Investor.Coffee (01.29.24): Key Economic Data and Major Earnings Reports Anticipated this Week

written by InvestorNews | January 29, 2024

In the pre-open market, Canadian futures were down, influenced by sliding copper prices and investor caution ahead of significant domestic economic data. In contrast, U.S. main index futures remained muted, with a week full of major events, including the Federal Reserve's interest rate decision and key tech earnings, potentially setting Wall Street's direction following a record-breaking rally. European equities saw a slight rise, bolstered by the strength in the energy sector. Asian markets presented a mixed picture: Chinese stocks fell despite new government curbs on short selling, while Japan's Nikkei ended higher. The U.S. dollar strengthened in anticipation of the Fed meeting during a week heavy with data, and gold prices increased, buoyed by escalating Middle East tensions. Oil prices also rose, driven by concerns over supply disruptions.

In the world markets, Euro STOXX 50 futures dropped 11 points to 4,644, FTSE futures lost 12 points to 7,620.5, and German DAX futures decreased 58 points to 17,005, all as of 0530 GMT. Japan's Nikkei share average saw gains, propelled by a jump in oil prices and a weaker yen boosting investor sentiment. The rise in oil prices was partly due to a drone attack on U.S. forces in Jordan, escalating worries over supply disruptions in the Middle East.

This week marked a significant period in the earnings season, with 19% of S&P 500 and Dow Jones Industrial Average companies reporting. Among them, major tech companies like Microsoft Corporation (NASDAQ: MSFT), Alphabet Inc. (NASDAQ: GOOGL), Amazon.com, Inc. (NASDAQ: AMZN), Meta Platforms, Inc. (NASDAQ: META), and Apple Inc. (NASDAQ: APPL), were in the spotlight, especially at a time when these firms have been executing layoffs. The key reports also extended beyond tech, with major companies like The Boeing Company (NYSE: BA), General Motors (NYSE: GM), and Starbucks Corporation (NASDAQ: SBUX) set to reveal their earnings. The pharmaceutical sector also anticipated big news, headlined by Novo Nordisk (NYSE: NVO), amid a surge in market cap due to the boom in weight loss drugs.

Significant developments are expected in the semiconductor industry. President Joe Biden's administration was reported to be awarding billions in subsidies to top semiconductor companies, including Intel Corp and Taiwan Semiconductor Manufacturing Co, to support new factory construction in the U.S. This move aimed to boost the manufacturing of advanced semiconductors vital for smartphones, artificial intelligence, and weapons systems.

In the corporate world, Microsoft and Apple were in focus. Microsoft's early lead in artificial intelligence positioned it to potentially surpass Apple in market value over the next five years, a sentiment unanimously agreed upon by 13 institutional investors.

A dispute arose between Spotify Technology SA and Apple Inc, with Spotify criticizing Apple's new plan to align with the European Union's Digital Markets Act as "a complete and total farce."

In Europe and Asia, a Hong Kong court ordered the liquidation of China Evergrande Group, potentially impacting China's financial markets. A drone attack in Jordan, attributed to Iran-backed militants, targeted U.S. troops, causing casualties. In the aviation sector, a new safety crisis for Boeing and industry-wide disruptions were topics of discussion among airline industry financiers. Additionally, Switzerland's Holcim announced plans to spin off its North American operations in a significant New York flotation.

United Airlines considered acquiring more Airbus A321neo jets, possibly to compensate for the delayed Boeing 737 MAX 10. Meanwhile, the John Lewis Partnership contemplated significant job cuts, and Ryanair Holdings Plc adjusted its profit forecast due to changes in its sales strategy.

In the automotive sector, Toyota Motor Corp announced the suspension of shipments of certain models, including the Hilux truck and Land Cruiser 300 SUV, due to irregularities in diesel engine certification tests.

