

Precious Metal Stock Review

Bridging Wealth Protection and Wealth Creation

www.preciousmetalstockreview.com
11, 2010

December

Return Of The Christmas Grinch

The week past was absolutely perfect for US markets in general as they consolidated the huge gains from the week before. The S&P traded in a narrow range at an important horizontal level and is resting. My thinking and analysis tells me we are ready for another large move higher into the end of the year.

The move will likely begin Monday and myself and subscribers are positioned very well for an up-move soon.

Gold and Silver on the other hand corrected, and when they correct, they correct quickly. For ourselves, it was a case of selling first and asking questions later in order to book trading profits, which were very nice.

To be clear, I did not sell one single ounce of physical Gold or Silver.

There is a very strong bid under the metals right now and we could likely have seen the bottoms already, but if those bids do get pulled we could fall much further in the blink of an eye.

Looking back to last years Gold chart I see that at the same time last year, after a nice run higher, Gold and Silver corrected into Christmas. We have to be wary of this fact since, as Mark Twain says, we may see history rhyme.

I hope the Grinch stays away this year, but so far it's looking eerily similar to the metals action this time last year.

Metals review



Gold only fell by 1.98% this past week but did fail at an important level. So far we are holding above the 21 day moving average, but that average has turned lower which means we could very well see a further drop.

Last week I highlighted the bearish head and shoulders pattern with its lower shoulders at the \$1,350 level. Technically, that pattern was annulled early in the week as Gold shot above the head top at \$1,425. But as so often happens with Gold the pattern reversed and now the head and shoulders pattern is back into play.

Quite a few people have been telling me they are finally going to buy some physical Gold. I tell them to wait and buy during a correction. We are not yet in a correction strong enough for me to tell them to head down to their

local coin shop. But if the head and shoulders pattern breaks and we hit the technical target near \$1,225 to \$1,250 I'll be begging them to go get the Gold.

Alas, they'll probably be scared and think Gold is through and the cycle will begin once again. Oy vey.

The GLD ETF saw strong volume on the large days lower and not much as Gold stabilized. The largest volume days are all down days on the six month chart I'm looking at. Investors seem to be keen to dump the shares, but not so keen to buy them as many know the only place to really invest in Gold is the actual metal. GLD is fantastic for trading though in my view.



Silver only fell 2.32% for the week although it felt like much more as the drops it did take were within minutes, then the price would stabilize. Silver remains one of the hardest metals to trade since it moves lower so quickly. Profits can literally evaporate in the blink of an eye and the downfall began very, very late in the trading day on Tuesday as many traders were already gone for the day.

The shorts are very sneaky indeed.

Bulls must hold the \$28 level or risk a swift fall to the \$25 area.

The SLV saw strong volume on the down days and also Mondays up day saw large volume. All in all it was a heavy volume week for the ETF but it's not telling me much at this point.



Platinum slipped 2.9% for the week and so far has held crucial support just below \$1,675. If that level breaks then we risk seeing a move to under \$1,650. Below that we have some moving averages near \$1,625 and below that strong horizontal support at \$1,600.

It wouldn't surprise, nor upset me too much to see a further drop in prices here as we really do need to rest some. This metal is far from its top and rests are good.

Markets are like our own bodies, we can go, and go hard for a while, but then we need a rest before getting up and going again.

The PPLT ETF saw huge volume on the moves up early in the week, then hardly any volume on the sell-down, which is curious. It appears that buyers are simply not worried at all and are taking the long view with this metal.



Palladium slid the most this past week at 4.86%. Last week I voiced my desire to see Palladium drop over the short-term so I can get a trading position in it. The odd time the gods do answer my wishes.

So far the \$725 level is holding up strong, but ultimately I'd prefer to see a spike low to the 21 day moving average and the uptrend line at \$707. Maybe that's asking too much and only next week will tell the tale.

A week or two basing here would be best and this metal doesn't necessarily follow Gold and Silver so even if they fall further Palladium could hold up well right here.

The PALL ETF saw mediocre volume during the down days early in the week then volume all but dried up. With only mediocre volume on the sell-off it

tells me strong hands are in here and they know just how strong this market is. They, nor I, am worried at all about the long-term prospect of this metal dropping significantly.

