

Precious Metal Stock Review

Bridging Wealth Protection and Wealth Creation

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Let's Get Physical

Let's start off today with an old classic by Olivia Newton John, "Let's get Physical". Cheesy? Absolutely. But, as it applies to the precious metals market, it's what you really want to do.

The price smashing is really futures driven and not driven by the physical market as, from what I'm hearing, demand is soaring on this correction for really physical metal.

Going forward, it's going to be the physical market that drives price. I've noted before that there is a disconnect between the market price you see quoted and the price you'll actually pay for that ounce of metal.

The disconnect, or premium will only increase over time and as long as futures are allowed to trade with leverage, the disconnect will always be there. Even as of this writing 1 oz silver coins are going for well over \$40 and there are several bids on them on eBay.

I've said before that using the ETF's is a great way to trade the metals but you must own your allotment of physical first, as the premium will approach or even surpass 100% in time.

As for the markets the past week would have been one better spent on the beach or at the links or anywhere other than in front of the computer. There was a lot of money to be made no doubt, but chances are if you weren't day trading you lost money.

At times such as this it's best to step aside and watch and wait for bottoms and chart patterns to form and that's what we have been doing in general.

Sometimes it's best to do nothing.

Our [longer-term mining portfolio](#) has been hit pretty hard and in many cases is trading back to our entry points. This is giving us a super chance to add to those positions. We're also looking at brand new positions.

There is always opportunity in every situation, you just have to find it. While swing trading is not wise right now, looking to [accumulate battered miners is where I do see great opportunity](#). That's the main focus during the day these days, finding new miners and trying to pick bottoms.

I don't really see any good entries yet, but they could come any day now as the move lower in silver and gold looks to be coming to an end.

Let's take a look at some charts and see how close to an end we really are.

[Metals review](#)



Let's begin with a longer term weekly chart of the US Dollar. It's put in a short-term bottom and looks to be headed higher still. I wonder if this dollar bounce is real though, as the [US bought up \\$1 billion of US Dollars in March](#) to help strengthen the currency. This is reported with a large lag so we won't find out if this buying has continued.

Funny how everything that's been working stops working as the dollar reverses. It truly is all in the US Dollar and it's moves in so many ways.

The beauty of that idea though, makes it easy. What's your longer-term view of the US Dollar? Mine is that it continues lower.

If you think the dollar will continue lower still, then look at what's been working since the dollar hit it's peak in 2002. The US Dollar hit 120 in 2002 and has trended lower since, to today's level in the mid-70's.

What's been working so far?

Gold, Silver, oil and most commodities in general.

As the saying goes, history rhymes.

If you think, as I do, the US Dollar will continue to depreciate then your move is simple. Use this massive flash sale to decide or add to your convictions. It's far from too late to join this trade.

As for where we could be headed short term in the US Dollar I'd have to say a move to test the old uptrend line which coincides with the 61% Fibonacci Level around 78 would be a good bet.

I think heading down to the coin shop would have been a far better idea, but then again that would raise a red flag with me as he'll be one of the last to buy the physical metal, and I guarantee he'll do it against my advice at the time!

I [talked with subscribers this past week extensively](#) about how they are the best indicator of bubbles. The gist of it was most people don't know anyone still, even after all the bubble talk, who own anything other than perhaps some large-cap miners or have perhaps have traded the ETF's and are now hurting.

I said to ignore the TV talk and think about it yourself. You'll know it's a bubble when your bad-bank buying buddy finally comes over to show you his new shiny gold or silver coin.

We're far from that as far as I can see.

I am very comfortable with massive volatility though, so as I say often, do what allows you to sleep easy every night under any market circumstance.

Looking at the [most recent COT report](#) tells me gold is the trade going forward, not that silver won't do well, but large money is betting on gold here, and it's the smart money. More speculative money is trading silver and it is a much smaller market so small money is much bigger over there. Silver does remain my choice for the heaviest weighting in my metals portfolio though, as it will be much more volatile, but will grow much more on a percentage basis over time.

Volume was heavy in the GLD ETF all week, but not extreme. All in all the gold chart looks good and this correction was quite constructive.



