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CONVENTION

01 - 04 Aug 2019, Radisson, Amritsar

Global Silver Market Review and Price Outlook

Cameron Alexander, Head of Precious Metals Research

GFMS, Refinitiv

03/08/2019

REFINITIV™
DATA IS JUST
THE BEGINNING 

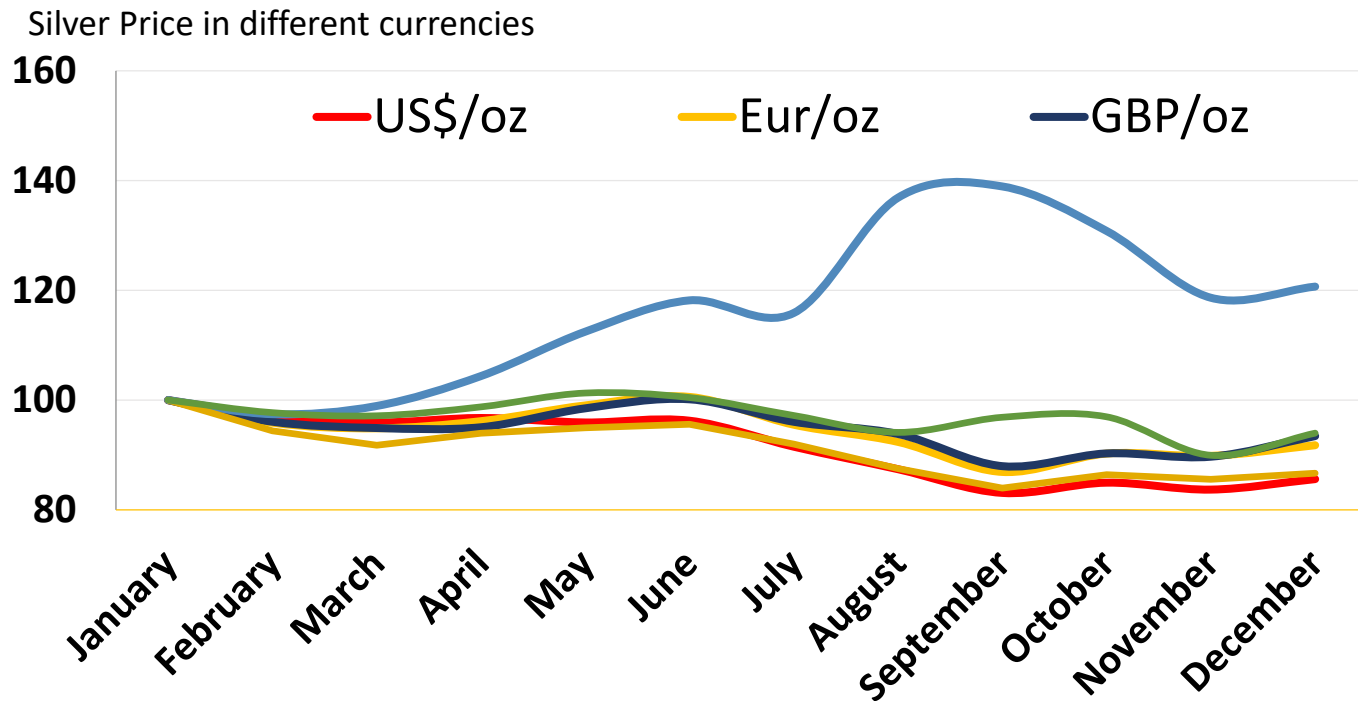


SILVER PRICES IN DIFFERENT CURRENCIES IN 2018 , JAN 2018 =100

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- Prices in different currencies on an intra year basis: Silver in...

