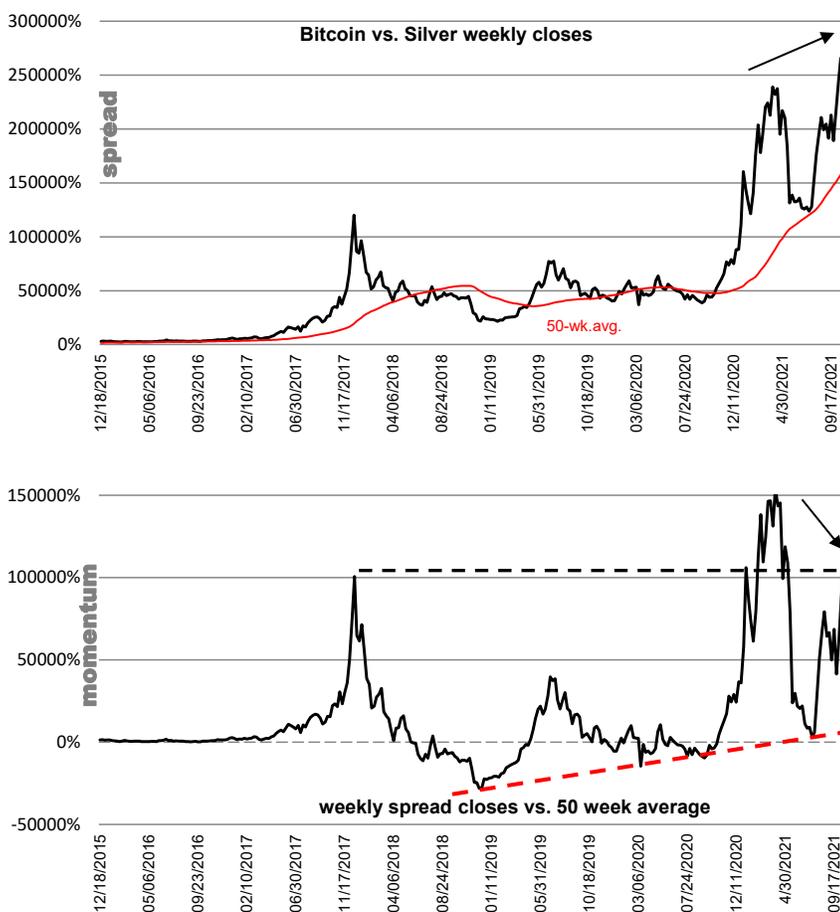


October 30, 2021

Bitcoin vs. Silver?



A question on many minds, no doubt. Is it better to be long crypto (here we use Bitcoin, which since late 2017 is data from CME Bitcoin futures) or silver? In other words, the new, non-hyper-inflatable private money unit, or the old poor man's gold real money? Both with the virtue that they can't be inflated by the government to create false economic realities and artificial pricing in the markets that they choose.

Well, given its relative new birth and life, Bitcoin has thrashed its way into reality in a violent and ultimately upward manner. People are trying to get a handle on its value, and that process in an early phase of a new market can be volatile.

Bitcoin vs. silver (spread chart) has surpassed its prior peak reading of early this year, but momentum has not. The momentum chart has reached back up to a pivotal oscillator level of possible resistance that needs to be watched. Rolling over from here will indicate that

resistance level is in charge and Bitcoin's relative performance to silver is waning, despite the marginal new spread high.

Looking out further, any drop in the spread that connects with its rising 50-wk. avg. (which is rising sharply each week) will break the low seen a few months ago on momentum—just above the 50-wk. avg./zero line. That will be a massive game changer favoring silver over Bitcoin.

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Such breakage by the Bitcoin vs. silver spread does not say that Bitcoin will decline in net price at that point. It says instead that the better place to be is with silver—rather than with cryptos. More potential for dynamic upside.

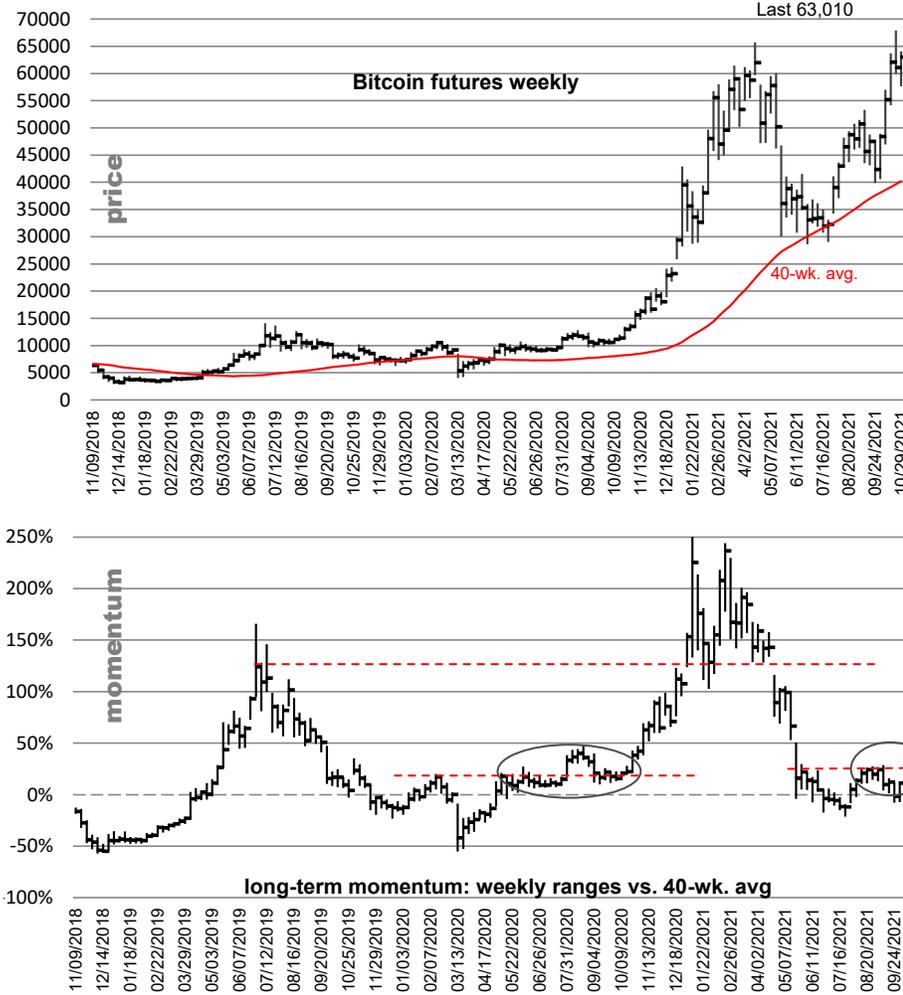
The above charts were prepared Thursday, October 28th.

