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THE LONG PULL

Metals & Miners Flash Report

By Brandon Beylo

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There's a lot happening in the metals and mining space. I planned to spend the next few weeks writing about other topics, like aesthetics, biotech, or healthcare. But that will have to wait.

Instead, I'm writing a *Flash Report* on the PMs landscape, how we're thinking about new trade ideas over the coming weeks, and why we still have low conviction in the precious metals "bottom".

The TL;DR on metals is that:

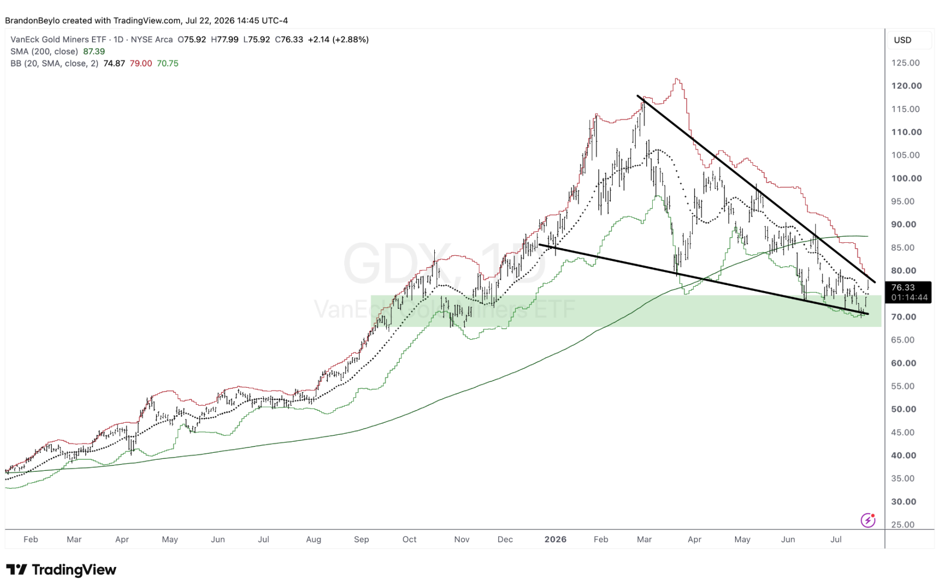
1. GDX and SIL **look like they're bottoming.**
2. Which means they **could be worth a speculative long here.**
3. But **positioning remains bearish** so we're cautious.
4. And the dollar is still in an uptrend.
5. And bonds look like they want to collapse.
6. So something will break, we just don't know what yet.

Alright, let's get after it.

Miners Look Like They're Bottoming

We believe "price is truth" at Macro Ops, and currently price is telling us that there's a potential major bottom across the precious metals space.

Check out the GDX chart (below).



Gold miners declined by 40% from their prior highs before inflecting higher by ~10% over the past week. GDX is bouncing off long-term support around $69-$70/share while gold holds the $4,000/oz level.

Next, check out the GDX/SPY ratio chart below.

GDX has pulled back to the midline on the monthly time-frame versus the SPY. Not a bad place to start fishing for longs.

Then there's silver, which is also coiling towards the upper-range of its falling wedge (see ETF chart below).

Silver miners also look like they're about to outperform the SPY after under-performing the index by 45% since February 2026 (see below).