- Lira: **+ 21%**
- Euro: **- 12%**
- GBP: **- 11%**
- Yen: **- 9%**
- USD: **- 8%**
- Rupee: **- 5%**





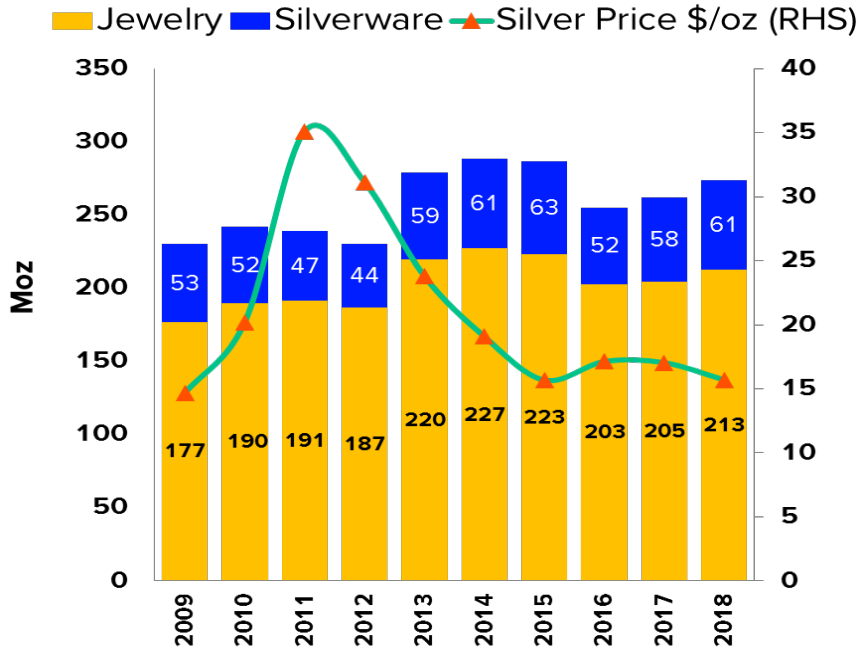
WORLD SILVER SUPPLY AND DEMAND

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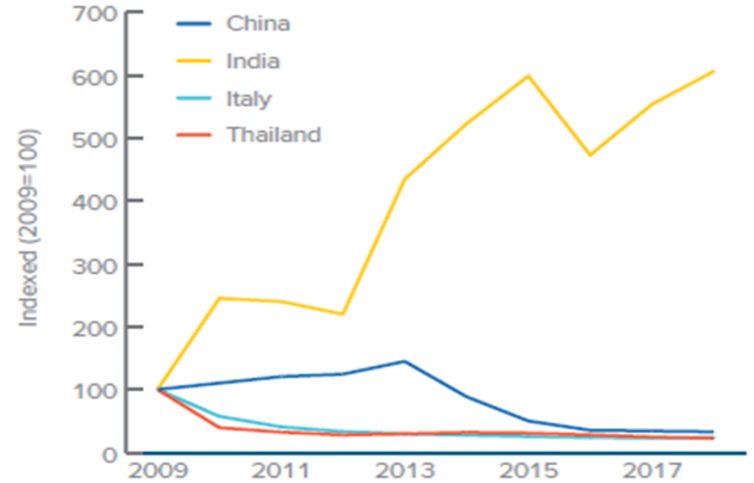
Moz	2014	2015	2016	2017	2018	Market share	% Δ - 2017	% Δ - 2014
Mine Production	868	894	893	877	856		-2%	-1%
Scrap	167	150	152	154	151		-2%	-10%
Total Supply	1,052	1,052	1,026	1,033	1,004		-3%	0%
Jewelry & Silverware	288	287	255	262	274	26%	4%	-5%
Coins & Bars	234	294	209	150	181	18%	20%	-22%
Industrial Fabrication	596	583	566	586	579	56%	-1%	-3%
Physical Demand	1,118	1,163	1,030	998	1,034		4%	-8%
Physical Surplus/ Deficit	-66 (6%)	-111 (10%)	-4 (0%)	34 (3%)	-29 (3%)			
Annual Average Silver Price US\$/oz	19.08	15.68	17.14	17.05	15.71		-8%	-18%

GLOBAL JEWELLERY & SILVERWARE FABRICATION, 2018

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MAIN GLOBAL SILVERWARE FABRICATORS

