

## Gold is the key focal point

While stock markets are performing strongly, particularly in Australia, there continues to be troublesome economic news coming from Europe. German business confidence has slipped to its lowest levels for six years. The UK continues to be a mess with uncertainty about what is happening with Brexit. Mario Draghi is hinting that stimulus could be on the menu in September with talk of renewed quantitative easing. Interest rates are being talked down, worldwide.

Maybe these themes are supportive of stronger equities in the short term but what happens once the adjustments take place? What will drive the markets higher if there is no subsequent sustainable growth? While brokers are telling us that we are in a new bull market for gold, and yes, the gold price has been strong, the stars are not yet aligned sufficiently to be suggesting anything more than the gold price has moved into a new, higher trading range; US\$1,380-US\$1,450/oz. Still, no-one should be complaining.

It is strange that the Energy Index is still in a downtrend just when the oil business in the the Middle East looks dodgy due to the US/Iran conflict. Why isn't the oil price moving higher? The only explanation can be that the powers in the US are working to keep it lower through some sort of manipulation that is keeping speculators away. It is happening again.

### *Shares prices are being very responsive*

The assault on US\$1,450/oz dragged in the buyers for gold stocks at the end of the previous week and into last week, as everyone seems to think gold is the place to be. There were some great trading profits that would have been there for the taking, but what about those punters who got sucked in at the top? How long will these guys have to wait before gold spikes again, such that they will be in the black, or have we seen a psychological breakout that will excite gold stocks even higher, even if the gold price takes a pause? Time will tell.

That said, the performance of the gold price in recent months has been consistent with our prognosis at the beginning of 2019. Geopolitical events promised to keep gold in the spotlight due to the certainty that this year was going to be full of uncertainties and surprises. It was always going to be the commodity that was going to offer trading opportunities.

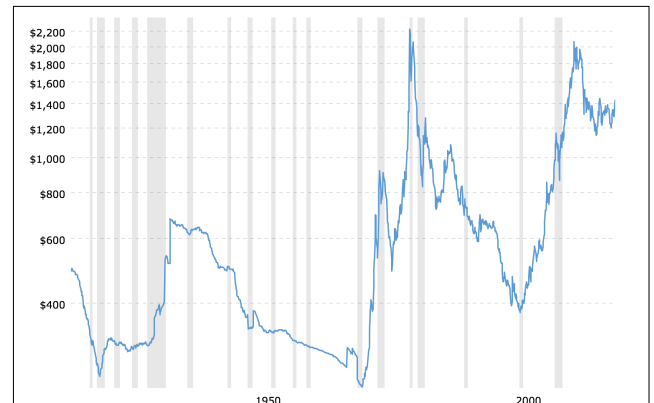
How far could the gold price go? I was in the markets in 1980, when the gold price went on an almighty run. It then spent the next couple of decades or so waiting for Act Two, but that never happened. What did happen was a revival of the Australia gold sector, with many old mines being redeveloped on the CIL technology and low grade oxidised gold projects throughout Australia. I commenced a career as a specialist gold mining analyst and, as they say, the rest is history.



### *Placing the recent gold price in perspective*

Everyone is getting excited about the gold price, but let's place the recent movements into historical perspective. The most significant event for the gold price in the last 40 years was when it punched through the US\$800/oz level in January of 1980. Coincidentally, just like we are seeing today, the US was in conflict with Iran. Back then it was the fall of the Shah and the US embassy hostage crisis when 52 American diplomats and citizens were held captive from 4 November 1979, to January 20, 1981.

A price of US\$850/oz might not seem like much today, but if you look at the inflation adjusted gold price chart below you can see that it still is the highest price we have seen, at US\$2,231/oz (inflation adjusted).



US\$/oz gold price, inflation adjusted

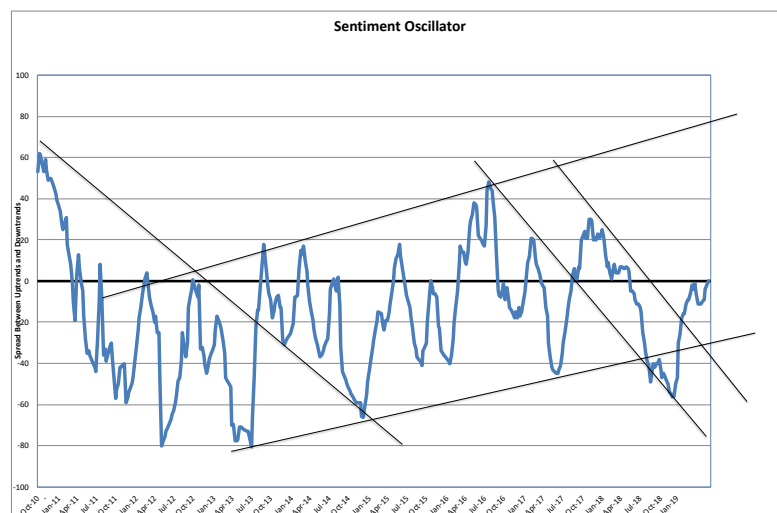
Apart from Iran, what else is similar with 1980? Back then inflation was a real problem. To be precise, it was stagflation. The global economy was still suffering from the oil shocks that came from OPEC's aggressive pricing policy. Everywhere we were seeing strategies to reduce oil consumption (sounds similar to the climate change push to reduce reliance on carbon emitting energy sources) because it was too expensive.

