

The Global Source

THE SILVER INSTITUTE

THE SILVER MARKET IN 2014

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The Silver Institute - 2014 Interim Report

November 18th 2014

THE SILVER MARKET IN 2014

- SILVER PRICES
- DEMAND
- SUPPLY
- INVESTMENT
- PRICE OUTLOOK

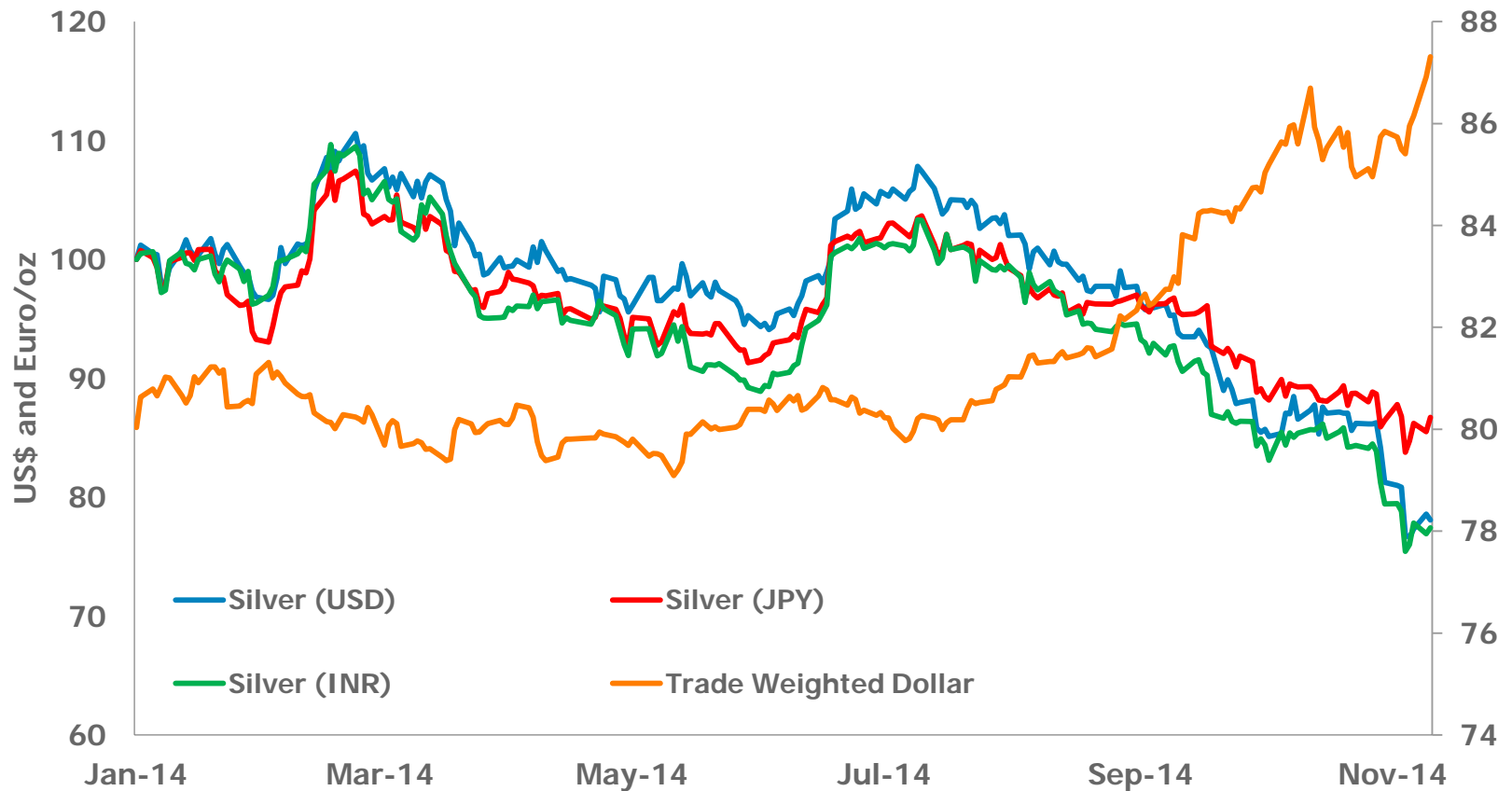
US DOLLAR SILVER PRICES



*intra-period change refers to difference between the last business day and the first business day of the year

