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World Silver Survey 2024

The Silver Institute/ Metals Focus

# World Silver Survey 2024



The image shows a large silver bar with a 'SUISSE' label and a smaller bar with a profile of a woman. The background is a dark surface covered with many small silver granules. The label on the large bar reads: 'SUISSE', '1 KILO FINE SILVER 999.0', 'ESSAYEUR FONDEUR', and 'C014077'. The smaller bar also has 'SUISSE' on it.

SUISSE  
1 KILO  
FINE SILVER  
999.0  
ESSAYEUR  
FONDEUR  
C014077  
SUISSE

## Launch of World Silver Survey 2024 Philip Newman and Sarah Tomlinson, Metals Focus

April 17<sup>th</sup>, 2024

The Global Source  
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M<sub>F</sub> METALS FOCUS



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MKS PAMP



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## Contributors

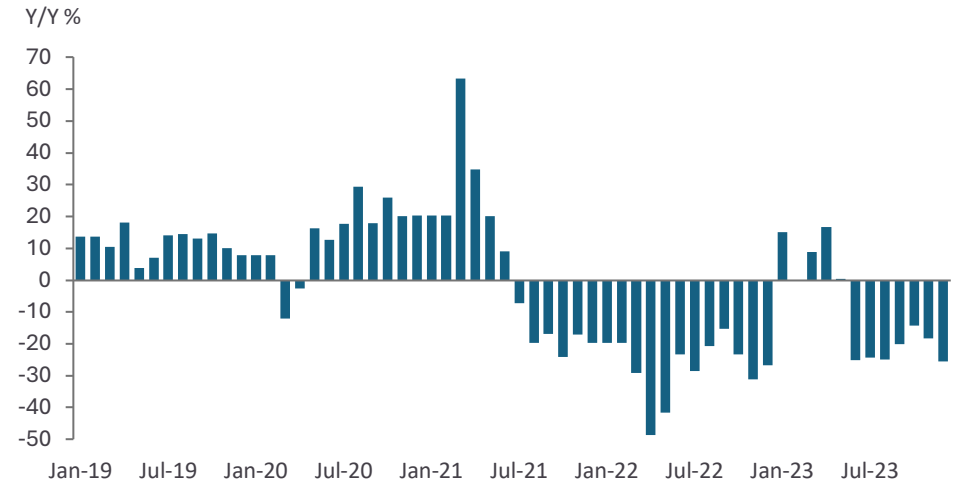
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MAG Silver  
Tanaka Kikinzoku Kogyo K. K.  
Valcambi sa

# Silver has transitioned from behaving as an industrial metal

- Silver is typically expected to outperform gold to the upside
- However, the crisis in China's property market...
- And concerns about a stalling economic recovery
- Weighed on industrial metals

### New Residential House Sales



### Gold:Silver Ratio



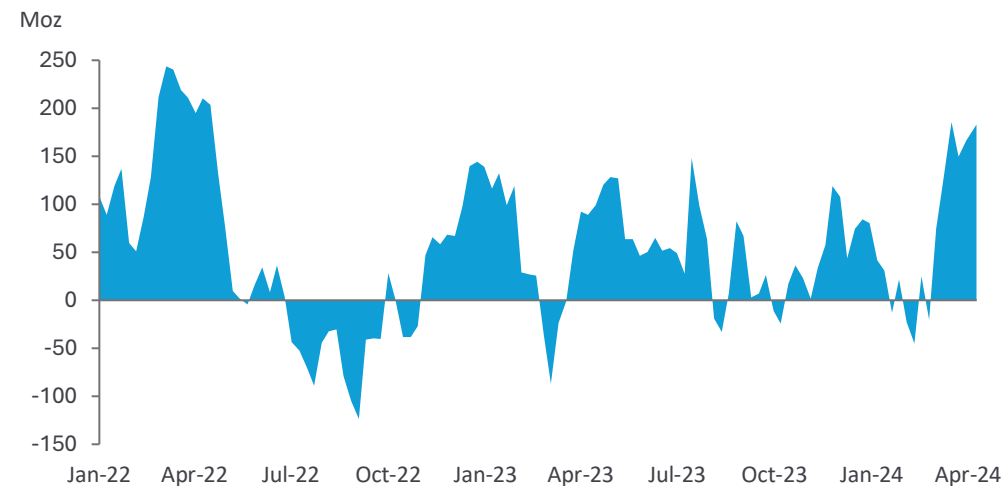
Source: Bloomberg



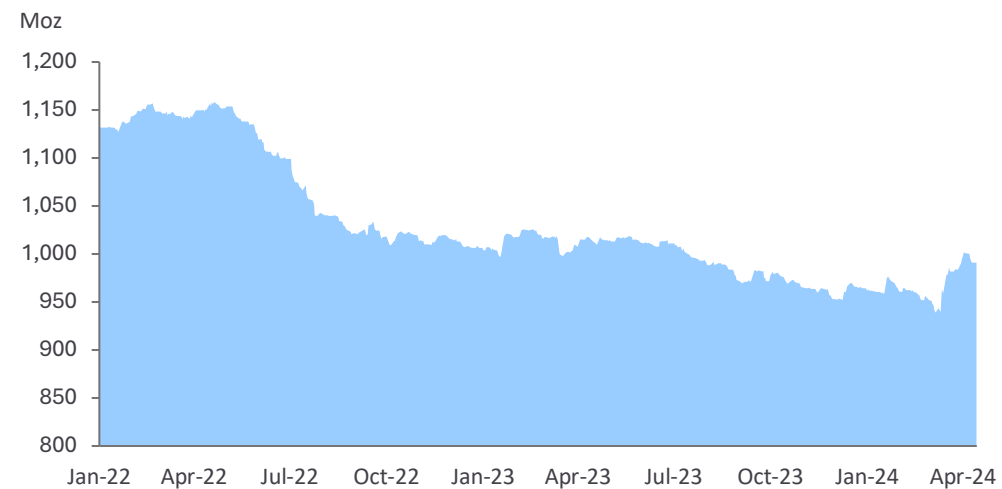
# To more as a precious metal

- Net managed money positions their highest since May 2022
- ETP holdings rise to their highest since last July

### Improvement in net-managed money positions



### Partial recovery in global ETP holdings



Source: Bloomberg



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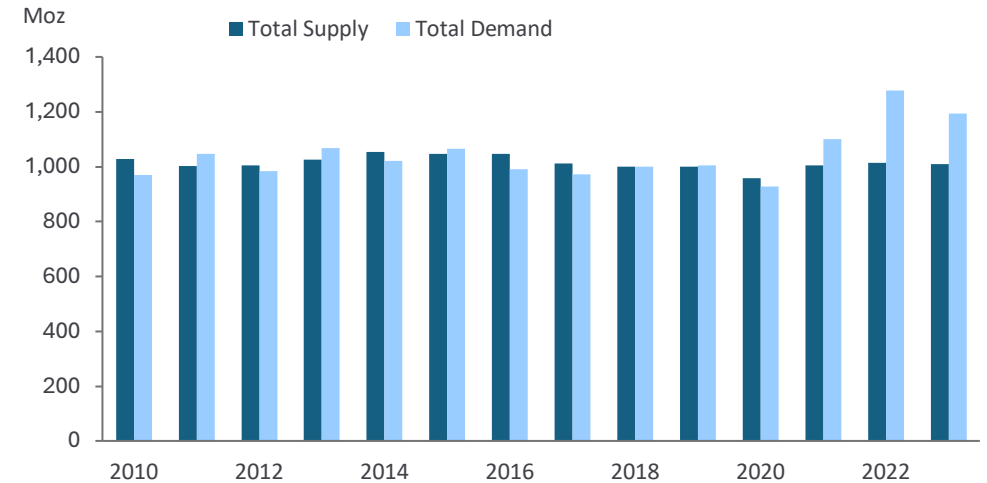




# For the market fundamentals, demand outpacing supply

- Silver supply remains broadly stable
  - 2010-2019: **-0.3%**
  - 2020-2023: +0.3%
- Break-out for demand from 2021 onwards
  - 2010-2019: +0.5%
  - 2020-2023: +5.2%

Global Silver Supply & Demand

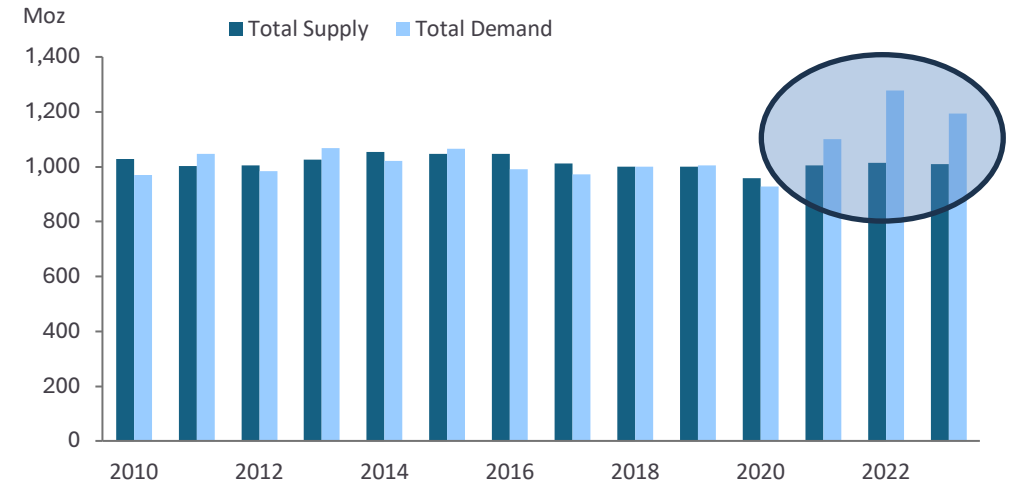


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Global Silver Supply & Demand

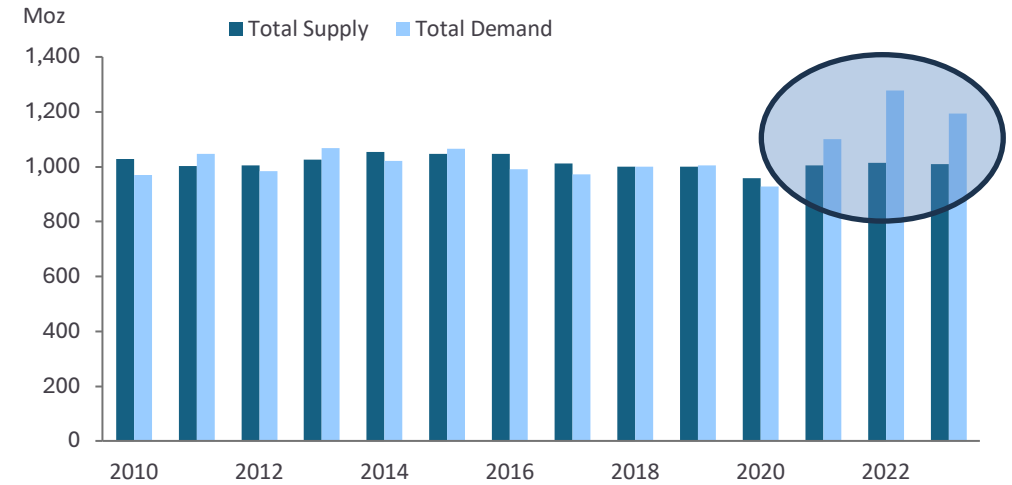


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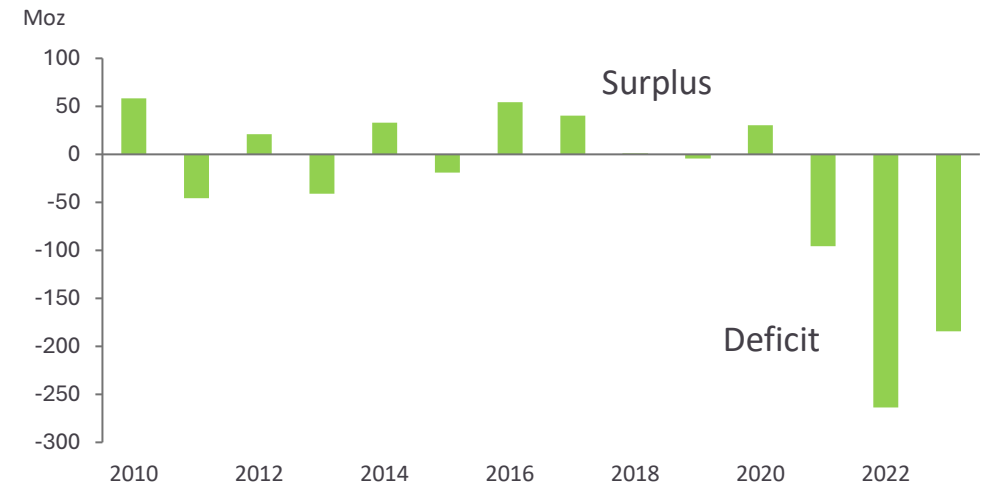
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### Global Silver Supply & Demand



