

Ulaanbaatar, Mongolia (ABN Newswire) - Silver's 32 percent surge this year has taken its 100-day moving average above the 500-day measure for just the third time this century. When the so-called golden cross occurred in 2002 and 2009, prices advanced at least 66 percent before the phenomenon was reversed. "It tells us the bull market in silver could have further to run," said Jonathan Butler, a precious metals strategist at Mitsubishi Corp. in London.

Chinese Day Traders Are Behind Silver Frenzy Moving Prices

- Retail trade behind rising volume as open interest falls: Saxo
- Moves reminiscent of China commodity frenzy earlier this year
- Chinese day traders are moving the silver market.

The metal posted its biggest two-day rally in five years on Monday, with a two-year high being set in Asian trading hours. In recent days, open interest in Chinese silver futures has declined while trading volume surged. That's a clear sign that day traders are behind much of the rally, according to Saxo Bank A/S.

A weaker yuan and "strong momentum has attracted Chinese day traders to silver as the next big thing," Ole Hansen, an analyst at Saxo Bank, said by e-mail on Tuesday. "While it is unlikely to dictate the overall direction of the market we should be getting used to higher volatility, especially during Asian hours, as long as this interest to trade remains elevated."

While hedge funds have been partly behind silver's surge in 2016, the recent jump is reminiscent of China's speculative frenzy in commodities earlier this year, Hansen said. After retail investors drove up prices of iron ore to steel rebar, a trading clampdown by regulators sent them falling again. A similar collapse probably won't happen to silver as it's more globally traded commodity, he said.

Aggregate open interest in silver futures, or the number of outstanding contracts, has dropped 13 percent since June 29 on the Shanghai Futures Exchange. At the same time, trading volume increased, reaching the highest since August on Tuesday.

Investors have poured money into precious metals this year as concerns about the U.K.'s decision to leave the European Union and low U.S. interest rates boosted demand for a haven. Money managers are holding a record bullish bet on Comex silver futures, U.S. government data show.

About John Lee

Executive Chairman, [Prophecy Development Corp.](#)

John Lee, CFA is an accredited investor with over 2 decades of investing experience in metals and mining equities. Mr. Lee joined [Prophecy Development Corp.](#) in 2009 as the Company's Chairman. Under John Lee's leadership, Prophecy raised over \$100 million through the Toronto Stock Exchange and acquired a portfolio of silver assets in Bolivia, coal assets in Mongolia, and a Titanium project in Canada. John Lee is a Rice University graduate with degrees in economics and engineering.

About Prophecy Development Corp.

[Prophecy Development Corp.](#) is a Toronto Stock Exchange-listed (TSE:PCY) (OTCMKTS:PRPCF) Canadian company focusing on mining and energy projects in Mongolia, Bolivia and Canada. Further information on Prophecy can be found at www.prophecydev.com.

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