

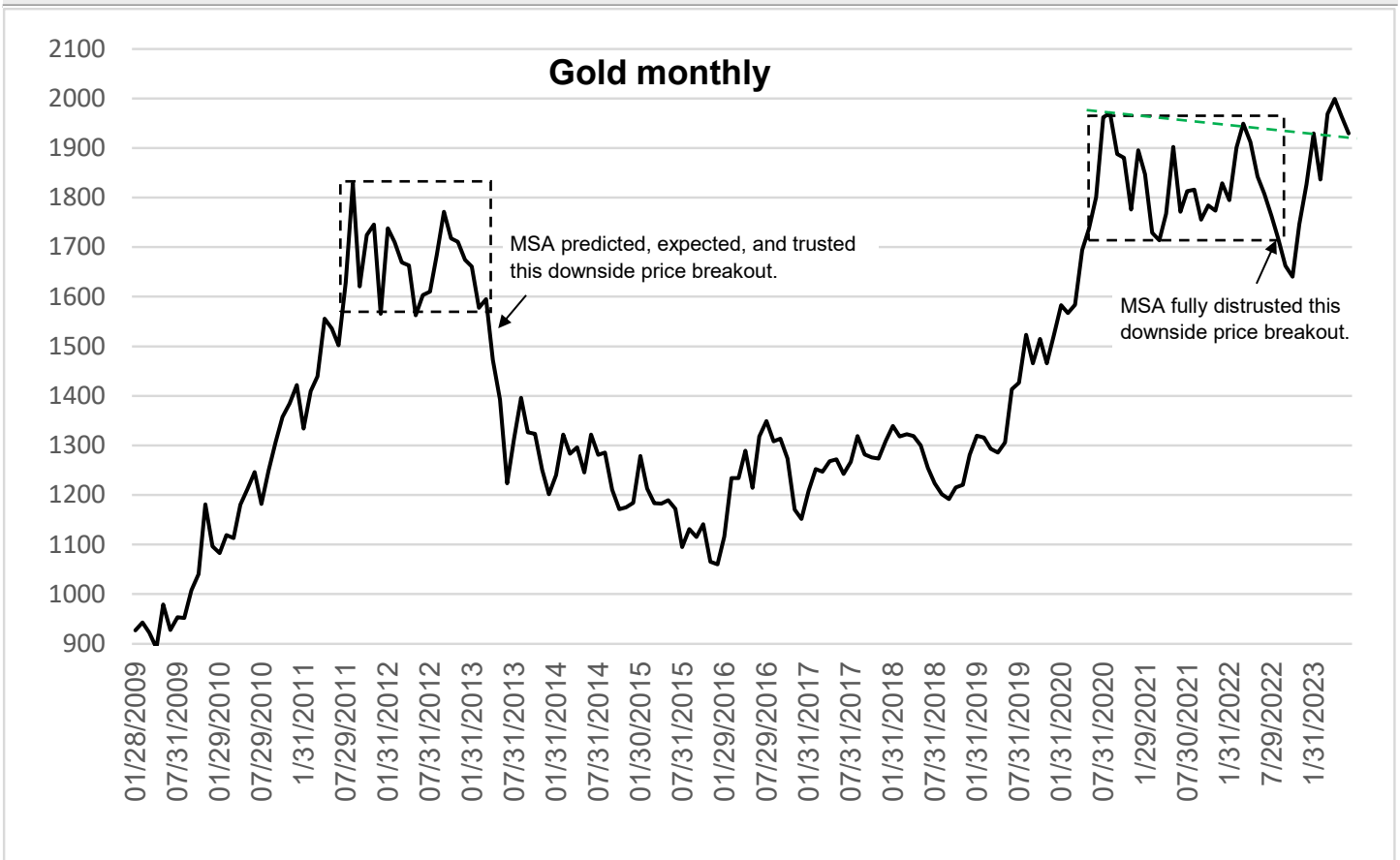


# GOLD, SILVER & MINING

MSA

July 2, 2023

## Weekend Report



Back at the 2011/2012 top, MSA shifted major bearish in January 2012 a few months after the 2011 peak. Price messed around for a year and then collapsed. (MSA later turned bullish based on annual momentum and other factors in February 2016 and we remain so.)

Despite the nearly perfect price chart copy of action from 2020 to 2022 compared with the action from 2011 to early 2013, we had no respect for the downside price “breakout” in September last year. Yes, the price charts lured many into believing it was a major top completed last year. After all, the price

Major evolution in technical research since 1992

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chart action before that collapse was perfectly identical to the 2011/2012 top. But our assessment of too many momentum factors said not to trust the downside price action. It was a bear trap.

