



GOLD, SILVER & MINING

MSA

November 7, 2021

Weekend Report

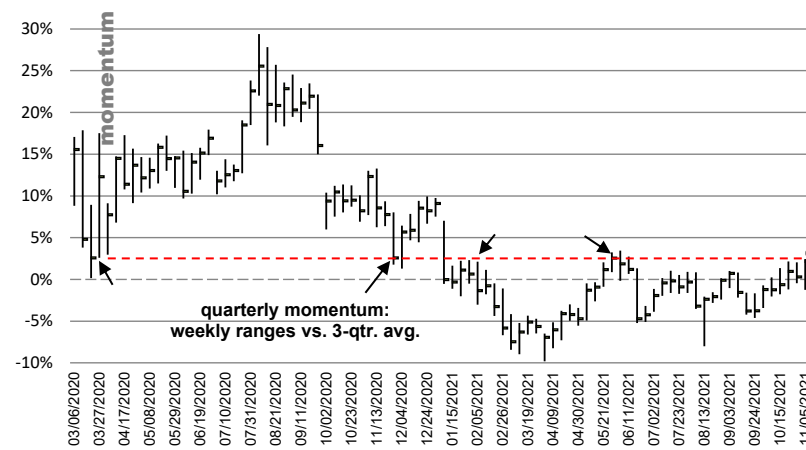
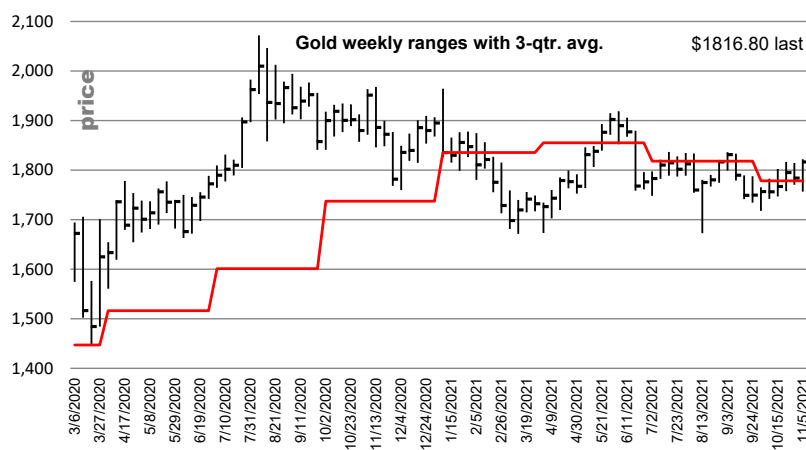
Gold: quarterly momentum At the starting gate

This is the metric we have been most focused on for defining upturn from the correction process of the past fifteen months. A weekly close in the current quarter at **\$1825** or higher. And as we have said, we expect it.

Well, the official settlement price (December future) last week (at 1:30 ET) was \$1816.80 with a high last week of \$1820.10. This upward bolt followed rapidly after the downside shakeout mid-week that was in the \$1750s.

So, not a closing breakout yet, but you have to admit it no doubt surprised many— the sudden upside last week from the Wednesday low to the weekly close.

So, for this long-term metric we still want that \$1825 weekly close or higher, but frankly we would not be surprised that when such breakout occurs that the weekly close is well above out number. (On intraweek basis if gold trades to 4% over its



