



World Silver Survey 2005 - The Highlights

Market Moves

- Silver prices in 2004 averaged \$6.66, a hefty rise of 36% year-on-year and a 17-year high.
- A surge in investment drove much of the rally, though a fall in net government sales and higher industrial fabrication were also important.

Supply Fundamentals

- Mine production in 2004 registered a 4%, or 23.2 Moz (720 t), rise to reach 634.4 Moz (19,731 t). The world's four largest silver producers (Mexico, Peru, Australia and China) provided the bulk of the increase.
- A major fall in Chinese releases saw net government sales decline by 30% year-on-year.
- Scrap supply fell to a four year low of 181.1 Moz (5,633 t).
- Higher prices encouraged producers to increase their hedge cover, generating an estimated 2.0 Moz (62 t) of accelerated supply.

Demand Fundamentals

- Total fabrication in 2004 fell by 2% to a six year low of 836.7 Moz (26,023 t).
- Industrial offtake rose by 5% to 367.1 Moz (11,419 t), with electronics spearheading the gains.
- Jewelry & silverware fabrication fell by almost 10% to 247.5 Moz (7,698 t), a nine year low.
- Photographic demand fell for the fifth year in succession, to 181.0 Moz (5,629 t).
- Coin & medal offtake increased by 15% in 2004 to a ten year high of 41.1 Moz (1,277 t).
- Implied net investment rose by almost 400% to 42.5 Moz (1,323 t). Both the funds and high net worth individuals displayed keen interest, seeking to exploit gold and base metal rallies and dollar weakness.

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