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Dear Friends, July/August 2014

Before we get into the meat of our letter, I'd like to thank you for your tremendous response to the ASEA and Renu28. In case you missed last month's letter, you can pull it up on **www.BuySilverNow.com.** Many of you have decided to try ASEA or Renue28 for yourselves and I would love to hear from you when you start using it. Pat and I feel this may be the best health product we have ever used. We will not be without it and are excited to share our experiences with you. It's interesting to take a before and after photo if you are using the Renu28 on your skin. Some of the positive changes can be quite remarkable!

Our daughter, Janell, was misdiagnosed with asthma over 15 years ago and given massive prescriptions of asthma medications, (mostly steroids) which took a big toll on her health. She gained weight, hurt all over and developed sores on her arms and legs that would not heal. All that and she still had difficulty breathing. The medicine was making her sicker! We kept searching for a way to help her and finally found a doctor who discovered she did not have asthma after all but valley fever, which had now grown to stage 4 infecting her entire body and taking down her immune system. Not to mention what it did to her finances and quality of life.

Last week, she and I were invited to go to a friend's home after work. Janell was fretting because she was out of her inhaler and needed to see a doctor before she could have another prescription. I asked if she had eaten or drank anything in the past hour or so and since she hadn't I poured her 3 ounces of ASEA and had her drink it to see if could help her get through the night. She did, and when we got to our friends home, Janell suddenly nudged me and said "I'm not wheezing!" Since that night Janell has taken 3 ounces of ASEA morning and evening and we are thrilled to report that she that she is feeling healthier each day! So far she has not needed another prescription.

If you have cells (you do, don't you?) and want to know more about how to keep them healthy, please go to **www.AmazingMolecules.com** and **www.Renu28pics.com**. Then, if you wish to try either the ASEA or the Renu28 product or learn about the business opportunity, please **call 800-494-4149 and ask for Linda**. I look forward to helping you.

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## The Canary in the Precious Metals' "Coal Mine" **David H. Smith**

For three years, since late April of 2011, the markets have not been kind to gold and silver holders, or to those who bought mining producer or exploration company shares. Gold declined from a nominal high of
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$1,923 to around $1,180 (so far); Silver from around $49 to just above $18. Some analysts have pointed out that this decline bears an uncanny resemblance to the one in 1974-6 when gold dropped 50%, then rose 800% over the next few years, but it doesn't help those who have been holding on. However, if our premise that the precious metals are still in a secular bull market (interrupted by a 3 year cyclical bear) is correct, then even those who did not have the courage or the means to buy scale down (e.g. via dollar cost averaging), will likely find within the next few years, that their courage is amply rewarded.

If you think the percentage decline of the metals was bad (platinum and palladium have held up much better, as we will soon discuss), how about the fate of mining companies? Even the best producers saw their shares decline 80% - even in the face of increased production and profitability. Explorers did even worse, often down 90% - 95%. And there were hundreds of listings who shares declined…100%.

Even with the recent uptick in share prices, with many companies rising 40-50% from their 2013 lows, the devastation over the last three years of a large portion of the Toronto Stock Exchange's mining sector offers another powerful reason why holding physical metal first and foremost – and having the courage to add more into weakness - is still the best strategy.

Buy one or more of the "precious metals four" – gold, silver, platinum and palladium, from a trusted precious metals' source, **RESOURCE CONSULTANTS, Inc**.  in the amount you feel is right for your circumstances and goals. Then IF you want to take on greater risk for the possibility of outsized gains – carefully research and purchase a few "junior" producers, a couple of "streamers" and perhaps an exploration company or two with some money you are prepared to place literally 100% at risk.

Meanwhile, the "Palladium Canary" has been singing…


During the latter half of 2011 as gold and silver made their first breaks to the downside, the PGMs – platinum and palladium followed. Then in 2012, while gold and silver continued to struggle, the PGMs, responding to their own very bullish supply-demand metrics began to strengthen. As I have previously detailed several times in this space at **www.BuySilverNow.com** as well as at themorganreport.com both platinum and palladium, in the face of increasing demand have been experiencing supply deficits – shortfalls which could persist for a decade or more.

