Sector expert Michael Ballanger discusses the origins of the pandemic and the latest market moves.

Source: Michael Ballanger for Streetwise Reports

As I reflect back upon the events of the past twenty-one months, I have some difficulty remembering what our lives were like before this man-made pathogen threw the global economy into chaos. An excellent article by former New York Times journalist Nicholas Wade called Origins of Covid—Following the Clues completely annihilates all preconceived notions (or "assumed narratives") regarding whether this nasty little virus migrated from an infected animal (like a bat) to another animal (sold in a Chinese wet market), only to find its way to the dinner table of some lucky Wuhan gourmet in need of a new form of exotic fare. It is postulated in the article that the virus may have accidentally escaped the security of the Wuhan Institute of Virology, the product of human experimentation (and weaponry research).

Let me tell you a story about bats. In the early 1990s, I accompanied a group of mining executives and geologists to the Mexican state of Sonora and the northern town of Magdelena de Kino, a delightful little hamlet located about 50 miles from the Arizona border. It was in this town that I learned of the use of "chiles," a little red bean used by field geologists to produce perspiration while taking samples in the 100-degree heat. At lunch on the second day, I reached for one of these volcanic legumes to see what the fuss was all about. One of the Mexicans grabbed my arm and shook his head violently, which I interpreted as a strong note of "caution."

As it would turn out, it seems that those unfamiliar with the bean cannot even touch them at the risk of enduring severe burns and swelling to the hands and fingers—and that was especially applicable to the "Gringos" like me, who were all too eager to sample local foods.

Later in the afternoon, I received my second lesson ("scolding") at the hands of a Mexican geologist, which is especially relevant to the issue of Wuhan and bats. We were on a field trip to a property that was believed to contain gold-bearing mineralization, and after trekking for a couple of miles in the heat of the Sonoran desert, we arrived at a gully bordered on two sides by large, rocky crags. Outside of the scorpions, spiders and rattlesnakes, nothing could survive in this environment unless sheltered from the oppressive heat.

But there was one place where the wildlife could survive, and that was the cave in which the golden rocks were believed to exist. Armed with a piton, I decided to do some semi-amateur spelunking, but just as I was about to enter the mouth of the cave, an older Mexican gentleman who spoke zero English grabbed my shirt and hauled me back, chastising me in his native tongue like a very stupid and very errant schoolboy who had just stolen the money from the collection plate.

Returning to the group, our local translator pulled me aside and explained that no one—and he shook his fist as he used the term "No one!"—enters that cave without protection, which included what looked like a hazmat suit and a WWI-style gas mask. You see, not only did the cave contain the presence of gold-bearing rocks, it also contained a large colony of about 500 bats and their droppings (known as guano), which were widely believed to contain the vilest accumulation of toxic fungi known to mankind, creating a disease called "histoplasmosis," an
affliction that affects and destroys the lungs, with those with weakened immune systems particularly vulnerable.

Now, notwithstanding the fact that this disease from bat excrement sounds an awful lot like COVID-19, over thirty years ago the locals in northern Mexico had determined that it is not a very good idea to mess around in bat caves. But if you are ambitious (“dumb”) enough to do so, you have to do so dressed as an African Ebola missionary in order to avoid a very nasty outcome.

This raises an interesting question: If bats are known to be the origins of toxic materials, why were the staff at the Wuhan Institute of Virology collecting bat samples in order to conduct viral experiments that might have accidentally escaped into local and then international comminities? Why was the funding for coronavirus research at the Wuhan Institute funded by a U.S. group called the EcoHealth Alliance of New York? More importantly, why were the allegations of a “lab accident” denied so vehemently in the early days of 2020 instead re-spun into the “animal origin” narrative that so conveniently shifted attention (and a great deal of heat) away from the group’s head honcho, a Dr. Peter Daszak, whose “prepared remarks” issued in a statement basically dismissed any and all possibity of a “lab accident?”

I submit that, once again, crony capitalism prevailed. Fearing a massive lawsuit against his research outfit, Dr. Daszak decided that a good offense would prove to be the best defense, thus creating mass confusion that I contend explains why our political opportunists making decisions have committed repeated and unavoidable policy mistakes in the handling of the global pandemic.

To wit, if I know that this virus was the result of a man-made experiment rather than the actions of Mother Nature to deal with human overpopulation, it might stand to reason that my immune system might need a little assistance in creating its own natural immunity to infection. All I ask of the leaders who make decisions is that they strive to provide accurate information and refrain from any filtration of that information that might or might not provide career benefit.