### The silver market has entered a new era



Source: Metals Focus

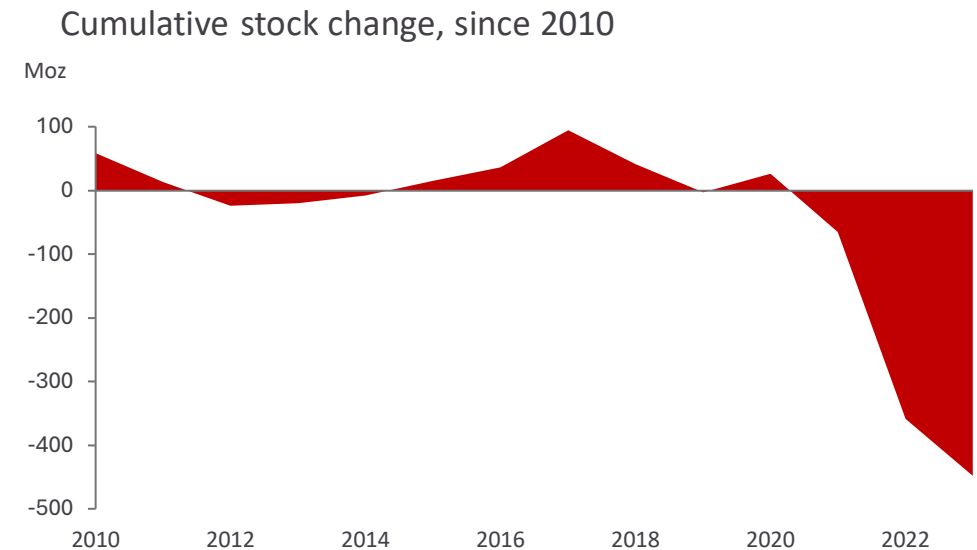
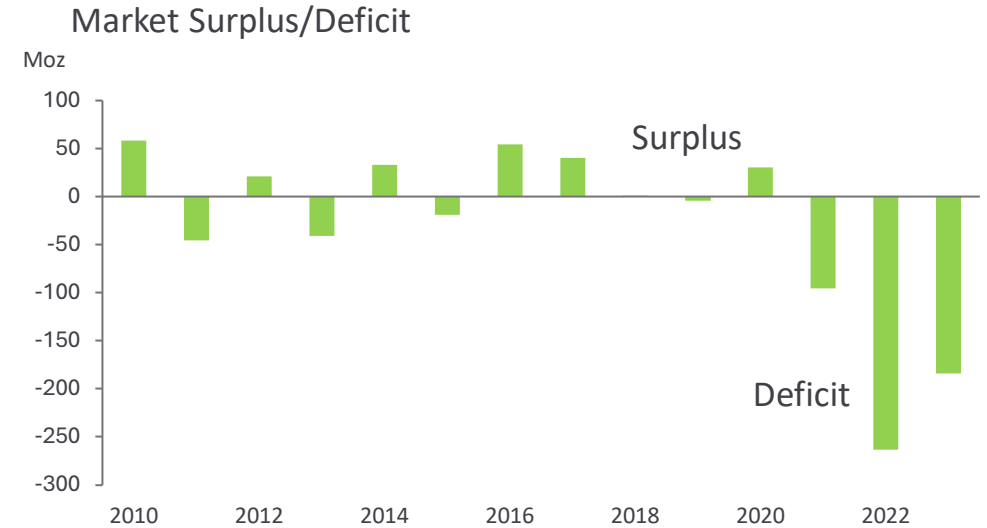


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# One of the key take-aways from World Silver Survey 2024

- Third, successive, sizeable deficit
- Cumulative stock rundown of over 540Moz in just three years.



Source: Metals Focus

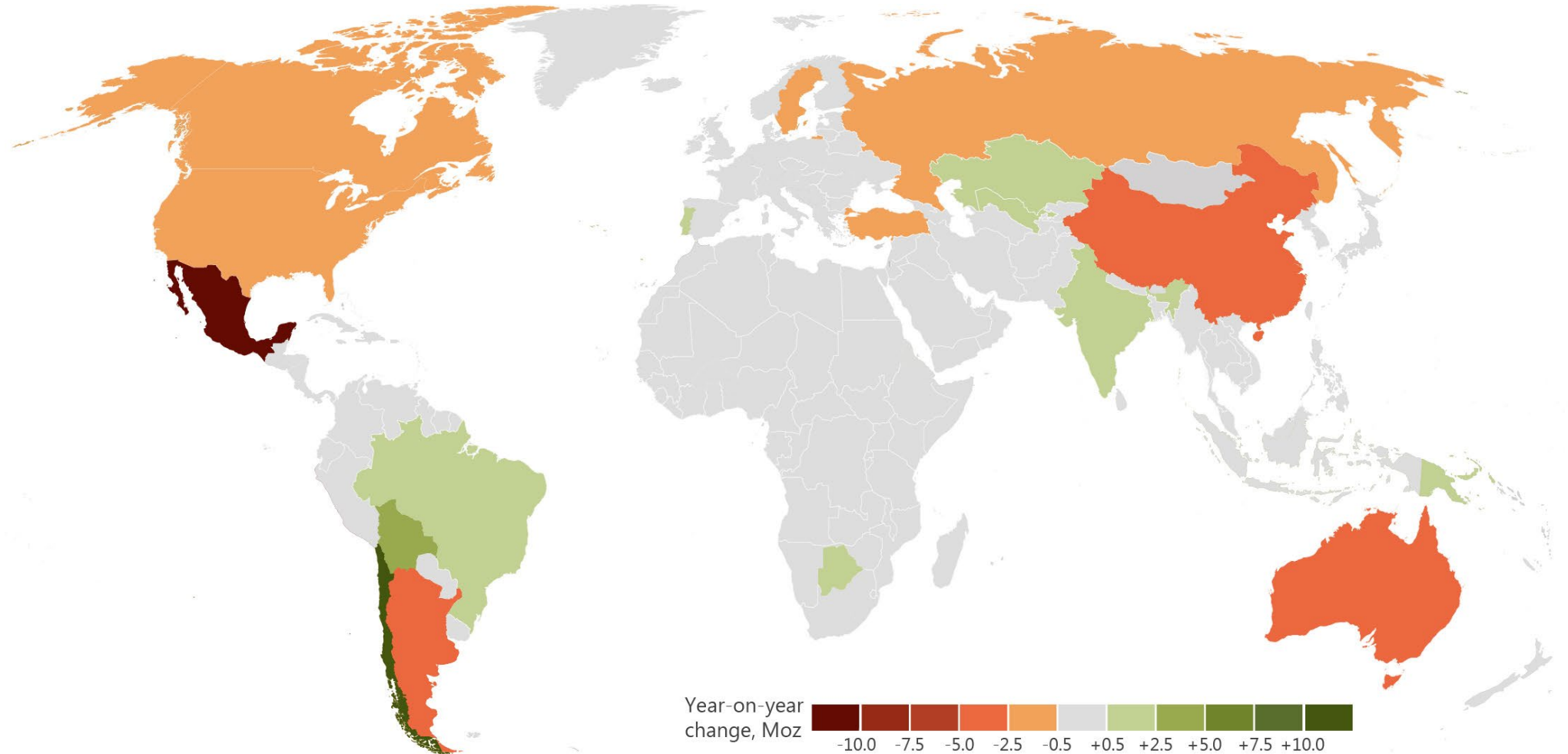


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# Global mined silver production fell by 0.7% y/y in 2023

In 2023 global mined silver supply fell by 6.3Moz to 830.5Moz. Lower production from Mexico, China, Argentina and Australia outweighed increased output in other countries.

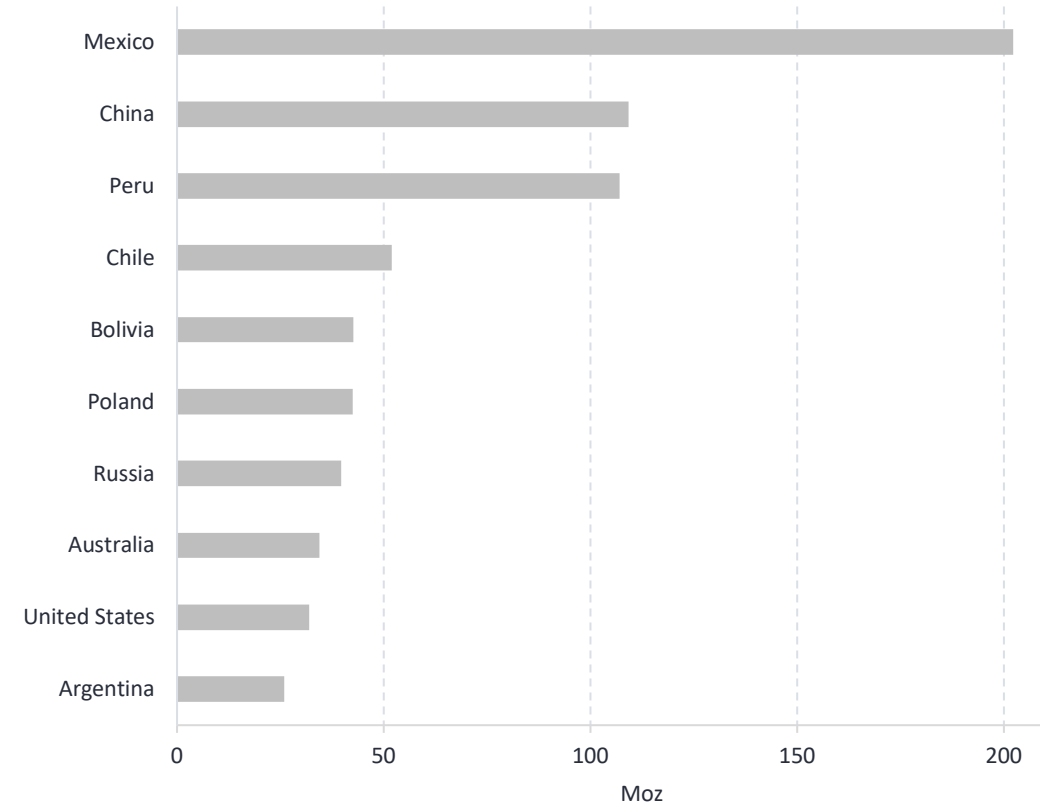
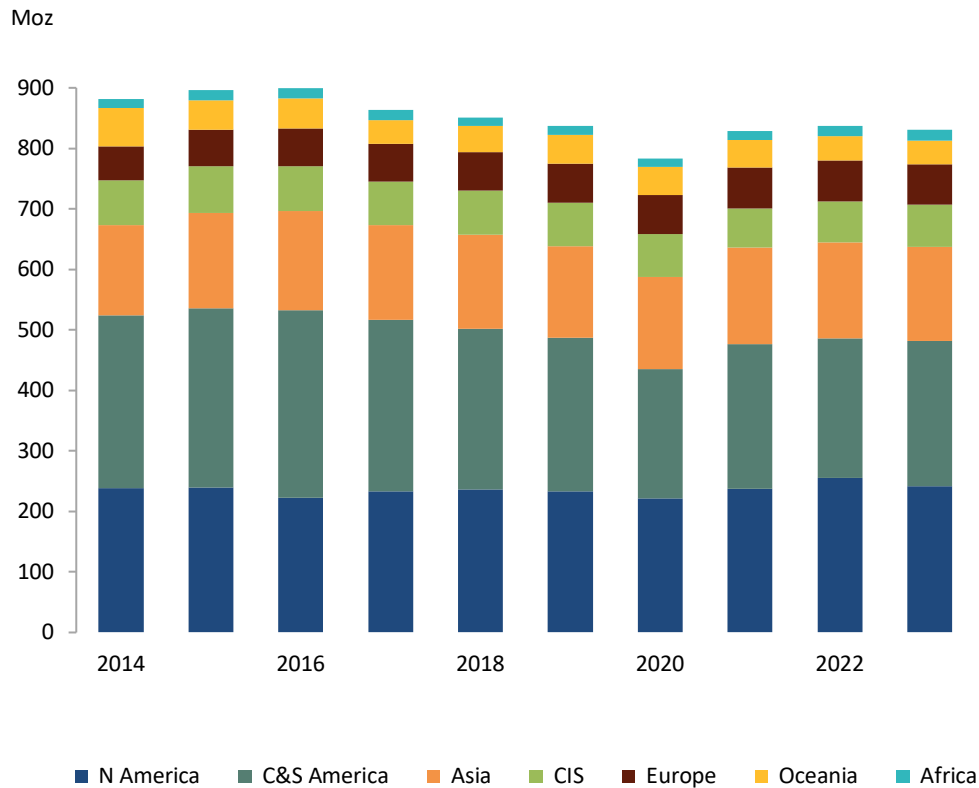




