

## Starboard Weekly Report Ending June 15, 2018 Charts of the Week



We only have one chart this week but there are 6 supporting weekly charts within it that highlight the company First Majestic Silver Corp. (AG). It comes from StockCharts.com.

## **TECHNICAL**

This First Majestic Silver (AG) chart, along with its supporting cast, was printed on Thursday when the closing price was \$7.97; today the stock dropped 50 cents. Despite this 6% drop there was no change in the bullish green circled secondary charts since this is a weekly depiction. Regardless of today's declining action that is largely based on a dollar rally, this is a very positive breakout for AG, especially since it is a weekly illustration. Please note how this breakout resembles the beginning of its huge rally in 2006 which took AG from \$2.75 to \$19.15. As long as today's selloff does not cause a longer term reversal, we can expect much higher prices from our position in AG. Attached to your email is a significant chart on the Silver-Gold Ratio and how it has broken out of a 7 year decline in favor of silver. Today's weakness in gold has increased the breakout and it is good for the entire precious metals group.

## **FUNDAMENTAL**

AG is doing a good job increasing their silver production and starting to throw off what could be significant cash flow. There are Silver producers that are doing a better job but their shares have not been as explosive as AG. The reason is that AG has a huge short position representing almost 13% of their outstanding shares. Short selling speculators tend to drive share prices into the ground and if and when there is a reversal they rush to cover their short positions. I believe that AG is in the process of one of those reversals like 2006. This time we will also be helped by the above mentioned 7 year silver breakout versus gold.

## **ASIDE**

"He who sells what isn't his'n, must buy it back or go to pris'n." American Businessman Daniel Drew

This old 19<sup>th</sup> century saw is as true today as it was back then; so Ag short sellers beware!

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### **Please note:**

It's the client's responsibility to notify Starboard of any changes that would in any way influence their financial requirements. Starboard Asset Management, Inc. 06/15/18 Weekly Report