



SILVER PRICE OUTLOOK 2020

Report as on 15th July 2020

MCX SILVER 04SEP2020

Market View		Moving Averages	SMA	EMA	SMA SIGNAL	EMA SIGNAL	Price Performance		
Open	52840.00	5 Days	50765	50802	BUY	BUY	Period	Performance	
High	53075.00	10 Days	50098	50205	BUY	BUY	1 Week	7.16	
Low	52819.00	20 Days	49159	49470	BUY	BUY	1 Month	9.27	
Ltp*	52999.00	50 Days	47682	47852	BUY	BUY	3 Month	17.92	
Pr. Close	52649.00	100 Days	45278	46496	BUY	BUY	6 Month	11.49	
Value Change	350.00	200 Days	45437	45216	BUY	BUY	1 Year	28.09	
% Change	0.66								
52 Week High	53184	Technical Indicator				Pivot Points Classic			
52 Week Low	41558	Name	Value	Name	Value	Resistance	Support		
Volume	4102	RSI(14)	65.64	Williams%R	-14.72	53200	51480		
Value	6514	CCI(14)	156.13	UltimateOsc	65.19	54670	49800		
Open Interest	15510	ATR(14)	1217.84	Stochastic		56100	48200		
Net Cng in OI	1299	MACD(12,26)	923.50	%K	87.30	Pivot Point	52340		
% Cng in OI	9.14	ADX(14)	20.94	%D	78.68				

A significant week for gold as it broke through the round number \$1,800 level, a figure it last saw in 2011, on the back of concerns about a second COVID wave in the US. Silver followed gold's lead and poked its head above \$19 and held above \$19 as we write. Gold's performance has been impressive considering that traditional buyers India and China have been absent from the market. As gold steps higher and higher into price regions it hasn't seen for a long time it results in headlines and forecast revisions. This drives new investor interest that pushes the price up - a positive feedback FOMO loop. Now we would caution that many of those forecasts come with warnings that \$1,800 gold will come with a correction and period of consolidation. Early this year, the silver market was going through a tough time. Its reaction to the growing pandemic was in stark contrast to that of gold. The disconnect between the two metals rose to historic proportions, as gold rose on the back of deeply negative real interest rates and expectations, justified or otherwise, of rising inflation as a result of massive fiscal stimulus. Gold prices surged and silver prices fell as the industrial prospects for the cheaper sibling collapsed around the world. Despite making some recovery, silver prices have risen some 20% since March, Silver is still estimated to have as far again to go, according to Goldman Sachs as quoted by Reuters. Goldman also cited two primary factors behind its upward revision to silver prices. "First, coordinated global stimulus will help generate growth in industrial production and global economic activity," Goldman said. **"Relative to gold, silver demand is more closely tied to industrial production, accounting for 50% of its demand....Silver also stands to benefit from growing investment in solar power."** "Secondly, we have argued in the past that silver is the precious metal of second choice after gold. This means that when interest in precious metals is moderate, investors may still add to gold but silver often gets overlooked. However, when interest in precious metals is surging (as it is now), a lot of investors historically diversify part of their gold purchases with silver. In this environment, silver can outperform gold because it is a smaller market and moderate relocation into it can lead to a material price spike."



SWOT ANALYSIS

Strengths

- ❑ Silver prices gained on MCX trading near to 52500 level the level we have seen last in Sept 2013 shrugging off concerns about a further acceleration of the global Coronavirus pandemic despite mixed economic news.
- ❑ Silver and other precious metals were lifted this week by the coronavirus crisis and the spike of infections worldwide.
- ❑ U.S. President Donald Trump said on Friday he was not currently thinking about negotiating a "Phase 2" trade deal with China as relations between Washington and Beijing sour over the pandemic and other issues.
- ❑ Physical gold sold at a premium in India last week for the first time this year, driven by plunging imports and a near halt in smuggling that offset the impact of high unemployment and a rise in domestic prices across Asia that could deter buyers.
- ❑ The medium-term outlook for the economic recovery still looks very uncertain and this continues to provide ample room for gold and silver to float higher.
- ❑ The Silver Institute indicated that silver investment demand increased by 10% in the first half of 2020. Industrial demand declined but started to pick up from May as economies began to reopen.
- ❑ Speculators increased their bullish positions in COMEX gold and silver contracts in the week to July 7, the U.S. CFTC said.
- ❑ Silver-backed ETPs have now expanded by over 25% since New Year, with the world's largest silver-backed ETF – the iShares Silver Trust – growing by 2.2% last week to need an extra 330 tonnes of silver backing, setting a fresh record of 15,614 tonnes.
- ❑ Net demand to buy physical silver on Bullion Vault set a three-month record from March to May, also growing total client holdings by 25%.

