

InvestorIntelReport: Precious Metals Surge ... with a Uranium Chaser

☒ Those who had expected the Greek election results to make bigger waves were disappointed when that tsunami's wave failed to travel very far and faded away as an impetus for global markets after a few days. It doesn't mean it's gone as an influence but like Ebola seems to be a contagion that is now geographically constrained. The week ended with the new government pretty much saying it didn't care what the Germans wanted *vis a vis* austerity so a showdown is on the cards.

Meanwhile with the Swiss revaluation fading in investor's memories and without a Greek drama, the gold and silver prices both started to give back ground and understandably so... they had moved too far and too fast on not enough solid footing. Oil continued in a weak mode and base metals investors (or bargain buyers.. not clear which) finally cottoned on that low oil is good for base metal prospects. While these didn't exactly jump, they stopped falling and started to firm..the star was uranium which had a good week (relatively speaking).

Currencies are the thing to watch... and I don't mean the Euro. The collapse (no other word for it) of the Canadian and Australian dollars has brought quite a number of benefits for domestic miners in those countries with the oil price decline being icing on the cake in the cost-saving department. With the recent gold/silver price strengthening it's a triple benefit for those mining those metals. I suspect the upturn in the commodity currencies shall start soon and that will probably not be welcome amongst Central Banks that would prefer a long period of lower currencies to help boost domestic economic activity. However they go to low and they start importing inflation (though not in energy prices...*phew*).

Then interest rates have to go up, which crimps growth, but attracts speculators back into the currencies. With both currencies at around 77-78cts to the USD, defensive action must be nearing.

The stellar performance of the month (excuse the bad pun) was Star Minerals, which we expounded upon here last week in an article. It is the up and coming mine-to-market Manganese battery story run by the team that built up Great Western last decade. Star's up-move was a startling 50%. In the absence of news we are tempted to ascribe this move to our analysis. However looking at the moves for the broader universe it seemed to be a week of extremes with only a few stocks making small moves and a lot making sizeable jumps, both up or down. Alkane was unchanged for the week but that concealed the fact that it had been a good performer for the month up 18% during January.

Sentiments in the Rare Earth space were all over the place with Rare Element Resources and Tasman both down over 10% and Ucore up by 13% in the last week of the month. There was no specific news to prompt either to go down and indeed Ucore had some promising drill results confirming its deposit to be open at depth. Graphite had a weak patch with Zenyatta giving back 10.7% to end the month unchanged from where it began 2015. It was not alone though as the whole graphite sub-space was off the boil.

One of the more inexplicable moves for the month was Largo's drop of 30% (down 6.25% in the final week). An operational update during the month showed production was doing well so this down-move looks like it comes from residual bad sentiment towards the steel sector for which Largo's Vanadium output is an important component in alloys. We would note though that the decline in Vanadium prices over the last twelve months has been relatively small compared to the brutal decline in iron ore prices.

One of the very strongest movers was Carlisle Goldfields which rose by 43% over the month DESPITE having a stock rollback which some minority shareholders had griped about. It seems management was right and the complainers were wrong. The other gold play on our watchlist, Chesapeake Gold, added 16% during January. In silver plays, Levon Resources also had a good month, rising by 13.4%.

We suspect the price declines say less about the stocks that were hit during the month and rather more about the dramatic shift in investor focus to the long becalmed precious metals space where gold's move during the month put every other mining sub-space in the shade.

Note from the Publisher: Daniel Carlson's ongoing commentary, or should I say walk-on as an interim editor on The Calandra Report last week seemed to make a difference, with \$AMSE up +37.80%, and of course, one of my favorite InvestorIntel weekly column's – Clausi's Takeover Targets, made a difference in GTA Resources, as identified takeover target \$GTA was up +22.22% for the week. On the graphite sector, I noted a sizable increase in interest again for clients, and 2 led the week: Alabama Graphite Corp.'s \$ABGPF +18.45% & ALP +13.33% and Graphite One Resources Inc. \$GPH up +13.33%. Not to be left in the dust, let's credit lithium play Neometals \$NMT up +18.18% for the week...more being emailed to InvestorIntelReport members this morning...

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