Resource Stock Update V20 #12.1 Markets, Gold, Oil, ERA, GGD Sept. 10, 2014

Ron Struthers 2772 Henderson Rd., RR#1 Arden Ontario K0H 1B0
rhstruthers@gmail.com www.playstocks.net Yearly subscription $225 cdn /year or US$225

After cutting interest rates by 10 basis points last Thursday, European Central Bank President Mario Draghi announced that the ECB will also initiate a quantitative easing strategy. In his prepared remarks, Draghi said that the central bank will purchase “simple and transparent” asset-backed securities (ABS). The purchase swill consist of a broad range of euro-denominated covered bonds and non-financial assets. He did not include any cost projections for the new initiative. He added that more details about the ABS purchases will be announced on Oct. 2.

The U.S. Labor Department’s employment situation report for August was significantly downbeat last Friday morning. Non-farm payrolls came in at up 142,000 in the month, which is well below the forecasts calling growth to be up 220,000 in August. The overall unemployment rate declined slightly in August, to 6.1%, which was in line with expectations.

Before this we had a flat Retail Sales report for July, so kind of at odds with the job market gains of the past months.

I don't read too much into one months numbers whether jobs report or retail sales. **Remember the U.S. FED/Government are masters of economic data. They manage the numbers to manage the economy and market expectations.** Without looking retail sales could have been weak because of falling gasoline prices.

The US$ has been strong and the stock market frothy, more than likely the FED thought perhaps a good time to get some weak economic data out of the way and cool things off.

Even though all these numbers are managed and don't paint close to a real picture of the economy, the markets live and breathe by them.

The reason Gold is weak now is because this is how the market is thinking/responding right now. Thursday’s move by the European Central Bank to reduce its already extremely low interest rate and also the initiation of quantitative easing sunk the Euro currency to a 13-month low. Meantime, growing ideas the U.S. Federal Reserve will continue to wind down its QE and even start to raise interest rates as early as the first quarter of 2015 have boosted the U.S. dollar index to a 13-month high.

There is no way US interest rates will rise anytime soon, well not until the market loses confidence in the US economy and dollar. First off the economy is not near as strong as reported. 2nd the Government and FED are so awash in US debt paper they cannot afford higher rates.

I have a couple of major concerns right now, is the US economy **actually** slowing further. Oil prices have been falling – is another wave of deflation on the way?

Of course this would mean more easing or no QE reduction and Gold would shoot back up. **But keep in mind, the U.S. Might be manipulating oil prices down to punish Russia**

This daily chart of Oil below shows quite an abrupt decline

This next chart, a longer term monthly one shows we are still in a long term up trend. However, I am watching the $90 level and than the $86 level. If we fall below this we could see a much larger decline and it would confirm the price is being manipulated lower.

Even so, this is a dangerous game. Russia might entice more conflict in the Middle East to combat this while the U.S. will claim they have a domestic Oil glut, could be interesting

************************* UPDATES **************************

Elcora Resources TSXV:ERA Recent Price $0.29

There is two interviews out this week with Dr. Ian Flint of Elcora. The first link here at Stockhouse is about Graphene, it will give you very good insight to the potential uses of graphene and how some industries could be revolutionized

http://www.stockhouse.com/opinion/interviews/2014/09/08/graphene-the-saviour-graphite-industry

This 2nd one at Investorintel speaks more to Sri Lanka graphite, why it is so good and abundant and Elcora's plans to ramp up production

http://investorintel.com/graphite-graphene-intel/elcora-mine-potential-restore-sri-lankas-role-leading-supplier-flake-graphite/

GoGold Resources TSXV:GGD Recent Price $1.41
Entry Price $1.00 Opinion – buy/hold

Good news with GGD, the stock is halted this morning so probably more good news coming

snip..