

Precious Metal Stock Review

Bridging Wealth Protection and Wealth Creation

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Day Of De-Bottom

Friday was to be a day of departure for Egypt's Mubarak, but it wasn't yet to be. It won't be long now imagine though as many countries are joining together and are ever closer to asking and even forcing him to leave now.

While de-parture didn't occur, de-bottom seems to have for Silver and Gold. Even US indices are shedding off all the calls for a correction in what is an unprecedented run higher. Markets don't work like this unless they are being propped up.

It looks like our move to a bearish posture was incorrect and we are now slightly offside. It's never fun, but it will be made back quickly and with Gold and Silver breaking out trading profits are never far away.

Metals review



Gold rose 1.02% this past week and more importantly moved above the uptrend line on a closing basis. Gold also closed the week above the 21 day moving average, but just shy of the 100 day average.

I don't yet know if Gold's move lower is finished for this correction, but it appears to be and we will know for sure very soon. The US Dollar is rising, and at times they correlate oppositely so we'll have to see how the next few days or so play out.

The GLD ETF volume was nothing special at all this week which makes me still slightly suspect of the supposed break higher here. It only takes a few minutes to decide on and initiate a position though so things can change very quickly.



Silver rose 4.10% for the week and looks much better than Gold. It has closed the week above all moving averages and seems to have established a new uptrend channel here.

As you know, I would have much preferred a larger correction, but such is life. After this past week, a trading position in Silver is warranted.

I looked at the monthly chart recently and I didn't like what I saw. It's too parabolic and appears to have the look of a blow-off top in the making. But fundamentally Silver has so much further to go that I am not worried yet.

If we were closer to \$200 an ounce and the monthly chart looked similar I may consider dishoarding a portion of my physical holdings, but that's a long ways away yet.

The SLV ETF's volume was slightly above average but nothing to write home about whatsoever. I'm slightly suspect of the move higher here, but have no choice than to be in a trading position.



Platinum rose a very nice 2.74% for the week after holding the lower end of the channel and horizontal support as well as the all important 21 day moving average.

Bam!! Platinum is unstoppable...for now!

It looks like we will see a pop out of the uptrend channel and possibly up to test 2008 resistance near \$2,000. It wasn't long ago that Gold and Platinum were trading in tandem. Early 2009 in fact, Gold was even a bit more expensive!

If anyone tells you Gold is in a bubble ask them if Platinum is. You rarely hear of Platinum being in a bubble. It's actually rarer than Gold, but not nearly as significant as Gold in monetary terms.

When Gold rises they correlate it to financial crisis therefore the authorities do not want it, and have it talked down in the media. If Platinum rises, it's just simple supply/demand and there is nothing at all wrong.

The PPLT ETF's volume was huge on Tuesday as price gapped higher. Weak volume the remainder of the week is fine as this metal just keeps powering higher and only seems to get big volume on major highs and lows.



Palladium was basically flat falling only 0.08% on the week. It's uptrend is very intact still but the rising wedge pattern here is slightly troubling. These patterns usually lead to lower prices once they are resolved, but only time will tell us for sure.

A break of the downtrend line or 21 day moving average would be the sell signal here. Until that occurs you can continue to buy the dips.

The PALL ETF's volume was completely average all week with a very slight uptick on Fridays move lower. As a result there are no revelations from volume at all this week.

Fundamental Review

China has reportedly imported up to 200 tonnes in the last three months which would be roughly 8% of yearly worldwide Gold production. The heavy importing was said to have been in advance of Chinese New Year, which began February 3rd. Usually red envelopes are stuffed with cash and exchanged during the Chinese New Year, but apparently Gold is being put into the envelopes this year.

It's not my fault that China is taking over the world in many respects, so please don't berate me with hate mail. The facts are they are smart, have a long-term plan and are executing it. Western governments let it happen with their debt based system.

It doesn't matter if you agree with me on this or not, it's fact and the sooner you understand it the better off and more prepared you'll be. No point in being stubborn. Look at the facts honestly and decide for yourself.