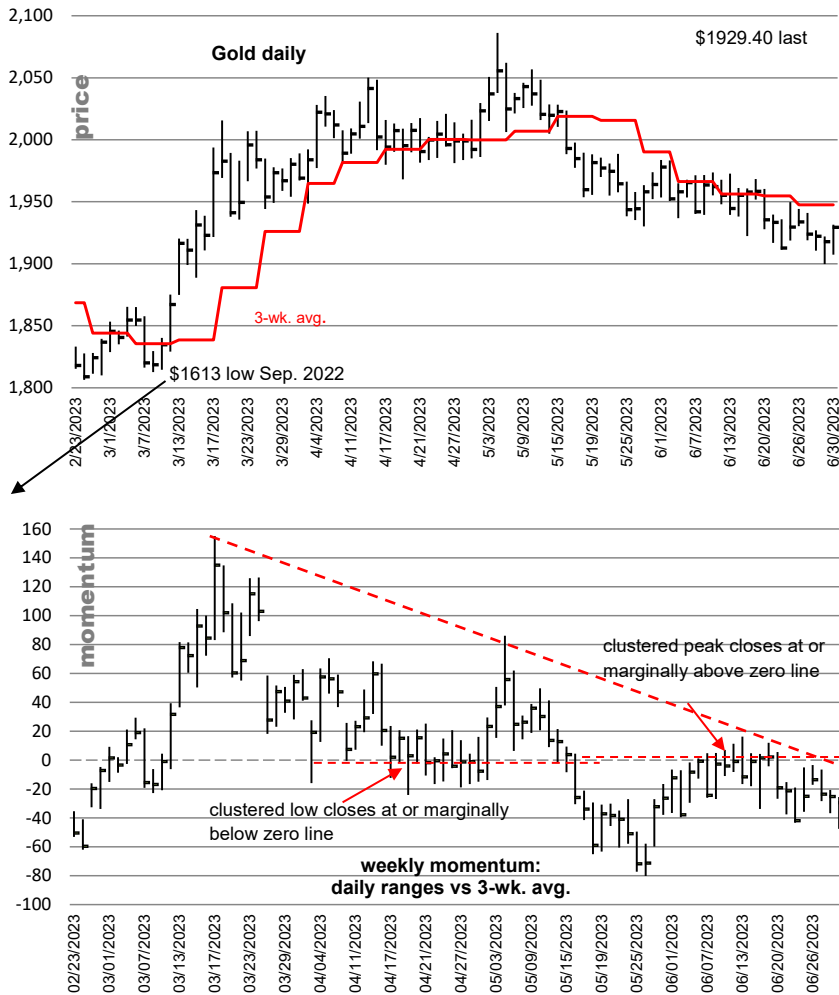
And so now after over two years of constant selling pressures (from above \$2000 down to nearly \$1600), price **bolted** back to the highs! Surprising almost everyone! In fact, new price highs were achieved quickly (a new high monthly close and new high weekly closes as well vs. prior closes). But that massive upward bolt—regaining everything within a few months—put many momentum metrics into overbought and extended positions. **In need of a pause.** A corrective process to cool things off. And so for months now, despite constant selling, how are the bears doing? The peak monthly close was \$1999.10. June's close was \$1929.40. You do the math as to the percent gain on the downside.

MSA very much likes the pause, the corrective process (see the next page). It means that when gold surges to \$2100 and excites the perpetually nervous gold bulls (for those who are long and who managed to ignore that fake-out collapse in late 2022) and upsets the constant bears, **it will do so fully rested and with enough energy to sustain a meaningful next phase surge.**

Thanks to the congestive/corrective process!

