

Precious Metal Stock Review

Bridging Wealth Protection and Wealth Creation

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Smoke Signals

It was an interesting week to say the least. One I can say I don't ever recall seeing the likes of, and one which is quite likely a warning shot across the bow.

US markets didn't do much for the week, but leading stocks were absolutely obliterated in most cases. When we see rotation out of those stocks it's never good.

While this is the third year of the presidential cycle and almost always positive, this time of year is often weak for stocks and indices. We've cut our swing trading portfolio to nearly all cash, and are looking for bargains and buying some in our mining portfolio at the moment.

Our dividend and physical metals positions have not changed as they are long term and a fundamental shift would have to transpire in order to change our views.

I really think you must be very careful as this past week was a smoke signal of impending danger for markets, and metals as well, in general.

Remember, cash is a position!

Metals review



Gold fell 1.24% for the week and looks to be headed much lower. It's fantastic.

There is nary a group I like more than the [GATA](#) gang, and their premise of Gold being manipulated is beyond a shadow of a doubt true, but their expectation that Gold should rise every day and and be multiple thousands of dollars higher tomorrow, is a bit off in my view.

If we spiked like that tomorrow I would be selling a portion of my physical metals. It's not what I want to do, but I would have to. I don't bother getting frustrated by moves lower as you well know, I view them as buying opportunities and confirmation that we have further to run in this secular bull market.

I was hoping for a bit more of a spike in Gold, even above \$1,400 before we really saw some steam picking up on the downside, but that appears to be out of the question now.

A move to the 200 day average at \$1,275 would be ideal, or even a spike lower to support at around \$1,265.

I want to see fear, panic and many articles and news stories about how Gold's run is over. Then I'll be [wrapping up our purchases of miners and loading the boat in Gold trading positions.](#)

I always say, sell strength in Gold and buy weakness. We are approaching a weak point now.

The GLD ETF saw very heavy volume late in the week as prices broke below the 100 day moving average. This is to be expected and normal.

We are not holding any Gold trading positions, nor are we considering any new ones at this time.

As always, this could change tomorrow.



Silver fell 3.31% for the week as was expected and I absolutely love it. Much of what was said above about Gold is applicable to Silver as well.

The 50 day moving average was sliced though like a hot knife through butter in the sun. I'm hoping we can come down to the \$25 area, but we will at least hit the 100 day moving average at \$25.55 in all likelihood.

We are considering strongly a short trading position in silver now, but as always our physical metals position remains unchanged.

There isn't much to say other than this correction was expected and anticipated and very, very heathy. The Silver bull market is far from over....capish?

The SLV ETF saw quite heavy volume as moving averages were violated. Perfect action, and quite predictable.



Platinum rose 0.77% on the week. It's still hovering above the breakout level at \$1,780 and could retest or even violate that level easily without turning bearish at all.

I don't know if this metal will fall or not if we see some more corrections in Gold and Silver as we should, and in the indices. It looks strong for now and trading positions could be put on at support with tight stops with little fear.

The PPLT ETF saw above average volume this past week with Thursdays move lower seeing the most volume by nearly twofold. Thursday was a tough

day in the markets and many investors were liquidating what they could even though it didn't really show that if you only watched the major indices.



Palladium rose 0.3% on the week and moved past the resistance area of \$800. It's putting in a higher high now, or soon, and hopefully we will see a healthy correction back to the 21 day moving average once that occurs.

This metal amazes me week after week. It's not in a pullback at the moment though so new positions would not be advisable.

The PALL ETF saw the largest volume days Tuesday and Friday as the price went higher. It seems nobody is willing to take profits here yet, and traders of this ETF expect prices to continue higher.

Fundamental Review

As I write this weeks article I am listening to “The Year Of The Horse” by Neil Young. At the beginning someone shouts from the crowd something to the effect of “why do all your songs sound the same?”

Neil responds, “their all the same song!”

I feel the same. I sing the same old song every week with slight variations.

Hold physical Gold and Silver, have large dividend payers, own some mining stocks and swing trade the rest.

It’s working, and should continue to work into the foreseeable future.

This article should be at the end in the funnies section, but it’s far from funny. An extra \$100 trillion in credit is needed in the world over the next decade, according to the World Economic Forum.

