

Precious Metal Stock Review

Bridging Wealth Protection and Wealth Creation

www.preciousmetalstockreview.com
2010

August 14,

Gold To Fall In Fall For Once?

The Federal Reserves announcement this past week that they will monetize their debt sent markets reeling initially, but they seem to have somewhat stabilized, at least for now. This coming week will tell the tale, likely most of it to be told early Monday morning.

It's hard to gauge though with such low volume in summer, this summer in particular.

Gold, however, is holding up very well, but I'm very nervous for once as we move closer to the post-labour day timeframe which usually is so good for Gold (details below).

Metals review



Bacteria can't grow on Silver, and Silver can't grow above \$18.50 yet. Silver fell 1.84% on the week and could be headed back to the lower end of its range one more time at \$17.50.

We are very near the fall season which does imply strength is coming in Silver as well as Gold, at least historically. If we can stay in this already high trading range between \$17.50 and \$18.50 then we should see a major move into the mid 20's.

The SLV ETF saw volume that was mediocre early in the week with the larger price moves, then volume dropped off as traders headed to the beach late in the week and the range for Silver narrowed.



Platinum dropped 3.18% which was no surprise as it approaches the lower limits of it's range at the \$1,500 level. I wouldn't initiate a trade until the lower limit was hit or come very close to.

The PPLT ETF was weak. Even the big down days saw volume under 100k.



Palladium slipped 3.39% this past week but reversed at the 50 day moving average. Palladium has traced out a nice looking up-sloping channel which I could see holding through to 2011.

Palladium remains stronger than Platinum, and a grand cheaper!

The PALL ETF had very weak volume through the whole week.

I don't know if the 50 day moving average will hold here or not but I am pretty sure the channel will hold.

Fundamental Review

If you thought bailing out a few companies was bad, how about bailing out states? This news that [\\$26 billion is being sent to irresponsible states](#) to help them keep 320,000 teachers and other workers is a very slippery slope.

Where does this money come from? It comes from thin air increasing the debt burden on the US government and ultimately the taxpayer. The only way out is to continue printing money and devaluing it, as has been the policy since 1913, when the Federal Reserve was created.

That \$26 billion given in tax relief or something to spur private jobs would be much better spent in my view. This will cost more and more down the road making the burden on taxpayers heavier and heavier until it breaks their backs.

I cannot stress enough the trouble you will encounter holding fiat currencies as we move forward over the next several years.

The Bank of England is [cutting their growth outlook](#) and sees lower inflation in the years ahead. Their half right.

The [Federal Reserve announced this week](#) that they will buy their own debt. This is akin to saying we are printing money and the result will be hyperinflation unless we do it on a temporary basis.

A much more detailed yet simple explanation of what the [Federal reserve announced can be found here and is a must read](#). If you come to any other conclusion than to increase your physical bullion holdings, I suggest you scroll back to the top and re-read it until that conclusion is reached.

Don't be fooled by the talking heads. Make your own decisions based on common sense, not fantasy.

Glen Beck has a [short, relevant, but very scary video which should be watched](#). It may be time to take a look at the world around and think of a better, simpler place to live. I don't agree with everything he stands for, but the facts are the facts.

For the second week in a row we can only add [one failed bank](#) to the years list of biggest losers. I said last week that everyone needs a vacation and the FDIC is enjoying one now. The number will pick up strongly after labour day I assure you.

In Malaysia, they've introduced in one state, a law allowing people to [use silver and gold coins](#) in commerce, reviving a long lost tradition. That's fantastic and other similar moves are slowly occurring in other places. The

question I have is, why the hell would you give up gold or silver when you can use intrinsically worthless paper?

Gold miners in Venezuela saw their [export quota raised](#) to 50% of production from 30%. Apparently the decision was come to at the request of private companies. I have to wonder if those were private Chinese companies. There is one thing for sure, if this move didn't benefit Venezuela in some way, it would not have occurred.

[This article](#) discusses a theme I've been touching on for a long time now. The question is whether China is going to become the world's next superpower by careful design or whether it's awaiting the total collapse of the American system that's inevitable.

I say both. It's been clear for a long time that the current American system is flawed and has to fail. The Chinese just identified this and developed a plan to take advantage of it. They are in no rush, they are letting the ball come to them.

Another piece in the mounting mountain of evidence for China's domination is that they just went through with the [world's biggest IPO](#). It's worth \$22.1 billion and in the agriculture sector. If that's not a sign of a tidal change I don't know what is.

If you're a US taxpayer then [this article should enrage you](#) enough to at least send the link to your representative. Apparently Federal jobs have seen their pay increase 33% faster than inflation, with pay and benefits averaging \$123,049 in 2009, up 36.9% since 2000.

This all while the private sectors averaged half that at \$61,051 up only 8.8% since 2000. Perhaps if the government payed normal compensation they could actually afford to create all the new jobs they are creating these days.

No offence to Federal employees, but most people know they, on balance, simply don't have to work as hard as the private sector, nor fear losing their jobs nearly as much. I love working for myself but articles like this make me wonder why I didn't just get a government job and ride it out with an early retirement, and nice pay package to boot. I love what I do, so that's the difference.

I'm sure you know my advice...seek Federal employment! God knows there are enough new openings and new agencies.

[South African gold output dropped 5.3%](#) once again year over year during the May to June timeframe. This is nothing new as the country continuously struggles with many factors which will continue to diminish their gold output.

A [nice video interview out of Asia](#) was released regarding the FACT that many markets including Gold and Silver, are manipulated or held down. I've taken heat for backing [GATA](#) in the past, but I can't help but deal with the facts, and they point to large scale manipulations across all markets.

I guarantee if you look at the facts in an unbiased open manner you will come to the same conclusion. How could it not be if it's based on a fractional system?

For fun, here is the [Mad Man himself touting gold](#) with his golden bull on top of it's golden pyramid. The only thing that concerns me is that he says gold rallies every September, which is true and something I've said over and over every year. But it may be different this year if everyone knows about it now.

Also, putting the puzzle together I recall seeing the Giant Squid "bank" raise their gold target to \$1,300 in the near term. It's always best to do the opposite of them. It may be warranted to short gold into labour day this year, but we have to see how things develop.

No matter what, I will not be touching my physical hoard yet, or for years to come most likely. I may take advantage of a downswing and buy more though!

And where to store all that Gold and Silver?

Our friends [Catherine Austin Fitts and Carolyn Betts wrote a great lengthy article](#) on the methods to deal with this very envious problem.

Enjoy the weekend and week ahead while summer is still here. Thank you for reading.

Warren Bevan

In my free, nearly weekly newsletter I include many links and charts which cannot always be viewed through sites which publish my work. If you are having difficulties viewing them please sign up in the left margin for free at <http://www.preciousmetalstockreview.com/> or send an email to warren@preciousmetalstockreview.com with "subscribe" as the subject and receive the newsletter directly in your inbox, links and all. If you would like to subscribe and see what my portfolio consists of please see [here](#).

If you found this information useful, or informative please pass it on to your friends or family.

Free Service

The free weekly newsletter “Precious Metal Stock Review” does not purport to be a financial recommendation service, nor do we profess to be a professional advisement service. Any action taken as a result of reading “Precious Metal Stock Review” is solely the responsibility of the reader. We recommend seeking professional financial advice and performing your own due diligence before acting on any information received through “Precious Metal Stock Review”.

*To unsubscribe send an email to newsletter@preciousmetalstockreview.com with “unsubscribe” in the subject line.