

Precious Metal Stock Review

Bridging Wealth Protection and Wealth Creation

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Thanks For Giving Us Cheap Gold And Silver

Let's be frank here. I spend between 12 and 15 hours a day working in front of my computer screens watching markets and charts and reading news and reports from all over the world.

You'd think I'd have a clue. I don't.

There is so much confusions about what is occurring in Europe right now and anything we'd read is far from the workings going on behind the scenes.

All I know is that things are bad, very bad and people have been robbed, literally robbed, in the case of MF Global and this is just the beginning.

All I know is that I could lose all my swing trading money, dividend money and mining stock money and still come out smiling because of my weighting is the physical precious metals.

Not that I think the stocks I hold will crash, quite to the contrary, I think they will outperform cash and when some new sort of currency emerges the shares will be revalued appropriately or even higher in that new measure of exchange.

But still, that is an absolute unknown. What I do know is that whatever he or she does in Europe, China the US or any other region doesn't matter one iota to physical gold and silver.

They are the ultimate form of insurance and wealth preservation.

Get some now, but still use some of your wealth to invest int stocks as you can still do really well if pointed in the right direction.

On this US Thanksgiving weekend other than the usual thoughts of being thankful for my great family, friends, health and life in general I'm very thankful for my self-education in regards to monetary history.

Monetary history is simply not taught today or hasn't been taught to the masses is decades. I know if I hadn't taken the initiative I'd still be clueless and sadly most don't take the initiative to spend half hour on a Wikipedia page on monetary history or hyperinflation.

Metals review



Gold lost 2.22% this past week in what was a weak one for most things I track. The only thing that rose this past week it seemed were European bond yields, even the US yields were seen rising in one bond auction.

Gold is now testing and so far holding the 50% Fibonacci retracement level which is quite common.

I'd not be surprised to see it fall further to the 61% retracement level which is near the important \$1,650 level as per the great [Jim Sinclair](#).

I wouldn't expect much of a drop from here and it won't be long until we're at a much higher level once again. All in all gold is heading much higher but this pause may not quite be done yet.

Remember that gold started the year off under \$1,400 so it's been another great year. Next year will be another good one also, I am sure of that.

It's pretty hard to really take the GLD ETF volume into account this week as it was US Thanksgiving and volume was weak in most places but strong down volume early in the week is typical.

Now that we are at support we should continue to see low volume until we break one way or the other and that is what we saw late this week but we'll have a better idea early next week as traders come back from the holiday.



Silver slid 3.91% this past week and is also testing the 50% Fibonacci retracement level here.

There isn't much to say. The chart doesn't look great but we're at support here and I'd like to see it hold now.

As hard as it is to believe that gold and silver were down on the week with so much turmoil in Europe, it is what it is for now.

The SLV ETF volume was nothing special on the week and next week we shall see things a bit more clearly once traders return from holidays.



Platinum fell 3.03% this past week. The rally was stopped dead at resistance from back in June and has fallen pretty hard since, along with everything else.

The 61% retracement level was hit and held so far with decent volume on the lows which means people are buying it, not selling it, as the price held support levels.

It's not been a fun couple weeks but this move lower is extended and should see a bounce, at the very least, in the near future.

The recent drops in many mining stocks coupled with the tax loss selling season presents us with an opportunity. In that vein I'm going through all our mining stocks and [sending out a report to subscribers over the weekend](#) showing weekly charts with great areas to put in stink bids, or low bids in hopes that they are triggered and we get some stock on the very very cheap.

This report is priceless at this time of year.

The PPLT saw surprisingly heavy volume pushing it lower early in the week with great volume also seen on Friday as support held.

We shall soon see if this support area is true but so far it doesn't look to bad.



Palladium dropped 3.86% this past week and looks ugly here and perhaps is a precursor to the other precious metals as it looks to be headed back to lows where the Fibonacci level was drawn from. \$535 looks to be in the cards here soon.

The PALL ETF saw heavy down volume early in the week as support was broken. If support breaks on volume it's never good and now late in the week average volume continued to push the ETF lower. This is perfect action to push it lower still.

I wouldn't touch this right now with Greece's money, and no, it's not because they don't have any, it's just too dangerous here.

Fundamental Review

I heard Ron Paul talk about the US and their budget this past week. All they have to do to balance the budget would be to adopt the budget from 2004.

That's really not long ago and things were pretty good back then. How can they have strayed so far in such a short time?

It's definitely something to think about and something to bring up with your elected officials.

Hungary's debt was cut to junk status with a negative outlook this past week.

One of the most interesting developments to come from the week was a failed German bond auction. They are the soundest and safest economy in Europe to invest in and their bonds simply weren't bought.

What's interesting can be answered by the question of just who buys bonds?

Central banks, banks and large financial institutions and hedge funds and mutual funds to a degree as well.

From my perch a failed auction of a safe country is nothing but a warning to them to play soft when it comes to bailing out hurting economies or suffer the consequences.

