

Precious Metal Stock Review

Bridging Wealth Protection and Wealth Creation

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Charting New Space

Resistance is futile. Gold is charting into new frontiers. We're now on the road towards \$1,500 Gold and \$30 silver. Both targets should be reached with this move which should last until perhaps spring.

There will be consolidations and corrections along the way, but it really doesn't get much better than this. Let's get right into the fantastic looking charts this week.

Metals review



Gold rose nicely, by 1.73% on the week and butted up against the psychological resistance at \$1,300 early Friday before falling due to profit taking the rest of the day.

The \$1,300 level may take a bit of time to clear, but then again maybe not. When something is in all-time high territory there is no telling what can happen and when. What I can say is that I'm very, very impressed with Gold's move so far.

It's moved up slowly and steadily, backing and filling and testing and holding support levels along the way. It's textbook, and very pleasing to see.

If anyone tells you this is a bubble or parabolic blowoff their crazy! This is a sustainable move. Many stocks I was trading last week moved up well above 3% in a single day while Gold was up under 2% on the whole week.

The GLD ETF saw good fairly strong volume on the week with very strong showings a couple of days. All in all the volume tells me we should continue to move slowly, steadily higher.



Silver rose a strong 3.42% for the week and it is right at bull to date highs dating back to March 2008. To find a silver price any higher you'd have to go all the way back to the 1980 era.

If silver moves up even a few cents it could spark the move to \$30. It could happen quite quickly. Silver has certainly moved up rather quickly but who's to argue with it?

All you can do now is enjoy the ride until it ends.

There are a few minor support levels closer to the \$20 area and they will very likely be tested some day. Maybe next week, maybe in six months.

The SLV ETF had quite strong volume all week and very strong volume mid-week. Thursday saw a move lower in Silver and the SLV volume was very low that day which tells me the bulls remain in control and this move can last.



Platinum is on the run also as it moved up 1.73% on the week. Last week it broke out of it's long trading range and now it appears to be on the move to the \$1,750 area where it fell from earlier in the year.

It's almost as if you could throw a dart at commodities these days and make money!

The PPLT ETF saw strong volume all week long but Friday saw volume as high as this ETF has ever seen since it's inception earlier this year. Investors piled into this ETF en masse and this is extremely bullish.



Palladium rose 2.71% for the week and is about to bust into high ground for the year, as well as the highest level since 2001. There will be some resistance at the \$570, then \$600 levels.

From \$600 to the 2001 peak of \$1,100 is fairly clear sailing. Not that it will happen overnight, but I have long expected and still do for Palladium to trade in tandem with Platinum.

The PALL ETF saw volume decrease as the week finished up and price rose. This is telling me we are due for some consolidation pretty soon here.

Fundamental Review

I have a bit of a story to relate before we get too much into things today.

I was minding my own business working away the other day when across the wire came the fantastic news. The recession is over!

Actually according to the NBER (National Bureau of Economic Research) [the recession ended in June 2009](#).

Geez, that's a fancy name. They must know what their talking about.

So the recession has been over for more than a year. Fantastic. I had no idea. But this is great news. I mean really, really great.

I reasoned that there was no further need to hold physical gold and silver. I figured it's time to rid myself of the heavy burden of holding physical metals and begin to invest in banks once again.

Now mind you, I own quite a bit so it's not like I can just sell it with the click of a mouse.

I began to make the necessary arrangements.

Over the next few days I made some calls and got the paperwork together.

Then early Thursday morning I was on the phone about to make some final arrangements when all of a sudden [Warren Buffet appeared out of the mist on the big US business news network](#).

This is nothing out of the ordinary and I usually have this channel on mute, but I happened to have the volume on this day.

I nearly spit my coffee all over my monitors when I heard him say *"I think we're in a recession until real, per-capita GDP gets back to where it was before (the recession began)"*.

He says he defines what comprises a recession differently than the NBER.

Well I hung up that phone right away and had to reassess my decision.

I thought; *“could the governments own economists actually be wrong?”*

“Or could the world’s richest and most successful investor be wrong?”

Well I tell you, it was a day if it was a minute, but I finally came to the conclusion that I’d rather stay on the side of the rich guy.

I’d rather be holding an asset that has been going up for nearly a decade every single years with over 17% annual compounded return. It looks like this year will be no different.

So I filed all my paperwork away and have decided to ride this Gold bull just a while longer. I hope you do as well, and you don’t fall for government statistics.

