

Precious Metal Stock Review

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Strange Brew

To say it was an odd week would be about right. Gold and silver were hit hard and then recovered well but are forming bearish patterns.

MF Global customers are being asked to waive their right to sue for partial compensation while at the same time top executives are trying to get bonus pay out of the bankruptcy judge!

Meanwhile Greece didn't hit the 90% target it needed to stave off their credit default swaps being triggered but miraculously the credit default swaps weren't triggered in a strange tangled web of rule changes and underhanded dealings but this did save several of the world largest banks from needing huge bailouts which would have required more QE or money printing.

All I know for sure is that I sleep well at night holding plenty of physical gold and silver in safe, sometimes nearby, locations.

Let's take a look at some charts and gold's especially is one strange one. I don't really recall ever seeing one quite so strange.

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Metals review



Gold was basically flat for the week falling only 0.12% and holding the 200 day moving average which is important and also moving back above the 50 and 100 day moving averages is great to end the week.

What's strange is that we are back in the descending channel again after the blatant selling which resulted in a failed pattern breakout. As a result of the takedown we now have a strange looking slanting head and shoulders pattern.

I don't recall seeing one quite like this before.

I see slanting head and shoulders pattern often and they work a good portion of the time but they usually have lows at the left end of the chart and

high on the right. Golds is the opposite with the left shoulder on the high and the right shoulder on the lows.

I have to assume this means we could head much lower, but to be honest I really have no idea. [I'll be watching and subscribers will be alerted to any moves that look like they can be substantial right away.](#)

With the new QE coming out in the US after-all and Europe deep in the throws of QE the powers that control such things are not at all keen on seeing gold head higher and as we've seen on numerous occasion it just takes them putting in a large sell order all at once to spark a much lower price within seconds and minutes.

Volume on the GLD ETF was pretty average for the week except the abrupt drop on Tuesday saw an uptick in volume while Friday saw a nice bump up in volume as the price approached the 21 day moving average. Both volume increases are normal and the futures market volume reflected the same thing.

I'd love to say the 200 day moving average will hold here and I do think one should acquire some gold at these levels but we could well head lower still where another round of buying could be done.



Silver dropped 2.35% for the week and sadly doesn't look good at all to me here. It's forming a head and shoulders pattern which would point to a price down around the \$29 level once again.

It's pretty easy to see how important the \$33 level is to hold here and right now the neckline of the head and shoulders pattern falls at the 100 and 50 day moving averages at \$32.50 or so.

The recent manipulation has really hurt gold and silver and they do not look good and to make matters worse this is usually a pretty strong time of year for them. We'll see how things play out but this year may not be all its was

cracked up to be which only means that the secular precious metal bull market will be prolonged by another year which isn't such a bad thing really.

I'm not at all worried about my physical gold and silver but as far as trading the metals, we did get stopped out of our positions early on in the week.

Yes, it sucks but it happens, especially in such key markets.

On the bright side many mining stocks are on sale once again along with gold and silver and they may even get cheaper in the near future.

As for volume the SLV ETF saw heaviest volume on the spike low which touched and held the 100 and 50 day moving averages which is good as it means traders aren't ready for silver to fall further....yet.

The futures volume was similar with the exception that Friday's move higher was on quite strong volume which signals higher prices.

I'd be looking for resistance at the \$35 area where the 200 day moving average sits.



Platinum slid 1.27% this past week and also has the look of a head and shoulders pattern which upon breaking \$1,600 would target the \$1,450 area.

This indeed could get ugly for the precious metals if these head and shoulders patterns play out.

If the downtrend line does get taken out though it would be a buy signal and could well annul the head and shoulders pattern that is forming.

Volume in the PPLT ETF was heaviest on the large down days early in the week and very light on the up-days which signals lower prices while the futures

volume was heavy on the low days but decent on Thursday and Friday's up-days unlike the ETF.

The picture is pretty mixed for platinum at the moment.



Palladium dropped 1.72% this past week but in my eyes it looks the best of the precious metals by a long shot. There is no head and shoulders pattern at all here and after testing support at the 100 day moving average this past week we saw a quick move back above the 200 day moving average which is great news.

