

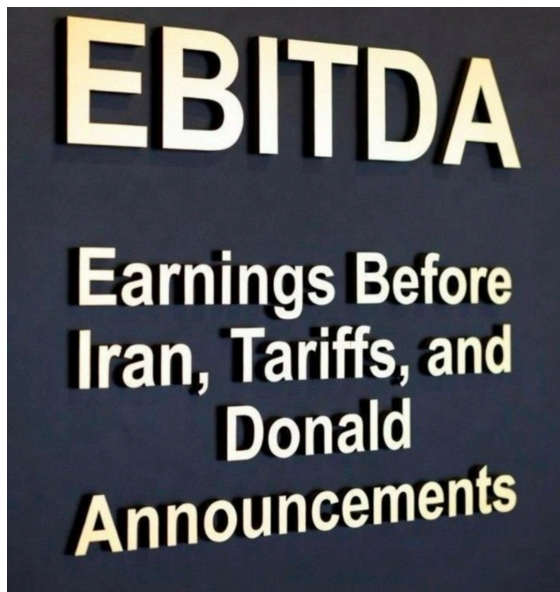
Iran War, Fertiliser Shortages, Food Security and Instability

The market bounced back mid-week but then, once our market was closed for Easter, Trump threw another spanner in the works. Really, given his lack of consistency in his pronouncements, there is no way we can make sense of his narrative. He is flopping around like a fish out of water, offering no tangibility of thought.

Four weeks into the Iran War and where are we? In a state of chaos, I suggest. The world is having to adjust to tight oil supplies for the foreseeable future as the Iranians are not showing a propensity to roll over and be dictated to by Trump, who is ranting like a bumbling idiot who has lost control of the situation and doesn't know what to do next.

Yet, the stock markets recovered nicely towards the end of the week. The gold price rebounded as the panic sellers retreated to the sidelines, and then there was a retracement on Thursday night. Longer term thinkers are regaining the initiative and taking more of a strategic approach to portfolio management.

As a lighthearted diversion, Here is a new meaning to EBITDA I came across last week.



Inflationary impact of shortages

Higher oil prices must lead to inflation and therefore markets need to brace themselves for higher interest rates. In Australia, there are concerns about many aspects of business and the implications of constrained oil supplies with the agriculture sector being painfully exposed to shortages of diesel that will restrict the use of farming equipment and therefore food suppliers; read even more inflation for households. Mining companies in remote locations, where they rely of diesel for both power and mining equipment, are also concerned.

Fertiliser price and supply are being impacted

Go one step further and see that fertiliser shortage is a mounting problem. That explains why the Agua Resources share price has almost doubled since the war began. What was once boring is now the hottest sector in the market and there are not many competing candidates on the ASX.

The immediate focus is on shortages of international gas supplies which is driving the fertiliser prices up now, but the food security going forward is going to be an escalating thematic that is going to be the focus of many governments around the world.

Oil and gas prices will be volatile going forward. Industry and governments will be looking to further reduce dependency on oil such that over time the oil price will gravitate lower but there is no substitute for fertilisers needed to maintain food productivity. Fertilisers used to be boring but security of supplies have suddenly made the sector strategic.

The latest development in Russia is throwing fuel onto the fire, so to speak. There were reports last week of a second drone attack on a chemical plant in Tolyatti, Russia. This specialises in nitrogen chemistry, producing ammonia, urea and ammonium nitrate products used for agriculture fertilisers.

Perfect timing for Agua's Phosphate Start-Up

Agua stands to be a major beneficiary of the tightening market for fertiliser products with the start-up for the Tre Estradas rock phosphate mine in Rio Grande do Sul scheduled to commence in the coming weeks. I was thinking that there may be a partial trade-off of benefits because diesel cost will also be rising, but then I saw an interesting article in The Economist.

