

Precious Metal Stock Review

March 9, 2008

METALS REVIEW



It was quite the week for the metals especially Gold. On Tuesday we saw a quick \$30 drop then almost as quickly on Wednesday we saw a quick \$30 reverse. This tells me there is a huge battle going on between the bulls and

bears. Obviously \$1000 is the battle line and there are some really big powers who do not want Gold to cross that level. Time will tell how long it takes but once that level is breached it will open some eyes and should begin to increase interest in the sector.

I don't think the general public will be too willing to buy gold for \$1000 an ounce considering it was just \$250 in 2000. That is a huge increase and although the big money and real powers in this world will want physical gold and will pay up for it many of the smaller investors who are looking for more leverage will put money into smaller more reasonably priced Junior and Exploration stocks. In many cases you can buy and .oz of Gold in the ground for under \$20 dollars where as in Newmont's case it is closer to \$250. Although this is still a good deal and will provide excellent less volatile returns the huge gains will be in smaller issues.



Silver saw the beginnings of a commercial signal failure where the shorts will be covering recklessly in an attempt to stop the bleeding. Silver did follow Gold to a large degree but the open interest numbers suggest that Silver is still on notice to some potential huge moves coming on a short covering rally. For the first time in this bull market we saw Silver increase over \$1 in a single trading session. Although this is not as significant at \$20 as it would have been below \$15 it still bodes well for Silver.



Platinum saw some \$100 dollar price wings this past week which is just unreal to watch. The metals sure can be volatile but over the long haul they are producing and will continue to produce some great returns. Near the end of the week it was announced that Eskom will be increasing the power to mines in South Africa from 90% to 95% which caused Platinum and Palladium to drop off sharply.



Palladium saw a \$100 dollar decrease this past week that began early and unlike the other metals continued throughout the week. It looks to me as if someone was tipped off to the Eskom announcement and sold Palladium down all week in anticipation of the news, but this was not replicated in the other Precious Metals so I may be stretching here a bit. For the price of Palladium to drop almost 20% from \$600 to \$500 is an indication of the volatility to come, as if there hasn't been enough already. Watching these markets is so interesting these days. Please visit my Charts and Indicators section at www.preciousmetalstockreview.com for a more detailed look at charts and some indicators I use.

FUNDAMETALS REVIEW

No, that's not misspelt! I am calling this section of the newsletter "Fundametals" since it will focus on metals and their fundamentals. After such a huge run with Platinum and Palladium it was just a matter of time or news until they corrected a bit but they are still up very nicely in the past few months while the stocks haven't kept pace. I believe that once we see a bit more stability and a platform forming in Platinum and Palladium the new fair value of the stocks will be calculated and the stock prices will appreciate accordingly. It's hard to value such a runaway train until it slows down a bit and you have an idea of where it will pick up speed again from. As well that is a good sign that we are nowhere near the top yet since if we were closer to a top the stocks would be going up even faster than the metals and valuations would be so unrealistic and there would be no thought behind any trading. We have a long way to go and now is the time to pick up some quality Junior and Exploration stocks.

An interesting thought is that since South Africa is still the largest gold producer in the world, just beating out China in 2007, and by far the largest Platinum and Palladium producer in the world that Gold did not see a rise quite like Platinum and Palladium after the power crisis began. I won't get too into it but I do find it curious and to believe that Gold is a freely traded market is a stretch in my opinion. All you have to do is follow a chart of Gold daily and almost like clockwork you can see as the NY trading session opens Gold ends its Asian run or begins to go down. If you put 2 and 2 together you would think there is someone in America who doesn't want Gold to rise! I believe GATA (Gold Anti-Trust Action Committee) has the answer to this. Also do any central banks hold any significant reserves of Platinum and Palladium? No, but they do hold Gold. Who holds the most? America. Go figure!

It was a quiet week for the Junior and Exploration stocks, although the BMO 2008 Global Metals and Mining Conference has finished up and has some

great presentations and it is a super place to start to look into and get a quick in depth review of some of these great and very undervalued companies, you can find more information at http://audability.com/AudabilityAdmin/Clients/BMO/10571_225200880000AM/lobby.aspx?Event_ID=571 if you have some time on your hands. Otherwise I will soon be offering a "Watch My Portfolio" service at a modest fee so you can see my portfolio weightings. It will not be a recommendation only a chance to see what I hold and value dearly.

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