

Precious Metal Stock Review

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Make Some Lemonade

The week was owned once again by talk of a debt ceiling. The markets didn't like it and had a pretty hefty fall and annulled any bullish pattern they had. Now we're seeing 200 day averages being tested or close to it for most major US indices.

We went to a 100% cash positions on Wednesday in the swing trading portfolio and avoided much of the damage and while we did take some small losses in exiting positions the amount we're up the past five weeks is still amazing.

The politicians all but caused the market to fall with their games and drama. It's sick and frankly, stupid. I don't know how such stupidity can prevail at such a seemingly high level.

It is what it is though.

As they say though if life hands you lemons, make some lemonade, and that's what we're doing.

After such a smoking busy summer so far we're in cash and sitting out watching until this coming week when we should get some sort of resolution.

I took Thursday afternoon off and spent it golfing an amazing course, then I took Friday afternoon off and spent it at a super beach a few minutes from my home.

Life sure is good and sometimes I need to take a little time away to enjoy it, especially with such uncertainty and choppiness these past few days. I plan to take it pretty easy again Monday and perhaps even Tuesday while the markets have handed us lemons!

The Russell 2000 has been leading as of late and Friday pushed below the significant 200 day moving average, but closed above it. Let's look at it's chart.



The most recent decline began as the index tried to break above highs from 2007, but it failed. That is not a good sign for now but on the bright side the Friday close ended 1 point above the 200 day moving average which is essential to hold.

Right now we're in wait and see mode and in no rush at all to deploy trading cash, but that can all change in minutes and we have to always be aware and watching markets and stocks with few exceptions.

That being said I think it's a wise enough move to stay away from things until mid week when we get a bit of clarity hopefully, after the debt ceiling issue is dealt with.

Either way it goes though, physical gold and silver will remain my favourite investment for likely many years to come and I am always happy holding the physical form.

If they increase the debt ceiling then that means the US will continue to devalue. If they don't and basically default on their debt then gold and silver will really soar as their safe haven status will be quickly bumped up to that of rock star!

On that note let's take a gander at some precious metals charts.

Metals review



Gold meandered into new all-time high ground again rising 1.8% for the week. It's slow going but safe and steady, which is difficult to find these days.

Gold looks over bought here but that means nothing. As I said above it should continue to do very well in the years ahead regardless of what happens, until a new economic paradigm emerges.

Physical gold remains the place to be in my view while you can try and trade the GLD ETF if you wish, but it moves so slow we prefer to trade faster high-beta leading stocks.

The GLD ETF saw good volume this past week with the heaviest volume coming on Wednesday's down day, then also on Friday's move higher. The volume seems to be indicating that gold is churning here and may be ready for a little rest.

We'll soon find out though as if anything major occurs politically in the US this week then all bets are off.



Silver rose 0.52% for the week and looks pretty good for higher prices from here. We may see a test of support around \$39 where horizontal support and the uptrend line converge.

All bets could be off depending on what happens in Washington though, but silver does look better than the gold chart at this time for me.

The SLV ETF saw very weak volume for the week with Wednesdays move lower seeing a slight uptick.

I think a support test is due here and that would be a great place to add to your physical bullion holding or add a trading position in this fast moving psychitzophrenic metal.



Platinum slid 0.92% for the week in what turned out to be a failed breakout attempt. I mentioned last weekend that a break above the descending

trend-line would have been a buy signal, and it was. But as price moved below that level again it would have been a sell signal getting you out with a small loss which is what you should strive for really. Small losses are awesome!

Platinum is still constrained within this triangle pattern and should go one way or another this coming week.

After the failed breakout it may signal a move lower but we'll see.

The PPLT ETF saw heavy volume on the failed breakout and subsequent follow through lower. I'd be avoiding this one until we get a clearer directional move which should occur in the very near future.



Palladium is acting great here as it rose 2.87% for the week and moved above resistance. It's now forming a beautiful looking bull flag pattern here which implies higher price coming up soon.

Downside should be limited form here as we're at support so a move higher out of the bull flag should be no more than two or three days away if the pattern is to work.

The PALL ETF saw great volume on the blast higher Tuesday and then volume shrank as the bull flag pattern has been forming. Perfect!

Fundamental Review

I've talked extensively in the past about the ramifications of the [US losing their AAA credit rating](#). In theory if a country sees their their credit rating fall then every company incorporated within that country also will see a downgrading as their credit rating cannot exceed that of the country they are in.

I'm not sure if that will be the case, but it's supposed to be. Either we'll see a changing of the rules or a mass exodus of corporate headquarters.

In my view the US should have already been downgraded and either way if they go into more debt by raising the debt ceiling or default on their debt they should lose the AAA status which has been afforded to them for far too long.

I erred last week when talking about failed banks. We saw three banks fail last week and three as well this week, adding to [the years list off biggest losers](#).

Some state employees are being asked to [voluntarily cut their pensions](#). This is not good and will continue to become more widespread. Physical gold and silver will help save you from what cuts and reductions to your lifestyle are coming your way. Get it!

[Strikes continue in South Africa](#) over wage negotiations. It happens nearly every year and I still have no interest in most South African mining companies as a result. Unfortunately the country has so many hurdles to overcome well beyond the normal perilous path mining companies must take to be successful. It's a tough game to win and finding the easiest places to play it is key to success.

[Deaths or work injuries](#) due to the extreme depths of the mines there doesn't help.

But my hesitations aren't shared by the Chinese who are moving into South Africa and are [set to vote on acquiring two more mines in the country](#).

Some gold pieces were [stolen from a mining museum in New Jersey](#) worth about \$400,000. Is your gold safe from intruders and the banking system? Does more than one or two trusted person know you have physical metals nearby? You really have to be cautious having physical metal nearby, but it also has to be relatively nearby as well.

I found a novel way to store and keep your gold recently. There are just so many ways to store your gold that it can be a daunting task. But the newest way is to just drive it around. For about [\\$8.1 million you can drive around your gold Rolls Royce Phantom](#) which also happens to be bullet proof and incorporates about 120kg of 18 carat gold.

Not a bad idea really!

Here's is a super [video report on mining in the Dawson](#) area in Canada. A huge resurrection is taking place there with some incredible finds to date.

Finally [here's a fun prayer from a pastor at a race last week](#). It's far from usual and quite hilarious. Enjoy!

Enjoy your weekend and few days next week before the madness hits once the resolution to the debt ceiling issue becomes clearer.

Until next week take care and thank you for reading.

Warren Bevan

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