



March 5, 2010

**The Week in Review**

1. “Forget US Stocks – Buy Gold Every Month ‘Forever’: Faber”. That was the largest, and leading, headline on CNBC’s website for most of the morning and afternoon on Thursday. Marc Faber, editor of The Gloom, Boom & Doom Report said these exact words in an interview with CNBC on Thursday morning. When asked why he would say such a thing, he had this to say: “[Gold’s] quantity cannot increase at the same rate as you can print money, which will eventually weaken the US dollar. I’m not saying that the dollar will go straight away down, because other currencies like the euro are even worse at the present time, but eventually, if you print money, the purchasing power will lose [value].”
2. Initial claims for unemployment dropped for the first time in three weeks last week. Continuing claims for unemployment also fell, but this number has been skewed by the sheer number of people who have exhausted their benefits and are now on either extended benefits, or simply no longer qualify for benefits. The number of people receiving extended benefits, in the week ended February 13 (the latest data available), increased to 5.9 million people.
3. Europe continues to be embroiled in its debt crisis. The British Pound had its largest one-day fall against the dollar in more than a year on Monday. The euro continued its slide, fueled by further fears that Greece is not the only country in need of bailing out and that the situation is continuing to deteriorate. Several Germans have gone so far as to suggest that Greece sell off some of its islands in order to pay off its debt. Ashok Shah, CIO of London & Capital said Wednesday that “there’s a risk of a double dip recession round the corner. Given the sovereign debt crisis that is going around the Mediterranean countries, this is going to put a lot of pressure on Europe.”
4. Pending home sales dropped 7.6% in January. This figure counts those homes that actually have signed contracts in place on them. Many blame the decline on the weather but with the deadline for the extended home buyer tax credit fast approaching next month, the weather really should have had minimal impact on those looking to take advantage of the credit. The general feeling is that the housing market continues to be plagued by weakness.
5. US crude oil inventories rose more than expected last week however the price stayed fairly steady at just over \$80 a barrel.
6. After a confusing “setup for disappointment” earlier in the week by Lawrence Summers, economic advisor to president Obama, the jobs numbers came in better than expected. Summers came out early in the week hinting that Friday’s numbers may be horrible due to the recent severe weather experienced across the US. The numbers, when they were released Friday, showed unemployment remains steady at

9.7 % and fewer jobs than expected were cut by US employers. Interestingly, the stock market, the US dollar and commodities all rose on the news.

7. We consider our February 5<sup>th</sup> memo to have been a major buy signal. In that memo we quoted James Turk as saying “Every once in a great while, the market offers a unique opportunity to buy precious metals ‘on the cheap’. I believe today is one of those moments.” To those of you who read that quote and took advantage of prices at the time to add to, or start your precious metals portfolios, congratulations! As you can see in the table below, your decision has served you well.

#### **Feb. 5<sup>th</sup> to Mar. 5<sup>th</sup> Close**

	<b>Feb. 5<sup>th</sup></b>	<b>Mar. 5<sup>th</sup></b>	<b>Net Change</b>
Gold	\$1052.00	\$1135.00	83.00 + 7.89%
Silver	\$ 14.82	\$ 17.35	2.53 + 17.07%
Platinum	\$1475.00	\$1575.00	100.00 + 6.78%
Palladium	\$ 393.00	\$ 475.00	82.00 + 20.87%

#### **Friday to Friday Close**

	<b>Feb. 26<sup>th</sup></b>	<b>Mar. 5<sup>th</sup></b>	<b>Net Change</b>
Gold	\$1118.00	\$1135.00	17.00 + 1.52%
Silver	\$ 16.55	\$ 17.35	0.80 + 4.83%
Platinum	\$1545.00	\$1575.00	30.00 + 1.94%
Palladium	\$ 435.00	\$ 475.00	40.00 + 9.20%

Here are your Short Term Support and Resistance Levels for the upcoming week.

	<b>Gold</b>	<b>Silver</b>
Support	1125/1100/1080	17.00/16.80/16.50
Resistance	1145/1160/1200	17.60/18.00/18.25
	<b>Platinum</b>	<b>Palladium</b>
Support	1570/1550/1500	450/435/420
Resistance	1590/1620/1650	475/500/520

Volatility should be expected to continue. The situation with Greece and the rest of the eurozone has yet to resolve itself. Germany’s chancellor said Thursday that there would be no aid coming as far as Germany was concerned. The US Congress, apparently ignoring the will of the people of the US, appears to have every intention of pushing through the unpopular health care bill using any means necessary. Deficits around the world continue to skyrocket. Central banks around the world, their hands tied by a global recovery that continues to be sluggish, are keeping policies in place that are increasing the supply of currencies in the world. More money supply in the world means less buying power, which means inflation. We continue to see new precious metals ETF’s

coming to the marketplace and although we feel such ETF's do not properly represent physical ownership of product since a share in one of these funds is only a paper representation of a fractional portion of physical product, it certainly shows that more and more people are trying to capitalize on upward moving prices. Increasing interest in precious metals as an investment means an increase in demand of a finite product. Supply and demand rules would suggest that prices, under those conditions, should increase remarkably. Remember, the key to profitability through the ownership of physical precious metals is to actually own the physical product and hold them for the long term. Never over-extend your ability to maintain ownership of your product over the long term.

Trading Department – Precious Metals International, Ltd.

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