

# Gold, Silver, Rare Earths and Uranium: The Four Horsemen Of The Economic Apocalypse

By Jeb Handwerger

This morning’s news provides Gold Stock Trades (GST) with an abundance of riches. We precede our essay with salient news of interest to the four major sectors covered by GST.

The lead news item is the dramatic advance being made by such equities as Ucore(UURAF or UCU.V) to which we have been alerting our readers.



This morning it has significantly penetrated the 50 day moving average to the upside. This dramatic bullish action places Ucore on an immediate “Buy at Market” signal. Prudence may dictate waiting for pullbacks, but that is up to the discretion of the subscriber.

A possible catalyst for today’s bullish action may be sparked by important legislation now moving through both the Senate and House Of Representatives. “The National Strategic and Critical Minerals Policy Act” enjoys bipartisan sponsorship at the highest levels which have already expressed the importance of fast tracking domestic production of vital metals for our national interest.

For the past six months, Gold Stock Trades has been highlighting Ucore as a takeover target by such entities as Molycorp. Such majors stand to profit from the inclusion of Ucore’s dominance in heavy rare earths. The possibilities of Ucore being taken over by resource hungry majors is gaining increasing attention by brokerage houses and institutional interests.

Another recommendation that is included in this legislation is Western Lithium (WLCDF or WLC.TO) followed by GST in our current recommendations list. Lithium-Ion batteries are strategic for the

advancement of the next generation hybrid and electric vehicles as the dependance on fossil fuels becomes increasingly uncertain. Our country needs a secure, domestic supply of this element. Turbulence in the Middle East (about which we intend to write) adds to this urgency.

Another of our four horsemen concerns our rare earth stocks. Remember that technical analysis is often a barometer of future fundamental reporting. The technical charts reveal the significant basing formations and double bottoms, indicating that something is stirring.

China is maintaining a hard line in their own interests despite the admonitions of the World Trade Organization. It is redundant to mention the plethora of rare earth usages in areas ranging from wind energy, solar panels, automobiles and so forth. Suffice it to say, the rare earth sector is vital to our national interests as it is to the other major industrial nations.

Yesterday we wrote about another of the four horsemen, the uranium area. GST readers were alerted to the reemergence of the nuclear sector. Uranerz (URZ) and Ur Energy (URG) were perceived

as weathervanes in this sector. URZ has just received their final Nuclear Regulatory Commission permit going full speed ahead into production.

Today the entire area is galloping ahead on the upside as the consolidation process appears to be completing. Today one of our old favorites, Denison Mines (DNN) appears to have broken out. An immediate buy is being placed on DNN. Technically it has broken the recent downtrend and today is actually breaking above the 50 day moving average.

Fundamentally, Denison possesses a global portfolio of world-class exploration projects in close proximity to its mill in the Athabasca Basin in Saskatchewan, specifically its Phoenix Deposit. Denison commands two of the four existing mills in North America. There are many other riches to this company which we hope to cover in an upcoming report.

The remaining two horsemen are riding the gold and silver sectors. Before we take leave, the action of silver must be mentioned right here. It is very significant that it is advancing on its old high of \$50. It has recently broken out of its base at \$40 and is consolidating

as it advances on its old high in the \$50 area. Its coming off its waterfall decline to the low 30's and is meticulously filling the downside gaps as it moves upward to the \$50 area. Put us on record that silver will in due time exceed the recent \$50 high.

We add sooner rather than later as there has been a significant development this morning. No longer will the COMEX- the elitist group in Chicago, command silver. They might think twice about unilaterally raising the margin rates as they did in March to precipitate a manipulated decline. There is a new calvary riding to the rescue of silver. It is the “HOMEX”(© Goldstocktrades.com), which stands for the Hong Kong Mercantile Exchange and will now be the home to multitudes of Chinese, Indian and other emerging Asian middle class players.

We had written on many occasions about deals that may have been struck between the Chinese and Americans at that super-secret candlelight dinner held between the politicians and industrialists from both sides. To better understand the “quid pro quo” refer to the articles from January 2011, on the “Chinamese Twins” (© goldstocktrades.com) by [clicking here](#).



A brief mention on gold, which will complete the four horsemen analogy. Gold has moved up more than \$100 in two weeks. It is entitled for a brief rest stop. One may be waiting to purchase gold, our advice: Gold is somewhat overextended and should revert back toward the 20 and 50 day moving averages.

It should be added that for all the travails of the Greek drama, a small news item commands our interest: “Greece’s Central Bank Raises its Gold Holdings”. Greece holds about 78% of its total

reserves in gold...word to the wise...even bankrupt nations hold on  
and in fact raise their stash of gold.



A postscript to our thoughts is the positive action in General Moly (GMO). It has just received the all important permit for the water rights for Mt. Hope, the largest molybdenum mine in North America. Three sovereign banks of China, Japan and South Korea have paid higher prices in order to take substantial positions. It is only a matter of time before someone takes advantage of this massive mountain of molybdenum in a friendly mining jurisdiction on sale at a discount. Buy on pullbacks. Patience and Fortitude...Stay posted.

## Current Recommendations (Date Of Recommendation In Parentheses)

- 1) Buy U.S. Gold (UXG) Under \$7.50 Target \$12 (8/1/10)
- 2) Buy General Moly (GMO) Under \$5 Target \$9.00 (9/27/10)
- 3) Buy UR Energy (URG) Under \$1.75 Target \$3 (10/8/10)
- 4) Buy International Tower Hill Mines (THM) Under \$8.50 Target \$12 (10/20/10)
- 5) Buy Lynas (LYSCF) Under \$2.50 Target \$3 (12-22-10)
- 6) Hold Gold ETF (GLD) Target \$160 (1-21-11)
- 7) Buy Gold Mining ETF On Pullbacks Under \$60 (GDX) Target \$67 (1-25-11)
- 8) Hold Avalon Rare Metals (AVL) Target \$13 (2-3-11)
- 9) Buy Western Lithium Under \$.90 (TSX:WLC; OTCQX:WLCDF) Target \$4 (2-14-11)
- 10) Buy Ucore (TSX.V:UCU; OTCQX:UURAF) Under \$.85 Target \$5 (2-15-11)
- 11) Buy Denison (DNN) Under \$2.50 Target \$6 (3-16-11)
- 12) Buy Uranerz (URZ) Under \$3.50 Target \$7 (3-16-11)
- 13) Buy Tasman Metals (TASXF or TSM.V) Under \$5.25 Target \$12 (4-29-11)
- 14) Buy Silver (SLV) Under \$40 Target \$60 (5-18-11)
- 15) Hold Quest Rare Minerals (QRM or QRM.V) Target \$14 (5-27-11)
- 16) Buy New Gold (NGD) Under \$12 Target \$18 (7-13-11)

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## Realized Positions Since 8-1-10

SPY Short -2%

NGD +15%

FRG +16%

SLV +15%

GLD +13%

SLV +20%

NGD +30%

GMO +20%

URG +40%

UXG +16%

THM +20%

FRG +42%

GMO +57%

URG +70%

URG +200%

LYSCF +28%

FRG +123%