Source: GFMS, Thomson Reuters

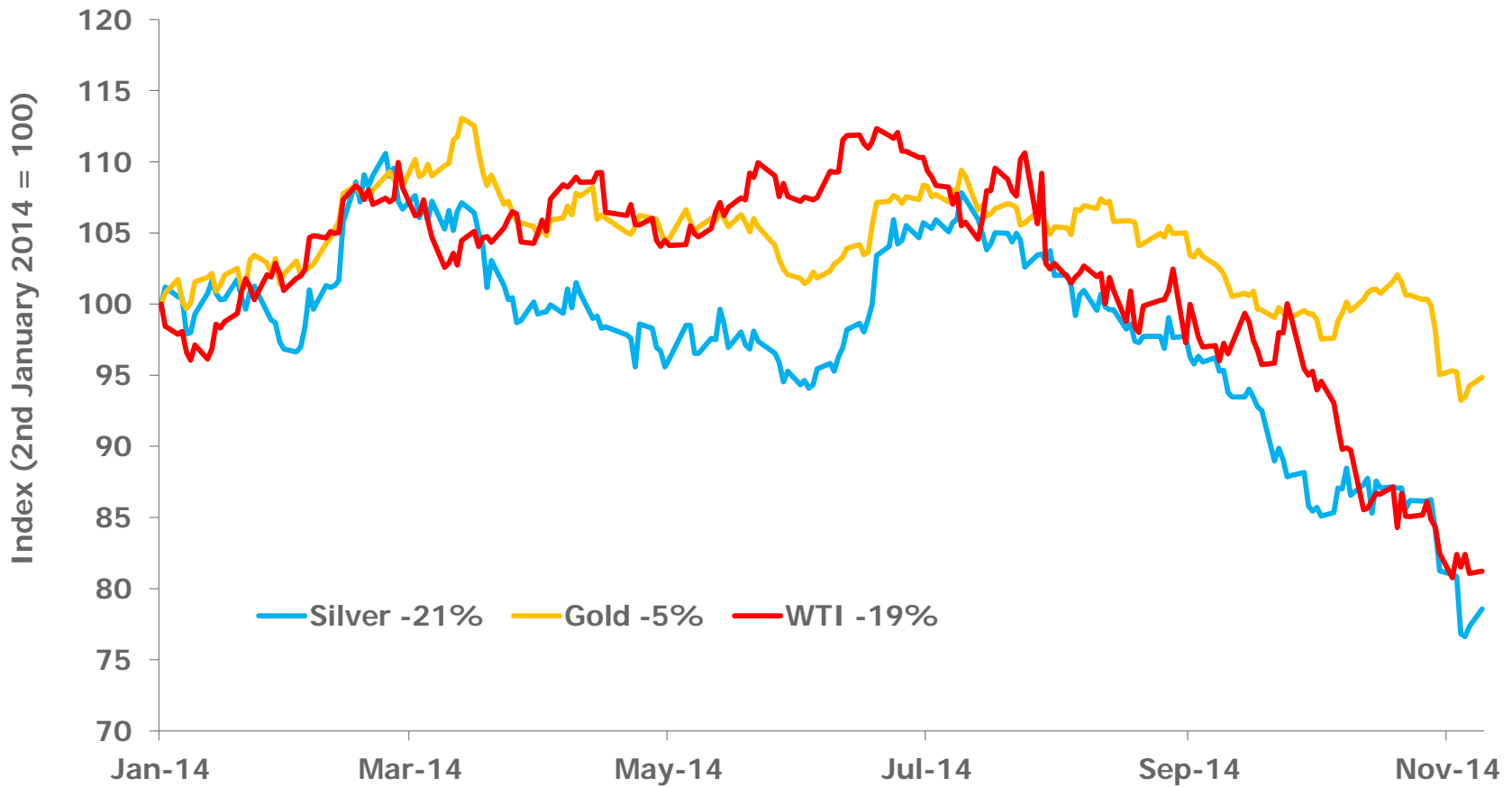
SILVER PRICES VS THE DOLLAR



•Index 2nd January 2014

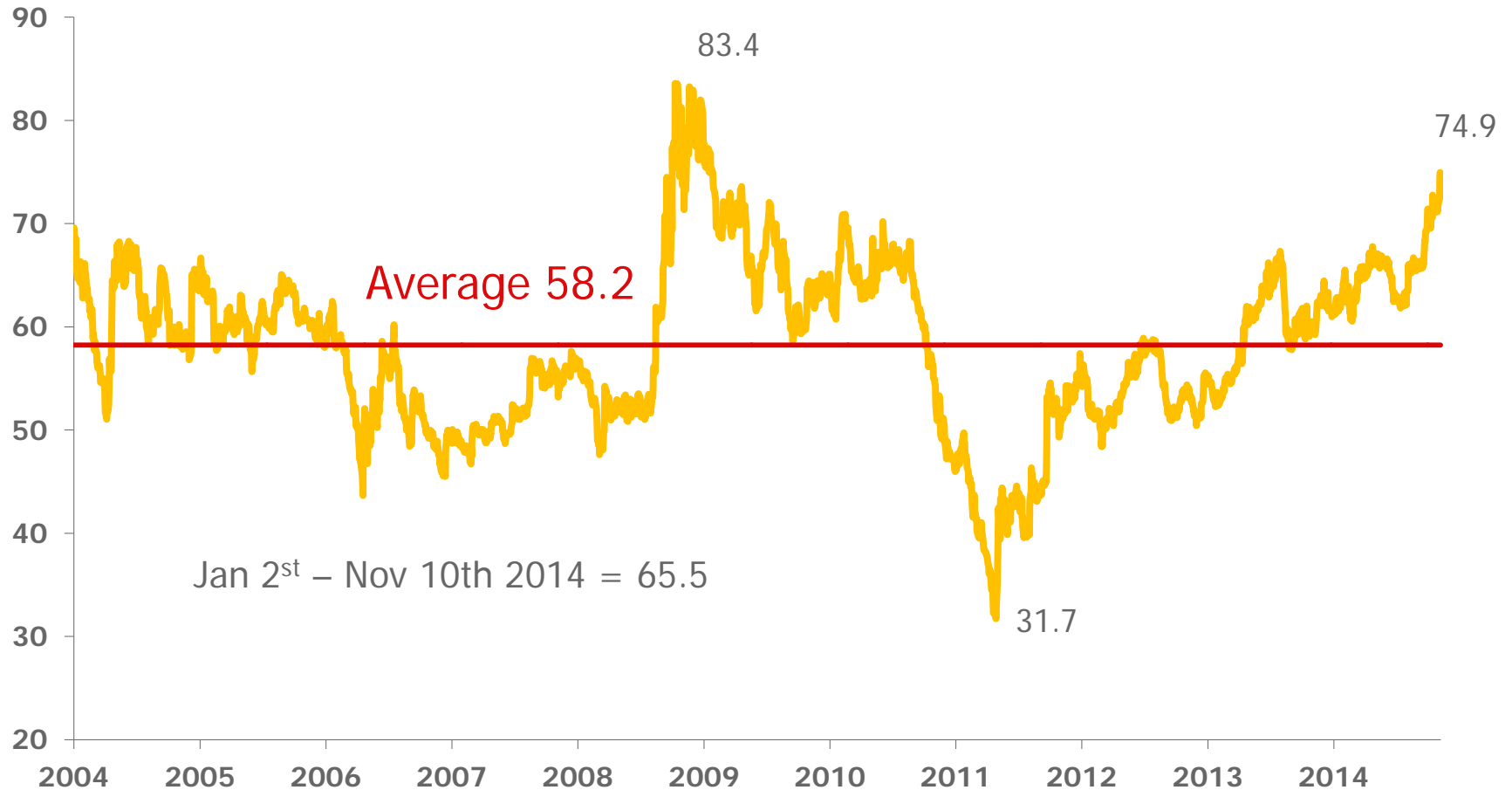
Source: GFMS, Thomson Reuters

SILVER, GOLD & OIL PRICES



Source: GFMS, Thomson Reuters

GOLD/SILVER RATIO, 2004 – 2014 TO-DATE (BASIS WEEKLY AVERAGE PRICES)



