

Markets are becoming more skittish

The markets are in a pullback mode at the moment with the indices that we follow, the All Ords, Energy and Metals & Mining all breaking lower. There is plenty of news flow around, domestic and international, but not enough to cause new buying. It is likely that these indices have seen their highs for 2019, especially if the iron ore price remains soft.

In the US the politicians picked up on the theme of a possible recession, as deduced from the inversion of the yield curve, and this helped the markets to rally early in the week when the politicians started to talk about what can be done to avert a downturn. (As we said last week, the door is always open to a stimulating policy move to avert a recession). But then the twittering started again.

We continue to see that when Trump Twitters, the market falls, which seems a bit counterproductive. (When I was a kid a tweet was another name for an idiot). On Friday his latest tweet spat on China and the trade war breathed renewed upside into the gold price, but the Dow dropped by 2.37% to close at the week's low.

We started to see some selling in the gold producers last week with Northern Star, Resolute Saracen and St Barbara being three notable losers, but maybe we will see a rally on Monday given Friday night's close at US\$1,626/oz.

Capricorn Metals - a new gold company on the radar

Capricorn Metals (CMM) is an emerging gold producer with strong shareholders and experienced management that recently raised \$65m in a placement at 16¢, taking its cash balance close to \$90m. The funds will be combined with a \$109m debt and a gold hedging package to fund the development of the Karlawinda gold project, 65 km SE of Newman in the Pilbara. Construction is due to commence in Q1 2020, with commissioning scheduled for Q1 2021.

In June 2018, CMM released a revised feasibility study based on a gold resource of 1.5 Moz and an open pit reserve of 0.893 Moz, sufficient for a 6.5 year life at 100,000 oz p.a. Planned throughput was 3 Mtpa with an estimated AISC of A\$1,025/oz.

At the time of the release the share price didn't move much, which was not surprising as the estimated capex was \$131m, not an insignificant sum for a junior to raise. Also, the reserve grade of 1 gpt in such a remote location didn't suggest that it was offering low hanging fruit, but how things have changed in 12 months! The most obvious change is the A\$ gold price. Low grade mines offer the greatest leverage.

In September 2018, Regis Resources approached Capricorn with a takeover proposal at 11.4¢ a share, which was almost double the prevailing share price at the time. Directors recommended the bid, but the largest shareholder with 18.9%, Hawkes Point, rejected the bid and it was

withdrawn. Nevertheless, it was the catalyst for a complete overhaul of the board in March 2019. Without going into the fine detail, the end result is that the company is now well on the path to project development and it is firmly in the Equigold camp with Mark Clark appointed as Executive Chairman.

There are still a number of moving parts in the story but they will become more apparent in the fullness of time. What we can say is that it is a company worth watching. Where Mark Clark is, so you will find Nick Giorgetta, the doyen of the Australian gold sector. The team has been consistently successful over many decades and it is no stranger to low grades. We have added the shares to our charting coverage.

NB: I haven't yet had the chance to speak with the management yet, so I don't have any special insight.

Iluka's comments send investors running

Iluka's six month profit statement for the June Half didn't seem too bad on the numbers alone, but its comments regarding the outlook for the zircon market caused a panic in the market with shareholders falling over themselves to exit the stock, touching a new 52 week low. While it is under chart coverage it is not one that I follow closely. Nevertheless, looking at the price movements there seems to be plenty of volatility, and volume, to make it an interesting bluechip trading stock.

Hong Kong conflict goes global

Those of you who thought that the unrest in Hong Kong would be localised, think again. Last weekend there were large rallies of pro-Communist China people in Australian cities, with some conflict with pro-Hong Kong democracy supporters. The conflict is going global - at least as far as Australia is concerned.

