

With the recent downdraft in the indices an opportunity to get back into the precious metals junior and exploration stocks has come up. Gold and silver have been on a tear lately. Really, they have been since 2002...or before. In May 2006 when gold topped out at \$730 then consolidated and build a HUGE powerful base so many of the smaller stocks were hammered and many got out and lost while losing view of the bigger picture. The long boring period was EXACTLY what the metals needed. They and the equities blew off all the steam and almost froze up.

I am still holding my core position and I wish I had sold as I would be able to pick up most of the stocks cheaper today. As hard as it is to watch my portfolio shrink, I know I am right as the prices in the metals themselves have been and are telling me. Gold posted a 30% + gain last year while Silver lagged for the first time since the Bull Run began. The small stocks...well you're lucky if they were only DOWN 30%.

The world is waking up to the fact that inflation is running rampant and big money is looking for a safe and prosperous place to park some paper, money that is.

Now is the best risk to reward ratio yet of this bull market, Gold is over \$900 and behaving extraordinarily well and Silver is closing in on \$17 and looks ready to rocket. The small stocks are priced lower than when Gold was under \$500 and Silver around \$8. Think about it, their products have almost doubled and their price has gone down. Soon order will be restored and the balance will change with the stocks outperforming their products.

Please, please keep the big picture in mind and think about five even ten years ago, not twenty or more as it may cause extreme distress, and the purchasing power of your dollar. Oil is almost at its inflation adjusted high of \$110 or so, while Gold is nowhere near its inflation adjusted high of \$2200, if you believe government stats. If you follow the website [shadowstats.com](http://shadowstats.com) then it's more like \$2700. The metals themselves are a great investment but the small shares are a screaming buy and will make your head spin as they fly by, unless you're on that train.

For now stay calm think big picture...and money and start looking around for bargains, you could almost throw a dart these days. If you need some consolation or just want to talk please give me a shout at [gold@shadowstats.com](mailto:gold@shadowstats.com). With the recent downdraft in the indices an opportunity to get back into the precious metals junior and exploration stocks has come up. Gold and silver have been on a tear lately. Really, they have been since 2002...or before. In May 2006 when gold topped out at \$730 then consolidated and build a HUGE powerful base so many of the smaller stocks were hammered and many got out and lost while losing

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Best Regards,

Warren Bevan