

Long Term Silver Trend (a technical perspective)

18th March 2024



MCX

SILVER

Rating: **Buy @ 74200-76050** (Add on dips till 69050-68850) **Upside Potential: 30.42%**

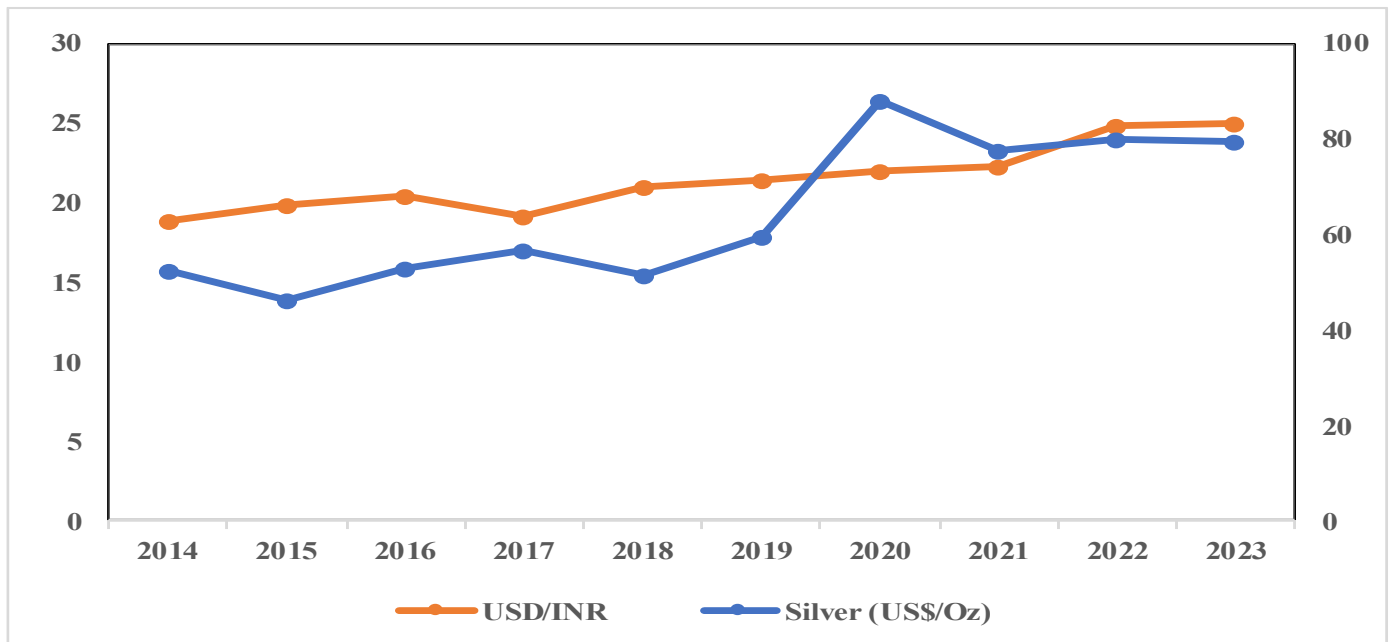
Recent factors influencing the SILVER market:

The precious metal MCX SILVER price closed the calendar year 2023 with a marginal gain of more than 7%, despite facing notable headwinds from the strong US dollar and rising treasury returns. Expanded instability from global events obstructed the price of silver throughout 2023 with reasons such as uncertainty in the US banking sector, movements from the US Fed Policy and uncertainty in the Middle East all performing a role.

Recommendation

| | |
|-------------------------------|---------------|
| CMP (₹) as on 15th March 2024 | 75650.00 |
| Buy on Dips till (₹) | 69050 -68850 |
| Target 1 & 2 (₹) | 95743 & 98663 |
| Stoploss (₹) | 61350 |
| Time Frame | 12- 15 Months |

SILVER (US\$/Oz) Vs USD/INR: Price Action Movement



- Tracking listed SILVER ETFs in equity markets, SILVER has become an attractive value play in the precious metals sector. Investing in listed SILVER ETFs such as DSP Silver ETF, Nippon India Silver ETF, UTI Silver ETF and ICICI Prudential Silver ETF, is an excellent way to diversify portfolio and hedge against inflation. Even though silver is often correlated to gold, at times it may have its own independent demand and supply dynamics. Depending on the investment and risk appetite, purely from a diversification point of view, one can consider silver ETFs.
- After reaching an all-time high of 78590 on 4th December 2023, The MCX SILVER experienced profit booking at higher levels in the monthly price chart. However, the precious metal silver reversed in March 2024, leading silver to trade above 75000 levels.



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Technical View: MCX Silver

MCX Silver – Weekly Chart:

SILVER 1 [M5100115]75650.00, 1.87%
Price Avg(E,3) Avg(E,9)



- Technically, the commodity showed a positive breakout from a symmetrical triangle on weekly chart with rising volumes indicating a potential uptrend to continue with projected target of 91778/95743/98663.
- The MCX SILVER has also experienced a market structure shift from its major demand levels of 68800-69000, with a positive crossover of the 50-day EMA and 200-day EMA validating the uptrend. The momentum indicator, Relative Strength Index (RSI) further supports the buying argument following the confirmation of the breakout on the price chart. The trend indicator ADX indicates the current trend is expected to witness further upside which could take the immediate key resistance levels of 77950/78120.
- From a technical resistance and support standpoint, the precious metal MCX SILVER might encounter resistance at the 78120/78590 levels. A breach above 78590 could propel the commodity towards 86740/89800 levels. On the downside, support for SILVER can be identified at 69755/68720 levels. Breakdown of 68720 would invite further selling pressure and then we could see MCX SILVER testing at 64975/62460 levels. Given these compelling factors, silver markets continue to look strong as continue to see buyers after solid multiple bullish breakouts in weekly as well as daily chart.
- Glancing forward to 2024, MCX SILVER will perform better as the Fed prepares to potentially take rates lower. A more optimistic price atmosphere would in turn help explorers and manufacturers move forward at their buying and selling operations.
- Investors/traders are advised to consider buying MCX SILVER at the current market price and accumulate during dips at 69050-68850 for medium to long-term gains.

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SILVER (US\$/Oz – Weekly Chart:



| SILVER (In Metric Tonnes) | | |
|-----------------------------------|------|------|
| Top 10 Silver Producing Countries | 2021 | 2022 |
| Mexico | 6097 | 6195 |
| China | 3511 | 3476 |
| Peru | 3593 | 3330 |
| Poland | 1307 | 1319 |
| Chile | 1281 | 1302 |
| Russia | 1212 | 1280 |
| Bolivia | 1292 | 1203 |
| Australia | 1330 | 1199 |
| United States | 1013 | 1007 |
| Argentina | 868 | 963 |
| India | 689 | 694 |



Source: Bloomberg, way2wealth Research, World Silver Survey 2023 etc.,

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