

Analysis By: Dr. Okan Aybar, CTA
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Forecast

Day	Flat
Week	Flat
Month	Down
1 Year +	Flat

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Silver? Sell on Rallies

- Silver is losing its ability to move upwards due to losing momentum in gold prices. Although silver has been maintaining an upward trend for the last two weeks, this is partly due to the depreciation of the Dollar.
- While there has been a general decline in the dollar index in the last two weeks, the upward movement in the previous days may limit the upward movement of silver around 32,80 USD/ounce in the coming days.
- With this respect it would be wrong to implement a strategy that considers selling the silver short at its current levels - 32 - just because it has the potential to fall in the coming days.
- To benefit from the fall of silver, it would be wiser to wait for the 32.80 level and realize this. Why?
- The dollar index usually moves with the Gold / Silver ratio. For the last three weeks, the harmony between these two seems to be abundant - second chart, top panel, green line, and black chart. Yet, this mismatch may be re-established as convenience yield for the Gold/Silver ratio, represented by the orange line in the second panel of the second chart, is set to rise. In other words, Gold/Silver ratio - shown by the green line in the upper panel of the same chart - will follow the recent rise of the Dollar index . This indicates that the pressure on silver will increase further in a process where gold remains under pressure.
- **Conclusion:** Expect silver to fluctuate between 29.80 - 31.80 for a few weeks.

Chart #1

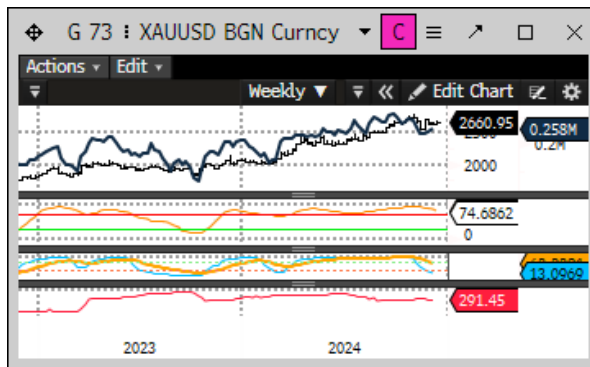


Chart #2

