

Improving trend continues as gold nudges US\$2,400/oz

The markets are still getting their heads around the changes in expectations regarding interest rate trends. The stronger US economy is working against the objective of lower inflation, and therefore lower interest rates, in the short term.

If you think about it, the previous thematic that interest rates would come off in 2024, was rather simplistic. We still think we know what the general direction is but the timing of exact movements is always subject to swings to and fro.

Our All Ords has taken the brunt of the disappointment as it gave up ground last week, but the Metals and Mining Index is continuing to recover. Likewise, sentiment in the junior resources sector is improving further. It certainly has some catching up to do.

Meanwhile, the gold price is nudging US\$2,400/oz with geopolitical tensions suggested as the driver.

As the junior resources market starts to turn around

When sentiment starts to improve the first, earliest movers will be those companies that have merit and a good, supportive shareholder base.

Almost everything falls when the bear market is in full swing - even the good companies. The smart investors will sit back and watch and not try to pick the bottom of the market in a game which is sometimes called "trying to catch falling knives".

When you start to get signs that the selling has run its course, and there are indications of a gentle turnaround, the bottom fishers will come in to selectively average down their investment cost. It is a good time to pick up more of the "quality" stocks. We are seeing that happening in the market now and this is what has been causing the improvements in the Sentiment Oscillator. One example of this in action is Ioneer Ltd (INR), which has risen from a low of 10.5¢ in January to reach 23¢ last week. However the mismanaged "dogs" in the market will take longer to recover, if at all.

How cheap placements hurt shareholders

If there is one expression that will cause shareholders to wince, it is a broker recommending a placement that is "priced to clear". When times are tough, and brokers will only do placements if the price is heavily discounted, it inevitably hurts existing shareholders.

The trouble is, when price is the only criterion by which investors take an allocation, you will find that they are more interested in the discount and a quick trade rather than the merits of the company. They are the least desirable shareholders to introduce to the registry. They are only rarely supportive of the companies' endeavours.

A recent example of this is a tech company involved in the battery space that knocked out a quick placement recently. The share price had traded as high as 4¢ and was in an

uptrend, but then a placement was put on the agenda. When the share price had come down to 3.5¢, a placement was announced at 2.6¢, with a 1 for two option attached. That was a huge 29% discount to the previous closing price. Ouch!

The inevitable happened. When the trading halt was lifted the shares were quickly sold down to 2.6¢, then 2.4¢, and then 2.2¢. Adding the options to the placement was strategically a bad move for shareholders as all it does is encourage the aggressive traders to sell shares and keep their options, and guarantees that the share price stays in the doldrums.

This is another example of how the average shareholders get screwed by the s708 provisions. There would be hundreds, if not thousands of shareholders who don't have a s708 certificate. Their only option is to buy on market. Had they done so at 3-4¢, they would be spewing to see the cheap placement last week, knowing that they can't participate because they are only little guys.

However, in this particular example there is some saving grace in that the company actually announced a share purchase plan which in theory is to the benefit of these little guys, at the same discounted price. On the flip side an SPP usually depresses the share market activity while it is current as there is a surplus of supply.

Now the shareholders have the opportunity to take up shares at 2.6¢ when the price has been in the 2.2-2.3¢ range. The water has been muddied for them. How many shareholders will think this is a good deal? Maybe this depends upon the value of the 1 for 2 options that have a strike price of 3.5¢. Are they worth 0.6¢?

It is all about electricity (energy)

The AI thematic has saturated the media for some time now with the initial focus being on the social issues. Well, the focus is now switching to AI's huge electricity requirements.