Fundamental Review

I finally broke down this past week and bought a cellphone. I had one up until late 2005 while living overseas as it was my only phone, but since returning to my native North America I just didn't see the need.

In all honesty it will be great now to have one, more for it's computing power than anything else. The smart-phones today are amazing. Now I can work remotely to a large degree if I so desire.

FORE!

I'm sure 99.9% of you already know the power we can have in the palm of our hands today so I won't ramble on, but I am totally blown away so far!

I've been feeling under the weather most of this past week, a rarity thankfully, so I'll be as brief as I can today.

There have been more and more stories of [investors having issues receiving Gold and Silver from their banks](#). Many of these cases involve an investor having deposited their metal in the bank and paying storage fees for many years and now they are wanting to take their metal out for one reason or another.

The banks are offering cash, rather than the metal. That can only mean one thing. They lent out what wasn't theirs at much lower prices and are unwilling to buy it back or worse, they are unable to buy it back.

If you think normal banks have done this and it's a crime, then imagine when Central Banks are finally proved to have done the same thing with the peoples Gold.

Many nations have already freely admitted to selling their Gold, but the US still insists that they hold a large amount of physical Gold. I do not believe them and haven't for close to a decade now.

They lie about everything else, so why would this be any different?

I've long advised to store your metal somewhere you feel is safe and where you know it is readily accessible. Personally, I believe you should have it stored no more than a half hour away from your home, and if its with an institution, you should at least go look at it every month or three.

It pains me to say it, but you cannot trust anyone, especially when it comes to your physical metal.

I won't go much into the WikiLeaks fiasco since I don't want to be attacked by either side but it is nice to hear the truth behind some of the dealings in the world today.

I do find it quite amusing and upsetting at the same time that the founder of the site is [being held on sexual charges](#) though. The charges are a sham and not widely talked about. Apparently a condom broke during consensual sex, and he was seeing two women at the same time.

If that's a crime, then god help us all. I certainly don't condone cheating, if it was that, and would never consider it myself, but having a condom break is just a part of life and it's no fault of either party in my opinion. At least he began with one!

Why don't they go after the condom maker for making a weak condom, or not putting enough lubrication on it?

All right, enough of that as I'm sure that was well over the line as it is.

There were only [two failed banks this past week](#) to join the years nearly completed list of biggest losers.

I see that [Bernie Madoff's son was found hung](#) in his New York City apartment in what seems to be a suicide. I couldn't imagine the stress he was under, but taking the easy way out is never an appropriate choice in my opinion.

You have to love the candour of billionaire Jim Rogers as he [calls out a lot of things in the interview linked here](#). He even goes so far as to call US government inflation data "a sham". It's a must watch interview as it great candid talk on the world today.

Perhaps the most important event of the past week was the rising treasury yields. Ten year yield rose to 3.18%.

The Federal Reserves is buying Treasuries, this we know. I suspect this past week was a test as they backed off in an auction to see what would happen. Obviously it wasn't good as investors are demanding higher yields for their investments which says they believe inflation is higher than stated.

It's really quite obvious as anything I consume costs more this year than last year. That means inflation is here, not deflation as so many pundits say.

They must not do much shopping, or perhaps their butler does the shopping and they don't bother to look at the receipts.

Germany [saw weak demand for their two-year Bunds](#) this past week. In fact they didn't even sell their full allotment. I dare say Germany is one of the few bond markets not propped up. Germany is one of the strongest economies in the world. The weaker economies ones don't seem to have trouble attracting bidders though. Funny how that works.

The CEO of one very large miner voiced recently that [nationalization is one of the biggest threats going forward](#) in the mining industry. I've long said the same thing.

As profits increase due to higher margins due to higher metals prices governments are wanting a larger and larger share of the pie. Even Australia is going through this so having Canada the US or even Mexico propose something similar is all but assured in my view. And those are the places you'd think would be more stable and honour agreements. Imagine what will occur in less developed or regulated areas.

Well that's it for this week, it could be a really fun week next week if markets move as I suspect and if [you're positioned correctly](#).

Until next week take care and 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.