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Know when to fold-em!  
Know where to set stops!  
Know when to run!  
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The Fed raised 75 points yesterday and the markets first rallied but then Powell blew the 'pivot' narrative out of the water and stock markets tanked and are down further today. Powell "We may ultimately move to higher levels than we thought at the time of the September meeting. The incoming data since our last meeting suggests the *ultimate level of interest rates will be higher than previously expected*. The risks are asymmetric. If the Fed does too much, it can cut. If it doesn't tighten enough, then you're in real trouble... It is very premature to be thinking about pausing... We think we have a ways to go."

The Fed's goals are inflation of 2% and maximum employment. They have lots of room to soften the job market so I believe the Fed is actually planning a recession with a hope it will be a mild one. This chart was in [NY Times today](#).

**Monthly job openings and resignations since 2001**



It is very easy to see that the job market is very strong.

The most important point the NY Times made, is *they weren't quitting to sit on the couch, but were taking other, usually better-paying, jobs. And since people typically don't jump employers without a bump in pay, job-switching contributes to wage growth*. And that my friends is inflationary wage growth. The Fed will remain aggressive in its fight to tame inflation. If job growth stalls and unemployment rises, the Fed could pause sooner to avoid causing a recession. From what Powell said it is likely the Fed will now go at a bit slower pace and probably do 50 point increases in the next 2 or 3 increases.

**BoFE predicts economy will shrink for two years** as it raises interest rates by 0.75% to 3% - the biggest increase in three decades. The increase, which followed a similar announcement by the US [Fed](#) last night, is the largest daily move since Black Wednesday in 1992 and the largest single increase since 1989.

At this time, The UK and Europe will be hit much harder than the US with their energy crisis on top of it. Fortunately, Russia changed course and is allowing Ukraine grain shipments again. I think they were making a statement, that if you want grain shipments, don't attack our naval forces in the area that are allowing it.

Canada looks to fair somewhere in between Europe and the US. I am most concerned about the Liberal government's economic statement before year end. They say or promise to do the wrong things, the dollar and financial markets could get whacked. If you are planning a winter vacation, you may want to convert your Canadian loonies now to US\$. Today the Bank of Montreal issued an [analysis on the 5 things you need to know on Real Estate](#). I was surprised how sobering it is, as they admit to a 'Housing Bubble'. "A housing bubble occurred in Toronto in 1989. After its peak, house prices decreased by more than 20%. Fast forward to today and we anticipate a 20% correction nationwide, though this should only take prices back to levels in the spring of 2021." **Prices on average have declined 9% so we are not halfway yet to BOM's prediction. They note satellite cities to the major cities will see far larger drops.**

How are Canadians coping? Not very well. Yesterday The Post reports that Equifax Canada's consumer survey released last Tuesday found the average credit card balance held by Canadians was at a record high of \$2,121 by the end of September. Equifax said average non-mortgage debt was \$21,188, returning to levels not seen since the first quarter of 2020. Canadians are feeling less secure in their financial outlook than last year, and more than half are worried about paying bills like rent, utilities or insurance -- especially seniors. More than half of Canadians surveyed said they have a lot of anxiety about their personal debt levels. Equifax's Julie Kuzmic said the previous average credit card balance high was during the fourth quarter of 2019, at \$2,118. She said average credit card debt fell during the pandemic, but credit card utilization has now increased for six consecutive quarters. "Credit card usage is reaching historic highs," said Ms. Kuzmic in a statement. She said that increased credit card usage will be a "slippery slope" for some.

Also of importance is that the Comex Gold price bounced off the \$1620 area for the 3rd time. Will this level hold, I am afraid not but we will soon see. As negative as sentiment is, it can still get worse. A washout on huge volume would be a good sign of a bottom or a strong bounce higher off of this 3<sup>rd</sup> test of \$1620 area. I updated the chart this morning because of the big bounce higher, so a strong bounce. This is a strong bullish engulfing candle stick. I believe the odds are very high a triple bottom has been set for the gold price.