Brazil is a leading biodiesel producer

Brazil is one of the better prepared countries with regards to the disruption because it has developed the world's most sophisticated biofuels industry and is the third-largest producer of biodiesel. Drivers in Brazil have been shielded from the worst of the price rises with petrol up by only 10% and diesel up by 20% - much better than what we have been experiencing in Australia. Biodiesel is keeping supply up there, but the costs of producing it and the increasing availability of feedstock from sugar-cane and corn harvests will also put downward pressure on prices in May and June. So, as far as Agua is concerned, it shouldn't be worrying too much about fuel costs or availability; the right place and the right time.

Disclosure: Interests associated with the author own shares in Agua Resources , and is a director.

Coincidental Mention of Titomic in a Broker Note

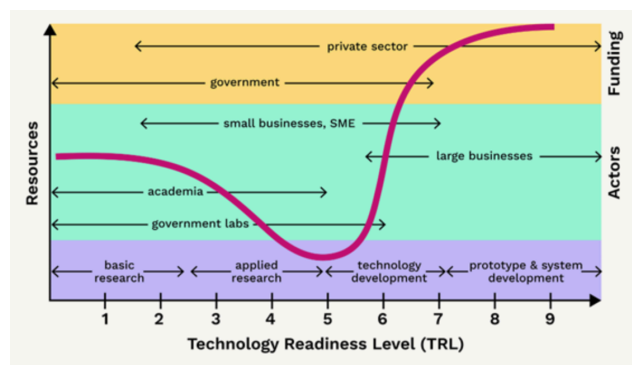
Coincidentally, just after I used Titomic (TTT) as an example of how long it takes technology stocks to hit their straps, a Sydney broker wrote/forwarded;

“TOP PICK: Titomic (TTT): In the Right Space, Share Price Yet to Take off. SPEC BUY

“We believe that Titomic (TTT) will be recognised by the market eventually.”

That was my point; eventually. Going from a starting market capitalisation of <\$30m to the recent \$350m level, the Titomic share price went from 20¢ to \$1.20 and then back to 24¢. It has been almost a zero sum gain for IPO investors over a 5 year period, if the investor decided not to sell while the stock was “hot to trot”. Maybe it is a good buy now as a beneficiary of expanding demand for advanced missile technology, but we still don’t know what the implied level of profitability will be, as it has not yet reported a profit.

Look at the Technology Readiness Level chart below. Just like in the Lasonde Curve that is applied to mining stocks, tech stocks go through “The Valley of Death” as activity passes from a great concept to a commercial reality. By the sound of it, TTT is at Levels 8 & 9, but the share price is performing more like Level 6. Maybe some catching is due now. The broker’s recommendation of it being a SPEC BUY is appropriate.



How Firm is Firmus?

I am quite amazed at the valuation being predicted to Oliver Curtis’s new company once it IPO’s; \$12bn, after having raise \$500m in November last year. How does a company go from an idea to a \$12bn IPO so quickly? That is what the newspapers are saying, assuming that there will be a 40-100% increase in the price once it IPO’s. Many questions immediately come to mind;

- How does anyone know that the shares will be 40% higher on debut?
- What is the basis for the valuation of the shares?

- Where are the profit forecasts? Will the company be earning >\$1bn p.a. which is what is needed to justify the price tag?
- How much value is being ascribed to growth potential?

I read that the company had developed software and cooling technology that uses 33% less energy and 99% less energy than other data centres. If true that is great, but what will be the next technological development that competitors will come up with? Whatever Firmus promises, you can be sure it is not the end of the road. Technological advancement is never ending.

Is it a perpetual growth curve?

It is important to understand that the data centre thematic is a shift from one point in time to the next. We need data centres, and now. Data centres need power. At some point the sector will be in equilibrium and growth will revert back to normalised growth trends.

Thereafter, the providers of the technology will revert from entropic growth to steady state growth and the fizz subsides to the point where they should be priced in the market on much more ordinary utility-type earnings. But for now the stocks are performing in a “land grab” rush.