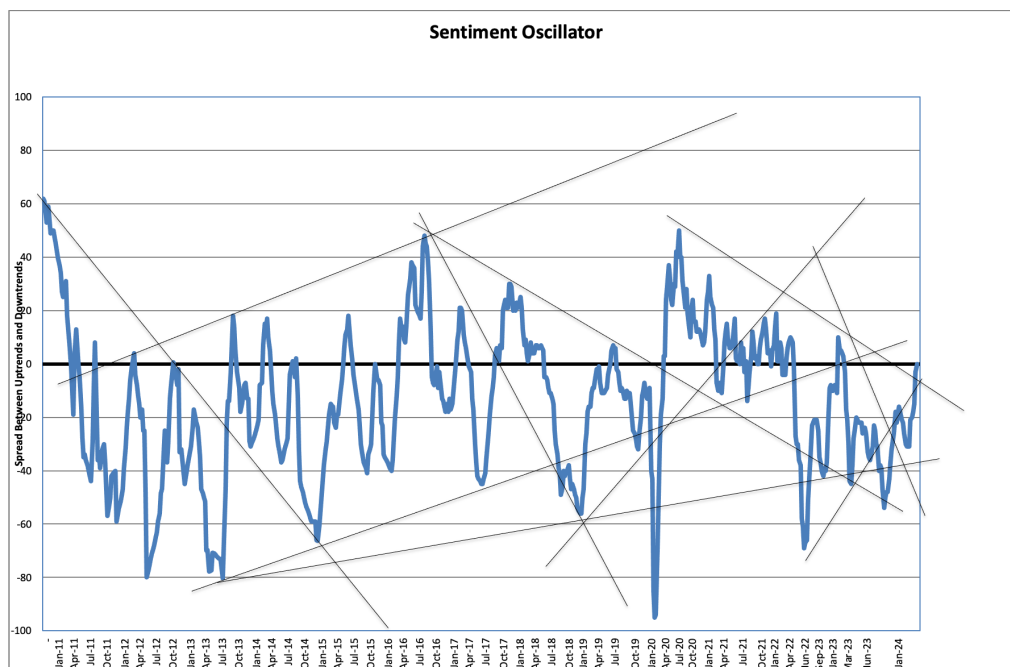
Every aspect of modern society, and its growth, is dependent upon energy. It doesn't matter whether you are talking about hydrocarbons, nuclear or alternative energy as all are needed. The pressure on the switch to EVs and alternative energy will be constrained by the supply of commodities such as copper, aluminium and iron, as well as the new age metals. We know that but so far there has been a disconnect between that knowledge and raw materials market pricing.

We keep coming back to that problem and expectations of a commodity price booms are repeatedly being held back. The ratio of commodity prices to the S&P 500 is down to historical lows. A betting man would say it is time to buy commodities for the inevitable turnaround, which may be in the process of happening, given the improving sentiment.

WA1 Resources now > \$1bn

I have previously said that WA1 Resources (WA1) was overpriced when the market capitalisation was \$500m. Was I wrong then? Apparently, but that is what can happen when you try to be rational, and that is why I never short stocks. Momentum and FOMO can turn the normal wisdom on its head.

I still believe it is overpriced, doubly so now, but that doesn't mean the share price won't go higher before the market starts to impose value criteria on the stock. The question is "... when do you hold, and when do you fold them"?



Sentiment Oscillator: The trend to a more positive sentiment took a breather last week, improving marginally to the point where stocks in uptrend equalled those in downtrend. There were 36% (33%) of stocks in uptrend and 36% (36%) in downtrend at the close of the week.

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 uptrend	
Metals and Mining	XMM	rising	
Energy	XEJ	rstill under long term downtrend line	
Information Technology	XIJ	peaking	
Stocks	Code	Trend Comment (updated comments in bold)	Main Interest
5EA Advanced Materials	5EA	back to lows	boron
Adriatic Resources	ADT	new high	zinc, polymetallic
Advance Metals (was Pacific American)	AVM	collapse on placement	coal, gold exploration
Agua Resources	AGR	new uptrend	phosphate, copper exploration
Alkane Resources	ALK	testing downtrend	gold
Alicanto Minerals	AQI	fallen back to lows	base metals, silver, gold
Alligator Energy	AGE	recovering	uranium

