

Precious Metal Stock Review

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Trouble's A Brewing

US markets are looking to be in a bit of trouble here for the first time in 2012 now as the European debt crisis is going to come back in full force this week.

European markets, specifically the DAX, is breaking down on strong volume and the US markets look ready to follow.

On the bright side some of the fastest and largest returns I've ever had in the swing trading portfolio have come on corrections lower.

Also, good news can be found when looking at gold and silver who look to have bottomed now and set to move higher soon as they really are the best safe place to weather this storm.

Finally, the mining shares are sold out and some are moving up sharply now while many others are set to soon follow.

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Metals review



Gold rose 1.81% this past week but still has lots of work to do. The confluence of moving averages here all the way to the \$1,700 area could take a couple more weeks to best and that is great as a strong base needs to be built here as a support level if it is ever needed in the future.

Gold remains on sale down here along with the mining shares whom remain sold out and are beginning to move up now nicely in some cases.

Now is a time to be buying the shares and also some more gold and silver if that is in the cards for your investing plan.

I do not think we will see gold fall any further than this area but then again if a huge order is dumped on the market it could, but this last effort to smash gold had a very short and limited effect which tells me gold is all but sold out.

Both the GLD ETF and the futures volume was mediocre for the week as there is no real conviction either way for the moment.



Silver fell 0.55% over the last week and remains within a \$2 range between \$31 and \$33.

As with gold the moving averages here are going to take a bit more time to best and that is great. It gives wise investors more time to get some more physical silver and will build a strong base to move higher out of.

I wouldn't be expecting great things for a week or two out of silver unless this European crisis hits hard this coming week and European and US indexes are looking ready for a drop here so it could well as the markets anticipate and lead crisis for the most part.

Futures volume for silver was pretty decent as traders are buying future contracts for the next big push higher in silver which is imminent and not far away while the SLV ETF volume was nothing to speak of.

The ETF volume generally picks up as a breakout of a chart pattern is occurring as it's really just a trading vehicle and we do need to see that high volume to confirm a move, although last time it was perfect and still did not work, but I've talked about that blatant smashing enough the past several weeks.



Platinum fell 0.81% this past week. While technically the wedge is breaking down to the downside, the horizontal support level and 100 day moving average is holding the price here for now. We'll see soon if this remains is to be.

To me it looks like we are going to breakdown lower unfortunately which would take platinum down to the \$1,500 support area.

Both the PPLT ETF as well as the futures volume is confirming my view that we are heading lower as more volume is coming in on push days lower.



Palladium rose 1.47% this past week and looks good here.

The 61% Fibonacci retracement level I posted here last week is holding well and the chart looks to be near completing a little rounded bottom.

If you're into trading this ETF or the futures then the next buy point is a move above the 38% retracement level which is exactly where the 100 day moving average is at the moment. That level is \$665.

Volume in both the futures and the PALL ETF confirm my view that we are heading higher soon with stronger volume on up days than down days.

Palladium is much more predictable than gold and silver and is much easier to trade as a result.

Fundamental Review

Paul Walker of the GFMS group is once again suggesting gold companies hedge a portion of their gold output as the future for the gold price is not as strong as it's been recently, according to Paul. He even went as far as to say "You could see gold well south of \$1000/oz at some juncture in the not too distant future."

To suggest this action is reckless at best and fraudulent at worst in my opinion.

While gold may indeed take on a correction and actually decline this year or perhaps only rise 5% or another small number, to think this gold bull market is over is admitting that he knows nothing about monetary history.

In the shortest form I can muster, monetary history consists of this.

Currency begins backed by gold and silver. Over time this link is diminished and then cut all-together. For several years things are fine but eventually too much money is printed and inflation ensues, followed by hyperinflation. The currency goes bust and the cycle begins again.

All the while pundits and authorities insist that this time it's different. It never is.

Get your physical gold and silver insurance policies while they are on sale now!

If you know any mining companies whom are being advised by Mr. Walker I suggest you kindly suggest they run, not walk.

In stark contrast to Mr. Walker's views the World Gold Council says demand for gold is on the rise as investors are using it as a tool for capital preservation. Yes! Finally they are getting it!

Are you?

A major South African miner is [looking to finally expand into a safer jurisdiction, Canada](#). They've got a joint venture going now where they can earn up to 60% interest in the gold deposit. The company cites the low-risk political jurisdiction that is Canada as a major reason for the attempt at entry.

I've rambled on far too many times and far too long about the dangers of mining in South Africa and stated publicly my opposition to investment there until the situations are resolved which I honestly don't think I'll ever see.

It's about time a South African company is realizing this and taking action to move slowly away.

This week's snafu belongs to North Korea as [their rocket launch attempt ended up sinking](#). It wasn't such a long-range rocket after-all! I guess it's suiting as the 100th anniversary of the sinking of the Titanic hits this weekend.

I'll end it there with this short free weekend letter and wish you a great restful and healthy weekend before we get into the storm that could come in the markets this week.

Warren Bevan

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