From India, the federal government planned to keep its gross market borrowing for 2024/25 close to the current fiscal year's level. Vedanta, an Indian conglomerate, reported a smaller-than-expected drop in third-quarter profit. The country also witnessed a heightening of sectarian tensions, with a powerful Hindu group claiming several mosques were built over demolished Hindu temples. In a significant collaboration, India's Tata Group and France's Airbus agreed to manufacture civilian helicopters together. Lastly, the artificial intelligence startup Krutrim, founded by Ola Electric's CEO Bhavish Aggarwal, raised $50 million in its first funding round, reaching a valuation of $1 billion.

Mark your calendar for this week's InvestorTalk and sign up for our pre-market events.

9-920 AM EST

Wednesday, January 31, 2024
InvestorTalk with Terry Lynch from Power Nickel Inc. (TSXV: PNPN | OTCQB: PNPNF)
Join Zoom Meeting – Click Here

9-920 AM
Thursday, February 1, 2024
InvestorTalk with Tawana Bain from American Clean Resources Group, Inc. (OTC: ACRG)
Join Zoom Meeting – Click Here

Investor.Coffee (11.03.2023): Cardiol Marks Milestone, Canadians Await Job Data and MP Materials Reports Q2 Results Outpace Rare Earth Prices

written by Tracy Weslosky | January 29, 2024
Canadian Futures

Canada's financial landscape holds its breath in anticipation of the upcoming job data release. In comparison, global indicators from the Nasdaq and the S&P 500 futures point to a decline, influenced heavily by Apple's less than stellar holiday-quarter predictions. As the U.S. gears up for the unveiling of its non-farm payrolls report, early indications hint at a potential slowdown in job growth for the previous month. Over in Europe, a surge in auto stocks leads the way, backed by signals suggesting that central banks might go easy on monetary policy tightening. The Asian markets are flourishing, with Hong Kong stocks experiencing their highest single-day performance in a quarter. Furthermore, a recent survey has pushed Chinese equities upward, revealing a boost in the country's services activity in October. Amid these shifts, oil prices are stable, gold edges higher, and the U.S. dollar wanes slightly against other leading currencies.

Cardiol Therapeutics: Strides Forward

Cardiol Therapeutics Inc. (NASDAQ: CRDL | TSX: CRDL) has marked a significant milestone by enrolling over half of its targeted patients for the MAvERIC-Pilot Phase II study. This research aims to evaluate the safety, effectiveness, and tolerance of CardiolRx™ for individuals battling recurrent pericarditis. The company's President and CEO, David Elsley, expressed deep appreciation for the unwavering commitment shown by both participants and clinical associates.

Royal Bank of Canada: Navigating Turbulence

The Royal Bank of Canada has reached a $6 million settlement with the U.S. Securities and Exchange Commission over charges concerning a lack of accuracy in records and oversight of internal accounting control provisions, specifically surrounding its software project costs. This lapse extended from 2008 to 2020, according to the SEC.

Global Market Overview

As of 0530 GMT, European futures, including the Euro STOXX 50, FTSE, and German DAX, have posted gains. Stocks are on track for their most substantial yearly rise. Challenges beset the U.S. dollar, bonds are gaining traction, and a pause in U.S. interest rate hikes is cause for investor celebration. Conversely, the oil market remains uncertain, with prices edging up but facing the potential of consecutive weekly losses due to geopolitical tensions in the Middle East and an ambiguous demand projection from China.

U.S. Market Highlights

Thursday saw the U.S. stock market demonstrate remarkable tenacity. The Nasdaq Composite, Dow Jones Industrial Average, and the S&P 500 all showcased commendable performances, reflecting promising economic data, suggesting a slowing down of inflation and a potentially stable Federal Reserve rate.

However, it wasn't all rosy. FTX's Sam Bankman-Fried faced a harsh verdict, found guilty on all counts of fraud and money laundering, staring down a sentence of 115 years.

