

Technical Analysis

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Spot SILVER



Comment: Having unwound all of 2007 and 2008's excesses, spot silver has spent many weeks since mid-October trying to form an interim base against the pivotal area around \$9.00. A 'rounded bottom' was completed with last week's close above \$11.50. Slowly at first, then gathering speed, we expect prices to rally back up to \$14.00/15.00, possibly gathering pace were it to break above here allowing the move to extend to the \$18.00 area. Note that we expect it to outperform spot Gold, so that the ratio drops from 80.00, one Standard deviation from the mean since 1982, to 67.00/70.00.

A weekly close below \$10.25 suggests the latest attempt at a rally has failed.

Chart Levels:

| Support | Resistance | Direction of Trade |
|----------|------------|--------------------|
| \$10.90 | \$12.35 | |
| \$10.25* | \$13.25 | |
| \$9.65 | \$14.00* | |
| \$9.00* | \$15.00* | |
| \$8.40** | \$18.50** | |

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Charts provided by Reuters.