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World Silver Survey 2022

The Silver Institute/ Metals Focus

WORLD SILVER SURVEY 2022

Launch of World Silver Survey 2022

Philip Newman and Adam Webb, Metals Focus

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The Global Source
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M_F METALS FOCUS

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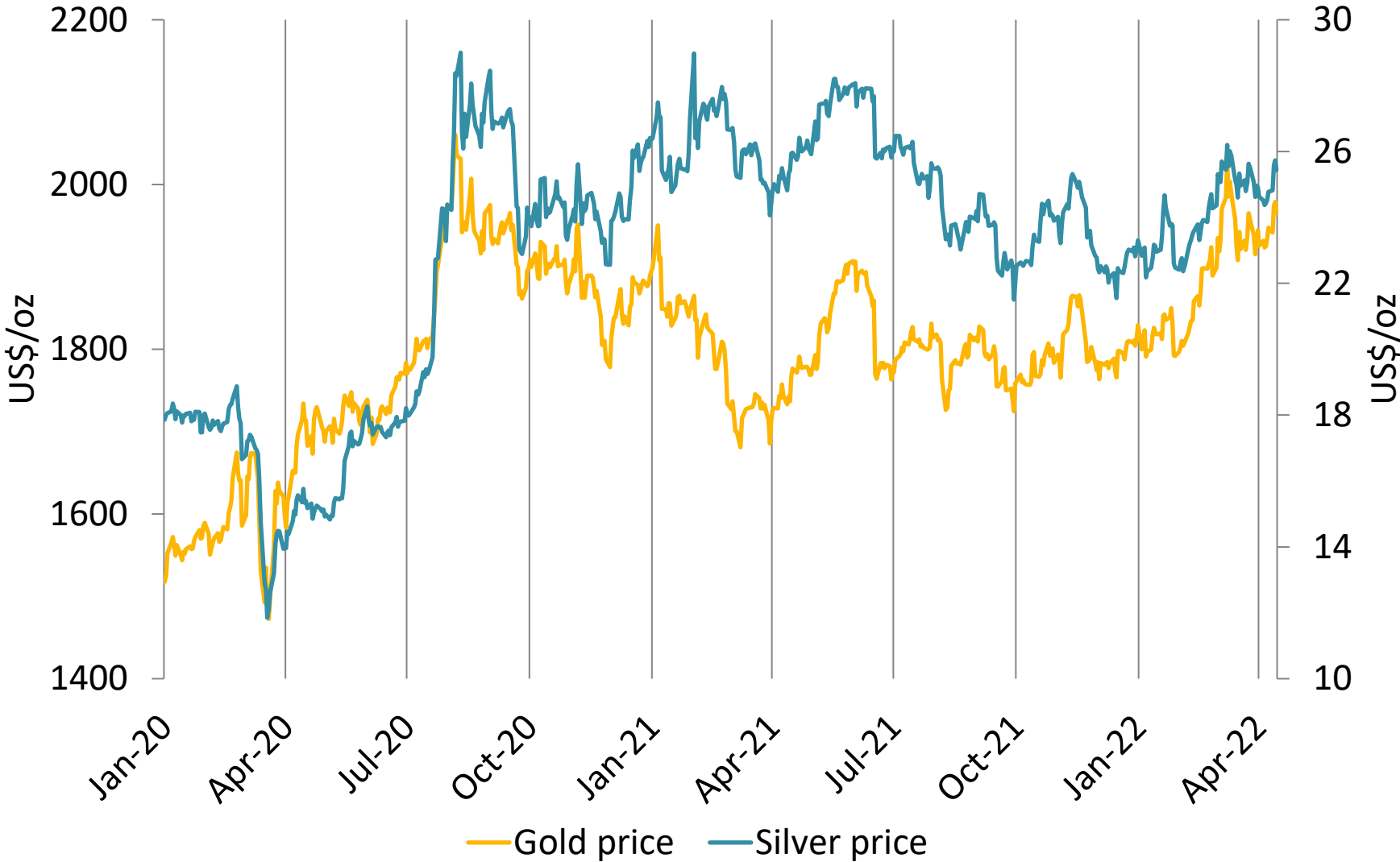
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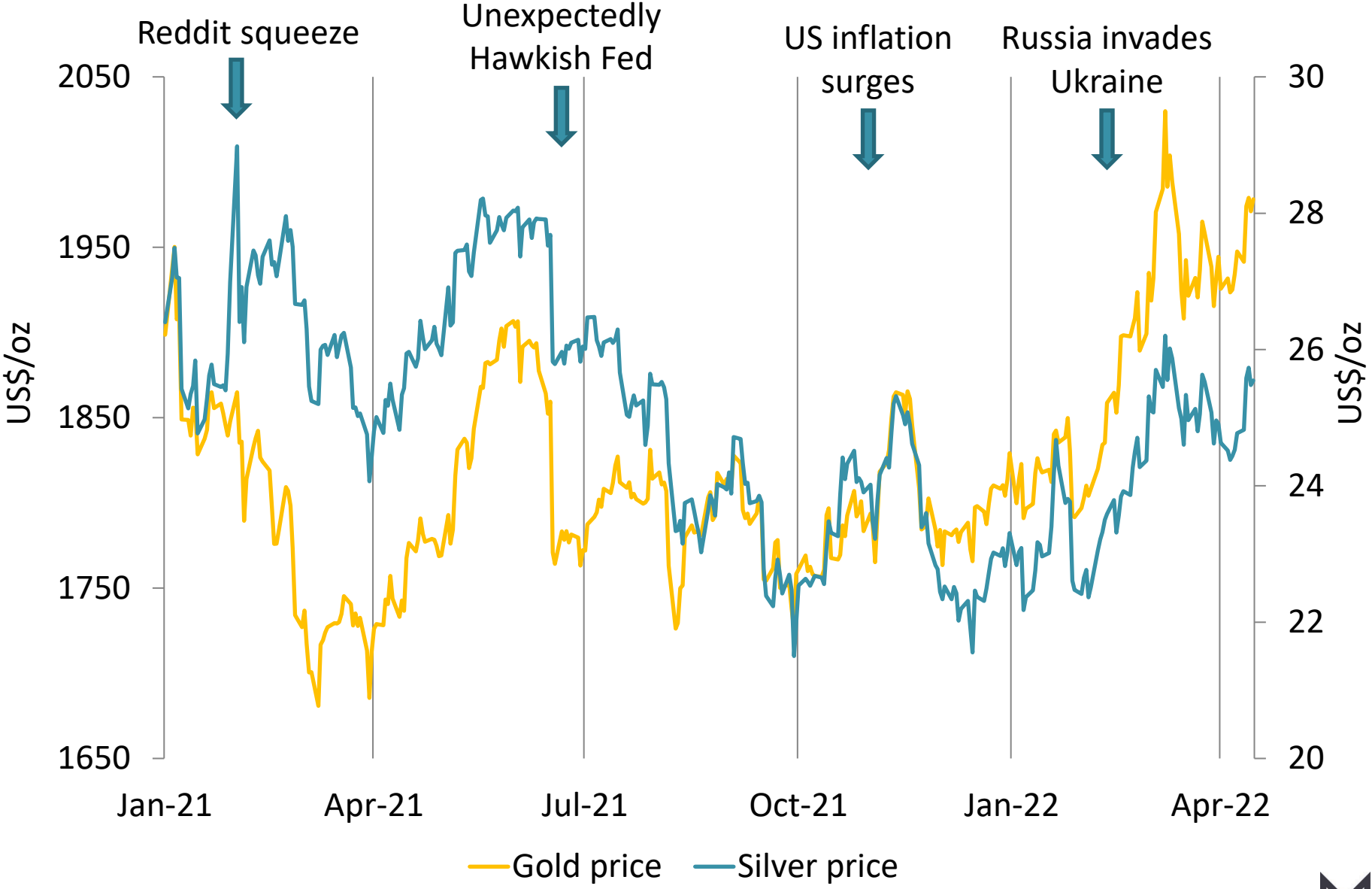
2021 to-date, silver consolidates in a far higher range