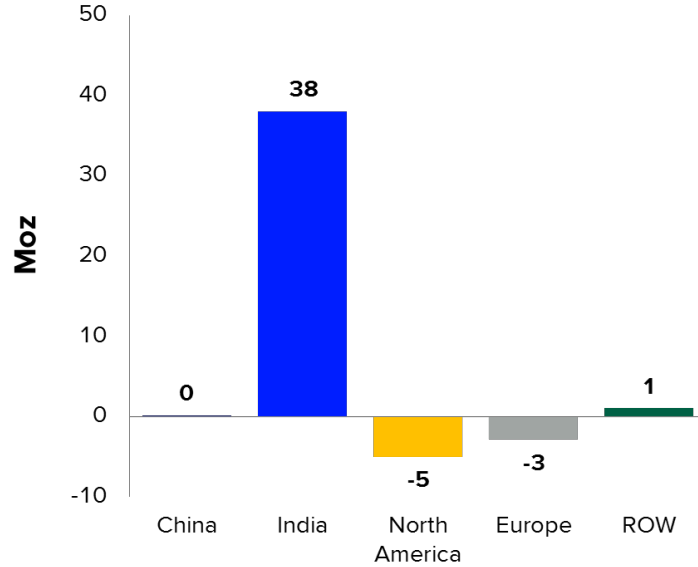


Source:GFMS, Refinitiv

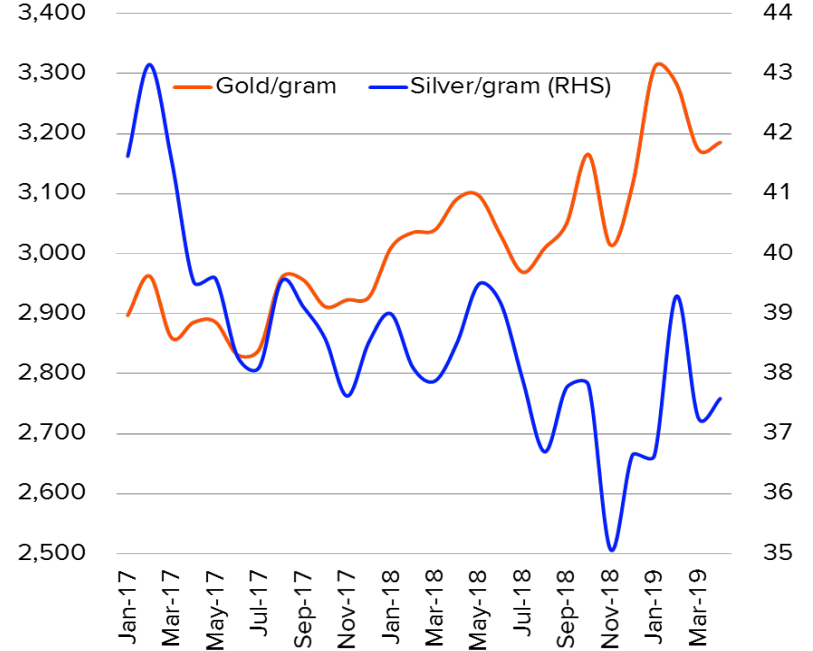


WORLD RETAIL INVESTMENT SILVER DEMAND ANNUAL CHANGES: 2018 LESS 2017 (Moz)

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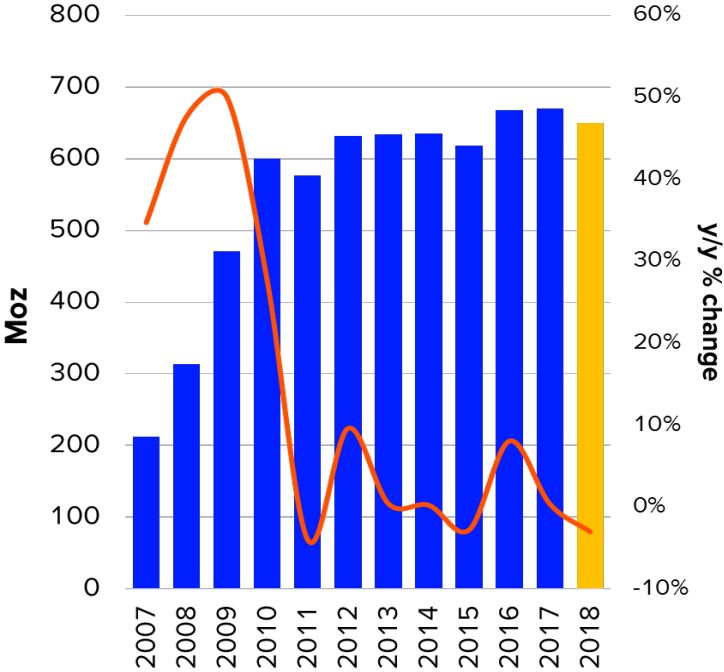
SILVER AND GOLD IN INDIAN RUPEE



