

## SILVER - Ready for a Silver Bullet?

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Last week Silver rose by 7.2% to US\$31.69. Is it the launch of a Silver bullet? The monthly chart is the price behavior from 1974, the year of the Club of Rome, (of course, you remember!) and the peak at \$49 in 1980-1981 (of course, you remember Mr Volker's era) the GFC in 2008-2009 and the commodity boom in 2010-2011, and the rise in 2024, which came as a surprise for many asset allocators having neglected precious metals. They had quite a few good reasons having witnessed the decline from \$50 to \$11 over a few years.

Now some Market Technicians may consider a few major technical levels: **1st** \$35 as Fibo 62% of the decline from \$50 to \$11; **2nd** \$26.50 at the start of 2023; **3rd** \$31.77 as Fibo extension from \$17.40 to \$26.30; **4th** \$35.35 (again) as Fibo extension from \$11.64 to \$30.38; and **5th** \$41.97 as Fibo extension from \$11.64 to \$30.38.

Does it sound confusing? No, it sounds like a Bullish view: As Silver closed again above \$30.50, it should soon test

\$35.25. Once above \$35-36, let's say two weeks in a row, it would be expected to extend its ascent toward \$42. An unexpected decline below \$26 would negate this bullish scenario.

At this stage, it is also premature to envision a test of the two previous spikes near \$50. We noted on the Upper Panel, that Silver, measured in Swiss francs (a strong currency), is also giving a Bullish message, as it is making higher highs compared to the previous high of 2020-2021.

Further, the strong rebound of the ratio of Silver v. Gold suggests that speculation in favour of the white, more-volatile precious metals is heating up and may attract more trend followers.

While a sharp rise in the price of the Silver metal is not our cup of tea, we will keep the silver cutlery and holloware for the grandchildren.

*Don't forget to enjoy your summer holidays...*

### Silver (Continuous Contract CME) - Monthly Candlesticks with 40- and 20-month moving averages surrounded by two Bollinger Bands



The Ichimoku Cloud is in Bullish mode. Silver closed in June near the Upper B-Band, the sudden re-acceleration in the first week of July (+ 7.2%) along widening Bollinger Bands, along re-crossing up STO, and the still rising positive MACD may support more upside prices.

**Upper Panel:** price of Silver in Swiss francs which is making a higher high above the 2020 high. The rising ratio of Silver v. Gold (dotted green line) since early 2024 is also making a higher high last week - a rising ratio suggests more speculation of precious metals and/or a sudden demand for industrial use of the Silver v. Gold global demand.

**Lower Panel:** are the Momentum indicators - Slow Stochastic re-crossed up after a pause, soon entering an overbought area, while the MACD is extending its rise, both Momentum supporting higher prices.

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