

Gold price slump likely to hit the gold stocks next week

There is often debate about whether the leading gold producers follow or lead the gold price. Throughout 2018, the share prices of the gold producers were the strongest of any mining sector, and the rising gold price, especially in A\$ terms, supported the trend. It seemed that the stocks were doing the leading. In recent weeks a number of these companies have shown weakness, testing uptrends in some cases. Apart from the spike at the beginning of the week, it seems another example of stocks leading the commodity price.

At the beginning of last week the tensions between India and Pakistan caused the gold price to spike up to the US\$1,350/oz level, but the slump back below US\$1,300/oz at the end of the week makes one wonder whether we have just seen a blow-out event. Does this mark the end of what has been a very good period for the gold price, or does it just mean that the playing field has become more volatile?

Given that we were already seeing profit taking in the gold producers before the event, the gut reaction tells us that when the market opens on Monday morning we will see a heavy sell-off in the Aussie market for gold stocks. Whether or not this gathers momentum and downtrend is in order for the foreseeable future is yet to be determined.

There has been a view that gold is the most likely commodity to perform favourably in 2019, due to economic uncertainties affecting the outlook for physical demand for metals. The increasing geopolitical uncertainty driven by the resurgence of nationalism in the pushback against globalism, along with the rise of populist leaders, is exacerbating unpredictability. On top of these trends are the simmering border issues such as the one we are witnessing between India and Pakistan. There is no reason yet to suggest that gold is not going to provide more opportunities in 2019.

Globalism versus nationalism will influence gold

Back in the days of law school at the University of WA, in 1982, I spent a year studying a unit on International Law. It never made political sense to me at the time but I did manage to pass the exam. What I couldn't understand is why any sovereign nation would voluntarily succumb to the wishes and directives from a global movement that wasn't linguistically, culturally or socially specific. Why spend generations fighting for independence and a national identity to then hand over the governance of it to a world order run by bureaucrats. Well, I failed to see where the world was going. I failed to see the socialisation of the globe that was just getting started. Surprisingly, many people are happy to abandon their national priority.

Australians have had a long history of a national identity that goes back to the First Fleet. It was based on pioneers overcoming the challenges of establishing a European society in a climate and a country very different to Europe

itself. It grew from an egalitarian beginning where the numerically dominant class came from convicts who suffered from harsh and often cruel justice in the UK, where the class structure was very oppressive for those not in the upper class. Times are changing somewhat now with the diverse immigration that is changing the mix of the population, but the Australian values are still strong enough to infect many of the immigrants coming here in search of greater freedoms and opportunities. There continues to be a national identity. Aussie, Aussie, Aussie!

Nationalism, where the people of any given country express a strong level of pride and cohesion, is being placed under a microscope in recent times as opposed to just being accepted. It is being viewed as a specialised branch of political ideology. The bi-monthly magazine out of America, "Foreign Affairs" thought it sufficiently newsworthy to justify a number of lead articles in the March/April edition.

It seems that the modern battlefield internationally is that where globalists are punching it out with nationalists. Macron is a globalist, whereas Trump is a nationalist. The Brexit movement is based on nationalism rather than globalism. Russia is a nationalist state while Xi is a nationalist posing as a globalist, taking advantage of globalist liberties to strengthen national power.

What binds a nation? Peoples' most fundamental allegiance is to the familiar. It is instinctive. Trusting insiders more than outsider has been fundamental to safety and the evolution of mankind in a social environment. It is why we have clubs and other social organisations. We feel more complete, and safer, in groups with similar values. Extend this observation to a larger community and you get to a national identity - a club of people's sharing values that help define a nation.

However, what happens when everyone is in the same club, such as in globalisation? What is the value in all being the same? What defines who you can trust? It is a fact that you can't be on the inside if there is no outside. There needs to be an outside for a club to have value.