Then last year, something interesting began to take place. (Keep in mind that palladium is selling for $600 per ounce less than platinum even though it is rarer and can be substituted for many of the latter's uses.) While platinum traced out a broad sideways trading range, palladium consistently worked its way higher. A long term chart shows that whereas palladium has actually penetrated its 5 year highs in a first effort at forming a new, higher platform of support, platinum is still $400 below its corresponding 5 year high! Because palladium has consistently been the strongest of the precious metals over the past two years, this new 5 year high warrants its title of being "the canary in the precious metals' 'coal mine'".

Most of the world's Palladium (85-90%) comes from Russia and South Africa. Russia, at its Norilsk deposit, is "retooling" as it seeks to identify new ore vein structures – a process analyst's estimate might take 5 – 10 years. South Africa faces ongoing labor and political issues. Don't be fooled by the recent settlement of a 5 month old strike – which the mining companies are already saying is unaffordable.

Working conditions have not improved. Digging ore out of cramped adits is dirty, dangerous, back-breaking work. Energy costs escalate as workers dig ever deeper to reach the narrow vein structures typically hosting PGM deposits.

A massive PGM deposit has been discovered in South Africa by Ivanhoe Mines. Relatively shallow and possessing wide veins amenable to automated harvesting, this project nonetheless is unlikely to begin operation for some years, and after acquiring several billion dollars for development. In the meantime, the PGM supply pipeline continues to dwindle.

Palladium's largest demand component is for automotive catalytic converters. In an extraordinary development certain to ratchet up PGM demand, China announced its intention to take at least 6 million vehicles not meeting current emission standards off the road by the end of 2014.

Palladium's second demand component is jewelry fabrication, followed by electronics/dental and finally investment demand. Exchange traded funds (ETFs) holding physical metals tied to investor demand add a new element to the supply-demand equation. Ten years ago, few people were even aware of the potential of holding PGM bullion rounds or ingots as an investment vehicle. This is beginning to change.

Here's something else to consider. In most operations, the primary ores mined are nickel or platinum. Palladium plays "a supporting role" yielding just 7 – 12% of the mined ore's total value. Russia's massive Norilsk production complex, until recently one of the two largest palladium producers on the globe, produces mostly nickel and copper, with palladium literally a by-product of production. Palladium is therefore relatively "price inelastic", such that a significant rise in price doesn't automatically translate into a big increase in supply.

This means that for the investor who wants to hold (and accumulate by dollar cost averaging) over a long period, the current palladium surge has the potential to go higher and last longer than most market observers currently believe is possible.

The PGMs as First Movers – then Gold and Silver

In several publications over the past year, I have advanced the view that the renewal of the precious metals' up trend would be led by platinum - and especially palladium - followed later by the resumption of gold and silver's secular bull legs. I further stated the belief that as the PGMs later entered an explosive blow-off phase, the chart action would offer gold and silver holders "a preview of coming attractions". The implied reasoning was that virtually all bull markets end up being fueled by emotion, rather than "intellect". The speculative, panic-induced mindset we've seen in real estate, the 2000 dot.com blowup and in the precious metals' bull market top in 1980, will replicate itself in the PGMs and later, gold and silver as their mania tops are formed.

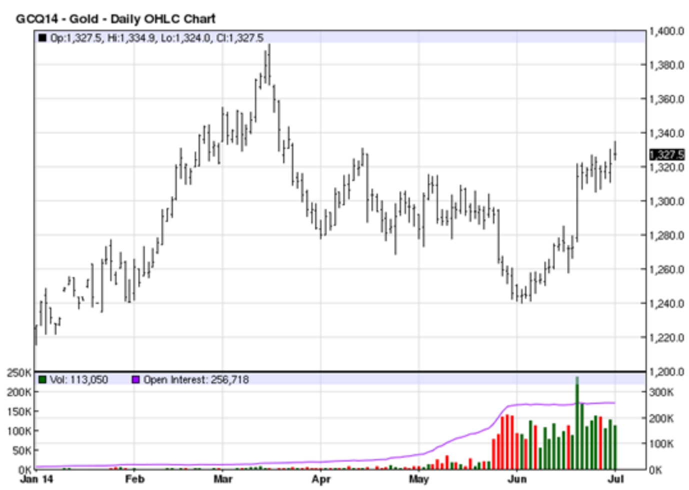
Long-time readers of this letter know the many elements that drove the precious metals from their 20 year lows into a raging bull market, forming at the turn of the new century. Deficit spending, encroaching state surveillance systems after 9/11, two trillion dollars and thousands of lives spent on wars in Iraq and Afghanistan, as well as global investor demand for gold and silver, have been just the most obvious. The convergence of these elements led to an almost unprecedented 12 consecutive years of rising gold prices.

