

Precious Metal Stock Review

Bridging Wealth Protection and Wealth Creation

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Greek Gouge

It was another wild week in the markets with some breakouts higher which failed then breakouts lower which failed only to see massive moves higher coming into the end of the week, especially Thursday. You don't see markets, namely the S&P, move like that very often.

As for the precious metals they had a great week all in all but I would have thought gold would have been much higher as Greek basically defaulted on half of their debts.

But had gold risen as it should have that would not have been a good signal to market participants so the powers that be didn't let it rise. Alas, they can only halt the short term moves, not the major uptrend which has been in place for a decade now.

Gold and silver are still very cheap and while buying today may seem expensive, in a year or a few years out you'll wish you could have bought gold sub \$2k and silver under \$40.

Metals review



Gold gained a solid 6.18% this past week after last weeks head-fake lower. It was a sweet move just in time. I would have thought that news of a Greek debt default would have seen it rise more but it is what it is for now and I'm glad gold is held in check so we can keep buying more at these still low levels.

We moved up and out of the channel and are now stalling slightly at the 50 day moving average which is totally normal and healthy. We should be back on our way to \$1,800 very soon from here.

The GLD ETF saw a nice bump up in volume as it broke out which is exactly what you want to see in something breaking out one way or the other. Volume dropped off near the end of the week as gold is stalled at this resistance level which is perfect.

Up is the only way I can see this playing out in the short term although it may take a couple more days to best this resistance level.



Silver soared 12.79% this past week up and out of the triangle it's been building for the past month. Great stuff!

We've got lots of resistance ahead here as many moving averages converge around \$36 but once we take some time to get past those we will see \$40 in short order.

Silver is still cheap now. Get some!

The SLV ETF saw an uptick in volume on the breakout but nothing at all crazy which is perfect. This is not a top and all the top callers or bubble bursting thinking pundits once again have egg on their faces.

I don't get why they don't realize precious metals have only one way to go and that is up.

Then again once they are all on the right side of the trade I'll be getting mighty nervous. I am far from nervous.



Platinum shot higher by 8.95% this past week and is fast approaching moving average resistance as well as a major trend-line. The moves in precious metals were awesome this past week after a nice correction that washed out the weak hands.

I know I didn't sell one share or ounce in this period, rather I had my shopping list ready and was buying new companies. I love sales!

The PPLT ETF saw very heavy volume on the breakout higher and follow through days. Great stuff that is just what I want to see after a breakout.

I expect the \$1,700 to \$1,750 areas to slow down the ascent but not for too long.



Palladium rose 7.59% this past week and is trading in a nice uptrend channel here and we're at the upper end of it which happens to be where the 50 day moving average sits. Expect some consolidation here.

The PALL ETF volume was solid but not really anything to write home about. I expect the moves higher to continue after some sideways or lower work here at this time.

Fundamental Review

Well, the big news which I thought had been baked into the cake as it was all but a certainty before it actually happened, was that Greek defaulted on half their debts.

This will not be kind going forward as bond investors were forced to take a 50% loss. Who's to say it can't happen again and why would anyone buy something with that chance being a real possibility?

I am sure there were some sweet back-room, dealing with the big banks who mainly own those bonds which all but assured their existence going forward when they get into trouble again, and they will.

What I really find interesting about this is that it sets a precedent for the rest of the worlds major nations who are also saddled with debt and it's much worse in many cases.

There are two ways out of the debt. Either print money and inflate the currency until it's all but worthless and pay it off that way, or simply default on the debt.

Neither solution is great but this is where we are today.

This Greek precedent is likely to be echoed around the world. In other words debt holders will be forced into taking huge write-downs, with benefits!

The relationship between the bankers and the government is about to get a whole lot cozier and it's not a good thing.

This tactic, or semi default is doing one thing and one thing only, kicking the can down the road once again.

The rate countries have seen their debt accelerate it won't be too many years until we're in the same situation again, or worse.

On the bright side it's also going to prolong the precious metals secular bull markets which is already a decade old. I could see it running another decade for sure and possibly as long as two decades as financial tomfoolery becomes more sophisticated and skilled at passing the buck onto others.

Owning physical gold and silver with well more than half my wealth is a no brainer for me. It just makes sense. I sleep well at night.

