

Precious Metal Stock Review

Bridging Wealth Protection and Wealth Creation

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Bust It!

The Legend of George Soros

The S&P once again was rebuffed from falling markedly below the very significant 1,070 level which could mean we are heading higher once again, at least for the short term.

Markets remain a very difficult and treacherous place to ply my trade these days. Although there are exceptions.

In fact, I'll be issuing a report in the coming days about a company I guarantee you've heard of and has a great business model.

They've just come public and the stock has been on a tear ever since. The company is very undervalued and has a long way to run in my view.

Even Friday as markets slipped lower, this stock was up over 10%...and that, after being up over 10% on Thursday as well!

There are no sure things in this world other than death and taxes, but this could very be the next one where early investors turn thousands into hundreds of thousand, or even millions.

Subscribers know I've been steering away from precious metals stocks as of late and focusing on the metals themselves, as well as quick moving, leading stocks. While it has been a tough go this past month, like every hot streak ends, so do cold ones and by reducing the size of trades it doesn't hurt as much!

Let's get right into the weeks action in metals and around the globe.

Metals review



Gold rose by 1.01% this past week. The uptrend is strong my friends, but we are soon to butt against strong resistance at the \$1,240 level. If that can be surpassed then the \$1,260 level should be tested.

As I stated last week I am very nervous going into the post-Labor Day period since it seems so many are quite bullish on Gold. I hate going with the crowd and may have to lighten up on some Gold trading positions into further strength.

Gold always puts in a low in roughly the August period (as evidenced by the chart on the right) and moves higher towards Christmas. But this year could be different. I just have to listen to the market, and for now it says higher we go.

Also the fact that the commercial category in the COT report this past week showed an increase in short positions of 16,672. That's huge and could foreshadow a big drop in the not too distant future.

The GLD ETF saw medium volume all week long as this steady rise in Gold continues.

Speaking of GLD, I couldn't help notice they were sponsoring the ticker at the bottom of the big US business channels screen most of this past week which gave them huge exposure. Just remember there is no substitute for owning the physical product. GLD is a trading vehicle IMHO.





Silver slipped 0.72% for the week as the...do I have to say it!!! \$18.50 level was tested and it held strong as the wall it is.

Silver simply can't sustain a higher price than that...yet!

There is nothing else to say since the chart has support and resistance levels drawn in for you.

The SLV ETF saw medium volume all week until \$18.50 was tested and price subsequently dropped which prompted higher volume days Thursday and Friday.



Platinum slipped 0.59% for the week after being rebuffed by the 50 day moving average. It looks like support at \$1,500 is going to be tested and we then should see another break of the downtrend line as we saw in July. The price should jump to the \$1,600 level where we could repeat this pattern again, although the third time is a charm more than you'd think, so we may finally a break of this \$100 trading range.

The PPLT ETF volume was very weak all week long as summer comes to an end soon. Not many people are trading this at the moment.



Palladium rose by 1.76% on the week and remains in breakout territory. The price is testing support at the 100 day moving average right now. If that holds, then Palladium must work to move and stay above \$500.

On the other hand if we break below the 100 day moving average, a test of \$480, then \$470 will follow. After that I'll have to see how we are looking, but the maximum downside that I see today would be the \$445 level, and that would be a stretch.

Volume in the PALL ETF was very weak and actually declined on Friday as price moved sharply lower. Summer is not over yet so I expect weak volume to remain for another couple of weeks.

FundaMental Review

Last week I mentioned that the US is basically monetizing their debt, and I suppose it's a good thing since [China is now buying less US debt](#) and even selling it two months in a row now. Someone's got to pick up the tab from reckless, non-sensical government spending!

You got to love the happy talk in the article link above as they say; *"Demand for U.S. government debt is so strong lately that not even an apparent slowdown in China's appetite for it can stop the rally in bonds."*

Who's buying it then? It's the issuers. Who does the author really think he's fooling?

Sadly, more people than I'd like to admit.

China is [picking up their buying of European bonds](#) though as a means to diversify. They have no choice. They are buying as many physical assets as they can without tipping their hat to everybody, but they can't spend all their money on acquisitions etc, so bonds are the way to go, and they must diversify.

China even [doubled their holdings of South Korean bonds](#) this year!

[Roger Clemens was Indicted this past week](#) for lying to Congress when he denied using steroids. He could face up to 30 years in prison and face a \$1.5 million fine.

Really now. Who did Roger hurt, and do we really have time, money and energy to spend on this? How about looking into [some of the fallacies Bernanke has shot us](#) and continues to.

It angers me to see this waste when there are real serious, systemic issues that should be dealt with.