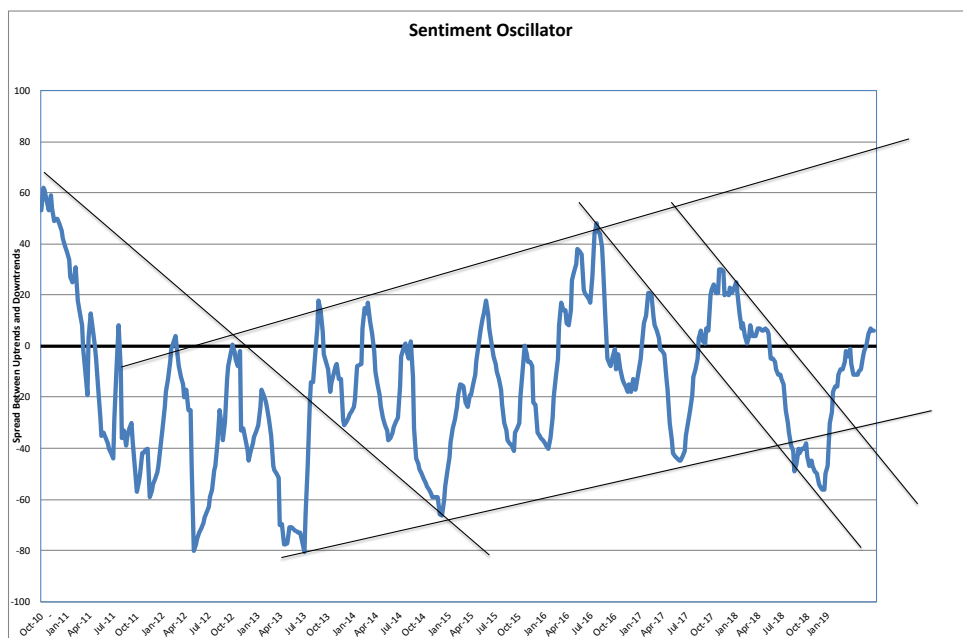
There have long been concerns that amongst the tens of thousands of ethnic Chinese studying in Australia there are also many agents of the Chinese communist government. There seems plenty of evidence that they are being very active in these recent demonstrations? I don't think many of us would be pleased to see what is going on here.

We initially viewed the spread of Chinese people throughout the globe, being part of China's reawakening over the last 30 years, as just another diasporic event in history. There were many beneficiaries, including Australia, due to China's need for raw materials, for example. However, the sentiment towards China is changing with suspicion increasing as to what the end game is. Evidence suggests that this is not just about globalisation. China continues to be one of the more nationalistic countries as it promotes its political objectives in seeking greater influence not just in its neighbourhood, but elsewhere such as in the South Pacific and in Africa. What happens when we see

aggression levels rise, either at the initiative of the Chinese Communist Party, or in a pushback from the USA ?

There is an old Chinese proverb that says “You need to beat the grass to flush out the snake”. Is this what Trump is doing?

If the conflict does escalate beyond a Cold War, into a hot war, it will be very problematic. Who of the Chinese expats around the world are staunch communist sympathisers, and who are libertarians? Let’s hope we don’t need to know.



Sentiment Oscillator: Sentiment eased little over the week. There were 39% (41%) of the charts in uptrend and 33% (35%) 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	breached uptrend	
Energy	XEJ	breached uptrend	
Stocks	Code	Trend Comment (updated comments in bold)	Main Interest
Alpha HPA		new uptrend forming	HPA
Adriatic Resources	ADT	breaching downtrend	zinc
Aeon Metals	AML	back in downtrend	copper + cobalt
Alacer Gold	AQG	new high	gold – production
Alkane Resources	ALK	stronger on rare earth thematic	gold, zirconia
Acacia Resources	AJC	Sideways at the bottom	coal
Alchemy Resources	ALY	breached uptrend - rights issue	nickel, cobalt
Alicanto Minerals	AQI	back to support line	gold exploration
Allegiance Coal	AHQ	new high	coal












































