

Ecclestone on the start of an 'up cycle' in the resource sector in 2015

January 12, 2015 – In a special InvestorIntel interview, Publisher Tracy Weslosky speaks with Christopher Ecclestone a Principal and mining strategist at Hallgarten & Company and Sr. Editor for InvestorIntel discuss his 5 critical themes of 2015: a better year for base metals, enhanced M&A, stability in gold and silver, the oil eclipse “bonanza” and the rotation into mining.



Tracy Weslosky: Christopher, last year, 2014, was definitely a year– I think you referenced it as a year of despair previously. What gave you the inspiration to write the “Five Reasons to be Cheerful in 2015”?

Christopher Ecclestone: Over the decades I’ve come back to this theme when I get the feeling that there is total despair. Certainly in the latter part of last year there was a general capitulation going on and a feeling like this would never end. Everything has its cycles. Obviously there has to be an end to this cycle and then a start of an up cycle. I think that 2015 will see that process begin.

Tracy Weslosky: Alright. Let’s start with your number one. You say it’s going to be a better year for base metals. What do you mean by that?

Christopher Ecclestone: Well, we’ve had a situation where really many of the base metals peaked pre-2008 so before the

global financial crisis. We had nickel at the normal levels, lead and zinc at really good prices and they haven't even vaguely even seen those levels since that time. Copper recovered quite nicely post-2008 and now really hasn't been doing nothing for a while. I see a situation where we're going to be seeing a reactivation in the west. Despite some people saying that that's not happening, I do believe that it will happen. It's already going on in the U.S. It's going on in the U.K. Some of the northern European countries have got a reactivation going on. We still have some laggards, like France and Italy, et cetera. I really feel that with that recovery we're going to be seeing more base metal usage. Moreover, the lack of investment since pre-2008 is now, you know, becoming a crisis, particularly a crisis in the zinc space and the associated lead space. That means some of the chickens are going to come home to roost on underinvestment. There just haven't been big enough projects being brought to the market for a long time now and that's the thing that's going to change the supply/demand equation.

Tracy Weslosky: Let me just confirm that I read your commentary correct. Zinc and lead are going to be the two underinvested metals, is that correct?

Christopher Ecclestone: Yes. They are the two most underinvested metals in recent years.

Tracy Weslosky: Here's my favorite of the top five critical themes you have for 2015 – enhanced M&A activity. I don't even know where to begin with this so I'm just going to let you run with this for me and tell me what you think is going to happen because I can't imagine with all these companies with no cash left in their coffers that there's not going to be a vulture feeding frenzy. It just hasn't started yet.

Christopher Ecclestone: Yeah, absolutely. You're right. It has to. It has to take place because the companies have a choice between going bust or selling out. It's interesting that a

company like Paramount (Gold), which sold out recently to
Coeur d'Alene...to access the complete interview, [click here](#)