

A Confluence Of Events in Silver Have Come Together

Part 1 of 3

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Its presently widely reported in the market of the healthy supply of silver sitting idly in vaults and warehouses, slowly being absorbed by long term investment buyers, jewellery industry, India imports, China, Industrial demand and strategic long term investment house buying.

But historically silver is presenting a number of seriously undervalued messages, a longer term investment stance and recognition of this opportunity is merited and deserved.

Let's start simply with the following, Commercial (bank short positions) at historical lows, in fact these charts below underestimate the new positioning ...





Or let us look at speculators, the smallest position in 15 years !!, In fact according to the latest silver COT, where the masochistic ‘Large Speculators’ have now gone completely delirious with a recorded NET SHORT silver position of - 1,508 contracts. This is not only an extremely rare event indeed, but an enormously bullish signal for Silver. Capitulations and selling exhaustion in Silver tends to signal extremely important lows.

Extremely Rare Occurrence In The Silver Market

Large speculators in silver are holding one of their smallest exposures in 15 years

They are holding almost as much open interest in short contracts as long contracts



What about the Gold Silver Ratio - What is that telling us ?



Or a more detailed look of the Gold Silver Ratio



So in the three yellow boxes above, each time Silver reached this important level of approximately 81 to 1 price ratio of gold to silver.

- 1st box - Silver rallied near 3 times in value or + 290 %
6th June 2003 to 20th April 2006
- 2nd box - Silver rallied over 3 times in value or + 320 %
17th October 2008 to 28th April 2011
- 3rd box - Silver rallied but only + 32 % on this particular event.
29th February 2016 to 28th July 2016

Silver is the most unloved of all the metals presently, a high degree of cynicism and disinterest is extremely prevalent. However selling exhaustion in any market is actually an extremely exciting prospective counter investment strategy.

An historical opportunity presents itself ?

Part 2 of 3 will be issued very soon.

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