As Mark Twain says; *“There are three kinds of lies: lies, damned lies, and statistics.”*

I would only add the word “government” in front of statistics to apply it to today.

I was struck also by the sheer lack of knowledge the talking heads on the same network had in regards to gold at about the same time Warren Buffet unveiled the stunning news mentioned above.

They [interviewed Aaron Regent](#), CEO of the world’s largest Gold miner. They didn’t have one good question. The interview was far from making Gold out to be in a bubble. Once the talking heads begin talking about grams per tonne, real cash costs, or net asset value in the ground, then perhaps it will be getting closer to the final blow-off parabolic top.

Thursday was surely a day where my world was turned upside down. The government lied, and the talking heads on TV don’t know everything after-all!

I’ve talked before here and [subscribers also know](#) that the Canadian dollar has been one of my favourite places to park some cash. It’s a very strong currency due to it’s large commodity base and strong fiscal policy. Friday, [Bank of Canada Governor, Mark Carney said](#) that if the US continued to increase their money supply, it would not necessarily mean that the two countries were headed in the opposite direction fiscally.

This basically means that the Bank of Canada intends to keep the US and Canadian dollars within a range. I’d hazard a guess that anything over par would be unacceptable and the bank of Canada would intervene to devalue

their currency versus the US Dollar. We just saw this in Japan last week and again this past week.

It's inevitable that the US continues to de-value their dollar. It's becoming more clear that there won't be any real safe currencies to hold that will appreciate against the US dollar, they will just hold their relative value against it. Gold and Silver will appreciate versus paper fiat currencies as well as provide that comfy feeling of having a big insurance policy.

It is truly becoming a race to the bottom for currencies globally. Please protect yourself by acquiring real things, physical Gold and Silver being at the top of my personal list.

I heard an interview with Rick Rule the other day and he mentioned how he holds a large amount of physical metals and he hopes it never really comes into play. He likened it to insurance, as I do at times. He mentioned that there are no types of insurance you want to ever collect upon.

Collecting on insurance is never good, House insurance usually consists of fire. Auto, a crash. Health, a disease or trauma and certainly we don't want to ever see our life insurance policy collected, but it is inevitable, at least so far.

Physical Gold and Silver does contain that characteristic as well as an asset that is increasing in value versus currencies globally.

The recent tension between China and Japan over a small island and the surrounding water is now escalating with [China halting export of Rare Earth minerals](#). It's a well documented fact that China, so far, controls most of the world's imperative Rare Earth elements.

This is a great example of why you do not want to argue with China.

[US Congress just approved a bill](#) to allow the imposition of duties on goods from countries with undervalued currencies. This is aimed at China. This will not end well for the US.

Barrack even joined in on the farce and "urged" Chinese Premier Wen Jiabo to [take steps to increase the value of their currency](#).

Urge away Obama, urge away.

This is worse than arguing with your banker. Have you ever won an argument with you banker other than waving small fees the odd time? Have you ever had the chutzpa to bother trying to argue with your bank?

Good grief!

Thankfully the bill has to get through the Senate. So this is likely a shot across the bow, but still it's unwise to prod there.

Last week I mentioned that the honest Elizabeth Warren was taking the reigns to set up a Consumer Financial Protection bureau. She's warned of the crisis well before it took hold in 2008, but got little credit for it, and certainly wasn't listened to before hand.

So now that this honest person is in a very important and potential system changing position we saw both [Herb Allison, head of the bailout program](#) and [Larry Summers, Obama's top economic advisor and director of the National Economic Council](#), announce they are soon leaving their positions.

Three of four of Obama's top economic advisors are now gone.

Shouldn't the captain go down with the ship? It seems they know the gapping hole in the hull is irreparable and they have ordered a replacement captain.

It's sad. There is however one funny part. Larry is heading to Harvard to teach. Harvard ain't what it used to be!

There were [two failed banks this past week](#) to join this years growing list of biggest losers.

Henrique Meirelles, the President of Brazils Central Bank said [the US Dollar is weakening](#) because of the problem's in the US economy and nobody can do anything about it. He even went so far as to say "*no country in the world can hold the dollar*".

One good thing, in my view, is that budget cuts are [forcing the CERN research project](#), which is trying to recreate the Big Bang, to close for all of 2012. I love science and all, but I think trying to do this research is playing with fire and asking for trouble. Big trouble.

The funny thing is that the budget is only being cut by \$133.4 million, which is not much in terms of today's increasingly worthless currencies.

I hope you enjoy your weekend and week ahead as the bull rages on.

Warren Bevan

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