GCZ22 - Gold - Daily Candlestick Chart

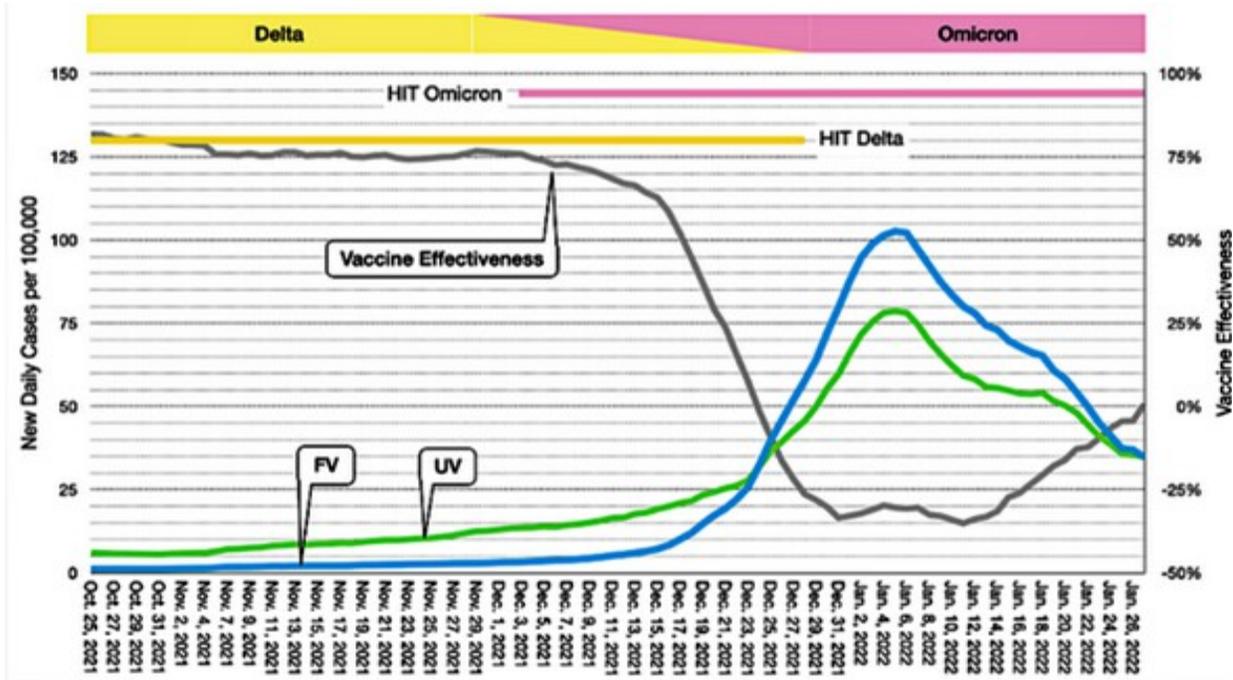


Perhaps some consolation is we are able to buy **Newmont NY:NEM** cheaper. I will use the average of Wednesday's close of \$39.53 and yesterday of \$37.70 to give an entry price of \$38.65

Canadians are probably aware of the hearings into the 'emergencies act' being initiated to deal with the Freedom Convoy, so a lot of interesting things have come to light. The politicians claimed they had no intelligence on the size and potential stay of the convoy. The OPP through them all under bus and testified they provided the size in the 1,000s of trucks and their intent to stay long term.

An adviser to Prime Minister Justin Trudeau worked with the public safety minister's communications director to shape media coverage of the Freedom Convoy before it arrived in Ottawa, text messages reveal, saying **they could employ a similar tactic to messaging used for the Jan. 6, 2020, riot at the U.S. Capitol.** "I think there could be an opportunity to get in on this growing narrative of the truckers," said Trudeau advisor Mary-Liz Power in a message to Alexander Cohen, communications director to Public Safety Minister Marco Mendicino. The text messages from around Jan. 24 were entered as evidence at the [Public Order Emergency Commission](#) on Oct. 31.

What really caused the protest was Trudeau's border vaccine mandate. Trudeau imposed the cross-border vaccination mandate, effective January 15 of 2022. This became the proximate cause of the Freedom Convoy. At that time, it had been evident for several weeks the fully vaccinated were becoming infected at a greater rate than the unvaccinated, as measured by new daily cases per 100,000 of each group. This was crystal-clear from the graphs published then on the Government of Ontario's Covid-19 webpages. I want to highlight this **because it is now evidence before a parliamentary hearing and backs a lot of what I was saying about the experimental shots. Some people thought I had gone a bit wacky, but I was right on.**



The ineffectiveness of the mRNA vaccines against the Omicron variant rendered the Trudeau government's vaccination mandate on cross-border truckers nonsensical. The mandate became the proximate cause of the Freedom Convoy to Ottawa.

