

Precious Metal Stock Review

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Bull In A Bears Den

Another week marred by gaining indices who's idea of a correction is a slightly lower close once in every six or eight trading days. It's not like the indices are flying, their just meandering higher.

We called for a correction and were quickly proven wrong and we reversed positions before too much damage occurred. I don't want to jinx anyone, but it's like throwing darts here. Wherever it lands, it's a winner. Most stocks are moving higher and all our swing trading positions are green which is rare. We are invested more heavily than we have been in a while and kicking butt!!

When these types of conditions arise you have to take full advantage of it and we are. Our stocks are absolutely flying right now and look to continue this for at least a few more days as none have exhibited a blow off type of move with huge volume. Their just marching strongly higher every day!.

Both the bulls and the bears are wanting and thinking a correction is coming and one is certainly needed. It's these times that can spark massive rallies as everyone is offside or on the sidelines.

This was the case last week, and it seems to be this coming week as well as bears abound, even among the bulls.

The bulls and bears are in the den, but both are realizing perhaps they must come out to the field to feed soon. Once they both throw up their arms in capitulation and go heavily long, then we will see a correction.

When that time is, I can only say. Your guess is as good as mine!

It's not necessarily time to initiate new trading positions, although we did Friday as two more fast moving stocks began to break-out. Rather, it should soon be a time to take some profits off the table as we've begun to do in some massively profitable trades.

How profitable? You ask. First portion Wednesday was over 100%, last profits Friday were 300%. Lucky, yes...with a bit of skill thrown in there!

That was only the past week too with all positions initiated Monday at the earliest! Let the good times roll, or as they say "smoke 'em if you got 'em!"

The big news on the week was the resignation, or should I say ousting, of Mubarak. It's early and there is a long way to go in Egypt. There is likely to be much more conflict throughout the Middle East as a result of this.

But I am no expert on Middle Eastern politics so let's move into some I know a bit more about, precious metal charts.

Metals review



Gold rose 0.53% for the week in a continuation of the move off the lows. I've not been impressed with Gold and haven't had any trading positions in it since the bounce. I prefer faster moving stocks to swing trade with, and this past weeks been amazing.

But back to Gold, it's got a rising wedge pattern which is bearish. If a few resistance levels were bested I could change my mind but for now I'm not touching Gold.

As always my physical hoard remains intact.

I talked about the GLD ETF volume being of paramount significance in my article "[Technical Analysis DOES Work For Gold](#)", arguably it's even more important than Gold futures volume since this can mask large physical delivery

of baskets of Gold through share redemptions. It also takes into account the moves of the general investing public who don't trade futures.

Volume on the week was heaviest on the Tuesday up day, which turned out to be the peak for the week. Low volume was seen as GLD slid the remainder of the week.

I am not doing anything at all here with Gold until something changes and as always subscribers will be the first to know.



Silver rose a nice 2.84% this past week and has a much cleaner chart than does Gold. As a result we've had a position in it since early in the week.

Silver moved nicely above the 21 and 50 day moving averages and has now seen it's ascent slowed by both horizontal and psychological resistance at the \$30 level.

A nice uptrend channel is still in place and is looking to push Silver higher very soon.

Oddly enough I'm kind of regretting getting into our Silver swing trading position as it's under-performing the other positions we put on early this week by a huge margin. Our best options position this week we got for \$2.80 and took profits along the way the last time being Friday, around \$9 and we still hold 25% of the position.

I mentioned we were underwater in our swing trading portfolio last week. Well, being nimble and readily admitting our errors we changed things up Monday and are now up over 35% this week alone.

Don't get me wrong, this is not the ordinary, it was quite a week with luck on our side, but we do manage to get by swing trading.

I've been yelling from my perch for a long time that a sound portfolio must begin with as large a base in physical precious metals as you are comfortable with. For me it's very, very high. Much higher than most people would be comfortable with.

But so far, you know how that is going!

We also have a very healthy dividend paying portfolio, mining portfolio and a swing trading portfolio for fun, which can turn out to make your year at times. This year looks great in all portfolios so far!

Sorry about the rant, it's just that the metals aren't always the best places to swing trade, but holding physical for the long-term is a strategy I endorse and embrace 110%.

The SLV ETF saw average volume for the week with it waning into Thursday and Friday. There is no indication of a move either way from volume here at this time.



Platinum slid 2.17% for the week and is also now below the 21 day moving average. Below this average has presented an exceptional buying opportunity so far in 2011 and it will continue to, until it doesn't.

We could see a quick intra-day move to test the uptrend line around \$1,880 but that will likely be the extent of this correction.

The PPLT ETF volume was quite low all week with a slight pickup Friday. I expect larger volume to mark the bottom of this correction.



Palladium rose 0.25% for the week. It held within its bearish rising wedge pattern and above support at just above \$800. Trading is getting tighter here and it's likely going to break either way fairly soon.

On a purely technical basis I'd say it will come down lower to the \$725 area, but on a fundamental and geopolitical basis I'd have to say higher.

I do hope we correct lower though, but as always it doesn't matter what I want.

The PALL ETF saw weak volume with extremely light volume coming in Thursday and Friday. The ETF poked its tail below the 21 day moving average Friday but closed the day above it. We should see some more action this coming week in Palladium.

Fundamental Review

This section is quite short this week. There is not much to talk about unfortunately. A very slow news week and no major moves in the metals.

The IMF just released a report where they [call for a US Dollar alternative in the form of SDR's](#) (Special Drawing Rights). These SDR's are no better than what we have today as they are unbacked and only represent potential claims on currencies of IMF members whose currencies are already unbacked.

This is not a solution, but a likely step along the way to wherever we're heading. Where that is who knows. I do know Gold and Silver will be miles higher.

Please [see this link](#) for the details of this weeks four biggest losers. So far eighteen banks have failed in 2011. The announcements came at the usual time late Friday evening as anyone who'd care was sipping their third martini and toasting the stellar gains made in the market the past week.

Canada's third largest bank, who sells bullion online, as well as through their branches, is looking to [setup online sales in Mexico and Dubai](#). Look for their sales programs to continue to expand around the world. The only problem will be getting the physical metals to delivery.

I've talked many times about Africa being the next great mineral play and the fact that China is leaps and bounds ahead of Western Nations in terms of securing relations and lands.

In fact, in 2010 [Africa tripled their share of mining deals](#) up from 5% of the global total in 2009 to 15% in 2010. Now that is amazing growth.

Most of the deals where from outside investors moving into Africa which is the obvious trend. Why would an Africa company want to explore elsewhere for metals when their own backyard is so abundant?

Japan recently announce their [intentions to continue, and increase investment in the African continent](#). Much of this has been sparked by their need for rare earths and the fact that China has been a bit stingy with their supply as of late, especially when selling it to the Japanese.

Also, China has been the first mover and has taken an advantage because of this. Catching up will be hard, but Japan is going to try.

Whatever you do don't put money into companies operating in Venezuela. Finally, after years of exploration and development and rumours of

a nationalization of the mine-site, the [Venezuelan government told the company in question that they are out](#), and the government is taking over their deposit which is now shovel ready after all these years of work on it.

The company is reviewing their options and may take it to international court, but the fact is they aren't exploring, nor mining and that is what you want a company you're invested in to be doing.

This is not the first time Venezuela has done this, nor the last. Don't get suckered in, at least for the foreseeable future.

That's it for me this week. Please enjoy your weekend.

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](#).

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