

Silver Will Quickly Soar 15% or More

This month, I reviewed our Feb 14 post The Thunder Road Report <http://www.investlogic.ch/the-price-of-silver-could-absolutely-skyrocket/>

Here we are six months later, and I have to say it has been tough :

Silver dipped down to around \$18.50. The white metal is hovering around \$22, instead of \$20.50, three months after the report was published.

However, looking at recent silver sales, market conditions, and technical indicators, I'm increasingly convinced we can still achieve the year-end target. And if silver can break through resistance around \$25, we'll see a much bigger gain.

Bullish Charts

As miners shutter operations and restrict supply for the next several years, we're seeing a strong reason to get into silver right now.

Looking at the technical aspects of silver price charts, it is clear that depressed silver prices have finally leveled out and only have strong upside potential.



First up, we have a "head and shoulders bottom" forming in silver prices. This has taken half a year to form, suggesting it's a major bottom affecting the long-term trend — not an aberration or temporary factor.

Next, looking at the RSI indicator at the top, we see the spike through August has subsided. We're out of "overbought" territory. This is supported by declining spikes in volume in the mid-April and late June sell-offs. Volume during the September decline in prices didn't even budge.

The sellers are out, and balance with buyers has been restored.

Finally, we have the MACD line crossing the signal line and the divergence between the MACD and signal line is gone. This supports a change in trend. Add in the upward movement that is poised to cross the zero line, and we can determine that upward price momentum is building.

It is too early to predict a golden cross forming as the 50-day moving average crosses the 200-day moving average, but the spread between them is shrinking, which is always a good sign.

Bottom line: All of these factors point to an increase in silver prices.

At the very least, every indication points to a short-term bounce to \$25, good for a potential 15% gain. There will be resistance around \$25 per ounce. If that breaks, silver prices could easily run past \$30 and erase year-to-date losses.

We have a tight window to pad our portfolios with limited exposure to a stock market that has yet to price in massive downside potential of a government default...

Whether that happens next week or becomes a threat again in six weeks, if a temporary increase is negotiated, it won't matter to investors who capitalize on this great entry point.

Take Care,