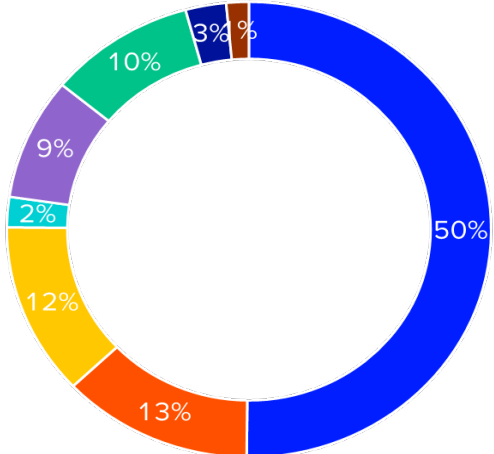


GLOBAL ETP HOLDINGS, MARKET SHARE END-2018

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- iShares Silver
- ETF Securities
- ZKB
- Julius Baer
- Sprott Physical Silver Trust
- Central Fund of Canada
- DB
- Other



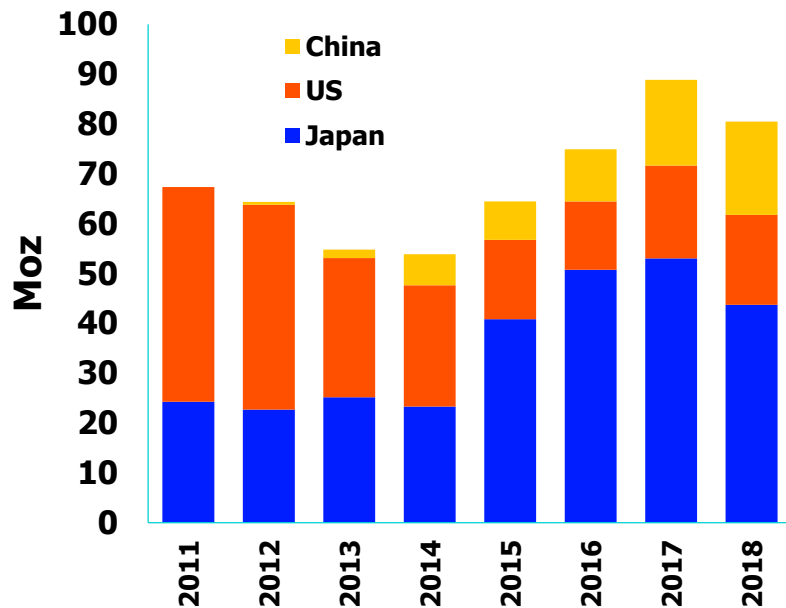
Includes combined holdings of various funds