When precious metals' prices turned downward in May 2011, moving lower for the next 3 years, naysayers predicted that gold and silver had been in a "bubble" from which they would never recover.

Recent developments have shown that view to be premature. Prices for basic food stuffs like eggs, meat and fish are hitting all-time highs. Inflation rates are moving sharply higher, even as attempts by the Federal Reserve to stimulate the economy have shown subpar results. In Iraq, lightening advances by Al Qaeda-like ISIL against the crumbling central government's American-trained divisions are making a mockery of the Administration's belief that these terrorist organizations were "down for the count".

June 5, 2014 – a Key Reversal Day for Gold, Silver – and perhaps the $USD.

On Thursday, June 5, gold and silver left a technical sign chartists call a Key Reversal. This formation takes place when the price on a given day, week or month trades both higher and lower than the previous day/week/month, but then closes higher– in the case of a bullish reversal – than the previous day's range. Because it took place during several weeks of quiet sideways trading, most market participants probably did not notice it.



Looking at a gold chart, you can see the Key Reversal day. The High-Low-Close for June 5 was $1,258, $1,241, $1,253, (+ $9). For silver it was $19.15 – 18.67 – 19.08, fully 29 cents above the previous day's close, dwarfing its daily range.

Notice the large trading volume in support of the up move. But - this is very important: In order for such a formation to be "proven out", the price should immediately – within a few days – continue to surge from the key reversal day, moving up and away without looking back. And so far silver (and gold) have done just that. Indeed silver made one of its largest one day moves this year, closing up over one dollar on the day, tacking on a healthy $2.44 for the week. The next 6-8 weeks should show whether or not the metals can establish that hallmark of a sustainable bull move - higher highs AND higher lows.

That same day on June 5, the U.S. dollar index (USDX) also made a key reversal, but in the opposite direction, dropping to the downside, also on large volume.


In the case of the $USDX, there were TWO key reversal days, the first on June 5, then a second one a couple of weeks later, during the week of June 16, where prices exceeded the previous day's range, then also closed lower. Two things must be noted. First – if 81 on a close is exceeded to the upside, this analysis will have been invalidated. Second – even if this should take place, as long as silver and gold continue to hold above their key reversal days, the metals' reversal analysis is still valid.

Gold and silver's stunning turnaround took place almost two months before many were expecting such an event. Analyst Jason Hamlin summed up the potential going forward:

The past two advances more than doubled in their magnitude, as did the past two declines. If the trend holds true this time around, we are looking at an advance of at least $2,400 from the cycle low of $1,200, which gives us the minimum price target of $3,600 for gold! These cycles last 24 to 36 months, so we can expect this price target at some point around the start of 2017.

Applying this analysis for silver (would) forecast a minimum price target of $100 in the same time frame. If this price target comes to fruition, anyone picking up precious metals at current prices is going to become very wealthy.

On the way towards establishing new all-time nominal highs for gold (above $1923) and silver (above $50), metals' prices will have to successfully penetrate and base above several resistance areas. For gold, the primary ones are 1400, 1450, 1550, 1650 and of course $1,900 +. For silver, obvious benchmarks are $22, 26, layers in the 30's, and then the $50 level. This will take time, in some cases several attempts, before success can be achieved. Traders who have been holding at a loss since 2011 may sell out when they are back to "break even". Others, disbelieving that the metals will ever make new highs, will attempt to sell short the market, hoping to make money if prices slide back down.

But if new buying overcomes these selling forces, it is highly likely that Hamlin's chart targets over the next several years both can and will be fulfilled. Indeed, this writer believes that gold and silver have the potential to exceed Hamlin's expectations by a considerable margin - fulfilling the dicta of David Morgan, Doug Casey and a few other top notch analysts, that this precious metals' bull-run will be "one for the history books".

