

Precious Metal Stock Review

Bridging Wealth Protection and Wealth Creation

www.preciousmetalstockreview.com
2010

October 16,

Green October

With QE2 apparently coming within the next few weeks markets are shedding off the more common October blues and rallying. Leading stocks moved up quite well during the week as earnings season plays out, and everyone's favourite search engine reported huge earnings which sparked a major rally after the bell on Thursday.

The metals aren't doing too shabby either and these days I'm finding a good mix of metals and leading stocks is the way to go. Our [trading portfolio is up over 30% over the past six weeks](#), so something is working!

Let's move right along into my favourite precious metals.

Metals review



Gold continued to move higher for the week heading up 1.59% this time, but price is gyrating more violently now as it ascends. Gold has moved from it's channel into a steeper channel now. My timing for a correction has been off and I haven't had the chance to get back into any trading positions yet.

The good news is that my physical Gold could care less and becomes more valuable every day. The amount I'd make trading it pales in comparison to the increase in my wealth the physical position is providing me.

Even more good news is the positions I have been trading have been doing quite well.

I don't know if Gold is ready to correct here or continue moving higher. I am expecting a correction roughly mid-rally. I had thought that would have been somewhere around \$1,350 with my \$1,500 or so target.

[Jim Sinclair](#) has had the January 2011 \$1,650 target for longer than I care to remember so if it's to be, and it appears it is, we should see the mid-rally correction somewhere around \$1,400 to \$1,450.

I'll be trading Gold again on a correction, but right now I don't see the need, and truly, with it only moving up 1.59% for the whole week, it's hardly worth the risk. Especially if you hold as much physical metal, percentage wise, as I do.

The GLD ETF saw decent volume with very heavy volume on Thursday's move higher, and just slightly less volume on Friday's move lower.

The ETF volume is telling sometimes, but hasn't been the past few weeks. Physical demand is what is driving Gold.



Silver led again, rising 4.61% on the week. It has moved from its already steep up-trending channel into an even steeper uptrend channel now. It's simply been on fire since late August and it could continue, or end for a small correction at any time.

Holding physical Silver is the way to go, trading it is a bit risky at this time being so overbought. Not that it can't go higher in the same fashion it has been, just that it could take a swift move lower soon too.

The SLV saw very strong volume for the week with massive, massive volume coming in on Thursday's move higher, above \$24, then very strong volume also on Friday as traders took profits for the week.



Palladium rose 2.11% for the week. I've been mentioning how significant the \$600 level is in Palladium dating back nearly a decade. It closed the week slightly above that area. With QE2 coming and the rest of the commodities flying it just had to join in and after taking only a week to muster the strength, it punched through \$600.

I may be trading this one in the very near future as it's much more predictable than Gold and Silver.

The PALL ETF only saw good volume one day this week, Wednesday, as it spiked higher above \$60 intraday. This is not a good sign. But the physical market could be driving this one as well, so I will have to assess the situation early in the week ahead.



Platinum slipped 0.64% on the week and closed on it's uptrend line Friday. The \$1,750 level remains the target for the short term, but a consolidation first would not be out of the questions.

Platinum could set back to \$1,675 very easily, and even \$1,650 would be healthy. On the other hand with the rest of the commodity sector moving swiftly higher, the chances of a big correction are slim to none.

The PPLT ETF's volume for the week was nothing to write home about. It's not telling me much at this time and physical demand is what really is driving commodity prices.

Fundamental Review

Here is [an excellent article and interview](#) focusing on the fact that states accounting for two-thirds of the global economy are manipulating their currencies by either pegging them or pushing them lower.

Today, that is the impetus pushing Gold and Silver higher and it likely won't stop until that ends, or if something out of the ordinary in the details of QE2 is uncovered.

We know that Gold is the canary in the coal-mine and that if it rises governments quiver. Here is an entertaining look into one man attempt to dig a little deeper into the story of US government Gold. Another possibility I would throw out there along with the ones mentioned in the article, is perhaps the US government isn't selling any Gold because it's not actually there!

