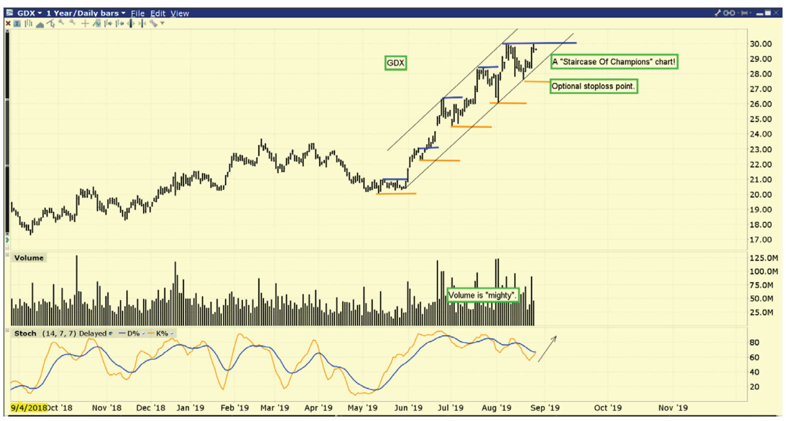
THE PROSPECTOR
RESOURCE INVESTMENT NEWS

HOME ALONE: HOW MOST GOLD, SILVER AND MINING STOCK INVESTORS WILL BE LEFT BEHIND

David H. Smith

Evidence across the sector strongly indicates that the public has continued to sell precious metals and mining shares into the powerful rise of the last few months. This is certainly understandable, if you had held a position since mid-2011 and watched gold drop by almost 50%; silver by 70%, and mining stocks by 80-90%. And maybe you felt the early 2016 rally was the "real deal" ending the bear market - only to have your hopes dashed as the sector surrendered most of its gains.

We know investors who, after holding for 30 years, finally gave up the ghost and sold late last year. (In part because they never took some profits along the way - a topic for another day.) And it's still going on! Some are getting out at "break even". Others, holding gold from $1200 and silver two dollars lower are taking "a tidy profit".



GDX, the VanEck Vectors' Gold Miners ETF, a primary indicator of public participation, shows the number of shares outstanding have been declining even as the "smart money" has been adding to their own positions. Yet the better-run miners are making higher highs on big volume, and higher lows on low volume – classic signs of a dynamic bull market.

How Big is Your Picture? But because their "picture" is not big enough, their perception about the tenuous nature of the global financial system too narrow, or they think we'll somehow "muddle through" like we did in 2008, the public is cashing in their "metals' insurance policies" way too soon.

Don't confuse linear with exponential. Most of the time markets trade in a linear, reasonably predictable manner. For example, Bollinger Bands contain price movement within two standard deviations above or below the mid line over 90% of the time. But once in awhile a "surprise" trend that is stronger and more durable than the markets expect can elevate prices exponentially. This is where really big money is made...or missed. By waiting for the obvious to take place, exponential gains can turn a speculator into a spectator.

A long term gold bear who's been predicting $700 gold for years - becoming more shrill after it has risen $300 - now says that *"if gold can break above $1,525 (so far it's hit $1,565) then it's gonna go...as high as $1,800"!* How do you feel, waiting around until this guy finally gives you permission to do something?

Courtesy Graceland Updates

The target of this Head and Shoulders gold continuation pattern is... $3000. Do you really want to top call at $1,650? Or wait forever for $700?

Frank Giustra, Founder of Wheaton River, Endeavour Mining, Leagold and Lionsgate (world's largest independent filmmaker) said recently,

> *I think we're in the third and final phase of the gold boom that started in 2001 - the second phase started in 2009 when the Fed started printing money...This, in my opinion, will be the biggest of all of them...the biggest (gold) bull market of all time.*

Throwing the Bones. In ancient cultures, animal bones were heated and tossed onto a mat, looking for "patterns" to predict the future. We really do love Elliott microWavers, Japanese Candlestickers and other precious metals' "bone throwers" seeking to divine data from charts and graphs. In fact we use some of those tools ourselves.

2016 ON STEROIDS, BUT WITHOUT THE "HANGOVER"?

But occasionally a massively profitable opportunity arises when the sector has reached a certain "tenor". Where the best efforts at interpreting the questions Mr. Market poses cannot be answered until later. Where maybe this time it is different.

You can take a position and accept information risk, or wait until later and deal with price risk. Either way, it's not easy to remain on the tiger's back. Stu Thomson nails it when he ways, *"We are all cowards on price weakness. Those who admit it, who bet against it make money. Those who hide it and lie about it, lose money. End of story."*

At certain times in history, owning money is the best available "investment" idea, because all other investment classes have become so corrupted and distorted that having money is the only sensible choice. We are at such a point today, which means people who are the best informed, choose to place a portion of their wealth into the precious metals. **David Morgan**

Because of the accuracy and clarity with which David has called the major swings in the metals and miners since the inception of the secular bull run in 2000, and the deep archived information-build for readers that backs his work, a subscription to the *Morgan Report* is in its own way, truly a "golden investment".

My Kirkland Lake Mistake In January 2017, TMR's Chris Marchese wrote a 7-page Research Report recommending Kirkland Lake, then trading at US$4.66 a share. There was more than enough information to enable our readers - which many did, including this writer - to take a position. I personally bought KL around $10 and held it into the low 20's, where I closed out my position "for a tidy profit". At this writing it's trading just under $50. Would it have been hard to hold a core position over two years while most other mining stocks were trying to bottom, as opposed to Kirkland's continually higher highs? Would it have been easier to follow Stanley Kroll's dictum to "Be right and Sit Tight" than to trade in and out, waiting for a "correction"? Am I likely to re-buy at $50?

Kirkland Lake (KL) weekly.

"Patience my As*. I'm Gonna Kill Something!" A famous poster from the 1970's shows two buzzards on a tree limb uttering words that could have come straight out of today's metal investor's handbook. Do you want to attempt this over the next few years with some of the best stocks in the sector, or try to take "tidy profits" out of physical gold and silver? Truthfully ask yourself, "Do I want to be patient and make some big money… or do I just want to "kill something"?

Bio Brief:
David H. Smith, Senior Analyst for TheMorganReport.com is a contributor to MoneyMetals.com and the LODE Cryptographic Silver Monetary System (CSMS). He investigates mines and exploration sites in Argentina, Chile, Peru, Mexico, Bolivia, China, Canada, the U.S. and shares his research with readers, the media, and investment conference attendees.