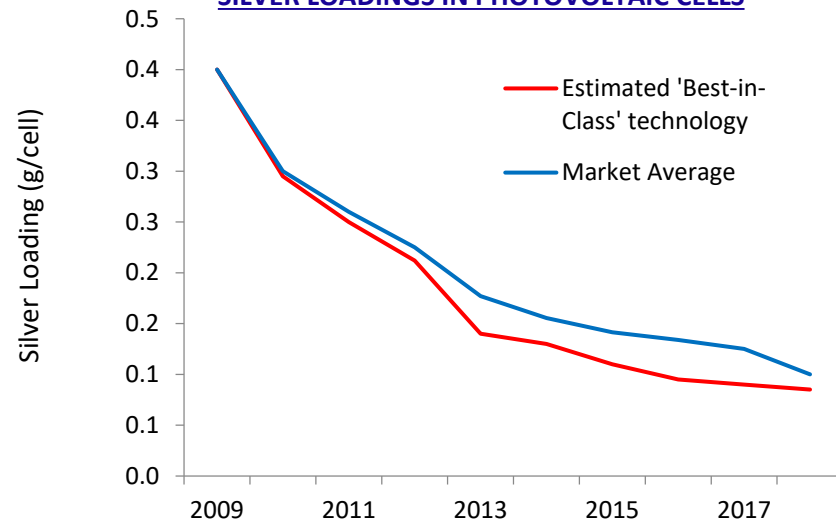
SOLAR DEMAND – SILVER POWDER PRODUCTION

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Solar Silver Powder Production



SILVER LOADINGS IN PHOTOVOLTAIC CELLS



Supply

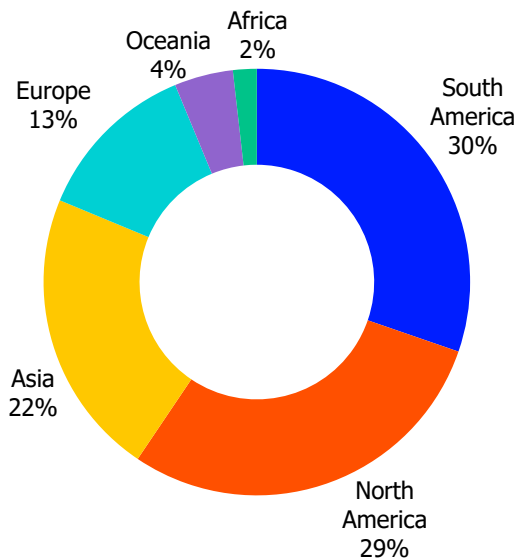


SILVER PRODUCTION BY REGION AND ANNUAL CHANGE

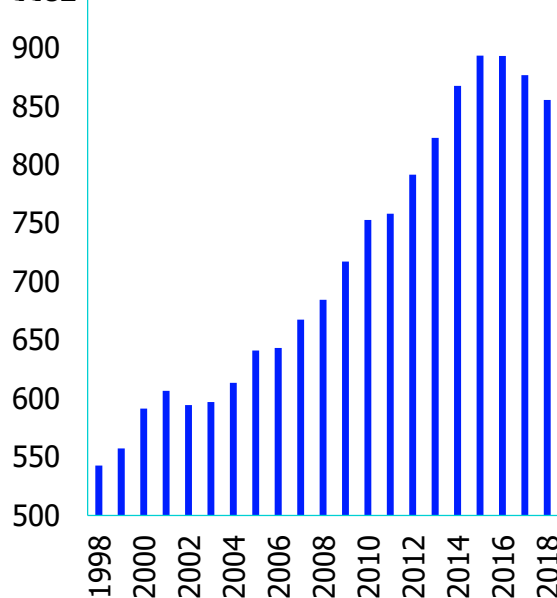
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Global mine production declined by 2% in 2018 to a total of 855.7 Moz (26,616 t), the third consecutive fall. At the regional level, losses in the Americas were partly offset by gains in India, China and Russia.

Silver Output by Region 2018



World Silver Mine Production, 1998-2018



3-year CAGR in Mine Production



SILVER MINE PRODUCTION



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TOP 20 SILVER PRODUCING COUNTRIES

