

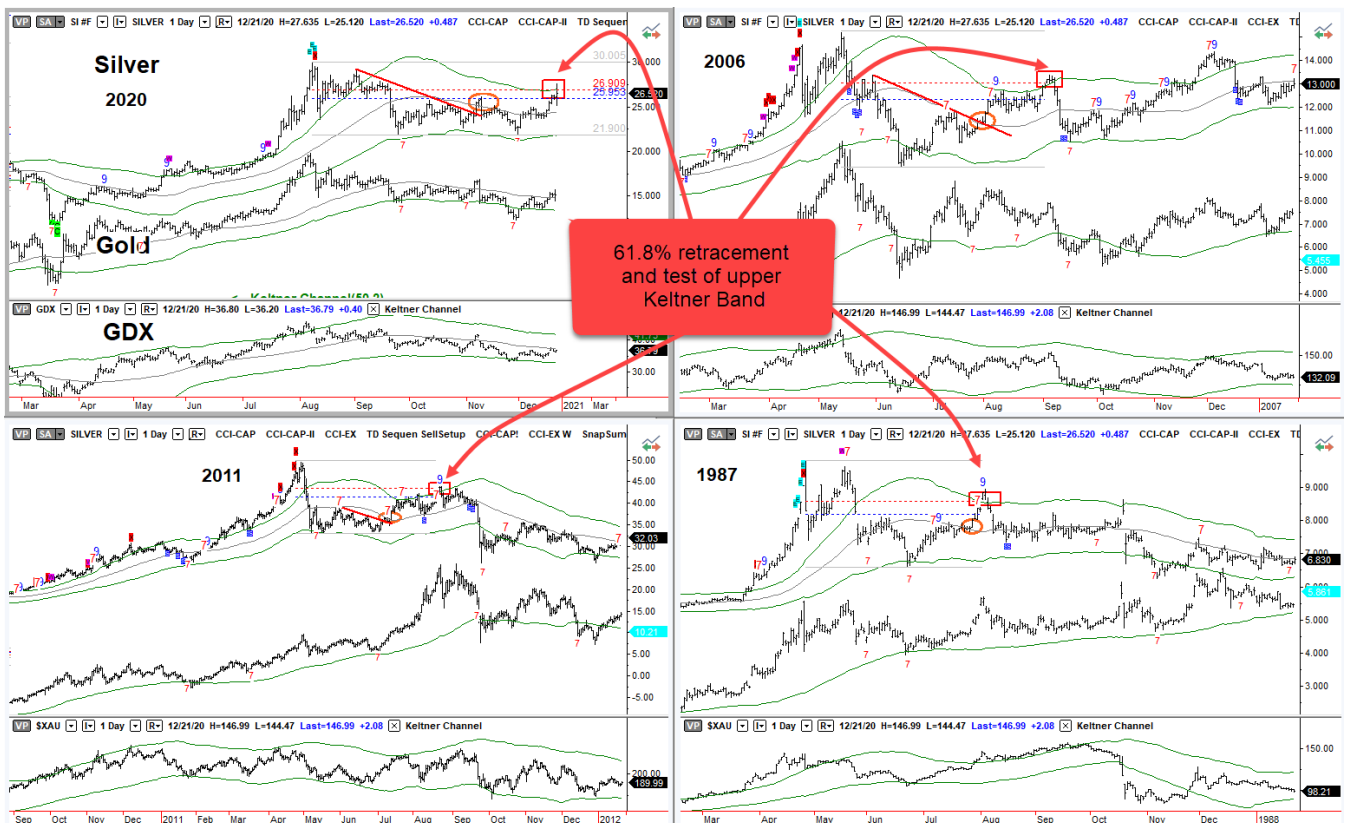


December 21, 2020

Silver Rally Achieves Targeted Resistance

The action following extreme upside moves in commodities tends to follow a repetitive pattern in the initial stages of unwinding the euphoria. The longer the ensuing consolidation, the more independent the price action becomes and the more diligent we need to be regarding a deviation. In the case of silver, we see it currently achieving a possible inflection point.

As previously outlined, the higher of the Fibonacci 61.8% retracement or Keltner Channel (50,3) was expected to become overhead resistance after the September low. That has occurred today; \$26.90 Fibonacci retracement and \$27.01 Keltner Band. Previous occurrences were Jan 2020, Sept 2011, Aug 2009, July 2008, Sept 2006, Oct 2004, Aug 1995, De 1993, Aug 1987, May 1983, Oct 1977 and May 1974. Only four of them went on to higher highs in the ensuing months without a decline back down to the lower Keltner Channel (*now \$21.80*). While not a timely signal, a close below the 50-day simple moving average would call for a test of the lower channel.



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