Michel Elzo/Shutterstock

**You can see that the vaccinated (blue line) had a higher infection rate by around mid December and it was the same for hospitalization and death. By the end of December the vaccine effectiveness actually went to -35%, meaning if you had the shots, you were 35% more likely to get Covid. It was doing the opposite of what the government narrative was claiming. Interesting that this occurred while they were giving out the 3<sup>rd</sup> shot, the booster. This evidence shows it really damaged people's immune system. I rest my case.**

It is scary but Moderna is going ahead with mRNA shots for cancer, influenza and RSV along with combination shots. It is obvious they are going to keep pushing the mRNA poison by focusing on the most common sicknesses.

I was skeptical Musk would get Twitter, but it looks like he has, but hold just one minute. [The Biden administration is considering a national security review](#) and could axe the deal. Their so called concern is the investment backers of Musk, some being in Saudi Arabia.

Musk is not too popular at Twitter and he will turn the whole thing upside down. Who knows, maybe I will sign up again. Lets see what happens. In a bid to drive down costs, Elon Musk plans to eliminate 50% of Twitter workforce this week, which would result in nearly 3,700 layoffs, according to Bloomberg. The platform's work-from-anywhere policy would also be rescinded, with most of the remaining employees required to report to the office. In one scenario being considered, laid-off workers will be offered 60 days' worth of severance pay as Musk looks to gut a business for which he says he overpaid (the transaction valued Twitter at \$44B).

This is going to be a new trend in big tech. Gone are the days they could raise \$billions and spend it recklessly on expansion. The opposite will soon be the norm. In October, Meta Platforms announced that it was eliminating 15% of its staff, or approximately 12,000 employees at Facebook.

**Gilat Satellite Networks**  
**Entry Price \$8.16**

**Nasdaq: GILT**

**Recent Price - \$5.90**

**Opinion – buy on weakness**

Today, announced today that Antamina, one of the largest copper/zinc mines in the world, selected Gilat for a multimillion-dollar e-learning project in the Municipality of San Marcos, a rural area near the Antamina mine in Peru. Gilat will deploy terrestrial and VSAT backhauling for connectivity and provide services to schools in San Marcos. Through the 4-year project, thousands of students and teachers will gain access to training and educational resources, as well as laptop computers and other connected devices.

*"Gilat's technology and expertise will be used to enable connectivity and e-learning for the benefit of 265 teachers and directors of the 33 primary and secondary educational institutions, as well as more than 3,000 students in the district of San Marcos," said Manuel Ruiz-Herrera, Senior Health and Education Supervisor at Antamina Mining Company. "Our goal, through articulated work between Antamina, the District Municipality of San Marcos, and the Huari Local Educational Management Unit, is to transform the educational methodology by contributing to the improvement of digital skills of the next generation."*

Oct 24<sup>th</sup>, they announced a \$10 million in orders for transceivers to power the IFC applications of a Tier-1 global aerospace system Integrator.

The company is doing well but the stock has been struggling in a bad market. It just had a decent rally and is why I have a buy on weakness. The stock just bounced off long term support but is still within the down trend channel. I would look to buy on weakness around \$5.30



**Callon Petroleum NYSE: CPE**  
**Entry Price - \$41.62**

**Recent Price - \$46.67**  
**Opinion – buy on break out above \$48**

CPE today reported results of operations for the three and nine months ended September 30, 2022. Presentation slides accompanying this earnings release are available on the Company's website at [www.callon.com](http://www.callon.com) located on the "Presentations" page within the Investors section of the site.