Corporate Tidbits

A flurry of activity characterizes the global corporate scene:

- **Alibaba**: Gearing up for the Singles Day event, Alibaba is encouraging vendors to offer their best prices, deviating from its traditional approach.
- **Anheuser-Busch InBev SA**: Announced a $1 billion share repurchase, reinforcing its pledge to reward shareholders while managing debts.
- **Apple Inc**: Despite unveiling new tech, Mac sales have started to plateau post-pandemic.
- **Berkshire Hathaway**: Slightly reduced its stake in electric vehicle company BYD.
- **BHP Group**: Has invested heavily in the Jansen potash project in Canada.
- **Blackstone**: Joining forces with Vista Equity Partners to acquire Energy Exemplar.

- **Caterpillar**: Celebrated a surge in Q3 profits.
- **Cloudflare Inc:** The company's Q4 revenue forecast was below market estimates.
- **Coinbase Global Inc.:** Although the company beat revenue estimates for Q3, trading volumes saw a decline.
- **Consolidated Edison Inc.:** Q3 profit surpassed expectations.
- **EOG Resources Inc.:** The company exceeded Wall Street's profit estimates for Q3.
- **Marathon Petroleum**: Beat Q3 profit predictions.
- **Netflix & Disney**: Face potential upheavals due to disputes with Hollywood actors.
- **Pfizer**: Despite a quarterly loss, it adjusted its 2023 forecast after a deal with the U.S. government.
- **Micron Technology Inc.:** China's commerce minister expressed a desire for the company to deepen its presence in the Chinese market.
- **Monster Beverage Corp.:** Q3 profits exceeded expectations.
- **Motorola Solutions Inc.:** Provided a Q4 profit forecast that was above market expectations.
- **MP Materials Corp.:** Despite challenges, the company reported better-than-expected adjusted second quarter profit.

And many more corporations continue to redefine their strategies and navigate challenges.

In the midst of these corporate shifts and global economic trends, These updates shed light on the current financial climate and the intricate dance between global economies, corporate strategies, and investor sentiments. As Canada awaits its job data and the world monitors U.S. non-farm payrolls, the intricate web of global finance continues to weave its ever-evolving narrative.

Investor.Coffee USA (9.27.2023): JPMorgan Reshuffles its Investment Banking Division

written by InvestorNews | January 29, 2024

As September draws to a close, the U.S. equities market has experienced some turbulence. Following a challenging Tuesday, U.S. futures seem to be ticking upwards despite all three major indices, including the Dow, witnessing significant drops. The Dow notably had its worst performance since March. The market's unsteady temperament could be attributed to several factors. August saw a steep decline in new home sales, Amazon found itself in the midst of a significant antitrust lawsuit, and the Conference Board's consumer confidence index dipped more than anticipated.

Investor.Coffee (9.26.2023): Ford Pauses $3.5Bn Michigan EV Battery Project and Global

Banks Join Forces to Standardize Stock Position Disclosures

written by InvestorNews | January 29, 2024

In the ever-evolving financial market, staying updated with the latest trends and developments is crucial. This week has brought a blend of intriguing shifts across different global sectors. Let’s dive in and dissect the prominent changes that are shaping the market narrative.

Can Apple and Goldman Sachs’ New High-Interest Savings Account Restore the Confidence of Depositors

written by InvestorNews | January 29, 2024

So far this week we’ve seen the U.S. Federal Reserve raise interest rates another 0.25% while commenting that the U.S. banking system is sound and resilient. Seemingly oblivious to the fact that a mere two days ago the Federal Deposit Insurance Corp. (FDIC) took control of First Republic Bank (the third major bank failure in less than two months) and followed up with a fire-sale of substantially all the bank’s assets and deposits to J.P. Morgan (NYSE: JPM).

Then just after Fed Chair Jerome Powell's press conference on Wednesday, there were more banking fireworks as PacWest Bancorp (NASDAQ: PACW) announced it is exploring strategic options, including a potential sale or capital raise which led to a 40% drop in its share price in after-hours trading. If that's the definition of "sound and resilient" then I have some relatively good junior mining stock ideas for you.