However, there is a very important difference between 1980 and 2019. Back then there was no forward selling and the futures market was less developed. Markets responded less quickly with shifts in supply. You can be sure that many CFOs are wondering whether they should be pushing the button on forward selling proposals to lock in profit margins.

The Fed has always been paranoid about the gold market achieving too much attention and we have seen how willing it has been to hose down enthusiasm. It is probably only a matter of time before they put the brakes on the gold price again. Thus, there are objective reasons why the gold price bull market we are seeing is unlikely to get out of control. That means it is more of a working man's market that needs to be traded as opposed to simply being ridden.

### Hong Kong is a wild card

We are well aware that a new Cold War is happening now with the two key players being China and the USA, but how could the events in Hong Kong influence the direction? The seeds of revolt have been sown and the violence of the last week have raised the conflict to a higher level. It doesn't look like the protesters are going to quieten down, and conflict we saw last week is reminiscent of scenes in Germany when the brownshirts went in to rough up the population. Will the Chinese government be happy to promote these tactics, which would be very disconcerting to a normally peacefully society, or will they be more formal in their efforts to bring the protesters into line? After all, China is still a totalitarian state ruled by a dictator. Don't underestimate what might happen, and therein might be the key to a much higher gold price.














































**Sentiment Oscillator:** Sentiment improved slightly over the week, to reach a point of equilibrium. There were 37% (35%) of the charts in uptrend and 37% (37%) 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	new high	
Metals and Mining	XMM	new high	
Energy	XEJ	still under downtrend	
Stocks	Code	Trend Comment (updated comments in bold)	Main Interest
Adriatic Resources	ADT	new high	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	sideways near lows	nickel, cobalt
Alicanto Minerals	AQI	new high	gold exploration
Allegiance Coal	AHQ	new high	coal
Alliance Resources	AGS	still down	gold exploration
Altech Chemicals	ATC	down	industrial minerals - synthetic sapphire
Apollo Consolidated	AOP	stronger	gold exploration
Arafura Resources	ARU	breaching uptrend, undertaking entitlement issue	rare earths
Argent Minerals	ARD	surge from lows	silver
Aurelia Metals	AMI	still falling	gold + base metals
AusTin	ANW	new low	tin, cobalt
Australian Bauxite	ABX	testing uptrend	bauxite
Australian Potash	APC	in a wedge	potash
Australian Mines	AUZ	strong rise, but heavy pullback	cobalt/nickel
Australian Vanadium	AVL	new low	vanadium
BHP	BHP	new high	diversified, iron ore
Base Resources	BSE	pullback	mineral sands
Bathurst Resources	BRL	sideways	coal
Battery Minerals	BAT	new low	graphite
BBX Minerals	BBX	breaching uptrend	gold exploration
Beach Energy	BPT	breached ST downtrend	oil and gas
Beacon Mining	BCN	new high	gold production
Bellevue Gold	BGL	near high	gold exploration
Berkeley Energia	BKY	in secondary downtrend	uranium
Blackstone Minerals	BSX	breached downtrend	gold, cobalt
Bounty Coal	B2Y	still in downtrend	coal
Breaker Resources	BRB	drifting	gold exploration
Broken Hill Prospecting	BPL	surge higher	minerals sands
Buru Energy	BRU	testing uptrend	oil
Buxton Resources	BUX	testing downtrend	nickel exploration
Cardinal Resources	CDV	bounce from lows	gold exploration
Cassini Resources	CZI	consolidating	nickel/Cu expl.

