

## Leading resource stocks are being bought by institutions

We are seeing a market that is continuing to embrace resource stocks at the big end, offering further evidence that we have moved into the next cycle. That means that institutional money is flowing into the leaders in anticipation of growth and infrastructure spending that will boost demand for materials. It seems procedural from here with little risk of the market moving lower.

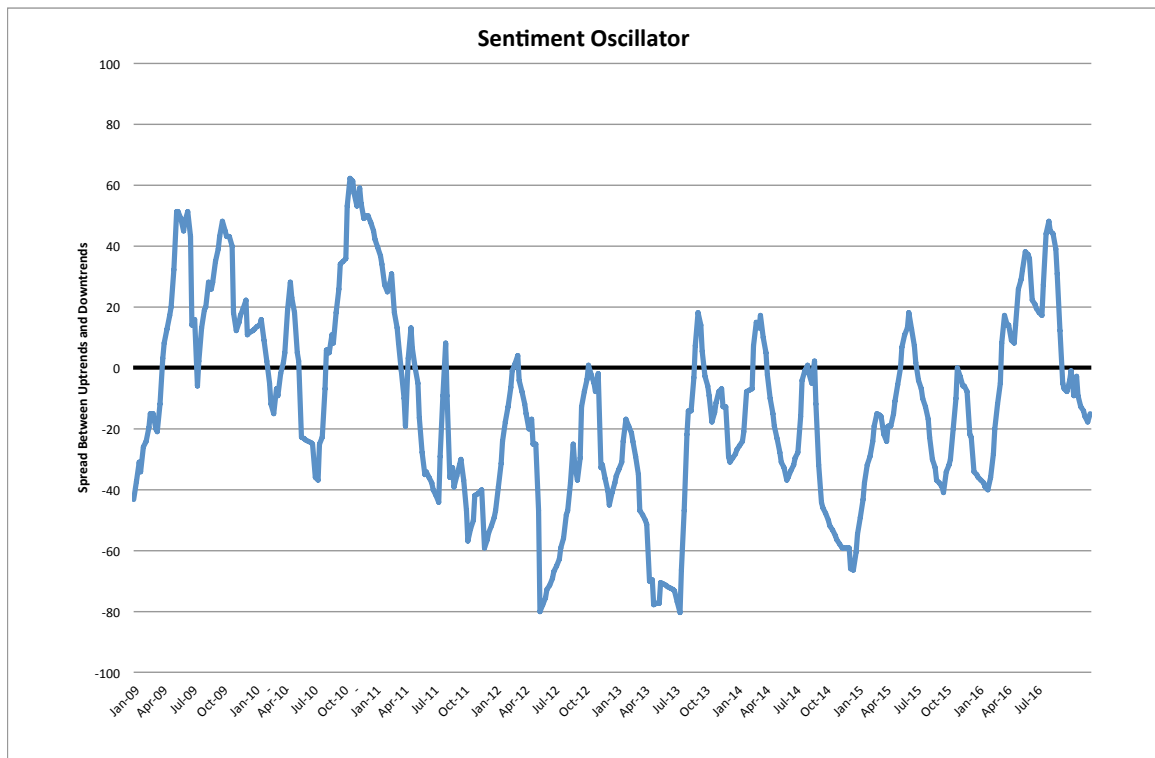
This also means that odds are certainly in favour of rising interest rates in the USA in the near term, so the gold price is falling still. The US dollar is at 13 year highs against the Yuan. The Dow continues to be very strong and apart from suggestions that it may have run too hard there is nothing to cause us great concern at the moment.

At the junior end of the market the performance of share prices has been less than convincing. This can be attributed to the observation that the speculative end of the market turns first and the leaders take longer to attract

funds. They don't all move in unison. Add to this the observation that there are plenty of companies seeking funds in placements ahead of Christmas, with the result that the market is starting to suffer from deal fatigue. This follows on from a market that has been much more difficult since August, in marked contrast to the bull market of February to July, 2016, so the appetite is not as great as it was. We just have to be a little more patient.

It is not unusual to look for a pre-Christmas rally, but will we get one this year? So far there is no general buy signal. To make money in this market you need careful, specific stock selection.

There is not much more to say this week.






**Sentiment Indicator:** This week there were 24% (26%) of the charts in uptrend and 39% (44%) in downtrend, suggesting a slight swing away from the bear, but overall the sentiment continues to be weak.

