

Precious Metal Stock Review

Bridging Wealth Protection and Wealth Creation

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Should I Stay Or Should I Go Now

The sweet Clash song "[Should I Stay Or Should I Go?](#)" seems to be the song most suited for the Greek situation right now. France and Germany are bailing them out and Greece is trying to pass large budget cuts to the disdain of their citizens.

They have to get out of this position but chances are this bailout will only be a band-aid solution and the country will have to be bailed out once again.

The decision to stay or go, from the European Union is not necessarily up to them either. If one country were to leave and default on their debts I don't think it would be too long before others followed and the cascading effect would turn the Euro into just another of the many failed currencies this world has seen.

But according to Bill Gross, and I do agree, the [US is in even worse shape than Greece](#). When all US obligations are taken into account the US number is very close to \$100 trillion.

And while \$100 trillion is nearly enough to bankrupt the whole of the US of A, recall last week I talked about the \$400 trillion in interest rate derivatives alone. That's enough to effectively bankrupt most of the developed world economies as they are the ones who are most heavily involved in these derivatives.

It's quite a mess we're in. You'd think we as developed nations would be smarter than this.

The fact remain that overspending is plaguing many nations in this world which prompts me to listen to the great animals song "[We Gotta Get Out Of This Place](#)".

"This place", being paper/fiat currencies.

My solution has been and remains physical precious metals as you well know. Even if the stock markets take a large plunge again here, as in 2008 precious metals should hold up relatively well making them an ideal place to hide.

My view remains that as our currencies continue to depreciate the stock markets will increase in nominal value, but not in real value.

Looking at the markets on a technical basis is a different story and not a fun thing these days as we are fast approaching bear market territory.

Luckily [we've been able to make some fantastic trades on the down side](#). When markets rise its always fun and we make good money but when they fall, they fall quick and we can make huge percentage gains in extremely short amounts of time, so we are.

Now that the quadruple witching week is done with it will be time to reassess the markets and future positions but the fact remains that the trend is lower. You can fight the trend all you want but it will win and you'll be broke so it's best to be in mostly cash at this time, other than precious metals holdings, and try and make quick trades for large gains.

At least that's our view, and it's working!

Unfortunately I can't share these types of trades, nor the specific mining stocks we hold but [feel free to subscribe and find out more](#). We've steered clear of danger for the most part and actually made good money on this move lower which is more than I can say for a lot of services or investors.

Let's check out the mixed charts for this week and please note I am once again using the ETF charts.

[Metals review](#)



Gold rose 0.40% for the week and held the uptrend line. GLD has now moved back above the 21 day moving average as well.

We're looking closely at [taking a nice long trading position in gold](#) in one way shape of form now as it's broken out of it's cup and handle pattern with great volume which is the key. This could get fun here now!

A report was issued recently where [gold is seen going to \\$5,000 on supply shortages](#). That's great news but it's only a guess and as currencies devalue there is literally no limit to how high gold can go.



Silver slipped 0.45% for the week and broke the little head and shoulders pattern we mentioned last weekend. We put the trade on and were immediately up almost 50% only to see a reversal the next day as the pattern failed and we had to bail on the position with a loss. It happens, you just have to be able to take the loss rather than hold and hope. Hope will kill an account very quickly.

Luckily we made far more than we lost last week with our other trades. Our best trade went from about \$8 to \$30 in a week and we scaled out along the way. We were still holding 30% of the position when we took all out profits at \$30 late on Wednesday. Unfortunately the stock in question dropped

another \$18 at one point on Thursday which would have given us a sale price closer to \$48 as we were using put options!

You can't be too greedy, but in hindsight I should have left 10% or 20% on the table an extra day.

Back to silver, the lower line shows what could be the true head and shoulders pattern and we may try another trade if that level is broken, hopefully with better results than the last time.

I'd be careful trying to buy silver here for a trade, and also if you're accumulating or initiating a physical position you may be better served waiting a week or so and see how it goes.



Platinum slipped 3.89% this past week as it broke down below the head and shoulders pattern I mentioned about three weeks ago.

I'd pointed out the head and shoulders pattern and was cautious or bearish and then as the weeks began to pass and platinum rose I capitulated last week as the pattern had looked to not be going to play out. I wasn't a raging bull for the short-term, but though we would head higher.

Sure enough we crashed and crashed hard and even broke below the shoulders part of the pattern. It's not looking good for platinum short-term and we're likely to see a major move lower to the \$162 area.

Volume hasn't really picked up much on this drop so I'd be cautious if you try and trade it to the downside, it could very well be a trap for shorts as long as we don't see major conviction/large volume, on this move lower.



Palladium was smashed 8.81% this past week. Palladium gapped above the resistance level around 79 and looked ready to go to 82 at least, but it quickly reversed.

It's now below the 21, 50 and 100 day moving averages and looks ready to test the 200 day moving average at \$72.78.

Large increasing volume on this move lower is not good, especially since the largest volume day came as palladium gapped below the moving averages on Thursday. That is a rare sight to see in any market.

