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## Climbing The Wall of Worry

While things are incredibly bullish everywhere you look, including the precious metals, options expiry is Tuesday April 27, so be aware gold and silver could see some consolidation until that passes.

The general markets continue to power higher in the classic “wall of worry” fashion. I worry every day about holding positions overnight, but they almost always seem to continue higher the following day. We are nearing a top, but until then I am surfing that wave higher, nervously.

So many people are inundating me with queries about the item I mentioned a few weeks ago. The guru I am in touch with is unbelievably good at picking stocks. I would tell you the percentages of some of the trades I’ve had lately....but you wouldn’t believe it! Ok, just one. A \$1,507 trade went to \$4,442 in three days and I am still holding it for higher prices! The crazy thing is that’s not the best trade I’ve had recently.

Don’t get me wrong, I have had some losses, but as long as you keep them small and let the winners ride, that occasional smile on your face will soon be permanent.

There will be a free trial once things get up and running which should make you enough money to fully pay for the paid service. That is my goal. To make you enough money to pay for the full service for free, and we can go from there, but I can almost guarantee you won’t be able to resist. In about two weeks things should be a go. Mid-May at the latest.

To ensure you get the info promptly [please sign up in the left margin](#) or send an email to [warren@preciousmetalstockreview.com](mailto:warren@preciousmetalstockreview.com) with “subscribe in the subject line to get on the free emailing list.

# Metals Review



Gold floated up 1.78% on the week. The breakout is still healthy and intact. Now we continue to work our way to move above the \$1,162 level which will light the fuze to new all-time high prices again.

I usually seem to be early in my thoughts about gold's moves and this time is no exception. I would have though we would have moved to the \$1,500 level by now but the move is only in it's infancy. Timing is not as important as general trends in a long term secular move like this. Buy and hold and accumulate on weakness continues to be the best way to play the ongoing bull market in precious metals.

RSI is healthy and in the middle of its range heading higher. The moving averages are in good shape with the 50 day just now crossing above the 100 day which is flat to slightly lower.

MACD is also flat and the Slow STO indicator is giving us a fresh buy signal from mid range. The next buy signal would be a break above the last line of defence at \$1,162. Or on a test of support around the moving averages at \$1,120.



Silver moved up by 3.27% for the week and is behaving technically very well these days. The uptrend channel is taking shape very nicely. There is some resistance at \$18.50 but more at \$19 which should be the next real stop for silver.

RSI is stellar and only just above mid-range. The moving averages are pretty good with the 50 day imminently about to cross the 100 day which should help to further push silver to \$19.

MACD is heading higher and about to give a buy signal. Slow STO has flashed a buy signal from mid-range.

All in all, silver looks set to continue to power higher at a nice rate.



Platinum continued to power higher by rising 2.92% for the week. It's moving much more calmly than it's sister metal Palladium. If only gold could move like this, but it's ok. Like I always say, the fact that gold is held back by big hands is nothing but an ongoing fire-sale on a great asset.

RSI is flat and just below overbought ground. The moving averages continue to be extremely bullish. MACD is almost bullish and the Slow STO indicator is bullish but looking to hook lower although that doesn't worry me at this time.

I could see a move higher from here to test the upper reaches of the uptrend channel closer to \$1,800. Major support lies \$100 lower and could easily be tested but right now everything points to a continued move higher.



Palladium continued to run with a fire lit under it's \*\*\*. It rose by 5.82% for the week and is moving away from any reasonable, sustainable kind of move. On a longer term chart (not shown) the next stop looks to be \$600 and that could occur literally any day now.

Everything is bullish although the Slow STO indicator is trying to roll over at the moment. I still wouldn't bet against Palladium, but I would also be quite nervous going long right now and employ tight stops.

## Fundamental Review

Greece continues to grab headlines as they have now [formally requested a portion of the aid offered to them](#) by the European Union. I don't think it's a good idea, but it's not at all out of line with my expectations.

Right on schedule, way behind the curve, a popular US ratings agency [downgraded Greece's sovereign debt rating](#) only a single level from A3 to A2. The country remains on the companies review list for potential further downgrades.

These occurrences pushed Greece's bond yields to a massive 8.9%.

