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Redemption

We are finally starting to see some retaliation against those “too big to fail” institutions who are basically criminals who have robbed the middle class of their wealth and livelihood over time. Let’s hope it keeps up!

Metals review



Gold fell 2.85% for the week which is more than what I expected. I thought a fall to the \$1,120 area would suffice. While it's tough trying to predict weekly movements what really matters is the predominant trend which remains up.

RSI fell below the 50 level and could very well test the important support area at 40. Gold's most recent uptrend line was violated, against my wishes, for the record.

The Fibonacci levels are still showing quite good areas where resistance is to be found. Once we mount some steam again I expect gold to clear the

50% retracement level at \$1,135 more easily and for good on this next leg higher.

The moving averages are vaguely positive with the 200 day moving higher and the 100 and 50 days intertwined at the \$1,113 and \$1,109 levels respectively. The 50 day remains below the 100 day, but any move above the averages by gold should put the 50 back in it's place, above the 100 day moving average.

MACD just flashed a sell signal while the Slow STO did so over a week ago. The Slow STO was the only thing that bothered me about last weeks chart, and it turned out to be true.

From here I have to think we will test the \$1,080 area briefly before moving back above \$1,135, but let's hope I'm wrong...again!



Silver dropped 1.61% for the week and is trading much stronger than gold for once. Last week I talked about my long held thought that silver would lead gold into the second leg of this move higher. It looks to have begun.

Speculation is rampant that the big silver shorts are covering, and getting out of dodge before the CFTC holds hearings specifically on the silver short position on March 25. That thought though does not jive with the most recent [COT report](#) which was cutoff Tuesday March 9, and actually shows an increase in the commercial short position. Next weeks COT could be interesting and very telling.

The RSI is trending flat and has slightly broken the uptrend line which is must move above if a resumption of the move higher has any chance of

transpiring. The Fibonacci levels continue to show great support and resistance areas.

An uptrend channel has formed and is very steep. Normally I would say it's unsustainable, but we all know how silver can move. This could remain intact for at least two months which would put silver closer to \$19 than \$17.

The moving averages are key right now. Only the 200 day is moving higher while the 100 and 50 day are flat and proving resistance and support respectively. I expect the 50 day average to remain support until the lower limit of the uptrend channel meets it and in turn move silver up to test the 100 day averages and likely slicing right through it.

MACD is still bullish but hooking to flat. Slow STO has shot a sell signal from over bought. If silver stayed right around here, it would bring the Slow STO indicator lower, and in turn make the technical analyst in me a happy camper.



Platinum moved up by 1.86% for the week and is now nearing the upper reaches of its uptrend channel. RSI is moving slightly lower now. The moving averages are in fantastic shape, as always.

MACD is bullish, but the Slow STO indicator is in overbought territory and having a hard time deciding whether to move up, or down. I'd say a move lower is more likely than a move higher in the week ahead.

The downside will likely be limited to the \$1,500 level where the 50 day moving average resides. The upper end would be \$1,650, which happens to be Jim Sinclair's long held target for gold. Albeit, he has admitted for a while now that that target is far too conservative.

If only gold were left to trade freely, it's chart would look much more like that of platinum. Ahh well, the lower prices just give myself and you more time to get more gold before it moves much higher, so take it as a blessing in disguise.



Palladium fell 2.77% this past week as expected since it simply went to high, too fast. RSI is tipping higher off the uptrend line drawn in. The uptrend channel is intact and the steep uptrend line within the uptrend channel is also intact.

When the steep uptrend line is combined with the RSI, I think palladium will move up this coming week at least to test the \$480 area at the top of the uptrend channel.

The moving averages are, as always, in great form. MACD is hooking flat but still in a bullish posture. The Slow STO indicator is bearish from oversold but is hooking to flat.

While I'd prefer to see palladium move back to the \$440 area, it looks like another quick test of the \$480 area is in order. Hopefully then we can see a more meaningful correction back to the 50 day moving average.

Fundamental Review

The Greek Prime Minister called for the US and Europe to crack down on speculative trading and exotic bets which he believes have driven up Greece's borrowing costs. If that doesn't work he will turn to the IMF he says.

He's right, and these institutions that we all know are robbing peter to pay themselves should be set free to do as they please...but when they get in trouble, let them fail!

One of the more refreshing stories came out this week whereby the big US institutions were all but excluded from facilitating European government debt. These deals are worth billions of Euros. For the first time in five years only one US institution appears in the top ten, at number ten.

The retaliation is due to their involvement in the credit crunch. To be honest these institutions all but created the problems. I've said many times before that derivatives are the root of the past problems, the current problems and the upcoming problems.

Nothing has been done to stem derivative creation or deal with the current derivatives which number over a quadrillion dollars in notional value.

But times may be changing as the CFTC's Gary Gensler called this past week for an end to the derivative secrecy that has plagued us for so long. He would like to see prices published similar to stock prices, and traded on an exchange.

Most derivatives don't trade at all, but still this would be a welcome measure, albeit far too late for this go round. It would only speed up the coming crash, which would actually be good. Think of it like ripping off a bandaid. One way or another it's gonna hurt. Long and slow or quick. So far the slow painful choice has been made. Hair by hair the bandaid is coming us!

