



December 04, 2024

## Long Pull Report: Portfolio Updates (Gold/IDR, Silver/APM, and SQ/Crypto)

We've got a ton to cover in this week's *Long Pull Report*.

First, we discuss precious metals positioning and re-entries in IDR (executed this morning) and APM.V (in the batter's box).

Then, we explore SQ's recent price action, a potential S&P 500 inclusion, and why SQ could be to crypto/bitcoin what NVDA is to AI.

Ahh, there's so much to write about!

Does anyone else feel like this ... but in a good way??



Let's get after it!

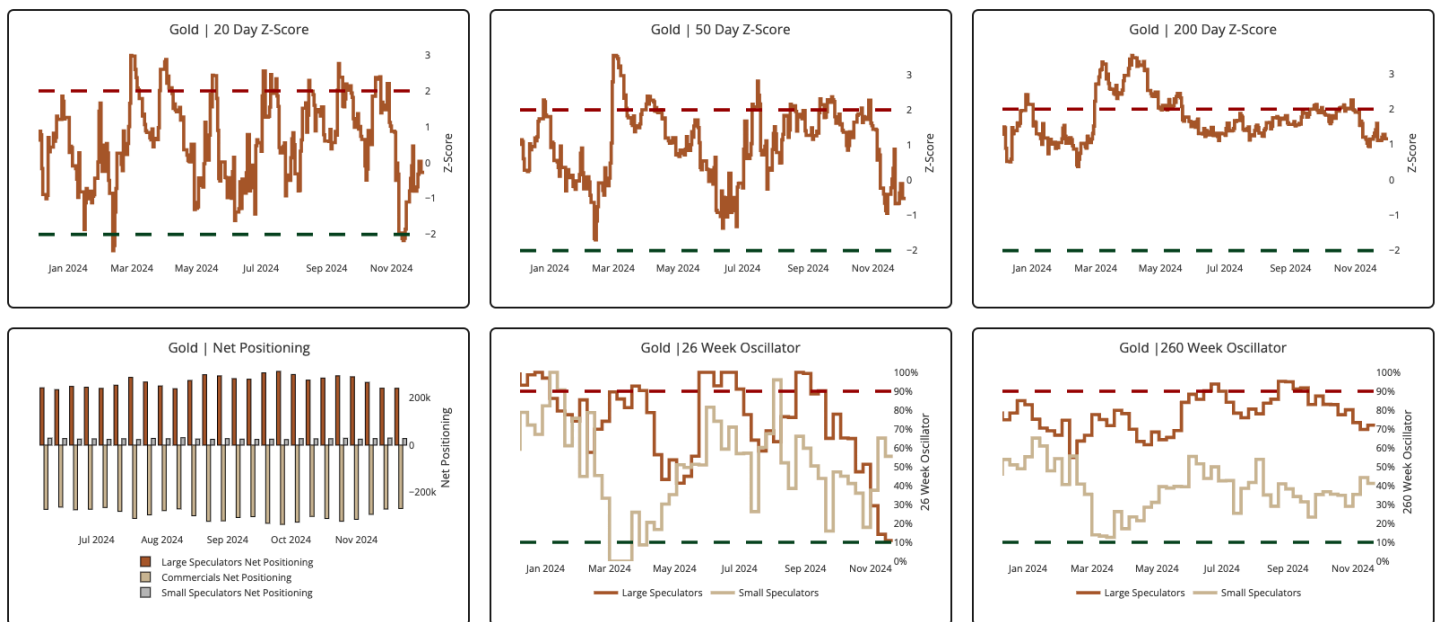
## Precious Metals Positioning: Green Light To Increase Exposure

Gold and silver sold off on Trump's victory, which we expected. Trump's win was bearish PMs short-term as the "LFG USA, we're so back, baby!" sentiment invaded markets and sent all stocks higher.

However, a Trump presidency will likely *be* bullish on precious metals in the long term. Trump wants to deport millions of illegal immigrants, cut hundreds of government programs/workers, cut taxes, and spend like there's no tomorrow,

Try reducing inflation with fewer lower-paid workers, less government revenue, and a smaller government with lower purchasing power. You can't.

Here's Gold's latest positioning/sentiment data from our HUD.



There are a few things to note.

First, large-spec net positioning declined from 99% in September to 11% as of November 22 (using the 26-week oscillator).

We also have neutral price action over the 20D and 50D periods as gold trades in a Bull-Quiet regime.