With the rest of my wealth I like to own heavy dividend paying stocks, some of which pay nearly 20%, I also have a good varied exposure to medium

small and exploration mining companies and I also have a good chunk in a swing trading portfolio which is a great fun time and is a large focus on a daily basis for me.

[This strategy and wealth allocation is working very well](#) and gives me exposure to the areas I think matter and work, and most importantly I sleep well every night.

I haven't come across a better strategy yet, but if you do, let me know!

There was only one bank to fail this past week and join [this years list of biggest losers](#).

I warn constantly about the dangers in investing in mining companies and sovereign risk is high on my list. Even countries like Australia are ranked among the worlds riskiest places to mine [according to a top mining executive](#).

He view the proposed mineral resources rent tax as the most pressing issue the country has to deal with and it could totally change the face of mining in Australia as we know it. Any country who basically reneges on a contract and enforces new rules or taxes is a dangerous place to operate and that is exactly what Australia is doing.

If they do this with miners who are now profitable after years of struggling then what's to say they can't do it to other successful industries or companies.

It really bugs me to see success punished. Why bother trying to succeed if they are going to make it harder on a person? And as much as I hate big monopolies I do enjoy successful independent businesses or large companies. After-all they're the ones who create real jobs, not the government.

If the government stopped creating jobs that are unneeded and made it easier for businesses to open and operate the world would be a far richer, freer and more pleasant place to live.

I read some more talk of the [logistics and potential ramifications of Venezuela repatriating their gold](#) this week and while that's all well and good, the real thought in my mind is can they get their gold. Is it there? Are the custodians scrambling to find enough physical gold to give back to Venezuela?

I don't know the answers but I do know that Venezuela will scream to high heaven if they can't get the gold.

I also wonder if they have the serial numbers of their gold and if the numbers don't match what will be said. The one piece of advice to Venezuela I have is to ensure you personally assay each and every bar.

Congratulations to Scotland as they are [set to open their first gold mine](#). The mine is set to mine 154,000 oz of gold and 589,000 oz silver over the next ten years. Certainly not a game changer but still it's creating jobs and potentially the government will just scoop up all production to increase their reserves.

The CEO of one of the largest gold miners in the world this past week said [he is expecting gold to rise to \\$2,200 next year](#) and I think that is a very realistic number. While many companies take other metals produced into account when talking production numbers he said the real cost to mine an ounce of gold is close to \$1,200. It's a breath of fresh air to hear an honest account of the real cost of producing gold.

The costs are not cheap and if you really think about it gold cannot fall too much or else mines will shut and supply will dwindle just as central banks and investors appetites for physical gold is rising. It just ain't gonna happen!

An official at the World Gold Counsel said the trend of [central banks buying gold rather than selling](#) it, looks set to continue. It's just so funny that so many central banks sold all or most of their gold around the turn of the century and now they are scrambling to get it back!

I wonder if the big banks were the ones advising them to sell.

If you ever feel like life or anything is overwhelming you, just [visit this site and everything will be ok](#). Go ahead press the button and see for yourself!

I had to visit the site several times this week as our swing trading positions went against us by gapping in the opposite direction as the next days trading session opens. It happens but, and it's never fun.

The week was crazy in that regard. We'd get a nice positions going and see it move for us and close the day nicely only to wake up to a large gap in the other direction forcing us to take larger losses than I'd prefer.

It wasn't a great week in the [swing trading portfolio](#) but we'll live to trade another day with lots of capital left in it. Personally, I had a hard time with it as I don't mind taking losses as they are part of the game, but seeing some [subscribers](#) lose money really gets me down in the dumps.

Thankfully it doesn't happen often, but when it does, it sucks!

On the bright side we were accumulating mining shares who are still very on sale at the moment. We added several new companies to the mix that I've been eyeing for a long time now. Waiting for a good pullback is essential when you find a miner you want as they always come.

Well, I think I'm going to hit the links this afternoon for what is likely to be my last round of golf this year. It will be a tad chilly but the sun is bright and I'll still have much fun I'm sure. Especially since the greens have been aerated and we play a two putt maximum. I've suddenly shaved 5 or 6 strokes off my game!

Have a stellar fall weekend and week ahead.

Warren Bevan

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