Monthly Market Review May 2021

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The review has comments on Ascot Resources, Orla Mining, Newcore Gold, Augusta Gold, Trillium Gold, Mako Mining, the potential of Ecuador as a new source of large scale copper projects, gold, copper, and iron ore.



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2021

Mining stocks and the metals have enjoyed a wonderful May, virtually everything has moved in a positive direction, driven by a rising gold price and government stimulus spending.

The spectre of inflation has now arrived. It looks as though the genie is finally out of the bottle, and many commentators, myself included, do not believe the FED's "transitory" comments, and think that by the time they realise they have a problem, it will be too late.

Inflation is good for the price of gold of course, as is a sinking US dollar, which is now sitting at a key support level of a tad over 90 on the US$ Index. Should it fall below, many fear the slide will become more acute very quickly.

The review has comments on Ascot Resources, Orla Mining, Newcore Gold, Augusta Gold, Trillium Gold, Mako Mining, and Los Cerros.

There is also comment on the potential of Ecuador as a new source of large scale copper projects, as the newly elected government, run by a former banker, are keen to attract inward investment into the country.

SolGold are already in Ecuador, partnered with Newcrest at the huge Cascabel copper project, and BHP and CODELCO are also exploring, giving comfort to those that may fear an anti mining stance.

Lundin are successfully operating the Fruta del Norte gold mine in country, which they managed to open under the previous government.

Amongst the small caps with exploration projects in Ecuador, worth watching are Cornerstone Capital, Atico Mining, and

Salazar Resources. They have potentially large projects, and the benefit of being first movers amongst the juniors into a country rich with minerals but underexplored due to the anti mining stance of the former left wing governments.

Gold, copper, and iron ore, featured strongly, as events conspired to raise both precious and industrial metals at the same time.

Inflation, lower US Treasury yields, and inflation fears helped gold recover to over US$1,900, which looked unlikely a couple of months ago.

Copper has risen on EV demand, very tight warehouse stocks, and the threat of strikes at two large copper mines in Chile, including Escondida.

Iron ore, according to the Chinese government, has been the subject of price speculation and manipulation, and they have introduced steps to try and prevent this. The price did fall, then increased again, so it still remains near the all time high.

Monthly Market Review – Looking forwards

After the positive sentiment in May, one wonders whether we are going to have a positive summer, defying the “sell in May and go away” axiom?

I have a feeling we will, and for that reason I am looking for companies to invest in, mainly in the gold and silver space, that will either provide an uplift based on a higher margin if in production, or likely to produce positive exploration

results in the near term, and benefit from an uplift as a result.

Recent virtual meetings have given me quite a few choices to chew over, too many in fact, so the next few days are going to be spent trying to whittle them down, and I'm likely to use a scattergun approach with small positions rather than buying a couple of large ones, and increase position sizes if they do start to run.

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