As our yearly summer festival winds down, it marks the end of summer and temperatures usually take a noticeable turn lower almost immediately. In fact even this morning has a chill to the air, but it'll be hot like summer again by 10am.

As the end of summer lurks and most vacations wind down the FDIC is back hard to work as there were [eight biggest losers](#) this week to add to the years growing list of failed banks.

A [major takeover offer](#) of a fertilizer company was announced this week and the fertilizer company promptly rejected the offer. They are now looking for a white knight in order to benefit shareholders. The company is looking to

China, with their huge cash reserves and large and increasing need for fertilizer. The bid expires mid-October and there will be fireworks between then and now.

This [article is just scraping the surface](#). New Jersey settled claims of misleading investors in a \$26 billion municipal bond sale by hiding the underfunded status of their two largest pension plans. This is the first time the SEC has sued a state. There will be many more to come I assure you, or the Feds will just shut down that division of the SEC since the Federal Governments books will be next once municipal ones become “acceptable” to investigate. Now that would be a show!

Eton Park’s hedge fund joined Paulson and Soros by [buying a large amount of the GLD ETF](#), \$800 million in fact. The big boys are really starting to get gold fever big time. But as I warn, buying GLD is useless to the small investor since it doesn’t not necessarily add to demand and decrease supply. The story is different for the big guys though.

While researching the GLD perspective some time ago I found that what’s termed a “basket” can in fact be redeemed for physical bullion. A basket consists of 100,000 shares.

That only equals \$12 million as of Friday. So the new investor, Eton Park, could in theory redeem 66 baskets. Each basket would remove 10,000 oz of physical gold from the markets.

Now here is where my thinking takes a twist.

George Soros is smart. In fact much smarter than he lets on when talking about his investments. He usually talks on the first level, and thinks much deeper.

He’s [busted currencies before](#), namely the pound in the [Black Wednesday](#) ordeal in 1992.

What’s Gold?

Gold is the ultimate and only enduring currency.

He knows what [GATA](#), and my readers know. Gold is traded on a fractional basis which means real physical supply is much less than the amount of paper Gold traded.

If he were to, or even threaten to, cash in his 52 baskets (5.2 million shares) it would spark other large GLD investors to do the same.

That amount of gold redemption simply could not be handled. Prices would shoot markedly higher in a nano-second and he would have effectively busted the central bankers of the world along with gold depositories and Gold futures exchanges.

It would be the stuff of legends and be told for many generations to come. He would have left one of the more enviable marks in the books of history. He is not getting any younger and I am sure he ponders what his legacy will be.

Could this be his final sensational act?

This is all pure conjecture and speculation on my part, but it would not at all surprise me to see this scenario play out. I think I'd chuckle out loud all morning long from my comfy, well worn work chair.

Argentina is working on passing a bill that will [curtail oil and mining extraction around their Andean Glaciers](#). Whether this will affect the development by the world's largest gold miner of their Pascua Lama project is yet unclear, but I've long said that this particular project will be a tough one to get going.

Personally, I applaud the measure to protect the environment, but if it infringes on a previous agreement or contract I see a flaw. You simply cannot renege on deals which perhaps should not have been agreed to in the first place.

South Africa put a [six-month moratorium on new prospecting licenses](#) while they come up with fixes for some irregularities which exist in the current laws.

I didn't mention anything about the oil spill last week (I forgot). First I must give my condolences to the family, friends and associates of [Matthew Simons](#).

I cannot say enough good about Matthew. He was a near lone voice during this crisis, and he was honest and very knowledgeable. Perhaps he was too honest. The circumstances around his death do make me wonder slightly.

There's no doubt he had high blood pressure, but he was found drowned in his hot-tub after what was said to be heart disease related issues. I'm certainly not trying to start some conspiracy or alarm anyone, it's just one of those things I file in the back of my brain as odd.

Remember, one of the investors who benefitted the most from Bernie Madoff's scheme [was found in a similar condition](#). That was another of those kind of obscure things filed deep inside my head.

It was only last week that the government released a detailed 4 page scientific report stating most of the oil had disappeared! If you believe in that type of miracle, I pity you, and may god have mercy on your soul. I urge you to [read this informative post from Jim Sinclair's website](#) on some of the odd events that are only now beginning to surface in regards to the Gulf Oil spills progression.

Also, there is quite a bit of evidence that [the real leak is not being shown](#) to the world. You can read all about it here and file it in your minds appropriate folder. For me, it's one to keep my feelers out for.

Stay healthy and enjoy the remaining days of summer, and the week ahead.

Warren Bevan

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