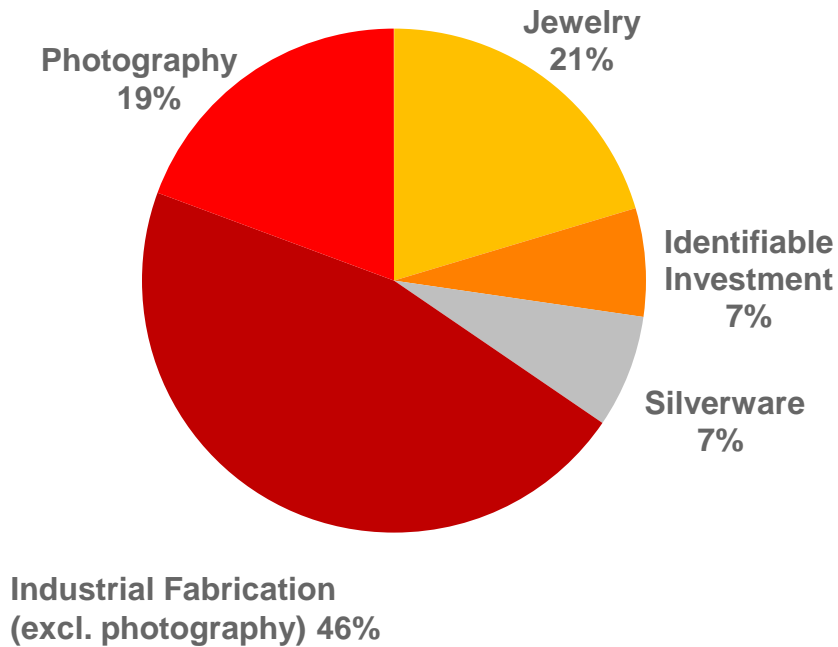
Source: GFMS, Thomson Reuters

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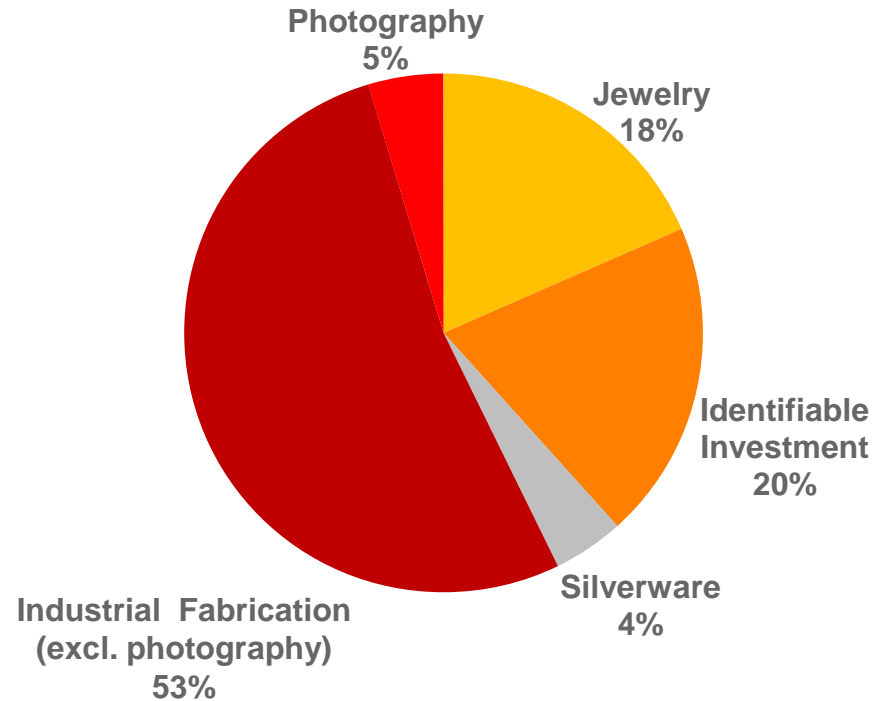
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WORLD SILVER DEMAND