Look for lower prices right away.

Fundamental Review

An [interesting article was released late in week](#) that has me wishing I'd gotten into the warehousing business. Apparently large US banks are heavy into it so the following would make sense.

The basic version is that the warehouse is only allowing the minimum required to leave their facilities in a single day which in turn drives up prices. Also a customer who bought the metal and is waiting for it to be released is paying fees to store their metal. This metal isn't allowed to be released quickly though. It's only released at the minimum rate their required.

The LME is looking into this and is likely to raise the minimum, but why have a minimum at all? If I buy something I want it now and I sure as heck don't want to pay someone to store it for me instead of giving it to me.

I'm reading Atlas Shrugged again and it's amazing how the book mirrors so many of today's situation.

We had two more banks fail and join [this years list of biggest losers](#). While the rate of banks failing has diminished the chances of whole municipalities and even countries going under are increasing with terrifying speed.

We may yet squeeze several years out of the current monetary system but it's getting more and more obvious that it's coming to a head.

While things are bad, complacency still reigns. So many just don't think it can happen to them. It can and it will so please, please have some physical precious metals where you can personally access it within a relatively short amount of time. Preferably under an hour.

You may not need them for barter, but you may. Better safe than sorry.

When the new monetary system does arise if you have some metal stored somewhere do you really think you'll be able to access it?

I doubt we'll see confiscation per se, but chances are you'll get it converted into the new form of currency for you at a certain rate much better

than those who are converting old currency, but I can guarantee you the black market type of price will be much higher than the official price.

I've talked about this in the past. The spread between the paper price and physical price will likely be greater than 100% once this is all said and done.

Of course I really have no idea what or how this all will play out but I do know precious metals are retaining and increasing in value and I sleep very comfortably at night while dreaming about any scenario I can dream up.

I had an interesting conversation this week with a fellow trader. He hadn't bought gold but said the public was in it heavy. I asked him repeatedly if he personally knew anyone with physical precious metals. He kept avoiding the question. I know for a fact that I could walk around my neighbourhood for quite some time before I could find someone to produce a coin for me.

This trader said he'd stockpiled with gun and ammo instead. His rational was he'd just rob me and then use my gold to buy food if it got to that!

That's why you should never tell anyone you have precious metals in any quantity anywhere near you. Don't boast or you'll be toast!

I rebutted with with the simple thought of, why not just go rob the food guy?

Personally I'd rather be able to barter than have to rob if that situation ever arose. To each his own.

I do have hunting munitions which in a pinch could be used to ward off these types though!

I talked last week about the rise in cyber attacks and this past week it was revealed that [PBS, the US Senate and the CIA have fallen victim to these attacks.](#) Apparently "their all for laughs".

The group claiming responsibility is boasting publicly about their success and gives strong hints of future targets. Well it won't be so funny if they get caught.

The large US bank who admitted last week that about 200,000 accounts had been hacked now say [that number has nearly double to 360,083](#) credit card accounts.

China is already the largest producer of gold in the world having overtaken South Africa a few years ago and their output is expected to rise once again this year by 10%.

Geology remains atop my list of professions I recommend to young people. It's one of the few areas where the older generation of geologists are heading into retirement and there has been a huge void in filling new positions as mining hasn't grown all that much over the past couple decades. Now that mining is once again en vogue, graduates are being snapped up immediately with very high starting salaries.

There aren't too many other professions who can lay claim to that today.

In Australia graduates are offered about \$105k a year and in their second year they usually see a pay increase to up to \$130k. Not bad, especially considering you don't have to live in an expensive city and most of your food and lodging is paid for while out in the field.

A new graduate with no baggage could pay off his loans pretty quickly and maybe even get a few stock options as a bonus and be doing quite well in a very short number of years.

Here is an article where South Africa is having a hard time retaining their mining engineers as they are sought after by companies throughout the world. Mining is here, and paying top dollar no while applicants are scarce.

In a stunning release, the question I've long wondered about, thanks to the work of GATA, is being legitimately brought up to US officials. Ron Paul is asking whether the bars in Fort Knox are indeed real and not tungsten filled as many reports have stated. These have tended to originate from China after having been sent some gold from the US for one reason or another.

Apparently the Chinese had the bars assayed and they weren't quite all they were cracked up to be.

Ron Paul is calling for the bars in Fort Knox to be assayed and counted which would be an easy way to actually find out if they are there or not.

Of course the chances are that won't happen as it would be far too pricey, costing \$15 million and taking six months. Well that's a crock of you know what as \$15 million is peanuts and has been created while I typed this sentence quickly. Also all the bars would not have to be assayed. If they were randomly selected I think we'd get a pretty clear picture after 10% or 20% were assayed.

If discrepancies were found then continuing the assay process would be warranted. Surely the US government would go for this type of arrangement, wouldn't they?

That's all I have for you this windy wet weekend. I hope the weather has been better wherever you are but for me it's been a horrible spring and it's now all but over. At least I can read a few good books I suppose...

Until next week take care and thank you for reading.

Warren Bevan

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