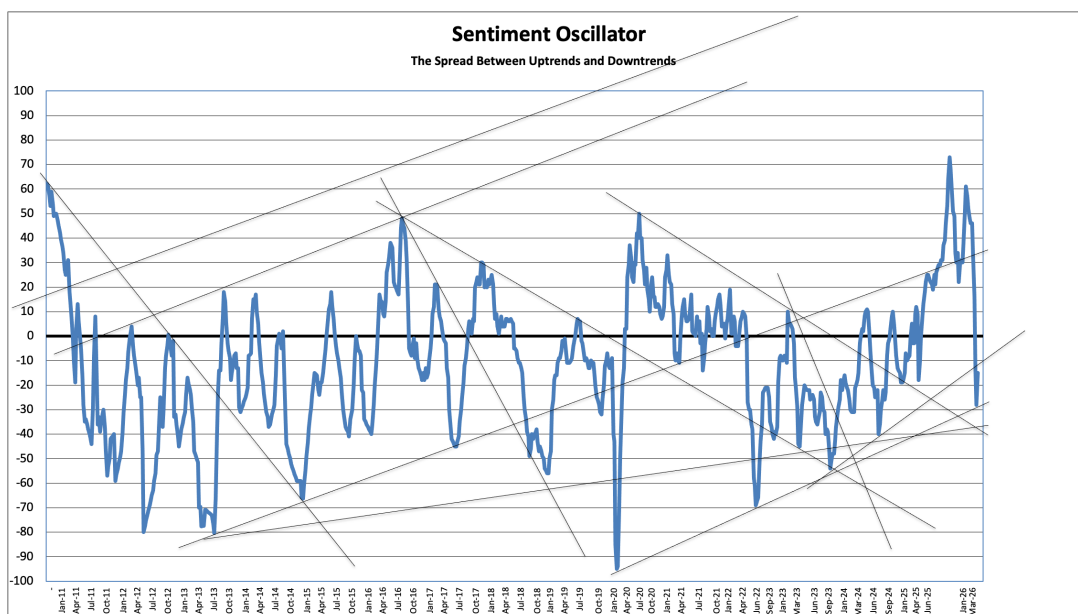
The promotional cycle is certainly underway, dropping names like Nvidia and James Packer as early shareholders. Other names that have been mentioned in the press include Wes Maas, Daniel Tartak, Ashok Jacob and Regal Fund Management. Surely they have done the numbers and think Firmus is a goer.

The list goes on; Paradise Investment Management, Wilson Asset Management, Argo Investments, Lennox Capital, Unisuper, Wingate and Archibald Capital. The only people missing are the rats and the mice, but they will get a chance on the IPO.

It looks like there has been careful design of the FOMO web to attract people who just want to be in the game because the big boys are there.

The Bottom Line

Firmus is being set up as a priority stock. The numbers are so big the it has to be taken seriously. My comments are more intuitive than resting upon deep analysis and I must admit that I have not had access to the detail the insiders have, so I may be missing some key inputs. But at the moment I am gob-smacked by the suggested valuations. Is the technology really exclusive? How vulnerable is it to competitors developing a competing technology? Is this just the next step along the technological curve? At what point does it become too expensive?



Sentiment Oscillator: Sentiment recovered usefully last week. There were 29% (48%) of shares under coverage in uptrend, and 44% (32%) in downtrend.

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 downtrend	
Metals and Mining	XMM	breached downtrend	
Energy	XEJ	rising	
Stocks	Code	Trend Comment (updated comments in bold)	Main Interest
Agua Resources	AGR	new uptrend	phosphate, gold
Akora	AKO	testing uptrend	iron ore
Alkane Resources	ALK	off its high	gold
Alicanto Minerals	AQI	holding support line	base metals, silver, gold
Alligator Energy	AGE	down	uranium
Almonty Industries	All	surge to new high	tungsten
Alpha HPA	A4N	down	HPA
American Rare Earths	ARR	down	rare earths
American Tungsten & Antimony	AT4	down	antimon
Anax Metals	ANX	heavy pullback	copper
Andean Silver	ASL	breaching downtrend	silver
Arafura Resources	ARU	shallower uptrend	rare earths
Ardea Resources	ARL	testing support line	nickel
Ark Mines	AHK	down	rare earths
Astral Resources	AAR	down	gold

