

Precious Metal Stock Review

Bridging Wealth Protection and Wealth Creation

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Bottoms In!

It was another week of mixed markets where we did see some bottoms in stocks and US markets seem to have turned up thus far. Their not yet trending higher, but they look about to.

The uncertainty of the end of QE2 coming in a little over a month is still weighing heavy as well as more issues over in Europe.

It's all par for the course though as the charts tell all, and usually in advance.

We did a few very short term swing trades trying to pick the bottom and one in particular turned out to be absolutely perfect. A quick double in under three days and we were lucky enough to have nailed the absolute bottom and then high before it turned lower on Friday.

While we do have skill trading, that type of trade is pretty rare no matter how good you are.

Some of the stories I've read this past week of the culture at the IMF is sickening. It's akin to a third world country where human rights are all but null and void, especially when it comes to women. The harassment some of these women endured is just not right. And to think this is one of the worlds most powerful organizations.

I hope he gets prosecuted to the fullest extent and others take heed.

The funny thing is I was just at that hotel a couple weeks ago for a seminar. It is a very nice hotel and right in the thick of things near Times Square. In fact I ran into a few other famous investors there. It seemed like the place to stay as far as I was concerned.

Metals review



Gold had a decent week rising 1.13% in total but Friday was quite a nice day, for gold at least. Gold rose 1.22% alone Friday which is rare and special for gold. Gold is hardly ever allowed to rise and close higher on the day by more than 1%. It's almost never allowed to rise 2% on a given day.

If I didn't know better I'd say someone was kind of controlling the gold price and only allowing it to rise slowly, but rising it is. Sure, it's a bit of a pain as it would be nice to see gold move like silver does, at least on the upside.

A nice steady rate of ascent is nice as well, and really it should draw in many more investors as it does reduce volatility. I don't understand why so many financial advisors still say gold is risky!

It's not, it's one of the most steady and safest investments you can make.

Although a few of our dividend stocks are pretty stable as well, in fact a couple just hit an all-time high this past week which makes us all pretty happy over here, but they do move slow.

If it weren't for the 18% and 8% dividends they pay I doubt we'd own them.

Gold blasted above both the 21 day moving average and the downtrend line Friday and looks good to move higher from here, albeit at a slow nice steady rate of ascent.

The GLD ETF saw pretty good volume on the week but very large volume Friday as investors piled into the ETF and metal itself. When strong volume accompanies moves higher it simply says investors want it and it's likely to move higher going forward for at least a little while.



Silver slid 0.93% for the week but held up well, or at least didn't really fall further. It looks like we have a bottom here now with a higher degree of certainty than last week.

The question is, what now?

It would be nice to see silver move sideways for a little while rather than heading straight back up.

So far we're holding the 100 day average and we'll be testing the 21 day within a week or so if we remain in this region.

The SLV ETF saw volume shrink this past week. Volume is still heavy looking back to any metric further back than the mid-April volume spiking. It's hard to judge much from the volume right now other than to say the selling looks to have now been exhausted. Now we wait for strong sign of large buying.



Platinum rose 0.40% this past week but remained in a relatively tight range. Price couldn't get above the 50, 100, or even 21 day moving averages.

Be very careful with platinum for the next week or more and if you're looking to buy the physical it may be best to hold off for a little while. A

bearish head and shoulders pattern is near perfect here and it points to a move down to the \$1,625 area.

If that does take place it would be a great place to buy the physical or enter a trade as there is some really nice support around \$1,625 to \$1,600 if you look at a longer dated chart.

The PPLT ETF volume all but disappeared this past week. Beware of the bearish chart pattern.



Palladium rose 3.07% on the week but couldn't quite muster the strength

to get above the 21 day moving average at \$738.24. The chart is wide and loose, never good characteristics.

This chart does have a double top which formed in early April and early May. That's an avoid in my books. We've had such a nice run in palladium and other metals that it is going to take some time to form nice patterns that you can trade off of.

Even if you are looking to buy the physical I'd hold off for now as I think price will come down.

The PALL ETF shed nearly all it's volume this past week. In fact it's the weakest volume week I see on the six month chart I'm looking at right now.

Fundamental Review

We had three banks fail this past week and join this years so far small list of biggest losers.

In Zimbabwe where recent hyperinflation ravaged and destroyed the currency they are now using the US Dollar, but they see clearly what is coming. The Central Bank is calling for a sort of Zimbabwe gold backed dollar as they see that the US Dollars days as the worlds reserve currency are numbered.

If any country would know the signs it's Zimbabwe. And they have no ulterior motive other than survival and to avoid going through what they just did, once again.

I had a nice chuckle at this story of slumping Venezuelan gold output and that the state mining company is seeking a bailout of \$70 million. After stealing deposits from foreign companies it's a nice little payback.

Only 1.7 tonnes of gold was produced in all of 2010. The fact is they should have let the foreign companies develop the deposits as the state run company is inefficient and unskilled. Negotiations are still underway with China and Russia to get funding.

Other industry is struggling in Venezuela such as aluminum smelting, cement, steel and oil production.

Serves Hugo right in my opinion.

A relatively new fund at Pimco, who cannot itself invest in gold, is investing in gold. In fact it's their largest single holding. They say it's a good form of protection against what can go wrong.

Exactly as I've been saying for a long time. It's insurance and also an appreciating asset. Own as much physical gold and silver as makes you sleep well at night. These days that's the more the better.

We know many [central banks are accumulating and hoarding gold](#) and that's one reason stated by Pimco for investing in gold. With such large backers it's a good bet gold will continue higher.

China has surpassed India to become [the worlds largest gold buyer](#). It was inevitable and now China both produces and buys the most gold of any other nation. The only category India wins in now is in jewellery demand.

The Chinese are practical people and they just want the metal for what it is, not for a fancy design. I feel the same way as the chinese and have steered away from buying numismatic metals. I just don't see why I would pay a premium for historic content. But others disagree. It's a personal choice, just make sure you make it, and are not convinced of it.

While George Soros may have cut some of his gold bet recently, he's still very bullish gold and has now [invested in a couple very large cap mining companies](#). The media overreacted when it was announced he'd sold some GLD shares, but I haven't heard about him buying into miners much.

[Steven Cohen is has also placed a large bet](#) in one of the miners George Soros is so keen on. While I'm still not too keen on the large cap miners as they are just so slow, this may be the signal that it's about to change.

This great long article about the [current gold rush in the Yukon](#) is very interesting. It's amazing how Shawn Ryan has picked up the complex profession of geology so well with non-formal education. It goes to show you, you can do anything you want.

There are many [fun facts in this article on the US debt](#) but one that really caught my eye was that the US debt of \$14.3 trillion would stretch to the moon and back twice if stacked with \$1 bills!

I don't really have much in the way of funnies this week but this article caught my eye and gave me a chuckle.

The headline is "[Excess weight in elderly makes daily tasks harder](#)".

Good lord! I'm almost 37 and my extra twenty pounds makes my daily tasks a bit harder. Even if I was in great shape I'd imagine my daily tasks would be harder when I'm over 65 anyhow. I can't believe some of the things money is spent on. I can't believe the study was actually reported on either!

A video of [an amazing marriage proposal](#) has gone viral and is definitely worth a watch. There is no length to far to go to once you find the one, but this fella sure does set the bar high.

It's a long weekend up here in the great white north but I'll be at the desk all day Monday as I usually go by US holidays and that's next weekend.

Until next week please enjoy your weekend, long or not, take care and thank you for reading.

Warren Bevan

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Until next week take care and thank you for reading.

Warren Bevan

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