Apple and Goldman Sachs' solution for depositors

But fear not, options to put your money in a safe place and earn a decent return are available to you but from an unlikely source, Apple Inc. (NASDAQ: APPL). Apple and Goldman Sachs (NYSE: GS) are coming to the rescue of the American depositor. Apple is offering a new high-interest Savings account (HISA) with a 4.15% annual return to its Apple Card holders. Obviously, this isn't available to everyone as you have to have an Apple Card account which probably means you participate in the Apple ecosystem in some way, shape, or form (which I don't). You also need to be able to have a bank account in the U.S., which means citizenship or property ownership or adherence to some other rules that may or may not apply to non-Americans. But if you meet these requirements you can bank with Apple (via Goldman), at least up to a maximum of US$250,000, which is the updated FDIC insurance limit.

Apple's HISA – benevolent or another consumer hook

My personal opinion is that Apple isn't benevolently doing its part to help restore confidence for depositors.

The top-notch marketing team at Apple has stepped outside the box again and identified another clever way to put more hooks into its zealous disciples. I'm sure they've done plenty of research to determine that if there's a bunch of money in a person's Apple account, they'll make a few more purchases in the Apple Store, or perhaps upgrade their iPhone or iPad a little more frequently.

And perhaps that's why Apple's HISA has a higher yield than Goldman's own high-yield savings account which offers a 3.90% return. Whatever the case, their strategy appears to be working as Apple's new savings account attracted nearly US$1 billion in deposits in just its first four days.

Rising interest rates not reflected in bank saving accounts

Circling back, the Fed's seemingly myopic approach to dealing with inflation by rapidly and relentlessly raising interest rates appears to have spawned a banking crisis.

Compounding that, at least for many regional banks, the average bank is paying less than 0.5% on savings accounts according to the FDIC's published National Rates and Rate Caps for Savings deposit products. But Apple is certainly not the first entity out there to offer a HISA to attract deposits away.

No wonder banks are seeing a run on deposits as people try to generate a return on their hard-earned savings. I could see people being less likely to panic and take all their money out of an account if it was just going somewhere else to earn nothing.

But by creating an impetus (the collapse of Signature Bank of New York and Silicon Valley Bank) that caused people to review their banking situation, the ball started rolling. At this point, people realize that without taking on any additional risk they can earn an incremental 3.5% to 4.0% on their money. It's hard to imagine there wouldn't be a run on deposits.

Is PacWest just the next 'domino' to fall

So where does this leave us, besides in a bit of a mess? That's a very good question. The recent PacWest seeking "strategic options" news could be a signal that we aren't out of the woods yet.

Although I'm sure the large banks (JPMorgan Chase & Co. (NYSE: JPM), Bank of America Corporation (NYSE: BAC), Wells Fargo (NYSE: WFC), etc.) that can play the long game might be sitting back and salivating at the chance to pick up another quality financial institution at a huge discount – JPMorgan shares jumped over 3% on the news of the First Republic deal.

With that said, I'm not worried about a complete collapse of the financial system as I'm sure at some point the Federal Reserve will wake up and realize that it's not solely about inflation.

The regional banking crisis could tighten the credit market and negatively impact the economy

However, some unintended consequences of this strain on the financial system could lead to an overall tightening in the credit market as smaller, regional banks step back from making loans to medium to small businesses that the big banks won't give the time of day to.

According to the U.S. Small Business Administration, businesses of fewer than 500 employees in the US make up 99.7% of employer firms and over 49% of private-sector employment.

If this credit tightening impairs the grassroots growth of the economy, we finally get the recession that everyone has been forecasting for almost a year. Even worse, if inflation remains sticky we could end up with stagflation.

Perhaps Tim Cook and the rest of the brilliant minds at Apple can figure out something else that helps remedy the situation that the Fed has placed firmly in our laps.

