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Canadian Thanks Golding Long Weekend

With gold at all-time highs many investors are worried about buying and rightly so. I think gold will be moving towards the \$1,500 level over the next three to six months. Then I expect a correction back to near these levels and perhaps even piercing the \$1,00 level on the downside briefly and slightly. In that scenario buying gold now may not seem like such a bad thing, if you can get it at a decent premium. As gold rises and breaks out premiums move to unrealistic levels. Once gold is correcting the premiums move back to earth and give investors a better chance to buy. The choice is yours, if not already fully invested as I have been since the beginning of the summer.

We may not even see a correction as worldwide investment demand increases and remains high. I do not envy such a choice and knew this was coming this fall long ago. I loaded the boat with great stocks early in the summer and didn't miss a wink of sleep over it. While not every stock has performed as it could have many are up 50% and one in particular closer to 300%. But over the next few months those gains will only increase.

It blows me away every week the wonderful comments I receive, and how much people enjoy my commentary. I thank you all so much. When I read these words I feel like Neil Diamond when he said he feels like a normal guy who will be uncovered as a fraud any time now. Recently Eric King told me, and I am paraphrasing here, how far I have come and how impressed he was with my writings. I thanked him and said I don't feel my work is nearly as good as

most others out there, and I do believe that. He said, it was my humble approach that kept me constantly improving and evolving. Thanks Eric!

The day I feel my stuff is the best out there will be the day I am done. I've had success in many facets of my life but always looked at others as better, even if it was not true. Learning from others is a lifelong pursuit. Maybe that's right, maybe that's wrong but it's so far how I've done so well. Sorry to rant, I just like to share my thoughts and feelings sometimes, and this Canadian Thanksgiving weekend seems the appropriate time. Now let's get into the meat of this before I get into the meat of our huge turkey!

Metals review



That she blows. Gold lifted 4.63% for the week as the bearish spin continued to be spun leaving many investors on the sidelines and waiting for a correction. The correction they are looking for is about the \$1,023 level, which may or may not occur. We have no historical data for any upside levels which will attract those on the sidelines into the market, but I would imagine it would be a break above the \$1,110 level. That could occur as early as this coming week.

The RSI is just into overbought territory. The moving averages are well below the price and heading higher. MACD is bullish. Slow STO is into overbought territory and looks ready to flash a sell signal. However, in these

all-time high situations you can pretty much throw out these indicators this early into the move. I expect gold to move up as quickly as any market can over the next several months, with many small setbacks, such as this one, which will scare and shakeout those without the conviction needed to make the big money. Do you have the conviction?



Looking at the long-term monthly chart of gold give us a much better perspective on where we are headed in this move. See the three triangle formations lasting for about 18 months each. We just finished this last triangle and are moving towards the next step of this bull market.

Notice the indicators where the vertical lines are drawn are about where they were when we had previous big breakout moves with the exception of

MACD which has been consistently making higher highs and higher lows bull to date which signifies a very strong market.

On this chart I think we can run basically straight up for a month or so before we see a major consolidation, before completing the move higher. I think \$1,200 will be hit first, then some consolidation, then the big fast move to \$1,500 before the really big, “scary” as so many call it, move back lower to possibly test the breakout level of \$1,000, or even \$990. Relax and enjoy the ride. Gold’s move higher is years from over, but we will have other periods that scare the socks off most.



The silver bullet shot 9.89% on the week and as I say so often, showed it’s incredible volatility when compare with gold. A close above the recent peak is fantastic and foreshadows it’s move to test the next level of resistance at

\$19.50 which dates back to July 2008. Then it will be onto and beyond resistance around \$21.25. Let the good times roll.

I expect the up-trending channel to be broken on the upside very shortly and for this market to go parabolic. Notice how steeply moving the 50 day moving average is on this chart. Awesome.



Platinum followed higher rising 4.42% on the week. Its very near the lower end of it's uptrend channel. This metal looks to me to be on the short road to \$1,500 as gold has broken higher attracting attention to precious metals in general. Anything that is perceived as a store of value is being bought by some, but still shot down by so many.

RSI is bullish, as is MACD and Slow STO which is poking it's head into overbought territory which can be sustained for quite some time. The moving averages are all trending higher with the 50 day continuing to give a great base to move higher from as it has recently done.



Palladium rocketed higher by 8.47% on the week and shot out of it's uptrend line. It looks like palladium is on the fast-track to \$400 with a brief stop at \$375. This white metal is leading it's sister, platinum and should be watched with that in mind.

