

Huge breakout and Shakeout After Follow Through

It looks like we have a happy weekend coming up as the precious metals are holding up nicely. More specifically Gold has broken out and is now confirmed by today's continuation. We usually get handed a nasty down move before the weekend but this one is much more pleasing. The realization that money creation/inflation is becoming more recognized and a real store of value is desired is slowly becoming more apparent.

The small precious metals markets don't need much push to get up and go and that is why they have and will remain very volatile. As in the past any huge scary down days have been nothing but buying opportunities and emotions must be set aside on those days and your cooler head must prevail. A trick that has worked for me in this market is to do exactly what your emotions are telling you not to do.

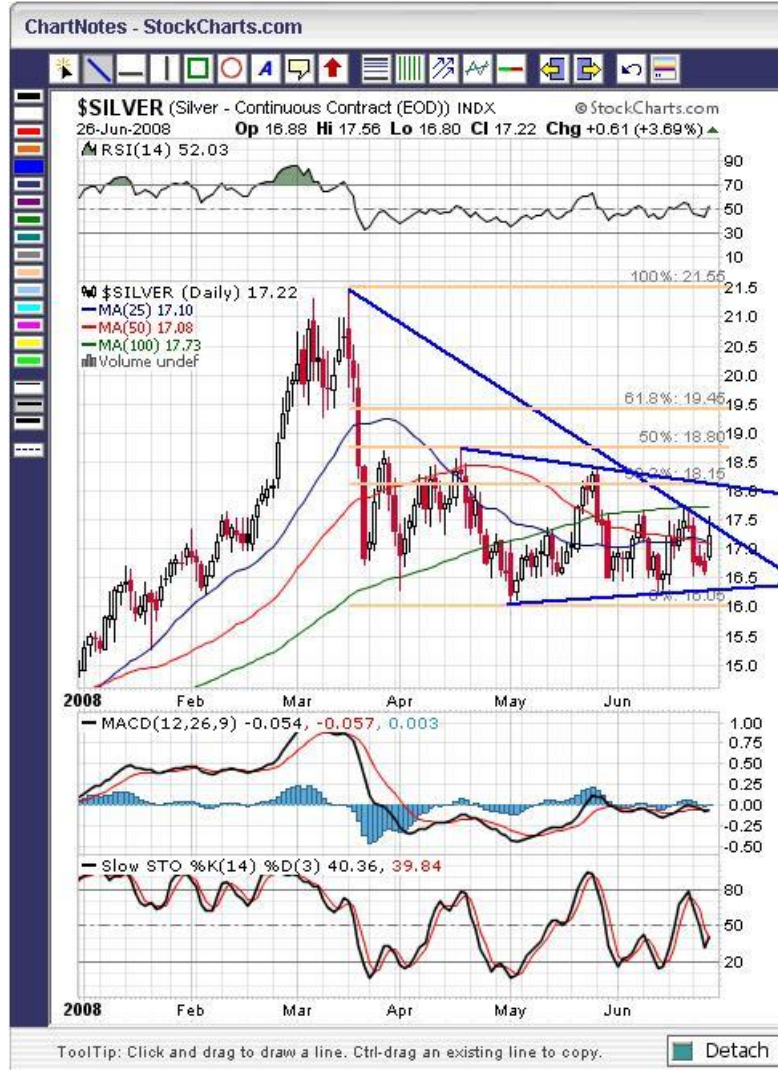
I called a company of mine yesterday in disgust as the shares hit a new 52 week low of \$0.10. My mind was telling me that I have to get out but deep down I know that it must be the bottom. The shares will catch up and surpass the performance of the precious metals in time. To sell now would be the biggest mistake of my life, so I wait in patient silence.



Gold has broken above the bullish triangle which has attracted strong buying attention. The slight reverse head and shoulder pattern was also broken at \$920. As I write Gold is done trading and has close very near \$930. If we can get above the next line at \$940 then we could very well see the venerable \$1,000 mark hit next week, but more likely within a month.

The final line in the sand lies precisely at the 61.8% fibonacci retracement line at \$963.11. After that it is as clear sailing as any market could ever want. RSI, Slow STO and MACD are all at perfect levels with a long ways to go before they see overbought readings.

While I want to say this is it, I have seen this happen too many times throughout this bull market and I see a period of hard work and battles ahead as the last lines of defence are attacked before the village of \$1,000 is taken for good.



Silver remains very explosive and has built an extremely strong base from \$16.00 to \$16.50. Silver broke above the top bullish triangle line but the \$18.15 line will prove tougher and much more significant. The 38% Fibonacci retracement line and the reverse head and shoulder pattern lines coincide exactly at that mark and will take some fight to get over, but it will be done.

The Fibonacci lines mark perfect resistance lines for Silver. \$18.15 will be tough and the most significant line to cross. \$18.80 is significant but momentum could carry us above it very easily as follow through from the first line of resistance. \$19.45 is the final line in the sand and should prove a difficult hurdle. But, like I have said many times before Silver is the most explosive precious metal these days and I don't feel comfortable attempting to give any more

direction than the simple support and resistance lines. But all three indicators do have a long way to go before they show overbought readings.



Platinum remains trapped in the range between \$2,200 and \$2,000. This is super action within the bullish triangle and the lower regions are areas to accumulate. Trading continues to tighten and should be resolved within two months.

Platinum has shown an uncanny ability to stay above the 100 day moving average and at its rate of ascent we could see Platinum head higher quicker than I expect.



Palladium is trading above the reverse head and shoulder line and is trapped between it and the 38.2% Fibonacci retracement level. The rising 100 day moving average could give it the push it needs to begin besting the Fibonacci lines which will attract buying attention. We should see some action any time now as the lines are converging very quickly.

While not all the precious metals have moved up as explosively as Gold and Silver since the Fed left rates unchanged, the writing on the wall is clear. People are looking for a safe haven to put money.

Have a great weekend, you deserve it.

Warren Bevan

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