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Alliance Resources	AGS		breached downtrend	gold exploration
Altech Chemicals	ATC		down	industrial minerals - synthetic sapphire
Apollo Consolidated	AOP		rising	gold exploration
Arafura Resources	ARU		down	rare earths
Argent Minerals	ARD		new uptrend	silver
Aurelia Metals	AMI		breaching downtrend	gold + base metals
AusTin	ANW		new low	tin, cobalt
Australian Bauxite	ABX		breached uptrend	bauxite
Australian Potash	APC		continuing with uptrend	potash
Australian Mines	AUZ		testing downtrend	cobalt/nickel
Australian Vanadium	AVL		new low	vanadium
BHP	BHP		heavy slump	diversified, iron ore
Base Resources	BSE		pullback	mineral sands
Bathurst Resources	BRL		down	coal
BBX Minerals	BBX		breaching uptrend	gold exploration
Beach Energy	BPT		risen to resistance line	oil and gas
Beacon Mining	BCN		pullback	gold production
Bellevue Gold	BGL		correcting lower after placement	gold exploration
Berkeley Energia	BKY		in secondary downtrend	uranium
Blackstone Minerals	BSX		steeply higher	gold, cobalt
Bounty Coal	B2Y		still in downtrend	coal
Breaker Resources	BRB		drifting	gold exploration
Broken Hill Prospecting	BPL		steeply higher, then all the way back down	minerals sands
Buru Energy	BRU		testing uptrend	oil
Buxton Resources	BUX		continuing down	nickel exploration
Capricorn Metals	CMM		strong uptrend	gold
Cardinal Resources	CDV		breached downtrend	gold exploration
Cassini Resources	CZI		sideways	nickel/Cu expl.
Celsius Resources	CLA		falling back to lows	copper/cobalt
Chalice Gold	CHN		new uptrend	gold exploration
Chase Mining	CML		uptrend breached	nickel/copper/PGE
Chesser Resources	CHZ		testing downtrend	gold exploration
Cobalt Blue	COB		new lows	cobalt
Dacian Gold	DCN		strong rise	gold
Danakali	DNK		sideways to lower	potash
Davenport Resources	DAV		down	potash
Egan Street Resources	EGA		under takeover offer	gold
Emerald Resource	EMR		gentle downtrend	gold
Evolution Mining	EVN		new high	gold
Exore Resources	ERX		rising	gold exploration
FAR	FAR		sideways at lows	oil/gas
First Graphene	FGR		uptrend	graphene
Fortescue Metals	FMG		breached uptrend	iron ore
Galaxy Resources	GXY		new low	lithium


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Galena Mining	G1A	orange	sideways movement	lead
Galilee Energy	GLL	green	new high	oil and gas, CBM
Gold Road	GOR	green	new high	gold
Graphex Mining	GPX	red	drifting lower	graphite
Heron Resources	HRR	red	new low	zinc
Highfield Resources	HFR	green	surge to new high then heavy pullback	potash
Hillgrove Resources	HGO	orange	sideways	copper
Hipo Resources	HIP	red	at lows	battery metals
Iluka Resources	ILU	red	down heavily	mineral sands
Image Resources	IMA	green	pullback	mineral sands
Independence Group	IGO	green	rising	gold, nickel
ioneer (was Global Geoscience)	INR	red	down again	lithium
Jervois Mining	JVR	orange	sideways at lows	nickel/cobalt
Jindalee Resources	JRL	orange	slump, testing support line	lithium
Karoon Gas	KAR	green	heavy retracement	gas
Kasbah Resources	KAS	red	bouncing off its low	tin
Kibaran Resources	KNL	red	down	graphite
Kin Mining	KIN	green	new uptrend forming	gold
Legend Mining	LEG	orange	bouncing	nickel exploration
Lepidico	LPD	red	down	lithium
Lithium Australia	LIT	red	new low	lithium
Lucapa Diamond	LOM	red	continuing downtrend	diamonds
Lynas Corp.	LYC	orange	breached uptrend	rare earths
Mako Gold	MKG	orange	rising off lows	gold exploration
Marmota	MEU	green	rising	gold exploration
MetalsX	MLX	red	at lows	tin, nickel
Metro Mining	MMI	orange	testing downtrend	bauxite
Mincor Resources	MCR	green	new uptrend forming	gold
Musgrave Minerals	MGV	green	breached downtrend	gold exploration
Myanmar Minerals	MYL	orange	uptrend breached	zinc
Nelson Resources	NES	red	new low	gold exploration
Neometals	NMT	red	continuing down	lithium
Northern Cobalt	N27	red	down again	cobalt
Northern Minerals	NTU	red	down	REE
Northern Star Res.	NST	green	pullback	gold
NTM Gold	NTM	green	rising again	gold exploration
Oceana Gold	OGC	red	back into downtrend	gold
Oklo Resources	OKU	red	bounced off lows	gold expl.
Orecorp	ORR	green	rising again	gold development
Oro Verde	OVL	green	rising	rare earths
Orocobre	ORE	red	strong bounce	lithium
Oz Minerals	OZL	green	rising again	copper
Pacific American Holdings	PAK	orange	sideways	coal
Pantoro	PNR	red	down	gold

