

Precious Metal Stock Review

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No Luck Of The Irish For Gold

It was another strong week for US markets that is set to power many stocks higher soon. I've rarely seen so many great setups for swing trading in the leading stocks and we are and will be taking advantage of that in the week ahead.

In stark contrast to the rampant bullishness that is so pervasive in markets and stocks today the precious metals are kind of here in no man's land for the most part for now with a negative skew in the short term.

While it's not that much fun it happens and it's only a sale in reality. Buying large dips has done nothing but increase wealth for over a decade now and there really is no sign of it stopping.

As Mark Twain says, "History rhymes"

This could not be more true for this secular precious metals bull market. We get failed breakout after failed breakout and then large corrections which end up being huge, fantastic buying opportunities in a short amount of time.

That time is very near and I'm covering gold and silver daily during this correction for subscribers so they can take advantage of this sale.

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Metals review



Gold fell 3.04% this past week and slightly violated this odd slanting head and shoulders pattern. We could easily fall to \$1,625 here at the minimum and quite possibly much further.

The good news is that the larger picture has a bullish reverse head and shoulder with its neckline at the \$1,775 region for now. Preferably I'd not like to see gold fall much further as it could annul the larger, much more bullish reverse head and shoulders pattern. Time will tell.

Even more good news is that lows and strong support at the \$1,650 level held quite well for the week which is important on the weekly chart.

Volume was heavy on The Wednesday's low in both the GLD ETF and the futures. For now I'd have to say the bias is bearish in terms of looking at volume.

Either way if you're considering buying or adding to a physical gold position it's a great deal at the moment that will be richly rewarded in the years to come.

Many of the gold stocks are in the same boat and are selling at huge unreasonable discounts. These have always represented great times to buy, not sell.



Silver fell a hefty 4.35% this past week and violated its head and shoulders neckline before recovering to close the week very near its neckline and the 100 and 50 day moving averages.

Technically we should move down to test the \$29 area and this could well happen as it seems we're building a little bear flag pattern here which would be a lower low and point to lower prices soon.

Volume was heavy on moves lower and weak on the moves back to resistance levels which says more downside is likely. Traders are nervous about going long in this very volatile and unpredictable market while at the same time I know for a fact that physical silver is flying off the shelves.

Unfortunately the silver price is dictated by traders in the futures market for now but one day this will decouple and your silver coins will be worth at least twice as much a paper ounce of the metal.



Platinum was pretty flat for the week having fallen only 0.09%. The head and shoulders pattern I talked about seems as if it's not going to play out and now we have a small slanting reverse head and shoulders pattern which is pointing to higher prices.

The lack of heavy volume to push platinum lower in the futures market is good while we saw the same in the PPLT ETF except for Thursday which was a quite high volume day as the ETF was accumulated.

Platinum looks set to move higher any day now.



Palladium rose 0.18% this past week and looks set to move higher and and test the \$725 level soon. Palladium remains the best looking precious metal in my view.

Volume in the futures and the PALL ETF is on the lower side which is great as this little flat base has formed and is now ready to move the price higher.

Fundamental Review

Late in the week the [IMF approved \\$36.7 billion bailout for Greece](#). This ends the apparent uncertainty over whether the country will default or not. I never really thought there was an option in the end.

Bailout was really the only option as a true default would have bankrupted the major banks of the world but we all know how connected they are and how in control they are of many governmental branches.

A [major move came out of Japan this week](#) when they announced Chinese approval of purchases of \$10.3 billion of Chinese government debt (treasuries). The world is moving away from traditional US Dollar and Euro investments in a bid to diversify and in this case strengthen ties regionally.

Even after new Indonesian laws were passed [limiting foreign company ownership of a mine to 49%](#) some of the world's largest companies are still investing and reinvesting in the country. The fact remain it's still a pretty safe and lucrative place to own a mine and the weather is usually great as well. Not to mention it's locale on the coveted ring of fire where the world's largest mine have been discovered.

Much of South-East Asia is beautiful and very rich in minerals and with the recent opening or loosening of government policy in Myanmar we're going to begin seeing more and more companies try to explore the area.

For now a [major Philippine company is going to give it a go](#). Personally I think companies located in the region will have a much easier time being the first movers since they have similar customs and just understand what it's like over there. I've had the pleasure to live in South-East Asia and travel extensively and I feel I have a decent grasp on the situation and area but still, nothing compared to having grown up there.

While smiles may show on the outside, especially in touristy areas, but often a deep distrust of foreigners lies hidden below and even more-so when it comes to extracting the countries riches.

If you've never been blessed enough to have graced that part of the world I highly recommend it. You can read all you want but you won't really know until you go. I find that with most places though, but that region holds a special place in my heart.

Speaking of Asia, my old launching off point, Taiwan, Asia's hidden jewel, [made a "bonanza" from their gold purchases in 2008](#). Unfortunately they aren't going to buy more. The central bank governor there even went so far as saying it's a risky asset, but they aren't selling any gold either.

While gold was certainly cheaper in 2008 after a huge crash in everything under the sun it's become quite cheap here now again and will prove to have made you a bonanza in 3 or 4 years if you are new to buying physical gold.

A [company subscribers and I own](#) is now going to [issue dividends in physical gold and silver coins](#). We should begin to slowly see more and more of this and this type of strategy will attract many more investors, especially as the company is very solid to begin with. It's about time we saw this type of strategy implemented.

The precious metals assets from the bankruptcy of MF Global [are being sold to another large commodities player](#). It doesn't sound like it was an auction as it should have been and also shouldn't those assets go directly to the customers who actually own the positions?

I can't say I'm intimately familiar with what is going on but there is certainly something that smells fishy about the whole situation which is already one of the biggest messes and cases of blatant corruption and stealing I've ever seen. And to top it all off there hasn't been any charges yet, nor any signs of a true investigation taking place.

This week's humour comes out of Venezuela. The country has nationalized mines and basically booted companies out of the country after all the hard work had been done and often large amounts of infrastructure as well.

[It's happening again](#) but this time the company is backed by Russia to a large degree which is odd since they have such good relations.

I guess Venezuela having just repatriated most of their gold now wants to mine all their national gold and keep it all for themselves as well. I can't say I blame them but they are being pretty underhanded going about it.

Have a Happy St. Paddy's day and a hangover free weekend and an even better week to come, it's almost spring!

Warren Bevan

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