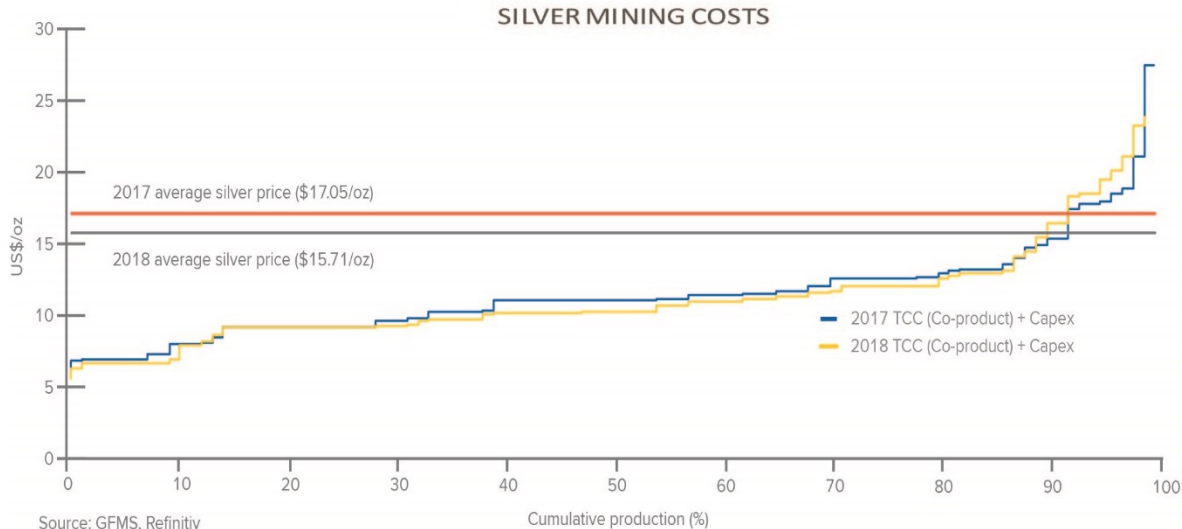
Rank	Output (Moz)		Change y-o-y(%)	
	2017	2018		
1	194.7	196.6	1%	
2	147.5	144.9	-2%	
3	112.6	114.9	2%	
5	42.0	43.4	3%	
4	42.4	42.1	-1%	
6	40.0	39.9	0%	
7	39.7	39.6	0%	
8	35.1	35.4	1%	
9	33.7	28.0	-17%	
10	25.7	26.5	3%	
12	17.5	23.2	33%	
11	19.0	19.5	3%	
14	14.9	14.6	-2%	
13	15.1	13.5	-10%	
17	11.4	12.0	5%	
16	11.6	11.2	-4%	
18	5.4	6.1	12%	
19	5.0	5.0	0%	
20	3.6	3.6	0%	
21	3.3	3.4	4%	
	Rest of the World	56.8	32.3	-43%
	World Total	876.9	855.7	-2%

Source: GFMS, Refinitiv



TCC AND AISC

- On a co-product basis, we estimate Total Cash Costs with capex for 2018 averaged \$10.37/oz, a 1.6% decrease relative to 2017.
- We estimate silver equivalent production dropped by 3.5%, led by tighter environmental policies in China and the suspension of activities in Escobal mine in Guatemala.



SILVER MINE PRODUCTION COSTS

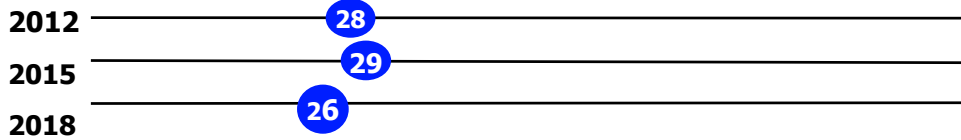
(US\$/oz unless stated)	2016	2017	2018
TCC (by-product)	-4.25	-9.46	-4.95
TCC (co-product)	8.77	8.08	8.01
TCC (co-product) + Capex	11.21	10.54	10.37
Average Silver Price	17.14	17.05	15.64
Sample Size (Moz)	318.0	296.6	271.1

