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Technical observations of  
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## COT for Gold and Silver Enters Dangerous Territory

The Commitment of Traders readings for both gold and silver are at levels that have made prices vulnerable over the last four years. Commercials in silver have the largest net short position since an important top in 2008. Speculative non-commercial long positions are the greatest since 2005.



We view the rate of change as significant as the absolute levels of the data. At the present time the RSI of both commercials and non-commercials in both gold and silver have reached the 63/37 thresholds. The last time we saw this bearish configuration was at the January highs. (This is the opposite of the bullish configurations seen on July 23<sup>rd</sup> & 30<sup>th</sup> at the gold low). In addition, Silver COT data has moved outside the Bollinger Bands.

A week with a lower low (\$1158 in gold and \$15.60 in silver) should serve as a catalyst for a multi-week decline.



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