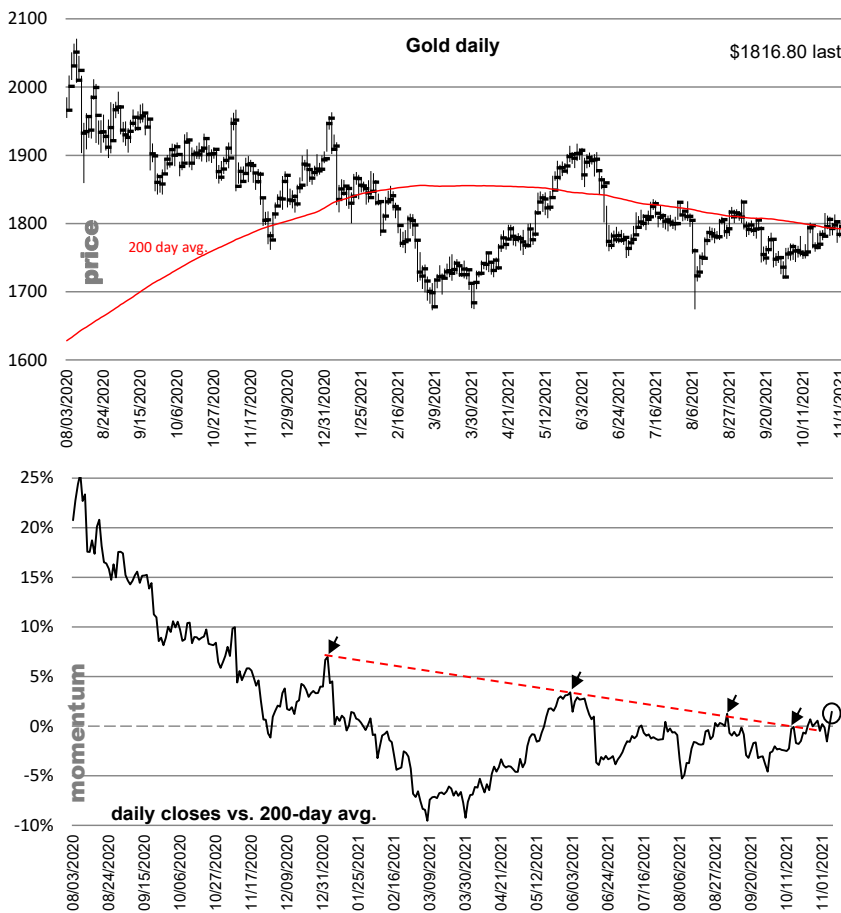
3-qr. avg./zero line that is actionable without waiting for a weekly close. That occurs with any trade to **\$1849.70**.)

Let's look at a sister oscillator of the 3-qr. avg. on the next page.

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200-day avg. is comparable in time-scale to the 3-qr. moving avg., only it adjusts daily whereas 3-qr. avg. only adjusts with each new quarter.

And frankly this is the moving average that probably most bears have been routinely using (past five months) as a zone to sell into—any protrusions marginally over the 200-day is a sale opportunity they believed. And it routinely worked several times for several percentage drops. Assuming they took their brief profits. But then the action would return again above the 200-day and they would try again, and again.

Well, there was actually a momentum trend structure developed tracing back to December 2020, something those who only look at price with a simplistic 200-day avg. overlay do not see. Gradual downtrend (red line) defined by four pivotal high closes along the line. Action rose above it a few weeks ago, then briefly dropped back below that

downtrend line. Late last week that emergent struggling upside breakout process shifted enough on the upside to also take out all high readings on the momentum chart since late June, (noted by the last two arrows on the momentum chart).

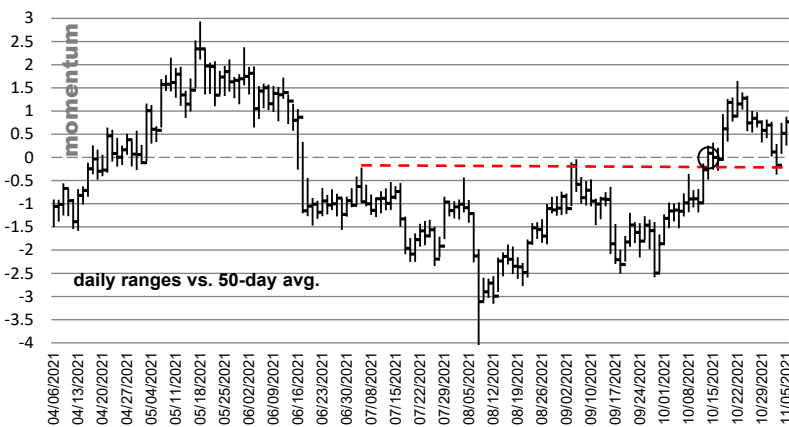
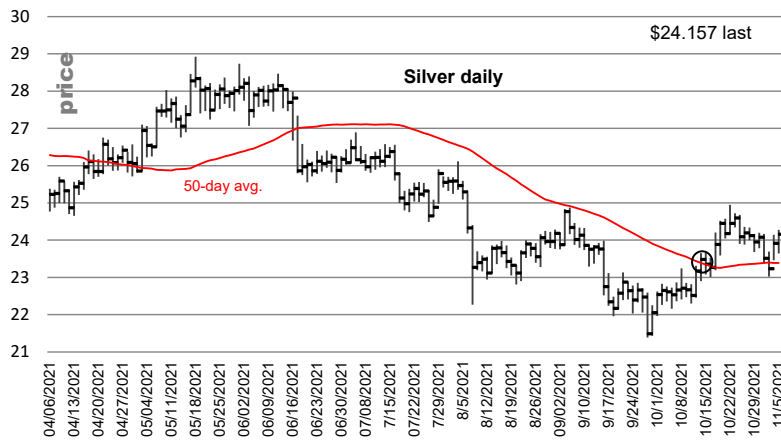
So, this long-term metric has shifted to positive. Waiting now on the flat line on quarterly momentum to be overcome on a weekly closing basis. But this oscillator offers sufficient indication that the upturn out of the protracted correction made by gold is ending.