Finally, gold is about to enter its strongest seasonality period (see below).



We have all the ingredients to add to our futures position, which is ~10% notional after taking partial profits last month (see below).

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You can put a buy stop above today's highs with a sell stop below the November 26 low of \$2,628 or the November 14 pivot low of \$2,563.

Be on the lookout for a trade alert.

## Back In Idaho Strategic (IDR): REE Boost?

This morning, we also sent a trade alert to buy Idaho Strategic (IDR).

IDR is an Idaho-based gold producer with the most significant rare-earth element (REE) land package in the United States. It's run by John Swallow, one of the best CEOs in the business.

You can read our original write-up on the company [here](#) and follow-on research [here](#).

The stock sold off 41% after reaching new all-time highs at \$18.37/share before consolidating around the current share price (see below).



I love this entry point. We have well-defined risk parameters (pivot low below the 200MA) and strong support from the 200D MA.

This is the trade I should've taken instead of forcing it a few weeks ago (only to get stopped out for a loss).

There were three reasons the stock sold off:

- 1) It's a smaller, more illiquid name ... so a few large shareholders can move the price.
- 2) Gold sold off during this time, dragging down every other gold junior.
- 3) John Swallow sold the last block of stock for personal tax reasons.

I wrote why Swallow's stock sale didn't bother me in the *Comm Center* (emphasis mine):

*"I've received several DMs and thread messages on the recent \$IDR price action. Thought I'd consolidate my response here for everyone rather than respond to each message.*

*John Swallow texted me late last night and explained the Form 4 and 144 sale filings. In short, **these are sales to pay off the remaining debts/taxes Swallow incurred from the early days of IDR**, when he used **his funds to bankroll the business**.*

*He told me this would be the final stock sale he'd make to extinguish those debts/taxes. And he is still, by far, one of the company's largest shareholders.*

*More importantly, this sale allows John to focus solely on building IDR without the debt/taxes that drag on him. Think of it like taking a weight off your back after rucking for 50 miles.*

*There's so much exploration/growth potential within IDR. I met with John, his son, and the head geologist in DC two weeks ago. **I'm just as bullish on the company** as ever and plan to write my thoughts on my meeting in a future Long Pull Report.*

*Does it suck that we timed our entry and put our stop where we did? Of course! We'll probably get stopped out for a 50bps loss.*

*But does this sale, and the recent price action, change anything about my long-term view of the business and John as a CEO? Absolutely not.*

*IDR is one of the most conservative, well-run companies I know. Not just mining companies ... out of any business. **They do things the right way and always have.***

*John didn't need to text me last night about his stock sale. He could've just let the filing speak for itself. But that's the kind of person he is. He truly cares about his shareholders, because he is one of the largest.*

***I'm using the recent price action to add to my position in my PA."***

IDR sold off for non-fundamental reasons, allowing us to buy back into the stock at a 40% discount to last month's prices.

Then [China announced yesterday](#) that they're banning critical minerals exports to the US.

China announced it would restrict its exports of minerals crucial to the tech trade to the United States on Tuesday – one day after Washington unveiled new restrictions intended to limit Beijing's footprint in advanced semiconductors – as both countries leverage their comparative advantages to come out on top in the invaluable sector.

In a notice on Tuesday, the Ministry of Commerce said it has banned the export of items categorised as “dual-use” – products or materials which carry both civilian and military applications – to any US military end users.

Effective immediately, the move prohibits “in principle” all exports to the US of gallium, germanium, antimony and superhard materials – [essential elements](#) in military and technological production.

We've written a lot about Resource Nationalism, re-shoring, and how the world is shifting further into a multipolar, geopolitically intense regime... basically, the Fourth Turning playbook.

China's move in critical minerals shouldn't surprise us. Trump will tariff anything in sight, and China will respond.

I don't know how this shakes out, but I know it's bullish for IDR's REE land package, which is the largest in the US.

The US currently uses Chinese REEs in military weapons, jets, tanks, and other infrastructure.

