

Precious Metal Stock Review



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The week was very constructive and is signalling continued strength in the precious metals especially Gold and Silver. Financial houses and mortgage lenders continue to reel from their troubles. Demand for the metals is increasing weekly as more and more investors realize it is their time to shine and possibly be the only avenue to make money in today's economic environment.

And while keeping my fingers crossed, I say many of the smaller junior and exploration companies look to have bottomed finally. If Gold can get above and stay above \$1,000 and Silver \$20 then it should be our time to begin to shine. It's been a long dark period that will once again see the light of day.

I am wishing you all a great and prosperous week ahead.

Metals review



Gold continues to perform exceedingly well and looks just about ripe to begin its attack on \$1,000 for the second time. I have drawn in the Fibonacci retracement lines which show perfectly the support and resistance areas for Gold. The orange line represents the last line of resistance just below \$1,000 and will be the last hurdle until I type the words “new record all-time high”, once again.

Not so coincidentally Gold closed out the week just shy of the all important 61.8% retracement level. If the price can get above that it should head fairly quickly to \$1,000.

All three included moving averages are set for a trending move up. The RSI is bullish above 50 and on its way above 70. MACD is bullish with lots of room to run before signalling any overbought condition. Slow STO made a great bullish crossover this week as prices soared.

All in all it's looking good but I do expect a setback now at this very important Fibonacci level before a major battle between \$990 and \$1,000.



Silver is doing great as well and closed just above the 50% retracement level. If we can hold above 50% then \$19.35 will be very tough resistance to overcome. There is a lot of congestion after that all the way to the all-time high. Silver remains ripe to explode higher and technicals may not mean anything if a fire can be lit under its derrière.

The moving averages are postured well and point to continued strength. RSI is above 50 and still heading north. MACD looks strong as well. Slow STO just crossed over bullishly and is up there but can remain high for extended periods.



Platinum jumped below the support at \$2,000 but it ended up being a bear trap setup and quickly resumed its range between \$2,000 and \$2,100. The precious metals remain in a bull market with fundamentals continually improving and technical breaches such as this usually end up being a trap for bears.

The moving averages are mixed and signal a continuation of a range trade. RSI is just about to cross 50 signalling strength. MACD is flat but looks to be about to turn up and confirm with a bullish crossover. Slow STO took off from nice low levels and needs to take out the downtrend line at just above 50 to signal a possible strong move up.



Palladium gapped down this week and is looking to fill that gap with Friday's action. The 38% retracement level is proving very tough to overcome. More time than not is uncanny how the Fibonacci retracement lines, if drawn properly, represent perfectly, strong areas of support and resistance.

The moving averages are showing a trend trade. RSI held up well and is slightly above 50 signalling strength. MACD is flat but is slow to turn and hovering around 0, it looks ready to move up. Slow STO launched from very oversold levels and gave us a strong bullish crossover.

FundaMetal Review

It was [announced](#) this week that central banks who are part of the Washington Agreement whereby they are entitled to sell up to 500 tonnes aggregate per year over five years, have only sold 297 thus far this year. Year end for this agreement is late September so they must sell almost 100 tonnes a month to fulfill this voluntary quota. If Gold prices continue as they have and challenge or surpass the \$1,000 mark soon I expect selling to pick up putting downward pressure on Gold. Last year central banks were 25 tonnes short of the 500 tonne limit.

London's Gold ETF [reported](#) a 15% increase in holdings last week to 1.459 million ounces. While this number pales in comparison to the SPDR GLD ETF holdings of 22.695 million ounces it still represents an important increase in investor demand and awareness, although I do believe the physical bullion market is increasing faster than the ETF markets, especially in London.

Platinum's ETF holdings out of London rose by 3.5% to 407,000 ounces. Palladium's London ETF rose 6.5% to 247,000 ounces, both being new record highs. Silver's ETF grew 1% to 9.527 million ounces over the week.

South Africa's mining industry is [plagued](#) by so many problems these days and the death toll, in part caused by the depth mining is taking place, is at 47 so far this year. Gold Fields accounts for 23 of those, and there have been 85 deaths industry wide year to date. 109 miners were killed this time last year. Miners are increasingly taking safety more seriously but accidents happen. Gold Fields South Deep mine accounted for 9 deaths in one accident alone this year. South Africa's National Union of Mineworkers (NUM) continues to raise this issue and is planning a one day strike next month in protest of continued loss of life. NUM goes so far as to call Gold Fields a "major killer of the people". That's not a good image to have in such a country.

Indonesia is [planning](#) a revision of existing mining contract to increase revenue as commodity prices continue to remain elevated. This is just another in the list of countries looking to gain more from their land and the companies, especially foreign, who are working it.

The new law will decrease lease life and somewhat unfairly affect current contracts. Arbitration in world forums will likely take place. As I have said before, what's the point of a contract if it can be renegotiated one-sidedly in the future? Mining is big business in Indonesia with Freeport McMoran, BHP Billiton and Rio Tinto operating there.

The headwinds continue to blow for the mining industry with this being one of the same old reasons it is so important to be investing in safe jurisdictions, although nearly every area is looking to reap more benefit as miner profits increase. This issue is only going to get more prolific as prices continue their upwards trends, especially the precious metals who, aside from Platinum, are lagging.

