

SILVER



News & Development

MCX Silver Futures has risen during the May month so far, due to falling bond yields and US Dollar Index with the US Stimulus package that led to resuming of the industrial and manufacturing activities. Moreover, silver prices had also gained back some strength during the last week due to possible reopening of the US and European Economy. By 20th May, MCX Silver futures closed at Rs.72323/kg, higher by 7.51% compared to Rs.67270/kg reported on 30th April.

For the coming month, we are estimating global silver prices to trade mixed as ETF investments has shown slowdown in the global markets due to rising covid-19 cases in Asian countries including Japan. Correspondingly, silver prices to also find support from the lower levels as the industrial demand is expected to find further recoveries in United States are expected to resume business activities. Moreover, silver eagle coins sales on the monthly basis, may prominently see rise as vaccination process is expected to revive the US economy but with caution. Currently the gold silver ratio which has come down to 65-66 levels still indicating cheaper silver prices which can support prices from the lower levels. In the case of India, the Central Government's effort to revive the economy with easing lockdown situation, by boosting industrial activities in construction and infrastructure developments is another added factor for silver prices strengthening. However, ongoing worries about the covid-19 situation in the some of states could sentimentally cap extreme upside movement in MCX silver prices. Correspondingly, the Indian equity market has sustained well in the month so far with further positivity expected during the monsoon season. This is expected to support the base metal prices in the longer duration and silver prices. Overall, investors with cautious note should remain sideways or buy on dips in MCX Silver futures for the month ahead.



On a four hourly chart, MCX Silver (July) future has been rising continuously in **Bullish channel** with **Higher Highs and Higher Lows** formation. However, price has shifted below the Middle band of **Bollinger** formation & **Stochastic RSI** also suggested negative crossover, which indicates some correction in the counter till the level of lower Bollinger band and prior demand zone. Although, the price is trading above 100 **Exponential Moving Averages**, which point-out positive trend for long term. **Hence, based on above technical structure we are recommending buy on dip strategy in MCX Silver (July) future, one can initiate a long position around 71000 or a fall in the price till 70800 levels can be used as buying opportunity for the upside target of 73700. However, the bullish view will be negated if MCX Silver (July) future close below the support level of 69500.**