

# Precious Metal Stock Review

*Bridging Wealth Protection and Wealth Creation*

[www.preciousmetalstockreview.com](http://www.preciousmetalstockreview.com)

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## Bottoms Up

I have good reason to believe that the general markets are headed lower here immediately and there is a good potential of a low being put in this coming week or the next before we may well see a strong rally through the end of 2011. I hate making predictions and this isn't one but [as detailed in the subscriber section](#), that's the way the charts are looking to me right now.

As for the large economies of the world, I'm trying my best to ignore the daily headlines of bailouts and potential defaults. The focus shifts from one region to the next with seamless fluidity once the area of focus is temporarily bailed out.

These measures are all bandaids and all result in one the, the printing of money out of thin air.

Unfortunately the currency debasement is hurting more fiscally responsible countries like Canada and Switzerland as well. Both countries have [vowed to intervene in their currencies](#) in order to not let them rise versus the US Dollar in Canada's case and the Euro is the case of Switzerland.

The story continues as the two heavyweight currencies of the world, the US Dollar and the Euro, drag down the rest of the major currencies.

It's been inevitable for a decade and becoming crystal clear now that there is some type of currency change coming our way. As always, I think owning physical gold and silver is perhaps the best way to protect what capital you have and quite likely increase its purchasing power as we move into this new paradigm.

That doesn't mean we can't have some fun though. While we hold a large percentage in physical precious metals we also own hefty paying dividend stocks for income as well as miners who are getting slammed these days but our swing trading portfolio provides us with the most explosive return and the most fun as it's much more actively traded.

Let's move into the charts this week and take a good look at the monthly charts which don't look that bad and really help us put things into perspective.

## Metals review



Gold dropped 10.97% for the month of September but it was up 0.55% this past week. Taking a look at this monthly chart it's quite clear the significance of the \$1,000 level before we broke above it after building a nice base in 2009.

When \$1,000 was breached the first time, the gold price fell about \$300 and people thought gold was done for. Alas, we're soon to be double that level.

This most recent \$300 correction has many saying gold is done once again but the problem is most of them have been bears the whole time and still don't own any gold.

Personally, I don't know anybody who is selling gold here and those whom I respect and read are actually buying.

I'm betting a substantial amount that gold is not even close to being done and I'm not selling a single ounce.

It looks like the low is in for gold after a quick move lower to test support at the \$1,550 level early in the week. In fact the low was put in before the US markets opened Monday morning as the wise gold happy Asians greedily snapped up the bargains.

The GLD ETF saw it's heaviest volume off the Monday lows and then exhibited competent volume the rest of the week but nothing extraordinary. To me it looks like the low is in for gold right now but some sideways base building action would be fantastic.



For the month of September silver fell a massive 27.9%, most of which came in the third week alone. For this last week silver fell only 2.33% as it's trying to do some sideways work here after having put in what appears to be a bottom very early this past trading week.

Looking at the long-term chart it's definitely ugly but as we're all painfully aware silver doesn't trade as it should and ignores technical analysis nearly all the time. It's got a life of it's own and marches to it's own beat and that's why I try and avoid trading it, rather I enjoy owning silver in the physical form only.

It would be quite conceivable to see silver test the strong support area at \$20, but that gift would really be too much. Already, with this nice decline refiners are struggling or simply can't keep up with demand.

Realistically it looks like the low is around the \$28 area already but we are likely to see some sideways action to build a nice support or base area before we move to challenge new highs once again.

The SLV ETF saw it's highest volumes early in the week and then they fell off pretty well for the rest of the week. Volume isn't really telling me much other than this ETF is being avoided to a large degree for now.



Platinum dropped 17.68% during September with 5.91% of that coming this past week alone. A move to test strong support under \$1,400 is not out of the cards by any means as investors aren't snapping this precious metal up as much as their brethren gold and silver.

