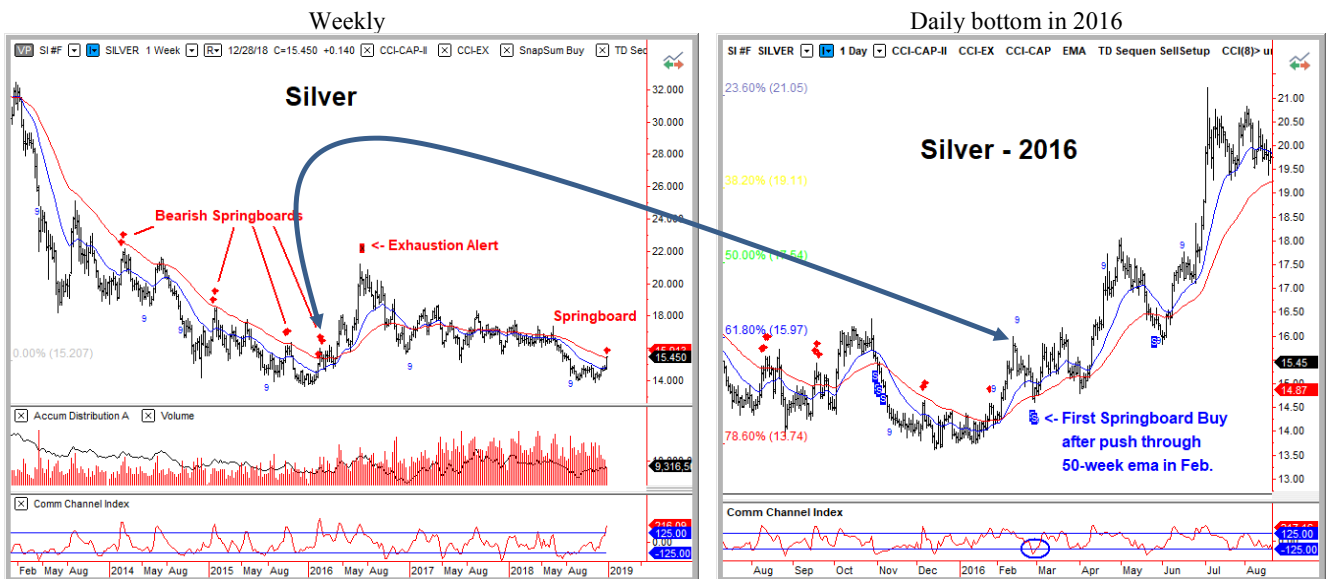




Silver – Overbought Can Develop into a Sign of Strength

Silver's monthly TD Sequential 9 Buy Setup in October (*nine consecutive closes below four months earlier*) has now been followed by an upside breakout on the daily and weekly charts.

In the development of the rally from \$14, the weekly CCI(8) and CCI(13) indicators have become overbought as of Friday as the price pushed against the 50-week exponential moving average. Such Bearish Springboard readings capped the price during the 2014-15 decline as well as 1983-86, 1989-92 and 1999-01. However, if prices can remain firm into mid-January, then such a 'Sign of Strength' would suggest that a significant trend change is underway. The 20 and 50-month emas would then be anticipated to provide support. Such pullbacks normally produce a daily Springboard Buy (*9/29/82, 9/29/86, 6/14/83, 1/02/02, 3/03/09 and 2/26/16*).



Springboards are defined as the ending phase of minor corrections in flat or trending markets. The first two Springboard alerts (Bullish or Bearish) in a newly emerging trend, as seen in February and May 2016, should ideally happen on corrections that give back no more than 50% of the preceding move. However, 62% is acceptable.



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