Technical observations of
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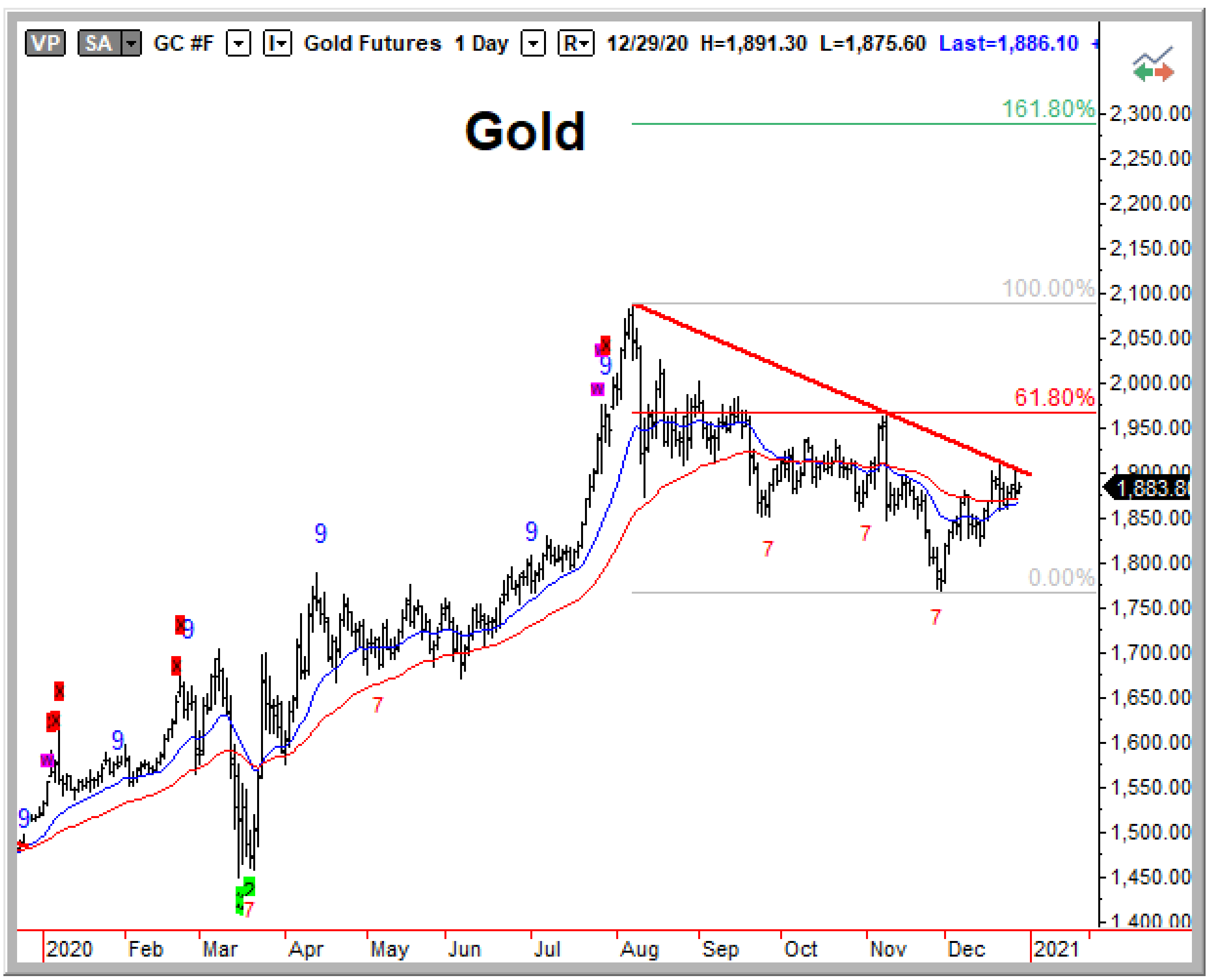
Will Gold and Silver be Eight for Eight?