Alas, I would imagine the likelihood of that runs along the same probability curve as “This Mercedes is paid for” or “the check’s in the mail.” (I think there was a third one but it has slipped my mind.)

So, the reason I am relating allegories about bat caves and viruses and warped agendas is that just as I need accurate information about the COVID-19 origins in order to decide whether I let some nurse stick a needle into my arm with a largely untested vaccine designed to prevent me from getting sick. I also want to know where government-sponsored entities like the Bank of Canada or the U.S. Federal Reserve get their information regarding "transitory inflation."

<table>
<thead>
<tr>
<th>Average Price</th>
<th>May 2020</th>
<th>May 2021</th>
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<tbody>
<tr>
<td>Gasoline</td>
<td>$1.77/gallon</td>
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<tr>
<td>Lumber</td>
<td>$332/mfbm</td>
<td>$1,570/mfbm</td>
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<td>Home Sales</td>
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<td>Coffee</td>
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<td>Wheat</td>
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<td>Corn</td>
<td>$3.19/bushel</td>
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</tr>
<tr>
<td>Copper</td>
<td>$2.33/lbs</td>
<td>$4.76/lbs</td>
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</tbody>
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What evidence does Jerome Powell have in his possession that, after this temporary supply shock goes away, prices will revert back to “normal?” Have you ever in your lives seen producers actively seek lower prices?
I completely reject any notion that inflation rates are anything close to 2% or 3% or 4% or any number generated by people employed and owned by the politico-banco cartel, because it is the narrative that has been crafted to advance the agendas and wishes of an elite group of moneychangers. As Baron Rothschild once said, "Give me control over a nation's currency and I care not who makes the laws," and it is that preconditioning that allows the Canadian housing market to not just run "hot," but to run at a temperature usually found at the core of the sun—all for the benefit of the Big Five Canadian banks that now, due to exhorbitant prices, own a chunk of literally every house in the country, because those who can "pay cash" are less than 0.5%.

Just as sick as I am of being spoon-fed misinformation and disinformation regarding the virus and its origins, treatment and prevention, I am also sick to death of being told that the rate of inflation is "transitory" and that I should prepare for conditions that have seen stock and house prices climb to the ionosphere enriching the speculator class and punishing savers and fixed income investors along the way.

As for the precious metals, I pounded the table with the heel of my Krushchevian shoe back in March at US$1,670–1,680 per ounce gold, and embarked upon a $240/ounce advance, until earlier this week when I issued a short-term "sell" at US$1,909 because of the overbought condition resembling, to some degree, the August top from 2020. I do not believe that this will turn out to be another seven-month correction, and as we are still solidly within a powerful long-term bull market, I have taken down some leverage and booked a few profits in order to have buying power when things smooth out.

It is also important to note that if we get a two-day close above the 2011 top of $1,908, I will reverse course and then look for a test of the January 2021 peak at $1,970. I doubt that we can see that, but the action on Friday in response to the less-than-expected increase in non-farm payrolls was certainly constructive, which bears a keen eye early next week.

Copper is still correcting after going "overbought" in early May. We remain on the sidelines but watching closely Freeport-McMoRan Inc. (FCX:NYSE) for a crack below $39.

Uranium prices are back above US$31 but still far too low to justify the prices of the vast majority of junior developers. However, the bullish case for uranium is simply too compelling to allow me to take any profits, so despite being ahead over 300% on my positions in Western Uranium & Vanadium Corp. (WUC:CSE; WSTRF:OTCQX), I just cannot muster up the intestinal fortitude to sell.

Summer weather has arrived and thankfully we got some rain yesterday, which
arrived a mere hour of my mowing of the lawn, so I am off to Georgian Bay to see if the waters are warm enough to swim and high enough to hide the rocks whose locations I am sure I have forgotten.

Wish me luck…

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Originally trained during the inflationary 1970s, Michael Ballanger is a graduate of Saint Louis University where he earned a Bachelor of Science in finance and a Bachelor of Art in marketing before completing post-graduate work at the Wharton School of Finance. With more than 30 years of experience as a junior mining and exploration specialist, as well as a solid background in corporate finance, Ballanger's adherence to the concept of "Hard Assets" allows him to focus the practice on selecting opportunities in the global resource sector with emphasis on the precious metals exploration and development sector. Ballanger takes great pleasure in visiting mineral properties around the globe in the never-ending hunt for early-stage opportunities.

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