

# **RIVERS OF SILVER**

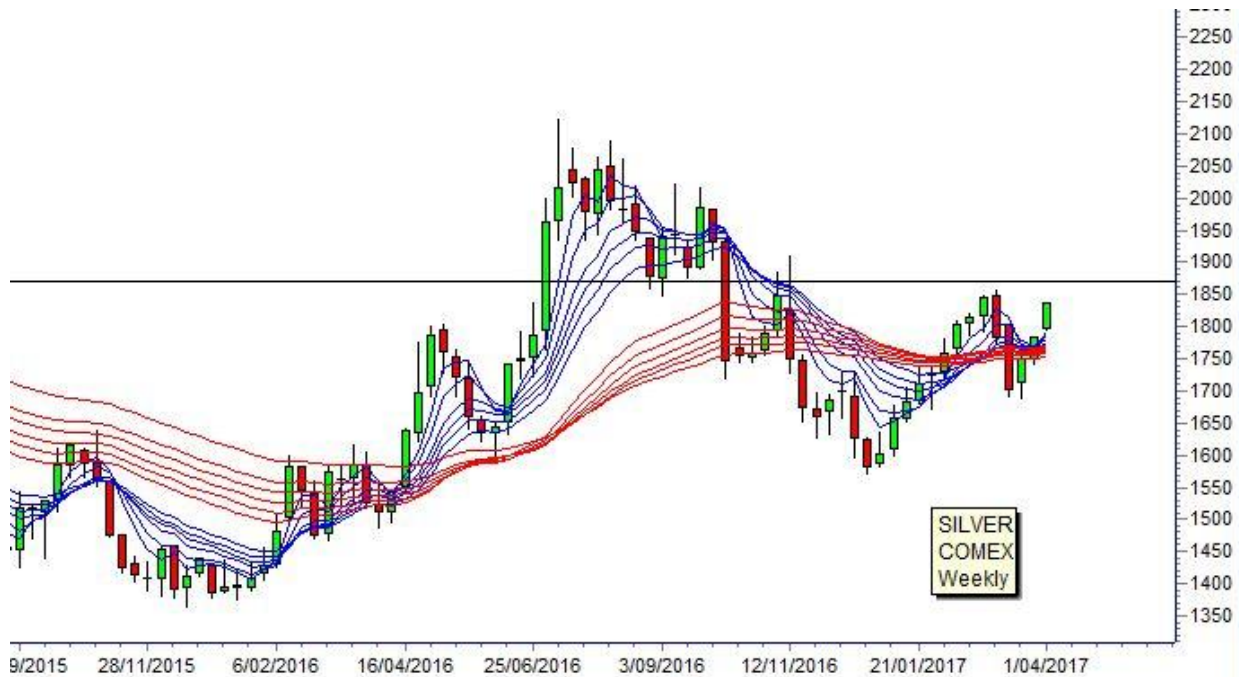
*By Daryl Guppy*

Cashiers' counters in China literally say PAY SILVER HERE and it reflects a time when silver was more valuable than gold. In commodity markets silver offers greater leverage than gold and the current developing precious metals breakout is most profitably traded with silver.

Silver tends to lag the gold price behaviour so this means traders can watch how gold develops, and then trade the same, but delayed, move in silver. After falling to \$15.80 the silver price staged a good rally to \$18.50. This delivered a 17% profit compared with the 11% profit from the similar rally in gold.

It's the pullback and rebound that now provides the longer term trading opportunity with silver. This price activity takes place with the environment of bullish [Guppy Multiple Moving Averages](#) indicator relationships.

This breakout is confirmed with the GMMA. The long term GMMA has compressed and is turning upwards. This generally shows investors are changing their attitude towards silver. The short term GMMA moved above the long term GMMA and then tested the long term GMMA as a support feature before again turning upwards. This is classic rally, retreat, retest, and rally behaviour that often precedes the development of a longer term sustainable uptrend.



The key confirmation breakout level is resistance near \$18.75. This level was decisively broken in the fast silver rally in 2016 July. The level then acted as support feature in 2016 August until October. The level has been tested as a resistance feature in 2016 November, and again in 2017 March. The current rally is a new test of the resistance level but this rally has an increased probability of developing into a strong breakout above \$18.75 as shown by the GMMA relationships.

Silver has the first resistance level near \$18.75 and then a second resistance level at \$21.00. The \$18.75 level is the equivalent to the \$1290 resistance level on the gold chart. A breakout at this \$18.72 level has target near \$21.00. This trade offers a 12% return compared with a 5 % return from gold for the same price behavior move.

Silver is slower to move than gold but it has more room to move and this delivers better profits. Note the silver price is shown in cents.

The developing separation in the long term GMMA confirms a high probability continuation of the rally uptrend. The same confirmation features are seen on the gold chart. Aggressive traders use the [ANTSSYS](#) method to trade the rally breakout above \$18.75. Cautious traders and investors wait for rebound proof with a move above \$18.75 before joining the rally for a move towards \$21.00.

The similarity in the patterns on the gold and silver charts means the silver price follows the behaviour of the gold price. The best trade is to watch gold and execute the trade on the same price move in silver.