### Third Quarter 2022 and Recent Highlights

- Delivered 8% sequential growth in daily oil production volumes and 7% sequential growth in total daily production volumes (66.4 MBbls/d and 107.3 MBoe/d, respectively)
- Achieved Midland Basin well productivity gains in 2022 of over 25% compared to the 2019 - 2021 average
- Generated net cash provided by operating activities of \$475.3 million and adjusted free cash flow of \$148.4 million for the third quarter
- For the first nine months of the year, generated net cash provided by operating activities of \$1.1 billion and adjusted free cash flow of \$457.3 million
- For the third quarter, Callon reported net income of \$549.6 million (\$8.88 per diluted share), adjusted EBITDA of \$458.5 million, and adjusted income of \$249.8 million, (\$4.04 per diluted share)
- For the first nine months of the year, Callon reported net income of \$937.3 million (\$15.14 per diluted share), adjusted EBITDA of \$1.3 billion, and adjusted income of \$690.3 million (\$11.15 per diluted share)
- During the quarter, reduced total debt-to-adjusted EBITDA ratio to under 1.5x and total debt by approximately \$150 million
- Extended the maturity of the revolving credit facility to October 2027 with a borrowing base of \$2.0 billion and an elected commitment of \$1.5 billion
- Issued the Company's third annual sustainability report which provides a comprehensive overview of the continued progress on sustainability initiatives.

Like many oil&gas companies, the stock is under valued and Cheap. They should hit \$1.5 billion in operating cash flow this year and with a current market cap of \$2.66 billion it is only trading at 1.8 times CFPO. For the year they should at least earn \$18 per share for a P/E of just 2.6. [Marketwatch lists](#) their trailing P/E at 2.34.

The stock is cheap, cheap cheap but just can't seem to break resistance around \$46.75. A close at \$48 or higher would be a clear break out and the stock would probably run much higher.



**Zonte Metals**      **TSXV:ZON**    **OTC:EREPF**  
**Entry Price - \$0.15**

**Recent Price \$0.11**  
**Opinion - buy**

I had a number of questions as news broke yesterday that B2Gold will try sell the Gramalote project. It was deep down in their financial MD&A and was also mentioned in early August financial s. The story really broke by [an article at mining.com](#). The article claims Gramalote is a \$925 million project, I am not sure they spent that much. I think the key things in the article are -

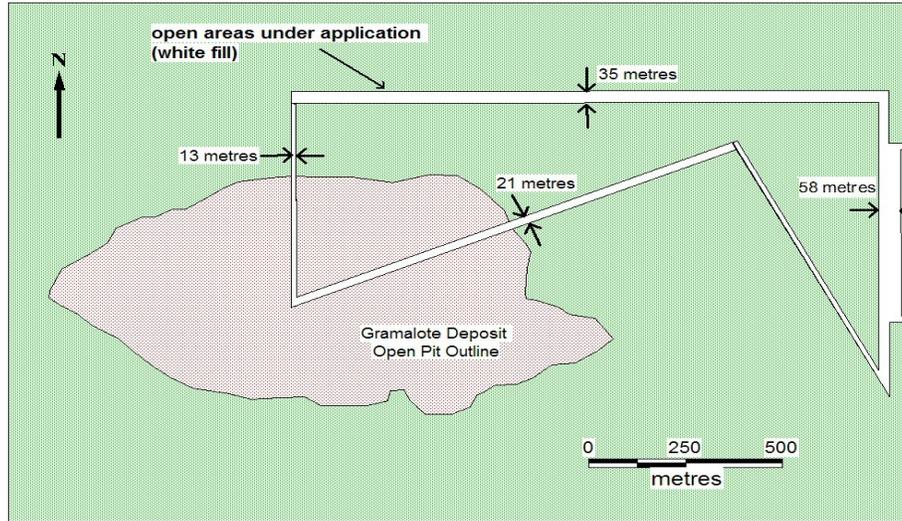
*“Gramalote was B2Gold’s first project when it was an exploration company starting out. In 2015, it received the first environmental license awarded in Colombia in 35 years.*

*The permit gave it three years to work through social aspects related to the open pit project, including relocating artisanal miners and some nearby residents.*

*During that time, Gramalote became the centre of a [mining rights dispute with Canada’s Zonte Metals](#), which [remains active](#).”*

