

Precious Metal Stock Review

Bridging Wealth Protection and Wealth Creation

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Silver Springs

I gave this article the same title of a favourite Fleetwood Mac song of mine. I hope to make this article fit within the length of that great song so why don't you join me for [an emotion filled hit from the past](#) as we go through this article together.

First off. Why was Silver and Gold smashed yesterday?

You'll hear many reasons, all wrong.

The only reason they dropped was because the [margins were raised on Gold and Silver again by the CME.](#)

Gold margin was raised to \$4,500 from \$4,251 per contract. Silver was upped last week from \$5,000 to \$6,500 and again yesterday to \$7,250 per contract.

The CME did the same thing with Silver last week which had the same effect of seeing both Gold and Silver fall hard immediately.

Monday saw a marked selloff in Gold and Silver around mid-day. It seems insiders got the early warning about the coming margin raises and took advantage of the inside information. These occurrences occur far too often, but they are just noise in the short term and don't much matter if you are holding physical metal for the long-term.

Usually they do this as markets get out of control in only upward trajectories, but the huge short entities are desperate and need help. So the CME helped them by using the old trick of raising margins.

Meanwhile the CFTC will turn a blind eye to this obvious sham as usual. It doesn't matter though, strong and large interests have been waiting for this chance, and they took it, as [I did myself and subscribers](#), very near the lows. In reality we are still very near the lows and it's certainly still a great price to initiate some trading positions.

The obvious question I am positive you are thinking right now is; why wouldn't Gold and Silver margins be increased at the same time, all the time?

The CME wanted it's full bang for the buck so it did Silver last week as prices were exploding higher. Then the week was mired by weakness.

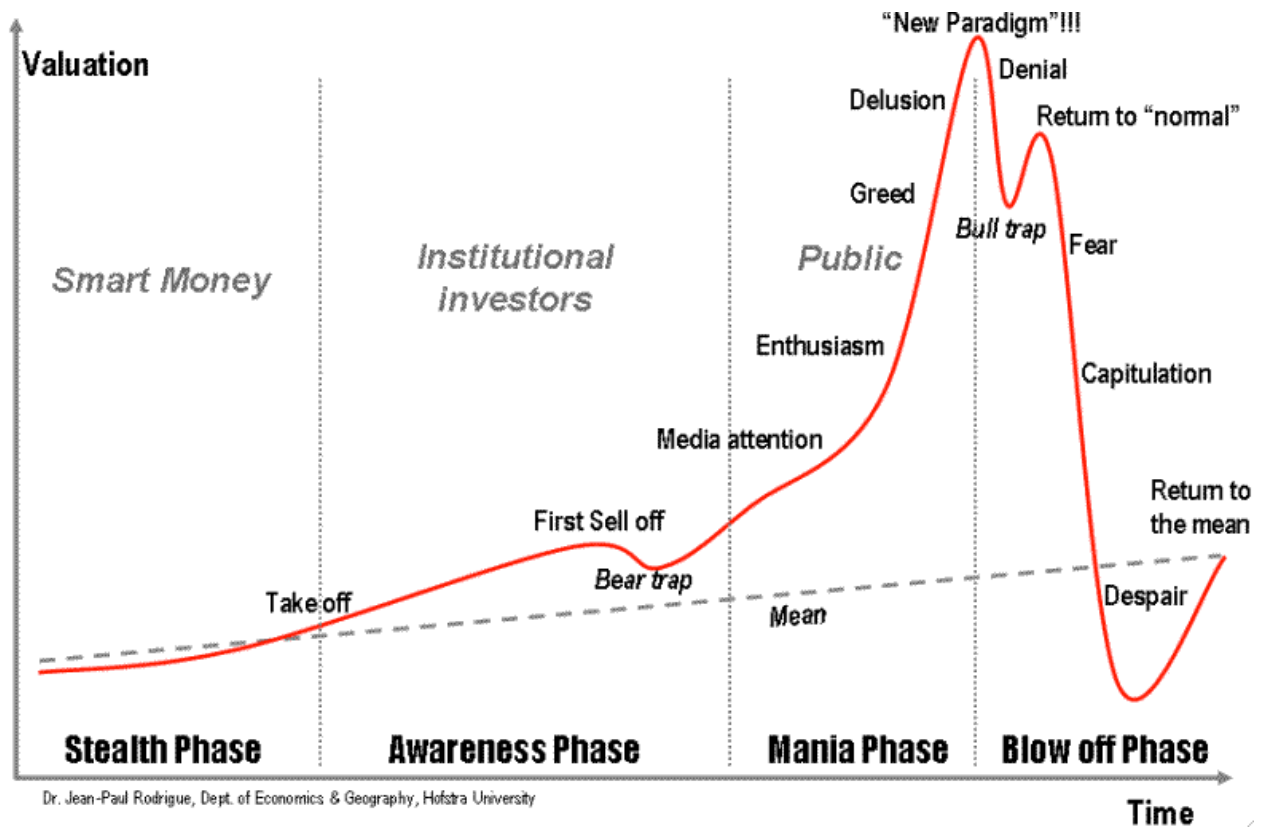
They dealt the supposed death blow yesterday, which should put ice on the rally once and for all. But I think they will be sadly shocked to see the Gold and Silver markets turn up on a dime from here and blow past previous highs.

Perusing the CME website this evening I see a prominent report on Gold. Fortunately it's titled "[Gold 2011 - The Grand Finale](#)". The article is decisively bearish which tickles me pink!

Keep 'em coming I say. Bears have been the majority thus far in the bull market and I'd be happy to see this trend continue. The longer it does the longer the bull market will continue to sneak up on us.

Once in a while I like to pull the chart below out which is the typical phases of a secular bull market. Notice there are no set time parameter. While certain cycle work is valid, secular bull markets are best measured by human emotion and the madness of crowds.

Personally I think we are only in the early stages of the mania phase, and this phase could last many, many years dependent upon the unparalleled consistent stupidity of regulators and rulers.



Now let's take a look at the the tech bubble in comparison to Gold below, while keeping in mind the chart above.



I hope you can read the captions and compare them to the chart above. If not please use your zoom function (google it). The Nasdaq chart on the left is a 12 year chart while the Gold chart is a 10 1/2 year chart. Both charts are monthly.

The point in making both charts monthly is that you, I and everyone else can clearly see there is nothing close to even the beginnings of a blow-off top in Gold yet.



The ten-year monthly Silver chart is even better since there is hardly even a discernible upwards trend. It has been steep as of late no doubt, but comparing it to the Nasdaq chart above it only looks to me as if we have just cleared the “First Sell Off” area.

As I’ve been saying for years and should be for at least a few more, it’s not too late to buy real Gold and Silver, and quick strong smack-downs such as today are a great opportunity.

Don’t let them go to waste.

Until next time take care and thank you for reading.

Warren Bevan

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