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**Gold: weekly momentum**



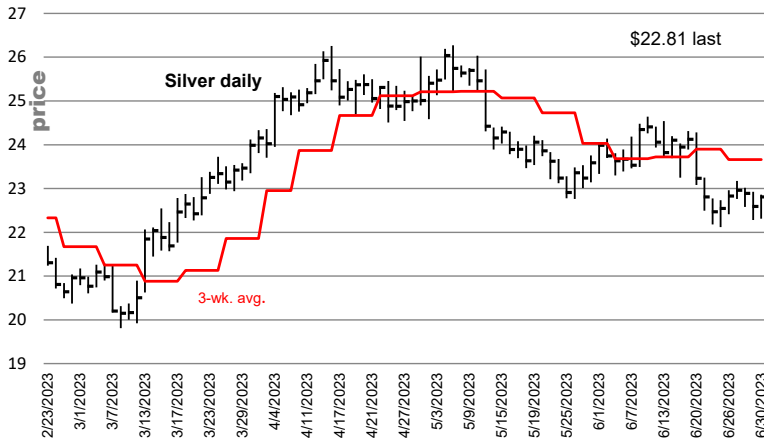
Weekly momentum is sometimes a shorter-term metric, but when it builds structures that span several months and does so with clarity, then it becomes of intermediate-trend quality. And this intermediate trend is what needs to be watched to time the end of this downside corrective process in gold.

We've identified the zero line area as a key level to overcome. Now with the drop of the past few weeks, that downtrend structure is even clearer and more meaningful. This week the zero line is at **\$1936.50**, \$7 above last week's close. Close a day or preferably the week **credibly above** that level and you can assume the slide is over.

Note as well that momentum saw its highest and most overheated level back in March when price moved out above \$2000 again. After that, despite being overdone on momentum, price action persisted on the upside but still allowed momentum action to begin its downside correction. Finally in May price joined momentum on the downside, but by

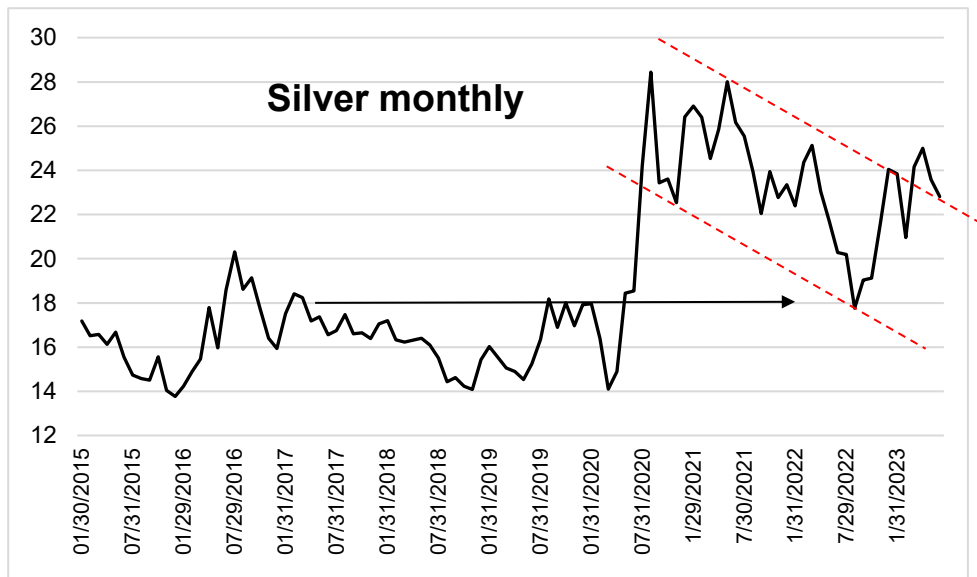
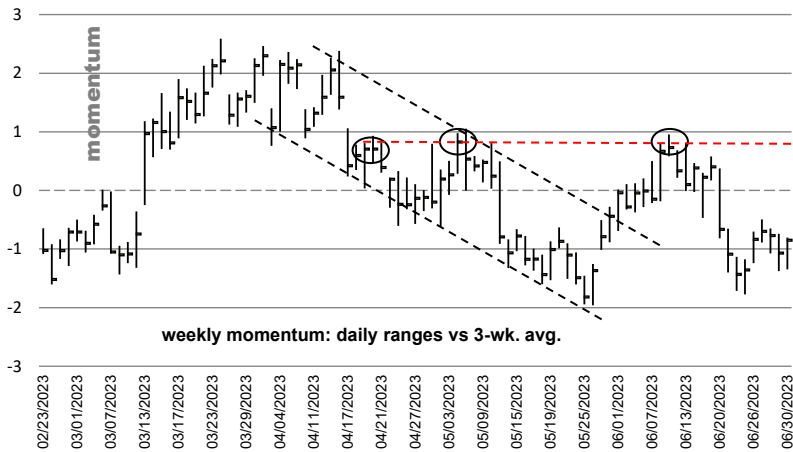
then momentum was already two months old. Now momentum is three and a half months old. That's aged for this metric. And with the new marginal price lows seen last week, momentum isn't agreeing. Non-confirmation is a background positive hint. But we still want that structural breakout overhead.