2004 Actual



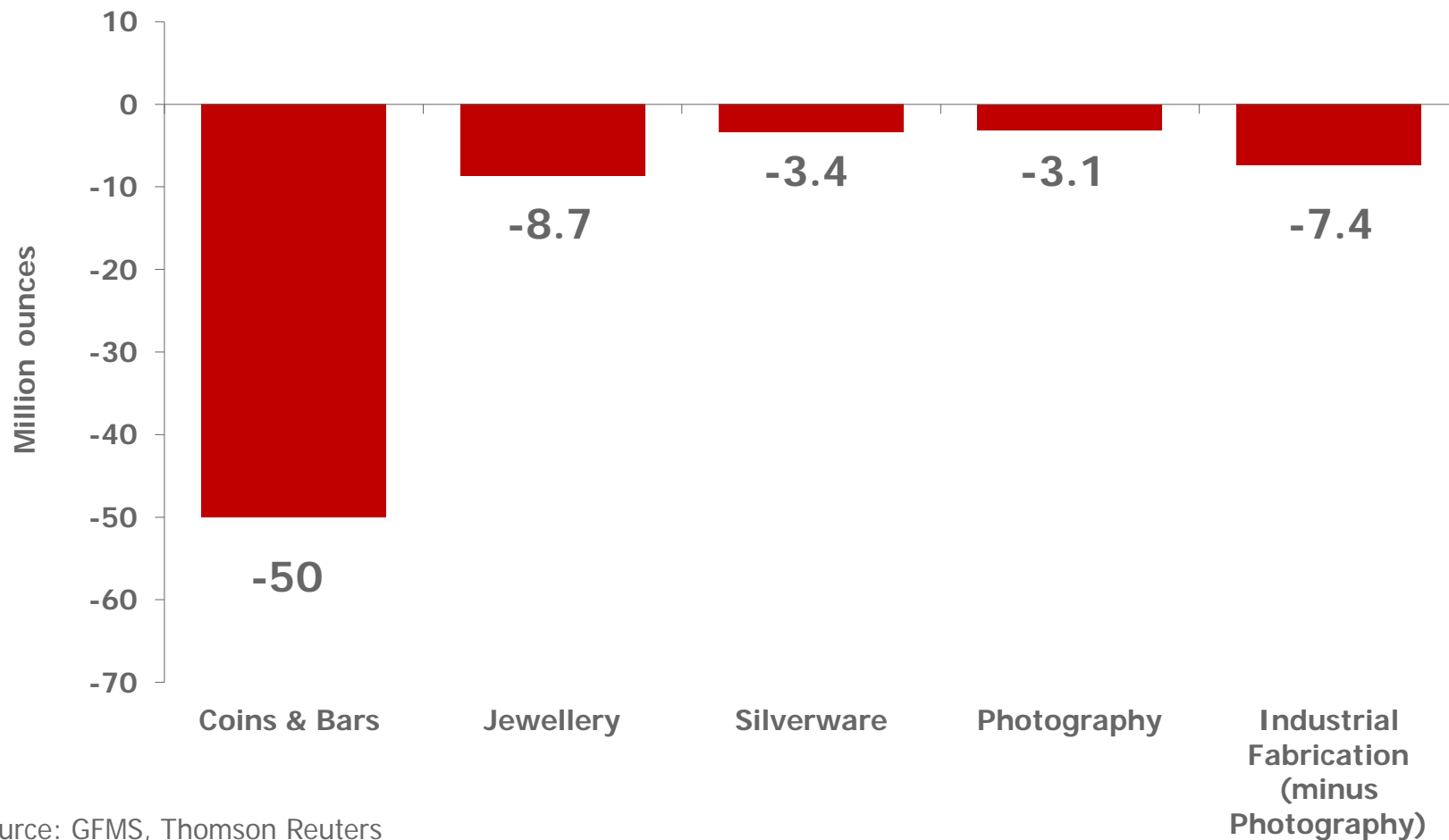
2014 Forecast



Source: GFMS, Thomson Reuters

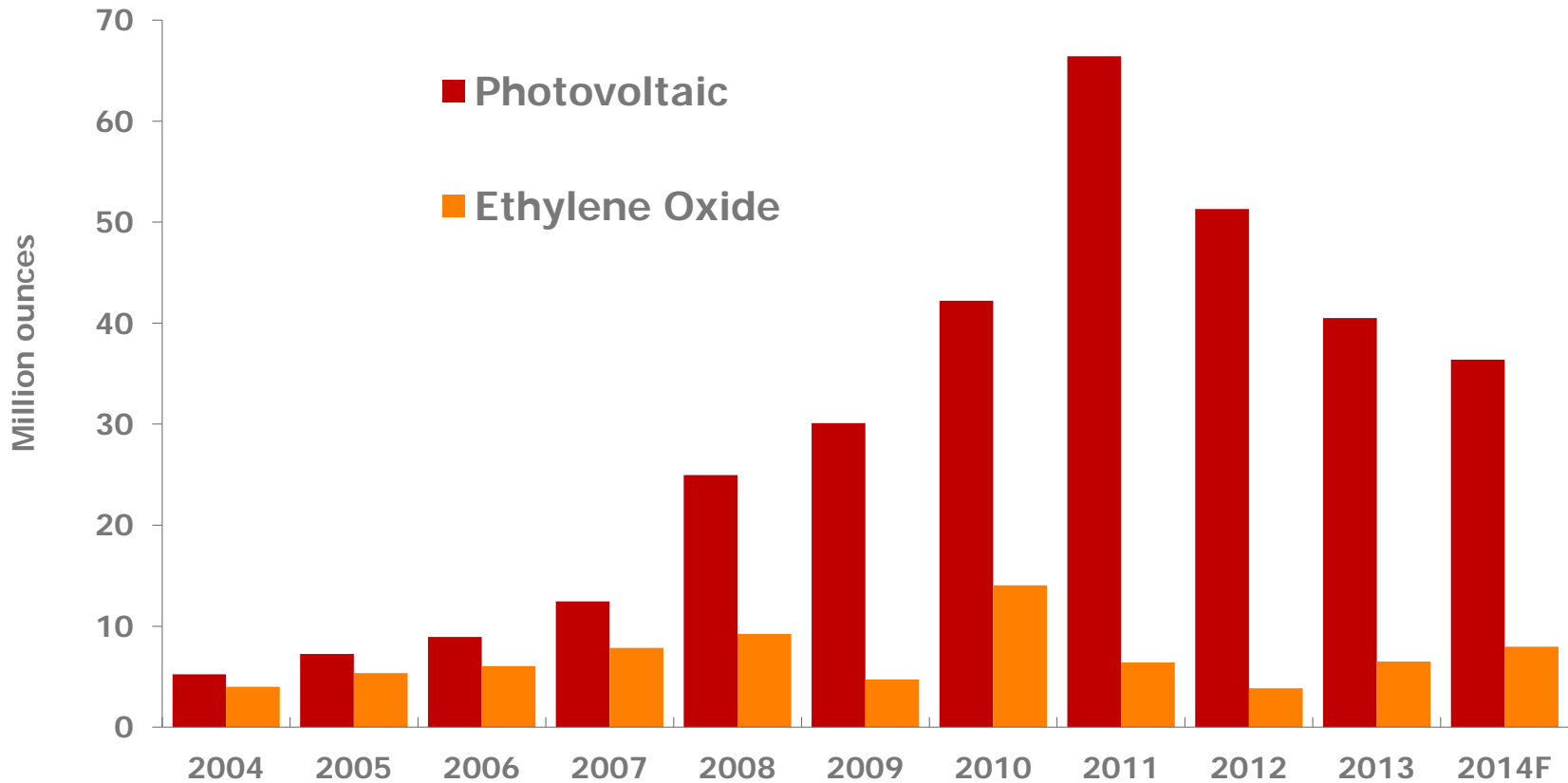
WORLD SILVER FABRICATION

FORECAST ANNUAL CHANGES: 2014 LESS 2013 (Moz)



Source: GFMS, Thomson Reuters

PHOTOVOLTAIC & E.O SILVER DEMAND



Source: GFMS, Thomson Reuters

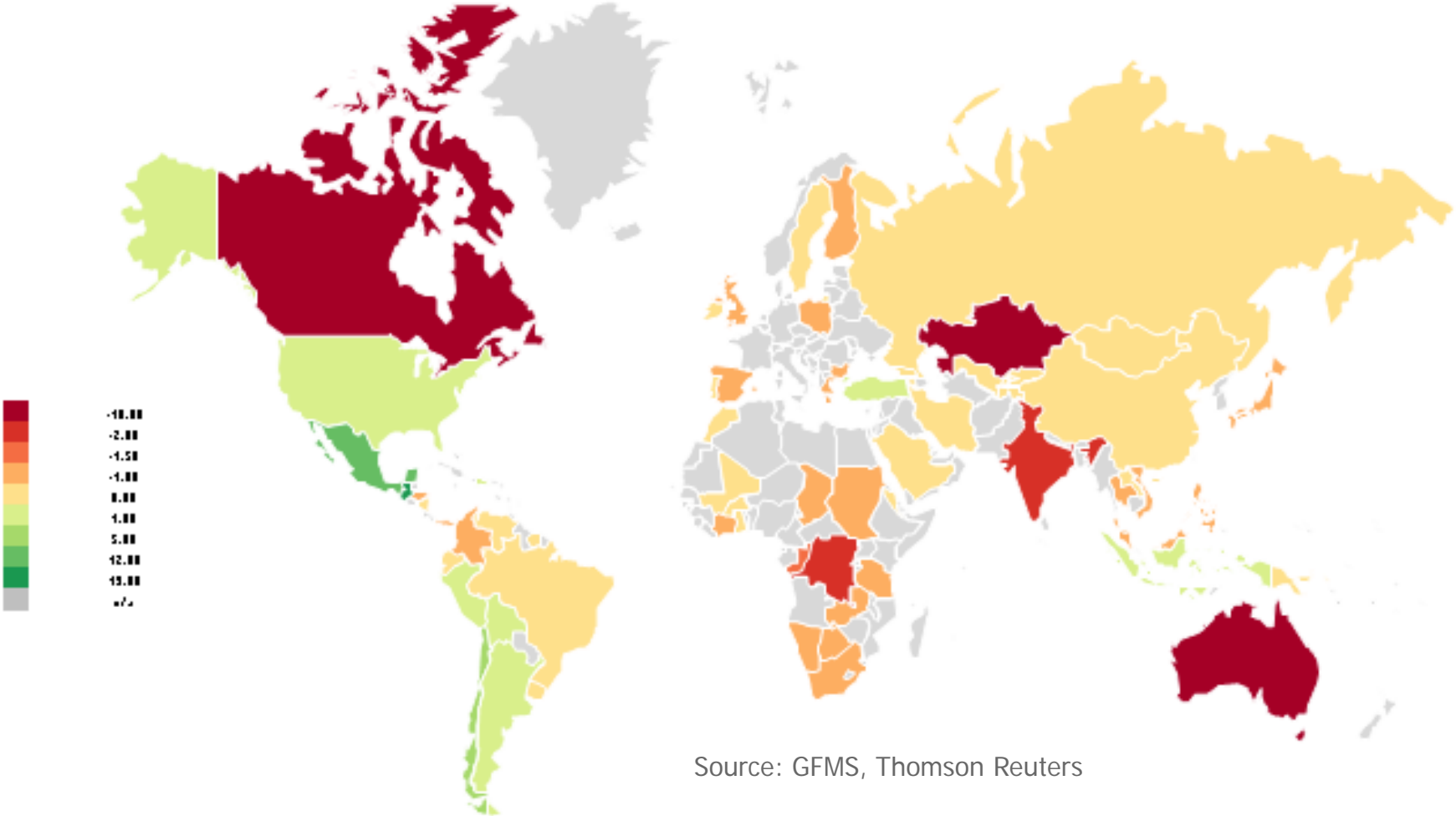
DEMAND SUMMARY

- A surge in interest in the last quarter of 2014 is not enough to offset a weaker Q1-Q3. Total physical demand is forecast to fall by 6.7% in 2014
- Higher coin and bar demand in Q4 and into 2015 could lead to physical shortages and higher local premiums
- Demand for jewelry has seen a slight decline in 2014 but is forecast to rebound strongly in 2015
- New uses of silver continue to be developed, however, the market suffers from thrifting in electronics and declines in photography (although losses are decreasing)