The State lays claim to your savings accounts and safety deposit boxes.

Much of our financial wealth is held in bank accounts, brokerage houses, and safety deposit boxes. We assume that since our accounts are "FDIC Insured" all is well. But all is not…

Government jurisdictions around the world have quietly been shortening the time during which bank accounts and safety deposit boxes can remain "dormant" before the contents are seized as "unclaimed property". The most outrageous example of this (so far) has come from Australia.

This year, the Australian federal government seized $360 million from bank accounts which had not seen activity for as little as three years (prior to a recent change in the law, it was 7 years before government theft could be undertaken). Some of these contained only a few hundred dollars. Others were worth literally millions. Over 80,000 accounts – many owned by retirees and pensioners – have thus far been seized by the government.

You may think this is just the rule Down Under. If so, consider that in the U.S., all 50 states now have some form of asset forfeiture language related to dormant accounts. The practice goes by various names, such as the "Disposition of Unclaimed Properties Act". By any definition this behavior calls into question basic assumptions regarding private property.

Ask yourself – shouldn't an account be given to survivors of the deceased in accordance with the directions in their will regardless of how long it was inactive? What about long-term savings for a child's college education or a special project? What's wrong with placing funds into an account – inactive and out of sight – in order to meet a long-term financial goal?

Joe Kerry, President of Mercury One, has been seeking the return of funds liquidated from one of his family's bank accounts without their knowledge, from the state of Pennsylvania. When he spoke to his state senator he was told that "under this new law, any account that you don't log into in a six month period, that money is transferred to the state." Their term is "unclaimed property". Adding to the irony, when Kerry contacted the state, they couldn't say exactly how much they had taken from him! He remarks incredulously, “They take this money… [but] they could not tell us where that money was, how much was taken, and how we would get it back.”

So, do you feel lucky today?

Reality Check: Risk and Reward go hand in hand

Most investors want to have their cake and eat it too. They’d like to wait for Mr. Market to ring a bell or send an all-clear e-gram so they can safely take a position and see the profits roll in the next day. In one sense you can’t blame them. Did anyone enjoy sitting through a 3 year cyclical precious metals’ bear market even though – as seems increasingly likely – the larger secular bull market is not only alive and well, but which may also rise  to new all-time highs by next year? Of course not!

Nevertheless, the reality facing us is that a raft of macro-economic forces - chronicled here and elsewhere many times for those who would listen - is destined to bring about an historic change in the financial landscape across the globe. A change so profound and lasting that “being late to the party” by even a few days or weeks, could mean missing out altogether. If you want to protect your wealth, and yes, look forward to making a tidy profit, you must be willing to accept some downside price risk while dollar cost averaging into your physical metals’ position. And you must be able to handle the psychological cost of being early to the party. Accumulate gradually. Ignore the “noise” from talking heads trying to dissuade you from doing what you know is right. Take comfort in three thousand years of history which shows – time after time – how holding a portion of your wealth in precious metals gives you assurance AND insurance.

As Stanley Kroll, one of the great chart technicians from the 1970’s was fond of saying, “Be Right. Sit Tight!”

**A Tale of Two Cultures**


Asian Kim Thanh
One tael of gold
1.20337 troy ounces

The basic unit of trade on the Hong Kong
Gold and Silver Exchange is 100 taels

**Here’s Jeff Opdyke’s telling perspective**: America is like a blue-collar worker saving his paycheck for Friday night. China is like a wealthy executive planning for three generations. China wants all this gold for one reason: To build the ultimate buffer against the collapse of the U.S. dollar.

When the dollar tanks - and it most assuredly will - gold prices will rise dramatically. The tons of gold China holds in reserve will soar in value, offsetting the losses on all that Treasury paper. China, then, is creating the perfect hedge to protect against the future it knows is coming…But the reality is China could shock the world at any moment with its gold holdings. Focusing on a wrong date, though, is like faulting Shakespeare for misplacing a comma - you're blind to the far-greater message: that China is cornering the market in gold because of a dramatic revision to the global monetary order that we all know as normal.

Use this period of quiet to buy gold bullion, pre-1933 collectible gold coins, even gold stocks. Because when the announcement comes - whatever day that happens to be - you will be very glad you own gold. Exceedingly glad.

