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## Precious Metals – Bullish de-coupling or just another dead cat’s bounce?

### Strategy: Gold

Given the strong gains booked in Gold and especially in Silver over the last 48 hours, the main question is whether this could be the start of a massive, bullish game change or are we only dealing with a limited and well-measured 4<sup>th</sup> wave rebound within a still incomplete down-consolidation?

Well, based on the strong negative correlation to the long-term uptrends in interest rates and the USD, we could argue that the latest rebound in Precious Metals is nothing more than the correlated countertrend move to the latest interest rate and USD setbacks. But if these setbacks are only temporary as long as 10 YR US yields are for example not breaking below key-support at 3.50 % (minor 38.2 % = wave 4 setback target/June high), the precious metals recovery might also be limited and temporary too.

**But what if the classically, negative correlation between interest rates, the USD and precious metals would break and how would we become aware of it?**

Technically, the underlying case for it is well-prepared and best illustrated in the weekly chart of Gold (see App. 2), which shows a classically corrective A-B-C zigzag down from the August 2020 top at 2075 to this September’s low at 1615. Based on the multiple sub-counts within the preceding rally from the 2015 low at 1046 to 2075, I see a high probability given, that we are still missing the completing Vth wave advance of the whole up-cycle started in 2015 to the projected wave 5 targets as shown in App. 2. But if the assumption is correct, that the uptrends in interest rates and the USD are also incomplete, then Gold would have to suspend the naturally given, negative correlations.



# Chart Special – Precious Metals



So far, everything is pretty much in line though and as long as Gold hasn't broken a potential and internal wave 4 recovery target at 1761 (int. 38.2 %) decisively on weekly close (i.e., above 1770 using a 0.5 % filter), the risk of missing an internal 5<sup>th</sup> wave sell-off to 1599 (int. 50 %, dark red scenario) to complete wave C down remains anyway high.

A decisive break above the crucial resistance zone at 1761/70 though, would provide strong evidence that Gold is starting to write its own, independent bull story, which would receive its final confirmation via a break of the row of lower tops at 1808 (August high). Above the latter, the bull race would be on with the next major decision due only around a projected countertrend rally target zone at 1963/73 (int. 76.4/78.6 %). The latter and pivotal resistance at 1998 would make the distinction between the blue countertrend rally scenario and the bullish red scenario in which we'd be dealing with a V<sup>th</sup> wave advance to at least 2183. Both scenarios require a definite decoupling from the interest rate and USD uptrends to materialize though.

## Conclusion:

The latest recovery of Gold has the technical potential to turn into a runaway train (internal wave V), but only if it manages to decouple from the still intact and incomplete interest rate and USD up-trends, which are still perceived to only perform temporary, internal 4<sup>th</sup> wave setbacks at current, which are unlikely to reverse the broader uptrends at this stage.

A definite signal that Gold is out of the danger zone and indeed decoupling would only be given via breaks above 1761/70 and ultimately above 1808. Being one of the most neglected asset classes in the current environment, the surprise factor would certainly be on the upside so that I have great sympathy for the bullish breakout view.

# Chart Special – Precious Metals

## Strategy: Silver

The Precious Metal ready to acquire “rock star status” though is certainly Silver, which came into the spotlight with vehemence yesterday, when it booked gains of more than 8 % and outperformed Gold by far as App. 5 illustrates.

But what is really striking in Silver is the accumulation of bullish facts, which have the potential to send the precious metal into an upward spiral last seen in 2010/2011 (see App.4). In fact, I see strong evidence given that we are just at the beginning of a multi-year 3<sup>rd</sup> wave advance of greater scale, which has projected targets at 47.48 (wave 1 x 1.618) and on higher scale at 86.64 (wave I x 1.618).

But now to the bullish facts:

- Silver broke out of a bullish, inverted H & S bottoming pattern (see App. 3) after having completed a textbook A-B-C zigzag pattern down from 30.14 (Feb. 21 top) to 17.56 (Sep. low).
- The possibility of having even performed an irregular consolidation pattern (B-wave already marking a news high!) as illustrated via the green scenario appears to be structurally very realistic, which suggests that the following, internal 3<sup>rd</sup> wave rally extends into 63.57 (wave 1 x 2.618)
- A minor wave 4 recovery target at 20.87 (minor 38.2 %/August high) has already been broken decisively, so that we are only missing a break above 21.42 (Sep 21 low) to confirm an up-reversal.
- The decisive break below key-support at 84.60 (minor 38.2 % ) in the Gold-Silver spread (see App. 5) in a very impulsive way suggests that we could be dealing with a new, 5-wave cycle down as illustrated in red, which means Silver is going to be the rock star in the precious metal’s world.





# Chart Special – Precious Metals

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## Conclusion:

**The next big thing in Silver is most likely a multi-year IIIrd wave rally (projected targets on different scales at 47.48 and maybe even at 86.64), which implies dramatic outperformance against Gold (see App. 5), as well as definite and absolute decoupling from interest rate and USD uptrends. Only a failure to clear pivotal resistance at 21.42 (Sep. 21 low) could still prove to be tricky for Silver (dark red scenario). Above 21.42 though, the sky could be the limit.**

Please have a look at [www.sta-anthonj.com](http://www.sta-anthonj.com) for additional research across asset classes.

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