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Celsius Resources	CLA		volatile	copper/cobalt
Chalice Gold	CHN		new uptrend	gold exploration
Chesser Resources	CHZ		sideways	gold exploration
Cobalt Blue	COB		sideways at lows	cobalt
Dacian Gold	DCN		strong rise	gold
Danakali	DNK		sideways to lower	potash
Davenport Resources	DAV		down	potash
Egan Street Resources	EGA		surge on mining approval	gold
Emerald Resource	EMR		sideways	gold
Evolution Mining	EVN		new high	gold
Exore Resources	ERX		sideways	gold exploration
FAR	FAR		sideways at lows	oil/gas
First Graphene	FGR		uptrend	graphene
Fortescue Metals	FMG		new high	iron ore
Galaxy Resources	GXY		new low	lithium
Galena Mining	G1A		consolidating near highs	lead
Galilee Energy	GLL		new high	oil and gas, CBM
Gold Road	GOR		new high	gold
Graphex Mining	GPX		drifting lower	graphite
Heron Resources	HRR		down	zinc
Highfield Resources	HFR		surge to new high then heavy pullback	potash
Hillgrove Resources	HGO		sideways	copper
Hipo Resources	HIP		at lows	battery metals
Iluka Resources	ILU		stronger	mineral sands
Image Resources	IMA		new high	mineral sands
Independence Group	IGO		rising	gold, nickel
ioneer (was Global Geoscience)	INR		down again	lithium
Jervois Mining	JVR		breached uptrend	nickel/cobalt
Jindalee Resources	JRL		stronger	lithium
Karoo Gas	KAR		rising	gas
Kasbah Resources	KAS		bouncing off its low	tin
Kibaran Resources	KNL		down	graphite
Kin Mining	KIN		bouncing from lows	gold
Legend Mining	LEG		bouncing	nickel exploration
Lepidico	LPD		testing downtrend	lithium
Lithium Australia	LIT		new low	lithium
Lucapa Diamond	LOM		continuing downtrend	diamonds
Lynas Corp.	LYC		coming back from high	rare earths
Mako Gold	MKG		rising off lows	gold exploration
Marmota	MEU		rising	gold exploration
MetalsX	MLX		breached downtrend	tin, nickel
Metro Mining	MMI		new low	bauxite
Mincor Resources	MCR		new uptrend forming	gold
Musgrave Minerals	MGV		breached downtrend	gold exploration

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Myanmar Minerals	MYL		uptrend being tested	zinc
Nelson Resources	NES		new low	gold exploration
Neometals	NMT		testing downtrend	lithium
Northern Cobalt	N27		down again	cobalt
Northern Minerals	NTU		surged to reach resistance line	REE
Northern Star Res.	NST		new high	gold
NTM Gold	NTM		gentle downtrend	gold exploration
Oceana Gold	OGC		breaching downtrend	gold
Oklo Resources	OKU		back to lows	gold expl.
Orecorp	ORR		rising again	gold development
Orocobre	ORE		new low	lithium
Oz Minerals	OZL		rising again	copper
Pacific American Coal	PAK		at lows	coal
Pantoro	PNR		down	gold
Panoramic Res	PAN		down	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		lower	gold, silver, zinc
Polarex	PXX		surge higher	polymetallic exploration
Prodigy Gold	PRX		new high	gold exploration
Ramelius Resources	RMS		bouncing	gold production
Real Energy	RLE		new low	gas
Red5	RED		new high	gold
Red River Resources	RVR		good rally	zinc
Regis Resources	RRL		surge higher	gold
Resolute Mining	RSG		surge higher	gold
RIO	RIO		off its highs	diversified, iron ore
Salt Lake Potash	SO4		surged higher	potash
Saracen Minerals	SAR		surged higher	gold
St Barbara	SBM		surge into new uptrend	gold
Sandfire Resources	SFR		down	copper
Santos	STO		into uptrend	oil/gas
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		pullback after placement	mineral sands
Sundance Energy	SEA		heading lower	oil/gas
Syrah Resources	SYR		free fall on capital raising	graphite
Talga Resources	TLG		down	graphite

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Technology Metals	TMT		short term down	vanadium
Tiger Realm	TIG		surged higher, at resistance line	coal
Triton Minerals	TON		breached secondary downtrend	graphite
Troy Resources	TRY		bounced off its lows	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
Westwits	WWI		down	gold
Western Areas	WSA		surge out of downtrend	nickel
Whitebark Energy	WBE		sideways	oil and gas
Whitehaven Coal	WHC		down	coal
Yandal Resources	YRL		sideways	gold exploration
Totals	37%	51	Uptrend	
	37%	52	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	31	22.3%	
Gold Exploration	18	12.9%	
Oil/Gas	9	6.5%	
Graphite	7	5.0%	
Nickel	9	6.5%	
Coal	8	5.8%	
Lithium	8	5.8%	
Mineral Sands	6	4.3%	

Zinc/Lead	6	4.3%	
Potash/Phosphate	5	3.6%	
Copper	5	3.6%	
Cobalt	4	2.9%	
Rare Earths	5	3.6%	
Tin	3	2.2%	
Iron Ore	3	2.2%	
Uranium	3	2.2%	
Bauxite	2	1.4%	
Vanadium	2	1.4%	
Silver	1	0.7%	
Diamonds	1	0.7%	
Other	3		
Total	139		

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