



## Silver finally breaks \$16 – What's next?

By: Greg Rubin, Head of Trading QIA Commodities 18.03.16

For weeks silver has lagged its counterparts and its performance relative to gold and the miners has created some doubt on whether the metals complex has indeed found a long term bottom. Whilst it was expected that gold would lead the metals off the lower levels, the fact that silver has finally broken through key resistance provides further confirmation that the metals have or are very close to starting the next phase in the secular bull market.

### Today's close is key for silver

In the early part of the Asian session silver finally broke the \$16 resistance. Liquidity and volume were low however and no further buying pressure has been witnessed as yet so today's session is key if silver is going to provide us with an indication that it has likely bottomed. I would need to see silver rally towards the \$16.50/\$17 level before any further retracements to indicate that the probability of a lower low in silver is unlikely. Should silver fail to close above the \$16 level the risks still remain for one more swoon towards lower levels. I must add that should silver pullback from and fail at the \$16 level it does not necessarily mean that silver is going to a lower low. As long as support at the \$14.60 level holds silver still retains a bullish posture. Ideally though, and with the strong performance from silver this week, it will be able to reclaim the \$16 level on a closing basis today. Until this occurs caution is still warranted.

### U.S. Federal Reserve

It is ironic that the major reason for the sell off late last year has turned into the catalyst for the recent run-up in silver. Many traders and analysts believed that the Fed were going to change course on monetary policy after the first rate increase last year. Not only has this failed to materialise but the Fed are now providing the market place with extreme dovish comments. Yellen was adamant that the growth in the U.S. economy would be able to allow the Fed to take their foot off the pedal but with equity markets tumbling at the start of the year and growth failing to materialise the Fed have had to take a backseat on their plans to normalise rates. For my readers, this should not come as a surprise as I have adamantly stated for months that the Fed is caught in a catch 22 situation and the likelihood of normalising rates anytime soon is slim to none. It seems that the marketplace is becoming wise to this now and silver could well benefit.

### Technical

Silver's break above \$16 last night makes it difficult to provide a clear technical picture right now. The performance this afternoon and the closing price is so important to silver's movements going forward. As I mentioned above, the bullish case for silver would be to rally quickly towards at least the \$16.50 level and close around there. However should silver turn down from current prices - whilst not immediately bullish - it could provide a strong rebound from the \$15.65 level to set up the move towards \$16.50/\$17. Should silver close below \$16 then I can come up with a bearish case whereby silver can drop quickly towards a new low. So at time of writing it is unclear and I hope to provide more clarity by the time my report is released next week.

## ***Simplicity & Transparency***

The views in this market research are those of the writer and the writer alone. Any actions taken as a result are done so at your own risk.

QIA Commodities is a trading name of Quantum Investment Advisors Ltd registered in England & Wales registration number: 6921099 and registered at Becket House, Old Jewry, London EC2R 8DD. Quantum Investment Advisors Ltd and all group companies ("QIA") comply with all relevant money laundering regulations as stipulated by HM Customs & Excise.

HMRC Money Laundering Registration Number: 12626976. HMRC VAT Number 104312866.

Buying or selling physical commodities is not a regulated investment activity in the United Kingdom. QIA and its affiliates are not regulated by a United Kingdom regulator such as the Financial Conduct Authority and clients will not have access to any UK statutory compensation schemes. QIA provide non-advisory access to the physical commodity markets. Buying or selling physical commodities is highly speculative. Individual circumstances should be considered before any decision to buy or sell physical commodities is made. Changes in exchange rates may also have an adverse effect on the value of transactions denominated in foreign currencies. Past performance is not necessarily indicative of future results.

E-mail and any attachments are confidential. They may contain privileged information and are intended for the named addressee(s) only. If you are not the intended recipient, please notify the sender immediately and destroy the e-mail. The information may not otherwise be reproduced, distributed or transmitted to any other person or incorporated in any way into another document or other material without the prior written permission of Quantum Investment Advisors trading as QIA Commodities ("QIA"). The information in this document has been obtained from sources, which we believe to be reliable. However, we cannot guarantee the accuracy or completeness of any of the information contained herein. Clients acting on the information contained in this document do so at their own risk. Unless expressly stated, opinions in this e-mail are those of the individual sender. The QIA privacy policy can be viewed at [www.qiacommodities.com/privacy](http://www.qiacommodities.com/privacy)

**QIA Commodities, Becket House, Old Jewry, London EC2R 8DD, United Kingdom. Telephone +44 (0) 845 474 7094.**