This is a dangerous game at any time and especially in this volatile environment, but it's being played nonetheless. We'll see how this plays out but it's more tomfoolery and childish games in my opinion.

There were no failed banks this holiday week and the FDIC said it's list of problem banks has now shrunk to 844 from 865, but wait. Let's try a simple exercise here.

The third quarter runs from July 1st until September 30th during which time we saw twenty banks fail.

That makes sense. The list was reduced by 21, so 20 failed and 1 got the books in order. I guess that's not such a rosy announcement after-all and by this metric we should expect a least 800 more bank failures.

Nouriel Roubini recently called [gold standard supporters “lunatics and hacks”](#). Woo there boy. Sounds like your getting defensive since you haven't had a right call in as long as I can remember and it sounds like your getting jealous because you know the gold standard is inevitable going forward.

Gladly, I have to reside in that camp of nut-bars I suppose. Gold is a a measure of accountability that is not used up, nor increased at an unsustainable rate from the earths crust.

You know what I'd say to Roubini if he were here today or perhaps if I was lucky enough for him to browse my words today.

Look Nouriel, study monetary history. Gold is a measure of accountability against the certainty that human greed will destroy any currency.

Nearly every single paper currency came into existence being backed by something tangible, mostly precious metals. Every single time the currency was debased and debased some more until finally it was unbacked by any measure of accountability.

Then the unlimited money printing began to take over like a cancer. Slow at first but gradually picking up speed until things got so bad that wheelbarrows of money were worth less than a wheelbarrow of firewood.

Every single currency has failed with the exception of the ones who are still young, and around today.

Just because Nouriel or any other economist has some fancy degree and thinks they have a new idea to save a currency doesn't mean they actually do. “This time it's different” doesn't fly for me as I see the same mistakes being repeated as we've seen every single time throughout history.

A good long read on the subject can be found in the book “The Rise and Fall of Great Powers”, or just [read the Wiki page on it here](#). Every time governments eventually overstretch themselves and have to print more money and thus begins the cycle.

Look Nouriel, you can talk me under the table with complex strategies and economic theory, I may even take a nap while I'm under the table to the soft sound of your voice talking economics, but I can guarantee you that you nor any other economist can solve the debt issues today while leaving the US dollar or the Euro intact as a currency that will last much more than the 40 year average an unbacked currency lasts.

And by the way, guess how old the US Dollar in it's current form is? Look it up if you don't know....the answer starts with a 4 though!

If economists are so damn smart and know all the solutions why don't they begin trading instead of pontificating philosophically to those will to listen to the fluff?

This Nouriel guy sounds like Jeffrey Cristian who keeps calling those who are right liars. Just because you're wrong doesn't mean you have to stoop to grade 3 name calling. Grow up.

In markets one of the most important lessons to learn is that when you're wrong, admit it and get right by getting on the other side of the market, I guess some still have this lesson to learn.

It's the same in life. We're all wrong often and those who can succeed admit and learn from mistakes.

Germany [sold 150 million ounces of gold](#) recently and it's the first time in a while we've seen a central bank actually sell rather than buy gold. But before you bears get to excited realize that it was sold to the German Ministry of Finance to mint coins.

I'm thinking this means that they had trouble buying that much gold on the open market and had to resort to internal inventories. If true this is very, very bullish news for gold.

Speaking of gold I was watching a short documentary on the flash crash of 2010 when we saw the Dow down almost 1,000 on an intraday basis. An amazing spectacle to be sure. It was funny though as the anchors talking during the story said gold had touched \$1,200 on that afternoon.

It's only about 1 1/2 years later and gold is solidly around the \$1,700 area after having temporarily topped out above \$1,900 not long ago.

I ask you.

Who among you thought gold was expensive at \$1,200?

It wasn't

Who among you believe gold is expensive at \$1,700?

It's not.

Compare the world economically today to 2010.

Better or worse?

You know how I feel.

Jim Grant recently said he has calculated that the [US federal Reserve is leverage at about 100 to 1](#). MF Global was supposedly only levered up around 40 to 1...

Venezuela's gold has begun to be repatriated as the [first shipment arrived on a flight from Paris](#). It's not said how much of the 211 tonnes arrived but there was at least one crowd cheering the arrival. If this goes well I expect others to repatriate their gold.

There is a super cool technology being developed where [contact lenses will basically have a transparent heads up display](#) which can be connected to the internet eventually. I can't wait until the day when I can be walking down the street and watching charts and stocks or reading news at the same time. This gives a whole new meaning to multi-tasking. And even better your significant other will never be able to say get off the computer....oh the possibilities!

I hope you're all having a great weekend. Don't worry about the markets they will right themselves and if you're holding a substantial percentage of precious metals then you should be sleeping soundly, as I am.

And don't forget to check out my [pertinent report on all my favorite mining stocks](#) which are on sale and we may get an even better deal in the next couple of weeks or so. It's really worth its weight in gold, or silver!

Warren Bevan

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](#).

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