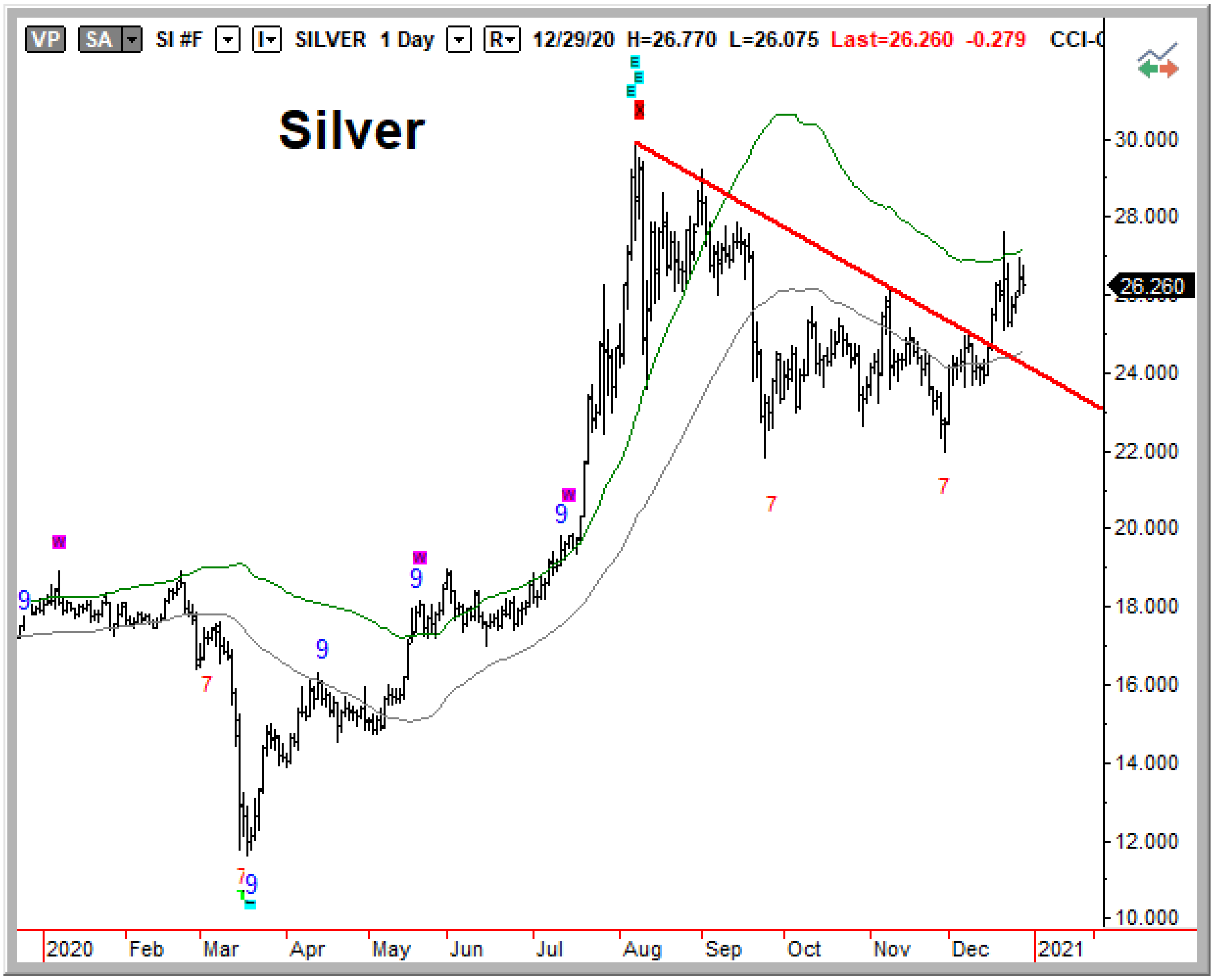
Gold and silver have entered a period of seasonal action where winners strongly outstrip losers. Over the last fifty years the win/loss ratio for the next eight weeks has been 2.42 in gold and 2.45 in silver even though the percentage of winning years has only been 60% in gold and 68% in silver.

The last seven years has produced consecutive winners. *At no time has the winning stretch reached eight*. This suggests that caution is warranted.

Gold has a well-established resistance line from the August top. It currently sits at $1900 basis the nearest futures contract. Breakouts of similar resistance lines occurred around the following yearends:1985, 1986, 1995, 1998 (false), 1999, 2002, 2006, 2008, 2011, 2014, 2017 and 2019. Any close through the resistance must have follow-through or be deemed as a false breakout. Upside resistance should be expected at the Fibonacci levels of $1966 and $2288.



Silver managed to test the upper resistance at the Keltner Channel and the 61.8% retracement at $26.90 on December 21st. It has subsequently held above the 50-day moving average ($24.55) which needs to hold.



Following silver's decline from $49.82 in 2011 to $13.62 in 2015 the semi-log chart in silver had been used to provide a 50% retracement target at $26.50. This was 90% above support. The one-week anomalous 'Covid' break below $14 in March provided an alternative resistance at $24.55. Needless to say, these targets have been achieved.

We can see from the following chart that the 50% speedlines on the arithmetic scaling have provided resistance prior to major advances. The 1972 pause was five months and followed by a 225% rise in the next fifteen months. The 1977 pause preceded a twenty-two-month run to $50. The 2006 pause was followed by five consecutively higher months.

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