



Why Seven is a Lucky Number

A Monday Morning Musing from Mickey the Mercenary Geologist

Contact@MercenaryGeologist.com

January 5, 2015

My dad was a baseball star back in the hills of Missouri but gave it up when my mom told him, “It’s either me or the game.” My dad evidently wanted a left-handed son who was a ballplayer and loved the game as much as he did. So I guess that’s why I’m around, and no doubt the reason there’s a photo of me at age 3 with glove, ball, and bat in hand.

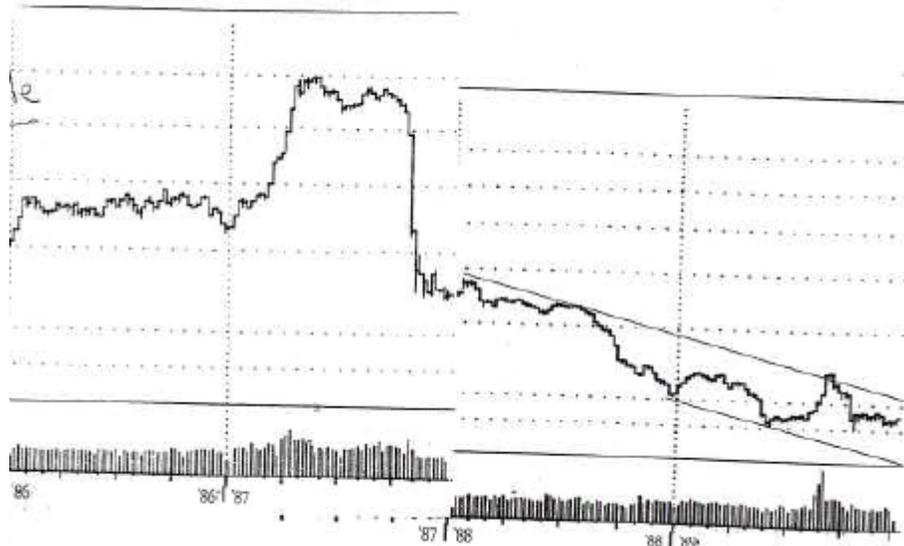
As a young man, my dad played ball against Mickey Mantle. He was not impressed and told stories about the kid being “just a wild-armed shortstop”. Contrary to a commonly-held opinion, I was not named after The Mick. Fact is, on the day I was born, my mom named me “Mickey” after some neighborhood kid that she especially liked.

But that did not stop me from choosing the New York Yankees all-star center fielder as my baseball hero, and when I first played Little League at age 7 the number 7 was sewn on the back of my uniform. From then on, if you wanted me to play on *your* team, I wore 7 or I found another team. Luckily as a kid and later on as an adult, I was good enough to demand that concession.

Long story short, 7 is my lucky number. There is nothing unusual about that as it is the English-speaking world’s favorite number. 7 is also lucky in craps.

Plus the junior resource stock market.

Witness the following scan of a composite Vancouver Stock Exchange Index chart from 1986 thru 1989 and also a chart for the VSE and Toronto Venture Exchange Indexes from early 1991 to the present. I did not obtain a chart for 1990 but that does not deter from the patterns discussed herein:



Vancouver Stock Exchange Index 1986-1989 (Courtesy Murray McInnes)



Vancouver Stock Exchange - Toronto Venture Exchange Index 1991-2014

Notice the junior markets hit major highs in every year ending in the number 7 before going into exponential freefall. I recently discussed the catalysts that caused these crashes and refer you to that musing for background information ([Mercenary Musing, December 14, 2014](#)).

The reasons for this curious decade-long cycle, much like the junior resource market, are highly speculative in nature but could include the following:

- The commodity cycle of strong metals prices is generally 4 to 7 years in duration. These occur within longer secular trends of 20 to 30 years. However, the junior market takes a couple of years to react in a significant way to both a rise and a fall in prices. Therefore, the timeframe from

when a deficit in metals production occurs, prices climb, monies are raised and spent on exploration and new developments, and enough supply comes on from new mines to satisfy demand averages about 10 years.

