

It could be the greatest man-made disaster in modern times

You knew it was going to be a rough week when the Dow went up by 9.3% the previous Friday, and our All Ords fell by 9.5% on the following Monday. People are still trying to pick the bottom of this market but no analysis is going to help you here. Some people are saying they are buying blue chips on great yields, but they won't be feeling so good about it when these companies are forced to cut dividends in the not too distant future.

There is not much point in talking about merits of individual companies right now, or the state of the markets, when there are more important issues at hand. If we get the big picture wrong, nothing else matters. Everything else is kaput.

Governments are only guessing about what to do

The official line is that this chaos is all because of the coronavirus, but the reality is very different. Governments are failing to make the hard decisions. They want to do things that seem responsible and so they throw money at the problem, because they think this is what placates the electorate; but there are deeper issues at play.

In Australia the Prime Minister is still bruised by the criticism he received over the bushfires, so he wants to be seen to be doing things now. He wants to stay one step ahead of the media, but that is all he is doing. He is a politician, after all, and politicians are not trained for these circumstances. Their bikes still have the training wheels attached.

They are fiddling while commerce and society burn

I cannot help but feel this is a bit like Nero fiddling while Rome burns. The basis of our modern society has a number of important pillars and not all of them rely on management by government. Commerce is what has made our modern society what it is. Interfere with that, and the involvement of Adam Smith's invisible hand, and you are heading for a disaster. Our modern world is on the edge of a precipice and if the government keeps closing it down it might take years to rebuild. We can take the interruption for a few days, and maybe weeks, but when it goes into months you start to have a real problem with everything going into reverse gear.

The virus might be held at bay, but what about the social disorder when people start to run out of food and essentials? We are told that there is no supply problem and that the issue lies with demand, but that is only in the immediate present. If commerce isn't allowed to function freely then we will have serious supply issues and the smart people will have been the ones that have built stockpiles. Look at the supply issues the world faced when China shut down. No-one thought about this in the beginning, but then reality started to bite. Expect a similar scenario in our domestic economy. This is what the stock

market movements are telling us, and investors will be terrified whilst the government focus is only the simplistic logic of flattening a curve. To me, it is ridiculous. It lacks leadership.

The "flattening out of the curve" strategy is just dumb

The strategy of flattening out the curve is just plain dumb. What does it give us? It is extended pain when it may be best to just get it over and done with. If we have to take our turn in getting the virus, and commerce and society melts down while we are in the queue, where does that leave us? What sort of wreck do we have to rebuild, after how many months or years?

It is a fallacy to say that if we flatten out the curve the medical services will be better able to cope with the virus. Even if we double or triple our medical services capability we still won't have the capacity. Nevertheless, this is where the dollars should be spent by the government rather than giving cash handouts to compensate for what they have done us.

The human body is designed to build up immunity though exposure

Back in the days of my ancestors, in the Scottish Highlands, when a child in the village became infected with the measles, mumps or other illnesses, they would put all the kids in the village in the same room. They didn't have medical facilities or immunisations back then. The kids either succumbed or survived, and the survivors henceforth had acquired immunity and their lives were stronger.

Maybe this approach is not politically and socially unacceptable today, even though we live in an overcrowded world in which so many of our problems come from too many people and overconsumption. Think about it. At this rate we will not need to worry about meeting the Paris Agreement on the reduction of carbon emissions, so maybe Greta is rubbing her hands with glee.

The revelation by Qantas at the end of the week, that even such a great Australian icon could become extinct through the foolishness of governments, should be a wake up call as to where this is all going. We should get the business world rolling again and stop the self immolation. What would you rather, have the risk of an aggressive flu or the pain that comes with another Great Depression that could last at least five years?

We need to act now, not look back in regret. The government needs to step back and take its foot off our throats so that the we can breathe again.