**Silver: weekly momentum**



Upside action in June pushed momentum above a downtrend channel, but it was not matched by mama Gold. The oscillator rally peaked on silver along the horizontal line plotted through two prior high closes. Then dropped again. Price made new low for the pullback, momentum did not.

Key now, and this structure is very credible, is to close a day out above the three prior peak oscillator closes (red horizontal). This week that will require a daily close at **\$24.07** or higher. Next week that upside trigger level will probably adjust down to around **\$23.75** (estimated only at this time).

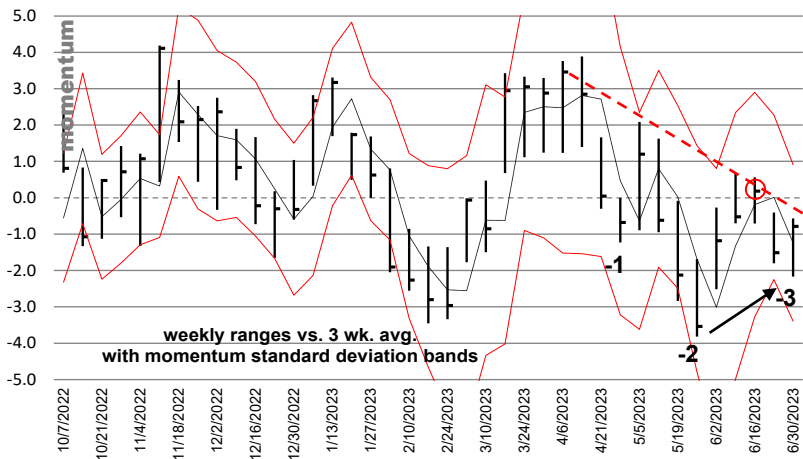
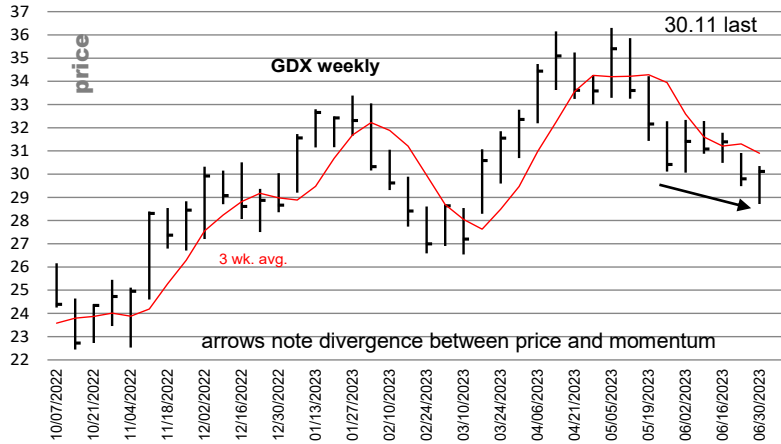


### GDX (VanEck Gold Miners ETF) weekly momentum

Weekly momentum doesn't always provide you with a clear three-wave move in a given direction. But when it does, pay attention, because three is usually all you get.

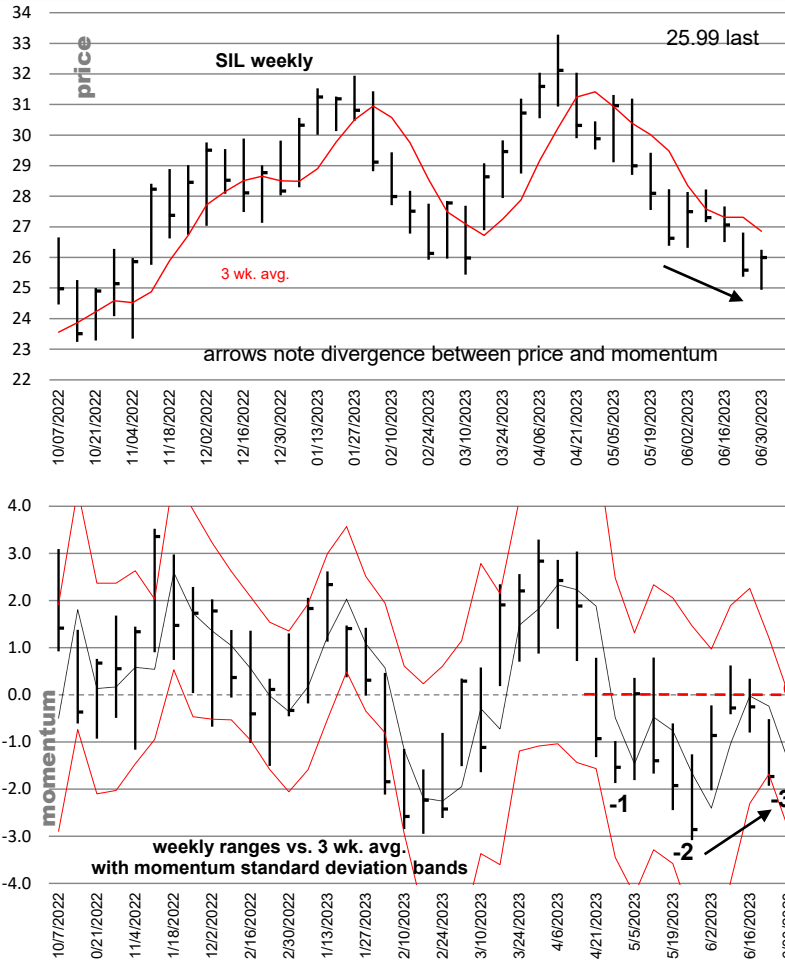
Not only are there three waves of oscillator decline, but that third wave did not confirm the price action.