Weaknesses

- ❑ In 2019, total global Silver supply outstripped demand by 973 tonnes according to the World Silver Survey 2020.
- ❑ The prospects for a second trade deal with China appear slim after Trump told reporters that China's handling of the coronavirus pandemic had "severely damaged" its relationship with the U.S.
- ❑ The U.S. Trade Representative said that he was "very happy" with China's implementation of the phase one deal, but that logistical problems created by the coronavirus had delayed phase two negotiations, which he said were still a "few months away."



Opportunities

- ❑ The Silver Institute predicts that global silver mine supply will drop by 7% in 2020 which is bullish news for silver, especially if industrial demand gets closer to normal levels.
- ❑ WHO warned that the coronavirus has not reached its peak yet and it's still spreading at a high rate, which makes it hard to be contained, and also warned against closed and crowded places.
- ❑ Prices are getting support as the world saw a record rise in new Coronavirus cases over the past 24 hours according to the World Health Organization (WHO), with over 212,000 people infected on Sunday led by records in the US, Brazil, and India.
- ❑ The Gold/Silver Ratio – which tracks the two formerly monetary metals' relative prices – back down to 97.3, the lowest in 3 weeks from the all-time highs at 127 in the middle of March.
- ❑ Goldman Sachs Forecasts - FORECASTS SILVER PRICES AT \$18.13/OZ FOR 2020, \$21.75/OZ FOR 2021. Says "Believe We Are Entering a Near Perfect Environment for Silver to Finally Perform."
- ❑ ABN Amro Raises 2020 Average Price Forecast for Precious Metals - Raises Silver Average Price Forecast to \$18/oz from \$15.4/oz for 2020. Raises Silver Average Price Forecast to \$21/oz from \$17/oz for 2021. Says "Against The Dollar, Gold's All-time High of \$1,921 Is Now Within Reach"
- ❑ Silver's RSI is not in the extremely overbought territory so prices may have more room to run in case gold continues its upside move while the U.S. dollar declines.
- ❑ Increase in geopolitical tension between the US, China, India and Iran are also supportive of the bullion rally.

Threats

- ❑ The IMF says the US's economy will contract by 5.7% and shrink by 13% in countries torn by conflict.
- ❑ More than 12.9 million people around the world have been diagnosed with COVID-19 and almost 570,000 have died.
- ❑ There is less volatility as per ATR – Average True Range.
- ❑ If COVID-19 persists then recession phase will arise, which will lead to fall in the Industrial demand of Silver.
- ❑ If markets open as predicted, and vaccinations come successful, then people will prefer riskier assets for investment.



CHART

MA (200, close, 0)
Ichimoku (9, 26, 52, 26)

MCX SILVER



Chart Reading:

Silver prices on MCX had formed a bullish falling wedge pattern. Prices were in this pattern from the start of 2017 till May 2019. Prices broke out of this pattern at 37302 levels and continued on an upward trend since then. Market is expected to continue in this direction if it breaks and manages to break and stay above 49290 levels. If it does it can see levels of 58987. If it fails its next important support is at 43296 or 0.6180 Fibonacci retracement levels. Silver prices are above ichimoku cloud which suggests an upward trend. The Ichimoku Lagging indicator also suggests an upcoming bullish trend. RSI is at 68 levels which suggests an upward trend. Choppiness Indicator is at 58 levels facing downwards indicating high upcoming volatility. Vortex Indicator also suggests an upward trend.

ACTION:

OUTLOOK

1 Month	Silver Range will be 48500 as support while resistance will be 54800.
3 Month	Silver Range will be 46200 as support while resistance will be 58500.
6 Month	Silver Range will be 44000 as support while resistance will be 62500.