Globalisation is showing its downside

We have already seen a pushback against globalisation in recent years with the Brexit and Trump's tariffs. The coronavirus is showing other downsides; firstly from the

speed at which it has run around the globe, and then from the interdependence of every nation on other nations. Specifically, the elephant in the room here is China. It gave us the virus, it interrupted the global supply chain and now it is giving us the solution - or is it?

If we become completely isolated we may put an end to the virus crises, but at what cost? Globalisation is unravelling and if it goes down this path too far, will it be able to return? If it can return, do we want to be part of something that is proving itself to be so fragile? The likelihood is that it will be a watered down version of globalisation rather than one of blind faith in its benefits. We will also step back from just-in-time inventory management because this doesn't factor in unanticipated disruptions.

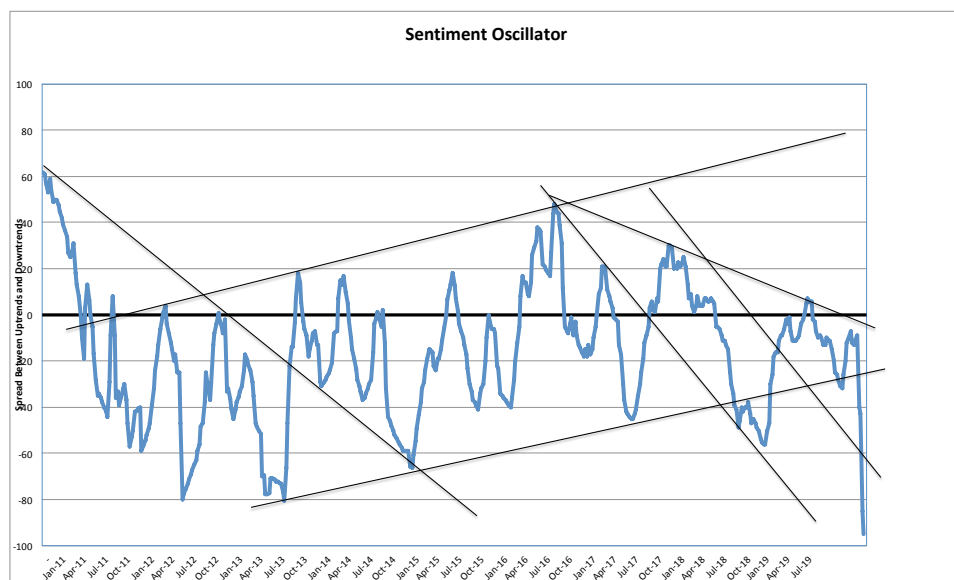
I will leave you with some thoughts from the Foreign Affairs publication.

The Real Pandemic Danger is Social Collapse
As the Global Economy Comes Apart, Societies May Too
 By Branko Milanovic. Foreign Affairs. March 19, 2020.

"... the human toll of the disease will be the most important cost and the one that could lead to societal disintegration [not because they get the virus, but they are left to deal with the mess]. Those who are left hopeless, jobless, and without assets could easily turn against those who are better off. Already, some 30 percent of Americans have zero or negative wealth. If more people emerge from the current crisis with neither money, nor jobs, nor access to health care, and if these people become desperate and angry, such scenes as the recent escape of prisoners in Italy or the looting that followed Hurricane Katrina in New Orleans in 2005 might become commonplace. If governments have to resort to using paramilitary or military forces to quell, for example, riots or attacks on property, societies could begin to disintegrate.

Thus the main (perhaps even the sole) objective of economic policy today should be to prevent social breakdown. Advanced societies must not allow economics, particularly the fortunes of financial markets, to blind them to the fact that the most important role economic policy can play now is to keep social bonds strong under this extraordinary pressure.

Disclosure: Interests NIL



Sentiment Oscillator: Sentiment was still at rock bottom last week with 1% (2%) of the charts in uptrend and 96% (87%) in downtrend on Friday's close. It can only get better from here. Maybe that is a buy signal?

