

# Precious Metal Stock Review

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## America On The Brink

We're still up in the air as to what is going to pass in Europe but perhaps this week we will see.

Markets are looking very bearish right now and the only thing that can save them would be another QE announcement which I have an eery feeling will come.

Remember last year on a Sunday we were off huge in the futures as everything technical was pointing to lower prices and we all awoke to a joint QE announcement of some \$600 billion and the markets rallied and literally robbed those with short positions.

That was really unfair and nothing short of manipulation and I could see it coming once again in the near future in order to stem a protracted move lower.

I wish the governments would step out of the way and let things play out. They won't be able to prop up markets forever and when they lose control then the correction will be much more violent and worse.

Later on I talk a bit about just what is coming down the pipe for the US and how it could well be the beginning of the end.

Being a long memorial day weekend we have no market action in the US Monday. On that note let's make this a relatively short and quick weekend letter and then let the good times roll on this holiday weekend!

## Metals review



Gold fell 1.10% this past week in sloppy action that is best avoided on a trading basis but this is giving physical gold accumulators a prolonged chance to buy up as many coins and bars as they can.

Gold seems to be building a little triangle here now which could last a month or so but the much larger wedge pattern is now clear and most important on this chart today.

I'm not really expecting much action for a little while here unless Greece leaves the Eurozone soon or some other systemic issue reaches it's boiling point.

It was nice to see the CME reduce margins on gold last last week, now hopefully this will loosen things up and allow it to rise once again. Friday was a good start but gold has a long way to go but if a major systemic spark ignites a fire then it could easily be at new all-time highs in a matter of days or weeks.

Wednesday's large move lower by about \$40 was pretty unnerving but then the metal of kings roared back later in the day to close near break-even.

Many of the gold shares and definitely the precious metal indexes look to have bottomed and did so in the face of gold weakness. There is no doubt that the shares are massively sold out and just about anyone who can't handle the heat is now out of the kitchen.

Volume was very heavy on the move lower, then higher Wednesday in both the futures and GLD ETF which tells me that there is a lot of gold buying coming in near \$1,540 and that looks to be our low for the moment.

Time will tell but we are going to have a very interesting summer in the markets and gold will be at the forefront.



Silver fell 0.46% this past week and is building a similar little triangle to that of gold. The \$29 level is going to be key going forward and to me it looks like silver is going to break this pattern before gold.

We've see silver leading gold before and I think we are going to see another cycle like that once again.

When silver does lead gold we tend to really rip quickly as we did when silver touched \$50 briefly in 2011.

The analysis above can all change pretty quickly and to be successful in market you must be able to change directions quickly and act upon them but for now I am seeing that silver will emerge as a leader soon.

Both the SLV ETF and the silver futures saw the highest volume as it was hit hard on Wednesday before snapping back strongly on the day. Buyers are present and ready to spend under \$26.50.



Platinum fell 1.41% and looks now to be heading lower. Last week I thought the low may be in but violating the low this past week and putting in a lower low is not good.

Now we're building a bear flag which should end up taking us lower later in the week ahead.

Volume in both the PPLT ETF and futures market was heavy on moves lower and light on up moves which says one thing. We're heading lower.



Palladium dropped 2.56% this past week and must hold this level or else it will quickly move under \$570.

Volume in the PALL ETF and futures was heavy on the downside but the futures volume is interesting as it was very heavy at the support level and it did not push the price lower. This tells me we are seeing accumulation and that the low may well be in since the price is not being moved lower on heavy volume. We should find out the answer to this in the coming week.

## Fundamental Review

A little noticed story this past week came and went quietly when a roar or revolt should have rippled across America.

Regulators are now attempting to put US taxpayers firmly as the backstop to derivative trades and clearinghouses. Not the banks who do the trades, the actual clearinghouses which should be allowed to failed if they must be bailed out.

Recall, the derivatives market is way over a quadrillion dollars now and I can't even wrap my head around that number.

There is no way in hell the US can ever pay off it's debt without devaluing the currency to nothing as it is, so imagine even small portion of a quadrillion dollars tacked onto this growing debt bill.

And to make things worse they are trying to make this potential taxpayer bailout extend to overseas trades!

It's all quite complex and I don't pretend to understand it all and nor do those who may pass the law but I do know that this is the ultimate measure to protect the so a called 1% and screw the 99%!

Chances are US citizens are just going to bend over and take it too. Are you going to just sit there and let all your hard work be ruined?

I cannot stress enough how bad this is. If you've got a good chunk of your wealth tied up in gold and silver you'll be fine but make no mistake about it, America is crumbling before your eyes and this may be the straw that breaks the camels back if it passed.

Take all actions you possibly can to protect yourself. Be selfish and spread the word and talk to your representative. This measure will ruin America the beautiful.

More central bank gold acquisitions are taking place all the time and who really knows what percentage of them are actually reported. In a few months time I expect us to get reports that during this period of weakness they were loading up even more.

March saw the Philippines acquire 32.12 tonnes of gold which is their largest gold purchase in 3 1/2 year. They now report 194.241 tonnes in reserve but thats not counting the plundered and hidden Yamashita's gold loot of which it's existence is highly debatable and will likely never be proven but the Seagraves did write two intriguing books right up Indiana Jones' alley a while back.

Here is the wikipedia link for a brief but intriguing overview and the books is a super read if you're into awesome potentially true tales of mystery.

Mexico, Kazakhstan and the Ukraine also added to their gold reserves in April.

Indonesia is [offering incentives for companies to build smelters](#) in the country in an attempt to reap further benefits from their mineral wealth. It only makes sense really. I would want the same thing if my land was being pillaged mainly by foreigners.

It's nice to see the Godfather of Gold, Jim Sinclair, or should we call him the GoldFather, doing it right. In the midst of nationalizations and increased regulation and taxes [he's made it easy in Tanzania by offering the country 45% of his company](#). I assure you he'll be taxed the lowest rate possible and given every accommodation.

He knows what he's doing and is doing it in a responsible manner that will ensure it gets done.

I hope that was short enough for you on this awesome long weekend, and still informative as we move forward in this secular precious metals bull market.

Warren Bevan

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