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Almonty Industries	All		testing uptrend	tungsten
Alpha HPA	A4N		upside breakout from wedge	HPA
Altech Chemical	ATC		breaching downtrend	HPA, anodes
Alto Metals	AME		breached secondary downtrend	gold exploration
American Rare Earths	ARR		continuing to fall	rare earths
Anax Metals	ANX		rising	copper
Anteotech	ADO		collapse on another placement	silicon anodes, biotech
Arafura Resources	ARU		pullback	rare earths
Ardea Resources	ARL		breaching downtrend	nickel
Arizona Lithium	AZL		strong rally	lithium
Astral Resources	AAR		gentle downtrend	gold
Averina	AEV		down heavily	phosphate
Aurora Energy Metals	1AE		breached support	uranium
Aurelia Metals	AMI		rising	gold + base metals
Australian Rare Earths	AR3		breaching downtrend	rare earths
Australian Strategic Materials	ASM		strong rally but hit LT resistance line	rare earths
Azure Minerals	AZS		another surge higher then pullback	nickel exploration
BHP	BHP		rising again	diversified, iron ore
Barton Gold	BGD		rising gently	gold exploration
Beach Energy	BPT		rising gently	oil and gas
Bellevue Gold	BGL		new high	gold exploration
Besra Gold	BEZ		collapse to new low	gold
Black Cat Syndicate	BC8		testing downtrend	gold
BMG Resources	BMG		down	gold exploration
Boab Metals	BML		strong rise	silver/lead
Cadoux (was FYI)	CCM		testing steepest downtrend	HPA
Calidus Resources	CAI		down to new low on placement	gold
Caravel Minerals	CVV		breached downtrend	copper
Carnaby Resources	CNB		secondary downtrend	copper
Castile Resources	CST		rallying	gold/copper/cobalt
Catalyst Metals	CYL		new uptrend	
Cazaly Resources	CAZ		forming a base	rare earths
Celsius Resources	CLA		stronger	copper
Cobalt Blue	COB		down again	cobalt
Cyprium Metals	CYM		breached downtrend, surged higher	copper
Ecograf	EGR		testing support line	graphite
Emerald Resources	EMR		rising, new high	gold
Empire Energy	EEG		breached support	gas
EQ Resources	EQR		breaching downtrend	tungsten
Euro Manganese	EMN		testing downtrend	manganese
Evolution Energy	EV1		new low	graphite
Evolution Mining	EVN		rising	gold
First Graphene	FGR		spiked higher	graphene
Fortescue Metals	FMG		off its high	iron ore

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Genesis Minerals	GMD		rising	gold
Gold 50	G50		new uptrend	gold exploration + gallium
Great Boulder Resources	GBR		sideways at lows	gold exploration
Group 6 Metals	G6M		down	tungsten
Hamelin Gold	HMG		sideways through downtrend	gold exploration
Hastings Technology Metals	HAS		collapse to new low	rare earths
Hazer Group	HZR		testing downtrend	hydrogen
Heavy Minerals	HVY		new low	garnet
Hillgrove Resources	HGO		rising gently	copper
Iluka Resources	ILU		heavy fall	mineral sands
ioneer (was Global Geoscience)	INR		rising again	lithium
Ionic Rare Earths	IXR		breached downtrend	rare earths
Jervois Mining	JVR		new low	nickel/cobalt
Jindalee Lithium	JLL		back to lows	lithium
Kaiser Reef	KAU		improving	gold
Krakatoa Resources	KTA		beached downtrend	rare earths
Kingfisher Mining	KFM		breached downtrend	rare earths
Lepidico	LPD		new low	lithium
Lindian Resources	LIN		breached downtrend	rare earths + bauxite
Lion One Metals	LLO		heavy fall - suspension	gold
Li-S Energy	LIS		new low	Lithium sulphur battery technology
LCL Resources	LCL		new low	gold exploration
Lotus Resources	LOT		rising	uranium
Lucapa Diamond	LOM		sideways	diamonds
Lunnon Metals	LM8		rallying	nickel
Lynas Corp.	LYC		still down	rare earths
Marmota	MEU		rising	gold exploration
Mayur Resources	MRL		breached uptrend	renewables, cement
Meeka Gold	MEK		sideways through downtrend	gold
MetalsX	MLX		rising	tin, nickel
Meteoric Resources	MEI		rising again	rare earths
Metro Mining	MMI		new high	bauxite
Midas Minerals	MM1		slump	lithium
Nagambie Resources	NAG		another new low	gold, antimony
Neometals	NMT		new low	lithium
Newfield Resources	NWF		down	diamonds
Nexgen Energy	NXG		new high	uranium
Northern Star Res.	NST		rising	gold
Nova Minerals	NVA		off its lows	gold exploration
Pacific Gold	PGO		breached downtrend	gold exploration
Paladin Energy	PDN		new high	uranium
Pantoro	PNR		rising again	gold
Patriot Battery Metals	PMT		testing downtrend	lithium
Peak Resources	PEK		new low	rare earths

