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IMF Gold Not Up For Sale?

I wish I could talk about the recent CFTC hearings in regards to position limits on metals in a more favourable light, but it seems all the buildup was for naught. There were too many opposed to limits and when it really comes down to it the powers that be are the ones who don't want position limits, so there is a snowballs chance in hell of ever seeing any as far as I can see.

Is that so bad after-all?

Perhaps not.

It will not stem the primary trend higher, only prolong it. This only gives me, you and your neighbour more time to accumulate physical precious metals. Gold and silver are the two who's trading is very suspect, especially around options expiry which just occurred, and other "important" events.

While [GATA](#) does have new information on a trader who tells about and has evidence of a [large broker manipulating silver](#) and bragging about it. He even told regulators what will occur, and when...and it did. It's as damning as the Harry Markopolos scandal, but likely won't be widely acknowledged until it's far too late as usual.

I sound so pessimistic! It's tough not too, but there is a bright side and I try and expose that as well.

Please click the links to see Bill Murphy's testimony at the CFCT hearings. [Part I](#) and [Part II](#)

Metals review



Gold ended flat, up only 0.03% for the week late on Friday after spending most of the week between \$1,100 and \$1,080. The fall was expected as option expired Friday. Gold should be allowed to trade more freely in the week ahead which should see prices move up to at least the \$1,030 level.

RSI bounced nicely off the 40 level which is what I like to see in a bull market. A bullish wedge formation is still constraining price for now, but that pattern is nearing a resolution.

The moving averages are mixed with the 200 and 100 day averages moving higher and the 50 day heading slightly lower and acting as resistance for the price. Although, a good sign is that gold closed above the 50 day average on Friday, albeit only by \$0.65.

MACD is bearish but very close to a bullish crossover while the Slow STO has already shot us a buy signal. It's looking like a good week ahead for gold with resistance at \$1,030 and major resistance at \$1,040.



Silver lost a measly 0.53% for the week even after a strong move higher Friday of 1.74%. Silver is getting ready to shine and mount another attack on the \$20 area over the next few weeks, but it will take some work.

RSI has turned higher from the important support level at 40 and broke above 50 on Friday. The Fibonacci Retracement levels are representing excellent support and resistance areas. \$17.07 will be the next hurdle with \$17.64 being a much more significant level to surpass in the week or two ahead.

The uptrend line was also broken this past week which should be troubling, but with silver technical analysis is near impossible.

MACD is bearish but flat, and potentially about to head higher and give us a buy signal. Slow STO is extremely oversold and now flat. If we get a buy signal on this indicator shortly, then I expect fireworks.



Platinum lost 0.78% for the week in an expected correction, albeit much smaller than I thought, at least so far. I'd really like to see platinum move lower to test or even penetrate briefly the 50 day moving average which is at \$1,562.

RSI is still heading lower and is bouncing around the 50 level. I'd like to see it touch the 40 level. The moving averages are all positive as usual.

MACD is in a bearish posture as is the Slow STO indicator. A small head and shoulders pattern has formed which if violated would see platinum move to test the \$1,550 which would suit me fine.



Palladium fell 2.75% for the week doing what I expected and hoped for. I would have liked to see platinum follow palladium in a larger correction but it wasn't so.

RSI bounced off 50 and is now heading slightly higher. The moving averages remain in stellar form but the 50 day average was broken slightly. That is fine and nothing but a short lived bear trap as the price moved about \$20 the following day.

MACD is bearish but hooking to flat. Slow STO has not yet shown a full buy signal. I would like to see the Slow STO go into oversold territory. It looks like palladium is on it's way back to the upper end of it's uptrend channel shortly.

Fundamental Review

Over the years I've talked about the inevitable conclusion of the US credit rating being downgraded. While it has yet to be done officially, the market is where it matters. The bond market recently said that Buffet's company has a better credit rating than the US government by demanding 3.5 basis points less than US treasuries on a two year term.

It's only a matter of time until the US really begins their slide towards the abyss. It will happen very quick once it begins. But until that time there is plenty of money to be made by taking advantage of the situation. After all, we only have so much time on this earth to make as much as we can!

About the same time, John Lipsky, a managing director at the IMF, said that all the G7 countries, except Canada and Germany face a debt to GDP ratio close to or exceeding 100% by 2014. This is very, very bad news to many investors, but old news to you reading here on a consistent basis.

I find it amusing that the US government has filed charges against one of the big automakers for alleged violations that improper payments were made to government officials in 22 countries. Of course this automaker isn't partly owned by the government, nor did they need any bailouts. I guarantee you that if government motors was investigated much worse would be found.

And really when I think about it, it's beyond hypocritical of the government to even consider such an investigation, let alone a charge since they recently passed a bill allowing businesses to give unlimited campaign contributions in the form of advertising. So, in the real world the US government just made it legal in the US to make improper payments to government officials.

I guess the US was not on that list of 22 countries!