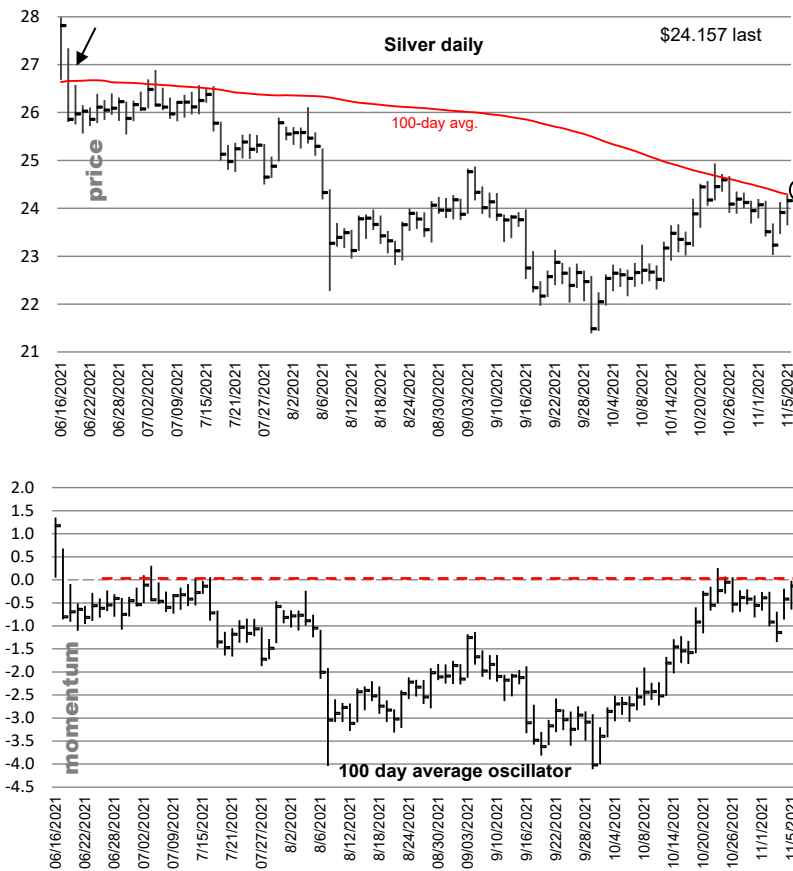
Silver: intermediate trend

MSA noted several weeks ago that intermediate trend of silver and gold turned positive. Here is an update of silver 50-day momentum.

Structure on momentum overcome at the circle (comparable level noted on price). Pullback last week to where? To the prior breakout level on momentum (plotted through peak daily closing reading of the June to mid-October basing period). Then upside again.

Next page.





Silver: 100-day avg. momentum

Another strong hint that the quarterly will fully breakout is the 100-day avg.

In mid-June came the narrow-minded “Fed is going to get us!” selloff (down arrow)—the “taper” certainty — as if that was some sort of overriding fundamental even if it did occur and that policy persisted. Almost a laughable concept actually.

Well, since then the daily momentum action versus 100-day has been confined **perfectly** at and below that average/zero line. Neat.

Action is now back pressing at that structure again on Friday.

Close out this Monday **at \$24.26** (adjust down .03 per day) and that will produce a close over that zero line structure. Breakout.

Consider that yet another significant sign that silver is in process of major turn out of the congestion range of past fifteen months —and resumption of major bull trend.

