

Starting to see some green shoots in the charts

From a chartists perspective ...

As you probably appreciate, the art of charting involves looking at market dynamics and plotting movements on paper. There is an assumption that all the information is in the market so there is no reference to any fundamentals with charting, in its purest form. One of the reasons I plot charts is to obtain a different perspective that is independent of my knowledge as an analyst or a trader. We need all the tools possible to improve our chance of success in the market.

We have recently seen most share prices collapse, taken lower by almost vertical declines. Having exhausted the appetite for selling, many of the charts have started to work their way higher, breaking the savage downtrends in the prices. In some cases it even looks like new uptrends have started ... at least for the short term.

It is a common pattern for share prices to retrace 50% of the falls, and this may provide good profits for investors who managed to brave the battlefield and bought at recent lows, but at what point do these fortunate buyers decide to take profits? This could induce a wave of selling that will terminate rallies.

The markets may still be digesting the events that caused the initial collapse. Further negative news such as increasing the clampdown on business and society will not be well received, while a relaxation of the strangulation we are all experiencing would be seen as a bull point.

Share prices move for one reason (or more), and then there is a reaction to that move. We are seeing that reaction now.

CRU thoughts on forecast commodity prices

A commentary out of Bloomberg Intelligence opined that we should expect better performance out of precious metals and weaker base metals price over the coming months. This sounds reasonable as the base metals depend upon economic recovery which could take a while, but investing in gold is not a slam dunk at the moment due to the volatility being at extraordinary high levels. No-one is prepared to recommend selling gold, so it should not start a bear trend, but the gold price is jumping around from day to day such that a real trend is difficult to discern.

News that both Russian and Chinese central banks are stopping official purchases of gold could lead to reduced expectations for the short term gold price, but both of these countries are not known for being truthful about their intentions. In the case of Russia, it is believed to have spent over US\$40bn accumulating gold. Not buying any more gold at the moment is one thing, but what if the low oil prices force it to sell gold? That could lead to a rush for the door.

The real determinant of a higher gold price regime will the level of inflation which results from the insane amount of

money being thrown around as a result of a medical problem.

Lindian drilling finds more conglomerate bauxite

Lindian's exciting high grade conglomerate bauxite story is continuing to expand with the announcement last week of extensions to the north and south. About 12 holes were drilled into Bouba South, identifying an extra 7-12 Mt of resource i.e. a 10-15% lift in the expected tonnage. The grade was extraordinarily high for bauxite, being > 60%.

The Company is working on a maiden JOR resource number over the next couple of months. We guess that it could be in the range of 50-70 Mt of potentially very profitable ore that could be trucked to plants in Guinea.

Back on 7 March, we opined "If Lindian was to mine the ore itself and sell it to local plants, you would expect it could net at least US\$10 pt. If it did so at a rate of 5 Mtpa, that would generate cash flow of A\$75m p.a. for 10 years. Capex would be minimal as it would be contract mining, though maybe it would be even smarter to just take a royalty. Given that the market capitalisation is only \$20m with the share price at 2.5¢, there is plenty of upside from here. We shouldn't have to wait too long for clarity of resource quality, and then it is possible that mining and cash could commence in about two years time".

Note that on Friday's close, the market capitalisation only \$7.5m

Disclosure: Interests associated with the author own shares in Lindian and FEC has received minor capital raising fees.

Zombie oil prices

The wildest ride in the commodities space is the oil price as it is hit by the perfect storm of lower demand due to the virus as well as a battle between the Russians and the Saudis. Who would have thought it possible that oil could be selling for such low prices? Demand has been reported to have fallen by 25% and there now is a looming shortage of storage facilities. Airline consumption accounts for 12% of normal demand, and this industry has been grounded.

There will be pain and shutting-in of production that will pinch supply to some extent, opening the door for an aggressive rise in oil prices at some point. Keep an eye on this sector for what could be very rewarding trading opportunities.

Accountants are taking their pound of flesh

True to form, the accounting profession in the UK has moved to require companies to quantify the risk of COVID-19 before signing off on their accounts. The preparation of COVID-19 risk statements by finance directors who are now forced to work from home will delay the reporting of financial results and could lead to listed

company suspensions and potentially the refinancing of worthy companies in need of cash. This just creates more work and anguish. It is excessive and just another way for accountants to gouge fees out of a bad situation.

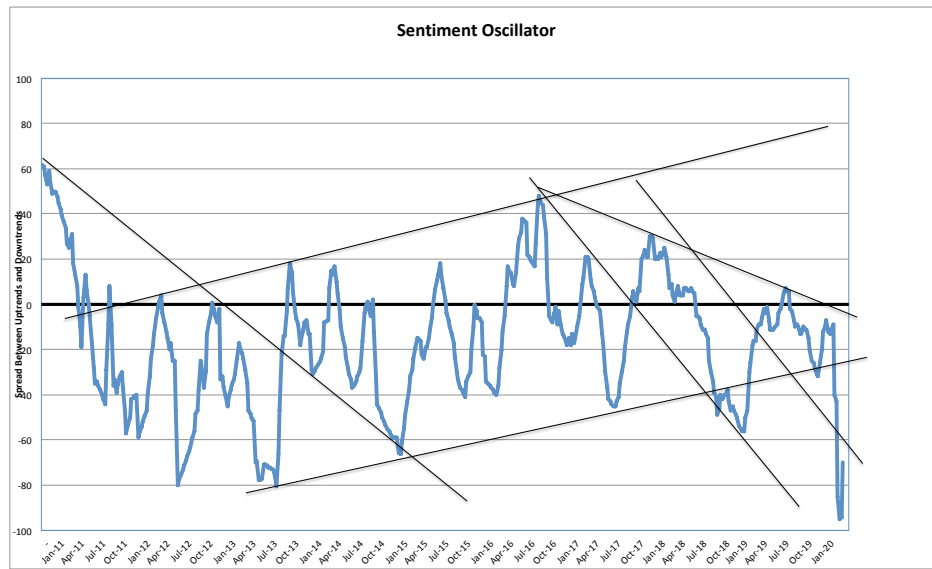
Placing coronavirus in statistical perspective

