

washingtonpost.com

Interest in Silver Increased in 2005

By EILEEN ALT POWELL
The Associated Press
Wednesday, May 24, 2006; 11:17 AM

NEW YORK -- Demand for silver rose in 2005 to the highest level in five years as strength in jewelry and industrial products offset softness in photography and coins, the Silver Institute said Wednesday.

The Washington, D.C.-based industry group also said its annual survey indicated that investor demand for silver has been increasing, just as it has been for gold.

"For much of 2005, investment demand in silver tracked moves in the gold prices, as well as expectations," the report said.

The report, which was prepared by London-based GFMS Ltd., a metals research company, said demand for silver for fabrication totaled 864.4 million troy ounces (26,885 metric tons) in 2005, up 3 percent from 839.4 million ounces in 2004 and the highest level since 866.8 million ounces in 2001. A metric ton equals about 2,200 pounds.

Nearly half went for industrial products, especially in electronics and electrical sectors, with jewelry and silverware the next largest category. The report said much of the growth in demand for jewelry and silverware was in China and India.

"Chinese silver jewelry and silverware demand rose by a stunning 20 percent in 2005," the report said. "Indian fabrication for this category rose by 8.5 percent ... while North America experienced its fourth successive year of growth."

Production at mines was a record 641.6 million ounces (19,954 metric tons) in 2005, up 3.4 percent from 620.4 million ounces in 2004. Other sources of silver were government sales and silver scrap.

Philip Klapwijk, executive chairman of GFMS Ltd., said in an interview that he expects the price of silver this year to exceed last year's average of \$7.31 per troy ounce. That, in turn, had been up from an average of \$6.65 per ounce in 2004.

"Year to date, the price through April was above \$10," he said. "I assume May-June will be above \$10 as well, so it will be difficult not to see a price average significantly above the \$7.31 of last year."

In the futures market on Tuesday, silver for July closed up 74 cents at \$13.17 on Comex, a division of the New York Mercantile Exchange.

Advertisement



Advertisement

The advertisement features a vibrant orange background with a white wavy shape at the bottom. The text 'FLY TO KIEV' is prominently displayed in white, with a sub-headline 'NEW SERVICE BEGINS 6/1*' below it. A blue button with the word 'Explore' and a right-pointing arrow is positioned to the right. At the bottom, the Delta logo and 'delta.com' are visible, along with a small globe icon.

*Subject to foreign government approval.