[GATA](#) has done yeoman's work in this regard and has some very conclusive public records which point to the real possibility that the US government has leased their Gold and has only IOU's in it's place now.

Then again, [Timmy Geithner said recently](#) he sees "no risk" of a currency war. The "war" is well underway and anyone who reads any news whatsoever knows it.

I wonder if he lies to his kids and everyone close to him as much as he lies to the US populous. What an imbecile!

Maybe [this is the real Timmy!](#) Please do not watch it if you don't have a warped sense of humour or are offended easily. I apologize in advance to everyone, EXCEPT Timmy Geithner!

I know it's wrong, but a quick search is all it takes to materialize your thoughts into a reality these days!

Anyone who's read the GLD prospectus knows it's very questionable as to the redemption abilities. One such product though, does allow redemptions and was structure with that in mind. That right has never been exercised...until now!

An [investor has redeemed Gold from this fund](#) recently. The amount has yet to be disclosed but I'd guess it would be a hefty sum to be reported. Also people want real Gold, and they are beginning to understand that there is only so much of it to go around. If you want it, you have to beat others to the finite amount. It can't be printed, and one day there will be a mad rush to find the last remaining above ground oz of Gold. Get it while you can!

This week saw three biggest losers join [this years list of failed banks](#).

This robo-signer scandal is still heating up and details are shocking, but not unexpected. Apparently even [teens and other unskilled workers](#) were being used. To be honest I'm surprised they didn't just train a troop of monkeys to do the job, or program some kind of automated computer. Many of the robo-signers admitted they knew it was a lie what they were doing, but did it anyhow.

Here is a more serious video which is a [must watch on the mortgages issues](#).

One of the reasons I first got bullish on Gold and Silver was the fact that the Baby Boomer generation was coming close to retirement. Their pensions and whatnot were unfunded. It was very clear and easy to see that the only way out of this pinch was to devalue the currency, effectively robbing the generation of their savings and retirement plans.

[Warnings are surfacing](#) of this by so called "respected" debt rating agencies. I am thankful I am not of the Baby Boomer generation, but if I were, I would be ok, no thanks to the government.

Here is a [list of the first ten cities](#) who will see their pensions run out of money. It's not pie in the sky talk anymore. It's a reality and if you are depending on your pension, don't. You have to take your own actions.

If you are a Baby Boomer, it's not too late to take matters into your own hands. Gold and Silver have risen a lot, but you'll be surprised how much further they have to rise.

We are far from the mania stage and fortunes will be, and can still be made buying physical metals.

Just this week I read a piece comparing Gold and Silver. Gold has exceeded it's \$850 all-time high. Silver hasn't hit it's \$50 all-time high yet. If it were to beat it's all-time high to the same degree Gold has already to would be above \$80.

There are many ways to make sense of a Silver price anywhere from \$100, to some people even make a strong case for it trading in tandem with Gold!

The fact is I try and not be too exuberant and a \$100 to more likely \$200 silver price is very easily achievable.

South African [mineral production increased 10.4%](#) in a combined total in August year over year. Gold production only increased 3.7% while Platinum group metals increased a huge 22.7%.

The South African Krugerrand Gold coin saw [demand soar to all-time high level recently](#). Alan Demby, the chairman of the South African Gold Coin Exchange says investors have not been deterred by record high prices, nor the strength of the Rand. He also said many investors were worried the current rush to devalue currencies is being seen as a precursor to a major inflationary stage which will push Gold much, much higher nominally.

Alan also mentioned the tax benefits, easy of portability and lack of worry over strikes, management or other intra-company disruptions as pluses to owning the actual Gold rather than other Gold products or Gold shares.

Let's end the week on a good note.

The [stunning rescue of the 33 Chilean miners](#) was headline news and very nice to watching real-time as it took place this past week. Job well done all around and I hope these guys get rich and famous as they deserve it.

They are all in good health and more shockingly good spirits after being trapped underground for 69 days. I couldn't and don't want to imagine such a predicament.

Until next week take care and thank you for reading.

Warren Bevan

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