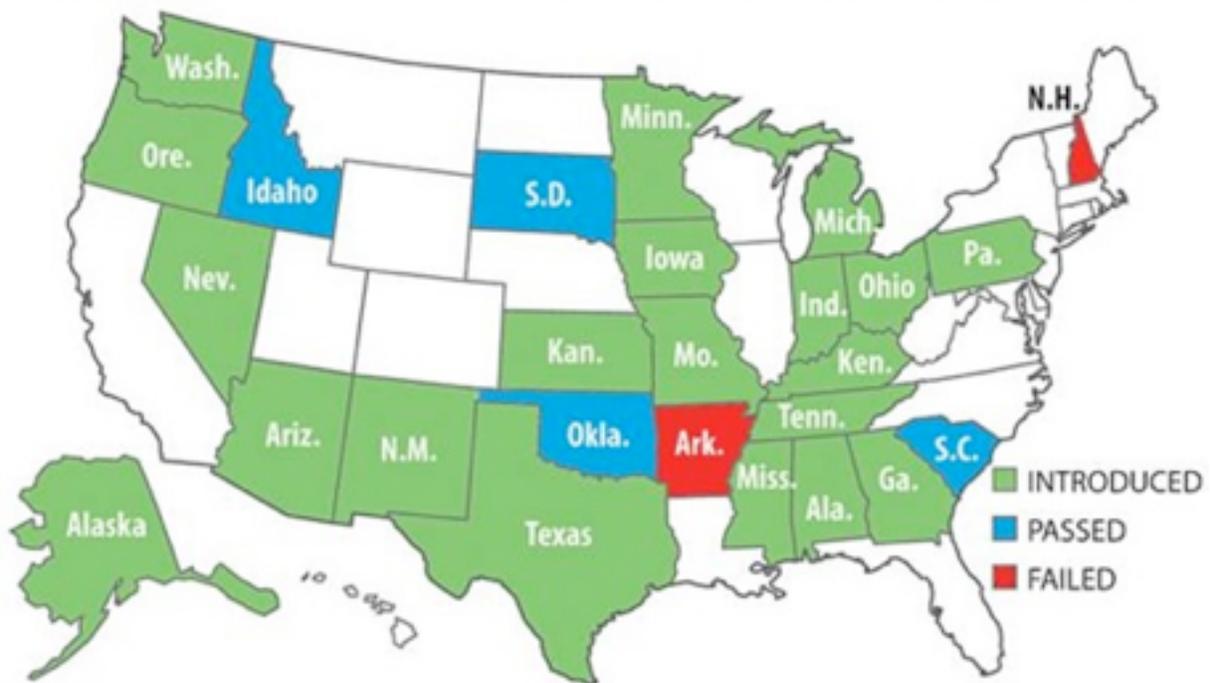
A North Korean senior official was recently executed for executing currency reforms which hurt the already flailing economy. That's a much different outcome than would have occurred in western economies where the official would likely have been promoted or given a high government post while seeing his bonus increase exponentially.

There were four biggest losers this week as the bank closures were reported on the old schedule, after everything closed on Friday evening. In 2009 the trend was about two or three bank failure a week but the FDIC has hired more staff and they can now accommodate more failures per week so we are seeing the weekly closure rate trend higher.

The graphic below is a great visual of just how unhappy Main Street is with Wall Streets antics. Let's just hope that more bills pass and reality can slowly be reintroduced to America as a whole, although that prospect looks bleak at this time.

States assert sovereignty

Twenty-eight state legislatures have introduced resolutions asserting state sovereignty partly in response to the conditions attached to the federal stimulus funds. The resolutions have failed in two states and passed in four, including Idaho and South Carolina (House), South Dakota and Oklahoma.



The NUM (National Union of Mineworkers) in South Africa has filed formal notification against one miners to hold a strike over wage disagreements. Over 1,000 workers have been on strike since Tuesday March 23. The wage negotiations are centred around living allowances. Apparently most workers come from afar and are now shack dwellers. The issues just never end down there, and negotiations are ongoing.

A very interesting tidbit came out late in the week whereby [Eric Sprott bid on the remaining 200 tonnes](#) of IMF gold...but they refused! Reliable sources also revealed another bidders earlier in the week who was much larger, and also refused, and not at all thrilled about the outcome.

I assume it's only for sale to a large central bank or close ally. That should shut the pundits up who say it's a weigh on the market, for good now. One can only wish!

The infamous Brown's Bottom, whereby he announced the upcoming sale of bullion into the market, which had the expected effect on gold of dropping the price, which in turn ensured the UK would receive the lowest possible price for their gold, has a new twist.

Gordon has been [ordered to explain the details](#) to his decision to sell the gold, before the next election. He has repeatedly refused to disclose details, but now he has to. To date the sale has cost the UK about £7 billion...and counting.

I am sure it will not be the truth though since the truth would shock markets worldwide. And that truth would likely be that the gold was already gone by way of leasing and swap arrangements.

Nonetheless, it's fun to see these guys squeezed.

I noticed late on Friday that the great US business channel placed an anchor/talking head at the Nymex exchange where metals are traded. Is this a signal that we are nearing a big move higher as the "G" word becomes more acceptable in the mainstream? I doubt it, but every day we are getting closer.

This past week, the slightly over the top, Ann Coulter visited Canada for a round of speeches. Her speech at the university of Ottawa [had to be cancelled](#) due to large protests after her comments that [muslims should take a camel](#), rather than be allowed on an airplane. Ann went on to say how she had never had to cancel before, implied poor security measures and inferred a lack of freedom of speech in Canada.

I always get a chuckle out of her wild views but I have to say that up here in the great white north, we don't need security, and neither do they in the states. It's a scare tactic. Sure, terrorism can happen, but if you don't poke your nose where it doesn't belong then the chances are slim. How often does Canada get attacked?

If we didn't have freedom of speech then her presentation would have gone on, but we DO have freedom of speech, access and opportunity to present

it at our discretion. As long as freedom of speech does not incite hatred, it's fine and dandy up north here.

A little off topic, I just couldn't help myself. Until next weekend, take good care.

In my free, nearly weekly newsletter I include many links and charts which cannot always be viewed through sites which publish my work. If you are having difficulties viewing them please sign up in the left margin for free at <http://www.preciousmetalstockreview.com/> or send an email to warren@preciousmetalstockreview.com with "subscribe" as the subject and receive the newsletter directly in your inbox, links and all. If you would like to subscribe and see what my portfolio consists of please see [here](#).

Until next week take care and thank you for reading.

Warren Bevan

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