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Hold That Train

News of fraud charges finally surface and sent the particular stock as well as the markets in general into the toilet within seconds. Fleet footed traders made like bandits while Cramer looked to have seen a ghost and tried to talk the stock back up. He succeeded momentarily, but in the end nearly everything ended lower on the day except the US dollar and bonds which were bid up in the usual flight to perceived safety.

I've been nervously long as the market seemed to keep climbing that wall of worry. Whether this is the catalyst we need for a much needed correction will not be known until early in the week.

While the SEC says there is no correlation between the fraud charges and the finical reform meetings later in the day, you'd have to have your head stuck somewhere dark and hard to reach to actually believe the failed rhetoric.

As for this being anything other than grandstanding, I have serious reservations. The company in question has too many high level connections for this to go anywhere.

And as for the reasons why gold fell being because Paulson's name was mentioned in the charge and he own some GLD, it's a bit suspect. I prefer to think that it was just a flight out of nearly everything. Sell first, ask question later. The weekend should compose some minds, and cooler head should prevail in the week ahead.

It's shaping up to be a fantastic exciting week ahead though, that I know for sure.

Metals Review



Gold fell 2.09% for the week but it was all on Friday after the fraud charges were announced. Support held nicely actually.

RSI is heading lower now along with the other indicators. The moving averages are looking good, although the 50 day turned slightly lower late in the week as it was fast approaching the 100 day.

Options are set to expire next week so we could see further pressure in gold and silver until then. The commercial short position in the futures also increased by a lofty 27,377 so that would also lead me to believe upside is limited for the short term.

No technical damage was really done in the move lower and volume in the GLD ETF was strong for the week, although most of it was on Friday during the panic.



Silver fell 3.53% for the week, all on Friday after moving up nicely earlier in the week. Technically the move lower was perfect. Silver tested and held the recent breakout point.

All the indicators moved to bearish quickly Friday but the moving averages are all still positive and the 50 day is moving towards the 100 day very quickly.

Volume in the SLV ETF was strong for the week although most was on the swing lower on Friday. Curiously, volume in the ETF dried up on Wednesday and Thursday before the crash.

A buy point would be here at support with a very tight stop.



Platinum slid 1.82% late in the week along with everything else. It's moved slightly back into the uptrend channel and there are no major support levels until the \$1,650 area.

All the indicators have turned bearish but the moving averages remain very strong and far below the current price level. The Platinum ETF PPLT had mediocre volume this week with most coming on Friday.

I have absolutely no thoughts on which direction Platinum will move in the week ahead, although the strength in Palladium makes me take a more bullish stance than bearish at this time.



Palladium rose 3.66% on the week, even with Friday's smashing. Palladium continues to be very, very strong and remains well above the upper reaches of its uptrend channel.

RSI is moving lower from overbought for now but it could turn right back around again. Moving averages remain fantastic. MACD is still very bullish but the fast moving Slow STO is slightly bearish.

Support or a buy point would be \$520 with the next level of support at \$480. The Palladium ETF PALL saw very strong volume during the week

although the highest levels came on Friday as would be expected. The PALL chart shows that Friday's action closed a gap which technically is very bullish so we could well turn higher from right here.

Fundamental Review

Well the big news was the SEC's fraud charges against the Giant Squid whose tentacles reach to the dark corners of this world. Whether this will amount to anything more than a nominal fine is doubtful but the shares were hammered instantly on the news and those who were quick enough made some massive profits in the blink of an eye.

Their grand, new \$2 billion headquarters looks set to open on a sour note. Good.

More fraudulent activity was uncovered recently whereby NY State was found to have shuffled money around, abused temporary loans and siphoned cash from dedicated funds in order to make their books appear much better than they were in reality. This went on for over a decade. Is it any wonder the state is hurting now?

Do you think they would be the only state doing this? It seems these frauds are beginning to unravel, but does anyone care anymore?

On the other hand shareholders of a major European bank voted in favour of holding those who were in charge at the time partially responsible for the near collapse of the bank. This opens the individuals up to potential law suits. The tide could well be changing and spreading across the ocean in the not too distant future.

Chinese GDP grew 11.9% in Q1 2010. This beat the estimate of 11.5% and confirms the strength of the nation. Inflation is running slightly higher than last year up 2.4% for the consumer and 5.9% for the producer. Those numbers are no doubt higher than officials would like to see, but at least they are honest about the numbers.

Please see this link for this weeks long list of eight biggest losers. The banks all failed at the same time, late Friday. After two weeks previously with only two failed banks this week puts us back on track to have another record year.

There is good reason to believe the US has bailed out Europe without consent or disclosure. The total loans and leases of commercial banks jumped by \$421.8 billion in one week. It could be something else, but either way it's

not yet been accounted for and the nearly half a trillion dollar number is nothing to scoff at and must be explained.

The famously bearish GFMS group [came out again this past week](#) and said that gold could see further gains but the end of this current rally is in sight. They also say this end could take a year or two to materialize. Their report says that investment demand has outstripped jewellery demand for the first time in 2009 which seems quite bullish to me.

There is so much left to go down in terms of the world-wide economic failure that I still cannot see the end being anywhere near here. The problems are systemic and are not being dealt with, just swept under the rug.

Their thoughts have been wrong for a decade and I don't see that broken clock being right for several more years.

More trouble from South Africa saw strikers [being fired upon](#) by both police and the mines guards with real bullets. Thankfully only one worker is in hospital, although he is in critical condition. Needless to say this will not help relations with the National Union of Mineworkers (NUM) and any other mining company in the country.

In Peru a miner is [seeing workers strike](#) as well. This time over the amount of profits the workers received in 2009. No violence has been reported thus far but work has been halted as a result.

I've talked many times in the past about the importance of storing your own bullion and not trusting the establishment with it. Perhaps the most high level acknowledgement of this came recently from the very connected Jim Rickards. [This is a must listen to interview](#) and solidifies what I've been saying for years.

Here is a [short article by Mr. Rickards](#) as well which is a good read and values gold conservatively at \$5,500.

Dylan Ratigan hits it out of the park [with this great interview](#) with Alan Grayson and Bill Fleckenstein. This new financial reform bill is going to be all fluff and in the end only empower the big banksters further in all likelihood.

An Ohio judge [gave residents a heads up](#) recently, after law enforcement budgets were cut. He said when asked for advise to "arm themselves. Be very careful, be vigilant, get in touch with neighbours, because we're going to have to look after each other." Sounds like we are reverting back to the wild west type of lifestyle in certain areas. Maybe one day some places will resemble the series "Deadwood". I can see it now! Gold, guns and whisky with a slice of vigilante justice thrown in. Deadwood is actually a great series and one of the

few shows I'll download to watch, although I've only gotten through season 1 to date.

Finally, I leave you with a [rare glimpse into one of the most luxurious yachts](#) to ever make waves. It's absolutely mind blowing. One can only dream!

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

Until next week take care and thank you for reading.

Warren Bevan

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