## 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	Rallied to meet long term resistance	
Metals and Mining	XMM	new high	
Energy	XEJ	strong week	
Stocks	Code	Trend Comment (updated comments in bold)	Main Interest
ABM Resources	ABU	strongly higher	gold
Aeon Metals	AML	breaching ST downtrend	copper + cobalt
Alacer Gold	AQG	down heavily	gold – production
Alkane Resources	ALK	breached uptrend	gold, zirconia
Acacia Resources	AJC	Sideways at the bottom	coal
Agua Resources	AGR	down again	phosphate
Alicanto Minerals	AQI	down heavily	gold exploration
<b>Altech Chemicals</b>	ATC	down	industrial minerals
Anova Metals	AWV	holding uptrend	gold
Antipa Minerals	AZY	testing downtrend	gold
Archer Exploration	AXE	breached downtrend	magnesite, graphite
Argent Minerals	ARD	downtrend	polymetallic
Aspire Mining	AKM	broadly higher	coal
Atrum Coal	ATU	heavy pullback	coal
Aurelia Metals	AMI	testing downtrend	gold + base metals
Auroch Minerals	AOU	breached downtrend with sharp rise	exploration
Aus Tin	ANW	sideways	tin, cobalt
Australian Bauxite	ABX	turned down at resistance	bauxite
Australian Vanadium	AVL	downtrend	vanadium
Avanco Resources	AVB	breached downtrend	copper
AWE	AWE	down again	oil and gas
Azure Minerals	AZS	downtrend	silver
BHP	BHP	strongly higher	diversified
Base Resources	BSE	rising	mineral sands
Bathurst Resources	BRL	strongly higher	coal
Beach Energy	BPT	steeply rise	oil and gas
Beadell Resources	BDR	lower	gold
Berkeley Resources	BKY	breached uptrend	uranium
Blackham Resources	BLK	heavy fall	gold
Broken Hill Prospect.	BPL	adjusted after Cobalt Blue distribution	minerals sands, cobalt
Buru Energy	BRU	testing downtrend	oil
Canyon Resources	CAY	testing downtrend	bauxite
Cardinal Resources	CDV	collapse	gold exploration
Carnegie Wave	CWE	stronger	wave energy
Cassini Resources	CZI	testing uptrend	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	sideways	potash
De Grey	DEG	sideways	gold
Doray Minerals	DRM	down	gold
Duketon Mining	DKM	heavy fall	nickel
Eden Energy	EDE	sideways	carbon nanotubes in concrete
Energia Minerals	EMX	down	zinc
Evolution Mining	EVN	down	gold
Excelsior Gold	EXG	rallying	gold
Finders Resources	FND	strong uptrend	copper
First Australian	FAR	sideways to lower	oil/gas
First Graphite	FGR	testing ST resistance line	graphite

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Fortescue Metals	FMG		new high	iron ore
Galaxy Resources	GXY		breaching downtrend	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		testing downtrend	lithium
Gold Road	GOR		breached downtrend	gold exploration
Goldphyre	GPH		short term down	potash,gold
Graphex Mining	GPX		downtrend	graphite
Herron Resources	HRR		breaching downtrend	zinc
Highfield Resources	HFR		breached downtrend	potash
Highlands Pacific	HIG		sideways around lows	copper, nickel
Hillgrove Resources	HGO		back in downtrend	copper
Hot Chilli	HCH		testing downtrend	copper
Iluka Resources	ILU		rallying	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		heavy fall	gas
Kibaran Resources	KNL		breached support line	graphite
Kin Mining	KIN		breached uptrend	gold
Legend Mining	LEG		breach of gentle downtrend	exploration
Lithium Australia	LIT		downtrend	lithium
Lucapa Diamond	LOM		recapturing uptrend	diamonds
Macphersons Res.	MRP		down	silver
Medusa Mining	MML		still in long term downtrend	gold
Metals of Africa	MTA		vertical rise	graphite
MetalsX	MLX		downtrend	tin, gold
Metro Mining	MMI		rising	bauxite
Mincor Resources	MCR		down	nickel
Mineral Deposits	MDL		downtrend breached	mineral sands
Mustang Resources	MUS		at lows	diamonds, rubies
MZI Resources	MZI		still in downtrend	mineral sands
Northern Minerals	NTU		breaching uptrend	REE
Northern Star Res.	NST		sell down	gold
Oceana Gold	OGC		down	gold
Oklo Resources	OKU		breached downtrend	gold expl.
OreCorp	ORR		down	gold development
Orinoco Gold	OGX		down	gold development
Orocobre	ORE		testing downtrend	lithium
Oz Minerals	OZL		new high	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		Uptrend	gold
Pilbara Minerals	PLS		breached downtrend	lithium/tantalum
PNX Metals	PNX		strong surge	gold, silver, zinc
Potash West	PWN		falling	potash
Red River Resources	RVR		still in uptrend	zinc
Regis Resources	RRL		down	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

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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		breached downtrend	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		down	gold
Stanmore Coal	SMR		breached steep uptrend	coal
Sundance Energy	SEA		new uptrend confirmed	oil/gas
Syrah Resources	SYR		heavy fall	graphite
Talga Resources	TLG		sideways	graphene
Tanami Gold	TAM		breached uptrend	gold
Teranga Gold	TGZ		down heavily	gold
Tiger Realm	TIG		surging higher	coal
Tiger Resources	TGS		breaching downtrend	copper
TNG Resources	TNG		breached uptrend	titanium, vanadium
Torian Resources	TNR		down	gold expl'n
Toro Energy	TOE		downtrend	uranium
Troy Resources	TRY		secondary downtrend	gold
Tyranna Resources	TYX		testing uptrend	gold exploration
Vimy Resources	VMY		sideways through downtrend line	uranium
West African Resources	WAF		down	gold
Westwits	WWI		ST downtrend	gold exploration/development
Western Areas	WSA		up again	nickel
White Rock	WRM		breached downtrend	silver
Whitehaven Coal	WHC		heavy correction	coal
WPG Resources	WPG		sideways	gold
Wolf Minerals	WLF		continuing down	tungsten
Totals	24%	33	Uptrend	
	39%	54	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.

<b>Weightings of Sectors Represented in the Company Charts</b>			
<b>Sector</b>	<b>No. of Companies</b>	<b>Weighting</b>	
Gold	33	23.6%	
Copper	14	10.0%	
Gold Exploration	11	7.9%	
Oil/Gas	9	6.4%	
Potash/Phosphate	7	5.0%	
Mineral Sands	7	5.0%	
Graphite	6	4.3%	
Zinc	5	3.6%	
Silver	6	4.3%	
Lithium	5	3.6%	
Nickel	5	3.6%	
Uranium	5	3.6%	
Coal	10	7.1%	
Tin	2	1.4%	
Bauxite	3	2.1%	
Iron Ore	1	0.7%	
Diamonds	2	1.4%	
Other	9		
<b>Total</b>	<b>140</b>		

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