# Output fell for the second consecutive year

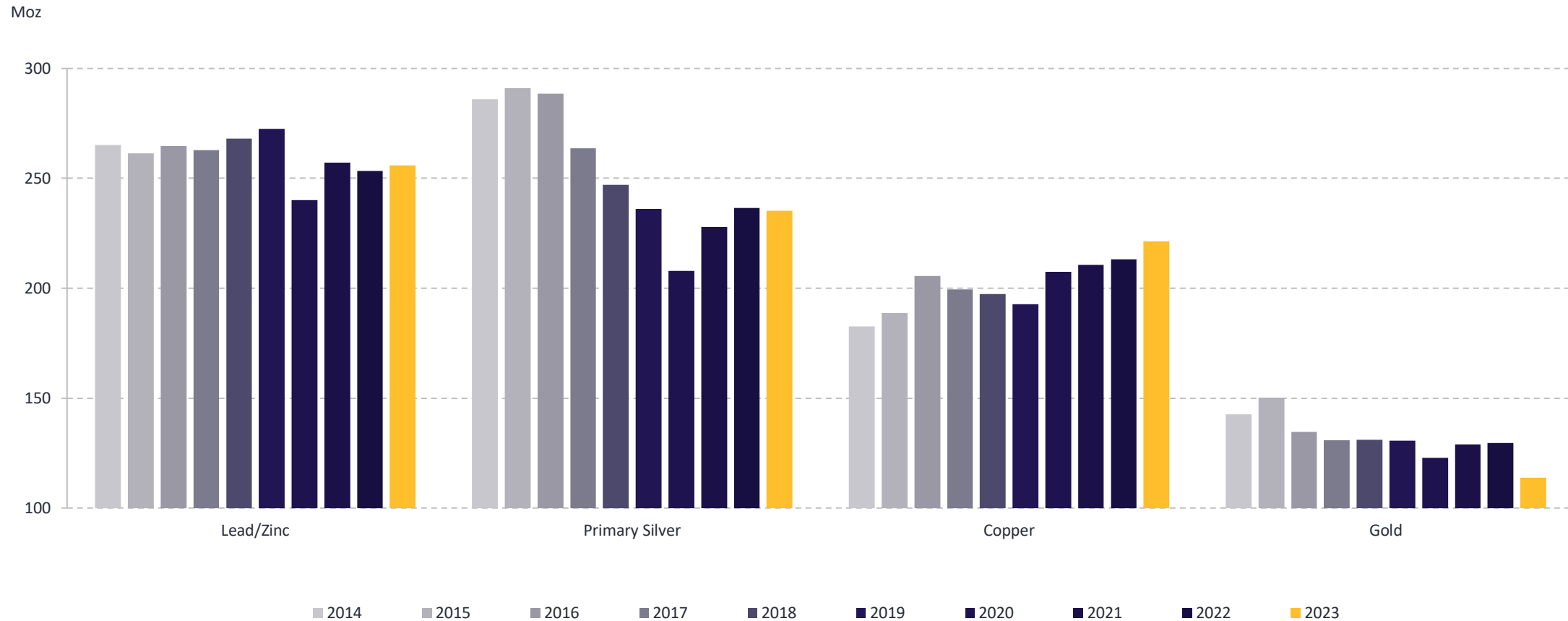
North America experienced the largest fall in production. Central & South America had the most growth.

Peru remained behind China as the third biggest silver producer, but the gap narrowed.



# Silver production from copper and lead/zinc mines rose

Silver production from copper rose by 3.9% y/y and lead/zinc by 1.0% y/y. Output from gold mines fell by 12.2% y/y while supply from silver mines fell marginally by 0.6% y/y.



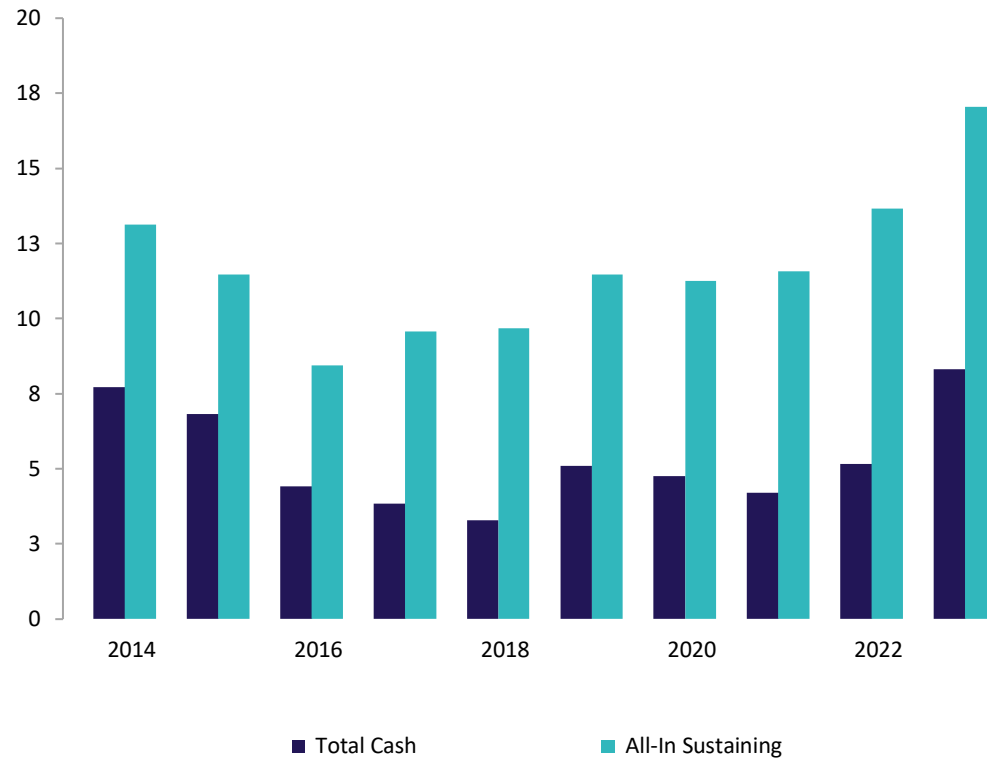


# AISC rose to their highest level since 2012

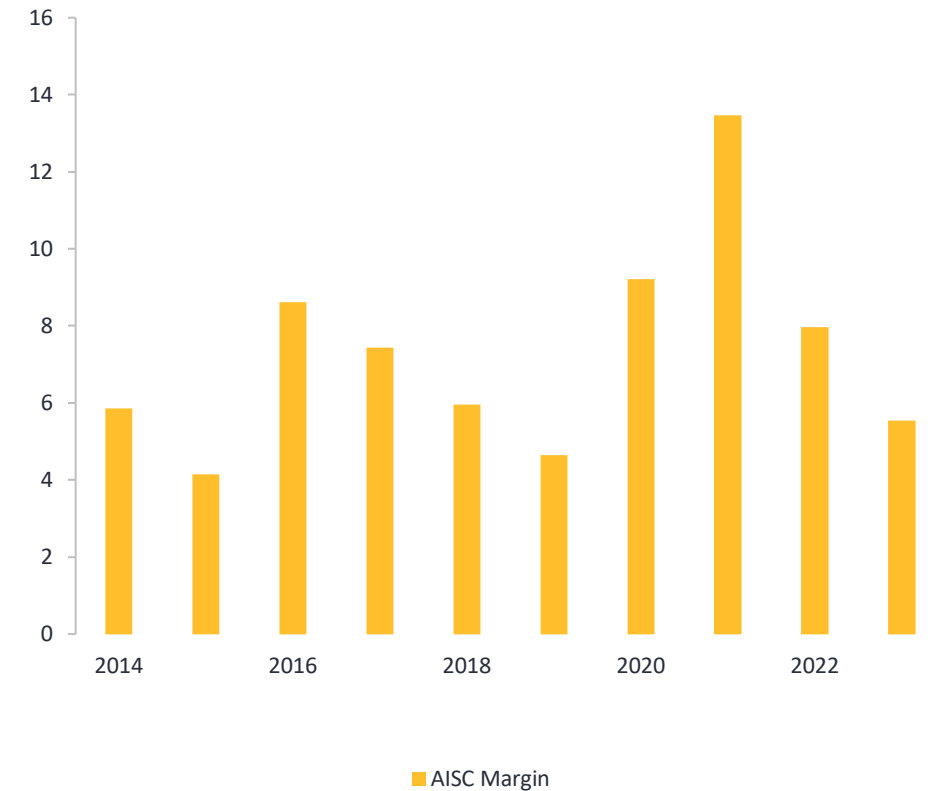
Total cash costs climbed by 61% and AISC increased by 25%.

Silver miners' margins were 30% lower y/y due to cost inflation.

US\$/oz (by-product\*)



US\$/oz

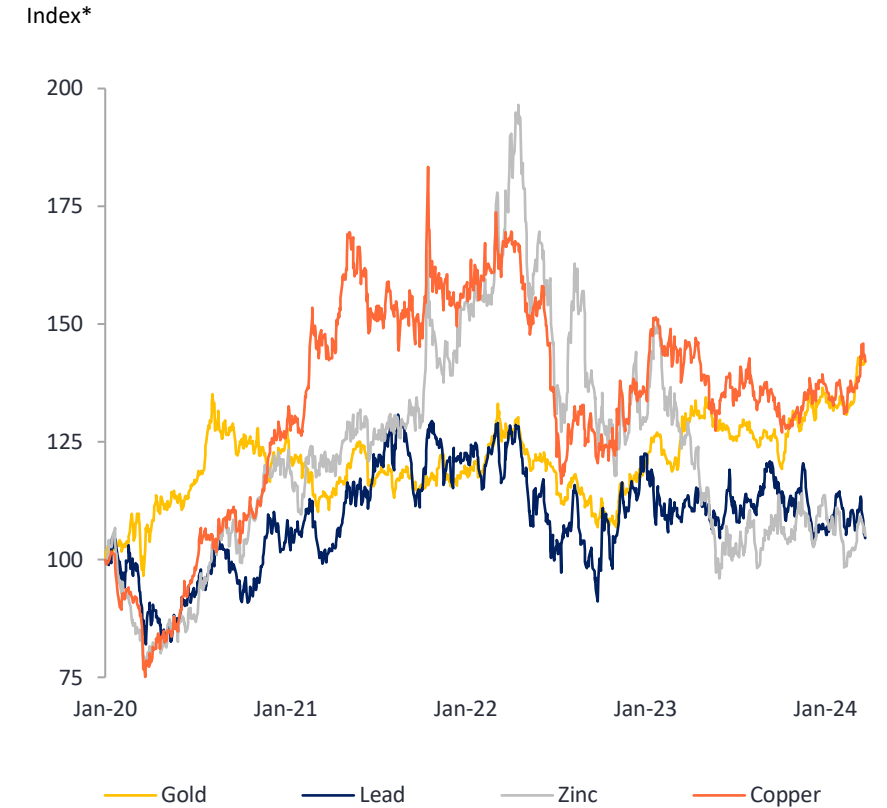
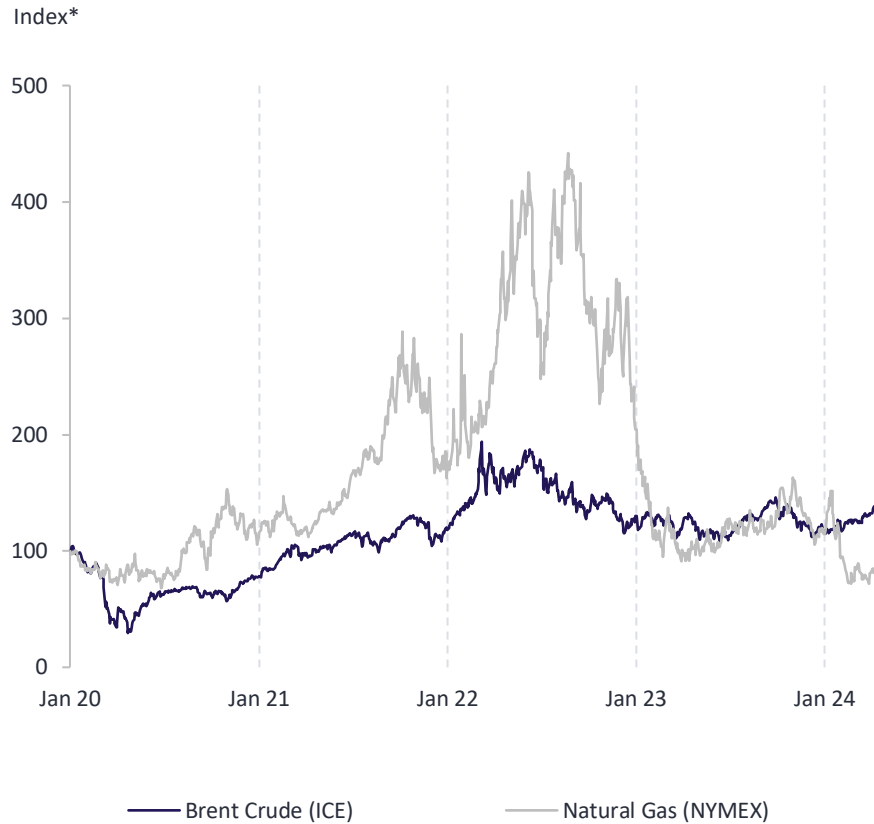


Costs shown on a by-product accounting basis  
Source: Metals Focus Silver Mine Cost Service

# Costs were affected by falling base metal prices

Oil and gas prices fell but remain relatively high.