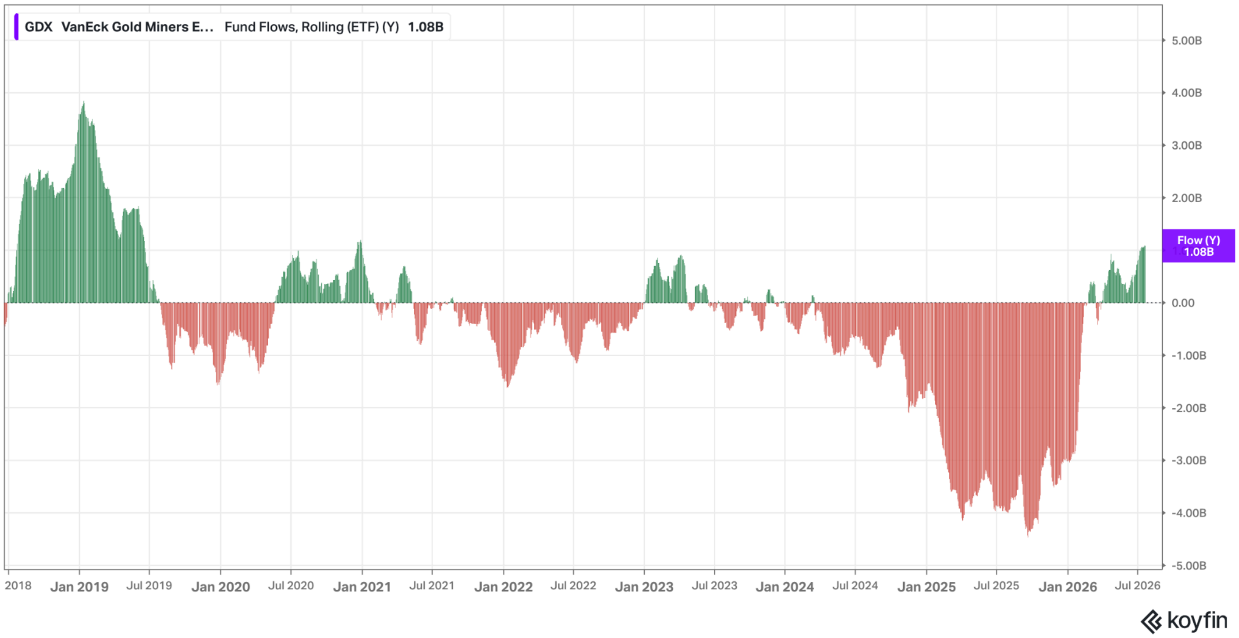
These charts are why I think precious metals could be worth a stab here. You have a deep pullback off the highs and well-defined risk/reward. For example, you could buy GDX and/or SIL at the market, jam a stop below the recent pivot low and get great notional-to-actual risk multiples.

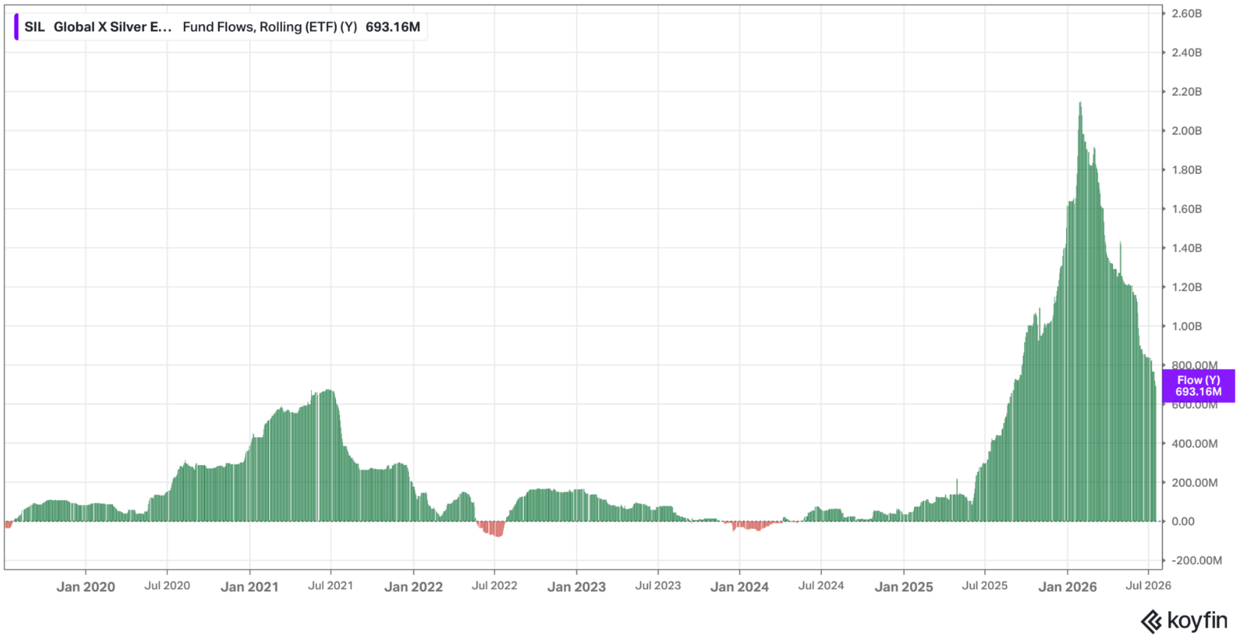
But there are three reasons why I'm cautious on precious metals here.