Source: GFMS, Refinitiv

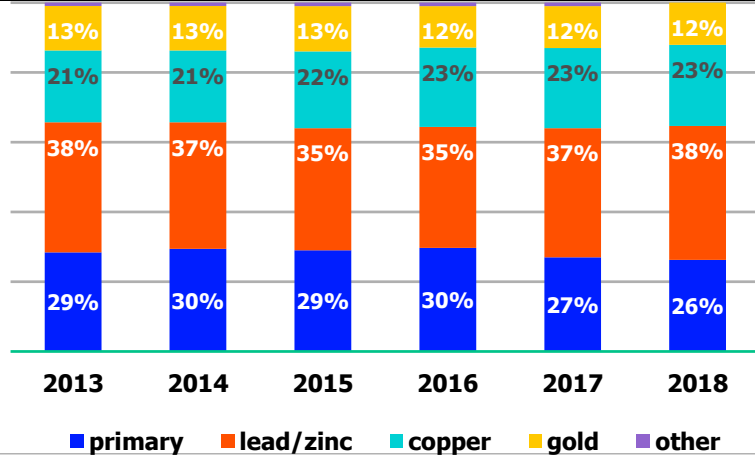
SILVER OUTPUT BY SOURCE METAL

Primary Silver Mine Supply % of World Production

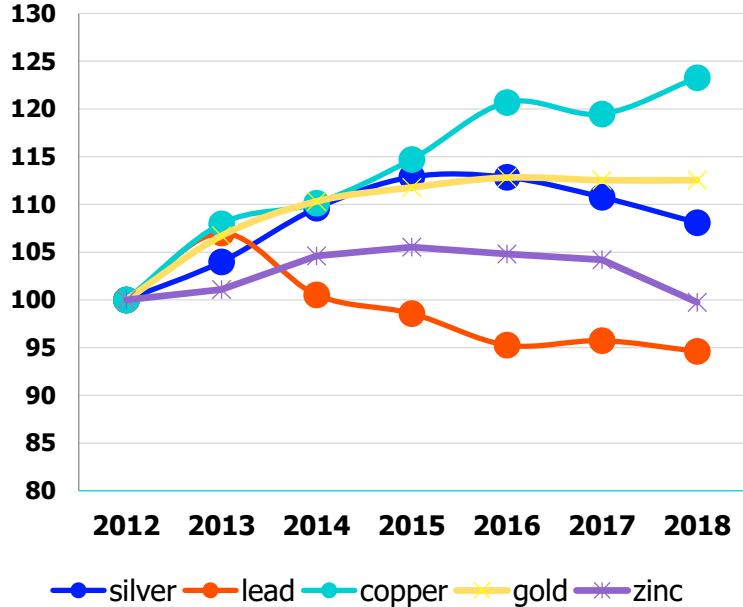
primary silver supply as % of total



World Silver Production by Source – primary, Lead/Zinc, Copper, Gold



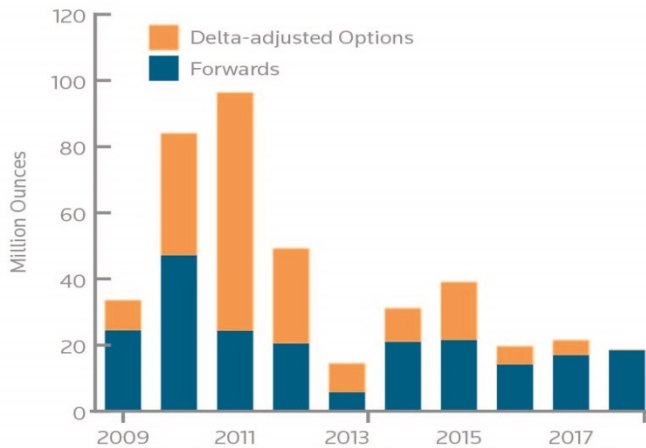
Indexed Global Metal Mine Production, 100=2012