Source: Bloomberg



2021, up 22% y/y; highest annual average since 2012



Source: Bloomberg



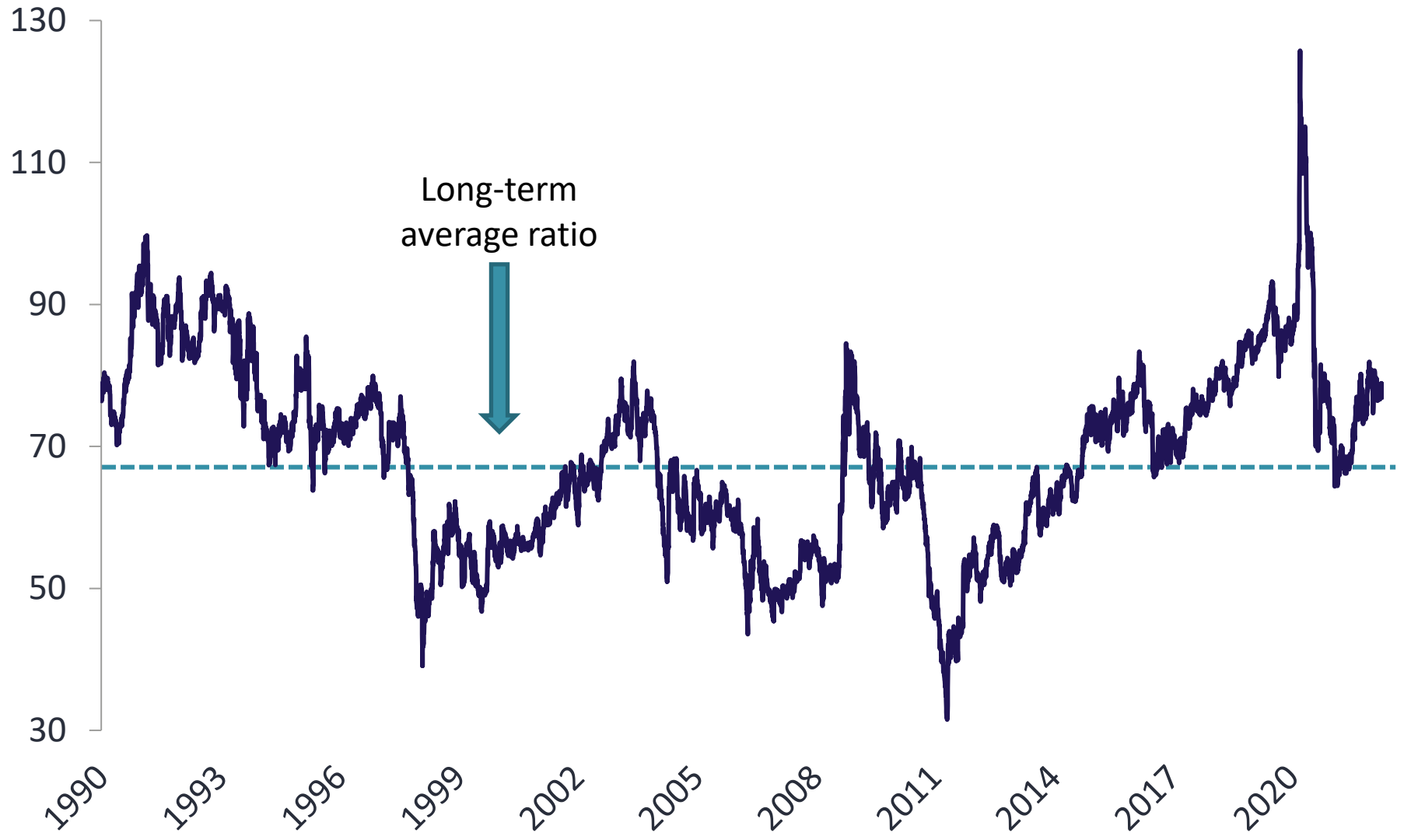
The gold:silver ratio has stabilised in the high 70s



