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## 700% Higher Gold

Gold has much further to run in the years to come and silver even more-so. There is no other possible outcome as world fiat currencies continue to be devalued. It is that simple. Read on to find out why 700% is the minimum move higher.

The CFTC meeting on position limits is finally coming up this Thursday March 25, where invited guests will get the chance to make a five minute presentation before receiving questions from the panel.

The good friends of ours (sorry, been watching the Godfather this week) at [GATA](#) (Gold Anti-Trust Action Committee) have been invited to make a presentation. It's going to be a very fun meeting to watch and it will be webcast live, the link to which I will send out to everyone before the event is to begin.

## Metals review



Believe it or not gold actually rose on a weekly basis by 0.44%. While Friday's near instantaneous move lower into the low \$1,100's seemed a bit painful, the reality is it doesn't matter.

The 6,000+ futures contracts dumped onto the market in order to facilitate the move lower is highly suspect since any normal short seller would never dump so much on the market at once while at the same time trying to maximize profit. Isn't turning a profit everyone's goal?

It's as bad as announcing you're going to sell your gold before you do it.

Anyhow, the chart is still in good shape. The large wedge formation is slowly coming to a conclusion. The lower reaches of the wedge are the \$1,080 area.

With options expiring Friday the 26th and a hefty number of options at the \$1,100 level, it would not surprise me one bit to see gold taken below that level, perhaps even to \$1,080. In fact, it would surprise me if gold held above \$1,100 for Friday!

RSI is bearishly crossing the 50 level. The Fibonacci levels are representing areas of congestion which take time to move through.

The moving averages are positive although the 50 day still remains below the 100 day. Both the 50 and 100 day averages are showing some support to the gold price for now.

MACD is just barely bearish and the Slow STO has moved into a definitively bearish posture.

Let's see what the new week brings, but you can never not expect pressure during options expiration.



Silver fell 0.41% for the week because of Friday's action lower. The COT report of silver showed an increase of 2,768 short contract between March 9 and March 16.

RSI is falling to, and likely through, the 50 level. There is a band of horizontal resistance between \$18 and \$17. It's no coincidence that the downtrend line meets the \$18 level.

The moving averages are still mixed with the 50 day below the 100 day. Both the uptrend line and the 50 day moving averages are proving support but that may change as options expiry approaches.

MACD is still bullish but flat while the Slow STO indicator is showing a sell signal. I think we are in for a week of weakness for silver, even a move to the 200 day moving average at \$16.20 is not out of the question.



Platinum flattened out with a 0.01% gain for the week. The weekly chart shows a perfect Doji candle which portends a trend change. Last time I saw this occur on the weekly chart we had a week of weakness. With platinum trading near the upper reaches of it's uptrend channel, I am expecting a breather this coming week as well.

RSI is bearish now. The moving averages remain spectacularly bullish. MACD is turning lower but still bullish. Slow STO is flashing a sell signal. With platinum likely about to correct to at least \$1,560 it may be a good time to

initiate a trade, or buy some coins if that's your thing, once the correction looks played out.



Palladium rose 1.51% for the week and butted up against resistance just below the \$480 area. It looks like a triple top formation, but that will be short lived once palladium gets it's breath back and mounts another charge.

RSI is about to break below it's uptrend line and foreshadows some weakness to come. The price bounced lower off both the top of the uptrend channel and recent tops, the first of which was marked as the new ETF was set free into the market.

The moving averages are still in great shape. MACD is now flat and the Slow STO indicator has taken a bearish posture from the overbought area. I expect a healthy fall to test the 50 day moving average at the \$440 area.

## Fundamental Review

This weeks letter is very shortened. It's spring now...and sunny after-all!

[Latvia's government collapsed](#) after failing to get approval of their action plan from the countries Prime Minister who labelled the plan "populist". Unemployment hit 20% there while the economy shrank by 18% last year.

The crisis is hitting closer to home this past week as New York State had to [halt tax refund payouts](#) until next month. Half a billion dollars is not being sent out until early April at the earliest. Try withholding your tax payments and see what happens. Maybe NY residents should charge interest!

More payments are expected to be withheld to schools and local governments throughout the state in the near future as well.

Geez, you'd think Wall Street would help out their own state.

Not a chance. They'd turn on their own mothers for the right sum.

The market wasn't closed five minute on Friday before I received the first notice in my inbox of a failed bank. The notices kept coming throughout the evening until the total number of biggest losers this past week hit seven. Please see this link for the [names of this weeks fallen](#).

A [very compelling bill was passed](#) in Idaho recently whereby silver will now be permitted to be used in payment of a state tax bill. The bill is meant to both reinvigorate Idaho's silver mining industry and encourage silver's use as a form of currency.

That's fantastic, but Republican Phil Hart basically, but unwittingly, told residents not to, by saying; *"consumers should rely less on money printed by the federal government because inflation will diminish its value"*

If I was told that, the last thing I'd do was pay the state in silver and keep the admittedly, depreciating "money" for myself. The other way around would seem more logical. Wouldn't it?

China has bid, and failed for many companies over the past several years. Mostly it's due to protectionism by the regulating authorities. The Chinese have learned that it's much better to just [buy a large stake](#) or participate as a joint venture partner in the company than to try an all-out takeover.

If you can't beat 'em, join 'em!

A fascinating read of the Hunt brothers foray into the silver market [can be read here](#). It's amazing that the rules were just changed on them, but that's the way life goes when you're right and the big connected money is wrong.

John Williams of [Shadowstats](#) calculates government numbers as they were once reported before the inputs were changed in order to make results appear better than they are in reality.

Using metrics of days gone by and not using seasonal adjustments he calculated the inflation adjusted 1980 high of \$850, to be \$7,494/oz in today's devalued dollars. That's more like it!

Using the same metrics he calculated that silver would have to hit, sit down now, \$436/oz in order to hit it's 1980 high of 49.45 in today's dollars.

Australian miners are [uniting against potential tax increases](#). They are rallying to show their current contribution as is, to the state, in hopes of not being singled out for [tax increases](#). It seems anytime anyone gets ahead these days, they get taxed more. Rest assured, in hard times taxes won't be lowered.

Really, the gold industry is just starting to poke it's head into positive territory, and the shares are still not doing great in comparison to the metal itself, so a raise in taxes could be nearly catastrophic for some companies and further deter new or ongoing investment in an already tough business.

Russian [gold production rose 11.2%](#) in 2009 to 205.2 tonnes. I wonder how much of that will be exported. Not much I am sure.

The global gold hedge book [fell to 236 tonnes at the end of 2009](#). That's far from the 2,064 tonnes hedged in 2000. As they were closed out, they helped to propel the gold price higher. So far there is no sign that hedging will reemerge as a trend in any significant form anytime soon. Now we see if it was worth it for the hedged companies.

Well, I'm taking a rare day off tomorrow. Enjoy your weekends and week ahead. It's sure to be one of the more exciting ones this year, even though the precious metals are all likely to feel some pressure.

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Until next week take care and thank you for reading.

Warren Bevan

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