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Aureka	AKA		weaker	gold exploration
Auric Mining	AWJ		testing uptrend	gold
Aurora Energy Metals	1AE		breached steepest downtrend	uranium
Aurelia Metals	AMI		improving	copper + base metals
Aurum Resources	AUE		correcting lower	gold exploration
Australian Gold and Copper	AGC		testing support line	base metals, silver, gold
Australian Rare Earths	AR3		collapse through support	rare earths
Australian Strategic Materials	ASM		down	rare earths
BHP	BHP		back in uptrend	diversified, iron ore
Ballard Mining	BM1		pullback	gold
Ballymore Resources	BMR		down	gold exploration
Barton Gold	BGD		down	gold exploration
Beach Energy	BPT		pushing higher	oil and gas
Beetaloo Energy	BTL		surge higher	gas
Bellevue Gold	BGL		down	gold
Besra Gold	BEZ		off its highs	gold
Black Cat Syndicate	BC8		down	gold
Boab Metals	BML		heavy correction	silver/lead
Brazilian Rare Earths	BRE		heavy pullback	rare earths
Brightstar Resources	BTR		strong rally	gold
Caravel Minerals	CVV		breached support line	copper
Carnaby Resources	CNB		falling	copper
Castile Resources	CST		down	gold/copper/cobalt
Catalyst Metals	CYL		down	gold
Cazaly Resources	CAZ		down	rare earths
Centaurus Metals	CTM		new high	nickel/cobalt/HPA
Challenger Gold	CEL		testing support line	gold
CNG Resources	CGR		down	gold exploration
Cobalt Blue	COB		down	cobalt
CuFe	CUF		pullback	bismuth
Cyprium Metals	CYM		down	copper
Emmerson Resources	ERM		new high	gold
EQ Resources	EQR		strongly higher	tungsten
Estrella Resources	ESR		sideways	manganese
Evolution Mining	EVN		breaching downtrend	gold
Felix Gold	FXG		down	gold exploration, antimony
Finder Energy	FDR		surge through downtrend	oil/gas
First Graphene	FGR		down	graphene
Flagship Minerals	FLG		new high	gold
Genesis Minerals	GMD		down	gold
Globe Metals and Mining	GBE		higher again	niobium
Gold 50	G50		down	gold exploration + gallium
Golden Horse	GHM		down	gold exploration
Great Boulder Resources	GBR		down	gold exploration

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Green360 Tech	GT3	slump to lows	kaolin
Hamelin Gold	HMG	down	gold exploration
Hawk Resources	HWK	testing downtrend	scandium
Heavy Minerals	HVY	down	garnet
Hillgrove Resources	HGO	breaching downtrend	copper
Iltani Resources	ILT	down	antimony
Iluka Resources	ILU	rising again	mineral sands
Investigator Resources	IVR	falling	silver
Jupiter Mines	JSM	breached uptrend	manganese
Kairos Minerals	KAI	recaptured uptrend	gold
Kaiser Reef	KAU	correcting	gold
Kingfisher Minerals	KFM	rising	copper expl.
Kalamazoo Resources	KRZ	down	gold
Kalina Power	KPO	down	data centre power
Koba Resources	KOB	still in downtrend	uranium
Larvotto Resources	LRV	testing uptrend	gold, antimony
Litchfield Minerals	LMS	down	copper exploration
Lindian Resources	LIN	rising	rare earths + bauxite
Lode Resources	LDR	down	antimony, silver
Lotus Resources	LOT	longer term downtrend	uranium
Lynas Corp.	LYC	surge higher	rare earths
Mammoth	M79	down	gold exploration
Many Peaks	MPK	sideways	gold exploration
Marmota	MEU	down	gold/uranium exploration
Matsa Resources	MAT	down	gold
Meeka Gold	MEK	down	gold
MetalsX	MLX	down	tin, nickel
Meteoric Resources	MEI	on support line	rare earths
Metro Mining	MMI	sideways	bauxite
Midas Minerals	MM1	down	lithium
Mithril Silver & Gold	MTH	down	silver, gold
Native Mineral Resources	NMR	turning down	gold
New Murchison	NMG	down	gold
New World Resources	NWC	rising	copper
Nexgen Energy	NXG	breaching uptrend	uranium
Novo Resources	NVO	placement & heavy correction	gold exploration
Omega Oil	OMA	rising	oil
Pacific Gold	PGO	down	gold exploration
Pacific Lime & Cement	PLA	sideways	renewables, cement
Paladin Energy	PDN	down	uranium
Pantoro Gold	PNR	heavy fall	gold
Patriot Battery Metals	PMT	down	lithium
Peninsula Energy	PEN	heavy correction	uranium
Perseus Mining	PRU	down	gold

