

Gold and Silver: We Have Come A Long Way

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As the calendar flips to 2017, we look back on a year that has been full of twists and turns, with a finale that even the best fiction writers could never have imagined. From the UK voting to leave the European Union, to Donald Trump being elected the 45th President of the United States, pollsters and market analysts overwhelmingly got it wrong, with the extremely improbable being hard swallowed fact. The reaction from safe haven assets was notable.

Gold started 2016 at \$1,060 per ounce and surged in the first half to a high of \$1,376 per ounce in the summer, a rise of 30%, before benefitting from a correction into the final quarter to \$1,151 per ounce. Gold ended the year up 8.6% from where it started the year.



[Current Yearly Gold Chart 03-01-2017]

Silver also saw a solid end to 2016. Starting at \$13.86, it traded 52% higher to \$21.15 per ounce during the summer before pulling back to finish the year at \$16, up more than 17% for the year.



[Current Yearly Silver Chart 03-01-2017]

PGMs posted similar gains last year, with Platinum rising 30.7% to \$1,200 from \$868 per ounce, ending the year at \$915, 5.5% up for 2016.



[Current Yearly Platinum Chart 03-01-2017]

Palladium began 2016 trading at \$541.50 per ounce, posted a high of \$770, a 42% gain. It ended the year at \$683.50, a yearly gain of more than 26%.



[Current Yearly Palladium Chart 03-01-2017]

What does this tell us

To say the least, last year was a rollercoaster for metal prices. All major metals posted significant gains throughout the year, before correcting by year end. The key takeaway is that all of the precious metals have clearly turned, negating previous downward trends, all remain above critical areas of support established in late 2015 for gold and silver and early 2016 for platinum and palladium, and is a signal for expectations as this new year gets underway.

Upcoming Expectations

All metals begin the year very oversold and seem to be priming for a strong start to the new year. January and the first quarter is traditionally the strongest period for Gold in particular.

I am a long term bull; on the gold and silver markets. I believe the metals will be significantly higher in 5 years than where they stand today. But, I also think the lows of 2015 were 'likely' the lows in the market, and that the drops from the highs last year is akin to the deep corrections seen in 2001. While I can clearly be wrong, and have been in the past, I have to side with what the market sentiment, price action, and technical patterns I track suggest, and they point to them being a corrective, but deep, pullback.

The sentiment for metals in the market, based upon the various metrics I follow, is now at a negative extreme. Remember last time this was the case and everyone *knew* Gold going below \$1,000? When a market moves into one extreme, whether it be bullish or bearish - it is often the time to look in the opposite direction. And, I am now on the lookout for that big turn to the upside.

If this is truly nothing more than a corrective pullback, and the current support levels in gold and silver hold, then the next phase of the bull market will begin in 2017.



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