- About every 8-10 years, a new and naïve group of middle to upper-middle class professionals reaches the age where they have substantial discretionary income for speculation. Spurred by rising commodities prices, their collective greed and irrational exuberance *to get rich quick* drives the market to a new speculative high before the inevitable collapse occurs.
- Also every decade or so, another group of investors reaches late-middle age and comes to the realization that government and broker-managed retirement accounts will not provide sufficient income for lengthening lifespans. Driven by panic, they decide to speculate in higher risk-reward stocks in a futile effort to make-up projected shortfalls.
- Institutional pension funds enter into riskier investment vehicles to counter cyclical periods of low interest rates and when future non-funded liabilities become of concern. So when commodity prices are high, they tend to enter the sector full-force.
- Hedge funds react with a group-think mentality. Therefore, they exacerbate parabolic chart patterns by moving *en masse* into a market sector near its bottom and abruptly exiting once the sector loses favor.

Regardless of the reasons, the above charts stand as evidence that for the past three decades a junior resource market top occurred in years ending in 7.

In early March of 2015, the Toronto Venture Exchange will be a full four years into the latest bear market cycle. Other than the predictable new year rebound in micro-cap resource stocks that I discussed last week ([Mercenary Musing, December 24, 2014](#)), there is little evidence in sight for a near-term recovery.

However using past as prologue, I can speculate the junior resource market will repeat its 10-year cycle that resulted in market tops in 1987, 1997, and 2007. If this indeed happens, the scenario could include a bull beginning sometime in 2015, a strongly performing market in 2016, and an exponential rise to a top reached in 2017. This would be followed by a one-time catalyst that would send the market cascading downward in 2018.

I realize this is a pie-in-the-sky prediction at the present juncture, but offer it up to illustrate an undeniable point to you:

By employing a contrarian philosophy of buying select stocks when they are unknown, unattractive, unloved, and undervalued by the greed and panic-driven sheeple, smart money speculators can position themselves for the inevitable bull market that will occur sooner or later.

And make a fortune whenever that comes to pass.

Will 2017 be another golden year for us?

No one knows but remember folks, *the baddest bears beget the biggest bulls*. I encourage you to position now for the next bull market.

Ciao for now,

Mickey Fulp
Mercenary Geologist



Acknowledgment: I thank my long-time broker and friend, Murray McInnes, for the original idea of junior bull markets culminating in years ending in 7, our subsequent discussion over adult beverages, and the 1986-1989 Vancouver Stock Exchange chart.

Gwen Preston is the editor of MercenaryGeologist.com.

The [Mercenary Geologist Michael S. "Mickey" Fulp](#) is a Certified Professional Geologist with a B.Sc. Earth Sciences with honor from the University of Tulsa, and M.Sc. Geology from the University of New Mexico. Mickey has 35 years experience as an exploration geologist and analyst searching for economic deposits of base and precious metals, industrial minerals, uranium, coal, oil and gas, and water in North and South America, Europe, and Asia.

Mickey worked for junior explorers, major mining companies, private companies, and investors as a consulting economic geologist for over 20 years, specializing in geological mapping, property evaluation, and business development. In addition to Mickey's professional credentials and experience, he is high-altitude proficient, and is bilingual in English and Spanish. From 2003 to 2006, he made four outcrop ore discoveries in Peru, Nevada, Chile, and British Columbia.

Mickey is well-known and highly respected throughout the mining and exploration community due to his ongoing work as an analyst, writer, and speaker.

Contact: Contact@MercenaryGeologist.com

Disclaimer and Notice: I am not a certified financial analyst, broker, or professional qualified to offer investment advice. Nothing in any report, commentary, this website, interview, and other content constitutes or can be construed as investment advice or an offer or solicitation or advice to buy or sell stock or any asset or investment. All of my presentations should be considered an opinion and my opinions may be based upon information obtained from research of public documents and content available on the company's website, regulatory filings, various stock exchange websites, and stock information services, through discussions with company representatives, agents, other professionals and investors, and field visits. My opinions are based upon information believed to be accurate and reliable, but my opinions are not guaranteed or implied to be so. The opinions presented may not be complete or correct; all information is provided without any legal responsibility or obligation to provide future updates. I accept no responsibility and no liability, whatsoever, for any direct, indirect, special, punitive, or consequential damages or loss arising from the use of my opinions or information. The information contained in a report, commentary, this website, interview, and other content is subject to change without notice, may become outdated, and may not be updated. A report, commentary, this website, interview, and other content reflect my personal opinions and views and nothing more. All content of this website is subject to international copyright protection and no part or portion of this website, report, commentary,

interview, and other content may be altered, reproduced, copied, emailed, faxed, or distributed in any form without the express written consent of Michael S. (Mickey) Fulp, MercenaryGeologist.com LLC.

Copyright © 2015 Mercenary Geologist.com, LLC. All Rights Reserved.