Can Billion Dollar Buybacks Boost Stock Prices

written by InvestorNews | January 29, 2024
Stock buybacks, also known as share repurchases, have been a hot topic in recent years, as more and more companies are choosing to use this financial strategy as a way to deploy capital.

A stock buyback occurs when a company buys back its shares from the open market, reducing the number of outstanding shares. By doing so, the company is effectively removing some of the supply of its stock, which can drive up demand and increase the stock price.

In addition, reducing the number of outstanding shares can also increase the earnings per share (EPS), as the company's earnings are now spread out over a smaller number of shares.

Billion Dollar Buybacks

According to data from S&P Capital IQ, public companies bought back $675.9 billion of their stock in 2022. A big percentage comes from 15 companies that made up 50% of the dollar value of stock buybacks in 2022, including the top five — Apple Inc. (NASDAQ: AAPL), Alphabet Inc. (NASDAQ: GOOGL), Meta Platforms, Inc. (NASDAQ: META), Microsoft Corporation (NASDAQ :MSFT), and Shell plc (LSE: SHEL).

In January, Chevron Corporation (NYSE: CVX) announced a $75 billion share buyback, which could reduce the number of shares outstanding by as much as 20% and Exxon Mobil Corporation (NYSE: XOM) announced it and authorized another $35 billion stock buyback plan over the next two years.

White House's Reactions

After these buyback announcements, President Joe Biden criticized the oil companies for not helping to restrain the price of gasoline by investing in oil production and refining. Last summer, he signed into law a new 1% tax on share repurchases that politicians thought might help to reduce buybacks and divert money back to investment into capital goods, research, and employees. In the State of the Union address last night, President Biden called for a quadrupling of the tax to 4% on corporate stock buybacks.

Buyback Benefits and Drawbacks

Buybacks can also be a way for companies to return excess cash to shareholders, as they can provide an alternative to dividends. Instead of paying out cash to shareholders, the company can use the cash to buy back its stock, which can then be sold by the shareholders for a profit.

Buybacks are a more tax-efficient way to return capital to shareholders than dividends because the investor does not incur any tax on the buyback sale process if they do not sell their shares. Tax is only applicable on the actual sale of shares and dividends also are taxable.

While buybacks can have some benefits, they can also be a source of controversy. Some critics argue that buybacks prioritize short-term gains for investors over long-term investments in the company. By using cash to buy back stock, companies are effectively taking money away from potential investments in research and development, capital expenditures, or employee salaries and benefits.

Furthermore, some have argued that buybacks can lead to income inequality, as the majority of stock ownership is concentrated among a small group of wealthy individuals and investment funds. As such, buybacks can serve to further enrich these groups at the expense of ordinary workers.

Despite these criticisms, many companies continue to use buybacks as a financial strategy. One of the main reasons is that they can be an effective way to boost stock prices in the short term, which can have a positive impact on the company’s financial performance. Additionally, buybacks can also be a way for companies to signal to the market that they have confidence in their stock, as they are essentially saying that they believe the stock is undervalued and that they are willing to buy it back at current prices.

10 Stocks with the Largest Buybacks in the Last Quarter

For our list of 10 Stocks, we used data from S&P Capital IQ for the company’s latest quarter, primarily Q4/2022 financial information.

Company Name	Stock Repurchase in Latest Quarter (US$ B)	Year-over-Year Stock Price Gain
Apple Inc. (NASDAQ:AAPL)	21.79	-9.9%
Alphabet Inc. (NASDAQ:GOOGL)	15.41	-22.7%
Meta Platforms, Inc. (NASDAQ:META)	7.52	-14.8%
Microsoft Corporation (NASDAQ:MSFT)	5.46	-11.1%
Shell plc (LSE:SHEL)	5.02	19.1%
Exxon Mobil Corporation (NYSE:XOM)	4.68	39.5%
Lockheed Martin Corporation (NYSE:LMT)	4.21	19.4%
Lowe’s Companies, Inc. (NYSE:LOW)	4.00	-5.4%
Chevron Corporation (NYSE:CVX)	3.80	25.7%
NVIDIA Corporation (NASDAQ:NVDA)	3.78	-10.3%

Source: S&P Capital IQ

Final Thoughts

As an investor, it is important to understand the potential benefits and drawbacks of stock buybacks, as well as the larger implications for the company and the wider economy. When considering whether to invest in a company that is using buybacks, it is important to look at the underlying financial health of the company and to assess whether the buybacks are being used as a way to mask underlying problems, such as weak earnings or a lack of investment in the future of the business.

