

## Robust silver investment shows no sign of waning this year-World Silver Survey

*The robust investor demand that drove silver's price up 12% last year to an average of \$14.99/oz shows few signs of abating, the Silver Institute's World Silver Survey 2009 advises.*

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The investor activity that was the main driver of high silver prices last year will continue to demonstrate strength this year, the Silver Institute's newly released *World Silver Survey 2009* suggests.

In an interview with *Mineweb*, GFMS Chairman Philip Klapwijk and survey co-author, said the first four months of this year revealed very good silver investment flows. The survey advised, "Healthy investor interest in physical silver is expected to continue in the coming months, driven by continuing economic woes and uncertainty over the health of the financial services industry."

At the end of last year, the total value of silver held in ETFs came to \$2.9 billion, according to GFMS' research.

"Although the poor demand outlook for silver's industrial applications is set to restrain prices (and probably in GFMS' view prevent a return to the 2008 highs), a degree of support and perhaps upside pressure on silver could well arise from any renewed strength in the gold market," the survey said. "Ongoing fiscal stimulus plans in the United States and across much of the rest of the global economy, near zero-interest rates in many advanced countries, 'quantitative easing' and the Federal Reserve's debt monetization are likely to maintain investor interest and inflows into silver, gold and other precious metals over the medium term."

Purchases of physical silver bullion bars and coins last year "soared to levels not seen in decades," GFMS' research revealed.

"2008 was a stellar year for Indian silver imports," GFMS said, noting a 103% increase to an all-time record of 162.3 million ounces of silver.

The World Silver Survey said global silver fabrication demand declined by a minute 0/9% in 2008 to 832.6 million ounces. However, GFMS explained that in spite of the relatively modest decline, "the global total still registered a four-year low."

The largest fabrication drop was recorded in photography, "where the pace of decline actually accelerated, as further gains by digital solutions were compounded by the rapid deterioration in the global economy," the survey said.

"Perhaps surprisingly, in spite of silver prices rising by 12% in 2009, silver jewelry and silverware demand fell only a fraction. The modest scale of losses in both cases, owed much to healthy gains in India."

Meanwhile, industrial demand for silver fell for the first time in seven years, declining 1.4% to 447.2 million ounces with most losses occurring in the fourth quarter in 2008.

Nevertheless, the *World Silver Survey* highlighted a number of new uses for silver. "The main growth areas in the last few years have largely been in health, electronics, and renewable energy sectors, all of which rely on the properties of the metal as a catalyst, biocide, and for storing or conducting electricity."

Global mine production reported a sixth consecutive annual gain, increasing by under 3% to 680.9 million ounces, and driven by strong production increases in Bolivia, Russia and Peru. Silver mined as a by-product of gold mining increased 26% last year, while output from copper-silver mining declined by 7% or 11.8 million ounces.

GFMS forecasts silver mine production is expected to "fall slightly in 2009, with output forecast to decline from all by-product sectors except gold."

"Declines are expected across most regions, with the exception of Latin America, where growth is forecast to continue," the survey advised. Growth is also expected to increase in Russia.

In their research, GFMS estimated that net supply from above-ground silver stocks fell 14% to 151.7 million ounces in 2008, primarily due to lower net government sales and a modest drop in scrap supply.

The survey did not forecast an average price for silver. Last year's average price was \$14.99 per ounce. Klapwijk advised *Mineweb* that he did not expect silver to drop below \$10/oz this year.

In their research, GFMS said it is likely that investment demand and silver prices will be robust, particularly at the relatively low level, around the \$11/oz mark at which silver kicked off this year.

For further information regarding *World Silver Survey 2009*, go to [www.silverinstitute.org](http://www.silverinstitute.org). Those residing outside of North America can go to [www.gfms.co.uk](http://www.gfms.co.uk).