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	collapse	
Metals and Mining	XMM	collapse	
Energy	XEJ	collapse	
Stocks	Code	Trend Comment (updated comments in bold)	Main Interest
Alpha HPA	A4N	down	HPA
Adriatic Resources	ADT	heavy pullback	zinc
Aeon Metals	AML	falling again	copper + cobalt
Alacer Gold	AQG	down	gold – production
Alkane Resources	ALK	fallen through support line	gold, zirconia
Alicanto Minerals	AQI	down	gold exploration
Allegiance Coal	AHQ	down	coal
Alliance Resources	AGS	breached uptrend	gold exploration
Apollo Consolidated	AOP	down	gold exploration
Arafura Resources	ARU	down	rare earths
Aurelia Metals	AMI	down again	gold + base metals
Australian Potash	APC	down	potash
Australian Mines	AUZ	base forming	cobalt/nickel
Australian Vanadium	AVL	new low	vanadium
BHP	BHP	heading lower	diversified, iron ore
Base Resources	BSE	down	mineral sands
Bathurst Resources	BRL	down	coal
BBX Minerals	BBX	down	gold exploration
Beach Energy	BPT	heavy fall	oil and gas
Beacon Mining	BCN	down	gold production
Bellevue Gold	BGL	down	gold exploration
Blackstone Minerals	BSX	heavy fall	nickel
Breaker Resources	BRB	down	gold exploration
Broken Hill Prospecting	BPL	at lows	minerals sands
Buru Energy	BRU	turning down	oil
Buxton Resources	BUX	turned down at resistance line	nickel exploration
Capricorn Metals	CMM	down	gold
Cardinal Resources	CDV	down	gold exploration
Cassini Resources	CZI	down	nickel/Cu expl.
Central Petroleum	CTP	down	oil/gas
Chalice Gold	CHN	slump	gold exploration
Chase Mining	CML	heavy slump	nickel/copper/PGE
Chesser Resources	CHZ	down	gold exploration
Cobalt Blue	COB	new low	cobalt
Dacian Gold	DCN	suspended	gold

Danakali	DNK		drifting lower	potash
Davenport Resources	DAV		at lows	potash
De Grey	DEG		Uptrend	gold
Ecograf (was Kibaran)	EGR		down	graphite
Emerald Resource	EMR		slump	gold
Evolution Mining	EVN		down	gold
Exore Resources	ERX		down	gold exploration
FAR	FAR		new low	oil/gas
First Graphene	FGR		slump	graphene
Fortescue Metals	FMG		down	iron ore
Galaxy Resources	GXY		down	lithium
Galena Mining	G1A		breached steepest downtrend	lead
Galilee Energy	GLL		downtrend forming	oil and gas, CBM
Gold Road	GOR		breached uptrend	gold
Graphex Mining	GPX		down	graphite
Heron Resources	HRR		new low	zinc
Highfield Resources	HFR		down	potash
Hillgrove Resources	HGO		still in downtrend	copper
Iluka Resources	ILU		slump out of downtrend then rebound	mineral sands
Image Resources	IMA		still in downtrend	mineral sands
Independence Group	IGO		testing support line	gold, nickel
ioneer (was Global Geoscience)	INR		down	lithium
Jervois Mining	JVR		testing resistance line	nickel/cobalt
Jindalee Resources	JRL		spike to hit resistance line	lithium
Kin Mining	KIN		breached support line	gold
Kingston Resources	KSN		down	gold
Kingwest Resources	KWR		down	gold
Legend Mining	LEG		falling	nickel exploration
Lepidico	LPD		down	lithium
Lindian Resources	LIN		down	bauxite
Lithium Australia	LIT		down	lithium
Lucapa Diamond	LOM		off its lows	diamonds
Lynas Corp.	LYC		down	rare earths
Mako Gold	MKG		down	gold exploration
Marmota	MEU		down	gold exploration
MetalsX	MLX		new low	tin, nickel
Metro Mining	MMI		down	bauxite
Mincor Resources	MCR		breached uptrend	gold
Musgrave Minerals	MGV		breached uptrend	gold exploration
Myanmar Minerals	MYL		down	zinc
Nelson Resources	NES		falling again	gold exploration
Neometals	NMT		continuing down	lithium
Northern Minerals	NTU		down	REE
Northern Star Res.	NST		down	gold

