



## Silver Upside

By Teddy Sloup (Sept 8)

I have spoken to the explosive nature of silver futures many times over the last few years. The problem with this perception, after removing my 2010-2013 market blinders, is that when looking at a three year silver chart, the market has been anything but explosive. Case in point being that the December futures are approaching steep overbought territory on a daily relative strength index (RSI), and on the heels of a *measly* \$1.90 rally from the August lows. The explosive silver futures market I am imagining involves minimum \$1.00 daily price ranges. Not \$2 rallies over the course of five weeks which place the market in major overbought territory. Attached is a nine year chart to put the silver futures market explosive nature into perspective.



Chart from *Investing.com*

Despite the algo-dominated and robotic silver market of the last three years, I believe the risk/reward scenarios in the current trading environment warrant strong optimism for traders. All big trends have to start somewhere and the fact that silver is flying substantially under the radar makes this proposition all the more inviting. Factor in an increasingly bearish U.S. Dollar, Crypto mania, and a global geopolitical environment that has everybody on edge and the recipe for larger price ranges would seem to be inevitable. In addition, the gold/silver ratio (Price of Gold/Price of Silver) is approaching the upper end of its range and volatility remains relatively low, although this could change at any time.

Rather than chasing the market at these overbought levels we prefer waiting for a correction to \$17.50 and ultimately using \$17.00 as a major buying opportunity. The \$16.98 level

represents a 38.2% retracement from the July lows and silver trades very well against key Fibonacci retracement levels. Waiting for a pull back to \$17.00 might be too much to ask, so scaling into a futures or options position down to \$17.00 is logical from our perspective. The 24/7 access to the futures markets is imperative in the event of a major price move in silver. As always, have a real plan in place to predetermine trade risk.

For more information about the Silver market, please contact Teddy at 312.242.7986 and via email at [teddy.sloup@archerfinancials.com](mailto:teddy.sloup@archerfinancials.com). I look forward to hearing from you.

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