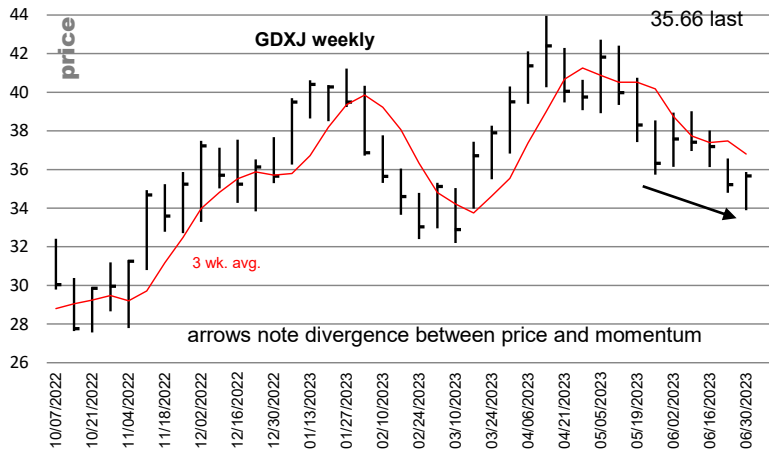
Close a week above the trend line and above that last peak weekly close (circled) and that will be a full upward shift in weekly momentum. This week that would require a weekly close at **30.53** or higher.



### SIL (Global X Silver Miners ETF) weekly momentum

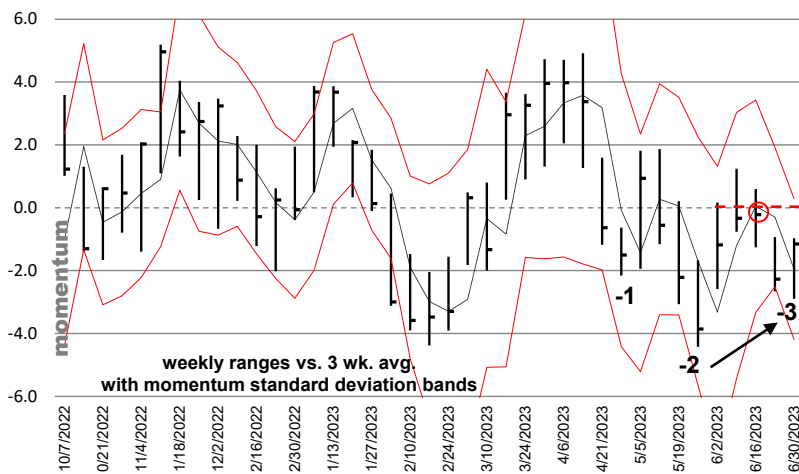
Ditto most of the comments made regarding GDX. The difference here is that SIL has behaved more orderly. Its momentum has carved out a clear flat ceiling, not yet teased out above. Instead, the peak weekly close back in May was a mere decimal above the zero line; that's all. The next probe over the zero line in mid-June was also capped so there was no close over the zero line. The 3-wk. avg. this week is **26.24**. Close the week credibly over that and it's a breakout after three waves of decline, with the third wave not confirming price action.