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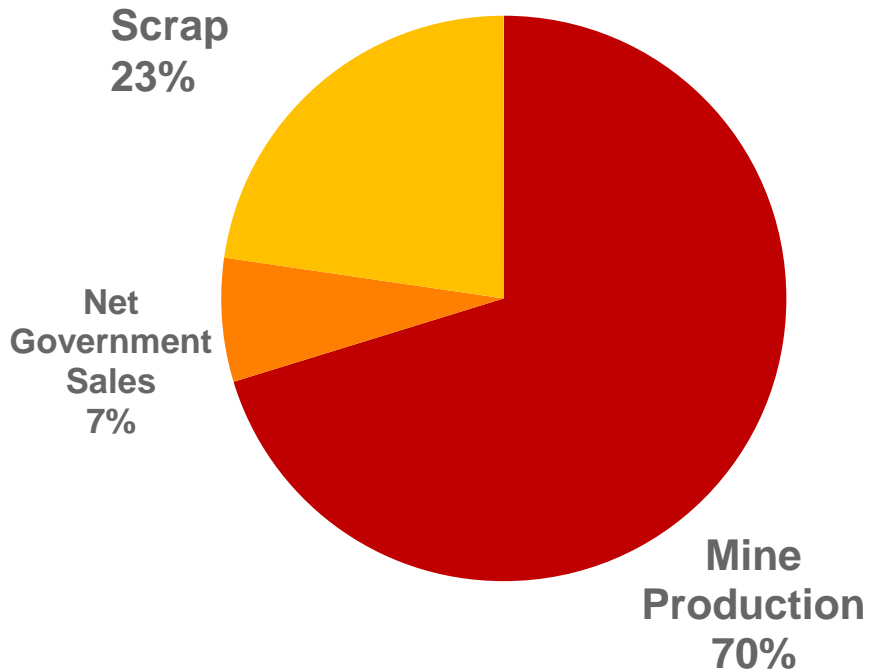
MINE PRODUCTION WINNERS AND LOSERS, 2014 VERSUS 2013