The \$730 to \$735 area should pose some resistance once hit but not that much.

While we have no clear bullish pattern here we don't have a bearish one either and price action has been constructive.

The PALL ETF volume was pretty good as high volume was seen on the spike low but then price quickly reversed but the up-volume wasn't as high as I'd like although it doesn't really matter until we breakout above a resistance level.

For now palladium remains in limbo between \$735 and \$685.

Fundamental Review

While gold was hit last week on news that Benny Bernanke was not going to embark on a next round of QE, this past week it's now said they are indeed going to go down the old road of QE.

Unfortunately I don't think anybody, and certainly not gold, got the message. I didn't see a \$100 spike in gold on the announcement and it's awfully confusing to me.

I guess the huge sell orders were indeed the reason gold was taken down two Wednesday's ago and not the officially given reason touted by the media.

Could it be that the mainstream media hasn't a clue!!!

Maybe that's why I work in silence with the mute button on most of the time while I take an occasional glance at the ticker to see what stocks are being bought on the day.

Let's take a look at the new form of QE and try and simplify it.

It's complex but basically the Fed will buy long dated mortgage or treasury bonds and then borrow the money back for short periods of time over and over again. Yes, it makes no sense to me either and honestly I am confused and that scares me.

Nothing to do with money and borrowing and lending and creating money should be very confusing. As the old saying goes, if you don't understand it, walk away. I basically have walked away by allocating a large portion of my wealth to physical gold and silver.

The reason there are no buyers for these bonds is that they are junk.

Let the damn things fail and let the counter-parties deal with it.

The prolonging of this huge problem and insanely complex and useless financial engineering is hurting the US populous along with the whole world.

This is one huge bandaid that has to be ripped off quickly. Sure, we'll lose lots of hair and maybe even some skin but the pain will go away in a relatively short amount of time rather than pulling slowly and removing one hair at a time.

Another reason cited for this new program is that they don't want to cause inflation. Well according to the Fed there was no inflation in the last few rounds of QE so why change things?

Could they have been lying? Absolutely!

You know as well as I do that costs of goods have been rising far greater than their skewed and changing measurement of inflation.

I used to study and mull over these types of details constantly but it became so frustrating and futile that I rarely talk about it anymore.

The facts remains that inflation is greater than stated and increasing. The best form of insurance against this is physical gold and silver in my opinion and this will not change until the massive debt and spending issues are dealt with along with the huge amount.

In stark contrast to the out of control irresponsibility of the US when managing their dollar, the [Chinese are now offering more loans to the more responsible BRIC nations](#) as a way of expanding their currencies role in the foreign exchange market.

Very smart move by the Chinese.

Again this week we only saw [one bank fail in the US](#) to join 2012's short list of biggest losers.

After Venezuela recently successfully repatriated their gold it appears that the [Swiss and Germans are also of like mind](#). They are worried their gold may not all be there since accounting of it is hard to come by and when probed contradictory accounts are being received.

I can't say I blame them and thought out loud that if Venezuela was successful that others may follow suit and can you really blame them?

Physically holding your precious metals is imperative and unless you can 100% for sure get hold of it in a reasonable amount of time then chances are you don't own it.

That just means keeping it out of the banking system and even more—so, out of the central bank system which would be the case if you are a country.

Here's a [video on a few ways that the wall street game is rigged](#). Learning the art of technical analysis is an important part of the game now which is stressed in the video and [it's become a major part of my focus on a daily basis and it should be with everyone in my opinion](#).

I found this really neat and potentially useful technology in my travels this past week. If you're ever worried about being tracked by your cell phone or even an RFID chip in your credit cards then [perhaps you'll be interested in this simple technology that uses silver](#).

I've got a couple videos for you this week. One really wild and the other short and it gave me a chuckle.

Here's is [an amazing video of a tornado forming](#) very quickly and the immense power it unleashes.

Here is a [short funny one about roommates and stealing food](#).

Enjoy your weekend and have a super week ahead.

Warren Bevan

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