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- Gold is now trading near \$1840, up substantially from last Friday's closing price of \$1816.50, but silver has outperformed gold this week. Silver is now trading at \$24.207, up from \$22.954 on Friday. This week, gold prices rose 1.32 percent, while silver prices rose approximately 5.59 percent from last week's close. Gold is facing tough resistance due to higher treasury bond yield and gold is yet to benefit from higher inflation data across the globe.
- Silver will continue to outperform gold as the global economy improves, boosting industrial demand for precious metals. The United States aims to restructure its economy in order to achieve carbon neutrality, and as a result, it is heavily promoting solar energy. In solar panels, silver is extremely significant. Solar panels will use the most silver after telecommunications.
- The net long of silver futures fell by 3371 contracts to 27548, according to the CFTC Commitments of Traders data for the week ended January 11. The number of speculative longs climbed by 1085 contracts, while the number of speculative shorts increased by 4456 contracts. We may see a net rise in long positions for Silver based on this week's pattern.
- Signs of strength in China's economy bolster the outlook for the global economy and industrial metals demand after China Dec exports rose +20.9% y/y, stronger than expectations of +20.0% y/y. Wednesday's U.S. housing data was bullish for the dollar and industrial metals demand. US Dec housing starts unexpectedly rose +1.4% m/m to a 9-month high of 1.702 million, stronger than expectations of a decline to 1.650 million. Also, Dec building permits, a proxy of future construction, unexpectedly rose +9.1% m/m to an 11-month high of 1.873 million, stronger than expectations of a decline to 1.703 million.
- Silver prices also found support after Germany December PPI data release. Germany's index of producer prices for industrial products grew 5% on a monthly basis in December 2021, faster than the 0.8% monthly growth in November 2021. On a yearly basis, the index of producer prices for industrial products rose by 24.2%, up from the 19.2% growth in November 2021 and higher than the estimated 19.4% rise.
- Silver prices are likely to get fresh direction from a speech from European Central Bank (ECB) President Christine Lagarde and colleagues, as well as the minutes from the central bank's December policy meeting due later today.
- Also, statements from Fed members this week, ahead of the central bank's policy meeting on January 25-26, are expected to provide direction on the Fed's next step. Meanwhile, the market has almost entirely priced in a March rate hike and rates of 1.0 percent by the end of the year.

## Outlook

- While above critical support levels of \$23.140 and \$23.052, silver prices are anticipated to trade firm. Around \$24.83-25.364, it may encounter minor resistance.

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