Reason 1: Fund Flows Remain Bullish & Positioning Bearish

Sentiment/Positioning is the second leg in our Trifecta Lens process, and it's not firing a buy signal in precious metals (yet).

For example, fund flows into GDX and SIL remain positive and have increased in buying over the past weeks. Ideally, you want to buy these when they're extremely hated (i.e., max selling pressure).

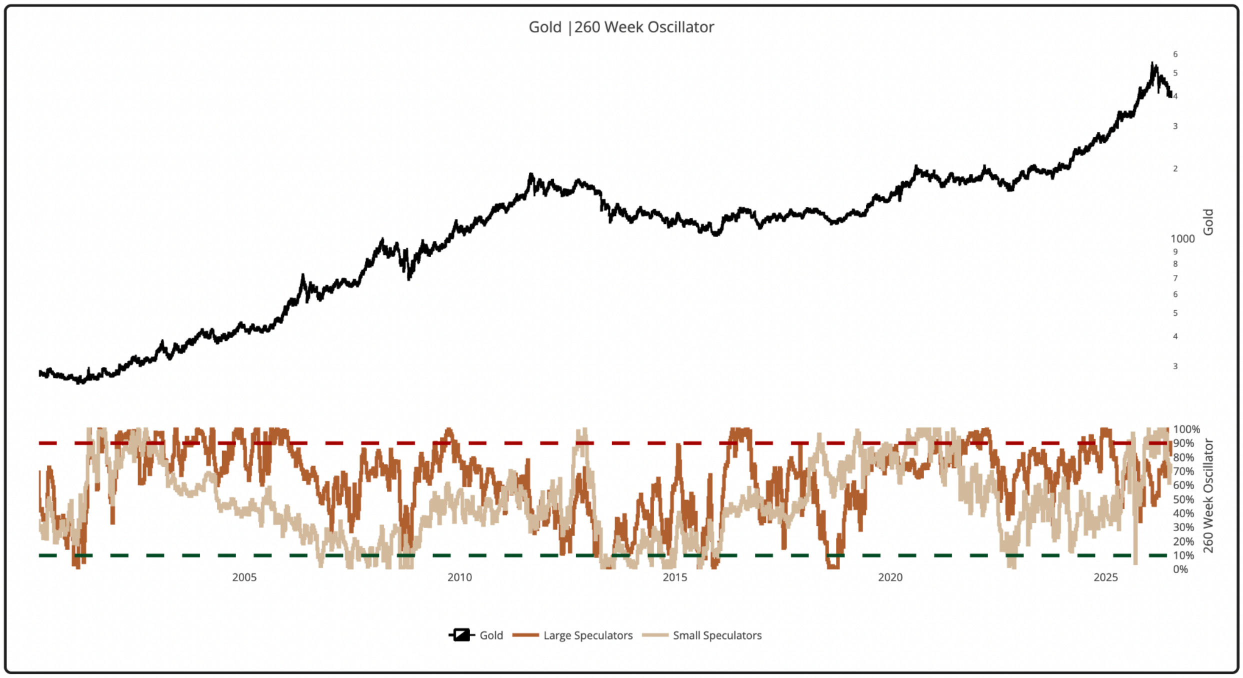




At least with silver you have a substantial pullback in net inflows over the past six months. But it's still extremely positive.