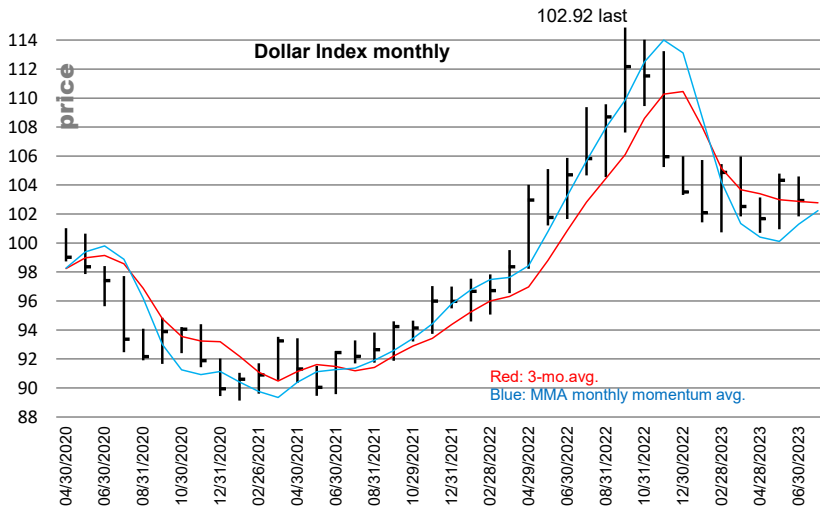


### GDXJ (VanEck Junior Gold Miners ETF) weekly momentum

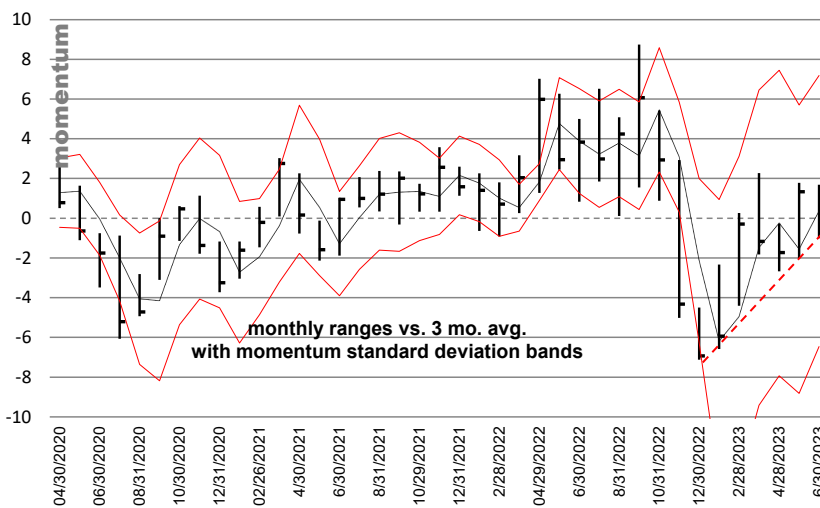
A weekly close over the zero line/3-wk. avg. will take out the last peak weekly closing reading (circled) in the three-wave downward sequence. Closing this week **above 35.93** will do that.



### Dollar Index



Based on a longer-term metric, MSA issued a sell on the Dollar back in October last year as price slipped below 111. That basically coincided with opposite action from gold. As gold surged, the Dollar collapsed. And like gold it got overdone via momentum in that rapid move. It needed to pause. And that's what the Dollar has done. It ceased going down but has wasted quite a few months of Dollar bulls' money going nowhere on the upside.



**3-mo. avg. momentum** (intermediate trend) has generated an advance in the oscillator readings and a trend line below that action. Drop and close the month around **101.50** and that's below the uptrend.

Our **MMA oscillator** has danced on top of its zero line four months now. Drop below that zero line, especially by closing a month below it, and that indicates the "recovery" process, such that it is, is over. The zero line is at **102.23** this month.

Also, as we've pointed out before, the buyers are no doubt buying around what

were two prior peaks since 2017—both in excess of 102 (not shown on this chart). And so they're counting on that general price level to hold as support. So far it has held but with no real sustainable upside. Just holding. We suspect if price drops back a third time to 101, that being a triple bottom, don't expect it to hold this time. And of course 100 will upset many Dollar bulls who have been buying and buying for months now. Breaking these two monthly metrics will likely spark that renewed downside pressure.



Personal positions in markets mentioned in this report: Sprott Physical Gold Trust, Sprott Physical Silver Trust, SLV, SLV calls, and GDX calls

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