While it was volatile, once the dust settled silver only dropped 0.67% for the week. Looking at the pattern it's technically put in a double bottom here this past week. I'd prefer the \$30 area to be tested but I'm sure many others would as well so in order to keep as many offsites as possible we may begin to rally from here.

We may be making some big moves in the very near future with silver and several great miners.

The SLV ETF volume remained very very high this past week with down days exceeding up days by a large margin. It's hard to get a great feel with the recent explosion in volume but I'm feeling pretty good calling a tentative bottom here.



Platinum fell 1.23% on the week and looks to have a bearish head and shoulders pattern here. If it is confirmed lower then the target would be right at the double bottom from last November.

The PPLT ETF volume saw a volume spike on Wednesday then more average volume, but still heavy on other days. I wouldn't touch this ETF right now unless we can get back above the cluster of moving averages around \$1,780 to \$1,790.



Palladium rose 0.55% on the week but it's chart is nothing pretty at all. This is a very sloppy chart that has the look of heading lower here as a little "h" pattern was just drawn out.

I'm watching this one and waiting for a nice base to form before trying to trade the ETF.

The PALL ETF saw heavy volume but not extreme all week. Be very careful trading anything these days, including precious metals.

Fundamental Review

This story should be in the funny section, but it's not. In fact it was headline news this past week. I'm not political bashing here but Obama, [yes he's still alive](#), is urging businesses to step up and hire more workers!

It's insane! If businesses needed or could justify more workers they would. Businesses love nothing more than to grow, but if the demand isn't there, it's just not there. They can't hire workers just for the sake of it.

After all, it's not like they can just print money to pay for new salaries like the US government can. Give your head a shake Barak, or get a new speechwriter.

Although he does make a decent point saying those companies and large banks who were bailed out should step up and hire. If they were to have been left to fail in the first place we'd actually be seeing America in a real recovery right now. Alas, we are where we are.

Apparently Central Banks [haven't sold any gold recently](#) according to the World Gold Council, in fact they've been buyers. Really this is old news, but it reinforces the bullish posture of the gold market going forward. Mexico's [100 tonnes recent gold purchase](#) is the most recent public example of this gold accumulation by Central Banks.

Is it any surprise that the Bank of Mexico's chief also [reiterated their bullish posture](#) this past week by stating when asked if gold would rise by the end of the year, "It's likely". Follow the big money. Central banks are big money.

Canada's province of Quebec already offers essentially a 50% tax refund on exploration activities making it one of the top places in the world to explore for minerals, of which there is an abundance. They plan on now [developing it's huge north into a mining powerhouse](#). The region is all but uninhabited and unexplored making infrastructure a major hurdle but it is their 25 year goal. It's attainable as long as commodity prices remain high and in an uptrend.

I talked about margin increases a bit above and how futures markets only matter so much. The Shanghai Gold Exchange [raised margins on futures for the third time in a month](#). Hopefully these futures market players will take their cash hoards and just get physical!

Here's a neat little video on the [process and increase in scrap precious metals recycling](#) taking place as their values continue to increase.

It looks as if the Morganza Spillway is going to be opened sometime today, Saturday. It's only the second time ever and the footage is sure to be amazing. Here is a [nice short video on it's history and whatnot](#).

For fun I hit the Onion News Network website sometimes. I found a great and [very revealing video on the true motives behind Facebook](#). I've never gotten into Facebook...I always knew there was something fishy going on there :-)

To finish off a little piece about a great new technology that so far shows great potential in reversing blindness or other eye related issues (although it won't help those who lose a lens unbeknownst to them).

Apparently [stem cell coated contact lenses are being used to actually cure blindness](#). I don't know what I'd do if I lost my sight, heaven forbid, but I do have relatives who have serious issues that are getting worse, and I'm sure nearly every one of you also know someone in that situation. Let's hope this really does work. It's truly a miracle.

I hope you're building up that cash hoard these days in order to scoop up these stellar deals in our favourite mining companies in the very near future.

Until next week take care and thank you for reading.

Warren Bevan

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