What we are seeing today with USA first and the Brexit movements, and the revival of nationalism, is the rejection of globalisation values because they don't meet the needs of basic human behaviour. Globalism is unnatural and unsustainable. It is as idealistic as a level playing field. It sounds good, but it is unrealistic because humans are competitive and will always look for advantages to promote themselves within any organisational framework. It's the differences that provide the advantages, not the homogenisation.

The globalists try and demonise nationalism as being dangerous, divisive and illiberal, as it conflicts with their political objectives. It is a raw power struggle first and foremost even though the elitist try and philosophise it intellectually. It is going to dominate the national and

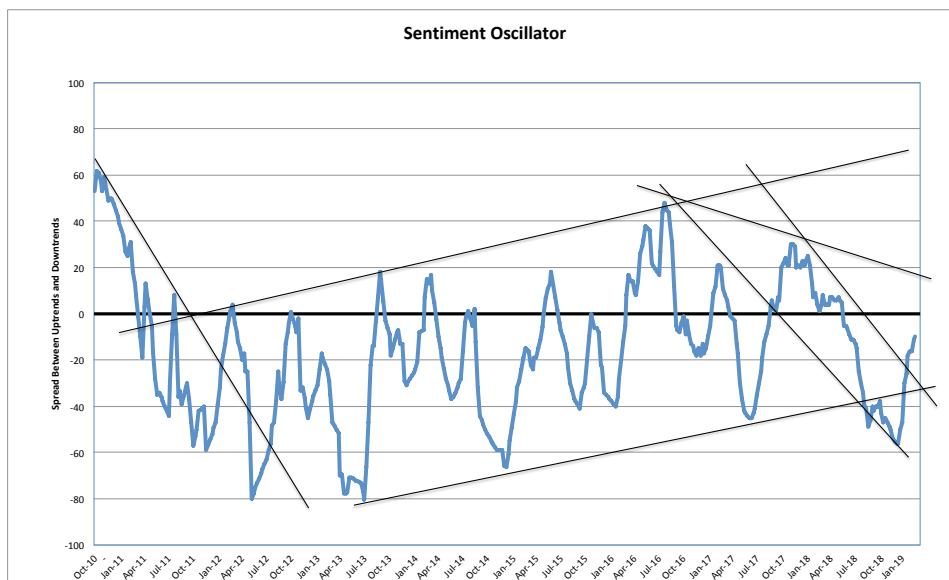
international politics for the foreseeable future and gold will be a beneficiary.

Cleaning out the cupboard

In order to keep the coverage relevant to an active market we occasionally remove stocks that have lost relevance or have become moribund. Maybe they will be reborn later, or maybe they are on the path to going broke.

We have removed Archer Exploration, Beadell Resources (takeover), Frontier Diamonds (disastrous IPO), Highlands Pacific (takeover), Orinoco Gold, Santana Minerals and Tyranna Resources (heading nowhere).

This gives us room to add new situations such as Strandline Resources (STA), which is making good progress with minerals sands projects in Tanzania.



Sentiment Oscillator: Sentiment has continued to improved marginally over the past week. That is all welcome positive. There were 31% (30%) of the charts in uptrend and 40% (41%) 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	another high	
Metals and Mining	XMM	small pullback	
Energy	XEJ	surged higher	
Stocks	Code	Trend Comment (updated comments in bold)	Main Interest
Adriatic Resources	ADT	resumed uptrend	zinc
Aeon Metals	AML	testing downtrend	copper + cobalt
Alacer Gold	AQG	surged higher	gold – production
Alkane Resources	ALK	gently down	gold, zirconia
Acacia Resources	AJC	Sideways at the bottom	coal
Alchemy Resources	ALY	breached downtrend	nickel, cobalt
Alicanto Minerals	AQI	back to lows	gold exploration
Allegiance Coal	AHQ	heavy fall, then strong recovery	coal
Alliance Resources	AGS	still down	gold exploration