RSI is bullish and just moving into overbought territory. The moving averages are bullish with the 50 day tracking the lower end of the recent price range, but will likely not get the chance to show support for a while now that this metal is breaking out. MACD is bullish with Slow STO also showing a

bullish signal, although quite overbought. I think we will see the Slow STO bounce up and down in the overbought range until the metal hits \$400.

Fundamentals Review

A government watchdog says the programs being used to fight the US home foreclosure crisis needs to be reworked, expanded and supplemented. Great, more taxpayer bailouts coming to a neighbour near you. A foreclosure is occurring every 13 seconds according to the article as the crisis is moving from subprime into the prime market. The programs in place are not set up for the coming wave of payment option adjustable rate mortgages and interest-only loans which are resetting now. No mention of the huge and underway commercial mortgage dilemma. These looming foreclosures are a major reason I am turning bearish on markets in general, not precious metals. I think we will be seeing a rollover before Christmas and will be watching closely for the first signs.

Speaking of commercial real estate issues, US retail shopping centre vacancies rose to 17 year highs this past week. It's coming, as jobs are lost and spending continues to fall it's inevitable that businesses close leaving commercial properties vacant and ultimately to be foreclosed upon.

The pay czar in the US is working on a deal to defer the outrageous pay top officials at seven large firm who've received bailout money, into stock which could not be accessed for several years. However, this has nothing to do with potential bonuses which are renowned to be well beyond any semblance of reality and can still be dished out to these spoiled brats. At least the officials will have an incentive to run the companies well and get the stock price up for shareholders and themselves, being the greedy bunch they are.

However, the same pay czar is expected to approved a massive \$10.5 million salary to the huge, bailed out insurance companies CEO Robert Benmosche. The company still owes the taxpayer \$120 billion. Wonderful.

My favourite bank and financial institution to hate, known as the breeding ground for high ranking government officials has come out to say they are upgrading the financial sector, of which they are a part of. This is reminiscent of their admission in June 2008 that they "goofed" on upgrading the same sector just before it crashed. It took them a full seven weeks of falling before they admitted their "goof". This fits in perfectly with my view that a second wave is approaching the shore and only those with a golden lifejacket will stay afloat.

There is no list of [biggest losers](#), failed banks, this week for, I believe, the first time this year. Wow, things must really be getting better!

The SEC says that [dark pool trading needs more light](#). These are pools where large institutions buy and sell stock out of view of the public and largely regulators as well. You can be sure this dark area is buzzing these days as these institutions covertly prepare to profit from the coming second wave of the crash. It's a rigged game where you need connections to profit, but major, long-term trends such as the precious metals bull market are still viable options for longer minded individuals.

Malaysia is next on the growing list of countries to go through with a [currency exchange with China](#). This will be used for trade between the two countries as dependence on the US dollar as a mean of international trade continues to diminish.

I am sure everyone has [heard the story](#) of middle eastern interests, Chinese, Russian, Japanese and French meeting to come up with a plan to skirt using the USD in oil trading in favour of a basket of currencies which would include gold. Rumbblings have been taking place for the past few years over deals similar to this. I don't have much to say on it, since in my view it's old news, other than, stories like this must be denied at least three times for it to be considered true. This one had more than three denials come out promptly making me think this is truer than true, although it will not be an overnight change, it is coming.

[Australia raised rates](#) by 0.25% to 3.25%. They are the only major economy to have not gone into recession officially. That move shocked markets and helped push gold into all-time high ground in USD terms.

Herta Mueller has [won the Nobel literature prize](#) for her works on Romanian dictator Nicolae Ceausescu's brutal rule and how a few powerful individuals can dominate and destroy a nation. Sounds familiar, but the men in America are hidden behind the curtain. That book would be much harder to write and have validated because of that. The people I refer to are much more suave, as they go about their devious activities and have a much longer timeframe and plan. The rigged markets are a testament to this and one everyone who tries even a little bit can see.

Greece has [all but approved](#) a companies final permits to mine there. This comes after years of political and local opposition to mining in the country. Perhaps tourism dollars are drying up and they are looking at alternate sources of revenue.

Russian [gold output is predicted to rise 11%](#) in 2009 to 205 tonnes. How much of that do you expect to leave the country? I'll give you a hint as to my thoughts. The answer is in the total amount produced which is 205 tonnes.

South Africa's [mining production continues to decrease](#). This time the August total was down 11.5% year over year. When you break down the numbers though gold production was only down 2.9% while platinum group metals were down 4.3%.

Eskom, South Africa's power supplier is [planning to increase tariff's](#) 45% over the next three years which is causing unions to forecast further job losses as companies deal with the cost increase. The problems never end down in the mineral rich country.

