

## Living with inflation - get used to it

This week's commentary is very limited due to my arrival back in Australia at 11pm on Saturday, after a few weeks in Antarctica and Patagonia. I spent all of Sunday catching up on the charts, which have been updated in this edition.

Very briefly, it looks like a good month to have been absent. The market was weak across all sectors with gold stocks being punished as the bullion price tumbled lower. Most rare earth stocks were notably weaker with the WA companies around Hastings being treated particularly harshly. Overall sentiment has taken a backward step over the last few weeks. There has been no reason to be putting new money into the market. So, without an influx of money, almost everything was down.

### Living with the inflation narrative

It is important to recognise that inflation, and its implication for interest rates, will be a constant thematic for many more months, even years. Taking Australia as an example, there is no-one on the Reserve Bank board that has any relevant experience with an inflationary cycle like we are experiencing now. All of their knowledge comes from textbooks and university lecturers. The Reserve Bank has lost the initiative following its failure to pre-empt current events and we are now paying for its complacency. It has damaged its credibility amongst investors. It is now playing catchup and we are paying for its education.

The nexus between interest rates and bond (stock) prices is as universal as the laws of gravity. Interest rates rise so stock prices will correspondingly fall, though that nexus is

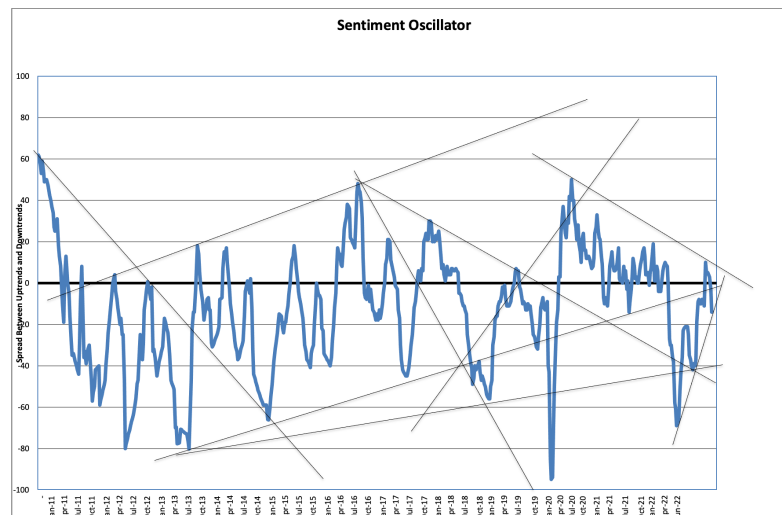
less relevant to speculative shares as they do not pay dividends. Nevertheless, there is a knock-on effect that affects sentiment and the willingness to speculate. "Risk off" is how some people like to paraphrase it.

Company news flow and individual merit will always be important as it becomes more of a stock pickers market, but unless you get this right there is a probability that your portfolio will underperform as there is no supportive trend to rely on. That is how it has been in February.

We have just seen the Dow finish its worst week in 2023, as news on the inflation front and expectations of higher interest rates have dominated the market psychology. However, it is important that we don't assume this down tick will go on forever. The market is always about action and reaction. We might be depressed about February, but it has already happened. We should not get over-depressed about what has already been experienced. Rather, we should be looking for early indicators that the pendulum may swing the other way, and the laws of probability play a big role in a market that never stands still.

The inflation narrative is just another thematic to factor into our strategies. It will come and go in varying levels of importance for the foreseeable future. We need to learn to live with it.

We have deleted Capricorn Metals, OzMinerals and Silex Systems from our chart coverage, and added Li-S Energy (LIS), Parabellum Resources (PBL) and RareEx (REE)



