

### Summary

- Gold prices have fallen over 30% and Silver prices have fallen over 50% from their 2011 peaks
- Further price losses are expected on a long-term chart view to \$1,123/oz. and below \$1,000/oz. in Gold and below \$21.30/oz. to \$18.21/oz. and \$14.64/oz. in Silver
- Upticks are seen as being corrective now, with resistance at \$1,460/oz. to \$1,522/oz. in Gold and \$25.00/oz. to \$26.00/oz. in Silver
- Investors may consider the Boost Gold 3x Short Daily ETP (3GOS) and Boost Silver 3x Short Daily ETP (3SIS) to profit from a leveraged position if the precious metal prices fall further

### Precious metals



Source: Bloomberg

The break down in Gold and Silver prices over the last few sessions has confirmed the view that a medium to long-term top was forming, and leaves the outlook favouring further losses. Near-term activity is expected to be mixed though as the sharp losses of the last few days may be corrected on, but gold prices are not expected to regain resistance at \$1,522/oz. and silver prices should remain below \$26.00/oz. If the gains remain limited then the focus should remain on a slide in gold prices to \$1,123/oz. and then below \$1,000/oz. Silver prices are expected to challenge \$21.00/oz. area support for a break down to \$18.21/oz. and \$14.64/oz. Investors may consider the Boost Gold 3x Short Daily ETP (3GOS) and Boost Silver 3x Short Daily ETP (3SIS) to profit from a leveraged position if the precious metals prices fall as expected.

Gold prices finally turned below key support at \$1,522/oz. on Friday as a topping pattern formed (descending triangle) which targets a break down below \$1,200/oz. over the coming weeks on a simple extension measure. The triangle

pattern extremes were formed by the peak above \$1,921/oz. (06 September 2011 high) and the \$1,522/oz. low (29 December 2011 low). The sequence of lower highs seen since then formed the descending triangle, while the drop below \$1,522/oz. confirms the reversal pattern. The simple swing measure targets losses to \$1,123/oz., while Fibonacci ratio retracement objectives are at \$1,301/oz. and \$1,155/oz. ahead of this. These are the 50% and 61.8% retracements of the rally from the \$682/oz. pullback low of 24 October 2008 to the \$1,921/oz. peak. Long-term losses below \$1,000/oz. to \$974/oz. (76.4% retracement) are expected, with some scope for \$800/oz. and \$682/oz. seen if gold prices are indeed reversing the uptrend from the 1999 low.

The very short-term picture may be mixed though as the sharp losses of the last few sessions may be consolidated. Gold prices may rally up to \$1,433/oz. which is the 23.6% retracement of the last major fall from \$1,796/oz. (05 October 2012 high) to \$1,321/oz. (15 April 2013 low). Chart resistance is at \$1,460/oz. and \$1,522/oz. above this, with the latter marking key resistance (former key support) that if regained would put the topping pattern into doubt and open up the potential for gains towards \$1,800/oz. again.

Silver prices also formed a descending triangle since the 25 April 2011 peak at \$49.79/oz., with the break below \$26.07/oz. (26 September 2011 low) confirming a medium to long-term top in the precious metal. Losses to challenge \$21.30/oz. (2008 peak) are expected over the coming weeks. A turn below this level is expected to allow for further losses to \$18.21/oz., the 76.4% retracement of the rally from \$8.45/oz. (28 October 2008 low) to \$49.79/oz. A turn below this level would leave a drop to \$14.64/oz. attracting the 05 February 2010 low next. Any move higher in silver prices will be seen as corrective in nature, with resistance at \$25.00/oz. and \$26.00/oz. If silver prices regain \$26.00/oz., then the risk of further gains back to \$30.00/oz. and even \$35.35/oz. is likely to increase.

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