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Peninsula Energy	PEN		breached downtrend	uranium
Perseus Mining	PRU		testing support line	gold
Poseidon Nickel	POS		new low	nickel
Provaris Energy	PV1		rising after breaching downtrend	hydrogen
QMiners	QML		new low	copper
Queensland Pacific Metals	QPM		new low	nickel/cobalt/HPA
RareX	REE		new low	rare earths, phosphate
Regis Resources	RRL		rising	gold
Reergen	RLT		breached downtrend	gas, helium
Richmond Vanadium	RVT		down	vanadium
RIO	RIO		rising again	diversified, iron ore
Rumble Resources	RTR		new low	gold exploration
S2 Resources	S2R		sideways	gold exploration
Sandfire Resources	SFR		rising again	copper
Santos	STO		weaker	oil/gas
Sarama Resources	SRR		rising	gold exploration
Sarytogan Graphite	SGA		testing uptrend	graphite
Siren Gold	SNG		bounced from lows	gold exploration
South Harz Potash	SHP		new low	potash
Southern Cross Gold	SXG		spike to new high	gold exploration
Southern Palladium	SPD		testing downtrend	PGMs
Stanmore Coal	SMR		testing downtrend	coal
Sunstone Metals	STM		breaching downtrend line	gold/copper exploration
Suvo Strategic Minerals	SUV		spiked higher	kaolin
Talga Resources	TLG		rallying	graphite
Tamboran Resources	TBN		rising again	gas
Theta Gold Mines	TGM		rising again	gold
Thor Energy	THR		new uptrend	uranium
Tietto Minerals	TIE		surge on takeover approach	gold
Vanadium Resources	VR8		new uptrend	vanadium
Venture Minerals	VMS		rising	tin, tungsten
Vertex Minerals	VTX		down	gold
Vintage Energy	VEN		new low	gas
Voltaic Strategic Resources	VSR		new low	REO + lithium
Walkabout Resources	WKT		sideways	graphite
West Cobar	WC1		new low	rare earth + lithium
Westgold Resources	WGX		new high	gold
West Wits Mining	WWI		rising	gold
Whitehaven Coal	WHC		testing uptrend	coal
Zenith Minerals	ZNC		new low	gold exploration
Totals	36%	48	Uptrend	
	36%	48	Downtrend	
		134	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 Exploration	18	13.4%	
Gold	20	14.9%	
Rare Earths	14	10.4%	
Lithium	9	6.7%	
Copper	9	6.7%	
Uranium	8	6.0%	
Oil/Gas	8	6.0%	
Nickel	6	4.5%	
Iron Ore/Manganese	4	3.0%	
Graphite/graphene	6	4.5%	
Silver	4	50.0%	
Tungsten	3	2.2%	
Mineral Sands	1	0.7%	
Vanadium	3	37.5%	
Zinc/Lead	1	0.7%	
Coal	2	1.5%	
Potash/Phosphate	3	2.2%	
Bauxite	2	1.5%	
Tin	2	1.5%	
Cobalt	1	0.7%	
Diamonds	2	1.5%	

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Other	8		
Total	134		

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