**Sentiment Oscillator:** Sentiment has fallen constantly over the past four weeks, bringing to an end the strong rally that we were seeing in the New Year. Looking into the crystal ball, we could see a bounce over the next week or two, but that will take us to a decision point as the apex of that wedge is approached. A breakout of that wedge will provide guidance as to the direction in the subsequent months. There were 24% of the charts in uptrend and 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	falling after hitting resistance line	
Metals and Mining	XMM	falling after reaching new high	
Energy	XEJ	down	
Information Technology	XIJ	new uptrend	
Stocks	Code	Trend Comment (updated comments in bold)	Main Interest
92 Energy	92E	down	uranium
A-Cap Energy	ACB	back to recent lows	uranium
ADX Energy	ADX	sideways	oil and gas
Alpha HPA	A4N	off its highs	HPA
Adriatic Resources	ADT	new high	zinc, polymetallic
Advance Metals (was Pacific American)	AVM	off its lows	coal, gold exploration
Alkane Resources	ALK	breached downtrend	gold
Alicanto Minerals	AQI	risen to resistance line	base metals, silver, gold
Altech Chemical	ATC	sideways	HPA, anodes
Anteotech	ADO	at lows	silicon anodes, biotech
Alto Metals	AME	at resistance	gold exploration
American Rare Earths	ARR	rising again	rare earths
Antilles Gold	AAU	back in downtrend	gold
Anax Metals	ANX	testing downtrend	copper
Arafura Resources	ARU	good bounce	rare earths
Ardea Resources	ARL	new low	nickel
Aurelia Metals	AMI	new breached	gold + base metals
Australian Rare Earths	AR3	new low	rare earths
Auteco Minerals	AUT	breached ST uptrend	gold exploration
Arizona Lithium	AZL	failed at resistance line	lithium
Azure Minerals	AZS	struggling at resistance line	nickel exploration
BHP	BHP	off its highs	diversified, iron ore
Barton Gold	BGD	testing uptrend	gold exploration
Beach Energy	BPT	uptrend breached	oil and gas
Bellevue Gold	BGL	off its highs	gold exploration
Benz Mining	BNZ	slump	gold
Black Cat Syndicate	BC8	rising	gold
BMG Resources	BMG	down	gold exploration
Boab Metals	BML	down	silver/lead
Breaker Resources	BRB	slum	gold exploration
Buru Energy	BRU	strong rally	oil
Calidus Resources	CAI	new low	gold
Caravel Minerals	CVV	breached downtrend	copper
Castile Resources	CST	still in downtrend	gold/copper/cobalt

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Celsius Resources	CLA		sideways	copper
Chesser Resources	CHZ		breaking downtrend	gold exploration
Cobalt Blue	COB		down	cobalt
Cyprium Metals	CYM		slump on funding failure	copper
Dateline	DTR		bounced of new low	rare earths
E2 Metals	E2M		down	gold exploration
Ecograf	EGR		new low	graphite
Element 25	E25		new uptrend commenced	manganese
Emerald Resources	EMR		rising, new high	gold
Empire Energy	EEG		testing steepest downtrend	gas
Euro Manganese	EMN		softer	manganese
Evolution Mining	EVN		slump out of uptrend	gold
First Graphene	FGR		risen to final resistance line	graphene
Fortescue Metals	FMG		new high	iron ore
FYI Resources	FYI		collapse on Alcoa withdrawing fromJV	HPA
Galena Mining	G1A		breaching final resistance	lead
Genesis Minerals	GMD		breached uptrend	gold
Genmin	GEN		breached uptrend	iron ore
Gold Road	GOR		back to support line	gold
Great Boulder Resources	GBR		softer	gold exploration
Hastings Technology Metals	HAS		down heavily	rare earths
Hazer Group	HZR		testing downtrend	hydrogen
Heavy Minerals	HVY		rising	garnet
Highfield Resources	HFR		down	potash
Hillgrove Resources	HGO		sideways breach of uptrend	copper
Iluka Resources	ILU		rising	mineral sands
Image Resources	IMA		still down	mineral sands
ioneer (was Global Geoscience)	INR		down	lithium
Ionic Rare Earths	IXR		down	rare earths
Jervois Mining	JVR		new low	nickel/cobalt
Kaiser Reef	KAU		sideways through downtrend	gold
Kalina Power	KPO		at lows	power station additive
Kingston Resources	KSN		breached secondary downtrend	gold
Krakatoa Resources	KTA		down	rare earths
Kingfisher Mining	KFM		heavy fall	rare earths
Lepidico	LPD		sideways	lithium
Lindian Resources	LIN		correcting after rise	bauxite
Lion One Metals	LLO		breached uptrend	gold
Li-S Energy	LIS		down	Lithium sulphur battery technology
Los Cerros	LCL		down	gold exploration
Lotus Resources	LOT		sideways through downtrend	uranium
Lucapa Diamond	LOM		down again	diamonds
Lunnon Metals	LM8		resumed uptrend	nickel
Lynas Corp.	LYC		turned down at resistance line	rare earths