Then there's CoT positioning, which as I mentioned earlier, is not bullish for our long PM setup.

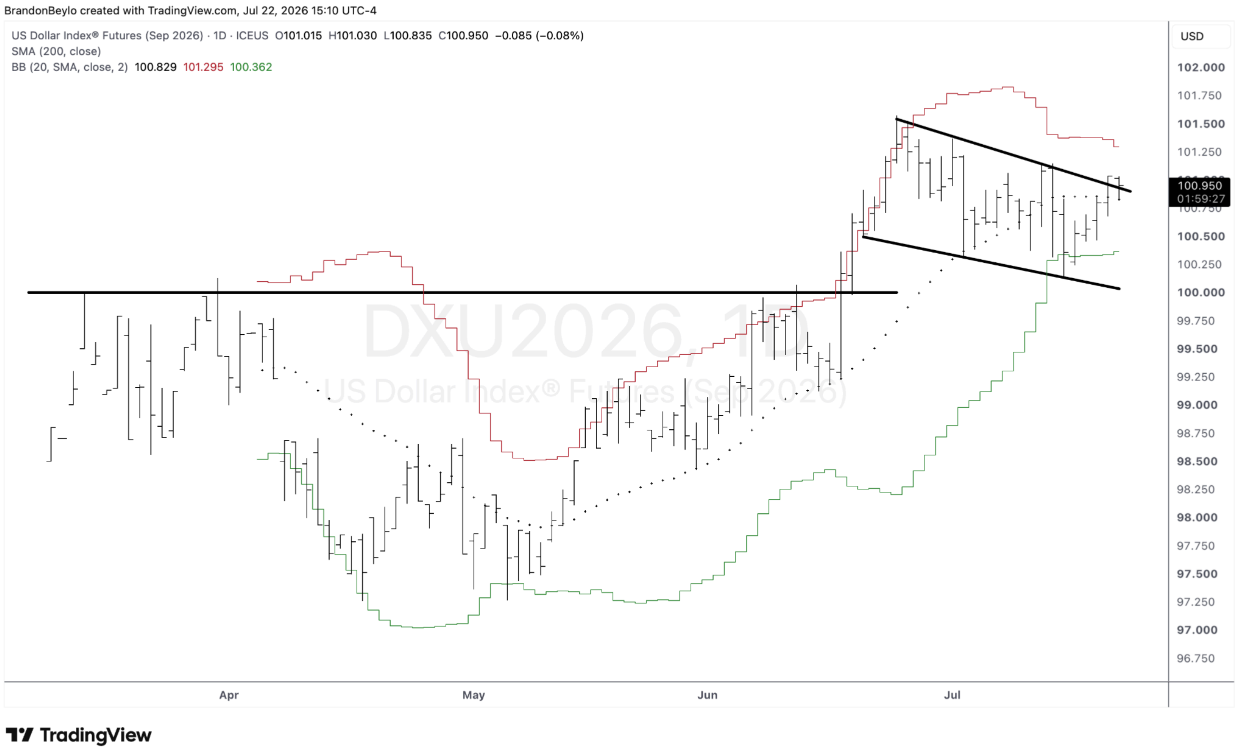
Let's use gold as an example (because silver is more noisy).



Large and Small spec positioning remains elevated (~70%+) despite gold's ~25% pullback. As you can see in the chart above, stretched positioning levels like these don't *usually* indicate a bottom. Ideally, we want small and large specs around 20% or so.

Reason 2: The Dollar Is Still Trending Higher (For Now)

A strong dollar is bearish for commodities as commodities are priced in USD. With that assumption out of the way, I present to you a chart of the US Dollar (September contract).



I don't want to get too "TA" here, but we have an inverse H&S breakout, followed by a bull flag that tested the prior resistance/new support level that now looks like it wants to breakout higher. Also, note the volatility compression over the past few days (this is a theme we'll discuss later).

