

Wizzen Trading

by Warren Bevan

The Safety Of Gold

A bad week for markets as Thursday and Friday saw heavy heavy selling and we have now broken a very bearish pattern in the index charts which [I've talked about here for the past week or so](#).

[Please do read my free blog for general market though on a nightly basis.](#)

We could have a ways to go in this general correction but we are due for a bounce that should come Monday.

Bounces in a downtrend are general sharp and large.

Another tip-off to the correction was the movement into large paying dividend stocks which we began feeding into late in the week and I'm looking for more this weekend. So far the best one pays 23% annually.

As for gold, it had a nice week and continues to move away from its double bottom and should act as a safe haven now. Miners are also doing well but they will not hold up in the face of a major market correction so there is no huge rush to moving into those yet.

Let's take a look at where we are in the precious metals charts this weekend.



Gold had a nice week ending up 0.86% but more importantly breaking some major resistance levels.

Gold broke its long downtrend line late in the week on heavy volume which means this should work and not be another failed breakout.

We have some resistance at \$1,280 but the base we are breaking out of is much more likely to see us move to \$1,300 before we see any rest of more than a few days.

Gold is leading silver here as I've mentioned I thought would happen with silver not moving well at all yet but it should soon catch up to gold.

All in all, great stuff in 2014 and just what I was hoping for.



Silver was lower by 2.68% but does look good here.

With gold moving and leading silver we should soon see it breakout.

Silver looks really nice here with a solid base and we look to be very near a breakout of this large downtrend line very soon.

We should breakout now within three days.



Platinum fell 1.92% after running into resistance at the \$1,480 area.

Not great action at all here.

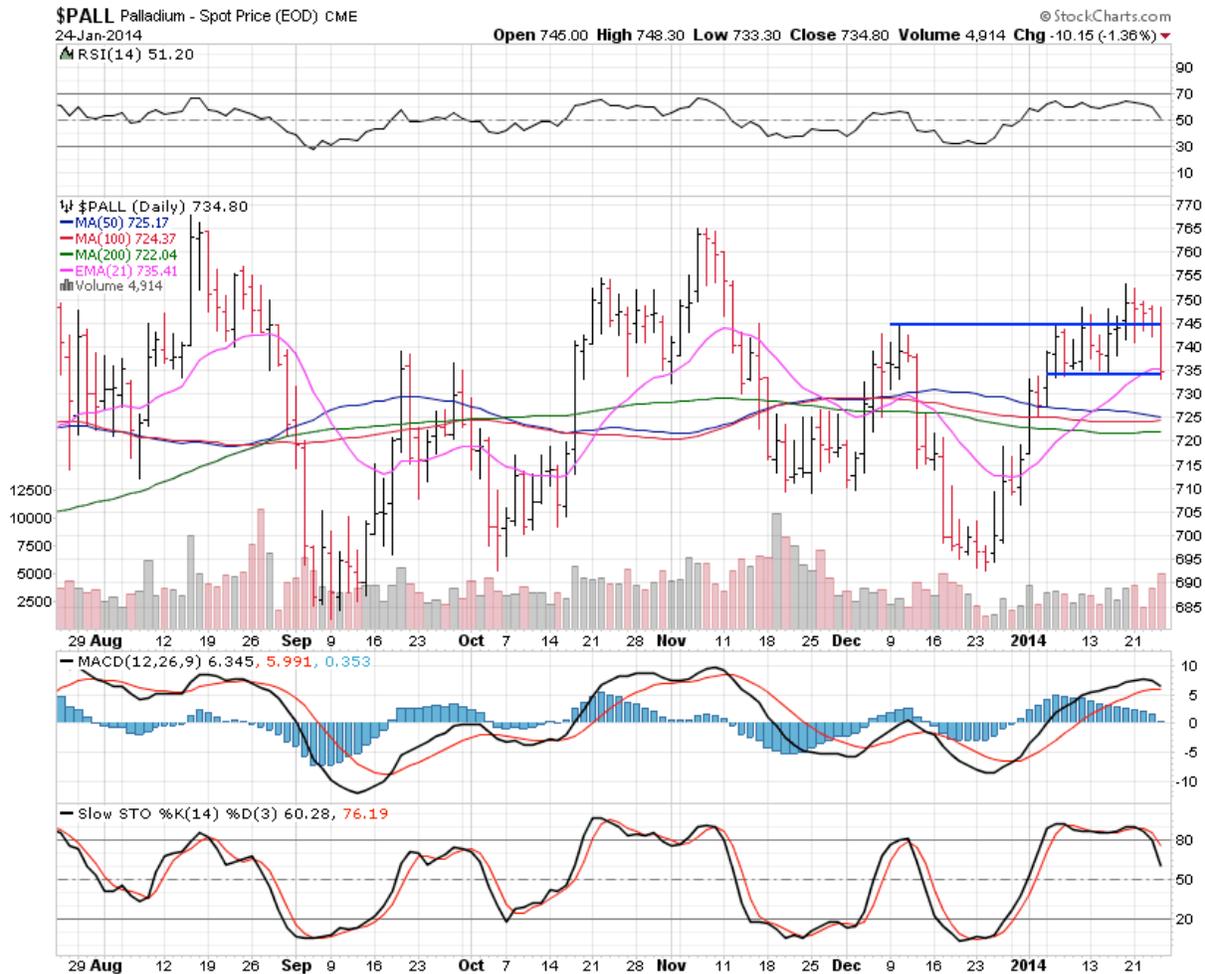
Platinum broke out last week but once it hit resistance it backed off on heavy volume and has now fallen back below the breakout level on heavy volume again.

We could see a move back to \$1,400 here if we can't hold \$1,420.

Just because something breaks out doesn't mean it's all system go.

The action can quickly reverse and if large volume accompanies that then it's time to check out of your positions first and ask question later.

There is no need to take undue risks and if something is really going to work it will just work and not make you second guess your trade.



Palladium also saw a failed breakout on heavy volume and ended the week 1.93% lower.

If we can't hold here at \$735 then the moving average cluster will provide strong support at \$725.

Under that and \$710 is the next support level.

With markets now in a confirmed correction mode there is no real telling where metals will go but the fact that traders don't have profits in gold on the long side does give me a strong view that gold will not be sold here.

Back in 2007 there were large profits in gold and when the markets broke, everything was sold and gold was no exception.

This time around we should see gold act as a safe haven for money and rise perhaps a bit quicker than I'd been looking or hoping for.

We are definitely in for some fun in the market and stocks now as we should see up to a 10% correction in the S&P 500 and other markets.

Some of the fastest and largest cash I've made has been shorting stocks and also taking advantage of the large but short-lived dead-cat bounces we see in major corrections.

This past week we saw stops being taken out and I gradually was moving out of stocks accordingly and by Friday I didn't have much left and wasn't keen on the action we were seeing.

Luckily we didn't get hurt here and now I'll be looking for some good shorts in the week and weeks ahead.

Good market correction last a couple months before they build buyable bases.

We should see a few days of rest or moves higher before we see great shorting opportunities so being patient and very selective now is key to survival and prosperity.

Enjoy your weekend and the fireworks to come.

Thank you very much for reading.

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.wizzen trading.com> or send an email to warren@wizzen trading.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.](#)

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