

07:38 05 Jan 2018

Mining and commodities set off into 2018 at a heady pace

Gold is consolidating at above US\$1,300 an ounce after four straight weeks of gains, and the Bloomberg Commodities Spot Index is showing that across the board 22 raw commodities are trading at their highest levels since 2014. Copper has been on its strongest run in decades, zinc is near a 10-year high as stocks decline, and as a consequence mining equities are at close to a five year high.

All-in-all, not a bad start to 2018 for those invested in commodities and miners, and although there are signs of headwinds in some specific areas, the outlook seems generally good.

It may be that we are now entering that phase of the upswing where the specialty metals start to come into their own again. Certainly, evidence of this trend is fairly easy to come by. The cobalt price jumped significantly in 2017, a swathe of new companies and projects appeared on the scene, and the promise, that it's essential for use in batteries for electric vehicles, still has plenty of mileage in it yet.

The same goes for lithium, although in the background uncertainty about what the metal's relative abundance in the earth will really mean for pricing remains.

And in tungsten, we've seen price moves that have allowed the likes of Ormonde Mining (LON:ORM) to greenlight projects which have hitherto been waiting in the wings for a while.

Talk is now moving on to scandium, with the likes of Niocorp (TSE:NB) pushing its application aluminium alloys, and the metal most frequently found in sands, titanium.

Here, Base Resources (LON:BSE) is currently in the midst of a multi-million dollar acquisition that's likely to cement its place in the front rank of mid-tier producers.

Who else on junior markets has exposure to the less-heavily traded metals, and those with application in electric vehicles? Some of the obvious immediate answers that come to mind are Premier African Minerals (LON:PREM), with its portfolio of lithium, tungsten and yttrium, W Resources (LON:WRES), with its strong tungsten presence in Spain, Savannah Resources, which has lithium in Portugal as well as mineral sands in Mozambique, and King's Bay Resources (CVE:KBG).

There are myriad others, but what's interesting is although the share prices of some of these companies have been strong in recent months, the pattern not yet general. That means that those with a penchant for buying across the sector rather than into specific companies still have room to come in and take positions - we are not yet in an all boats rising scenario.

One way investors might want to do that is to allow others to play the sector for them. There are the obvious big beasts to choose from, like the BlackRock funds, but the more niche players are likely to provide bigger upside.

Here, the likes of Trevor Steel's Baker Steel Resources Trust (LON:BSRT) or Julian Treger's Anglo Pacific Group (LON:APF) might be obvious contenders. Both are run by fund managers with decades of experience in investing in the resources sector. Both have exposure across commodities and jurisdiction.

And both are sure to benefit when the wider market finally starts to wake up to the idea that the mining sector is alive

again and on the move.

Proactive Investors facilitate the largest global investor network across 4 continents in 4 languages. With a team of analysts, journalists & professional investors Proactive produce independent coverage on 1000's of companies across every sector for private investors, private client brokers, fund managers and international investor communities.

Contact us +44 (0)1202 770386 action@proactiveinvestors.com

No investment advice

Proactive Investors is a publisher and is not registered with or authorised by the Financial Conduct Authority (FCA). You understand and agree that no content published constitutes a recommendation that any particular security, portfolio of securities, transaction, or investment strategy is suitable or advisable for any specific person. You further understand that none of the information providers or their affiliates will advise you personally concerning the nature, potential, advisability, value or suitability of any particular security, portfolio of securities, transaction, investment strategy, or other matter.

You understand that the Site may contain opinions from time to time with regard to securities mentioned in other products, including company related products, and that those opinions may be different from those obtained by using another product related to the Company. You understand and agree that contributors may write about securities in which they or their firms have a position, and that they may trade such securities for their own account. In cases where the position is held at the time of publication and such position is known to the Company, appropriate disclosure is made. However, you understand and agree that at the time of any transaction that you make, one or more contributors may have a position in the securities written about. You understand that price and other data is supplied by sources believed to be reliable, that the calculations herein are made using such data, and that neither such data nor such calculations are guaranteed by these sources, the Company, the information providers or any other person or entity, and may not be complete or accurate.

From time to time, reference may be made in our marketing materials to prior columns and opinions we have published. These references may be selective, may reference only a portion of an column or recommendation, and are likely not to be current. As markets change continuously, previously published information and data may not be current and should not be relied upon.