Don’t place your finances at risk of destruction by a “Divine Wind”

In 1281, the Mongols made their second attempt to invade Japan, marshalling a massive fleet of over 4,000 ships and 140,000 troops. As the invasion reached a critical phase, an observer on one of the ships noted that a cloud, “no bigger than a man’s fist” had appeared on the horizon. This seemingly innocent object soon morphed into a typhoon of such power, that over the next two days, it virtually destroyed the seemingly-invincible invasion force. The Japanese called it kamikaze or “divine wind”.

The Mongols were caught off guard because there was little indication ahead of time that such a catastrophe might befall them (although they did have a similar experience 7 years before, during their first, smaller invasion attempt). Today we can see that virtually none of the systemic risks to the financial system which almost brought down the global house of cards in 2008 have been addressed. Indeed, in many cases – such as central government debt, bank leveraging and derivatives, and personal debt, things are much worse.

If you’ve been paying attention to the gathering financial storm clouds – especially if you’ve been reading and reflecting upon the monthly essays published here by Resource Consultants, you know that for the majority of the population, things are not going to end well. All of us are going to confront losses, but as the saying goes, “He who loses least, wins.”

So listen to the song that palladium - the canary in the precious metals’ “coal mine” is singing. Be sure you hold – in your hand – enough of the precious metals’ four in physical form to help protect your finances and well-being when the inevitable “divine wind” bears down upon you and your loved ones. It isn’t essential to know exactly when it will touch down. Just know that it is on the way.

And it’s going to be a lot bigger “than a man’s fist”!……………………………………………

David H. Smith is Senior Analyst for http://www.Silver-Investor.com for the last 15 years; he’s investigated precious metals mines and exploration sites in Argentina, Chile, Mexico, China, Canada, and the U.S. He shares his findings and investment perspectives with readers, media listeners, and audiences at North American investment conferences.

Dave, no one could have said it better. Thank you for sharing your knowledge with us and our readers.

Now is the time to build you safety net. **Resource Consultants, Inc. is your metals dealer for purchasing or liquidating physical Gold, Silver, Platinum and Palladium. Call us for current prices and recommendations. 800-494-4149 and email us and www.BuySilverNow.com.**

Many bullion items can be a part of your precious metals IRA. If you would like to know more about this, call us and we will answer your questions and give you a list of the three trust companies we recommend working with.

It is important that you don't put off picking up as many precious metals items as you can budget for now. Although many of our readers enjoy picking up larger orders, nearly anyone can afford to pick up an ounce or a roll of precious metals each month. You just need to make paying yourself and your future a priority. Those who have taken the personal responsibility of acquiring some Gold, Silver, Platinum or Palladium are the folks who will be the most likely to make it through the next few years with less financial stress. The precious metals bears have started heading for the caves and we can see the bull market steadily moving forward.

Gold is hard money, real money. Call us for current prices and check out the "Box" on our webpage often for specials. One ounce coins are the most popular but if you want to add fractional sized pieces to your holdings NOW is the time while the prices are low. Be sure to ask about quantity discounts.

This issue we are recommending the MS65 $20 St. Gaudens coin as well as the XF $10 Liberty and XF $2.50 Indian. Call for current prices. They are a great buy right now!

American Silver Eagles in rolls of 20 and Monster Boxes (500 ounces) are still the favorite. We also like the Silver Canadian Maple Leaf and Austrian Philharmonic which are also available in Mint Monster Boxes. Some of you are asking about availability of US 90% silver coins dated 1964 and prior. These remain very popular and they are *currently* available without delivery delays. Another choice might be the fractional silver rounds. Silver rounds until recently were usually only available in 1 ounce sizes.

Blessings and Gratitude,

Linda C Gorman

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P.S. "New chart work suggests strong rallies beginning the first week of August gold to $1550.00 minimum high this fall. This is a 50% retracement and seems quite certain to me. As full trading begins after Labor Day I can forecast Gold after the $1,550.00 price.

Silver to 22.50 first then \$24-\$25 followed by a stopping pause at \$26.48 silver should reach \$33.48 on the DEC silver futures before the year end. Watch out for silver to retrench on the normal 2nd and 3rd week of SEPT the follow End of OCT to NOV for a rally." Roger Wiegand