In 2023 base metal prices continued their downward trend, but the gold price started climbing toward record levels.



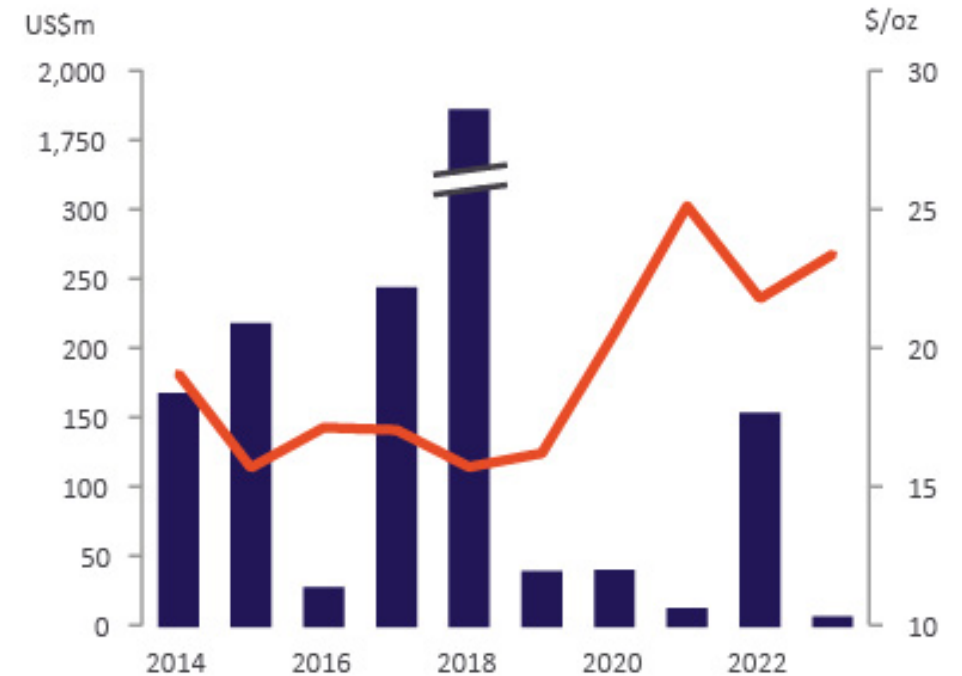
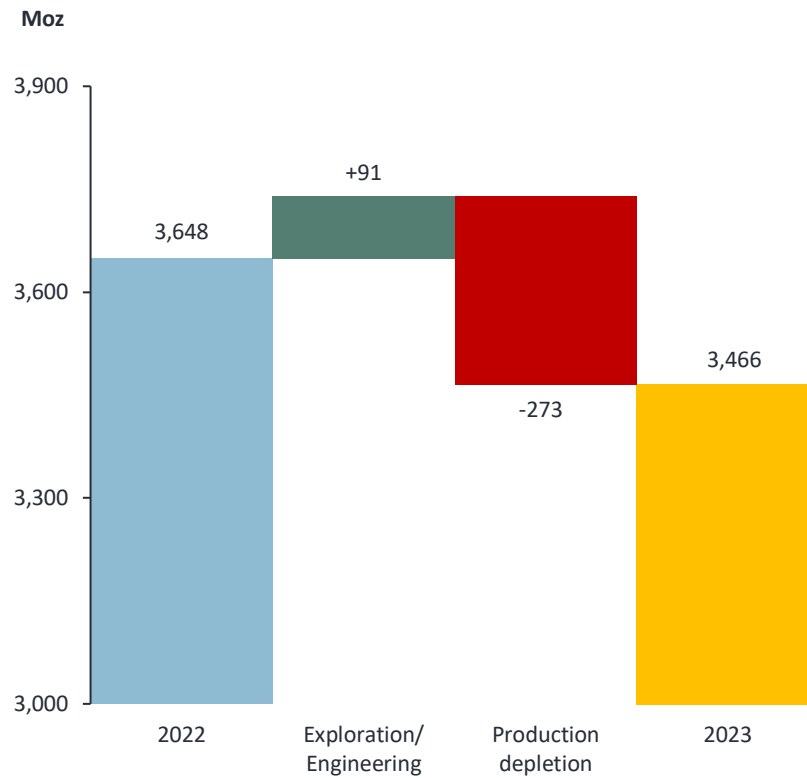
\* 1st Jan 2020 = 100  
Source: Metals Focus, Bloomberg



# Global silver reserves continue to fall and M&A drops in 2023

Primary silver reserves declined due to mining depletion and modelling changes.

M&A targeting primary silver mines dropped to its lowest level since 2006.



M&A values aggregated in year deals are announced Source: Metals Focus, Bloomberg

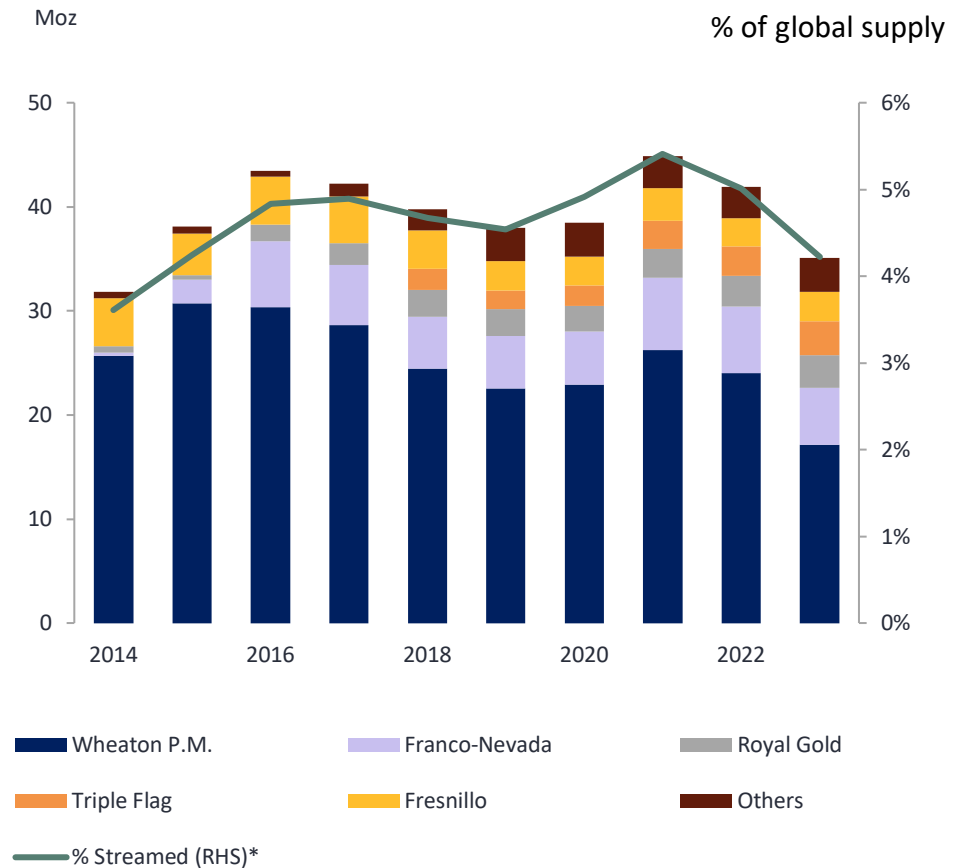
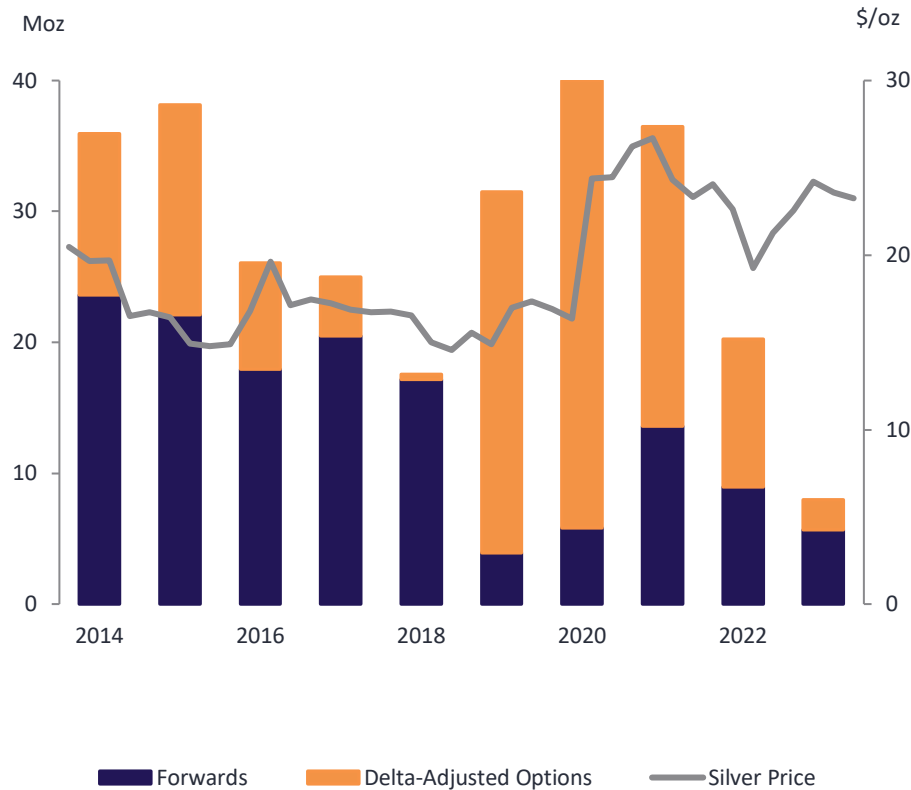
Value  
Average Silver Price (RHS)



# Hedging and streaming fall

Hedged silver production dropped by 58% y/y to its lowest level for decades.

Silver production covered by streaming and royalty contracts fell by 16% y/y.



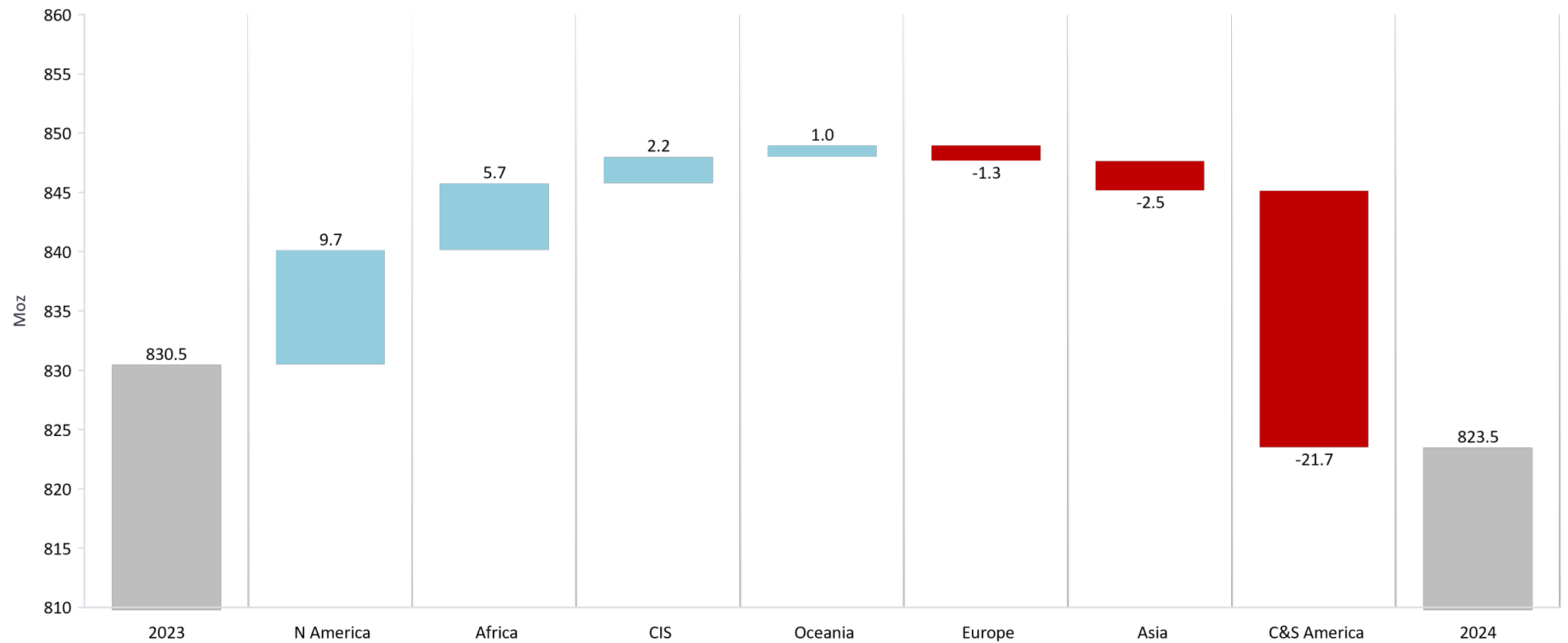
Hedge book chart shows delta adjusted position at year-end.  
Source: Metals Focus





# Mined silver supply forecast to fall again in 2024

Global silver production is expected to marginally decrease by 0.8% y/y to 823.5Moz.