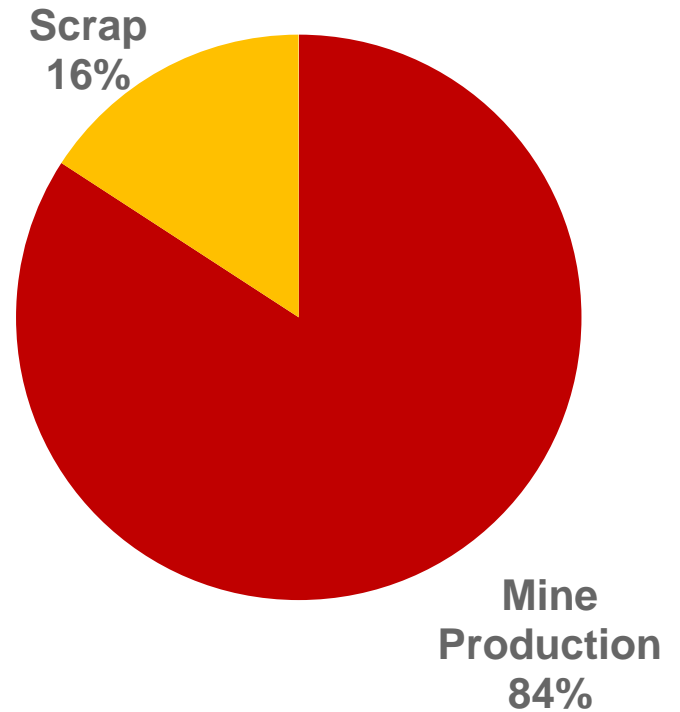
Source: GFMS, Thomson Reuters

WORLD SILVER SUPPLY

2004 Actual

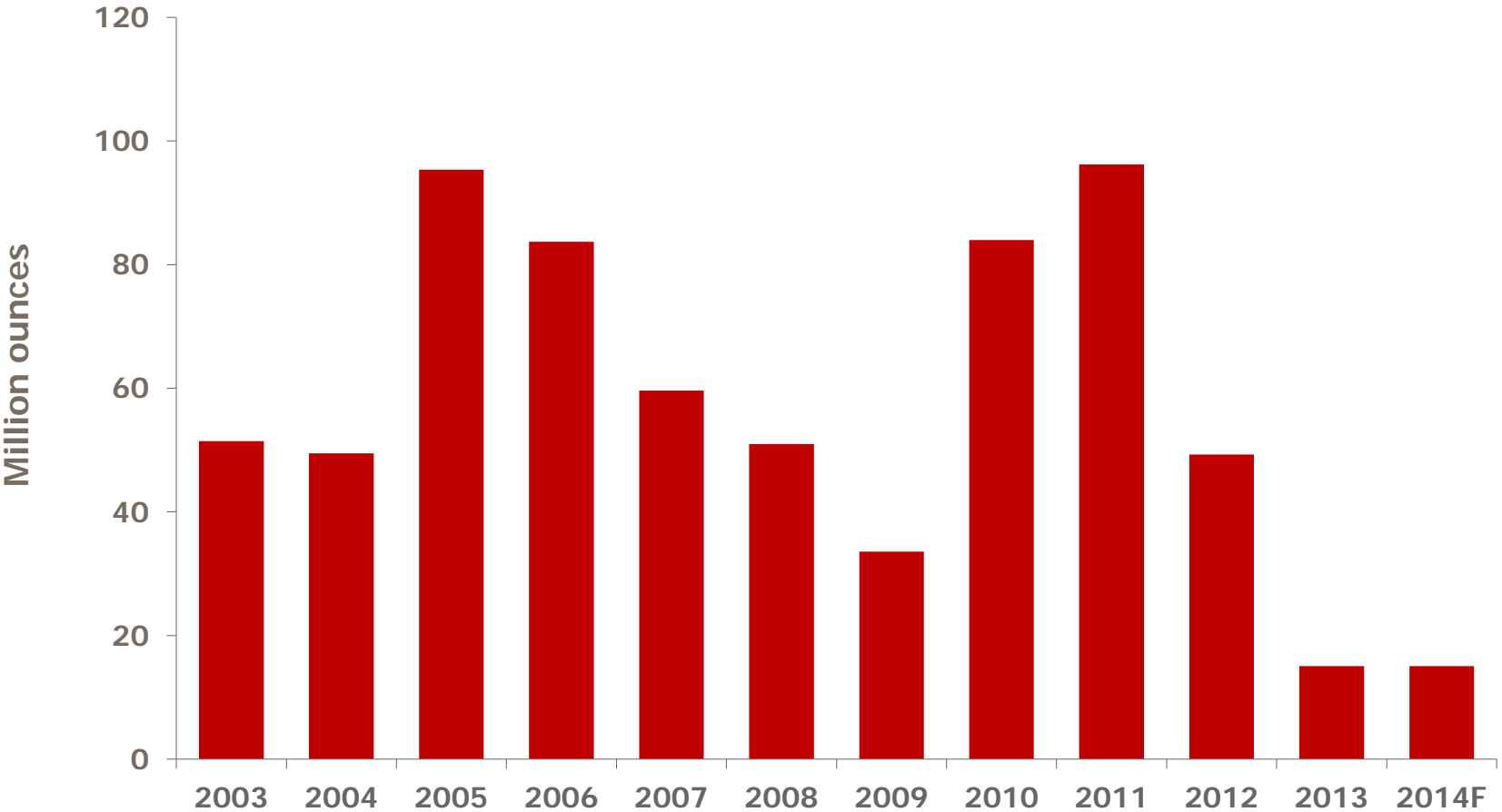


2014 Forecast



Source: GFMS, Thomson Reuters

OUTSTANDING DELTA ADJUSTED PRODUCERS HEDGE POSITION



Source: GFMS, Thomson Reuters

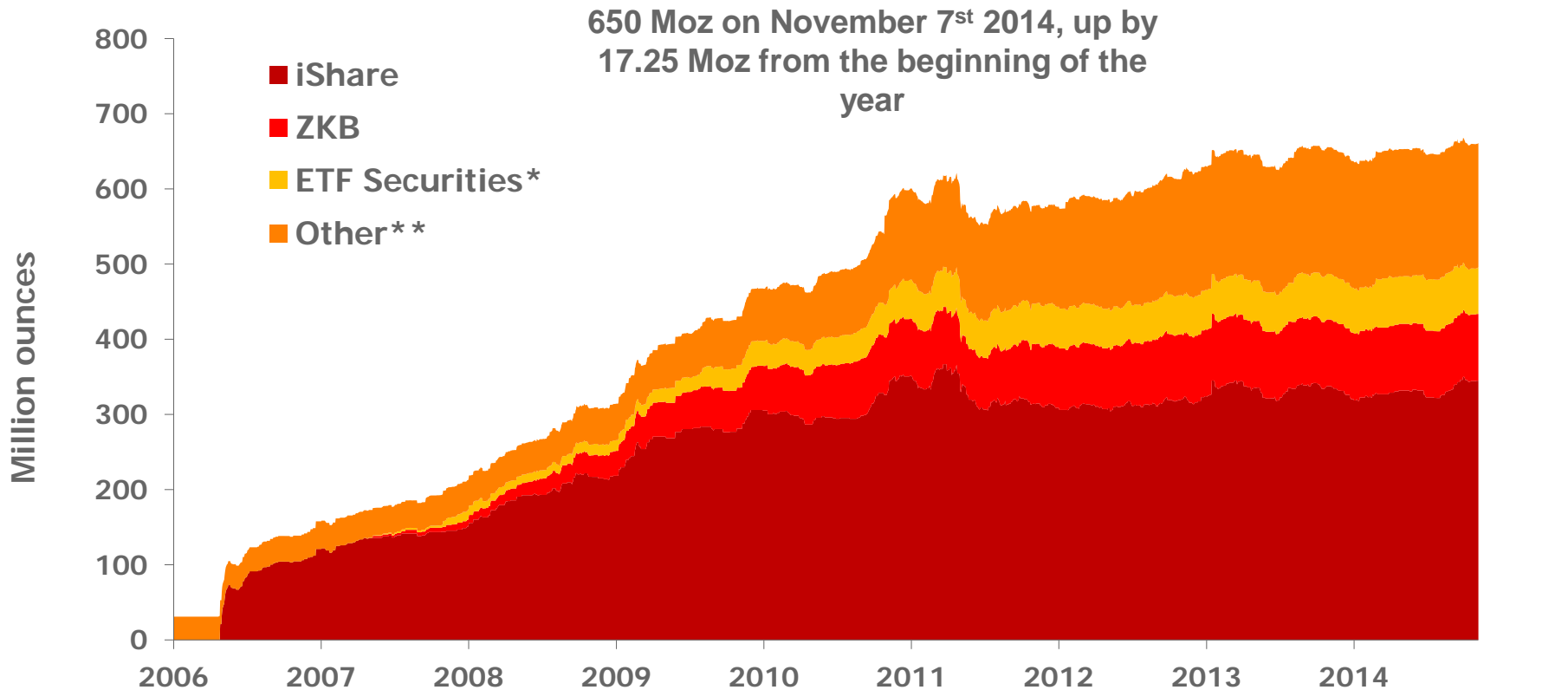
SUPPLY SUMMARY

- Mine supply expected to peak in next 2-3 years
- Current price levels maintaining production but constraining investment in new capacity