The PPLT ETF volume was indicative of a further move lower as heavy volume accompanied the drop and we kept on falling on medium volume near the end of the week.



Palladium slid 21.91% this past month and 3.48% in the past week.

Looking at this monthly chart it's not hard to make the case for a move under \$600 and even a move down to test good support just under \$500.

Since platinum and palladium are seen as more of an industrial metal they just may not be supported as much as gold and silver as recession is here or appears to be around the corner for much of the developed world which could allow for a prolonged drop.

That being said if the supply shortages persist in silver and gold, then investors may opt to buy platinum and palladium more rampantly as they are a store of wealth when it comes down to brass tacks.

The PALL ETF saw heavy volume on the declines early in the week then heavy volume Friday as it continue to make new lows. This means palladium is headed one way and one way only now, lower.

## Fundamental Review

Really there isn't much to talk about as the sovereign debt issues have been dominating the headlines for far to long.

Personally, I try and ignore the scary and tedious details of it all since the outcome is set in stone as far as I can see and that outcome is currency failure.

To try and dissect the minute details is both beyond my pay grade and my threshold for absolutely boring and worthless detail.

Holding the physical metals has worked for a decade. I expect it to continue working with the odd minor or major sale, I mean hiccup, where new investors have the opportunity to enter.

The secular bull market in precious metals won't end until the world is cleansed of these debt issues and that is a few years away or more the way they've been prolonging it to date.

Enough of that since many of you dear readers are already convinced of the life altering benefits of precious metals.

But before I move on I would like to point out one of the most salient points I've head in a long time. Doug Casey makes the excellent and true point that in times of currency crisis it's the middle class that gets hurt since they save in cash.

Poor folks get taken care of by the government, rich folks have their assets well diversified and in things worth value for the most part while the

hard working middle class saves in cash that is to become worthless or heavily devalued in the years ahead.

Even if you're not rich you maybe should be thinking like you are and try to invest accordingly within your means. Silver is still cheap and just about anybody can afford a few ounces or more a week.

There has been a lot of talk about the coming [Pan Asian Gold Exchange](#) which is scheduled to open in China this coming spring. It's not news that Chinese are heavy into gold and this will facilitate their hunger to a degree and it will also help drive and perhaps even begin to control or dictate the price of gold.

Either way, I think it's great to see a new gold trading platform where the price of gold will hopefully trade more freely. Yes, I have and still do believe gold is controlled at times. It's a fact that governments and central banks are intervening in stock markets, currencies and bonds so to think they're not involved in the precious metals/real money markets at times is foolhardy in my view.

The failed bank list out of the US is only growing at a trickle now as only six banks failed and joined [this years list of biggest losers](#) in all of September. I expect the bank failure rate to begin to pick back up again over the next few months.

Mints are having a hard time [keeping up with demand for silver](#) as those in the know are snapping it up while it's on sale here. It's a fact that there is only so much silver in the world. A good portion is used up in industry and that number is increasing.

There will be a day where you won't be able to buy silver at the spot price and you will have to pay a premium of perhaps 100%. Get it now while you can at a reasonable price. As there are [more buyers than sellers premiums increase](#).

A wreck was found this past week with about [\\$210 million worth of silver onboard](#). What an exciting discovery! The silver will likely sell at a premium as the historic value will be high and really this metal will be sold at auction not in the open market so there is no danger of a flood of metals coming into the market.

The funny for the week is [this poor reporter reporting what this fella, Tood Hirsh apparently told her](#). It seems he told her that gold is not backed by anything as opposed to the US Dollar which is backed by the US government. You really have to see the video, and it's short.



A quick search brings me to [this Todd guys website where he's dubbed "Alberta's Foremost Economist"](#). Well, I have to wish Todd good luck in the future, I think he may need it. One word of advice, perhaps your office is a tad too close to some tailings ponds and you may want to relocate to somewhere with a little bit fresher air...or just give up now.

Until next week take care and thank you for reading.

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](mailto: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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