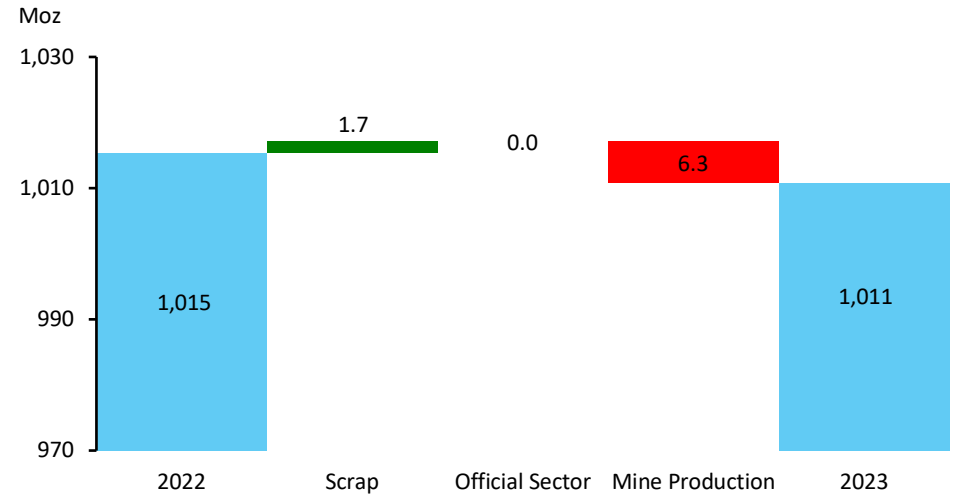


Source: Metals Focus

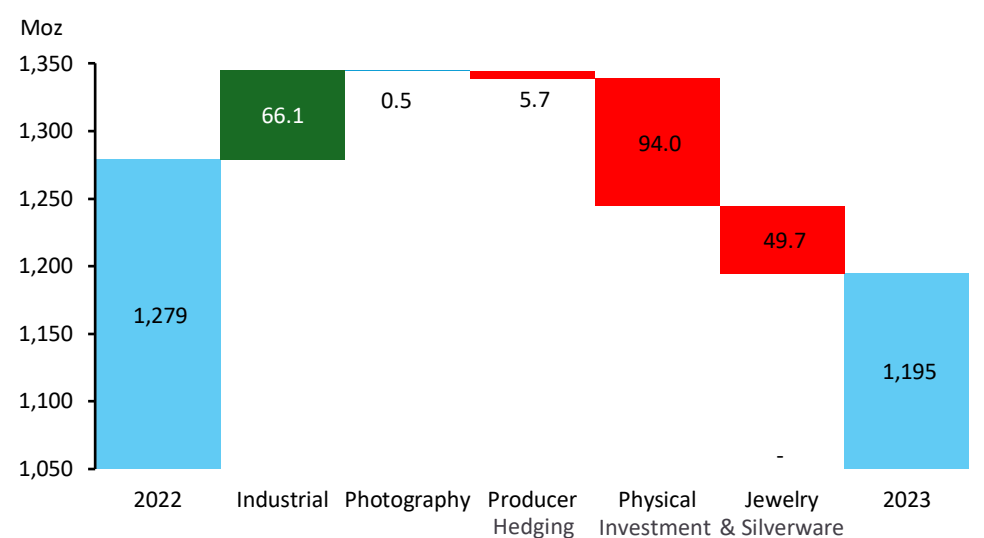
# Key supply/demand changes: 2022 versus 2023

- Most dramatic changes occur for global demand
- A new high for industrial offtake`
- Physical investment drops to a 3-year low
- Jewelry & silverware down sharply, but only to 2-year lows

Global Supply, down 0.5% in 2023



Global Demand, down 7% in 2023



Source: Metals Focus



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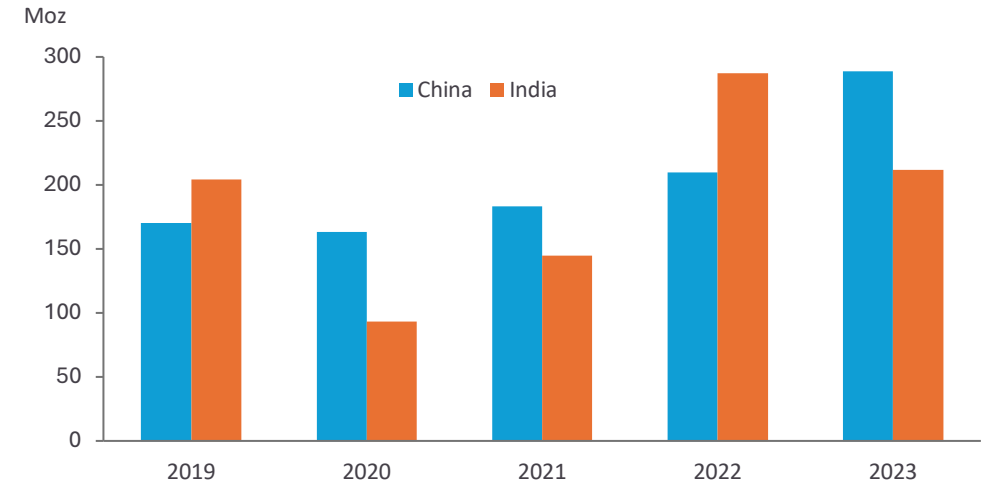




# Where are the gains & losses for demand concentrated?

- Chinese demand surges 26% (+79Moz) to a record high
- India weakens by 26% (-75Moz), but only to a 2-year low
- They almost offset each other

Key countries: changes concentrated in China & India

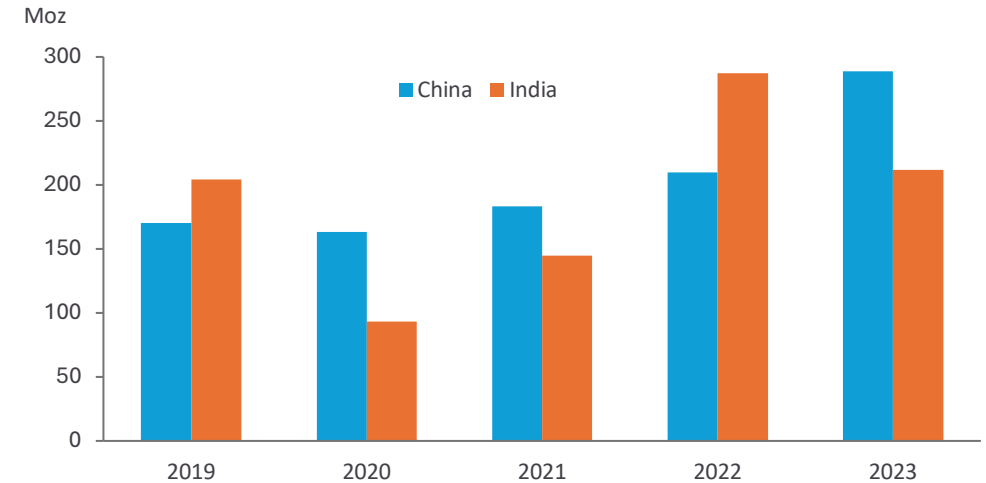


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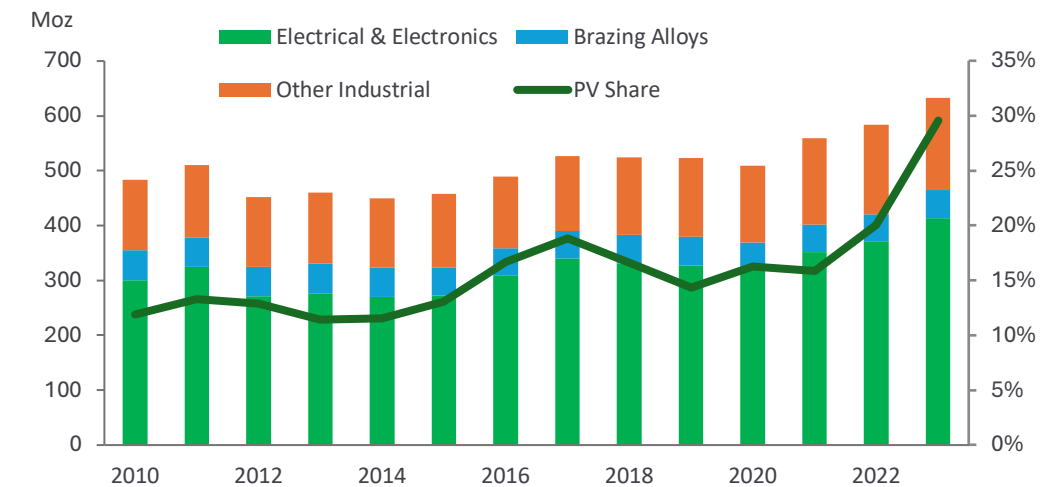
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Key countries: changes concentrated in China & India



- A comfortable record high for E&E
- Adding almost 100Moz in 2 years
- Underpinned by a surge in PV demand

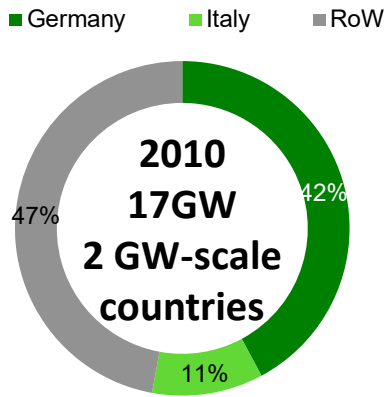
Key segments: gains dominated by electrical/electronics



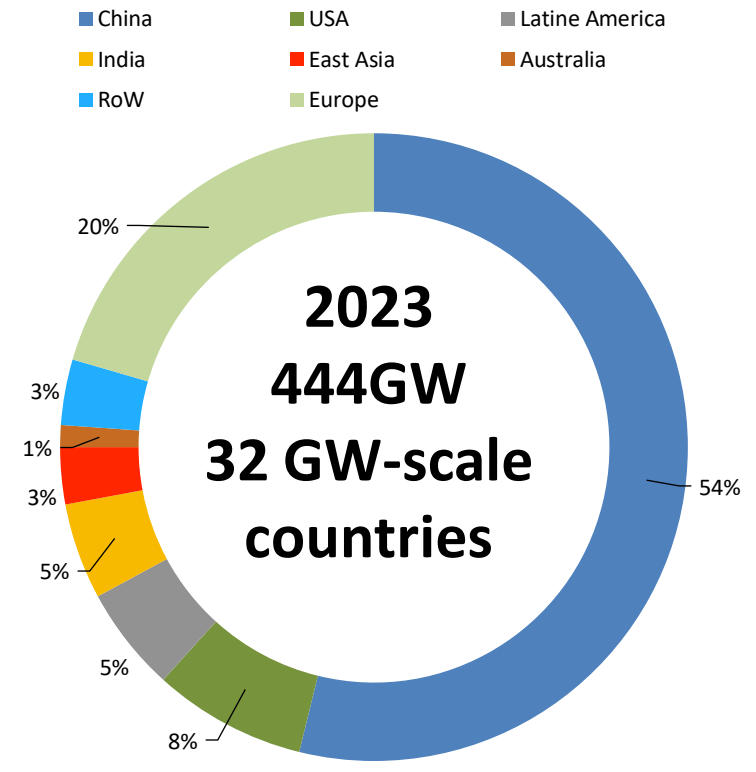
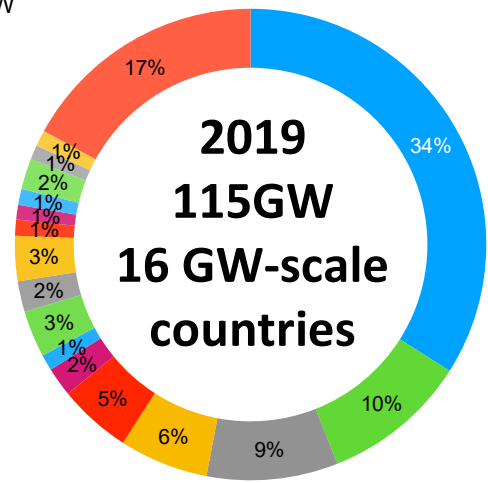
Source: Metals Focus