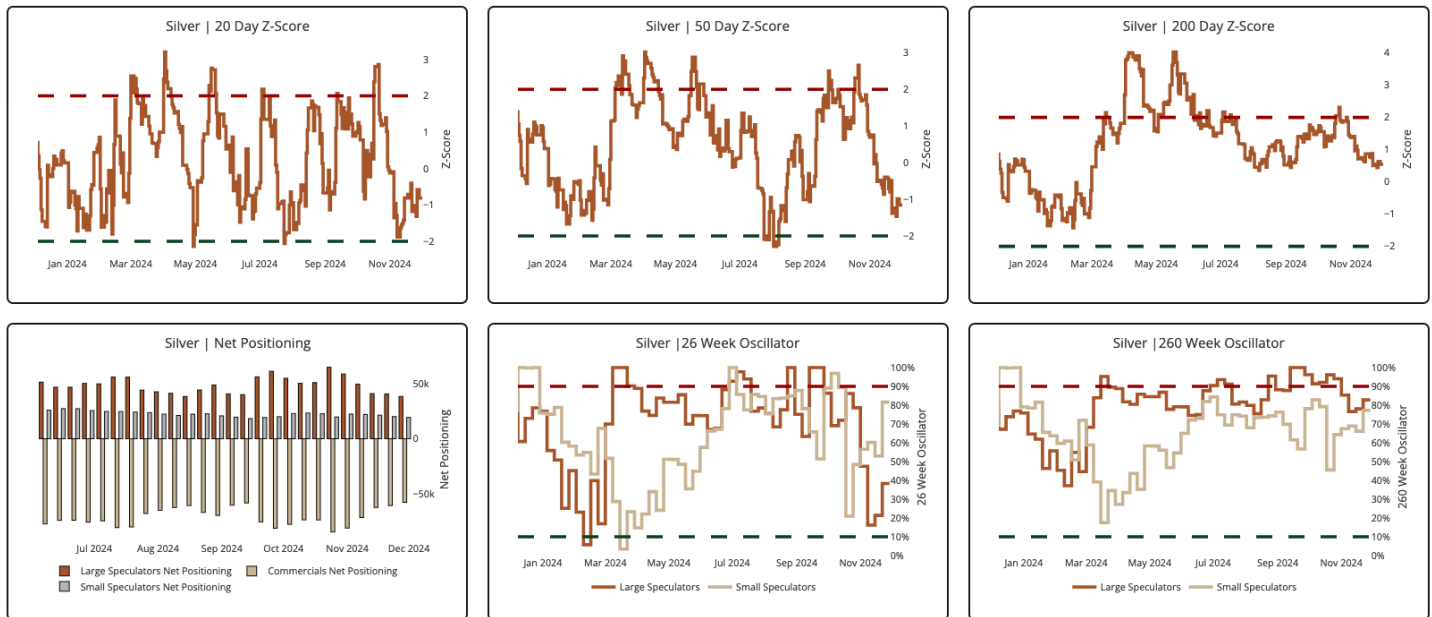
Trump probably wants domestic REE production and refining in the name of “National Defense.”

Regardless, the backdrop for IDR is better than ever ... increasing gold production into higher inflation with a nationally strategic REE resource prime for development/exploration.

Alright, onto silver.

## Silver: Are We At The Bottom Yet?

Here’s the most recent silver CoT data from our HUD.



Large Spec positioning has declined from highs of 100% in September to ~40% today. At their October highs, large specs were long 65K contracts. Today, they’re long ~38.5K contracts.

Let’s check out the chart.





I like this chart for several reasons:

- 1) It's in a Blended Bull Quiet/Neutral regime.
- 2) Consolidation around lower Bollinger Band and 200D MA.
- 3) It still hasn't closed below its technical H&S failure point (below the right shoulder).

Our signal bar is close to the upper Bollinger Band, which allows us to put a buy stop above that bar's highs and a sell stop below yesterday's lows (or below the rectangle consolidation lows).

Andean Precious Metals (APM.V) is our favorite way to play silver.

Like IDR, APM.V sold off 50%+ after reaching new ATHs before consolidating around its 200MA, where it trades today.

The stock declined because of the Silver Junior Miner ETF (SILJ) rebalancing. SILJ force-sold millions of APM.V shares to the market as it rebalanced its ranking of junior silver miners.

APM.V is a low-float stock. Management owns over 50% of the shares, and Eric Sprott owns another 15%. Forced selling hurts a stock like APM.V.

Luckily, we can profit from such non-fundamental selling pressure. Check out APM's chart below.





We have clear technical entry and exit points to get back long a name we love at a price we love.

Even better, APM's [fundamentals have improved](#) since declining 50%. The company posted a record quarterly earnings report, improved silver operation cash margins from \$3-4/oz to \$12/oz, and has \$98M in cash equivalents (not including an inventory of dore bars/salable metal).