Along the same [lines](#) the Kumtor Gold mine in Kyrgyzstan, which is run by Centerra, only produced 6 tonnes over the first half down from the expected 8 to 9 tonnes. Said country and the company's largest shareholder, Cameco, are at odds agreeing on a new income distribution scheme which violates the current contract. Basically the government wants more money.

Again, but in Chile this time. Public and private mine workers are [pondering](#) a strike to influence government to re-open the nationalization debate. It's getting harder and harder to find politically safe countries to invest in. Chile was and still is very safe in my eyes, but that may change. Three powerful unions in Chile are joining together to raise this issue. They plan to form an umbrella union which would be the country's largest. A first step is said to be forcing companies to build refineries within Chile to create jobs and increase tax revenue.

The week-long [strike](#) in Peru was halted this past Sunday. Demands during the strike were shorter working hours and a lifting of the profit-sharing cap. Again, more money with the bonus of shorter hours, isn't that everyone's wish? Government aided the strikes end by assuring at least to reduce the retirement age. Only a few mines were affected as temporary workers were called in.

The brain waves over at S&P Ratings who've been in the headlines recently for major mistakes and rating errors have come [out](#) with a gem. As much as I tried I can't quite sum it up as well as them so here is the caption; *"Standard and Poor's suggests that foreign, not U.S. players, will be drawn to acquire U.S. mining and metals companies due to a weak dollar, economies of scale, and a need to access the U.S. market."* As with other recent admissions by the company, it's a day late and a dollar short.

While Crystallex is reeling from recent denial of its permit to develop their huge mine in Venezuela, Rusoro who has deep ties with Russia, who in turn has deep ties with Venezuela [announced](#) a joint venture with Venezuela's mining ministry. They expect a finalization within six months. The focus will be on recently purchased properties from Hecla mining who does not have major Russian ownership. The shares rallied on the news. It will be interesting to see if any other companies such as Crystallex can strike such an arrangement.

Scotland's only remaining Gold mine is now feasible with high prices and is set to [re-open](#) this month as soon as approval can be secured.

Stocks Review

The most significant company news in a while came out this week. ECU confirmed that below their current excellent resource they have hit massive sulphides.

“The first drill intercept yielded 3.66 g/t Au, 295 g/t Ag, 7.87% Pb and 12.07% Zn over a core length of 12.04 metres (40 feet) (17 g/t Au equivalent or 1,100 g/t Ag equivalent). The second intercept yielded 7.90 g/t Au, 550 g/t Ag, 11.25% Pb and 27.68% Zn over a core length of 1.75 metre (6 feet) (33 g/t Au equivalent or 2,180 g/t Ag equivalent).”

A few key points:

- The M-S Veins were intercepted at double the depth of the current N.I. 43-101 mineral resource estimate in this region.
- The grades in the M-S Veins are substantially higher than the Santa Juana N.I. 43-101 Inferred Resource grades.
- Drilling has entered a zone where a multiple number of massive sulphide lenses may be found.
- The extent of the alteration zone is unknown as drilling has not yet reached the intrusive.

The first key point is incredible. If, and by recent results it will, the area between the current resource all the way to the massive sulphides is mineralized as much as the current resource, the numbers and size of deposit is approaching world class. If we then think about the massive sulphides intersected, below the huge resource above, where bulk mining is possible then this could very well end up being the, or one of the largest deposits in Mexico.

Second point is that the grades are higher than the already reported very good grades.

Third and fourth are that the potential for more massive sulphides is very good as the bottom extent has not been reached.

As exciting as this is and believe me it is very exciting, there looks to be even more to come. This company has intrigued me for quite some time now and is proving up a massive resource while mining an existing resource to help fund exploration reducing dilution to shareholders and reducing the need for financing in today's very tough conditions for exploration companies.

A release such as this would have made a stock jump possibly into near doubling territory overnight and without warning. But the environment for these types of stocks has been so depressed lately that the excitement is just not there. Once the market wakes up to

this ongoing bull market and so many factors I mention here weekly, stocks like this will double, triple or more without warning or a chance to get in.



Looking at the suppressed chart only adds to the excitement. It continues to amaze me that you can pick some of these companies up for a song. While the price has run up a good margin it still hasn't done nearly what it will.

The moving averages are beginning to turn up especially the 10 day MA. The RSI is finally going above 50 and if it can begin to establish its ground above 50 then we should see the end of this long painful downtrend. MACD crossed over bullishly recently but is very low.

The Slow STO is confirming a trending up move by taking out the downtrend recently. Volume last week was much stronger than most weeks over the past two years and is a sign of renewed interest in this stock which is beginning to get some of the recognition it is so deserving of.

The recent news is by far the most bullish every for this company and should be a prelude to another meteoric rise as in back in 2006 making close to a tenfold increase for shareholders.

Have a super week everyone our time IS coming and you won't have a chance at these low prices for too much longer. One day you will wake up and these junior and exploration stocks will be priced overnight out of your reach. May as well be in a bit early rather than late.

Sincerely,

Warren Bevan

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