oil and gas, CBM
Gold Road	GOR		rising	gold
Graphex Mining	GPX		spiked higher on lifting of suspension	graphite
Heron Resources	HRR		breaching downtrend	zinc
Highfield Resources	HFR		breached support	potash
Hillgrove Resources	HGO		still in downtrend	copper
Iluka Resources	ILU		correcting lower	mineral sands
Image Resources	IMA		breached downtrend	mineral sands
Independence Group	IGO		Uptrend breached	gold, nickel
ioneer (was Global Geoscience)	INR		down	lithium
Ionic Rare Earths (Oro Verde)	IXR		sideways	rare earths
Jervois Mining	JVR		rallying	nickel/cobalt

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Jindalee Resources	JRL		still under resistance line	lithium
Kin Mining	KIN		uptrend	gold
Kingston Resources	KSN		new high	gold
Kingwest Resources	KWR		testing downtrend	gold
Legend Mining	LEG		downtrend	nickel exploration
Lepidico	LPD		testing downtrend	lithium
Lindian Resources	LIN		breached downtrend	bauxite
Lithium Australia	LIT		still in long term downtrend	lithium
Lotus Resources	LOT		rallying	uranium
Lucapa Diamond	LOM		breached downtrend	diamonds
Lynas Corp.	LYC		breaching uptrend	rare earths
Mako Gold	MKG		pullback	gold exploration
Manhattan Corp	MHC		spiked higher on positive drill results	gold exploration
Marmota	MEU		strong recovery	gold exploration
MetalTech	MTC		rising	gold
MetalsX	MLX		breached downtrend	tin, nickel
Metro Mining	MMI		rising	bauxite
Mincor Resources	MCR		off from high	gold/nickel
Musgrave Minerals	MGV		strongly higher	gold exploration
Myanmar Minerals	MYL		breached downtrend	zinc
Nelson Resources	NES		rising	gold exploration
Neometals	NMT		continuing down	lithium
Northern Minerals	NTU		breached downtrend	REE
Northern Star Res.	NST		rallying	gold
NTM Gold	NTM		rising again	gold exploration
Oceana Gold	OGC		new high	gold
Oklo Resources	OKU		breached uptrend	gold expl.
OreCorp	ORR		rising	gold development
Orocobre	ORE		heavy correction	lithium
Oz Minerals	OZL		on trend line	copper
Pacific American Holdings	PAK		new low	coal
Pacifico Minerals	PMY		rising	silver/lead
Pantoro	PNR		new high	gold
Panoramic Res	PAN		down	gold , nickel
Peak Resources	PEK		risen to meet resistance line	rare earths
Peel Mining	PEX		uptrend	copper
Peninsula Energy	PEN		down again	uranium
Pure Minerals	PM1		rising	nickel/cobalt/HPA
Pensana Metals	PM8		rising again	rare earths
Perseus Mining	PRU		rising	gold
Pilbara Minerals	PLS		at apex of flag	lithium
Polarex	PXX		uptrend	polymetallic exploration
Ramelius Resources	RMS		on trend line	gold production
Red5	RED		rallying	gold

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Red River Resources	RVR		broken through resistance line	zinc
Regis Resources	RRL		uptrend again	gold
Regergen	RLT		rising	gas, helium
Resolution Minerals	RML		rising again	gold
Resolute Mining	RSG		rising	gold
RIO	RIO		surge higher	diversified, iron ore
Rumble Resources	RTR		breached steep uptrend	Gold exploration
Salt Lake Potash	SO4		hitting resistance	potash
Saracen Minerals	SAR		on trend line	gold
St Barbara	SBM		on trend line	gold
Sandfire Resources	SFR		fallen through support	copper
Santos	STO		breached uptrend	oil/gas
Saturn Metals	STN		recapturing uptrend	gold exploration
Sheffield Resources	SFX		correcting within uptrend	mineral sands
Sky Metals	SKY		heavy correction	gold exploration
St George Mining	SGQ		breached uptrend	nickel
Silex Systems	SLX		pullback	uranium enrichment technology
Silver Mines	SVL		on trend line	silver
Sipa Resources	SRI		rising	general exploration - Ni,Cu, Co, Au
Stanmore Coal	SMR		down again	coal
Strandline Resources	STA		new high	mineral sands
Syrah Resources	SYR		breached uptrend	graphite
Talga Resources	TLG		rising	graphite
Technology Metals	TMT		rising	vanadium
Tesoro Resources	TSO		steep rise	gold exploration
Theta Gold Mines	TGM		steep rise	gold
Titan Minerals	TTM		bouncing off support line	gold
Vango Mining	VAN		rising	gold
Venturex	VXR		down again	zinc
Vimy Resources	VMY		heavy fall after placement	uranium
West African Resources	WAF		off its high	gold
Westgold Resources	WGX		rising again	gold
West Wits Mining	WWI		rising	gold
Western Areas	WSA		falling back to support line	nickel
Whitebark Energy	WBE		sideways	oil and gas
Whitehaven Coal	WHC		secondary downtrend	coal
Wiluna Mining	WMX		sideways	gold
Yandal Resources	YRL		testing uptrend	gold exploration
Zinc Mines of Ireland	ZMI		testing downtrend	zinc
Totals	57%	80	Uptrend	
	18%	25	Downtrend	
		140	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	33	23.6%	
Gold Exploration	22	15.7%	
Zinc/Lead	10	7.1%	
Nickel	8	5.7%	
Oil/Gas	8	5.7%	
Lithium	8	5.7%	
Coal	5	3.6%	
Mineral Sands	5	3.6%	
Rare Earths	7	5.0%	
Potash/Phosphate	5	3.6%	
Copper	5	3.6%	
Graphite	4	2.9%	
Iron Ore/Manganese	5	3.6%	
Uranium	3	2.1%	
Bauxite	3	2.1%	
Silver	3	2.1%	
Cobalt	1	0.7%	
Vanadium	1	0.7%	
Tin	1	0.7%	
Diamonds	1	0.7%	
Other	2		
Total	140		

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