Bitcoin Futures long-term (40-week average)

So far Bitcoin is holding its breakout, but even if it does fall back below this recent breakout level (red horizontal), it's not necessarily a negative signal, as we explained in the October 16th report. Note the circled areas on the momentum chart comparing the recent breakout with the fall 2020 breakout that stumbled at first but ultimately took off.

Besides, short-term momentum (not pictured here) was overbought and needed to cool off. There could still be a few weeks of sideways or corrective action, but overall we don't see anything overtly negative here.

And even though *price* might look like a double top, as you can see from the 40-week momentum chart on the left, momentum is nowhere close to being topped out. It looks like it's just getting started.

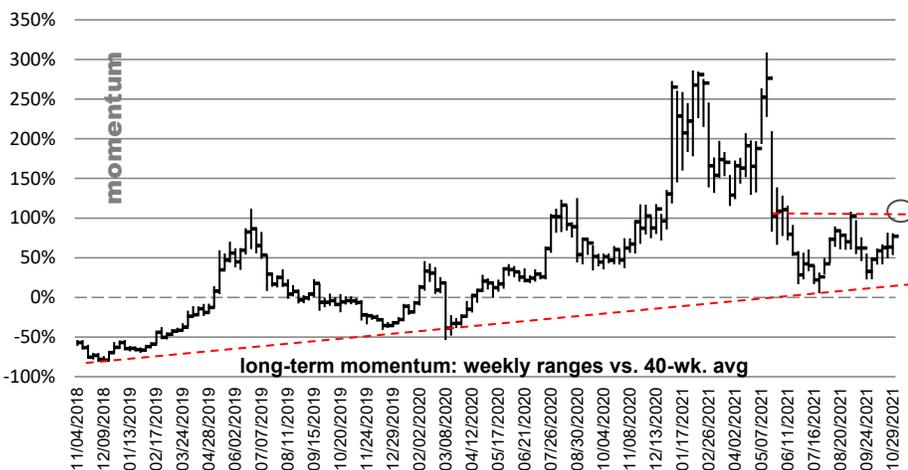
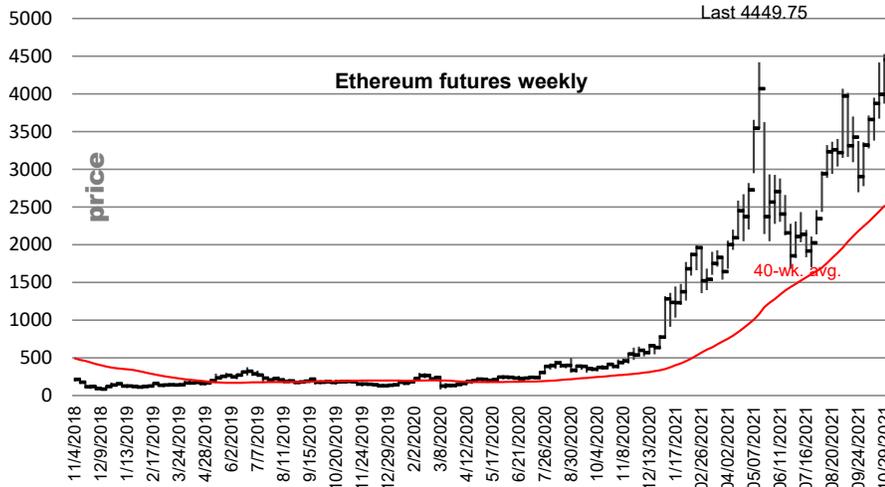


The charts are current as of the October 29th close.

Ethereum Futures long-term (40-week average)

While we remain bullish on Ethereum, it still has yet to trigger its equivalent breakout level on long-term momentum. That's 105% above the 40-week average or a **\$5307** weekly close this coming week to be precise. It could be that this level acts as resistance a second time, but even getting there would still mean new all-time highs.

Regardless, so far thumbs up. Major structural trend (red uptrend) remains intact.



Positions in markets mentioned in this report: long SLV calls

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