

Oversold signals at Foran Mining (FOM)

07/21/2015 Ted Dixon, Canadian Insider

The share price of base metals junior **Foran Mining (FOM)** has tumbled since we featured it in our morning report on May 4th when the stock closed at \$0.265. The share price last closed at \$0.14 on July 17th (and hitting a new 52-week low on the day of \$0.13). The stock has been dealt a double-whammy of renewed US dollar euphoria on the back of a promised but undelivered rate hike, and a wave of risk aversion stemming from concerns over Greece and China. Certainly, China has played havoc with commodity markets over the past 48 hours as a tightening of rules governing non-bank lending may have contributed to broad selling of precious metals. Many industrial metals including copper were dragged down for the ride.



While this has brought the deflation bears out of the wood work, we would point out that bond yields generally rose yesterday. This is not the hallmark of a global deflation. If we are right, now may be a good time for those with *high risk tolerances* to consider a contrarian position in beaten down industrial metals miners. In terms of Foran, technical indicators suggest the stock is oversold: its RSI is below 30 and it is trading at the bottom of its Bollinger band. These contrarian signals are being confirmed by insider buying. We would

also note that while gold took a beating Monday making new multi-year lows, copper held above its early July lows.

In fact, in Canadian dollar terms, copper is actually up 1.6% over the past month. For Foran Mining, it is the Canadian dollar price of copper which is relevant. Zinc, which is also important to Foran Mining, is also faring better than it was a month ago, up about 6% in Canadian dollar terms.

At Q1, Foran had 3 cents cash per share according to Thomson Reuters.

Please note this stock can be a light volume trader. As such, traders should use caution if placing orders.

*Disclosures: An earlier version of this article appeared in the **INK Research** morning report for subscribers before the market open. A Member of my family owns a small position in Foran Mining. As per our website disclaimer, this is not investment advice.*