

Precious Metal Stock Review

Bridging Wealth Protection and Wealth Creation

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Diamonds Aren't Forever

I brought something to the attention of subscribers early this morning and it's just too important to not bring to the general public's attention as well.

First I have to say, this in no way has any effect on my long-term physical holdings of bullion. It WILL NOT be traded or sold for years to come.

There is a very powerful chart pattern out there termed a Diamond Top pattern. You can read much more about it by doing a quick internet search if you are so inclined.

Let's take a real-life example of this pattern in action and the stunning result.



In April and May after a huge run higher the S&P index traced out the Diamond Pattern which is shown on the chart. The flash crash then ensued.

By no means do Diamond Patterns preceded flash crash type of events, that was a computer trading issue.

But flash crash aside, you can clearly see the trend change and the index move much lower after the pattern was completed.

Unfortunately I did not see this pattern created, but luckily one of my mentors did. He's good, and I introduced him to my contacts last week.

Now let's take a look at a real-time example of the Diamond Pattern forming today.

But before I do that I want to say that the length or duration it takes to complete the pattern is of great importance to the magnitude and time the ensuing move will last.



You can see the very short-term Diamond Pattern forming in Gold, and today so far it is contained within the pattern. There is certainly no assurance that Gold will crash, and I do not expect it too...for long.

I do think though that the volatility of the last few days is trying to tell us something. The volatility has had my mind thinking, “good move getting out of your trading positions last week”, then flipping to, “you idiot”, the next.

I think the market is just playing with people who are indecisive though.

To me, it appears that this very short-term pattern will be resolved lower. I know that there are massive buy orders near the \$1,300 area but I am expecting a spike lower, possibly even to \$1,270 or so on an intra-day basis.

This spike will see huge volume in the futures market, as well as the GLD ETF.

I have no way to know if I'll be right or wrong here, and if Gold moves higher we have strategies and buy points to deal with that and not miss a beat.

But if I'm right, I should be able to get in very near the exact bottom, a rarity, and make that much more as Gold moves to \$1,500 and beyond.

It's fun learning new patterns and also informing about rare patterns such as this one.

There is nothing ever certain in markets, but I know Gold too well.

I hope I'm wrong, but I think I'm right that this Diamond Pattern will take us lower on a very short, violent move.

But just remember Diamond's aren't forever!

Especially little tiny ones like this!

Until next time, take care and thank you for reading.

Warren Bevan

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