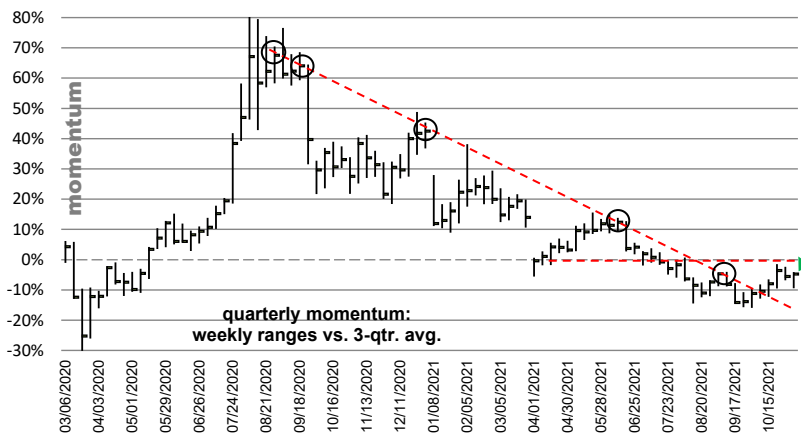
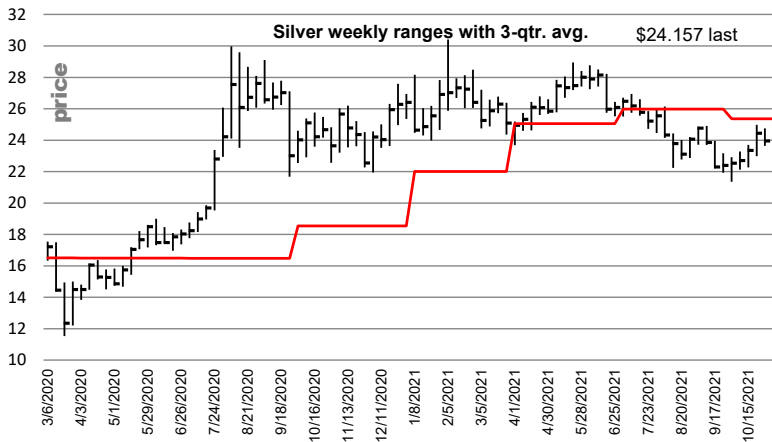
Yes, we still would like to see the 3-qtr. avg. situation shift, but often one must take such shifts in phases. As the evidence mounts.

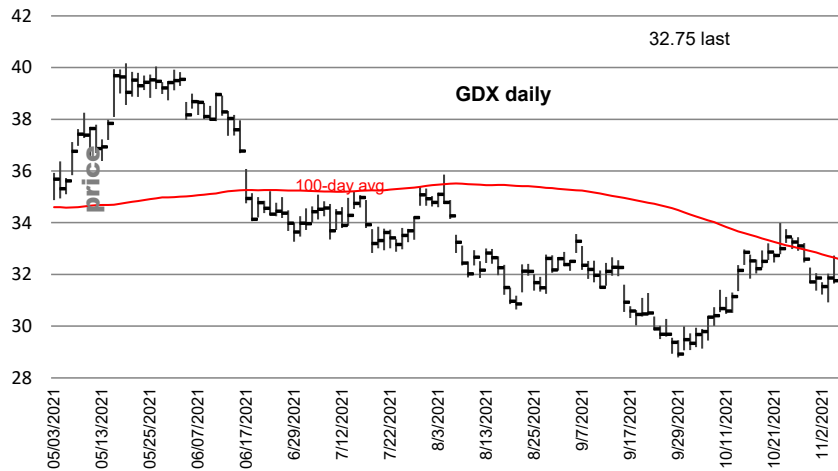
Silver: quarterly momentum

Of our major signal levels this set of charts is equivalent to gold's **\$1825** weekly closing breakout (vs. its 3-qtr. avg.).

Already the downtrend (multiple peak weekly closing readings define that structure) has been broken out above. But for good measure we want to see a weekly close in this quarter over the zero line/3-qtr. avg. That means a weekly close at **\$25.37** or higher.

We expect it.



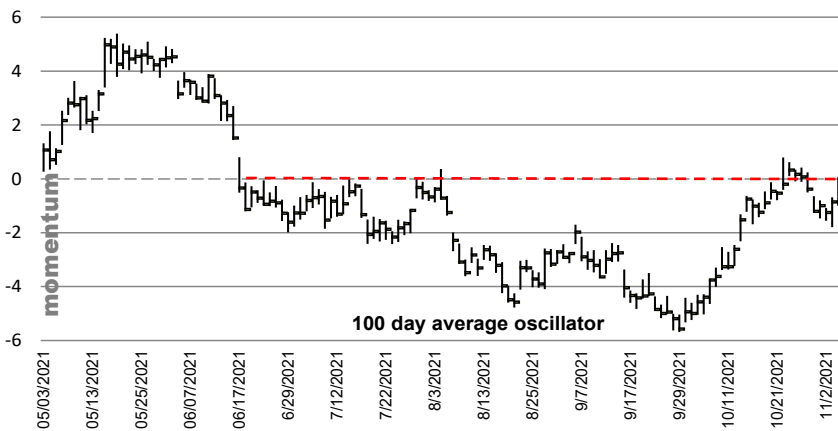


GDX (VanEck Vector Gold Miner ETF) 100-day momentum

As we noted several weeks ago, the intermediate trend factor of 50-day momentum broke out for miners and metals. The issue now is to engage longer-term metrics.