Be on the lookout for a trade alert this week.

## Block, Inc. (SQ): Weekly Breakout + S&P 500 Inclusion??

Find me a better weekly breakout chart than SQ ... I'll wait.



I've waited *over a year* to add SQ to the MO portfolio. That's how long it took to develop its base and breakout.

Now we're here. The stock broke above its \$88-90/share neckline and, more importantly, held the breakout level.

I'm excited and nervous about how many people have tweeted the SQ technical setup. Usually, the best technical patterns are the ones nobody's looking at or talking about.

But what if millions of investors become forced buyers of SQ stock because it gets added to the S&P 500?

### SQ satisfies all criterion for S&P inclusion

Criteria	Description	Does SQ meet the criteria today?	Notes
Earnings	The sum of the most recent four consecutive quarters' as-reported earnings should be positive, as should the most recent quarter's.	✓	As of 3Q24, SQ meets this criteria.
Liquidity	The ratio of the annual dollar value traded to float-adjusted market capitalization should be 0.75 or greater, and the stock should trade minimum of 250,000 shares in each of the six months leading up to the evaluation date.	✓	SQ meets the liquidity criteria.
Market Capitalization	Unadjusted market capitalization of at least \$18B and float-adjusted market capitalization of at least \$9B; these ranges are reviewed from time to time to assure consistency with market conditions.	✓	Market capitalization of \$50B+, significantly above the required threshold.
Public Float	At least 10% of shares are publicly floated.	✓	As per SQ's most recent proxy statement only ~22% of its shares are owned either by insiders (10%) or shareholders with more than 5% holding (12%).
IPO Seasoning	12 months required.	✓	SQ listed in Nov.2015.
Domicile of Constituents	US companies, based on multiple criteria such as fixed assets, revenues, listings, etc.	✓	Primary listing is in the US. >90% of its revenue and >52% long-lived assets were in the US in 3q2024.

SQ meets every metric for inclusion in the S&P 500 (image above via Berstein).

Upon the S&P 500's inclusion, billions of dollars would flow into SQ stock, forcing thousands of mutual funds and RIAs to own it.

However, it's more significant than that. SQ isn't just a payments/fintech play. It's slowly (and quietly) building a major Bitcoin mining hardware and software company with Proto Mining.

I don't need to convince you of crypto's renewed investor fever. Just check the #ideas-crypto channel for confirmation bias.

Why does this matter?

### **What if SQ is to Bitcoin/crypto what NVDA is to AI?**

What if every money manager wakes up one day and says, *"I need exposure to this Bitcoin/crypto thing ... I want to play the picks and shovels like I did with NVDA and AI."*

That company might be SQ.

[Proto Mining announced its first commercial deal](#) with Corz Scientific (CORZ), one of the world's largest bitcoin mining companies, to supply ASIC bitcoin chips and hardware/software (see below).

Today, **Block, Inc.** (NYSE: SQ) and **Core Scientific** (Nasdaq: CORZ) have announced a new partnership focused on further decentralizing mining hardware. This collaboration introduces Block's advanced 3 nanometer (3nm) mining ASICs, created by their Proto team, to Core Scientific's large-scale mining operations.

Core Scientific, a leader in Bitcoin mining, is now the first to integrate Block's new ASIC technology into their operations. These 3nm chips, representing approximately 15 EH/s (exahashes per second) of hashrate, mark one of the most significant agreements in the industry by hashrate volume.

I'm working on a standalone *Long Pull Report* that dives deeper into SQ/Proto Mining's crypto opportunity.

SQ's foray into bitcoin mining hardware/software isn't new.

Jack Dorsey knows how to build exceptional hardware (SQ card reader, BitKey cold storage wallet, etc.) and beautiful software (SQ PoS software, Cash App, BitKey app, and Proto Mining).

Everything Dorsey builds is for the little guy ... the small SMB, the unbanked single mother/father, [the two-person Bitcoin mining shop in Iowa](#).

Nobody took the original SQ product seriously in the early days ... I feel Jack's Proto Mining is following the same path/playbook.

Alright, I need to stop this report at some point. As I said earlier, there's so much happening in our portfolio and watchlist—so much to be bullish on.

We're up over 50% in the MO portfolio. This allows us to push the gas pedal into year-end while being highly selective of new trade ideas.

Stay frosty.

Your Value Operator,

Brandon