Why not just spend and lend more responsibly while letting poor or failing business fail. Official M2 money supply in the US is still under \$9 trillion at the moment, while the Federal Reserve monetary base is only \$1.7 trillion.

It’s said that global credit has expanded from \$57 trillion in 2000 to \$109 trillion in 2009. We all know how that is turning out, so let’s just double the credit available once again!

We saw four banks fail Friday evening as usual in the US this past week. So far we have 7 biggest losers in 2011.

One of the most ridiculous ideas I’ve EVER heard was just proposed by Newt Gingrich. He’s trying to change laws so that financially hurting states can basically go bankrupt and renege on pension and other benefits.

Sure, why not screw over the US taxpayers once again. This stuff really gets my blood boiling.

I don’t understand why they don’t pass a law where states or any arm of government simply cannot spend more than they take in. And the law should also state that they actually have to save the money given to them for pensions and benefits as was the original plan.

If this passes, there will be riots. Mark my words.

As Mr Norm Franz said wisely, *“Gold is the money of kings; silver is the money of gentlemen; barter is the money of peasants; but debt is the money of slaves.”*

Please take care of yourself.

You may want to consider cashing in what you can and taking penalties or whatnot on pensions etc. Take what you can get now and invest it wisely. But this is not advise or a recommendation, only a seed planted to make you think about the future and what looks to be really happening right in front of our eyes, like a train wreck in slow motion.

Think about it. Form an opinion. Make a plan and seek advise and help in following through on your plan.

The worst thing you can do is not think for yourself.

Actually, the worst thing you can do is to rely on government to take care of you.

The [Chinese engine continues to grow](#) at an astonishing rate as they announced this past week their [Q4 GDP grew at 9.8%](#), up from 9.6% in Q3. Simply amazing. Full year growth was 10.3% up from 9.2% in 2009.

Finally, a [Gold vending machine has made it's way to Sin City](#) where my brother and his wife are spending the weekend and seeing Garth Brooks live. Maybe he'll bring me back a little souvenir from the Gold vending machine!

I don't have any stats on how well these machines are selling around the world but I imagine they are starting to catch on more and more every month.

Robin Griffiths said recently that it's [a form on insanity to not own Gold](#). Finally, someone who says I'm not insane!

The real question is how sane are you?

Owning some Gold and Silver is a total no-brainer these days, and taking advantage of weakness is smart.

As hard as it may be to sit on the sidelines during big run-ups, you simply have to. I've fallen for the excitement of a rising product many times, and always get hurt. The smart thing to do, unless you like financial pain, is to wait for the setbacks such as we are having now.

Corrections always, come. But if they don't, then you are near the blow off top and the investment would soon turn to dust anyhow.

I like to make money everyday in the markets as much as anyone, but realizing this is near impossible is key to long term success.

I am so glad we are having a correction as I've said before because it just means we still have a ways to go in the Gold bull market.

The odd person still emails me and gets upset or frustrated that Gold and Silver cannot go up everyday. They don't get it. But many of you agree with me and are eager to see items we want to acquire go on sale.

I have many, many years to grow my portfolio, so the longer this bull lasts the better for me at least.

We may fall further, or maybe not, so right now we are staging our purchases of miners. Several of them are at strong support which is a great place to buy a third or half of your desired position, and if it falls further then you average down. This is our strategy now underway in our mining portfolio.

Corrections always come. Unless they don't and then it's far too late anyhow.

To finish off here is some humorous words to poke a little fun at a few of our well known American who've had their share of good and bad as we all have.

A driver is stuck in a traffic jam going into downtown Chicago. Nothing is moving north or south. Suddenly a man knocks on his window.

The driver rolls down his window and asks, "What happened, what's the hold up?"

"Terrorists have kidnapped Barack Obama, Hillary Clinton, Oprah Winfrey, Nancy Pelosi, Harry Reid, Rosie O'Donnell, Jesse Jackson and Al Sharpton. They are asking for a \$10 Million ransom. Otherwise, they are going to douse them with gasoline and set them on fire. We are going from car to car, taking up a collection."

The driver asks, "On average, how much is everyone giving?"

"About a gallon"

Sly like a fox has a new meaning for me now as this injured one actually shot it's hunter and fled the scene after a scuffle!

I've been to many a picnic in my day, but none quite like this one. Perhaps I need to get out more.

Until next week take care and thank you for reading.

Warren Bevan

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