What I'm working around to is that while the Chinese are far from perfect, they have done a lot more right lately than the West. They are buying Gold as quickly as they can at whatever price they can. I suggest you follow their lead in terms of Gold buying, whether you like their reasons for buying it or not.

A report was received recently where it was said that the Chinese Central Bank is going to increase their Gold reserves, and Silver as well. It was said that they would be using the recent weakness as an opportunity to buy both metals. It doesn't surprise me to hear this about Gold, and I may not have even mentioned it here. But to hear this about Silver is stunning.

Many societies, including China, have been on Silver standards in the past, and while it is industrial, it is also precious and can be argued as to have many of the same monetary values and features as does Gold. In the past Gold was used more for wealth storage, while Silver was used in day to day transactions due to it's cheaper price.

It's beyond what I can put into words how positive this is for Silver, if true. I guarantee if China begins buying Silver as reserves, many other countries will follow.

It's no secret that I've been much more bullish Silver than Gold for years and my portfolio reflects that tremendously. Last year was amazing to say the least. And better years are ahead!

\$200 Silver may seem cheap in a few years. No joke.

Turkey's January Gold imports also rose to 11.12 tonnes of the good stuff. That is quite a bit, and a trend that should continue. January 2010 only saw 60 kg imported!

Three banks failed this SuperBowl weekend and joined 2011's list of biggest losers. Once again, they were announced after all was said and done for the week, late Friday evening.

Ben Bernanke issued a stern warning that if the debt limit ceiling failed to be raised promptly there could be catastrophic consequences. This is true. And there is no practical solution to a continued debt limit increase which will eventually lead to the failure of the United States Dollar as we know it.

His warning came during his appearance at the National Press Club where he told so many lies that I won't even go into it. I know I woke up the next day to glorious headlines of peace, love and prosperity, all lies if you even bothered to read past the headlines, let alone dig into the real numbers and truths.

Forget about it. Just buy some physical Gold, Silver, or nickels and sit back and ignore as much of it as you can.

The national debt in the US jumped an impressive \$105.8 billion in January alone. That's about \$3.14 billion per day. But if you break it down it's only about \$10 a day for every man woman and child in the US. The median US family size is 2.59 so it's only an extra \$803 per average family per month added to the national debt at this rate.

No big deal. Who doesn't have an extra \$800 a month to throw around right?

I know I don't!

My word that is a lot of cash, and it's likely to only grow over time. Stop the madness!

Apparently scams out of Sierra Leon still occur in regards to "cheap gold". Investors actually trusted these scammers and handed them large sums of money for cheap gold which was never delivered or only contained copper shaving. I get many emails from scammers every single day, most from small African nations.

**Note. If you've sent me an email starting with Dear Sir, or Kind regards from Africa and you didn't get one back I may have deleted on first site out of habit!

Gold is not cheap. The cheapest way to buy Gold is on the futures market. Other than that, you have to look at the charts and look for good entry points and shop around for the smallest premium. That is the only way to get a “deal” on Gold.

Silver sales have been soaring lately. 1 oz silver coins have broken sales records in January at the US Mint. Sales of 6.42 million coins were 50% more than any other year in the US Mint’s 26 years of published data. At least they have the Silver so far.

The second highest monthly sales ever just occurred in November 2010, then 2010 supply basically ran out in December so we could well be at the start of back to back record breaking sales months.

It won’t take too many of those types of months until we hear the “we ran out of blanks” excuse. Get the metals while you can because there will be a day when paper price and physical price has a huge spread. There is already a spread, but it’s small compared to what’s coming.

Here’s a great one to finish on and consider. A rich investor bought twenty million nickels in order to profit from the coming fiasco. Anything that will hold value, including small coins with metal content, is a good investment. Apparently the nickel is actually worth \$0.07 today and I’ll bet you a nickel, a nickel will be worth even more over the next few years.

Enjoy the Super Bowl and the coming week. It should be a great one.

Until next week take care and thank you for reading.

Warren Bevan

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