

Technical Analysis: MCX Silver [December]

November 17 2009



Long term:
Neutral-positive

Short Term:
Neutral positive

Resistance

R1: 28,000
R2: 28,037
R3: 28,100
R4: 28,250

Support levels

S1: 27,806
S2: 27,507
S3: 27,399
S4: 27,307

Moving averages:

7: 27,304
21: 26,967
50: 26,904

RSI:
Trending higher

Silver closed positively last night, and in doing so the metal formed a bullish candle formation which was shaven on both the bottom and the top. Today the metal has opened and moved higher, before testing support under the market. I

- **Trendlines:** Silver broke out from the symmetrical triangle formation and this is bullish. The metal now has support from the triangle's two down trendlines [Rs27,393-Rs27,307] and the internal up trendline [Rs27,507].
- **Stochastics:** The K% line has crossed back over the D% line and is back in the strong buying range, which is bullish.
- **Moving averages:** Silver closed back over the 7DMA, which is indicative of short-term bullish sentiment.

Conclusion: As we thought, silver has broken and closed over the symmetrical triangle formation, and this is clearly bullish. The metal now is at another new all time high, but since it has been consolidating whilst gold has been trending higher, we think there are further gains ahead for the metal. However, if the metal closes how it is tonight, and closes bearishly tomorrow, we would have to re consider this theory. For the moment we are bullish and think the metal can achieve Rs28, 200.

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