

Precious Metal Stock Review

Bridging Wealth Protection and Wealth Creation

www.preciousmetalstockreview.com
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September

Christmas In September

It was a major week in the precious metals market as the ones I cover in this free letter broke out to either new all-time highs, or new highs of recent times.

It's good times ahead for those holding the metals, and also those who are trading the moves. How long this breakout will last I can't say, but historically the period from now until Christmas has been good to us.

Let's get right into it with some stunning looking charts.

Metals review



Gold rose a very solid 2.26% for the week and broke out into all-time highs. It's also the highest weekly close ever.

Lovely!

While there isn't much good in general news or economic conditions it's heartening to see Gold finally break out. It held after the mid-week push into all-time highs. It's looking very likely that this move will finally move us to the \$1,500 that I'd expected in the spring.

Timing is tough and I was way off base thinking it would happen before summer, but that's life in this business. My physical metal is still sitting there and could care less about timing, and my trading positions are already shaping up very nicely.

The GLD ETF saw great volume on the move into all-time highs, then solid volume the rest of the week which saw prices stay up there. This move looks ready to continue higher.



Silver shot up by 4.38% for the week as it continued to blast off. \$21 was tested, but not surpassed. That will be the next tough level of resistance and could possibly take a bit of time to get past.

What else can I say? The party has started and we're only on the appetizer so far.

The SLV ETF saw excellent strong volume all week, even on Friday as price was rejected off \$21. I'd imagine there was some profit taking due to that level being tested, as well as the fact it was a Friday.



Platinum surged 4.6% for the week and busted through the upper end of the trading channel that's had it constrained since mid-May. It looks like the move will test \$1,650 pretty soon here.

\$1,600 must now be viewed as support.

The PPLT ETF saw great volume on the breakout, and still good volume later in the week, but not huge/totally convincing volume. It could be a false breakout according to the ETF's chart.



The star for the week was Palladium as it rose 4.97% and tested resistance \$560. It continues to lead Platinum. It looks like a consolidation type move to at least \$540 is in order before the next move higher.

If Palladium moves to the \$520 level I'd be even happier and may consider a trading position at that time.

The PALL ETF saw stronger volume on the up-move, followed by waning volume later in the week as price slipped. This tells me the force is pulling Palladium higher as the path of least resistance. This does not mean that consolidations and corrections cannot occur, it just means the major trend should be higher over the mid-term.

Fundamental Review

Japan began operations in the Yen market this past week. This hasn't been done in six years. The Yen has been too strong as of late and they need it lower. To their credit they did warn of this potential last week. They, at times warn of this and that in itself usually does the trick, but this time they actually had to conduct operations.

China gets labelled a currency manipulator if they do try and keep their currency weak, so it's a bit of a double standard here. But isn't everything when dealing with the US government.

Alan Greenspan [gave us another gem this past week](#) while speaking at the Council on Foreign Relations. When questioned as to why Gold was hitting all-time highs he responded, "*Fiat money has no place to go but gold*".

Fiat money fails.

Never in history has a fiat currency lasted much more than 40 years, which is the age of the US Dollar.

There are some creative solutions in the offing, but we will see major currencies fail in the relatively near future. They may be put on life support somehow, but that is only illusionary. Protect yourself soon.

Marc Faber recently said [Gold is still not expensive](#). At least not when you consider how much money is simply being printed each day.

No matter what schools now teach, inflation is an increase in money above and beyond an increase in GDP.

If GDP increases 1%, then you can increase money in circulation by 1% and see no inflation. The Federal Reserve aims for a 2% inflation target. Right there they tell you in english they are debasing your currency.

Although they hide the true growth of money figures, it is much higher than the US GDP number which is also fake. It's not calculated how it used to be. They use substitution and hedonics to make the numbers what they want them to be. And if that doesn't work they just change the rules again until it does work.

The very realistic and knowledgeable Elizabeth Warren is set to move into the position of the new [consumer financial czar](#). She is hated by Wall Street's friends in the government. While this move may hearten some who think she can actually make a difference, I say, I'll believe it when I see it.

There is just so much red tape to push through anything these days that I can see her quitting after maybe six months to a year out of frustration.

The poverty rate in the US took another major hit this past week as the Census Bureau reported that the [poverty rate in 2009 rose to 14.3%](#). This figure is from 2009. I doubt that number has receded so far in 2010.

August saw banks [take over a record number of homes](#) as US citizens continued to fall into foreclosure. 3.2 million homes are in some stage of foreclosure. This, sadly, will continue to get worse before it gets better. And I'd imagine the banks are none too thrilled to take on these assets.

I didn't even have time to crack a beer after Friday trading before the first of the failed banks began to roll in. Please see here for this weeks [list of six biggest losers](#).

Last year it was the world largest Gold miner who bought back hedges at a crippling cost to shareholders. That stock has ranged from about \$35 to \$48 since that time and has yet to move into a new high, even as Gold has.

Now we have the worlds 5th largest Gold miners raising funds to [buy back their hedges](#). They need roughly \$2.4 billion to close out all their hedges. I'd hate to be, and am not, a shareholder of them nor anyone else who hedges.

It's about time the world's largest miners got bullish Gold!

The Austrian Mint says their [year to date Gold sales have dropped 41%](#) as fear in Europe has abated since May. That should mean premiums on the Philharmonic coins should be low....take advantage!

Ghana's [gold output rose 4%](#) for the first half of 2010. The country produced 1.46 million ounces of the good stuff. Ghana is Africa's second largest Gold producer.

South Africa looks set to [ax their talk of mine nationalization](#). This comes as no surprise to myself or you, dear reader.

Mining in Zimbabwe is said to be [running at only 40% of capacity](#) due to lack of power. The country needs to update and expand their power infrastructure for mining to increase.

As if the Chinese weren't investing elsewhere enough already, they just [eased restrictions on foreign investments](#) to increase the number of sectors they can now invest in. They are getting more and more desperate to rid themselves of their USD hoard.

Some good news on the trapped Chilean miners. The [drill has reached them now](#). The hole must be enlarged now. This will likely take a month until the shoulder width pod can fit down the 2,300 ft drill hole to reach the men. They will then be put into the small pod and hoisted to the surface, not a fun proposition in itself, but better than staying down there.

I'll finish off with a [short must watch video interview with Jim Rogers](#). The solution is really as simple as he says, unfortunately those who deserve to fail are too closely connected to the government who won't let them fail. Not allowing the markets to cleanse themselves will go down in history as the dumbest things the US government ever did. All they had to do was nothing after all!

For fun, here is [an extremely comical video](#) of an apparent misspelling/mispronounced reporting. I love Asians...Aussie's too!

Until next week take care and thank you for reading.

Warren Bevan

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