100-day momentum already cleared a prior shelf of closing highs just below the zero line in that surge three weeks ago and then pulled back. The recent low was on top of a lower shelf of action going back to August. Then GDX flipped back over the 100-day/zero line on Friday.

We'd now like to see an intraday trade one full point over the zero line. Both the high in early August and the high three weeks ago fell short of touching the +1 level. For Monday GDX will need to trade to **33.55**. You can adjust that number down daily by .02. See that level reached and you can basically pack this indicator away as having fully broken out to the upside.



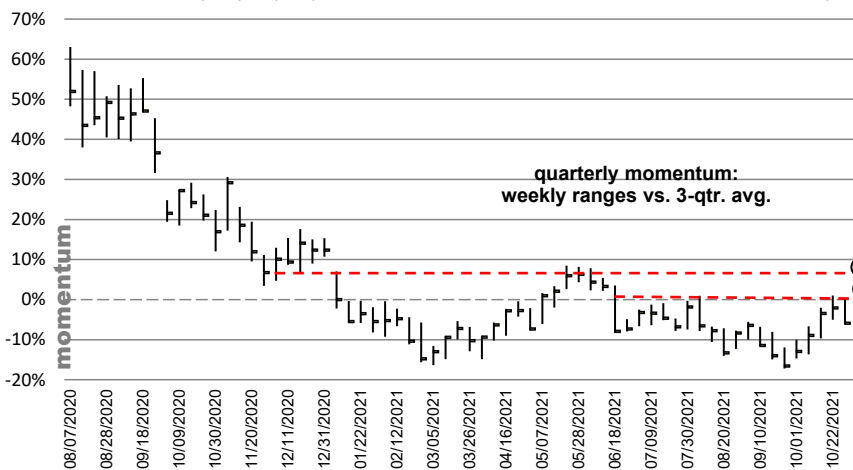
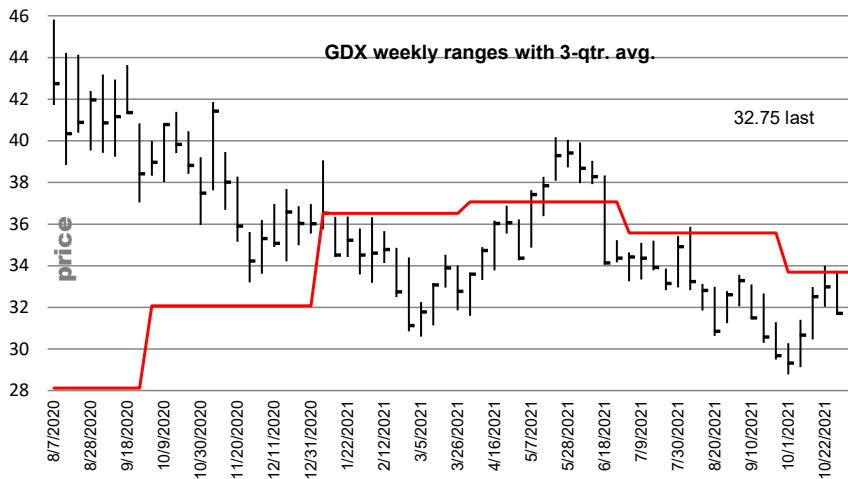
Next is quarterly momentum.

GDX (VanEck Vector Gold Miner ETF) quarterly momentum

The first structure to clear is the zero line. Closing a week this quarter at **33.70** will accomplish that (lower red horizontal on momentum).

The final breakout structure is defined by a low weekly close in November and the high weekly close in May. That upper red horizontal will be overcome with a weekly close this quarter at **35.96**.

However, as we often state, the breakouts by gold and silver are key. What miners do, whether ahead of gold or lagged to it, should be considered secondary.



As we noted in last weekend's report, the gains for October vs. September's close were markedly **in favor of the miners over metals** in terms of percentage upside. Now we're one week into the new month and GDX is up 3.2%, the XAU Index up 3.4%, silver up .87%, and gold up 1.84% vs. October's close. So the miners are still advancing more quickly, something we consider a background positive for the entire complex.

Positions in markets mentioned in this report: long PHYS (Sprott Physical Gold Trust), long SLV calls

- Michael Oliver and Bret Oliver

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