Please see this link for the names of this weeks four biggest losers. Oddly enough I got a notice of a bank actually failing on a Thursday this past week. I didn't notice anything in the media about it though, so perhaps we are

hardened to all and will finally begin to see banks fail, when they fail, not the usual late Friday evening stuff. The other three banks failures were announced at the usual time though, late Friday.

Since the FDIC, the institution that guarantees your deposits in the bank, is beyond broke they are now trying to get public retirement funds, which control more than \$2 trillion, to [buy the failed banks](#).

Let me get this straight.

You want to be bailed out by US employees retirement savings, who will in-turn buy a bankrupt bank.

So the FDIC is essentially trying to rob the middle class of the last scraps they have left.

Thankfully, I don't have any money in such a place, but if I did I would be more than a little nervous.

Don't believe this hype, today they will tell you black is white, and white is black. Don't fall for it. If you don't, or can't get your head around something, walk away from it.

I can wrap my mind, and hand, around that gold or silver coin and know exactly what it is.

Can you?

Andrew Keen, who happens to be the head of metals and mining equity research for Europe, the Middle East and Africa, for a large institution said this past week that he expect demand for [global metals to increase "radically"](#) between now and 2011. He sees this on the back of continued Chinese growth. While he was keener on base than precious metals his focus was on growth, not economic crisis, which is what plagues us these days.

Robert McEwan is sticking to his guns about [gold hitting \\$2,000](#) by the end of 2010. He's had this target since 2006 and it's soon coming close to make or break time. Rob is one smart cookie, and rich to boot. He is heavily invested in the sector and will be much, much wealthier by the time we see the top prices, which are years away.

In reality it doesn't matter if it's this year or next year. Gold will be well over \$2,000 in the not too distant future and likely closer to \$10,000 than \$2,000 near the end of this. Biding our time is the difficult part, but it's going to be well worth it.

I talked last week about certain miners in South Africa looking to expand their operations outside of South African borders. Already China is [pouncing on the diminishing interest in the country](#), this, according to South Africa's mines minister.

The mines minister reassured investors that mines will not be nationalized for the umpteenth time. He also said China was basically interested in "almost every commodity".

Dump them dollars for tangible goods remain the Chinese creed.

South African gold production was [lower by 5.8% in 2009](#). This is much better than that of 2008 where a 14.5% decline in gold production transpired.




South Africa dropped to [fourth position](#) in terms of world gold production. China, Australia and the United States are now ahead in production terms.

Year over year, [South African gold production slipped 18.2%](#) in January.

On the other hand, China [increased gold output](#) by 8.13% in January or 1.64 tonnes. The months total was an impressive 21.81 tonnes.

This past week, more than others, a series of conflicting stories were released about China's intentions to buy IMF gold or not to. Or whether they are buying or selling US treasuries, or if they will revalue their own currency.

Some of the headlines were;

-  ["We're not too keen on gold"](#)
-  ["China says committed to U.S. debt, wary on gold"](#)
-  [Gold sinks most in seven weeks on China worries](#)
-  ["China says committed to U.S. debt, wary on gold"](#)
-  ["Talk of China giving up on dollar is nonsense: banker"](#)

It all comes down to what China has done. They've been secretive/smart about accumulating assets, or changing strategies. They will do what is in their best interest.

This includes accumulating real goods, in developing or poor countries, largely in Africa. Also they are quietly/slowly shifting assets away from the US dollar and will slowly revalue their currency as they have been doing for years now.

China has released their [2010 economic blueprint](#) which sets GDP growth at 8% which is what they deem necessary in order to offset diminishing exports areas such as the US and Europe. This rate has been the target since 2004.

Perhaps the [best quote all week](#) came from Yi Gang, China's State Administration of Foreign Exchange said that while many friends are urging China to increase gold reserves they will "give prudent consideration to this, according to market conditions."

Yi also said that gold will never be a large part of China's overall investment portfolio. I agree. It will be their large insurance policy.

At today's gold price it simply cannot occupy a large percentage of their reserves, once the price rises much higher it will inherently take a large percentage of their portfolio.

At the just finished PDAC in Toronto, Canada one mining head talked about the [DRC's potential to be the largest gold producing country in Africa](#). He likened the DRC in ten years to today's Ghana or Tanzania. The DRC has a long way to go before I would be comfortable investing there but it will happen over time no doubt. Especially as gold becomes more and more valuable.

This is a [telling tale](#) of some of the corruption and extortion present in the mining industry in the DRC today. There are still many issues to deal with before I'd deem it safe for investment, obviously.

The very knowledgeable Pierre Lassonde does not believe [peak gold is imminent](#) as new and more innovative mining and exploration techniques evolve. Heavy R&D investment is essential and there is one company in particular I have been quietly following, but not invested in yet, which I believe is leading the pack.

He also notes that when it comes to drilling, the industry has been using more or less the same methods for the past 100 years.

Pierre also sees a much higher gold price over the long-term, and thinks that if mining companies can keep controlling costs, that we may finally be on the verge of some major price increases.

US Mint silver coin sales [have been on a tear](#) so far in 2010. Sales are up 40.2% over the first two months, year over year. This is a new record for the Mint's history. It's much cheaper to buy physical silver than gold and most investors simply don't have that much free cash they are willing to invest in physical metals...yet.

I don't have any cool tunes or anything for you this week. But there are a few interviews which I deem a must listen to. The first is with [Harry Markopolos](#). The second is in two parts with my perennial favourite Jim Sinclair. [Here is part one](#). [Here is part two](#). Enjoy.

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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