If I remove all prior biases and *just* examine the tape, I'd want to be long USD. Which means I'd want to *not be long* precious metals (or other commodities).

Reason 3: Oil Is Trending Higher

Oil is up ~30% from its recent lows and flirting with $90/bbl. The Iran situation looks worse each day. Iran bombs a few vessels trying to pass Hormuz and the US bombs another piece of Iranian critical infrastructure.

I've said this before, but I keep hearing @PurpleDrinkCapital's quote in my head that, "*when oil starts working, nothing else does.*" Hence why we added oil exposure to the portfolio last week via XOP.

Higher oil prices are usually bearish for precious metals because oil is a large cost input in extracting ore (especially if you're an Australian producer without easy access to fuel).

Which also reminds me that I need to write a *Long Pull Report* on some E&P names that are buying back stock with inflecting technicals (add it to the list!).

Our Base Case: Wait For Confirmation

I've had this feeling scrolling through X that if I don't buy PMs and the miners NOW, then I'll forever miss the move and I won't enjoy the next precious metals bull market. That's hilariously wrong, of course. But the feeling is still real.

Instead, the right thing to do is wait for the volatility compression break out and place our bets *then*.

Gold and silver have extremely compressed volatility. The percentage difference between the lower and upper bollinger band on gold is 5%. It's only 11% for GDX!

We won't have to wait long for the market to tip its hat on which direction it will go next. And if I have to pay an extra 1-2% on gold futures and an extra 3-5% on GDX, so be it. It's a higher expected value trade at that point anyways.

The good news is that we can create our Buy List of gold/silver plays now if we ever get the confirmed buy signal. Here are a few on my short-list.

My Precious Metals Miner Short List

1. **Idaho Strategic (IDR)**

IDR is back to its $30 support level and trades at a $470M market cap. The company has $78M in net cash as of its last quarterly report for an EV of ~$392M. Here's what you get for $392M:

- A high-grade underground gold business growing production to 20,000oz in the next 18-24 months.
- The US's largest REE land package with extensive summer drilling.
- The Niagara Project which hosts ~216Mlbs of CuEq near the company's existing infrastructure.

You're paying ~17x current earnings for the gold production business and getting everything else for free.

2. **IAMGOLD Corporation (IMG)**

IMG is a $12B Canadian mining company with four main assets: Cote Gold, Westwood, Essakane, and the Nelligan Complex. The company produces ~750Koz/yr at an average cash cost of $1,100/oz.

IMG trades at a 15% FCF yield, multiple insiders have recently bought stock, the company is buying back stock and reducing debt, and is down 37% from its highs.

3. **Lundin Gold (LUG)**

This is a pretty simple thesis. You can buy a Lundin mining company for ~15x current earnings and a 6%+ dividend yield. The stock is 36% off its highs, insiders are buying, it has a ~9% FCF yield, and did I mention that it's a Lundin company?

4. **Serabi Gold (SRB.LSE)**

SRB is one of the cheapest gold mining stocks globally. It has a 22% FCF yield, trades at 4x earnings, and is up 400%+ over the past year. The company operates the Palito Mine in Brazil.

5. **OceanaGold (OGC)**

I found OGC this morning after the company announced a buyback program for 10% of its stock. The company trades at <8x earnings with a 13% FCF yield. According to BBG, OGC is a high-margin gold/copper producer with four operating assets in New Zealand, the Philippines, and the US.

The stock is down 44% from its highs and coiling in a falling wedge pattern (see below).

Conclusion: Bullish, But Not Buying Yet

If you get anything from this report, it's that we're bullish PMs and the PM miners, but we don't want to buy yet because we still don't have all three legs of the Trifecta Lens firing together. That said, the current environment allows us time to develop a shortlist of buy candidates with great technicals and fundamentals.

I'm exploring a few more ideas in this space, namely Minera Alamos (MAI) and RIO2 (RIO). Expect a write-up on those companies in the coming weeks (again, add it to the list!).