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Panoramic Res	PAN		testing downtrend	gold , nickel
Peak Resources	PEK		heavy pullback	rare earths
Peel Mining	PEX		still down	copper
Peninsula Energy	PEN		breached uptrend	uranium
Pensana Metals	PM8		surge to high	rare earths
Perseus Mining	PRU		surge to new high	gold
Pilbara Minerals	PLS		down	lithium
PNX Metals	PNX		new uptrend forming	gold, silver, zinc
Polarex	PXX		testing uptrend	polymetallic exploration
Prodigy Gold	PRX		new high	gold exploration
Ramelius Resources	RMS		new high	gold production
Real Energy	RLE		new low	gas
Red5	RED		new high	gold
Red River Resources	RVR		good rally	zinc
Regis Resources	RRL		pullback	gold
Resolute Mining	RSG		surge higher	gold
RIO	RIO		short term down	diversified, iron ore
Salt Lake Potash	SO4		new high	potash
Saracen Minerals	SAR		breached uptrend	gold
St Barbara	SBM		breached uptrend	gold
Sandfire Resources	SFR		down	copper
Santos	STO		into uptrend	oil/gas
Saturn Metals	STN		uptrend	gold exploration
Sheffield Resources	SFX		rising again	mineral sands
St George Mining	SGQ		testing downtrend	nickel
Sipa Resources	SRI		recovered, to sideways pattern	general exploration - Ni,Cu, Co, Au
Stanmore Coal	SMR		new high	coal
Strandline Resources	STA		slump	mineral sands
Sundance Energy	SEA		heading lower	oil/gas
Syrah Resources	SYR		free fall on capital raising	graphite
Talga Resources	TLG		down	graphite
Technology Metals	TMT		sideways	vanadium
Tiger Realm	TIG		surged higher, at resistance line	coal
Triton Minerals	TON		breached secondary downtrend	graphite
Troy Resources	TRY		testing downtrend	gold
Vango Mining	VAN		breached downtrend	gold
Vector Resources	VEC		suspended	gold
Venturex	VXR		down	zinc
Vimy Resources	VMY		down	uranium
Volt Resources	VRC		sideways	graphite
West African Resources	WAF		improving	gold
Westgold Resources	WGX		uptrend	gold
Westwits	WWI		down	gold
Western Areas	WSA		surge out of downtrend	nickel

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Whitebark Energy	WBE		rising	oil and gas
Whitehaven Coal	WHC		down	coal
Yandal Resources	YRL		stronger	gold exploration
Zinc Mines of Ireland	ZMI		breached downtrend	zinc
Totals	39%	56	Uptrend	
	33%	48	Downtrend	
		145	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	22.8%	
Gold Exploration	19	13.1%	
Oil/Gas	9	6.2%	
Graphite	6	4.1%	
Nickel	10	6.9%	
Coal	8	5.5%	
Lithium	8	5.5%	
Mineral Sands	6	4.1%	
Zinc/Lead	7	4.8%	
Potash/Phosphate	5	3.4%	
Copper	5	3.4%	
Cobalt	4	2.8%	
Rare Earths	6	4.1%	
Tin	3	2.1%	
Iron Ore	3	2.1%	
Uranium	3	2.1%	
Bauxite	2	1.4%	
Vanadium	2	1.4%	
Silver	1	0.7%	
Diamonds	1	0.7%	

Other	4		
Total	145		

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