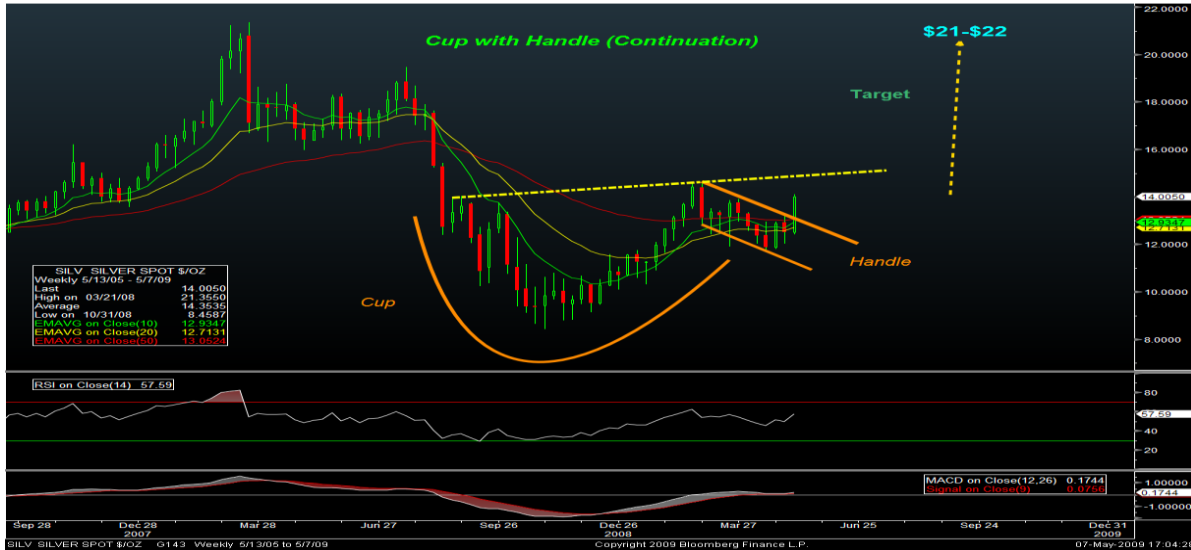


8 May 2009

Silver Gaining Its Sheen

The spot silver prices declined as much as 60.32% from a life time high of \$21.355 levels within a span of nearly seven months. After making a low of \$8.4587 market retraced higher and trading at \$13.9284 levels. In the short term market is expected to test the previous life time high of \$21.35 levels supported by formation called **"Cup with Handle"**, a continuation pattern in weekly chart.

The market has given a breakout at handle and heading towards \$14.75 levels, breach and sustain above the same confirms the bullish trend. Only on break of the trend line near \$14.75 levels (Yellow dotted line) market is likely to test \$21.35 levels (Target prices of Cup with Handle Formation)



The market took lower correction up to 76.4% retracement of the range \$4.05-\$21.35 range and while moving higher from the bottom it has almost breached 50% higher which says beginning of bullish trend. The immediate resistance is at \$14.74 levels (38.2%) on breach of the same likely to test \$17.27 then \$21.35 levels.

Further the the bullish trend is supported by momentum indicator MACD (above "0" median line) and RSI (14) at 0.57, both are showing higher potential.



The above mentioned resistance levels are also getting confirmed by the Fibonacci projected lines. Likewise, the resistances are at \$14.09 and then \$18.88 levels.



OUR STANCE:

We expect Spot silver prices to trade higher in the long term for the target prices of \$15, \$17 then \$21

Recommendation: We recommend buying in the range \$12.00-\$13.00 targeting \$17 then \$21 with stop loss below \$8.30

Silver- SPOT Supports: \$10.80, \$8.30, Resistances: \$14.90, \$19.00 and then \$21.35

Silver- at MCX: Supports: 19600, 18750, Resistance: 23700, 25450

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