Monetizing the Metaverse: Where's the money?

written by Stephen Lautens | January 29, 2024

Last week some of the major players in the Metaverse joined together to form the Metaverse Standards Forum, which, as the name suggests, aims to set compatibility to make it easier for developers to build across platforms. Standards are important in the early days of tech development to prevent niches and dead-ends (think Betamax and Laserdiscs), which is why Meta (Facebook), Microsoft, Epic Games, Adobe, Nvidia, Sony and others have joined together to create industry standards. Conspicuously absent is Apple, which may yet adhere to the Forum's standards, or may – as Apple does – choose to go its own way.

Nick Clegg, Meta's President of Global Affairs, wrote last month in a blog post: "Like the internet, the metaverse will be an interconnected system that transcends national borders, so there will need to be a web of public and private standards, norms and rules to allow for it to operate across jurisdictions."

There are clearly big plans for the Metaverse, but how big is the Metaverse business? There are lots of estimates to choose from. A recent study projected the global Metaverse market to grow from US$100.27 billion in 2022 to US$1,527.55 billion by 2029. If you still think the Metaverse is just a gaming platform or just for kids, keep in mind that the Metaverse Standards Forum founding members Meta, Microsoft, Epic Games, Adobe, Nvidia, and Sony have a combined market cap of over $3 trillion and have invested billions of dollars in Metaverse development and commercialization.

That is a lot of money going into the Metaverse, but how do you get money out of it? Investors can always buy stock in companies that are themselves investing heavily in Metaverse development. At the moment the biggest name is unquestionably Meta Platforms, Inc. (NASDAQ: FB), previously known as Facebook. Another is 3D content creation leader – and Metaverse Standards Forum founder – NVIDIA Corporation (NASDAQ: NVDA) with its own Omniverse Enterprise. Another is Roblox Corporation (NYSE: RBLX), with a $20 billion market cap and its own version of a metaverse platform that has already hosted virtual concerts that have attracted as many as 33 million viewers to Lil Nas X's show on their platform.

The Metaverse is essentially an event space, whether it is games or concert events. According to Forbes, concerts in the Metaverse are already making artists millions – as much as [$20 million for a single show]. And for those who dismiss "games" as a serious source of revenue, the gaming industry generated almost [US$201 billion in revenue in 2021] and is anticipated to reach about $435 billion by 2028. Metaverse Standards Forum founder Epic Games just completed a $2 billion fundraising round for games development that included Sony Group and LEGO Group owner Kirkbi.

There are hundreds of companies now selling virtual "real estate". Much like the millions a good [internet domain name] can cost, companies are staking out and building Metaverse destinations. In just the month of November 2021 alone, two of the leading digital real estate companies – Sandbox and

Decentraland – earned revenues of about $180 million from virtual land sales in the Metaverse.

On a smaller scale, there is a new, growing service sector to support the Metaverse. There are world-builders and studios that create and trade in virtual assets, such as custom Metaverse locations, avatars, wearables, virtual real estate and the now notorious NFTs. NFTs, or non-fungible tokens for unique digital art and assets, seem to have peaked last year and are now on the decline, however in 2020/21 investors reportedly spent US$183 million on the top 10 NFTs, with the most expensive single NFT selling for over $69 million. The era of NFT art as an investment seems to have passed, or at least suffered a sharp decline, leaving many owners wondering what were they thinking.

