

Precious Metal Stock Review

Bridging Wealth Protection and Wealth Creation

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Metals To Take A Rest

It's so nice to be back at work after taking a week off for the most part and just keep one eye on the markets while not writing a word. It was nice to take a break and spend leisure time with family and friends. I did need it but I sure do love working, if you'd even call it that.

We all do need time off now and then and this year allowed me to do so with markets not doing much since the fall or late summer and also in light holiday trading there was no point in focusing too much on the markets.

It was even worse when speaking to precious metals, in fact paying any attention at all would have surely ruined your festive mood and drove you to drink!

For me for the most part any time off I take is dictated by the markets. If it's good I'm here full time and more and would have worked solid through the holidays as I've done in the past, but when markets are not going anywhere with no clear direction then I may as well take some "me" time!

That is one part of the trading lifestyle I truly enjoy. If things aren't great, or have broken down, just hop on a plane or in the car and take off for a few days.

But the trading lifestyle certainly isn't for everyone but I try and help those who think it's for them to get into it with the least amount of pain possible.

All in all the week that was the first trading week in 2012 was pretty quiet news-wise which allowed the markets to do their thing without a dark European cloud hanging overhead.

As a result we're building some nice looking index charts along with some really nice stock charts although the environment is not quite ripe for stellar swing trades yet, but it is shaping up nicely.

I tried a few swing trades this week and was stopped out on two of them with small losses and the other one, an ETF representing the S&P index, we're still holding at a small profit as we were lucky enough to get it at the lows of the week.

Unfortunately the facts are we aren't going to be able to avoid the hugely bad news coming out of Europe and elsewhere. All we can do is kick the can down the road a bit more, as we've done so far, until we finally cave into a final resolution that will turn the world on its head economically.

In light of the light news-week let's make this weekend letter pretty short and focus on charts as there is lots to talk about in terms of them.

Metals review



Gold rose 3.36% this first trading week of 2012 after taking a smashing over the light holiday trading sessions.

The slanting head and shoulders pattern I mentioned in December came to fruition and then a rising channel was built only to see gold break below out of it, as this pattern implies.

Gold, over the short holiday week with absolutely no traders around was smashed to under \$1,550. Whether anybody actually was able to purchase physical gold at that level is doubtful and that basically makes the print a wash for me.

It was all a paper game and we knew it. Anyone who caved in and sold their gold or gold shares needs to either study more, or find a new pastime that will be much cheaper, I assure you.

The spike low is now being followed up with a V bottom type trade and now we are running into resistance here around \$1,620 where I'd be very happy to see gold build a base of a couple or few weeks before moving higher.

The 200 day average sitting right above also leads me to think we need a couple weeks or more of base/strength building.

If you sometimes get discouraged at golds large and often corrections just remember than building wealth is a marathon, not a sprint. Once it seems that gold is sprinting higher as silver felt like as it approached \$50 in 2011, that is a time to reduce positions.

Gold and silver will be the biggest bubble we've ever seen, even bigger than the internet bubble. When things really get rolling and out of hand we'll see what seems like a moonshot for a year or more!.

It's going to be crazy and it's coming but until then, enjoy the slow appreciating price as it just means the moonshot will begin from a higher level, propelling it even higher ultimately.

The GLD ETF saw decent volume off the spike low but all in all nothing to write home about this week.



Silver rose 3.38% this past week and has a near identical chart to that of gold as a head and shoulders pattern was broken, followed by a bearish rising channel and now a V bottom into resistance here at \$30.

The major difference in the charts of gold and silver is the downtrend line. Gold has lots of room to build a base before hitting it while silver is about to hit the downtrend line very soon.

This fact tells me that silver will either lead gold higher, or see more downside soon.

You know I'd love to see silver take a leading role in 2012 but it's not my choice.

The SLV ETF volume wasn't anything special, but much better than the previous week which was a holiday week. It's typical of volume in a base building process.



Platinum rose 1.35% on the week and also has a similar chart to that of gold and silver although the head and shoulders pattern is much less pronounced.

Platinum is also potentially butting up against the downtrend line here now which says it should move one way or the other now, but if we begin the downtrend line at the peak back in August, as we perhaps should, then it gives us a couple weeks or so leeway before platinum has to move. Let's go with that later scenario and not rush platinum.

The PPLT ETF saw pretty heavy volume this past week with the weeks highest price and volume occurring on Tuesday, the first trading day of 2012. I guess traders thought it was as cheap as they'd get it and bought heavily. It looks as if quite a few were stopped out of their trades later in the week though.



Palladium sure has been the odd duck in the precious metals as of late. This past week it dropped 3.44% while gold, silver and platinum rose.

Palladium is trading within a large uptrend channel here and within it has broken below a symmetrical triangle pattern which will see the price soon drop to the low end of the uptrend channel at \$600 where it should find support and a bottom.

The PALL ETF saw increasing volume as palladium dropped which tells me we're going lower still.

Before I go for a hike here I'd like to mention an interview I think you should listen to. While it's not perfect and I disagree with a few assumptions it's still a shocker to hear.

I had the chance to listen to an interview with Ann Barnhardt the other day. She's recently become widely talked about for closing her small commodity firm in lieu of the MF Global fiasco. [You can find her interview here](#) and I recommend giving it a listen.

It's quite good near the start but then gets quite harsh closer to the end. Near the beginning she says to store your money in a regional or municipal smaller bank since they take less risk than the major banks in the US which are basically insolvent if you break it down.

I say be your own bank and keep a majority of your wealth in physical gold and silver in a nearby and easily accessible locale. Just be smart and quiet about it and it will be safer than a bank and pay you much better as well over the next several years.

She then goes on to call all market participants fools, basically, if we remain in the system. I have to disagree.

We all know, or should know, the stock market is a game and is rigged to a large degree the thing is we know this and should be able to take advantage of it.

At least that's my opinion, and often times it's true.

As always the choice is yours to make after educating yourself so you feel comfortable enough to do so.

Think about things, and the way your money is allocated.

Personally [I feel we've got the best mix possible](#). The way we do it offers major protection with quite good upside potential as well and we're always

willing to change or admit we're wrong as well as constantly evaluating everything.

I hope you had a good 2011 and a great holiday season. It was a tough year for many for sure but we were positive on the year thanks to some nice dividend stocks and our precious metals investments.

I think 2012 will be a big year one way or another. I'm not sure if markets will be up or down but thanks to our flexibility as long as markets are moving we should be positive.

Thanks you for reading in 2011 and your continued support in 2012 and a special thanks to all my [fabulous subscribers](#) out there.

Have a great weekend and better week ahead!

Warren Bevan

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