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Altech Chemicals	ATC		rally turned down at resistance line	industrial minerals - synthetic sapphire
Anova Metals	AWV		new low on poor production report	gold
Apollo Consolidated	AOP		breached support	gold exploration
Argent Minerals	ARD		still in downtrend	silver
Aurelia Metals	AMI		new high	gold + base metals
AusTin	ANW		holding support line	tin, cobalt
Australian Bauxite	ABX		breached uptrend	bauxite
Australian Potash	APC		pullback to support line	potash
Australian Mines	AUZ		hitting resistance	cobalt/nickel
Australian Vanadium	AVL		rallying, but hitting resistance	vanadium
Bounty Coal	B2Y		back to lows	coal
BHP	BHP		surged to multi-year high	diversified
Base Resources	BSE		breaching downtrend	mineral sands
Bathurst Resources	BRL		risen to meet resistance line	coal
Battery Minerals	BAT		surge out of downtrend, then a pullback	graphite
BBX Minerals	BBX		surged higher, but stopped at resistance line	gold
Beach Energy	BPT		surged higher	oil and gas
Bellevue Gold	BGL		new high	gold
Berkeley Energia	BKY		consolidating pattern after steep rise	uranium
Blackstone Minerals	BSX		back to lows	gold, cobalt
Breaker Resources	BRB		up again	gold
Broken Hill Prospecting	BPL		new low	minerals sands
Buru Energy	BRU		breaching downtrend	oil
Cardinal Resources	CDV		sideways	gold exploration
Cassini Resources	CZI		consolidating	nickel/Cu expl.
Celsius Resources	CLA		back to lows	copper/cobalt
Chalice Gold	CHN		sideways, but pushing higher	gold
Cobalt Blue	COB		new low	cobalt
Comet Resources	CRL		surge higher	graphite
Dacian Gold	DCN		new high	gold
Danakali	DNK		sideways	potash
Davenport Resources	DAV		down	potash
Doray Minerals	DRM		rising	gold
Eden Innovations	EDE		down	carbon nanotubes in concrete
Egan Street Resources	EGA		risen to meet resistance line	gold
Emerald Resource	EMR		uptrend	gold
Evolution Mining	EVN		breaching uptrend	gold
Exore Resources	ERX		rising	gold exploration
FAR	FAR		crunched down on dud oil well	oil/gas
First Graphene	FGR		breached uptrend	graphene
Fortescue Metals	FMG		surged higher	iron ore
Galaxy Resources	GXY		back into downtrend	lithium
Galilee Energy	GLL		down	oil and gas, CBM
Gascoyne Resources	GCY		collapse back to lows	gold

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Gold Road	GOR		rising	gold exploration
Golden Rim	GMR		back to sideways movement	gold exploration
Graphex Mining	GPX		surge, testing downtrend	graphite
Heron Resources	HRR		sideways	zinc
Highfield Resources	HFR		rallied to meet resistance line	potash
Hillgrove Resources	HGO		sideways	copper
Hipo Resources	HIP		rallied to meet resistance line	battery metals
Iluka Resources	ILU		steep uptrend	mineral sands
Image Resources	IMA		higher	mineral sands
Independence Group	IGO		new uptrend forming	gold, nickel
ioneer (was Global Geoscience)	INR		down	lithium
Jervois Mining	JVR		rising	nickel/cobalt
Jindalee Resources	JRL		surge higher, then a pullback	lithium
Karoo Gas	KAR		breached downtrend	gas
Kasbah Resources	KAS		downtrend breached on consolidation	tin
Kibaran Resources	KNL		downtrend	graphite
Kin Mining	KIN		heavy fall	gold
Legend Mining	LEG		down	nickel exploration
Lepidico	LPD		rising	lithium
Lithium Australia	LIT		continuing downtrend	lithium
Lucapa Diamond	LOM		continuing downtrend	diamonds
Lynas Corp.	LYC		new low	rare earths
Macphersons Res.	MRP		down	gold/silver
Mako Gold	MKG		higher in new ST uptrend	gold
Marmota	MEU		sideways	gold exploration
MetalsX	MLX		down	tin, nickel
Metro Mining	MMI		new low	bauxite
Mincor Resources	MCR		sideways	gold
Musgrave Minerals	MGV		breached uptrend	gold exploration
Myanmar Minerals	MYL		uptrend	zinc
Nelson Resources	NES		still struggling in downtrend	gold exploration
Neometals	NMT		down	lithium
Northern Cobalt	N27		down again	cobalt
Northern Minerals	NTU		new low	REE
Northern Star Res.	NST		continuing uptrend	gold
NTM Gold	NTM		sideways	gold
Oceana Gold	OGC		bounce off support line	gold
Oklo Resources	OKU		down	gold expl.
Orecorp	ORR		rising	gold development
Orinoco Gold	OGX		down	gold development
Orocobre	ORE		testing downtrend	lithium
Oz Minerals	OZL		resumed uptrend	copper
Pacific American Coal	PAK		back to downtrend	coal
Pantoro	PNR		breached downtrend, moving higher	gold

