

Precious Metal Stock Review

Bridging Wealth Protection and Wealth Creation

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G 20 X

There is no need to talk about the recent G20 meetings as absolutely nothing was accomplished whatsoever. Glad to see our taxpayer dollars working out so hard. Why don't they just teleconference and call it austerity?

Mark a big X through those days as the G20 members may as well have taken a holiday instead of pretending to work out anything.

The first day of the QE 2 programs were a bust. Markets tanked hard on Friday as well as many commodities. Damage to charts was fairly heavy in many cases and repairs are needed which could take months, or weeks, or maybe no time at all if markets are propped up as is very likely.

The spin and confusion isn't helping either. All it's doing is confusing the little guy and forcing professionals to learn to words for old definitions.

A couple of my favourite newer financial terms are;

Quantitative easing.

It's defined in Wikipedia as; "**Quantitative easing (QE)** is a [monetary policy](#) used by some [central banks](#) to increase the [supply of money](#) by increasing the excess reserves of the banking system, generally through buying of the central government's own bonds to stabilize or raise their prices and thereby lower long-term interest rates."

That sounds like printing money to me. Why they don't just say that is obvious. They must pretend they are not, by making up new words and defining them as vaguely and confusing as possible.

It really cracks me up. Quantitative means, information based on quantities. The basic term then means, reducing something unpleasant by printing large quantities of money.

This is in fact totally backwards. It is very debatable whether it eases anything at all today, but I assure you tomorrow and next year and further out it will ease nothing. It's a road to hyperinflation plain and simple.

Another good one is Austerity. I get a kick out of the news as protests rage around the world over so called austerity measures. Why try and confuse?

Just say it. Austerity is cutting spending. It can range from spending less on paper clips to reducing social security by raising the retirement age, or cutting education, healthcare and of course raising taxes. Anything that reduces a deficit.

Unfortunately the ones who got us in this mess are all but immune to these measures.

Why governments don't put money in the hands of the people by lowering taxes or simply giving them a cheque I don't understand. The money would end up in the hands of the fat cats anyhow once it was spent, and it would stimulate the economy.

I sincerely doubt that the central bankers fear of people just saving the money would come to fruition. People are hurting and the money would be spent. Perhaps not in a day or a week, but over a short amount of time.

The bankers and others who are receiving the money are only saving it anyhow, well most of it, they pay a hefty sum in bonuses which will be coming up very soon.

Let's keep moving along and get into some charts before the sun rises and I head outside on this glorious looking weekend.

Metals review



Gold slipped 1.78% in the end this past week with all of that coming on Friday. The 21 day moving average was broken early, then held at the end of the day which is very positive. This is not the same bull market we have been used to. Times have changed. Corrections are now much shallower, and if by chance we do get a deep one, consider yourself lucky.

We may see a quick test of the uptrend near \$1,350 or even to the 50 day moving average at \$1,325 but even if markets tank further from Here Gold should hold up well.

The GLD ETF saw huge volume on down days which should be a signal to sell but I wouldn't bet on it in this case.

Next week will be interesting for sure, but I think taking advantage of this weakness to initiate trading positions is wise, but time will quickly tell me if that's correct.



Silver only slipped 2.47% for the week after a massive spike higher early in the week. I used this weakness to initiate some trading positions that will be massively profitable if Silver turns up higher again from here.

Silver's faring far better than Gold having not even tested the horizontal support area, nor the 21 day moving average.

Funny enough the SLV ETF saw the highest volume by far on the spike high on Tuesday. It seems nobody wanted to sell on the spike low Friday. Silver remains explosive as the massive short position is being uncovered and

unwound. While the increase in margins did do their job Tuesday by smashing down prices, the shorts are still in deep deep trouble.

If I were to be in one position today it would be silver and we are heavily weighted towards that both in our physical position as well as out trading position.



Platinum dropped 4.87% this past week after briefly piercing the early 2010 high near \$1,770. Horizontal support was broken and the uptrend was tested and held.

Platinum looks a bit precarious here and could fall to \$1,600 quite easily.

The PPLT ETF saw the highest volume on the false breakout day and actually only moderate volume on Friday. Perhaps we won't see any further downside in Platinum after-all.

I usually have the business channels on, but muted but this week there seemed to be more and more talk of the precious metals. It preceded the crash. The talking head are beginning to wrap their heads around this ongoing raging bull market finally. But this won't be the death blow yet.

Recall the tech bubble or more recently the housing bubble. Those lasted a very long time as the focal point on TV before they busted.



The out-performer this week was Palladium as it actually rose 2.72%! I've talked about the \$600 level's importance and said once that was cleared it

would make way for much higher prices. We haven't seen prices this high for Palladium since mid 2001.

While I knew it was very bullish to get above \$600 I did not expect at all to see it run above \$725 in under a month. That is nuts!

Unfortunately I didn't take a position when I should have as trading cash was deployed elsewhere at the time. That bugs me to no end as it would have been one of the best trades of the year.

I don't think it's too late though and I will be looking to trade it on any chance it gives me.

The PALL ETF saw heavy down volume and only moderate up volume this past week. It seems like investors are climbing the wall of worry with Palladium at the moment as it continues to defy conventional wisdom and keeps inching higher.

FundaMental Review

I'm going to try and keep this section as brief as possible today as the sun is now up and very bright. It may be my last chance to solidify in my brain for the winter that I can't golf!

A Chinese ratings agency has [once again lowered it's rating on US debt](#) to A+ from AA. They did this as their view is that the US has a "deteriorating intent and ability to repay debt obligations".

Did you catch that? They actually said the US is going to hyper-inflate their currency as a means of defaulting on the debt.

I've talked about this for years, and the Chinese have known this for even longer but for them to have an agency actually say it out loud speaks volumes. I just can't believe this story hasn't been front page press. Pardon me, actually, yes I can.

Here is an article by a fellow who finally [gets the Gold story](#) to a degree. He talks about how Gold's all-time high is somewhat of a myth when accounting for inflation.

We in the so called "Gold Bug Camp" have said this stuff for years and it's obviously true, but we were mocked over this fact and many others which are finally coming to see the light of day and are being proven as correct.

We are in the second phase of the bull market now as people begin to accept the story, and in some cases some facts, such as the inflation adjusted

story, are almost perceived as common knowledge. It's getting more and more fun almost by the day now!

The ICE Exchange is now [accepting Gold for initial margin](#). So now Gold is truly being accepted by the establishment as money.

This is big news, although they say that the Gold will be accepted "by electronic transfer in increments of 1 troy ounce". Hey Scotty, just beam me over some more Gold will ya!

Another large hedge fund [has ponied up to the Gold trade](#). The fund now lists Gold as their top position. Interestingly enough it wasn't even listed among their top five holdings as of the end of August. That means they've been buying the whole way up.

During a US military exercise recently a [Chinese submarine popped right up](#) by an aircraft carrier after evading what is widely thought to be the best military in the world. Unfortunately this incident will lead to many more billions being spent on research and such in the area of defence where far too much money is already being spent.

Here is a [must watch half hour interview with Jeremy Grantham](#). I've never seen Maria so quiet as he tells it how it is, but he doesn't really get into metals at all.

Now this is cool! [Gold nano-particles laced into trees actually glow at night](#). The researchers in my old stomping ground, Taiwan, are hoping this can actually decrease if not eliminate the use of street lamps at night saving countries enormous amounts of money. While Gold is expensive, nano-particular Gold uses very small amounts and this could actually be a viable technology although it's still in it's infancy. Wow.



Until next week take care and thank you for reading.

Warren Bevan

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