The IMF has [proposed two news taxes](#) on banks to aid in any further bailouts coming down the pipe. Two point. First, they know the worst is yet to come even though the market is absolutely fantastic right now and making a killing for those nimble enough to take advantage of it. Second, the banks are highly unlikely to absorb the costs. Your banking fees will be going up in the future.

[Please see this link](#) for this weeks list of seven biggest losers. Yes, seven banks failed this week almost matching the eight that failed last week. Things are heating up at the FDIC.

The truth sayer William Black was at it again this past week and [this short video of his testimony](#) is a must watch and should be taken seriously by regulators, but likely won't.

A stunning admission surfaced this past week where former president Bill "Cigar" Clinton [admitted he took bad advice](#) from Robert Rubin and Larry Summers which led him to not regulate the derivatives market. Both advisors are old Alumni from the Giant Squid "bank" who is a major player in the realm. While it would have been a difficult and complex decision to make at the time, that one issue is the root of today's economic crisis. Nothing has yet been changed either, so it's only a matter of time until the next catastrophe.

Perhaps the major factor driving Platinum and Palladium higher is automobile production. Demand from the auto industry [has rebounded sharply](#) this year and is expected to climb 10% this year after falling to 2.6 million ounces in 2009. Due to weaker demand last year a surplus of 1.1 million

ounces was seen. Any way you look at it that is a small surplus and any demand increase will squeeze prices sharply higher.

Palladium is at the moment cheaper than Platinum and manufacturers are continuing to find methods to substitute it for Platinum. Either way, both metals have much higher prices in their future.

With the World Cup of Soccer heading soon to South Africa many analysts are predicting that power to miners will be restricted and further add upward pressure to the platinum group metals. Eskom, the South African power provider, says there is no need to worry and that there will be plenty of power. But their track record has been abysmal over the past few years so take that with a grain of salt. Even the countries energy minister recently reiterated the countries slim reserve margin of electricity. Who you gonna believe?

South Africa is also adopting a new mining charter next month which will bring more black ownership to the sector. This has been a long, ongoing process to date with marginal success and the new changes are yet to go public. Let's hope that the changes are manageable and not unreasonable.

According to a recent online survey with 21,600 respondents 93% of investors believe gold will fall. Is that bullish or what? I've said many time we are years away from gold's blow off top. When your neighbour and barber and others are telling you about the gold or silver they just bought, then it will be time to watch your positions carefully. Until then accumulate on any weakness.

Edouard Carmignac, a successful money manager, has recently doubled his exposure to gold.

A favourite mining jurisdiction of mine, Tanzania, is set to increase gold production this year. Tanzania is a favourite stomping ground of miners world-wide and especially the Chinese as well as the great Mr. Jim Sinclair. This is a trend that will continue for many years to come as the country is very business friendly as well as very well endowed, mineralogically speaking.

Columbia has also been attracting major miners to their company more and more recently. It's now estimated that the country will attract \$4.5 billion in investments for gold mining alone over the next ten years. I was a bit skeptical and nervous as miners began to work in the country a few years ago but thus far it has proven to be a very good place to operate, and it doesn't hurt that they have a wealth of minerals to be uncovered.

Once again, a major Chinese economist has come out saying that China should increase their gold reserves. He cites the fact that if the RMB wants to

compete competitively on a global stage it must have a larger degree of gold backing.

In the past, and still today, there are many paid and unpaid bashers who populate chat rooms under multiple names. Now one unlucky fella has actually been [taken to court and found guilty](#). It serves this guy right and should set an example to those others who have evil intent. The basher has been fined \$425,000 payable to the company in question. Score one for the good guys!

A [major online investment forum](#) and hub for precious metals has also recently addressed this issue by posting in the clear the different pseudonyms which are assigned to the same IP address. I am sure there are ways around this for those sophisticated bashers, but it's great to see the problem acknowledged. Now the battle begins.

I wish this were a joke, but it's not, but at least for now it has been declined. A [movie futures exchange](#) is in the process of being approved where traders could bet on the success of upcoming movies. What's next? It's more and more like a casino out there these days with ridiculous, useless financial instruments being considered. Can you really take any organization seriously if they approve this foolery?

Until next time, enjoy everything!

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](mailto: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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