- Supply from secondary sources will remain under pressure. Falling from 25% of total supply in 2012 to 16% forecast for 2014
- Hedge book remains at low levels and hedging is not forecast to return to the market in strength
- Government sales are not expected to be a feature of the market in the years ahead

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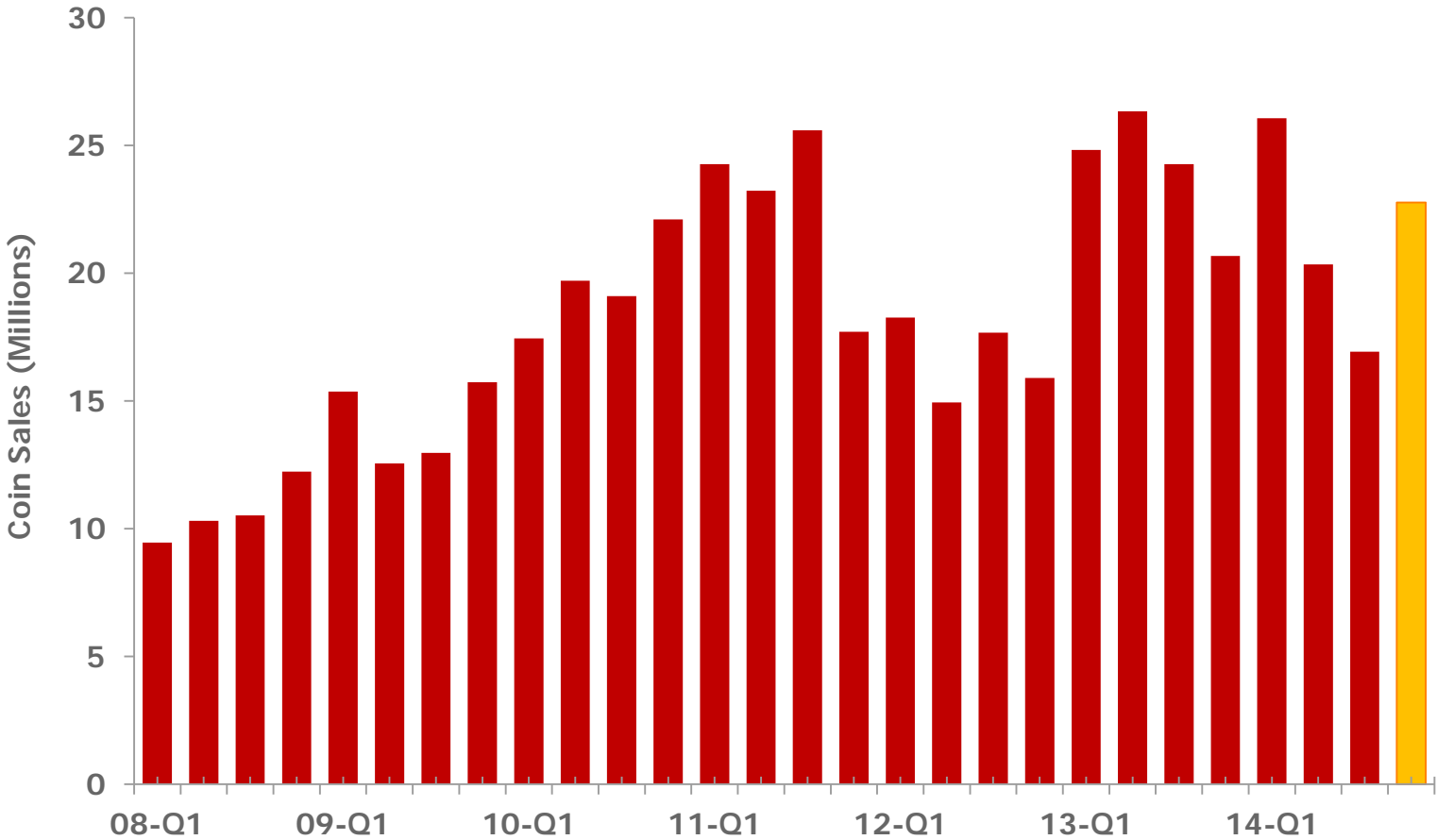
SILVER ETF HOLDINGS



