



Canadian Mine Analysis

Seeking undervalued mining companies

Market Makers Disappearance and Technical analysis-some points to consider

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There are many overlooked and undervalued mining and exploration companies today, yet very few have the customary comprehensive research coverage. But nothing has changed in that investors are always looking for companies that offer the potential for exceptional capital gains. Today, there are many companies that are extremely undervalued with absolutely none of that customary comprehensive research.

1- Since the mid-nineties, due to loss of profitability, we have seen a continuous decline in the number of brokerage house market makers and the support offered by market makers in both small cap stocks and large cap stocks. Market makers ('specialists' is the other term) would attempt to keep a balanced market by trying to match bids and offers. The spreads between the bid and offer prices have become so narrow that the brokerages' market makers' profit potential is minimal. Their profitability by timely trading and making markets financed the research reports that would sponsor stocks that their research departments recommended. Key point? Since there are no longer the profits in spreads, it limits brokerage research coverage due to the costs involved. It is expensive to initiate and maintain research coverage on a company.

2- We recognize that there is no longer the brokerage research coverage and support for common stocks as in the past. Today you can often find overviews on particular stocks but little comprehensive in-depth research. In the past, one could find market makers often holding millions of shares of the micro-cap junior stocks that they made markets in. That is no longer the case, very little volume is held by market makers today.

3- In many stocks the volume is very low and they are illiquid. When there is no volume or little volume, stocks can plunge to lower lows that are not justified by any measures of value. There are no offers at times of any volume and if a shareholder wishes to sell, there are no bidders that would offer some degree of support. So we find enormous plunges down in their prices that make little sense. But if we can tolerate the gut wrenching declines we can perhaps engage in "dollar cost averaging."

4-Since there is not enough volume in many stocks, we can look at other indicators that are technical indicators as well. We suggest that you use more than one of them although each may offer a different outlook.

5-Monitor the officers and directors buying and selling of their own companies' shares. While it is not a clear indicator for timing, you look for a trend. If you find large and consistent buying volume with rare selling if any, you might interpret it as one "technical" indicator of management's outlook. If you find consistent selling you might conclude that management's belief is that lower prices might lie ahead.

6-**"Relative Strength Index (RSI)"** this indicator measures a stock's strength or weakness describing it as either overbought or oversold. If your research indicates that there is good potential value in a stock, this might help to determine where the price buying levels are.

7-**"Money Flow"** is a volume weighted indicator of investment money flowing in or out a stock. It can be quite helpful in bottoming markets.

8-**"On Balance Volume OBV"** Joe Granville's indicator measure up volume against down volume. If Up volume is greater than Down volume, it may indicate internal and often hidden strength.

Comments on junior mining stocks that are sharply down in price that could be turning, **YORBEAU RESOURCES**, symbols YRB, YRBAF, extremely heavy buying by insiders over the past three years, Money Flow and On Balance Volume are exceptionally strong, one director bought a huge position over a year ago-over twenty million shares. Insiders own over 46% of outstanding shares which they bought and were not given or awarded.

CARTIER RESOURCES, symbols ECR, ECRFF, their president's buying has been very heavy with no selling for years. He bought it at price highs and at price lows. In April and May 2015, he bought 529,000 shares with more recently.

NIOGOLD, symbol NOX, NOXGF good insider buying , with positive On Balance Volume, one fund bought 20% of the company recently.

There are many junior miners such as these that entail high risk but may be turning. We believe that many juniors will require \$1300 to \$1400 U.S. Gold bullion to create interest in them. We are going to be monitoring many of them as when the market turns it will be a surprise to many investors.

Thank you, Bob Pellerin and K.C. Grainger, CanadianMineAnalysis.com and Montrealanalyst.com