

Wizzen Trading

by Warren Bevan

Same Old Situation. Failed Breakouts.

Markets stalled out this past week and are beginning to roll over by the looks of it so far, but if the all of 2013 is any indication this correction should be relatively shallow and short lived.

We let our stops take us out of trades and we raise stops to lock in gains every chance we get and we have been stopped out of most of our longs now, mostly for nice gains and of course a few small losses.

We even took some short positions this past week and now I'm looking for more shorts for the week ahead.

Taking a quick short trade can pocket a tidy sum.

Some of the quickest cash I've ever made has been on the short side and so far that's working for us.

As for the precious metals, silver began to stall out this past week and while gold did setup for higher prices it fell as so often happens.

I can't count the number of times gold was setup for a move higher and failed. If I traded gold I'd be stressed out a lot and have to do the opposite of what I thought should since it moves so wrong, so often.

I much prefer to trade stocks that setup for higher and actually go higher, not fail over and over again.

Let's take a look at the precious metals charts and see what I'm talking about and look at potential support levels.



Gold fell 2.75% on the week in a move opposite to what looked to be coming.

Gold was trading nice and tight to its large downtrend line and that often precedes a move above a downtrend line with this type of slope to it.

That didn't happen for gold and now if \$1,300 can't hold then chances are quite high we move back to \$1,250 soon.

As always most of the move happened in overseas trading and that's the biggest reason I rarely trade gold. I like my sleep and my mid-sleep wake and check of markets would ruin the rest of my sleep if I saw gold going against me with nothing I could do about it, so I choose sleep over gold.

If you take a look at the GLD chart, which only trades during North American trading hours, there are gaps everywhere and those are the types of charts I avoid at all cost.

That said, holding physical gold for the long-term is still my preferred method of playing this as I've done since the \$400 area.

Solid down volume so far tells me it's more likely we see \$1,250 before we see \$1,350.



Silver also took a drop for the week and ended lower by 3.23%.

Silver had been leading gold but stalled out this week and was showing more weakness than gold before their respective drops.

Silver could find support at the 100 day moving average and horizontal support here but if that fails then we should head another \$1 lower to the \$20.50 area.

Silver was looking good for higher as well but failed.

Moves on the upside are so hard to be sure of even when the charts tells us they are going higher, while calling moves lower has been so much easier and more accurate. Lower has been the path of least resistance.

If you must trade these two precious metals take the fact that they often fail on breakouts, usually overnight, into account and keep trades small.

If my logic is correct, and it has been, you could go heavier on potential moves lower since they often work but keep long trades small or non-existent for now.



Platinum tried to breakout above the \$1,460 level I talked about here last week but ended up failing and closing the week near flat, down only 0.16% thus far.

Platinum has some moving average support here to the \$1,440 level but \$1,420 is strong chart support so let's see how the next week plays out.

Failing breakouts is rarely good and I can't see why it would be in this case, especially with gold and silver now looking for lower prices in the week ahead.

Had you taken the breakout at \$1,460, being stopped out at cost or very near it would keep you unconcerned about the failure.

That's my preferred method of trading. Keep losses tiny or better yet get stopped out at cost.

That keeps the emotion out of trading since it's no big deal if it doesn't work.

Being able to quickly accept a small loss will keep you in the game and without a care in the world.

You can't fall in love with a trade or stocks.

Unless something is making me money there is no need to be in it. That's what the game is about.

The best moves almost always take off from the proper buy point and never look back. Those can be huge winners.

This game is not about being right all the time, it's about finding great setups and trying the trade and if it works, great. If not, no sweat. You're out at cost or with small losses.

I can take 10 or even 20 trades that don't work and I'm no worse off but the one winner pays for any small losses and lots more which is the point.

It's pretty rare to have 10 misses in a row, maybe 2 or 3 on average and this is because I identify the markets strength before making any trade at all.

If markets aren't healthy I'll avoid trading since most breakouts will fail anyhow and this brings up my winning percentage in a huge way.

Whether your timeframe is years, weeks, days or minutes we are all traders, not investors.

They say an investor is someone sitting on a loss!

We are all here to make money in the end so I've found being more active does the trick.



Palladium is holding here much better than the rest and ended the week lower by 0.28%.

If the other precious metals continue to fall here, palladium will have a hard time holding up and we have to look for a move to \$720 area where the 21 and 100 day moving averages hover and where an uptrend line is converging.

Palladium did close out the week above the important \$740 level but barely.

I'd not be long here unless we can move above \$750 and I'd only consider a short on a move under \$720.

Thank you very much for your time.

Have a spectacular weekend and week ahead.

You can find more info on what I do at <http://wizzentrading.com>

Warren

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 right margin for free at <http://www.wizzentrading.com> or send an email to warren@wizzentrading.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.](#)

If you found this information useful, or informative please pass it on to your friends or family.

Free Service

The free weekly newsletter "Wizzen Trading" does not purport to be a financial recommendation service, nor do we profess to be a professional advisement service. Any action taken as a result of reading "Wizzen Trading" is solely the responsibility of the reader. We recommend seeking professional financial advice and performing your own due diligence before acting on any information received through "Wizzen Trading".