

# Precious Metal Stock Review

*Bridging Wealth Protection and Wealth Creation*

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## Chop-Fest

What a whippy week it was. Volatility spiked and then subsided into the end of the week which meant it was a great day-trading environment but then that petered off as ranges tightened for markets and stocks into the end of the week.

I've been detailing [how to day-trade profitably and quickly to subscribers quite a bit lately](#). We've really only been trading one stock and doing very well often pocketing 5 figures in the first 15 minutes of the day with regularity!

It's a tough trading market out there these days unless you're very quick and agile and thinking against the heard.

Fading off support and resistance levels has been working wonders for us who are day-trading this market but it's not for everyone certainly but some of my largest gains have come in the first 15 to 30 minutes of the day fading large gaps.

There is always a way to make money but it's not always easy.

Gold was a prime example of that this week as it failed it's spectacular breakout in even more spectacular fashion.

If you think trading is hard, try trading gold. It's rarely easy so I don't do it, especially when it move far quicker that I can click a mouse, with Friday's drop of some \$22 in under 1 minute being a prime example of the speed it can move.

That being said it's been the best asset to buy and sit on and forget about for over a decade now and by the looks of things it could well be for the next decade or more.

The mining stocks have put in a short-term high now which is giving us a little pullback to get them cheaper. The major bottom is in so now is the time to get them shares you've been patiently waiting to add to your portfolio.

There are companies who are going to triple or so in pretty short order just to get back to recent highs

This is truly a major opportunity to make some very large money in the quality mining companies in the months ahead.

## Metals review



Gold fell 1.89% this past week in spectacular failing form. I talk often about the counterintuitive moves that gold makes and I rarely trade it as a result.

I expected a couple rest days after the massive breakout move before moving higher and that's what we got. Then we broke-out and promptly

moved back into the little flag gold had created. This was a huge warning sign and [I alerted subscribers to it](#).

Sure enough the next day we plunged hard back below the major trend-line. Friday saw a nice move lower followed by a strong snapback but we're far from out of the woods here now.

I'm looking for some base building here below the large descending trend-line and below the 21 day moving average.

On the bright side physical gold can still be bought cheaply with the knowledge that huge buyers are lurking just below around \$1,540.

Volume was hefty on the move back lower in both the GLD ETF and futures market which tells me gold is not yet ready for primetime unfortunately.

Summer is often the beginning of a larger move up through the fall so we should see that trend begin within the next couple weeks to a month.



Silver slipped 0.14% on the week and also gave us a large breakout failure although not nearly as spectacular as that of gold.

Now silver is sitting at the upper end of this little wedge pattern and the 21 day moving average. It's looking like we are going to be hanging around under \$29 for a little while still but if this pattern is true then we are going to move one way or another very soon.

Often markets breakout and then move back lower only to shake out potential traders and investors before the big move, then again other times they continue lower and confirm the failure.

There is never a sure thing trading markets, stocks and commodities but a solid technical analysis base can often get you in at the right times and out too which is even more important.

We should have our directional answer soon, that is unless we morph into another pattern!

Volume was heavy on the breakout failure as it should be in both the SLV ETF and the futures market.

Silver is not yet ready for the big show either.



Platinum moved higher by 0.32% over the past week but is looking for lower prices as it's breaking down out of this bear flag pattern here now.

If platinum has any chance of moving higher soon here it needs to get above the \$1,475 level soon.

The 21 day moving average is holding back platinum as well as gold and silver.

Volume Friday in the futures market and especially so in the PPLT ETF was not that great as price tried to breakdown. This is a slightly positive sign as the market doesn't want to move lower yet, but it isn't wanting higher either for the time being.



Palladium rose 0.41% this past week but also showed us a failed breakout. Tough going these days and we have to play things against the herd until it changes.

Volume in both the futures and PALL ETF was nothing special either way really and tells me palladium need to build a longer base here before doing much.

With all the above being said about the precious metals we have to consider that most things are moving one way or the other and making what could be termed a breakout only too see them rip the other way right away.

We have to always be ready to adjust our views and thoughts as the markets dictate. I have yet to meet anyone who has wins the game consistently when arguing with the market.

## Fundamental Review

Once again this week I really don't have much else for you.

Nothing has really changed in Europe has it?

Sure, a few details have emerged, more debt has been accumulated and rhetoric of bailouts and Euro exit strategies abound, but when it comes down to it, nothing has changed this past week.

I really don't see much changing other than the faces in charge or the names of programs. There is no way out but default for Greece, Spain and Portugal at the very least, and at worst, many other European nations all the way to the good old U.S. of A.

I don't worry myself with details too much although I do pay attention, but I try to keep it simple for my sanity.

You can't run your household perpetually running up more and more debt for very long. Chances are your banker will come knocking before the debt spirals large enough that the problem is his now, not yours.

Unfortunately when it comes to these and other nations defaulting, the problem is on the shoulders of the unprepared citizen.

I feel strongly that you must have a sense of a start over number.

That is, how much money do you need to get by and start over if everything else is destroyed. And by money, I mean a store of wealth.

Once you come up with this number, and being more generous than tight is advisable when coming up with it, then finding sheltered assets to store that number in is the next goal.

Of course it depends on the size of your number but safe assets could include land, real-estate, even a business or collectible cars, wines or art. And yes of course the easiest and most concealable store of value, physical gold. Silver is good too if you've got more space and I think silver has much more upside to come than gold.

I strongly believe that every individual needs to have a plan in place today in case of a major hyper-inflationary event or some other sort of wealth confiscation.

You have to protect yourself and not rely on anyone else to do it for you, especially not the government.

It may sound harsh but it's life and it's real and it happens all the time on smaller scales. Zimbabwe is the most recent example and Argentina would be the one most could relate to or understand best.

Debt cannot allow you nor your country to survive for long. It's all an illusion.

As Jim Rickards once said, your credit card should be called a debt card because it is what it truly is.

A credit card should be your debit card and your bank balance.

This play on words tricks most people and most people don't have the luxury of paying off their debts in a timely manner and then end up paying more and more interest.

It's all a vicious circle and the same as is playing out on a larger scale around the world.

Here is the link to the [wikipedia Sovereign Default page](#) which lays it all out pretty clearly. I especially like the "Consequences for the citizen" section.

I also get a kick out of the "List of sovereign debt defaults or debt restructuring" section. Debt restriction basically means a partial default.

In that sections there are no less than 86 countries on the list and most have multiple occurrences which means there are well over 500 relatively recent cases of default.

Note that there are some 190 or so countries in the world today so about half have defaulted, but many use another countries currency, such as the US dollar, and are small and quite uncreditworthy which means they aren't allowed the rope to hang themselves with, I mean debt.

Small countries who aren't allowed to really borrow much will come out much better and have to actually run the country as if they were a household.

The point is that debt has always been an issue and once you get into it, it's mighty hard to get out of that lifestyle.

Protect yourself today with physical gold and silver near or in your possession. I know for a fact that many nations, especially China are buying physical gold hand over fist during this price correction.

They are preparing for the worst and building their cushion to any catastrophe scenario that will occur.

Don't talk about it, just do it quietly and purposefully.

It's going to get much worse before it gets better I can guarantee you that.

Speaking of default, we had 4 banks fail Friday evening to join [this years list of biggest losers](#). These are the first banks to default since May 18<sup>th</sup>.

With that, have a great weekend. I hope it's not raining where you are as it is here, that does give me lots of time for chart-work, review and study over the weekend though so not all is lost.

Enjoy the week ahead and take a step back sometime and look at the big pictures.

Warren Bevan

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