

# Precious Metal Stock Review

*Bridging Wealth Protection and Wealth Creation*

[www.preciousmetalstockreview.com](http://www.preciousmetalstockreview.com)  
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## Wealth Preservation Mode

I think an update is due for everyone. Times are unprecedented and markets are very dangerous.

I'm sure you are all well aware news is unfolding regarding the potentially six nuclear meltdowns in Japan now, faster than you can really keep up with. The reality is it's surely much worse than is being let on at the moment.

The devastation from the tsunami alone is staggering and the death toll sure to rise to well to over 50,000 souls and it wouldn't surprise me in the least to see it closer to 100,00 once all is said and done.

[Here is a heart-wrenching presentation with before and after pictures.](#) Whatever issues we deal with on a day to day basis pale in comparison. Imagine your whole town wiped out in minutes as occurred to so many in Japan.

This latest crisis is veiling what is occurring in the middle east which in and of itself is a market moving event. [Four journalist have in fact just been reported missing in Libya.](#)

So what should we do with our investments now as they are being pummelled?

That is the question filling my inbox these days the most.

We have advocated that cash is a position many times in the past, and now even more-so. It's a case of sell first, ask questions later.

We've sold all our swing trading positions with the exception of a few short positions and are now looking for bottoms so we can add to our mining portfolio.

Everything, even commodities, is getting hit very hard so far this week and it's likely to continue if/as news gets worse.

There are going to be very good buying opportunities to come in the days and weeks ahead and you have to be ready.

Let's take a quick look at some of the hardest hit areas that we like to focus on.



The S&P index is in a falling trend and just recently tested another level of support. It's ugly and could easily get much uglier. It's now lost all it's gains for the year and is now negative.

I've had a target of 1,440 since late November 2010 on this index after it broke out of a cup and handle pattern, and that may be hit eventually but the cup and handle target is now annulled.

Markets hate uncertainty and we've rarely ever experienced this much uncertainty. Stay away from any type of trading unless you have solid rules.

I'm not even going to show any precious metals charts. If you're trading them you should have been out of them long ago or you have no business trading. Taking losses is part of trading and must be welcomed.

As for physical metals, if you own your allotment, then go do something else. Don't worry.

If you are looking to buy or add, use this weakness wisely.

Selling has to occur as investors are raising cash due to margin calls, or simply as a consequence of having the pants scared off them.

Don't be a hero here. Step aside.



The CCI which tracks most commodities is the one chart I look at to see how commodities did on any given day if time is short. It did take a beating and dropped below it's 21 day moving average as well as it's uptrend line.

We're seeing some support here at horizontal support. We'll likely see a test of the 100 day moving average soon or even a dip to the \$600 area on a technical basis.

In reality nobody knows. If we see a nuclear meltdown or, heaven forbid, another large quake and tsunami in Asia or even on this side of the pacific ring of fire then all bets are off.



The Dr. copper's holding here for now but is by no means out of the woods. Holding the \$410 area is great to see. If we do penetrate this level then look for support at \$390, then \$370.

These types of washouts are great healthy moves, but there is just too much uncertainty to even attempt to call a definitive bottom yet.



The XAU is a fair representation of the large gold and silver miners and it's chart is quite ugly. A solid downtrend is in place now. The index did test and hold it's 200 day moving average so far but you'd have an extremely short trading timeframe to want to try a buy here.

This is a scalpers market. There is no true trend.



The GDJ represents the junior gold and silver companies pretty well and it's been killed lately as well. We are not touching anything in this environment.

It's rare times like these with no clear direction that you must avoid trading unless you watch every tick and can enter and exit positions in seconds. And even with that ability it's a very difficult task.

This is the best time to study and research companies we've had in a long time. If you're not into that, it's a great time to take a vacation and get rested up for the next periods of strength which could come sooner, or later.

The main message I want to get across today is that nobody knows what is occurring for sure in regards to the nuclear plants in Japan and as such you should go into capital preservation mode.

Last night Japanese markets rallied and closed up close to 6% but recall that the [Bank of Japan has injected \\$688.3 billion](#) into their markets over the last three days. The US is only injecting \$600 billion over months, not days in the form of their QE2 programs.

That amount of money was injected and still the markets were obliterated and are down solidly still even with yesterday's recovery.

The fact is buyers aren't there, other than newly injected support funds, but selling has subsided for now at least.

[For our subscribers and ourselves](#) we've cut all our swing trading positions with the exception of a few bearish positions. I feel that you really have to be short a little bit because things could really move lower in a hurry.

We've been sitting on an unusually large cash hoard in our mining portfolio for about 9 months now. It's not been fun, but this is the type of event we've been waiting for. Our buy list is getting cheaper by the day and we will soon begin to nibble on our favourite miners from small to mid-sized.

We're really no fan of the majors since they have a hard time replacing reserves and just don't move that much. They will have their day when they move lots and we will swing trade that action, but as for owning them in our mid to long-term portfolio, we'll continue to pass on that idea.

Once again, my prayers are with those affected by this tragedy. And for everyone whose portfolio is the only thing being affected, count your blessings.

Please take care of yourselves and your portfolio and enjoy these historic times as much as you can.

Warren Bevan

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](#).

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