# Photovoltaics: more countries installing PV



- China
- Japan
- Netherlands
- Brazil
- RoW
- India
- South Korea
- Spain
- Mexico
- US
- Taiwan
- France
- Egypt
- Australia
- Germany
- Ukraine
- UAE

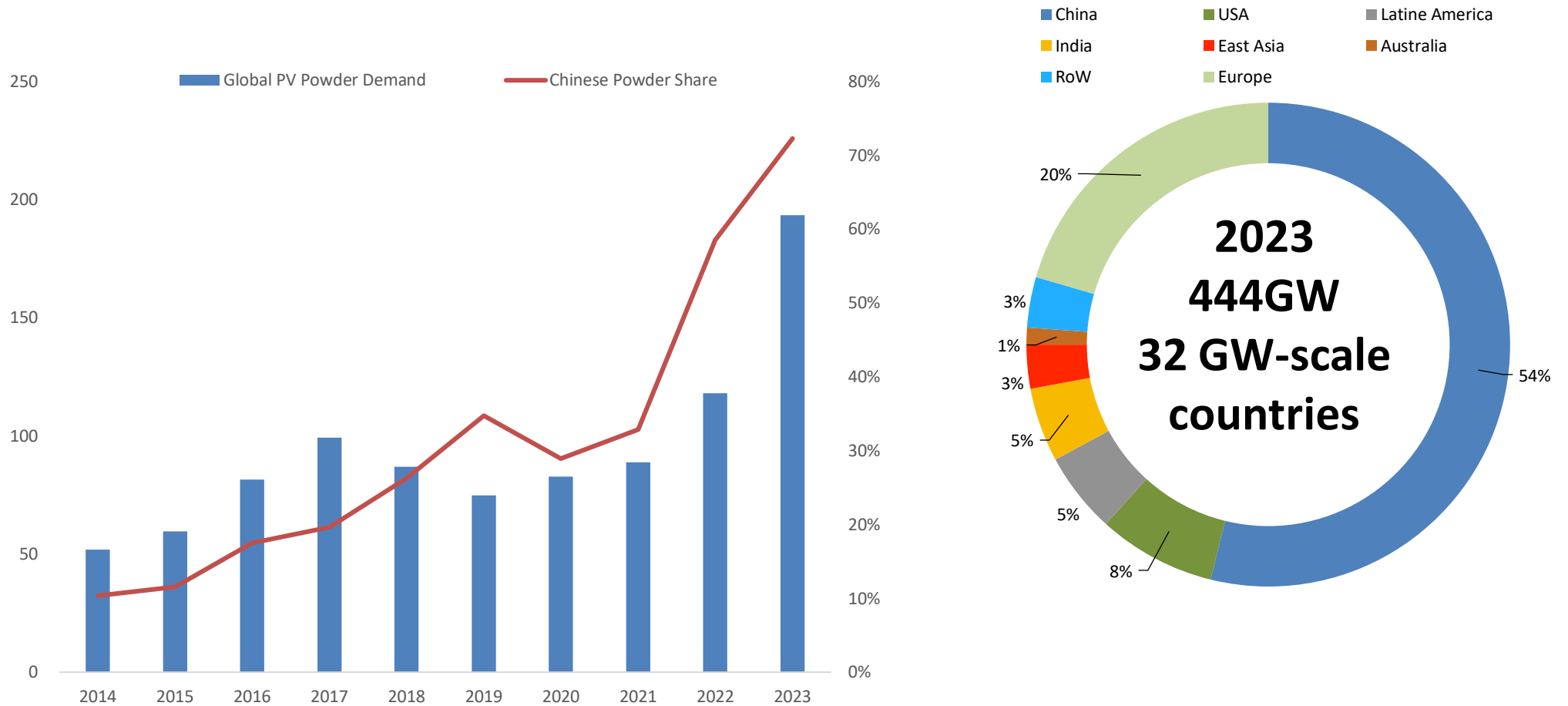


Source: Metals Focus, various





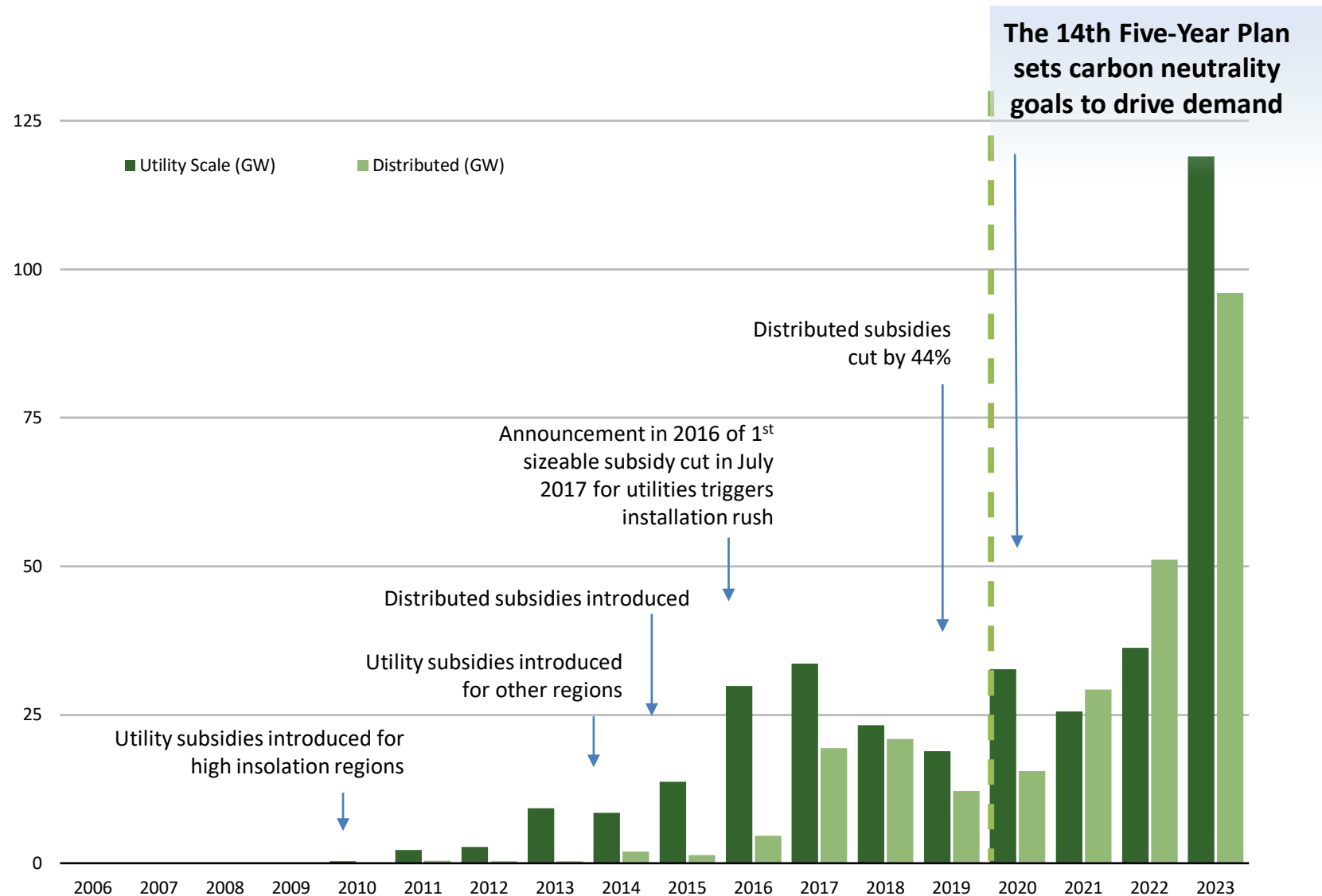
# Photovoltaics: but a possible over-reliance on China



Source: Metals Focus

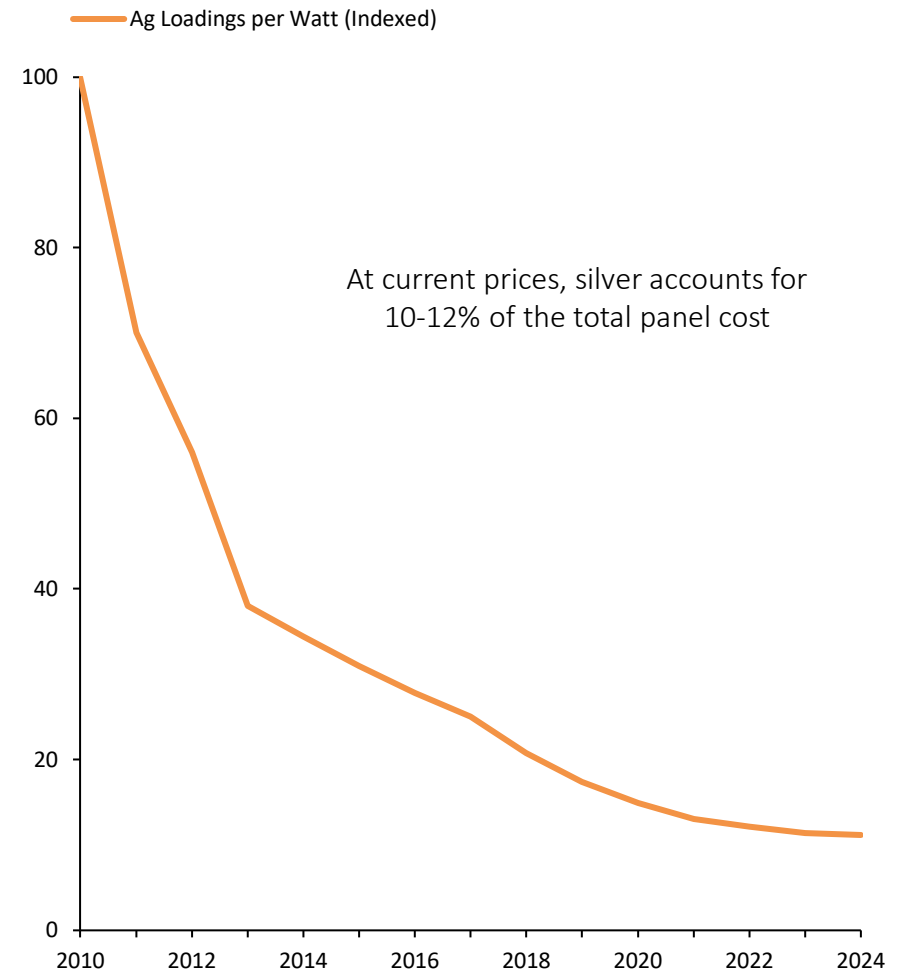
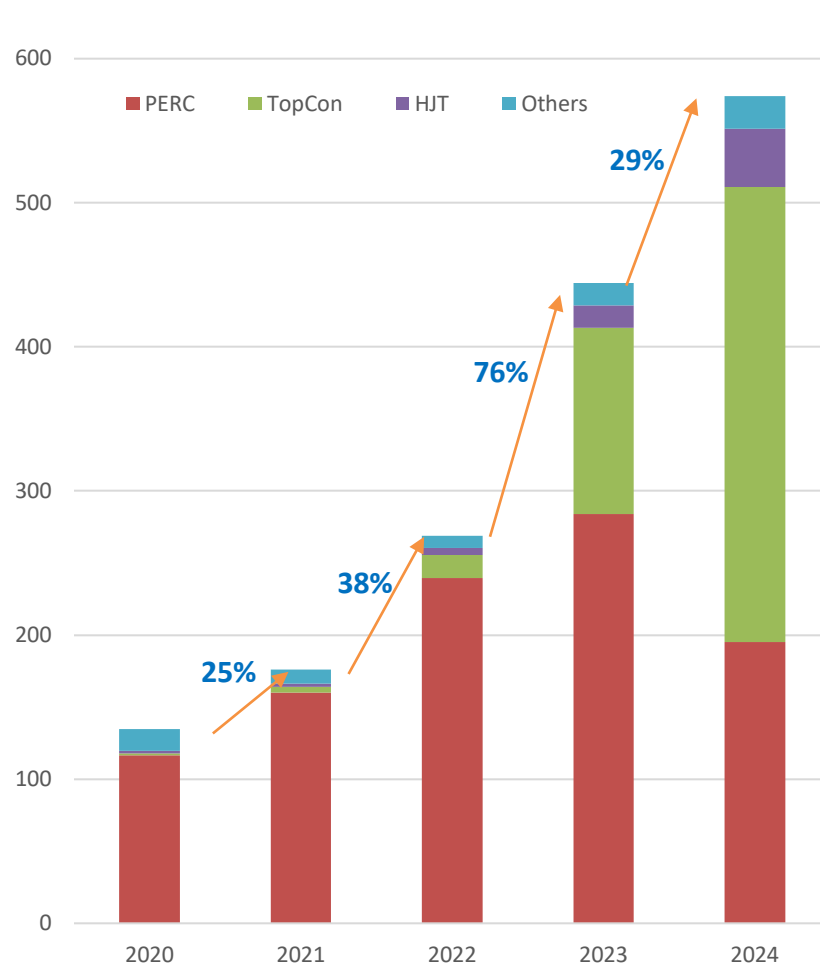


# Photovoltaics: China's soaring installations beat expectations



Source: National Energy Administration, CPIA, \* Metals Focus estimate.