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Magnetic Resources	MAU	red	surge on REO news, then retracement	gold exploration
Mako Gold	MKG	red	down	gold exploration
Marmota	MEU	red	drifting lower	gold exploration
Matador Mining	MZZ	red	down	gold exploration
Mayur Resources	MRL	green	rising	renewables, cement
Meeka Gold	MEK	green	on support line	gold
Megado Gold	MEG	orange	bounced on lithium permits	rare earths, gold exploration
MetalsX	MLX	green	pullback	tin, nickel
Meteoric Resources	MEI	green	spiked higher	rare earths
Metro Mining	MMI	red	still down	bauxite
Mincor Resources	MCR	red	down	gold/nickel
Mithril Resources	MTH	orange	sideways	gold/silver
Musgrave Minerals	MGV	red	still falling, gently	gold exploration
Nagambie Resources	NAG	orange	back to lows	gold, antimony
Neometals	NMT	red	falling	lithium
Northern Star Res.	NST	orange	heavy fall	gold
Nova Minerals	NVA	red	breached uptrend	gold exploration
Orecorp	ORR	green	surge higher	gold development
Pacific Gold	PGO	red	bounced to meet resistance line	gold exploration
Pantoro	PNR	red	new low	gold
Panoramic Res	PAN	red	testing downtrend	nickel
Parabellum Resources	PBL	orange	breached downtrend, then a slump	rare earths
Peak Resources	PEK	green	rising	rare earths
Peninsula Energy	PEN	orange	sideways through downtrend	uranium
Perseus Mining	PRU	green	off its highs	gold
Poseidon Nickel	POS	red	at lows	nickel
Provaris Energy	PV1	orange	testing downtrend	hydrogen
PVW Resources	PVW	orange	slump back to lows	rare earths
QMines	QML	orange	sideways	copper
Queensland Pacific Metals	QPM	red	slump. still in downtrend	nickel/cobalt/HPA
RareX	REE	green	fallen back to support line	rare earths, phosphate
Regis Resources	RRL	orange	slump to support line	gold
Regergen	RLT	red	down	gas, helium
Resource Mining Corp.	RMI	red	gently down	nickel exploration
Richmond Vanadium	RVT	green	recovering	vanadium
RIO	RIO	green	off its highs	diversified, iron ore
Rumble Resources	RTR	red	secondary downtrend	gold exploration
S2 Resources	S2R	orange	sideways	gold exploration
Sandfire Resources	SFR	green	still at highs	copper
Santos	STO	orange	softer	oil/gas
Sarama Resources	SRR	orange	sideways through downtrend line	gold exploration
Sarytogan Graphite	SGA	green	uptrend	graphite
South Harz Potash	SHP	red	new low	potash
Southern Cross Gold	SXG	red	breached uptrend	gold exploration

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Stanmore Coal	SMR		surge higher	coal
Strandline Resources	STA		down	mineral sands
Sunstone Metals	STM		new uptrend forming	exploration
Suvo Strategic Minerals	SUV		risen to meet resistance line	kaolin
Talga Resources	TLG		slump on \$40m placement	graphite
Tamboran Resources	TBN		breached downtrend	gas
Technology Metals	TMT		down	vanadium
Theta Gold Mines	TGM		sideways	gold
Thor Mining	THR		down	gold exploration
Tietto Minerals	TIE		on support line	gold
Vanadium Resources	VR8		new low	vanadium
Venture Minerals	VMS		sideways	tin, tungsten
West African Resources	WAF		slump out of uptrend	gold
Westgold Resources	WGX		heavy slump	gold
West Wits Mining	WWI		down	gold
Whitehaven Coal	WHC		down	coal
Zenith Minerals	ZNC		down	gold exploration
Totals	24%	33	Uptrend	
	41%	56	Downtrend	
		138	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	28	20.3%
Gold Exploration	22	15.9%

Rare Earths	15	10.9%	
Oil/Gas	10	7.2%	
Nickel	8	5.8%	
Copper	8	5.8%	
Iron Ore/Manganese	6	4.3%	
Uranium	4	2.9%	
Zinc/Lead	3	2.2%	
Lithium	4	2.9%	
Graphite/graphene	4	2.9%	
Coal	3	2.2%	
Mineral Sands	3	2.2%	
Potash/Phosphate	2	1.4%	
Silver	2	1.4%	
Bauxite	2	1.4%	
Vanadium	3	2.2%	
Cobalt	1	0.7%	
Tin	2	1.4%	
Diamonds	1	0.7%	
Other	7		
Total	138		

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