*Includes ETFS London, Australia, NYSE, Glitter and WITE ** Includes Julius Baer, Mitsubishi, Sprott, Central Fund of Canada, Silver Bullion Trust, BlackRock Silver Bullion, DB Physical Silver, DB Euro Hedged, DB GBP Hedged, iShares ETC, Source Physical Silver, Royal Canadian Mint ETR

Source: Respective issuers

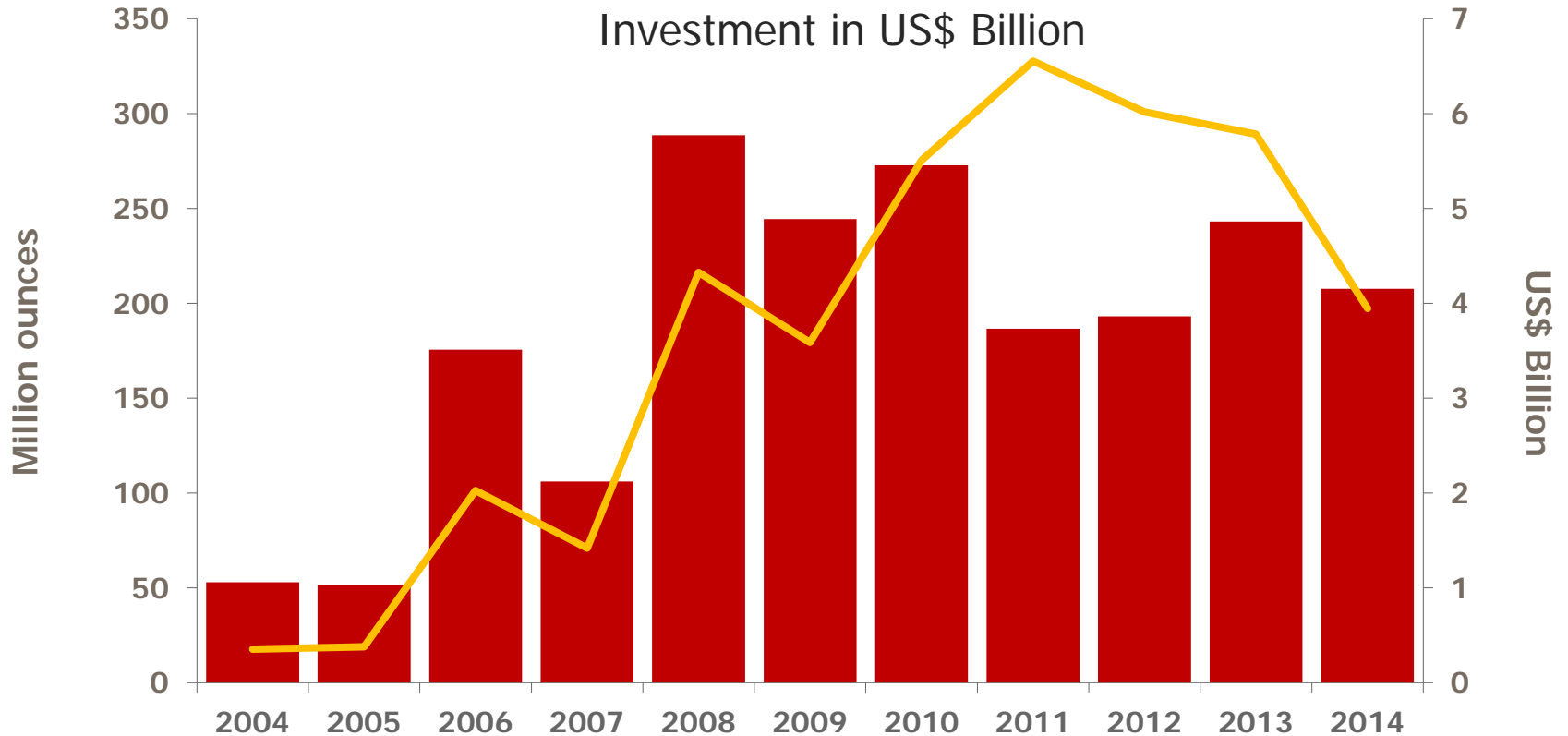
SURVEYED COIN SALES



*Excludes Commemorative and China Mint coins

Source: GFMS, Thomson Reuters

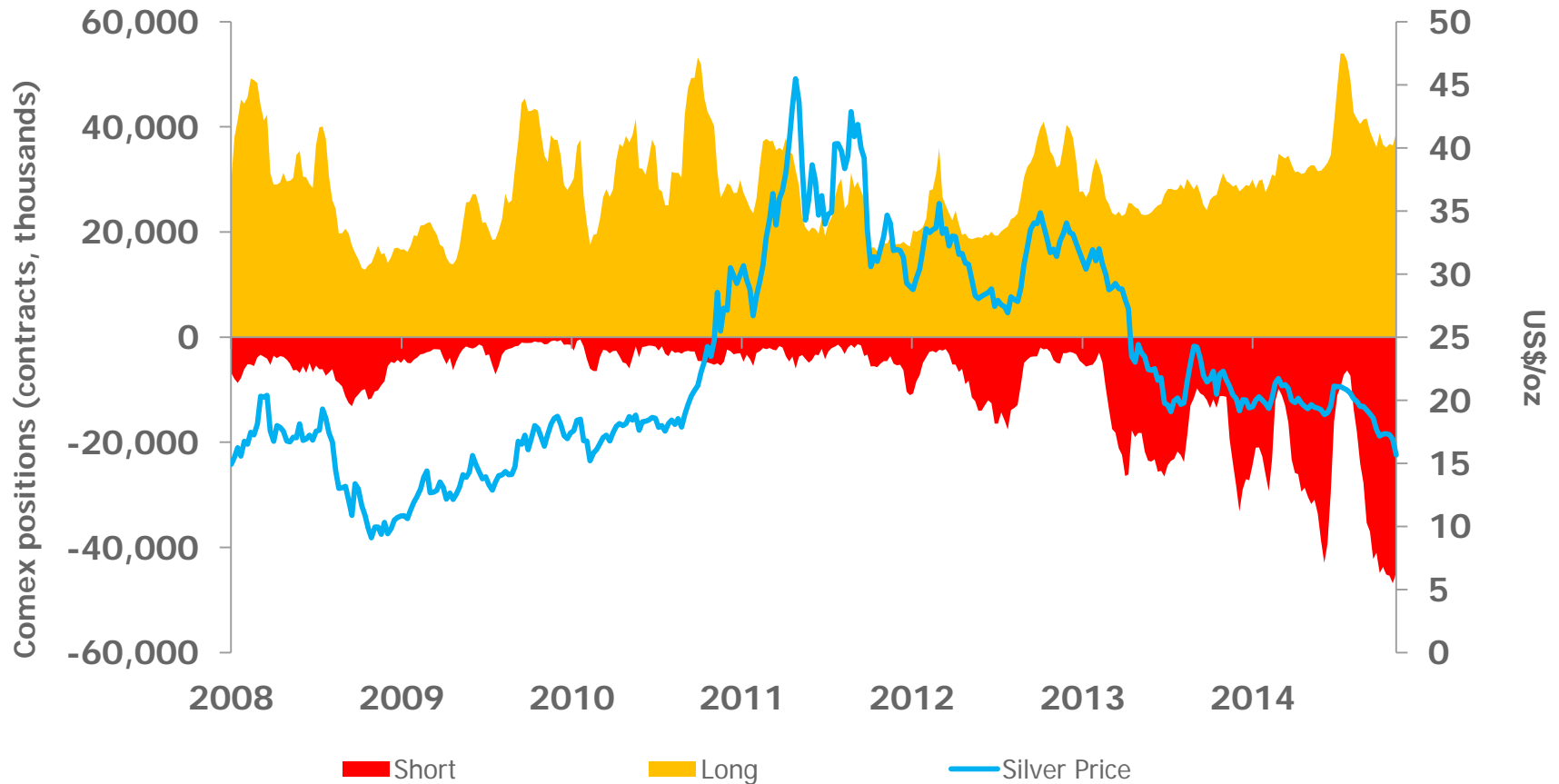
WORLD SILVER IDENTIFIABLE INVESTMENT* VOLUME AND VALUE



*Identifiable Investment is the sum of bars, coins and ETFs.

Source: GFMS, Thomson Reuters

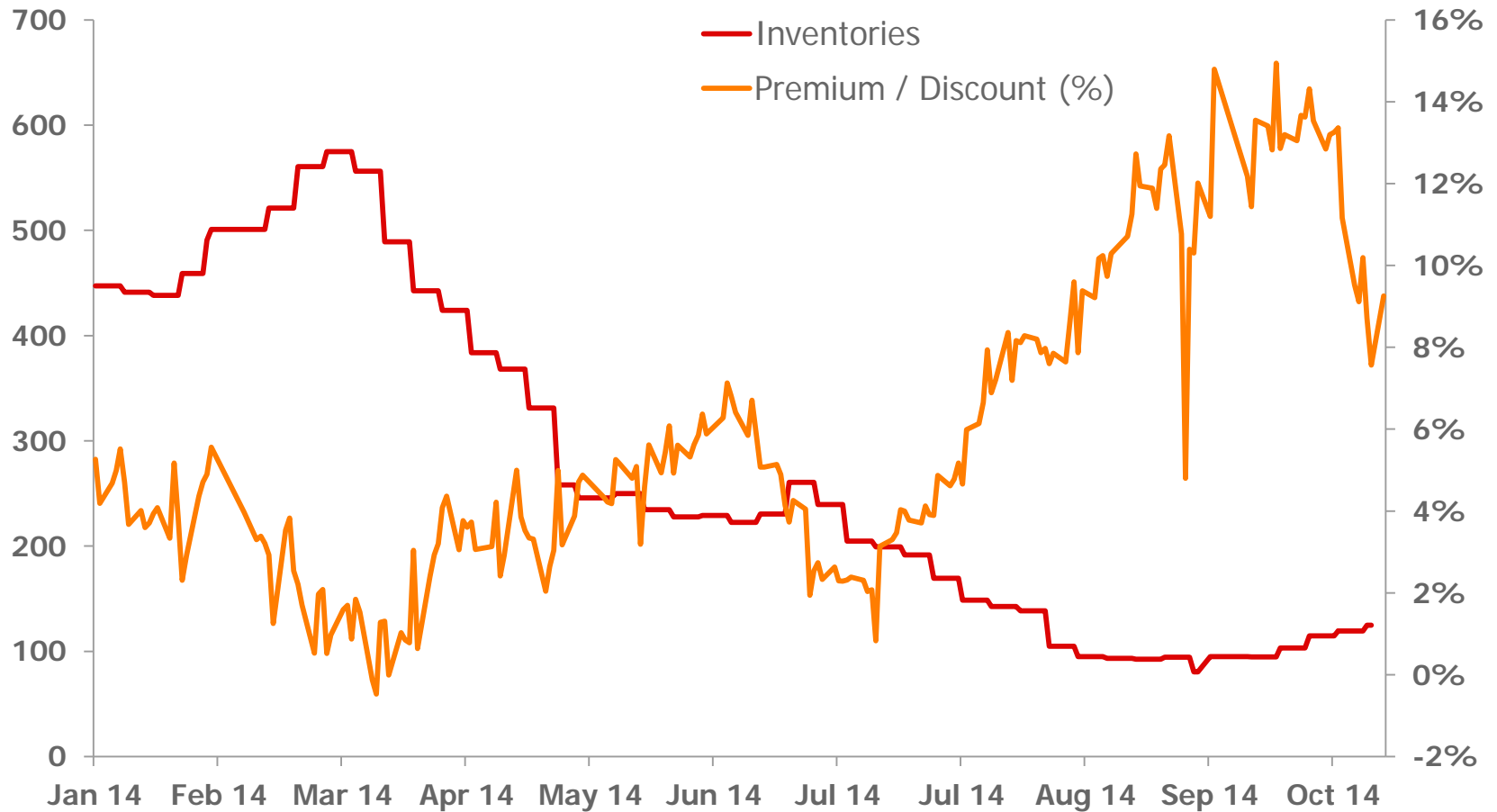
INVESTORS'* POSITIONS IN COMEX SILVER FUTURES



•Managed money long and short positions

Source: GFMS, Thomson Reuters

SGE SILVER PREMIUM/DISCOUNT



Source: GFMS, Thomson Reuters

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PRICE OUTLOOK

- Total level of near-to-market stocks remains unclear and there is the potential for market tightness in the years ahead
- Speculative interest in silver remains at healthy levels and this could see index re-weighting benefitting the metal in Q1 2015
- Mine supply is still robust and it will take some time for a slowdown in investment to impact upon the market. The market will remain increasingly reliant on primary supply however
- Lower price levels should continue to see increases in jewelry and silverware consumption, but these are unlikely to be price drivers

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