# Global PV installations – N-type cells dominate from 2024



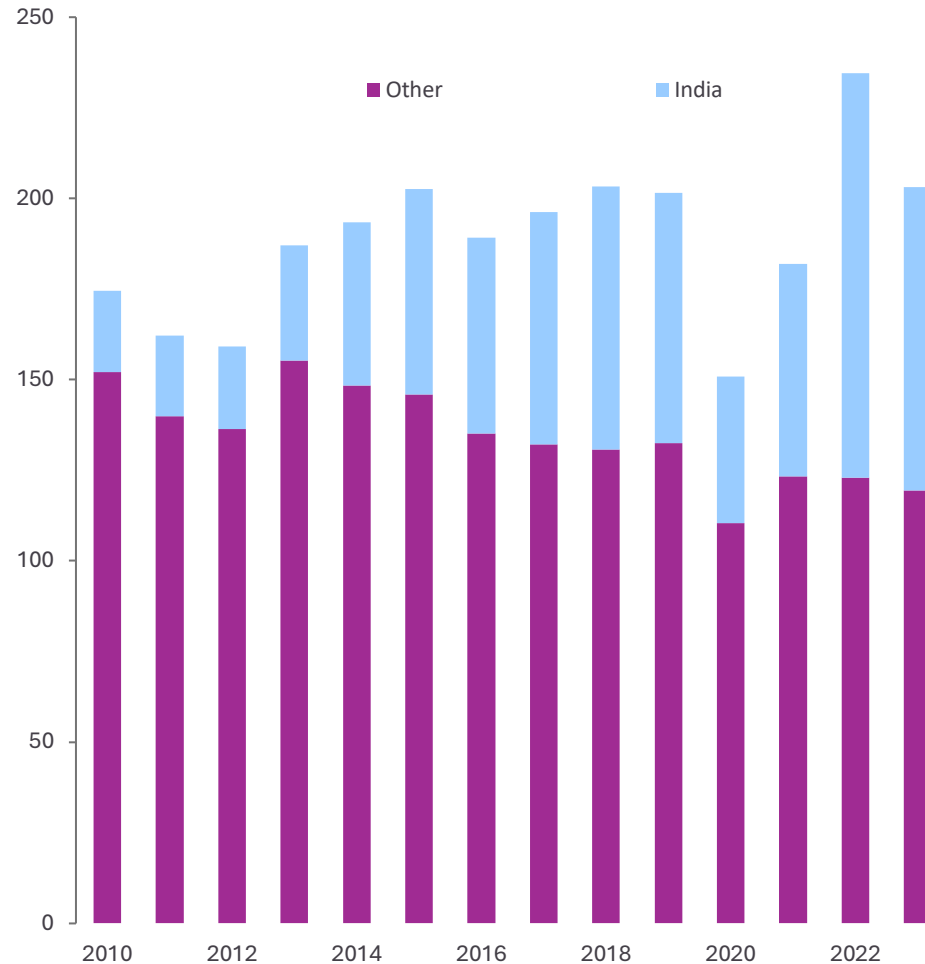
Source: Metals Focus; \*PERC Passivated Emitter and Rear Cell; TOPCon Tunnel Oxide Passivated Contact; HJT Heterojunction



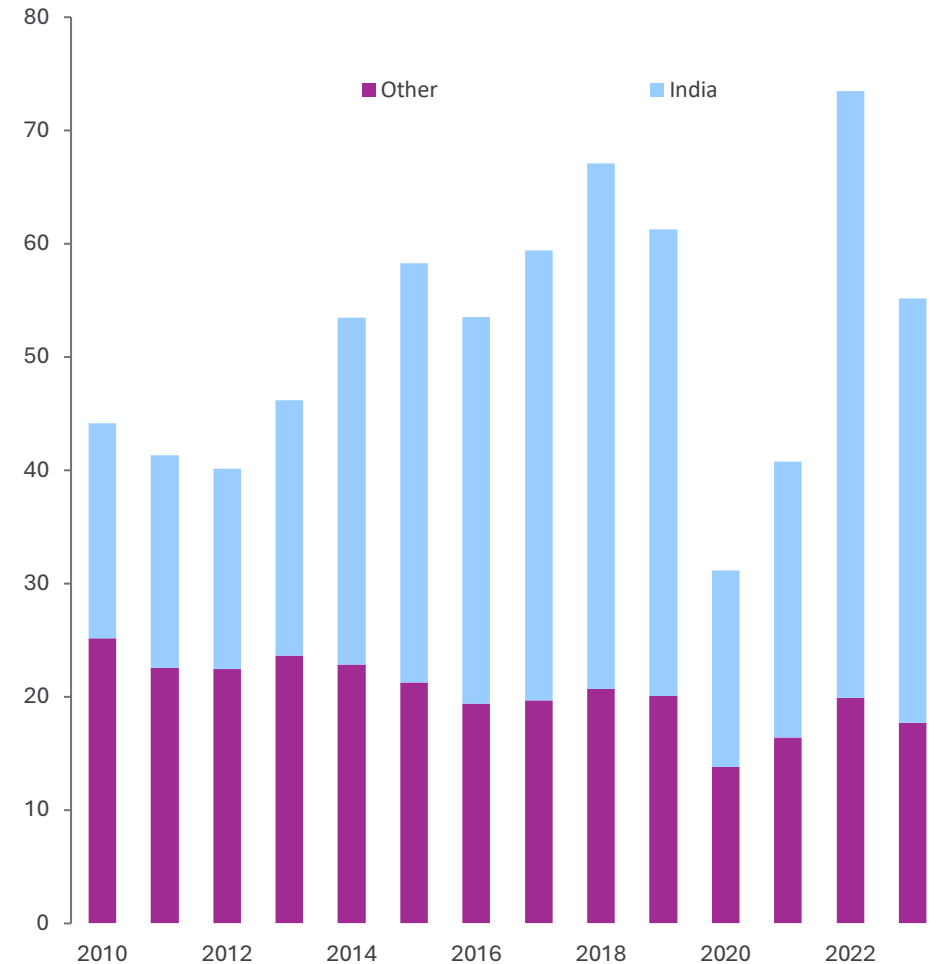


# Jewelry & silverware demand return to more “normal” levels

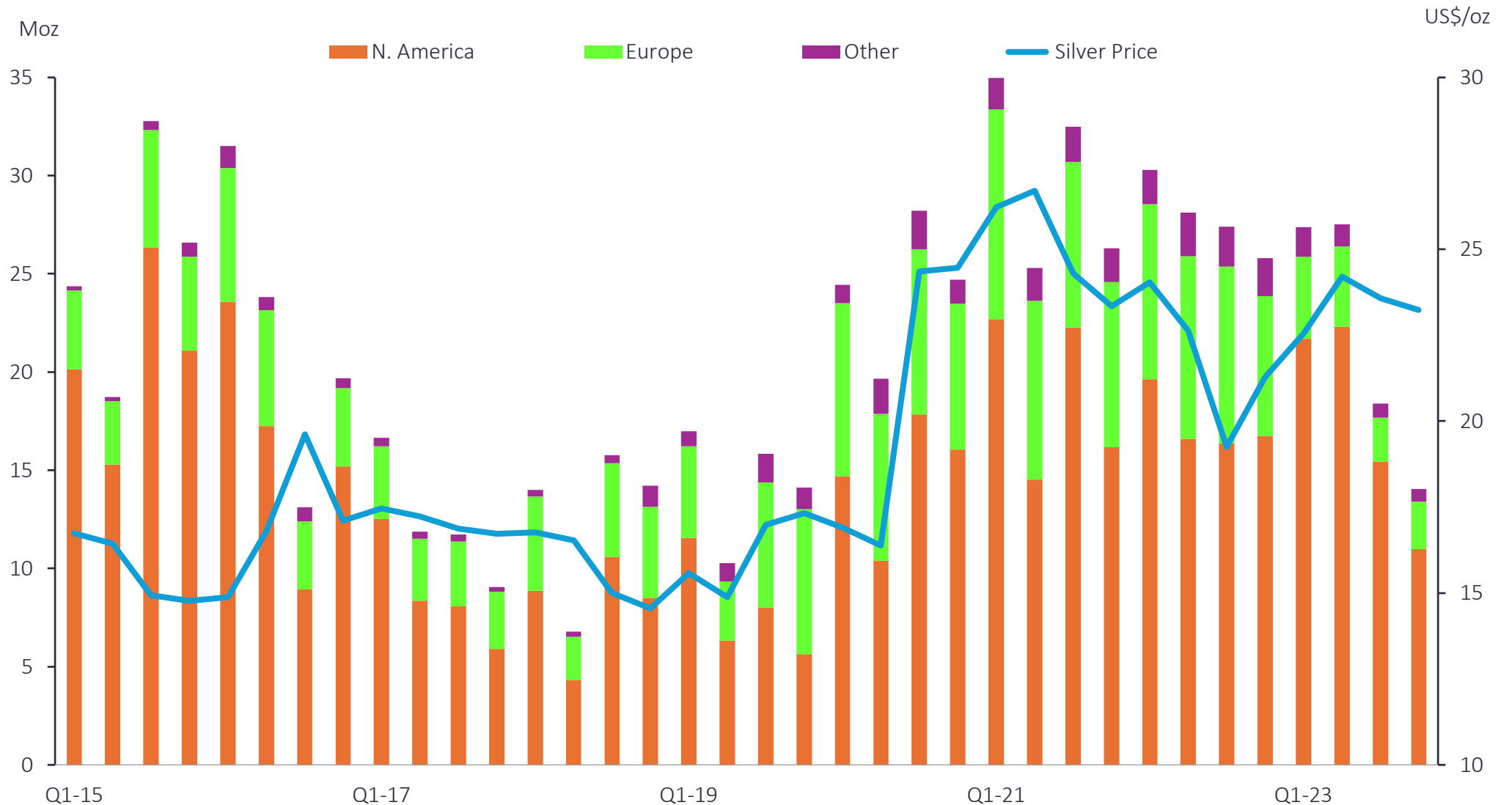
Jewelry: 2023 total **-13%**; excluding India, **-3%**



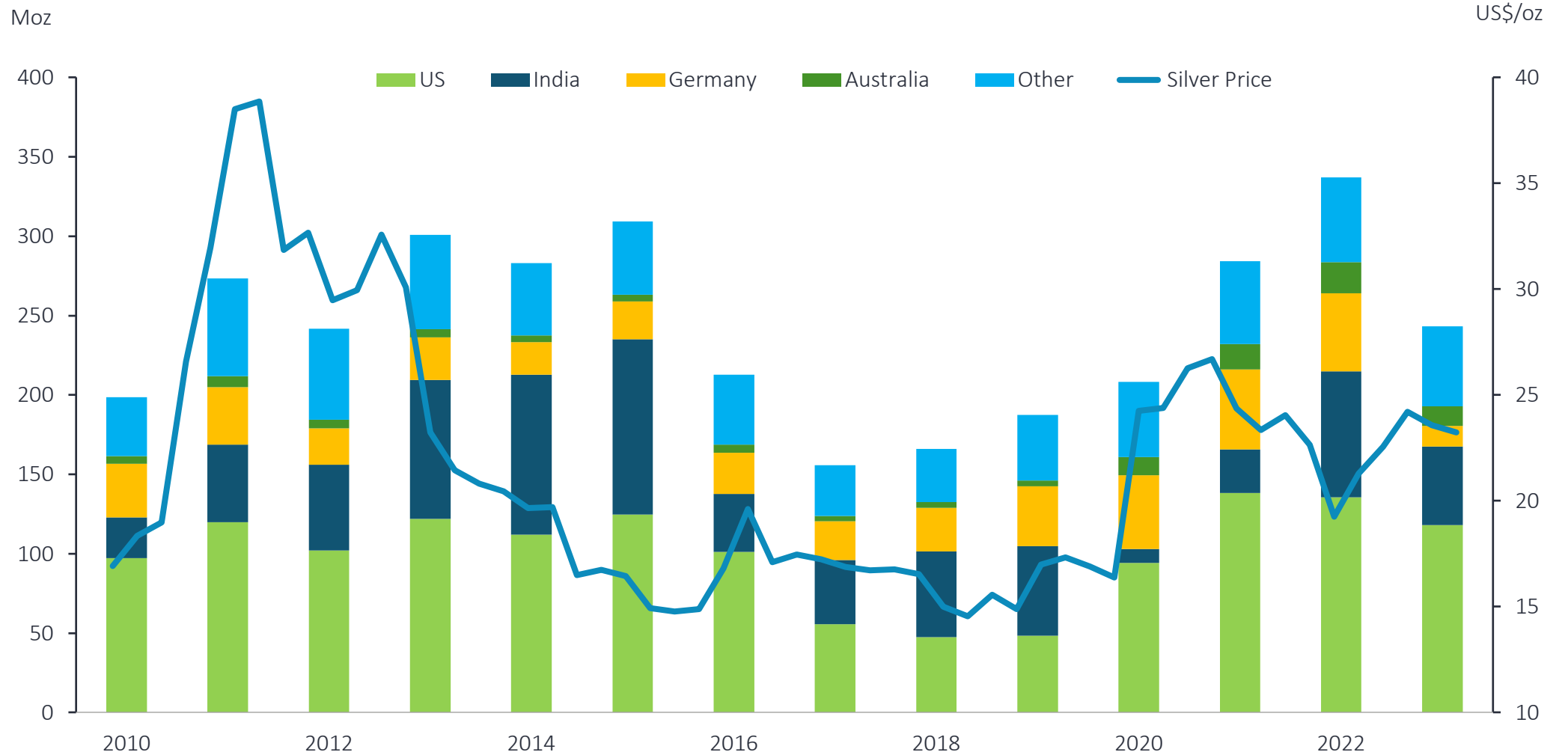
Silverware: 2023 total **-25%**; excluding India, **-11%**