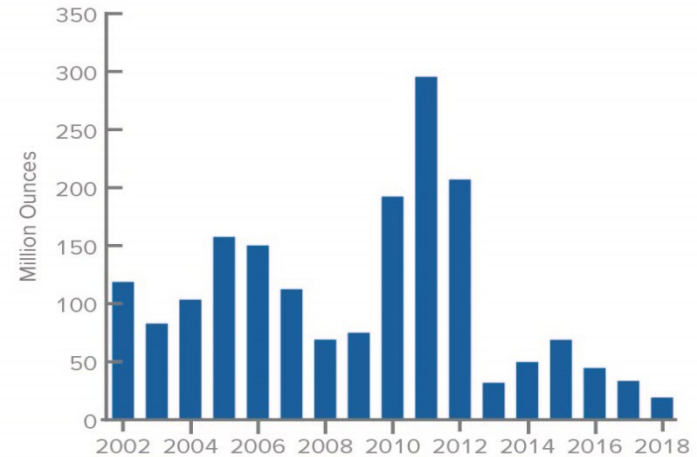


PRODUCER HEDGING

- The global producer hedge book contracted by 2.8 Moz (87 t) on a delta-adjusted basis, representing a 13% decrease on the hedge book total compared to 2017
- The hedge book stood at a total of 18.7 Moz (581 t) at end-December 2018.
- The forward sales component of the book, on the other hand, grew by 1.5 Moz (47 t). The decline in options means that forwards now represent almost 97% of the total hedge book.



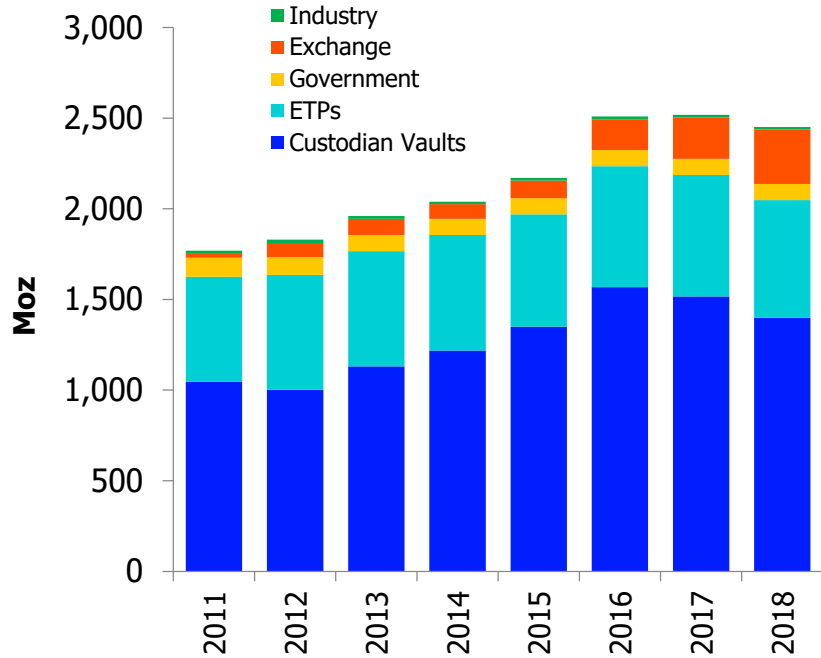
Source: GFMS, Refinitiv; Silver Institute



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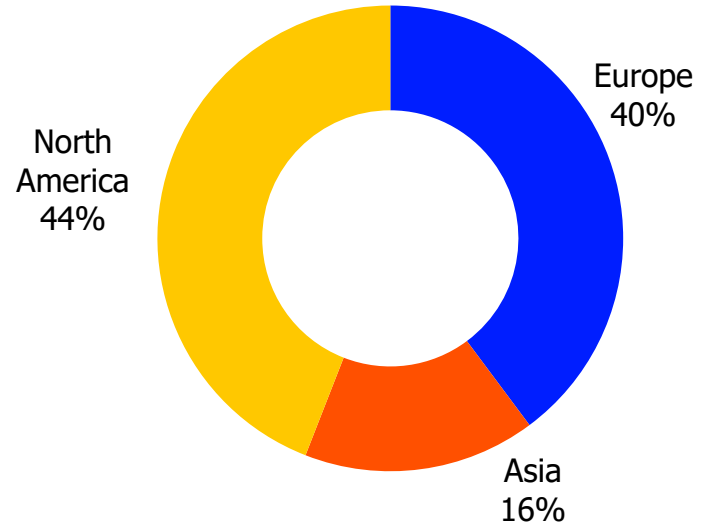


ABOVE GROUND STOCKS



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Custodian Vault Stocks by Region (excl stocks allocated to ETPs)



OUTLOOK

END OF THE TRADE WARS - OR MORE TO COME?

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Price – where is it heading?

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