SILVER PRICE MOVEMENT SINCE 2011

Year	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	Growth
2011	43640	49850	55970	70507	57929	50963	58896	64115	51111	56427	55520	51029	4812.00
	-5.58	14.23	12.28	25.97	-17.84	-12.03	15.57	8.86	-20.28	10.40	-1.61	-8.09	10.41
2012	56422	57783	56790	56482	54110	51987	53974	58408	62780	59881	61185	57864	6835.00
	10.57	2.41	-1.72	-0.54	-4.20	-3.92	3.82	8.22	7.49	-4.62	2.18	-5.43	13.39
2013	57849	53267	53072	44833	43616	40208	41520	53212	49248	48431	44274	43833	-14031.00
	-0.03	-7.92	-0.37	-15.52	-2.71	-7.81	3.26	28.16	-7.45	-1.66	-8.58	-1.00	-24.25
2014	43309	46362	42805	41329	40851	44114	44399	42255	38516	35797	34527	35990	-7843.00
	-1.20	7.05	-7.67	-3.45	-1.16	7.99	0.65	-4.83	-8.85	-7.06	-3.55	4.24	-17.89
2015	38105	36716	37169	36515	38349	35536	34025	34581	34547	36490	33480	33299	-2691.00
	5.88	-3.65	1.23	-1.76	5.02	-7.34	-4.25	1.63	-0.10	5.62	-8.25	-0.54	-7.48
2016	34750	36081	36751	41566	38400	43467	47480	43988	45726	42402	40089	39485	6186.00
	4.36	3.83	1.86	13.10	-7.62	13.20	9.23	-7.35	3.95	-7.27	-5.45	-1.51	18.58
2017	41921	43247	42326	39503	40096	38344	38645	39798	39457	38818	37532	39000	-485.00
	6.17	3.16	-2.13	-6.67	1.50	-4.37	0.78	2.98	-0.86	-1.62	-3.31	3.91	-1.23
2018	39319	38246	38322	38642	39904	39228	38321	37482	38577	38050	36025	38821	-179.00
	0.82	-2.73	0.20	0.84	3.27	-1.69	-2.31	-2.19	2.92	-1.37	-5.32	7.76	-0.46
2019	40439	39760	37761	37714	36449	37452	41227	46776	44119	46764	44506	46711	7890.00
	4.17	-1.68	-5.03	-0.12	-3.35	2.75	10.08	13.46	-5.68	6.00	-4.83	4.95	20.32
2020	46989	43979	39520	41390	50118	50364							3653.00
	0.60	-6.41	-10.14	4.73	21.09	0.49							7.82
Average	1.91	0.85	-0.63	1.97	-0.23	-1.06	3.36	5.69	-2.23	1.10	-2.28	1.18	Average

USDINR PRICE MOVEMENT SINCE 2012

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	Growth
2012	49.75	49.37	51.22	53.03	56.42	56.11	55.84	55.79	53.05	54.08	54.61	55.15	1.66
	-7.00	-0.76	3.76	3.53	6.39	-0.55	-0.49	-0.09	-4.90	1.93	0.98	0.99	3.11
2013	53.39	54.74	54.67	53.95	56.79	59.75	61.06	66.73	63.21	61.81	62.91	62.16	7.01
	-3.19	2.51	-0.11	-1.33	5.27	5.20	2.19	9.29	-5.27	-2.22	1.78	-1.20	12.71
2014	63.08	62.22	60.17	60.56	59.32	60.57	60.85	60.95	62.10	61.64	62.39	63.47	1.32
	1.49	-1.37	-3.29	0.65	-2.05	2.12	0.47	0.16	1.89	-0.74	1.21	1.74	2.12
2015	62.24	62.22	62.83	63.81	64.20	64.01	64.49	66.84	65.90	65.61	66.98	66.39	2.92
	-1.95	-0.03	0.98	1.55	0.62	-0.30	0.75	3.64	-1.40	-0.44	2.08	-0.87	4.60
2016	68.10	68.77	66.51	66.67	67.60	67.77	67.29	67.27	66.88	67.08	68.56	68.10	1.71
	2.58	0.98	-3.29	0.24	1.40	0.26	-0.71	-0.03	-0.59	0.30	2.22	-0.67	2.58
2017	68.06	66.94	65.08	64.53	64.88	64.82	64.64	64.08	63.89	64.98	64.65	64.06	-4.04
	-0.06	-1.65	-2.78	-0.85	0.54	-0.09	-0.28	-0.87	-0.30	1.71	-0.51	-0.91	-5.94
2018	63.79	65.32	65.36	66.90	67.63	68.73	68.79	71.19	72.76	74.20	69.85	69.94	5.88
	-0.43	2.39	0.07	2.35	1.09	1.63	0.09	3.49	2.21	1.98	-5.86	0.13	9.18
2019	71.29	71.10	69.51	69.85	69.90	69.30	68.98	71.62	71.07	71.12	71.90	71.54	1.60
	1.93	-0.27	-2.24	0.49	0.07	-0.86	-0.46	3.83	-0.77	0.08	1.09	-0.50	2.25
2020	71.56	72.41	75.82	75.28	75.79	75.78							4.24
	0.03	1.18	4.72	-0.72	0.68	-0.01							5.93
Average	-0.38	0.16	-0.38	0.53	1.58	0.66	0.06	2.58	-0.28	0.25	1.14	0.06	Average



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