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Panoramic Res	PAN		breached downtrend, at secondary resistance point	gold , nickel
Peak Resources	PEK		in wedge	rare earths
Peel Mining	PEX		testing downtrend	copper
Peninsula Energy	PEN		downtrend again	uranium
Perseus Mining	PRU		testing downtrend	gold
Pilbara Minerals	PLS		down heavily	lithium/tantalum
PNX Metals	PNX		lower	gold, silver, zinc
Polarex	PXX		new low	polymetallic exploration
Prodigy Gold	PRX		down	gold exploration
Real Energy	RLE		new high	gas
Red5	RED		rising	gold
Red River Resources	RVR		breaching downtrend	zinc
Regis Resources	RRL		moving higher	gold
Resolute Mining	RSG		rallying	gold
RIO	RIO		record high	diversified
Salt Lake Potash	SO4		re-entering downtrend	potash
Saracen Minerals	SAR		testing uptrend	gold
St Barbara	SBM		testing uptrend	gold
Sandfire Resources	SFR		rising	copper
Santos	STO		into uptrend	oil/gas
Sheffield Resources	SFX		down	mineral sands
St George Mining	SGQ		new, gentle uptrend forming	nickel
Sipa Resources	SRI		recovered, to sideways pattern	general exploration - Ni,Cu, Co, Au
Stanmore Coal	SMR		new high	coal
Sundance Energy	SEA		stronger following consolidation	oil/gas
Syrah Resources	SYR		new low	graphite
Talga Resources	TLG		improving	graphite
Tanami Gold	TAM		breached downtrend	gold
Technology Metals	TMT		short term down	vanadium
Tiger Realm	TIG		down	coal
Triton Minerals	TON		breached steepest downtrend	graphite
Troy Resources	TRY		down	gold
Vango Mining	VAN		down	gold
Vector Resources	VEC		suspended	gold
Venturex	VXR		stronger	zinc
Vimy Resources	VMY		testing downtrend	uranium
Volt Resources	VRC		sideways	graphite
West African Resources	WAF		down	gold
Westwits	WWI		down	gold
Western Areas	WSA		uptrend	nickel
Whitehaven Coal	WHC		breached ST downtrend, resistance at \$5-\$5.20	coal
Totals	31%	42	Uptrend	
	40%	54	Downtrend	
		136	Total	

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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	35	25.7%
Gold Exploration	14	10.3%
Graphite	8	5.9%
Nickel	8	5.9%
Coal	8	5.9%
Oil/Gas	8	5.9%
Lithium	8	5.9%
Copper	6	4.4%
Mineral Sands	5	3.7%
Zinc	5	3.7%
Potash/Phosphate	5	3.7%
Cobalt	4	2.9%
Tin	3	2.2%
Uranium	3	2.2%
Rare Earths	3	2.2%
Silver	1	0.7%
Bauxite	2	1.5%
Diamonds	1	0.7%
Vanadium	2	1.5%
Iron Ore	1	0.7%
Other	6	
Total	136	

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and capital raising services. Its primary business is investing and managing its own money, but it does occasionally raise money for resource companies.

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