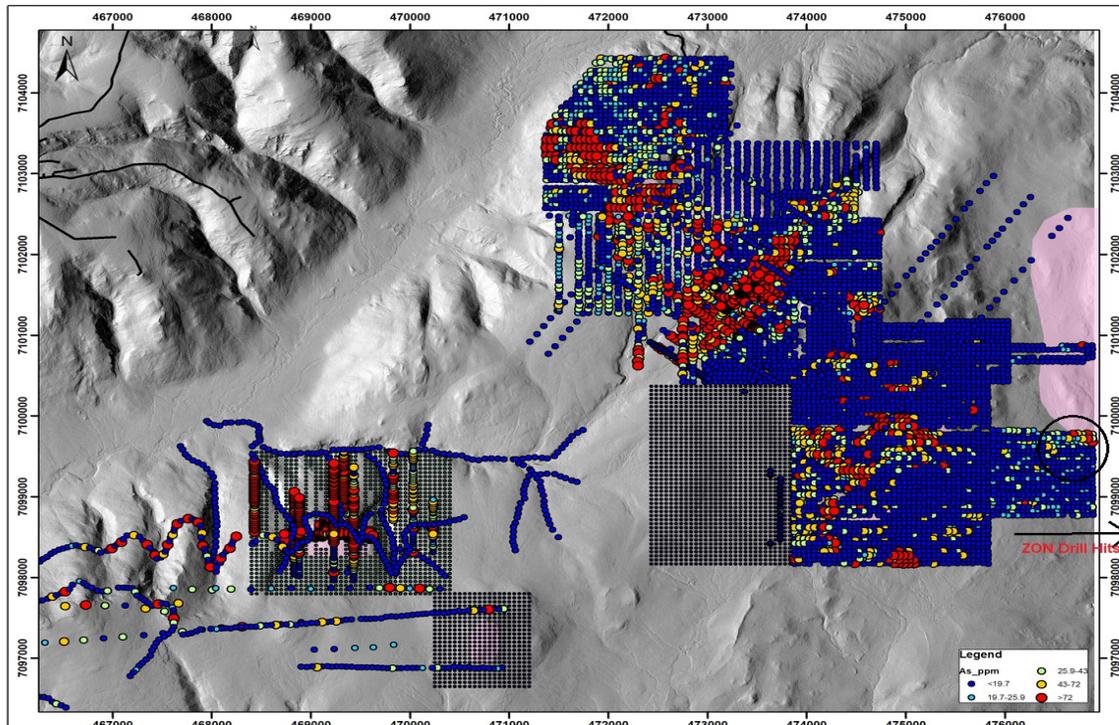
B2Gold tried to work out these social issues over 6 years with no success. At one point they allocated \$35 million to resolve what they called key properties. Their real issue was they could not resolve Zonte's claim dispute despite going to court numerous times and failing. Finally the judge said enough is enough and it's going to trial. We are waiting on the trial date. Remember that Zonte's partners on the claims are Colombians and perhaps a court would be reluctant to rule against them unless it was cut and dry that they have no title. Mining.com reported on this back in 2017 and it was noted than mining claims are processed on a first in first out basis. Zonte applied for the claims in July 2013, while the AngloGold-B2Gold venture (Gramalote Colombia) submitted it in August 2015. It is also worth noting that Zonte's legal council is the former Minister of Mines and was instrumental in writing the current mining code.

It really does not matter to Zonte if B2Gold can sell Gramalote and I highly doubt it in this market, especially with the cloud over it of the claim dispute. Gramalote is significant with 5.06 million ounces indicated and 1.1 million ounces inferred [according to B2Gold's website](#).



Some of the disputed claims that Zonte is in court about go down the middle of the proposed open pit so are valuable and there cannot be a mine without them. For a back of the napkin calculation the disputed claims represent about 6% to 7% of the project (not all shown above) and if Gramalote is worth \$925 million, 6% is US\$55.5 million. Zonte's market cap is just US\$5.3 million. It could be quite some time before Zonte could get a cash settlement, assuming the court rules in their favour, never the less the stock would pop on a favourable court ruling and that date could come anytime. Perhaps a potential buyer teams up with Zonte?

Near term there are better prospects the stock could move on, such as positive drill results at their Cross Hills IOCG copper system in NFLD. This could actually be a whole new copper district. Their MJ project next to Victoria Gold in the Yukon has already made a drill discovery and just lately it was revealed by Victoria Gold that they are exploring (soil grid and drilling) right up to Zonte's border, the far right boundary.



Over 90% of junior explorers have done, 5, 10 or 20 to 1 share roll backs in the past 10 years, while Zonte is one of the few that did not, in fact they did a 2 for 1 forward split and currently have just 60M shares out. However, like most juniors it is down and out and currently trading at 5 year lows. Investors could make huge gains from these prices with a bit of patience.



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