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NTM Gold	NTM		down	gold exploration
Oceana Gold	OGC		down	gold
Oklo Resources	OKU		breaching uptrend	gold expl.
Orecorp	ORR		down	gold development
Oro Verde	OVL		breached uptrend	rare earths
Orocobre	ORE		down	lithium
Oz Minerals	OZL		down	copper
Pacific American Holdings	PAK		new low	coal
Pacifico Minerals	PMY		down	silver/lead
Pantoro	PNR		down	gold
Panoramic Res	PAN		down	gold , nickel
Peak Resources	PEK		down	rare earths
Peel Mining	PEX		down	copper
Peninsula Energy	PEN		down	uranium
Pure Minerals	PM1		sideways channel	nickel/cobalt/HPA
Pensana Metals	PM8		down	rare earths
Perseus Mining	PRU		breached uptrend	gold
Pilbara Minerals	PLS		but strong rally	lithium
PNX Metals	PNX		down	gold, silver, zinc
Polarex	PXX		breached uptrend	polymetallic exploration
Ramelius Resources	RMS		heavy fall	gold production
Real Energy	RLE		new low	gas
Red5	RED		down	gold
Red River Resources	RVR		now in secondary downtrend	zinc
Regis Resources	RRL		down	gold
Resolute Minerals	RML		heavy fall (was Northern Cobalt)	cobalt
Resolute Mining	RSG		testing downtrend	gold
RIO	RIO		down	diversified, iron ore
Salt Lake Potash	SO4		down	potash
Saracen Minerals	SAR		breached uptrend	gold
St Barbara	SBM		still in shallow downtrend	gold
Sandfire Resources	SFR		down	copper
Santos	STO		down	oil/gas
Saturn Metals	STN		off its highs	gold exploration
Sheffield Resources	SFX		new low	mineral sands
Sky Metals	SKY		off its highs	gold exploration
St George Mining	SGQ		down	nickel
Sipa Resources	SRI		down	general exploration - Ni,Cu, Co, Au
Spectrum Metals	SPX		testing uptrend	gold exploration
Stanmore Coal	SMR		down again	coal
Strandline Resources	STA		down	mineral sands
Syrah Resources	SYR		down again	graphite
Talga Resources	TLG		down	graphite
Technology Metals	TMT		down	vanadium

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Vango Mining	VAN	■	breached uptrend	gold
Venturex	VXR	■	strong rally, hit resistance line	zinc
Vimy Resources	VMY	■	new low	uranium
West African Resources	WAF	■	uptrend again	gold
Westgold Resources	WGX	■	breached uptrend	gold
West Wits Mining	WWI	■	testing uptrend	gold
Western Areas	WSA	■	breached support line	nickel
Whitebark Energy	WBE	■	down	oil and gas
Whitehaven Coal	WHC	■	down	coal
Yandal Resources	YRL	■	down	gold exploration
Zinc Mines of Ireland	ZMI	■	down	zinc
Totals	1%	2	Uptrend	
	96%	128	Downtrend	
		134	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	31	23.1%
Gold Exploration	19	14.2%
Oil/Gas	8	6.0%
Nickel	9	6.7%
Lithium	8	6.0%
Coal	6	4.5%
Zinc/Lead	10	7.5%
Mineral Sands	6	4.5%

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Rare Earths	6	4.5%	
Potash/Phosphate	5	3.7%	
Copper	5	3.7%	
Cobalt	3	2.2%	
Graphite	4	3.0%	
Tin	1	0.7%	
Iron Ore	3	2.2%	
Uranium	1	0.7%	
Bauxite	3	2.2%	
Vanadium	1	0.7%	
Silver	2	1.5%	
Diamonds	1	0.7%	
Other	2		
Total	134		

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