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Technical observations of  
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## The COT Numbers for Gold and Silver are Constructive

We monitor the Commitment of Traders in search of extremes. In the last few weeks the commercials have established the largest net-long positions in gold and silver since the December 2015 bottoms. Non-commercials have the smallest net-long positions in that time frame.

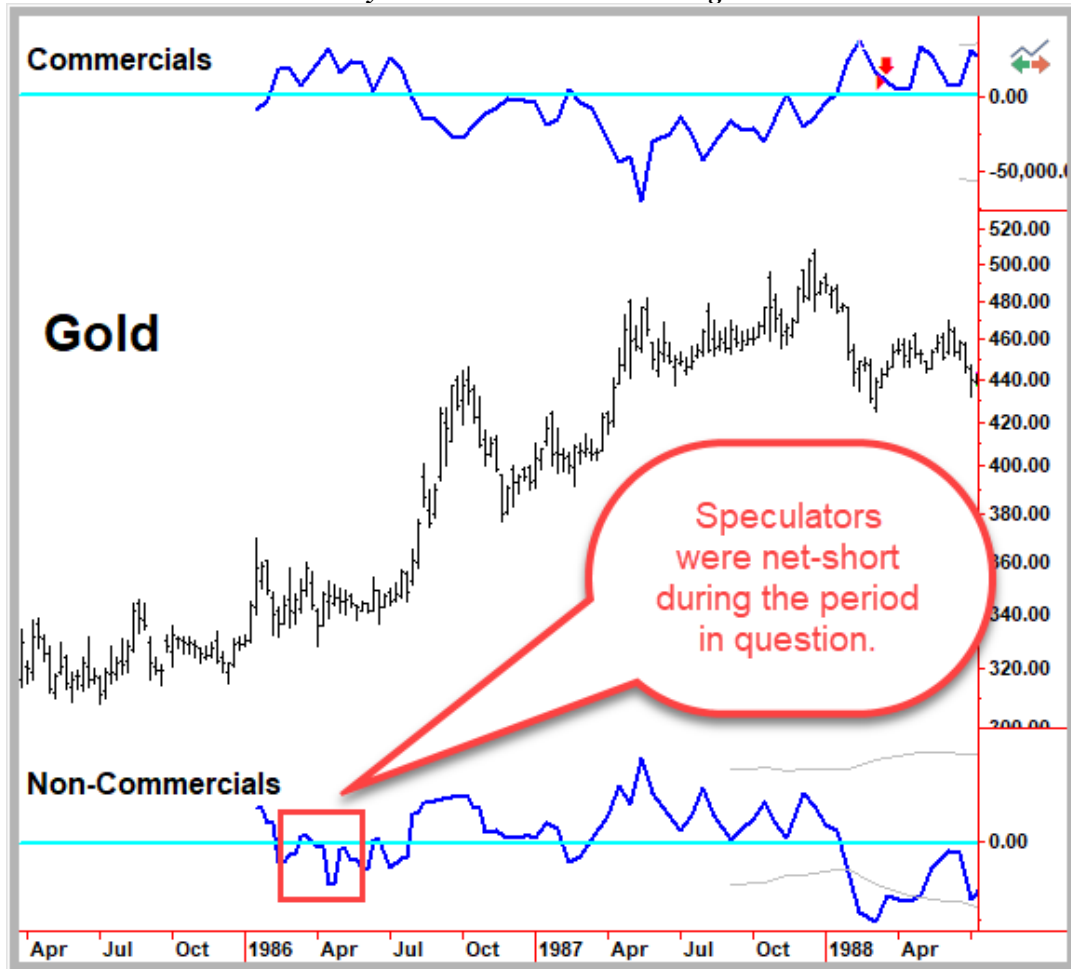
Absolute levels are of some significance. However, it is the way the COT numbers move that is of even greater importance. In the case of gold and silver we are seeing optimum setups for upside price action. When the positions of commercials and non-commercials (speculators) reach the outer Bollinger Bands and the RSI's reach overbought/oversold readings it means that there has been an urgency on the part of players to establish positions. Such conviction is a great means of measuring sentiment in the speculative group. Any upside reversal in price or change in fundamental outlook can now be fueled by speculators who are currently sitting on the sidelines.

### Gold



This negative sentiment relates well with the February through May 1986 period we have compared with the current eight-year cycle. In the case of 1986, the non-commercials were net-short most weeks until the breakout in August. Commercials were net-long.

*Bi-weekly COT data is available starting in 1986*



## Silver



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