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PolarX	PXX	down	gold exploration, base metals
QMiners	QML	down	copper
QPM Energy	QPM	down	gas power station
Regis Resources	RRL	down	gold
Revolver Resources	RRR	softer	copper
Richmond Vanadium	RVT	spiked higher	vanadium
RIO	RIO	down	diversified, iron ore
Rox Resources	RXL	testing uptrend	gold
RTG Mining	RTG	testing uptrend	copper
Rumble Resources	RTR	rising	zinc, gold, tungsten exploration
S2 Resources	S2R	down	gold exploration
Santana Minerals	SMI	correcting lower	gold
Santos	STO	rising	oil/gas
Sarytogan Graphite	SGA	down	graphite
Scorpion Minerals	SCN	softer	gold exploration
Siren Gold	SNG	down	gold exploration
Skylark Minerals	SKM	down	gold exploration
Somerset Minerals	SMM	back to support line	copper exploration
Southern Palladium	SPD	testing downtrend	PGMs
Stanmore Coal	SMR	heavy slump	coal
St George Mining	SGQ	testing uptrend	rare earths, niobium
Stellar Resources	SRZ	on support line	tin
Sun Silver	SS1	down	silver
Sunrise Metals	SRL	down	scandium
Talga Resources	TLG	down	graphite
Tamboran Resources	TBN	rising	gas
Theta Gold	TGM	breaching downtrend	gold
Toro Energy	TOE	rising again	uranium
Torque Metals	TOR	surge on management changes	gold exploration + lithium
Toubani Resources	TRE	rising, gently	gold
Verity Resources	VRL	testing downtrend	gold
Vertex Minerals	VTX	down	gold
Waratah Minerals	WTM	testing uptrend	gold exploration
Westgold Resources	WGX	down	gold
West Wits Mining	WWI	correcting lower	gold
Whitehaven Coal	WHC	rising	coal
White Cliff Minerals	WCN	down	copper exploration
WIN Metals	WIN	down	gold
Yandal Resources	YRL	down	gold exploration
Totals	29%	41	Uptrend
	44%	63	Downtrend
		142	

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	34	23.9%	
Gold Exploration	25	17.6%	
Copper	14	9.9%	
Rare Earths	11	7.7%	
Uranium	8	5.6%	
Oil/Gas/Hydrogen	6	4.2%	
Silver	6	4.2%	
Iron Ore/Manganese	5	3.5%	
Antimony	4	2.8%	
Lithium	2	1.4%	
Graphite/graphene	3	2.1%	
HPA/Kaolin	2	1.4%	
Nickel	2	1.4%	
Scandium	2	1.4%	
Tungsten	2	1.4%	
Tin	2	1.4%	
Coal	2	1.4%	
Bismuth	1	0.7%	
Niobium	1	0.7%	
Potash/Phosphate	1	0.7%	
Vanadium	1	0.7%	
PGMs	1	0.7%	
Mineral Sands	1	0.7%	
Bauxite	1	0.7%	
Cobalt	1	0.7%	
Other	4	2.8%	
Total	142		

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