Interest in South Africa's mining industry remains strong by foreigners. Mineral poor [Japan has signed a deal](#) to obtain right to develop platinum mines in South Africa's well as in Botswana. They join a long list of countries looking for mineral deals outside their own borders. These occurrences have been and will continue to heat up over years. While there is a near endless supply of minerals on this earth, recovering them economically is becoming more and more difficult, leading countries to vie for position outside their borders. International relationships are key and must not be taken lightly.

Some Indian jewellers are now beginning to [sell precious metal coins](#), in direct competition with banks who charge large premiums on coins. Imported coin sales are up 20% year over year and the lower premiums offered by jewellers make it an attractive investment over high priced jewellery. In 2008 India imported 501.6 tonnes for jewellery and 211 tonnes for bars or coins. This is a trend worth watching. Indians are very shrewd buyers with a voracious appetite for gold, and increasingly silver, and are not halting purchases as prices rise, just reducing the premium they pay. Smart bunch!

According to [this article](#) Chinese gold buyers have yet to be scared away from gold as the price has broken out to new all-time highs. The lack of another good investment is driving them to bullion rather than high premium jewellery pieces. Over the first half of the year China has beaten out India in investing in gold. While India's purchases have been subdued over that timeframe it is still a major tide change. In 2008, 70 tonnes were bought as an investment. That number will be eclipsed this year. Ellison Chu, says with demand considerably higher than supply there is room for the price of gold to run higher still.

A large Indian bank is looking at [selling silver bars](#) now on top of their flourishing gold bar business. This comes as investors are increasing interest in silver and asking for the product. Silver remains a much better investment in

my view and the fact that it is only starting to catch on around the globe as an investment vehicle strengthens my conviction, if that's at all possible.

2009 proof and uncirculated [gold eagles have been cancelled](#). Here is the full list of cancelled products.

- 2009 Proof Silver Eagle
- 2009-W Uncirculated Silver Eagle
- 2009 Annual Uncirculated Dollar Coin Set
- 2009 Proof \$50 Gold Eagle (one ounce)
- 2009 Proof \$25 Gold Eagle (one-half ounce)
- 2009 Proof \$10 Gold Eagle (one-quarter ounce)
- 2009 Proof \$5 Gold Eagle (one-tenth ounce)
- 2009 Proof Gold Eagle 4 Coin Set

More talk of how companies are [treading into more sensitive](#) and risky developing nations for metals. It's the only place left and I've said that many times in the past. Weighing risk is getting harder. Oceanic exploration and mining is the next big thing and will attract major investment as it proves viable and highly lucrative over the coming years.

The NIA (National Inflation Association) says that [gold could rise to \\$5,400 oz.](#) Using US government (rigged lower) number the inflation adjusted high of gold is over \$2,300 oz. They expect the inflationary crisis that we are "rapidly approaching" to dwarf the inflation in the 1970's. The whole article is deserved of a read and echoes many of the thoughts I proclaim here on a near weekly basis. The association says; "The new mindset will be that you can't afford not to own gold and you can't own too much gold. You will be looked at as crazy if you don't own gold." Got gold and silver yet?

If you live in Canada, or as Bob and Doug MacKenzie say, The Great White North, which is true of higher elevations around my neck of the woods these days, you can now have one of the largest banks in the country [deliver gold right to your doorstep](#). Expect more of these services to come.

This weeks laffer comes from Tim Geithner who says the IMF must provide [rigorous surveillance](#) to spot new investment bubbles. It was Alan Greenspan who said it was impossible to spot bubbles until they were over, which I totally disagree with. But this comes at a perfect time as gold is breaking out, and in reality far from in a bubble situation...yet. But you can be sure this precious metal will be the target of much talk and likely be manipulated even further in their sure to fail, attempt to stem it's rise.

Well, it's going to be a long weekend for me, on top of cooking a turkey with all the fixin's and entertaining in between work sessions. Normally I'd be

taking it a bit easy on this long Canadian Thanksgiving weekend but my spouse and I are headed out of town to a remote cabin in the middle of a 200 year old lava bed for a couple days next week with nothing but power and water, and of course the beautiful scenery around here that comes along with the solitude we are seeking. We try and make an annual getaway, ditching the kids with relatives, although that hasn't been possible the last few years.

It's funny, I postponed the summer vacation as gold looked to breakout early in July. Then I "had" to go in August just as it looked like gold was again ready to go. Now that it has broken to the upside, I am out of here for a couple days. Ahh, life is always throwing curveballs at me. [For subscribers](#), my report may be a day late this week as I put the finishing touches on it once I return. I hope you get a chance to get away this fall with your loved one, or ones, and enjoy the beautiful colours and scenery in your area as well. It's a priority I neglect sometimes.

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](#).

Until next week take care and thank you for reading.

Warren Bevan

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