Notwithstanding the apparent faddishness of NFTs, the Metaverse will require an army of content creators and back-end e-commerce support, much like the early days of web commercialization. It will be an emerging platform for companies to showcase their products, engage shareholders, promote their brands and share news and corporate development. It can be a 24/7 interactive trade show. Like any other promotional asset, it will require updating, new content, and support to keep it fresh and meet changing corporate and stakeholder needs.

Like any new corporate tool, the Metaverse will initially be seen as an annoyance and cost center by many who will reluctantly be forced to adopt it, the way the telephone, fax, email, websites, and recently Zoom, were seen as necessary evils before they became staples of corporate existence.

Will early adopters profit from the Metaverse? Some certainly will, however, like the early days of the internet and e-commerce, it can be hard to pick winners this early in the race. Remember Amazon and Facebook were widely dismissed early on as having no business model and years of unprofitability. The adoption of Metaverse standards will help sharpen the focus for both investors and early adopter companies looking to the future.

Jack Lifton on Apple Cars Rare Earths Supply Chain Rumors

written by InvestorNews | January 29, 2024

In this episode of InvestorIntel's **Critical Minerals Corner with Jack Lifton**, Jack talks about the rumored soon-to-be signed contract between Apple and LG Electronics and Magna International joint venture, e-Powertrain, to produce electric Apple Cars.

In this InvestorIntel video, which may also be viewed on YouTube (click here to subscribe to the InvestorIntel Channel), Jack went on to say that the joint operation will need large quantities of lithium-ion batteries and rare earths. He further added that it is great news for the Canadian lithium, cobalt and rare earths miners as Magna International, being a Canadian company, "is going to focus on domestic sourcing." He continued, "We are going to see a regional development of the supply chain." Calling Magna "the Foxconn of the automobile industry", Jack explained why Apple's rumored decision to go with Magna makes very good sense and is just the "tip of an iceberg."

To watch the full video, click here

Disclaimer: This interview, which was produced by InvestorIntel

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If you have any questions surrounding the content of this interview, please email info@investorintel.com.

Peter Clausi on the global cobalt market

written by InvestorNews | January 29, 2024
March 14, 2018 — "There is a limited supply of cobalt. The supply chain out of the Congo is weak. There are not many other places in the world that produce it and as a result demand has been going up." states Peter Clausi in an interview with InvestorIntel's Andy Gaudry.

Andy Gaudry: Peter, why has cobalt gone up over 400% over the past 2 years?

Peter Clausi: Basic economics of supply and demand. Demand is increasing. Supply is falling and at risk in the supply chain.

Sixty per cent of the world's cobalt comes out of the Congo. I do not know if there is anybody who suffered more on the planet than the Congolese. Since King Leopold showed up in the late 1800's, that poor area of the world has had just the life beat out of it.

It is having the life beat out of it because there is so many minerals in the ground that that the imperialists are fighting for it. Right now, it is copper and cobalt.

There is a limited supply of cobalt. The supply chain out of the Congo is weak. There are not many other places in the world that produce it and as a result demand has been going up.

Demand is also increasing because cobalt is used in the cathode of lithium-ion batteries. You think we are going to sell fewer or more electric cars next year? The answer is more. Electric toothbrushes, power tools, laptops, anything that has a lithium-ion battery in it for rapid charge / discharge needs cobalt.

There is more cobalt than lithium in your cell phone battery. The world needs cobalt. Basic laws of supply and demand have just pushed the price up.

Andy Gaudry: Where is it going to go and where is it going to end?

Peter Clausi: Cobalt is up almost 400%, as you say, since February of 2016. Our call is for roughly $50 by the end of the year. The wild card here is the supply chain. Amnesty International and The Enough Project are agitating for the imposition of an external ethical supply Chain. We have recently seen Apple indicate that they will only buy cobalt from ethical sources. If the formalization of an ethical supply chain takes place then there really is no cap on where cobalt will go. That ethical supply chain will knock so much of the cobalt out of the supply chain, prices will spike…to access the complete interview, click here