

# Precious Metal Stock Review

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## May I Put You On Hold?

The metals corrected slightly this past week and look about ready to put on hold, their runs higher. Don't worry though, it won't last long. They always do that about halfway through their moves higher, and strangely enough, it's always about this time of year.

Once we resume the move higher though it will likely last until almost Christmas before we pause again. Then we should perhaps even resume moving higher after the New Year. After all, the world is in shambles economically speaking.

Let's get right into the charts and see what kind of damage, if any was done on Thursday.

## Metals review



Gold rose 2.14% for the week and moved above and out of the channel it's been in since late July. That along with a few other indications told me to get out of my trading positions which subscribers did early on Thursday.

Friday saw a quick snap back to the upside as buyers stepped up to the plate before the G7 meeting this weekend.

I am not trading any physical metal, just short to mid-term trading positions and I expect this consolidation to complete within a couple weeks to a month and I'll be on a keen lookout for the bottom signal where my subscribers and myself will be re-entering trading positions. Ideally, one thing I'd like to see would be a test of the 20-day moving average before re-entering trading positions.

When Gold moves higher, it always consolidates and corrects mid-move. I've long said this next leg higher will take us to around the \$1,500 level, which puts this the mid-point to that level.

The GLD ETF saw good volume for the week with huge volume on Thursday's move lower. The futures market saw very heavy volume that day also, specifically early on in the day when we were exiting trading positions.

It's always nice to book profits, and that is exactly what was called for this past week.



Silver rose a massive 5.07% for the week and also shot a look of consolidation on Thursday before climbing back Friday to close above the crucial \$23 level for the week. I booked profits in my Silver trading positions

this week as well, but am not even considering selling my physical until we are well into the triple digits.

Perhaps it was a mistake to book trading profits, but perhaps not. I am always willing to get right back into a positions if it proves to me it's still heading higher and Silver just may do that in the next few days.

The SLV ETF saw great volume for the week, but especially high volume on the Thursday consolidation. The volume tells me I wasn't the only one taking profits, and there may be more to come, but if Silver does continue to exhibit strength then the investors getting back into it could easily push it to \$25 in very short order.



Platinum rose by 1.55% for the week and showed no sign of slowing down other than a Doji candle on Friday which can sometimes signal a change in direction.

This move should continue all the way to \$1,750 in the next week or so and then I'd imagine we will see some consolidation, but until then it's likely higher.

The PPLT ETF saw decent volume with the most coming on the Thursday move lower.



Palladium rose by 2.20% for the week and hit the \$600 level I mentioned last week. The \$600 level represents strong resistance and we should

consolidate here before building up enough power to move above that area. Once it is bested though, \$700 will be seen in short order.

The PALL ETF's volume was good for the week but massive on Thursday as \$600 was hit. It's not rocket science to be able to see how significant \$600 is and traders booked profits, as was to be expected.

We shouldn't really see any move worth taking advantage of for at least a few weeks in Palladium. It needs to rest.

## Fundamental Review

I'd like to begin with a quote from Reagan's former budget director, David Stockman. In a recent interview he summed up his investing approach these days, and it's not half bad!

*"I invest in anything that Bernanke can't destroy, including gold, canned beans, bottled water and flashlight batteries."*

Smart man!

Ireland's credit rating was downgraded to A+ with a negative outlook this past week from AA- previously.

The G7 meeting this weekend will see talks over currencies being debased and I assure you, Gold will be mentioned more than once. It would not surprise me to see Gold taken down as those in power do not want to see it rise. It is the canary in the coal mine, and everyone is beginning to see it.

We are on a path to a world currency most likely, and Gold will almost certainly be a part of it in some way shape or form, but it will take time. Russia's Finance Minister said this past week that the world is not quite ready. You can bet that it will be a topic discussed at this weeks G7 meeting though.

A world currency would in a way put many countries deficit issues to bed to a degree, while shafting those who have run surpluses. It will be a very tough and complicated road to get to that point and there will be opposition. By holding physical metals though, it protects wealth as they will always be worth something and likely a very handsome sum once we emerge from this stage in our economic life in the years, and potentially decade or more to come.

Another sign the US Dollar is falling from it's status as the international unit of trade came this past week as Turkey and again China agreed to conduct their trades in their respective currency units. China has agreements like this with several countries already and I assure you more are coming.

The two countries also vowed to increase trade between themselves. Slowly but surely the US is being shut out.

There were [no failed banks](#) announced this past weekend.

With the mortgage fiasco now coming to light in terms of ghost singers and the falsifications of foreclosure procedures. This is a huge, HUGE mess that will take a major toll on the banking system. There will be many, many more bank failures as a result. People have to get angry and take peaceful action against the machine. Buying Gold is a form of protest against the system.

The [world's rich are buying Gold more and more heavily these days](#), sometimes even by the ton. They are buying the real thing, not ETF's or other structured products.

By holding the physical metal, you don't have to worry about complex and ever worsening economic issues. I know I sleep well at night with my stash safely tucked away.

The Perth Mint has [increased production](#) in order to keep up with soaring demand. The mint has already doubled capacity in the last three years. They have new equipment on the way to help increase production of larger coins which sell well in Europe.

One of the most important lessons myself and any other successful trader learns, and it's always the hard way, is to jump ship before it's too late. Holding an investment and hoping, is a recipe for disaster. The very experienced and learned high government officials no doubt have learned this lesson as well and have been jumping ship over the past few weeks.

This past week we saw the [National Security Advisor join the growing list of government ex-pats](#).

The WGC said something we already knew recently. They say [Central Banks will be net buyers of Gold in 2011](#). There is only one reason why that would occur. Fiat paper is becoming increasingly worthless. Those who hold the most Gold will emerge as the leaders in the new economy in the years to come.

Here is [an excellent interview with James Turk](#). It's a must watch as he gives very sound words which should be taken seriously.

This is [another excellent interview with Jim Rogers](#) who says the commodities, Gold and Silver bull markets are well intact and should last another decade at least.

How about a clown being elected to Congress? [In Brazil, that's exactly what happened recently](#). And to boot, he won in a landslide. I wonder if we'll see any of the clowns in the US government dawn the appropriate suit this fall.

Well, that's it for this week as I have to run and pick some apples! It's that time of year.

If you're in Canada enjoy your Thanksgiving long weekend and give thanks to the good food, family, friends, and stash of Gold and Silver that keep you happy stress-free and well rested.

Until next week take care and thank you for reading.

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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