

Precious Metal Stock Review

Bridging Wealth Protection and Wealth Creation

www.preciousmetalstockreview.com
2010

May 2,

The Madness of Fibonacci Levels

Markets in the US hit the last line of Fibonacci Retracement levels this past week, and gyrated like a bucking bronco. Where they'll go from here is debatable. There are strong arguments for them to continue higher, fall, or even trade within a range for a while.

This weeks letter is a bit shorter than usual since I'm rushing to catch a plane. Where to? Well I can't give away the exact location of these top secret meetings, but suffice to say, there will be good rum, better cigars...and not may Americans. Due to this, there will be no letter next week.

Metals Review



Gold rose 1.87% for the week and broke out, again. Moving above the \$1,172 level was the last hurdle before testing all-time highs again. Here we go, are you loaded up? Trading entry points are now, while long-term investors would be best to wait for a good sized pullback that will come inevitably.

The best way to collect precious metals remains to buy weakness and sell strength, if you are trading. Even if your buy point is higher than today's price on a pullback it will not keep you up at night since downside will be limited.

The only thing that troubles me slightly at the moment is the weak volume on the GLD chart as gold broke out Friday.

RSI looks good and is pointing higher. Moving averages are back in order and moving higher except the flat 100 day.

Trend lines are holding firm. MACD is bullish and Slow STO is also bullish but now slightly into overbought ground, which does and doesn't really matter. It can remain there a long time.



Silver rose 1.80% for the week and is maintaining a great looking up-trending channel. \$19 is the next point of resistance and shouldn't take too long to overcome considering the fear worldwide at the moment.

RSI is fine. The 50 day moving average crossed the 100 day as expected and helped attract more buyers on that technical buy signal. MACD is bullish as is the Slow STO which is approaching overbought.

Waning volume on the move up in the ETF SLV has me slightly concerned, so if you are trading this move keep stops tight. All in all it's very bullish, but could take a break here for a week or so.



Platinum moved slightly higher by 0.28% for the week and just doesn't want to go down at all. I would have expected a move lower to test the support at \$1,650, but buyers came in well above that level. This shows the desperateness of investors wanting to get into this great bull market.

RSI is great. Moving averages are perfect and the uptrend as well and the up-trending channel are in fine shape. MACD is not quite ready to show us a new buy signal. Slow STO moved to mid-range and has now shot a quick buy signal to those who use this indicator.

The Platinum ETF PPLT had good volume late in the week as the price moved up strongly nearly \$50. I could not, nor would not be betting against this market right now. And if were not yet long, my buy points would be higher than what would be considered technically perfect at the moment.



Palladium moved off by 2.35% for the week. It's testing the upper reaches of the broken uptrend channel in what may be a bid to form a new chart pattern.

RSI is hooking up from mid-range. The most concerning aspect of this chart is the broken uptrend line. But if price can stay above the up-trending channel then the chart will remain bullish in my eyes.

I would not yet be shorting this one, but it's close. MACD has shot a sell signal. Slow STO is still on a sell signal.

Volume in the ETF PALL was above average all week and nothing really jumps out at me to give me an indication of the next move. If trading either way, tight stops are essential at this junction.

Fundamental Review

Early in the week the US Treasury pulled a move eerily reminiscent of the infamous Brown's Bottom. They announced they would begin to sell their stake in one of the big troubled banks. The stock was finally flirting with the \$5 level before this announcement. Afterwards, the stock promptly tanked to the mid \$4's.

You just got to have that feeling that the government is not trying to maximize returns to the US taxpayer who essentially owns these shares.

If the Treasury needs to, and apparently they do, perhaps there should be a vote next time to either announce the sale beforehand, or announce the sale after to the sale. Surely most Americans would vote to maximize returns and announce afterwards...unless they're a government official.

One of those brilliant US ratings agencies finally moved the Greek debt BB-plus, which is junk. They also dropped Portugal's rating to A-minus, due to Portugal's "structurally weak finances and uncompetitive economy".

Germany also recently said that Europe needs their own ratings agency. First off, I didn't realize the US ratings agencies rated the world with exclusivity. Second, yes, get on it, you can't depend on the US raters for anything other than an occasional laugh.

In what I view as one of the most troubling growing trends today is the fact that big banks and investors are now betting against cities and states. It was housing first, now it's going to be sovereign debt that will be the next fiasco.

In what is one of the most perplexing events to date in the IMF gold sale program, it was discovered that the IMF sold 5.6 tonnes of gold in February 2010 by the World Gold Counsel. There was no announcement of this before or since the discovery. I don't know where the gold went to either. Quite simply, I'm confused.

Russia [gold production shrank](#) by 7.9% year over year in Q1 2010. A total of 28.9 tonnes was produced during Q1. Still a pretty good amount by most standards.

Russia's good buddy Hugo, over in Venezuela is now [threatening to nationalize gold mines](#) within the country. Already, nationalization has occurred in industries such as oil, telecommunications, cement and electrical. He will likely wait until the miners complete their infrastructure before taking it all over with a smile and thank you. Anyone operating or investing in Venezuela would be better off donating that money to charity.

About thirty armed men in Indonesia [seized a gold mine](#) recently. The siege was lifted after they received 1 kg gold and 11k dollars. Now that's negotiation!

Mongolia has [suspended the issuance of mining licenses](#) until a stricter law can be evoked by government. This is being done to deal with those who are not actively exploring and just using the licenses to make money, or those who are currently not following the rules.

A few of the [big players in the markets](#) have agreed to pony up a paltry \$39 million to settle allegations that they attempted to manipulate the Platinum and Palladium markets in 2008. Another banker will settle for \$14 million after hiding a large block trade of oil from the Nymex. There are so many instances of this type of event but too many go unreported or undetected, or in the case of gold and silver, just plain ignored.

The [story of the Giant Squid "bank"](#) is only getting more and more complex as there is a potential criminal probe now being investigated and rumours of a settlement being negotiated. Shares absolutely tanked and blew through the important floor near \$147 late in the week. Technically it's not looking good unless you are short the stock, but a headline could whipsaw the stock higher in a breath.

Protests were held [outside of Wall Street recently](#) in order to voice their anger at Wall Streets pervasive greed. Just wait until they find out how much money the banks are going to make on the failure of America and it's many cities...that one won't be quite so peaceful and orderly.

Here is [a great video to finish off with](#). It's a compilation of the Giant Squid's stalling techniques used throughout the recent testimonies. It was a long, long mundane day filled with many silent periods. After that day I was walking around in a stupor trying to recapture the brain cells I'd lost listening to that drivel all day.

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

If you found this information useful, or informative please pass it on to your friends or family.

Free Service

The free weekly newsletter “Precious Metal Stock Review” does not purport to be a financial recommendation service, nor do we profess to be a professional advisement service. Any action taken as a result of reading “Precious Metal Stock Review” is solely the responsibility of the reader. We recommend seeking professional financial advice and performing your own due diligence before acting on any information received through “Precious Metal Stock Review”.

*To unsubscribe send an email to newsletter@preciousmetalstockreview.com with “unsubscribe” in the subject line.