

Precious Metal Stock Review

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www.preciousmetalstockreview.com
25, 2012

February

Gold & Silver's Perfect Breakouts

The week was interesting as we basically stalled out for the most part with many US indexes and stocks, especially coming onto the end of the week. This may be a sign that a top is nearing but then again volume is low as we're not moving higher which is good and we've seen these little bases and then runs higher since late 2011.

Now with most of the Greek issue behind us there is no real reason we can't run higher. One other significant thing I've been seeing for a while now is that many of the Dow stocks which are normally sleepers are really perking up and moving faster out of nice bases which is very encouraging overall.

While the markets were sleepy, the precious metals were on fire, well maybe not on fire, but they have broken out decisively and are moving higher. It's when we say, and mean, that they are on fire that it will be time to be looking for the exits.

On that note let's check out the excellent looking charts of gold, silver and platinum especially.

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Metals review



Gold rose a solid 2.87% this past week but what's best is that it has broken out of it's long consolidation period and is set for higher prices now!

The bull flag was broken early in the week and then later in the week gold moved above resistance at \$1770 which is great.

The quick dip below the 21 day moving average just before the breakout is what the precious metals and many other stocks do. Gold shook out as many longs as possible before reversing sharply and breaking out in textbook fashion.

We are set to move to the next resistance level just above \$1,800 in short order here now. Volume was increasing during the breakout in the futures market along with the GLD ETF.

All in all it was a great week in gold and our patience is paying off.

I own physical gold mainly but when technical breakouts such as this occur I can't help myself from trading ETF instruments. The money made can be quick and quite good which is how I like it!



Silver soared 6.42% this past week and is nearly ripe for much higher

prices here. As with gold, a quick dip below support of the flat base and the 21 day moving average shook out weary longs.

Then a sharp push higher ensued on heavy volume in the futures and ETF's, it was perfection. We are trading this move and up nicely already.

Moving above the 200 day average on heavy volume late in the week is great action and points to higher prices although resistance at \$36 may take 3 to 5 days to best.

Once this \$36 level is beat then we don't have much resistance all the way up until the \$42.50, \$43 level. There is a lot of money to be made between here and there!

All in all it was great action that looks set to continue and we should reap a solid payday or three from it as we may be in and out a few times on the way up.



Platinum gave us a great move this past week rising 5.37% and blasting through the 200 day moving average and out of it's nice bullish flag pattern on heavy volume.

Now we're resting a little up here and we should see platinum continue higher any day now again.

Volume was perfect in both the ETF and the futures market as volume was high on up days and lower on rest days. The action just can't get any better.

The next stop should be the \$1,800 area where the next resistance level lies.



Palladium broke out of its bull flag pattern this past week and rose 3.47% for the week. It didn't move much above horizontal resistance above the \$720 level and that is troubling especially as volume was heavy on the stalling out at that level.

To me it looks like palladium needs to stay under \$720 and build a base before powering higher but we shall see. The lower end of the base should not move much below the 200 day moving average.

The PALL ETF volume was a bit different as high volume was seen on the move up and then very low volume on the slight correction. It seems users of this ETF are not concerned and selling but remember this ETF derives its price from the physical palladium price which is basically discovered in the futures pits so that is the more important volume to follow, but I'm always looking for confirmation in both markets.

Fundamental Review

I don't have much to bring your way this week in terms of news and don't feel the need to ramble on senselessly and take any more of your time than need be so let's be quick!

Some decent news came late in the week whereby the gold bearish [Warren Buffet bought a precious metals business](#). He knows well the merits of physical gold but won't voice those opinions publicly.

We had [two US banks fail late Friday evening](#) this past week in what is so far a slow year for bank failures.

Colorado is following in the footsteps of Utah by [considering a bill which will allow people to use gold and silver as currency](#). While gold and silver are true money, they are also a currency since you can exchange them already for currencies worldwide. I don't see many people using it as currency now a days since they have much higher prices to attain, but perhaps one day as we near the end of the massive precious metals bubble to come.

An affluent neighbourhood in Palm Springs was recently [surveyed loosely on their gold buying habits](#). As it turns out the bubble talk on CNBC and in the news isn't quite as dramatic as they portray it to be as not many Americans are yet buying gold. We've got much further to go in this secular bull market so get your gold while it's cheap as the recent breakout points to much higher prices later on in 2012.

I found this article interesting where they talk about [North Korea having a printing press capable of printing \\$100 US bills](#) that are as real as they get. Now that's an item that's on my shopping list!

The last thing the US needs is some rogue nation being able to print their money on top of their own excessive money printing habits. It also brings up the question of if they are using this for purchases, readily.

Have a great weekend and I may or may not have anything for you next weekend as I may jet up to Quebec to do some skiing for the weekend as it's no good around here this year.

Enjoy the week ahead and get your physical gold and silver now, then trading positions secondly.

Warren Bevan

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