Worldometers [Worldometers.info](https://www.worldometers.info) provide some interesting statistics, including those on deaths from various sources. Its latest number for deaths from coronavirus in 2020, is

51,583 persons. Interestingly, the seasonal flu figure is more than twice this number, at 123,616.

Road accidents have been responsible for 343,210 deaths while alcohol and smoking have been attributed 635,935 and 1,271,071 deaths respectively. Of all of these causes of death, there is only one of them is being used as an excuse for emasculating us.

Perhaps the most interesting number is that of births this year; 36.7 million. We don't have problem replacing the above mentioned deaths with new souls.



Sentiment

Oscillator: There was a sharp bounce in sentiment over the week, with 7% (2%) of the charts in uptrend and 77% (96%) 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	early signs of uptrend	
Metals and Mining	XMM	early signs of uptrend	
Energy	XEJ	early signs of uptrend	
Stocks	Code	Trend Comment (updated comments in bold)	Main Interest
Alpha HPA	A4N	down	HPA
Adriatic Resources	ADT	steepest downtrend breached	zinc
Aeon Metals	AML	falling again	copper + cobalt
Alacer Gold	AQG	testing downtrend	gold – production
Alkane Resources	ALK	fallen through support line	gold, zirconia
Alicanto Minerals	AQI	steepest downtrend breached	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		steepest downtrend breached, new ST uptrend	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		recovering within downtrend	gold exploration
Blackstone Minerals	BSX		steepest downtrend breached	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		still in downtrend	gold exploration
Cassini Resources	CZI		down	nickel/Cu expl.
Central Petroleum	CTP		down	oil/gas
Chalice Gold	CHN		surge on nickel discovery	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
Ecograp (was Kibaran)	EGR		down	graphite
Emerald Resource	EMR		slump	gold
Evolution Mining	EVN		down	gold
Exore Resources	ERX		steepest downtrend breached	gold exploration
FAR	FAR		new low	oil/gas
First Graphene	FGR		testing downtrend	graphene
Fortescue Metals	FMG		breached downtrend	iron ore
Galaxy Resources	GXY		down	lithium
Galena Mining	G1A		breached steepest downtrend	lead
Galilee Energy	GLL		testing downtrend	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

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Hillgrove Resources	HGO		still in downtrend	copper
Iluka Resources	ILU		testing downtrend	mineral sands
Image Resources	IMA		still in downtrend	mineral sands
Independence Group	IGO		testing downtrend	gold, nickel
ioneer (was Global Geoscience)	INR		down	lithium
Jervois Mining	JVR		testing steepest downtrend	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		surge to new high	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		testing steepest downtrend	rare earths
Mako Gold	MKG		down	gold exploration
Marmota	MEU		breached downtrend	gold exploration
MetalsX	MLX		new low	tin, nickel
Metro Mining	MMI		down	bauxite
Mincor Resources	MCR		breached uptrend	gold
Musgrave Minerals	MGV		almost back to highs	gold exploration
Myanmar Minerals	MYL		breached steepest downtrend	zinc
Nelson Resources	NES		falling again	gold exploration
Neometals	NMT		continuing down	lithium
Northern Minerals	NTU		down	REE
Northern Star Res.	NST		down	gold
NTM Gold	NTM		down	gold exploration
Oceana Gold	OGC		down	gold
Oklo Resources	OKU		testing uptrend	gold expl.
OreCorp	ORR		bouncing	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		testing steepest downtrend	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		apex of wedge	gold

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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		testing downtrend	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		new uptrend started	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		breached steepest downtrend	oil/gas
Saturn Metals	STN		off its highs	gold exploration
Sheffield Resources	SFX		new low	mineral sands
Sky Metals	SKY		uptrend maintained	gold exploration
St George Mining	SGQ		down	nickel
Sipa Resources	SRI		testing downtrend	general exploration - Ni,Cu, Co, Au
Spectrum Metals	SPX		testing uptrend	gold exploration
Stanmore Coal	SMR		surge out of downtrend	coal
Strandline Resources	STA		down	mineral sands
Syrah Resources	SYR		down again	graphite
Talga Resources	TLG		down	graphite
Technology Metals	TMT		down	vanadium
Titan Minerals	TTM		down	gold
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		rising again	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		breached steepest downtrend	coal
Yandal Resources	YRL		down	gold exploration
Zinc Mines of Ireland	ZMI		down	zinc
Totals	7%	9	Uptrend	
	77%	104	Downtrend	
		135	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	32	23.7%	
Gold Exploration	19	14.1%	
Oil/Gas	8	5.9%	
Nickel	9	6.7%	
Lithium	8	5.9%	
Coal	6	4.4%	
Zinc/Lead	10	7.4%	
Mineral Sands	6	4.4%	
Rare Earths	6	4.4%	
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	135		

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