# Physical investment decline last year led by Germany



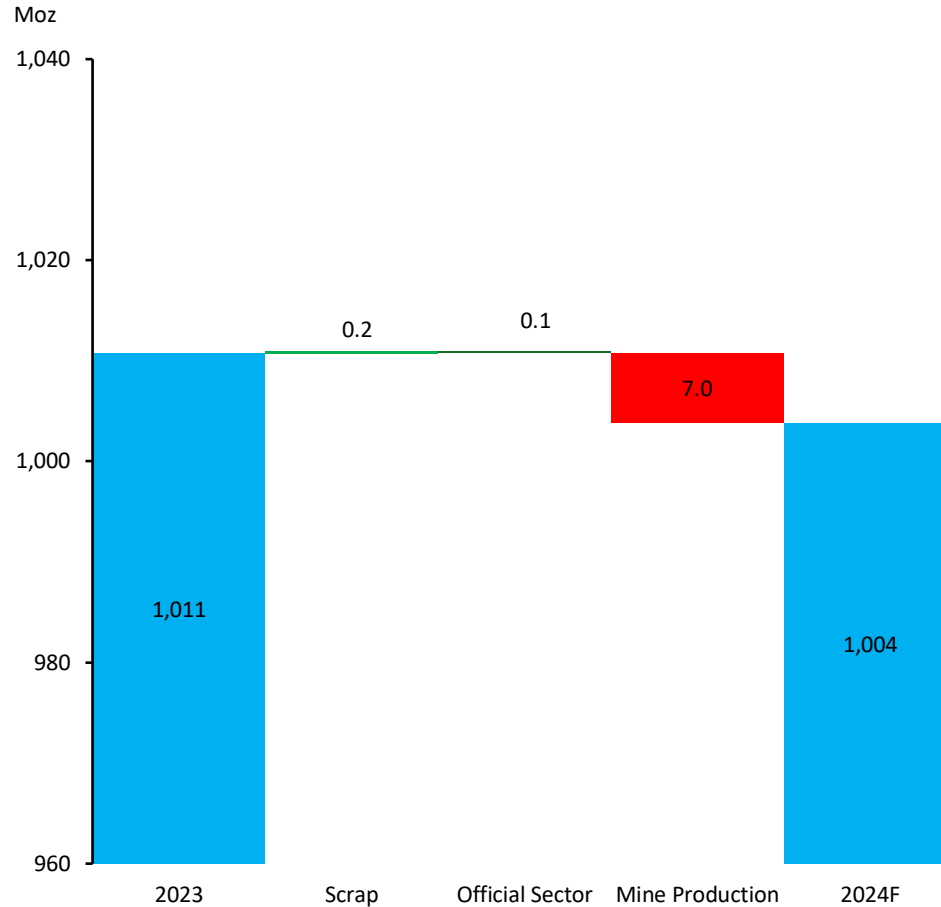
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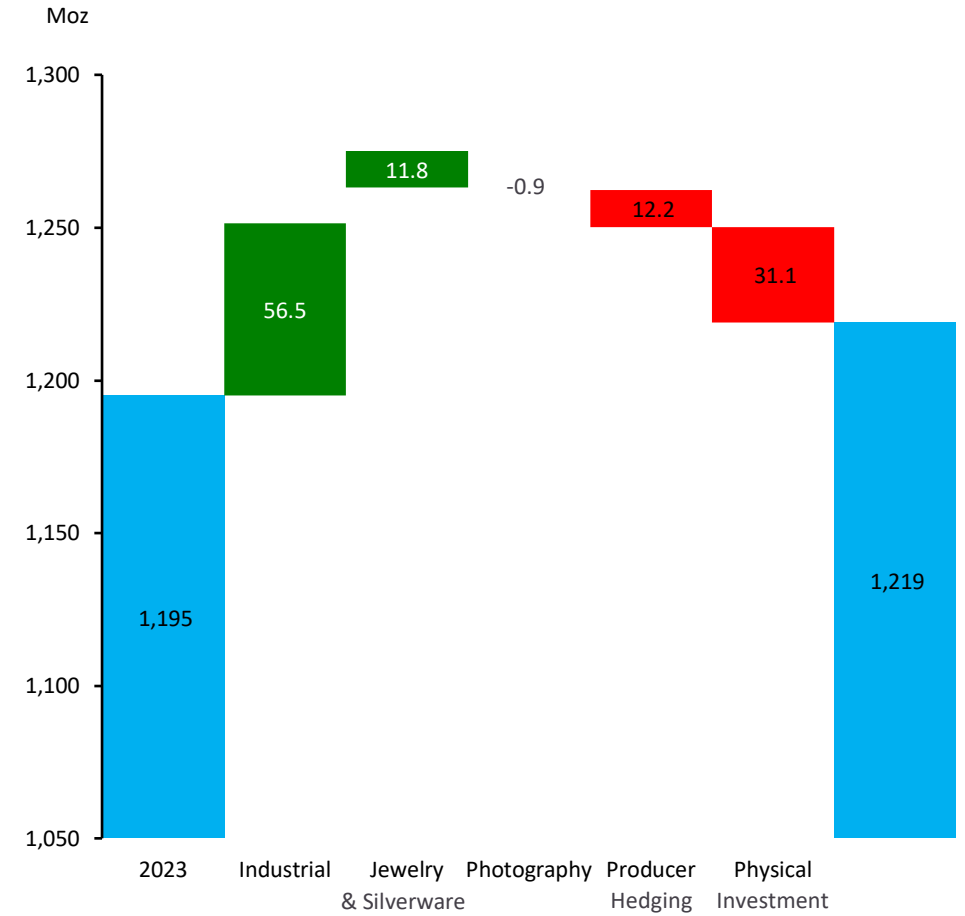


# 2024 Supply/Demand Outlook

Global Supply: 2024 edges lower by just 1%

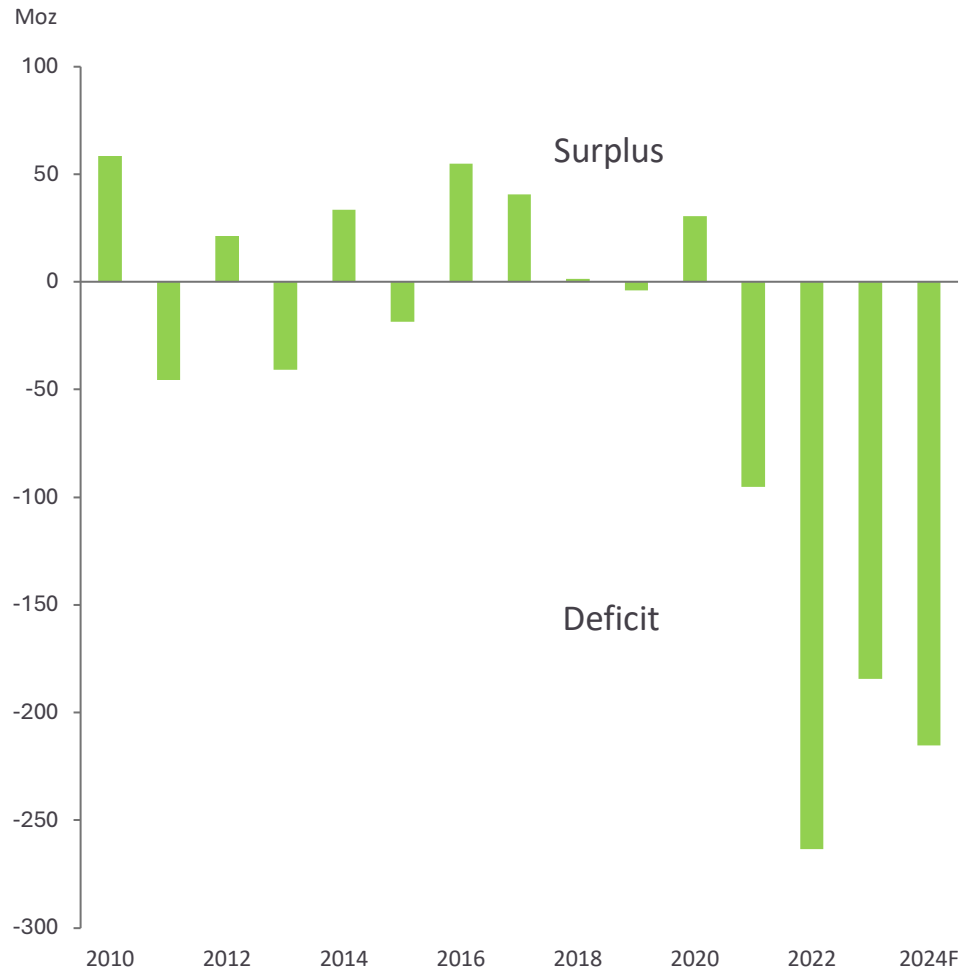


Global Demand: 2024 partially recovers by 2%, approaching 2022's record high

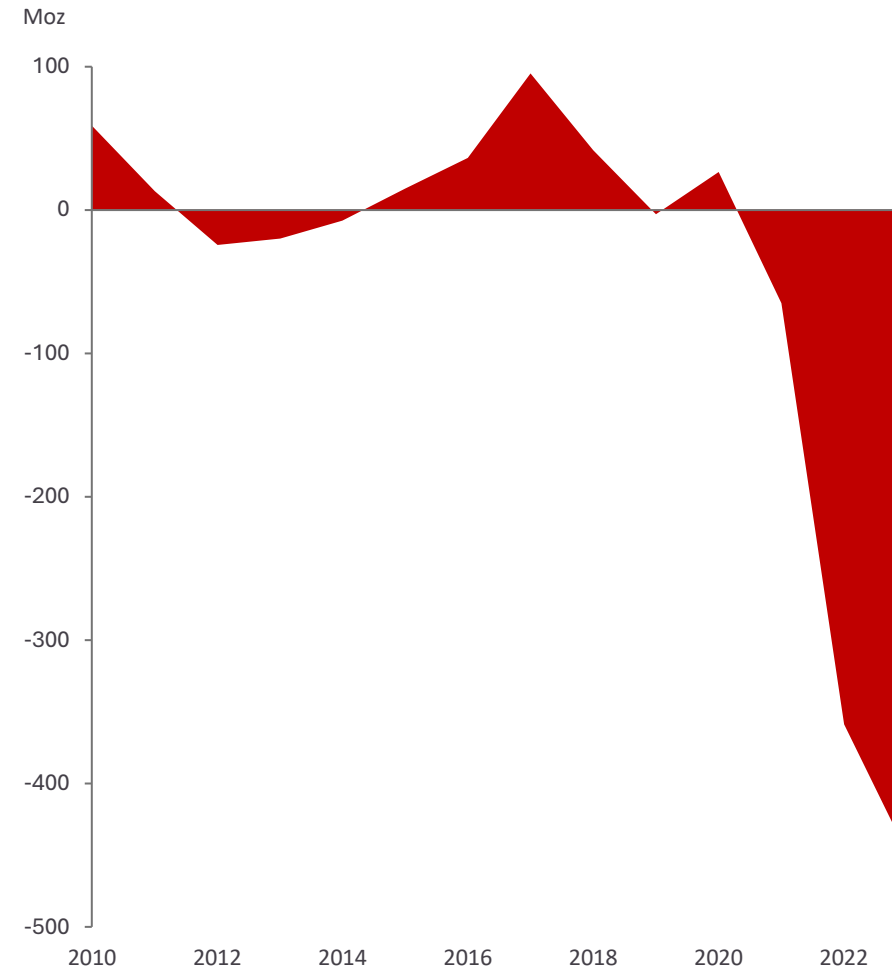


# 2024 Outlook, supply/demand gap widens

Another material surplus this year



Stock drawdown continues, 758Moz over 2021-2024F







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