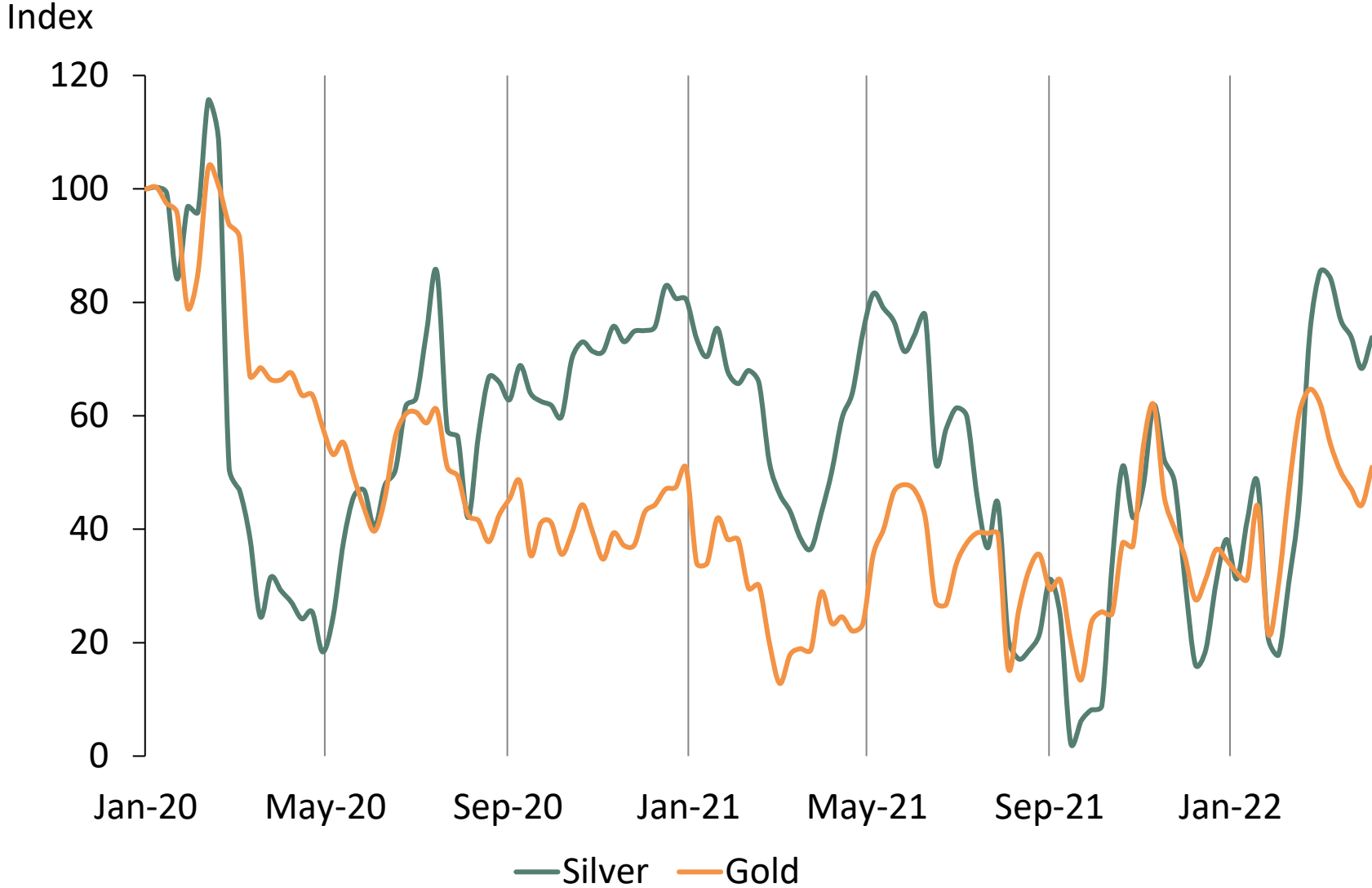
Source: Bloomberg



And so remains a little above the long-term average



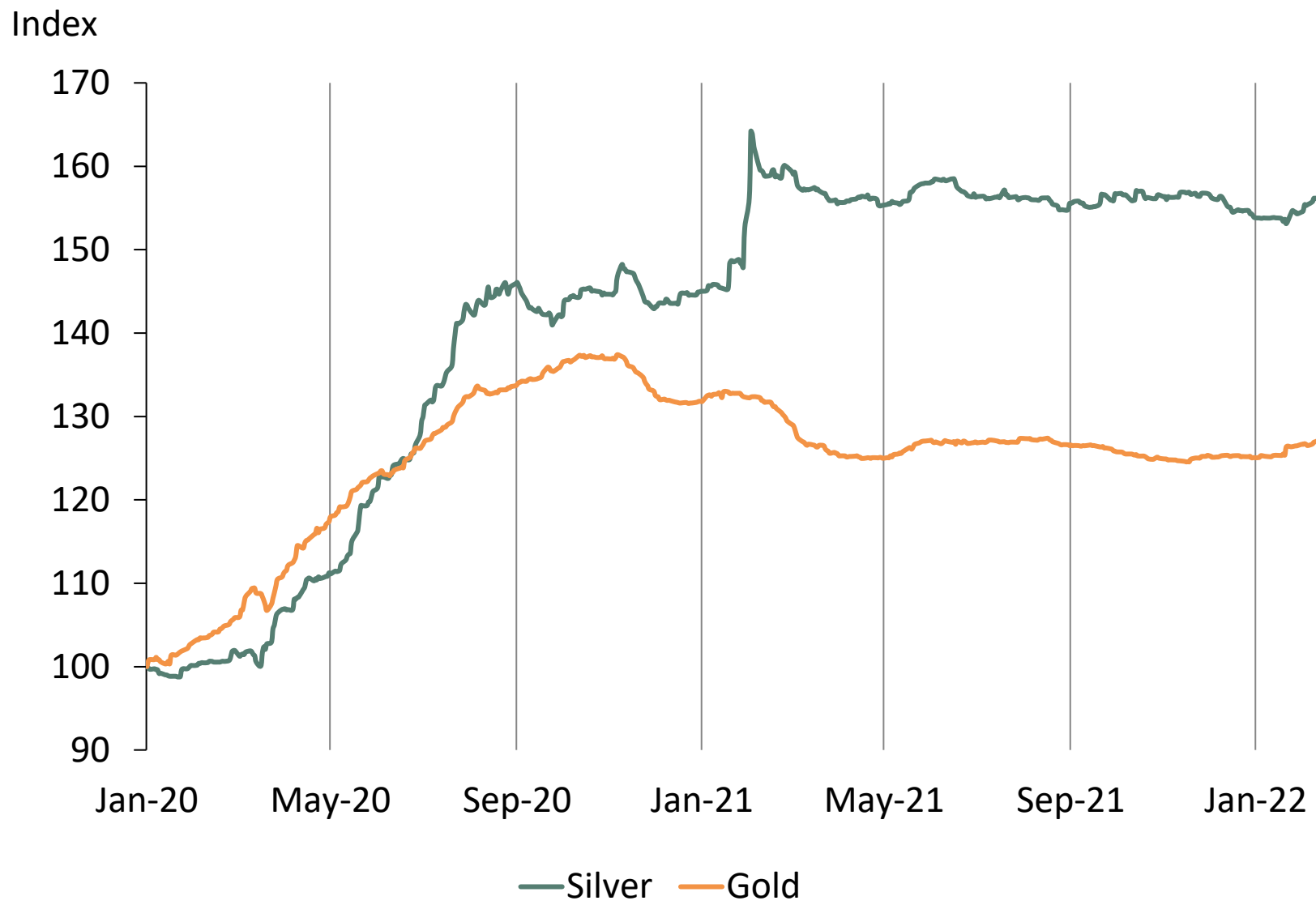
CFTC positioning reflects some investor uncertainty



Source: CFTC



While ETP holdings remain close to record highs

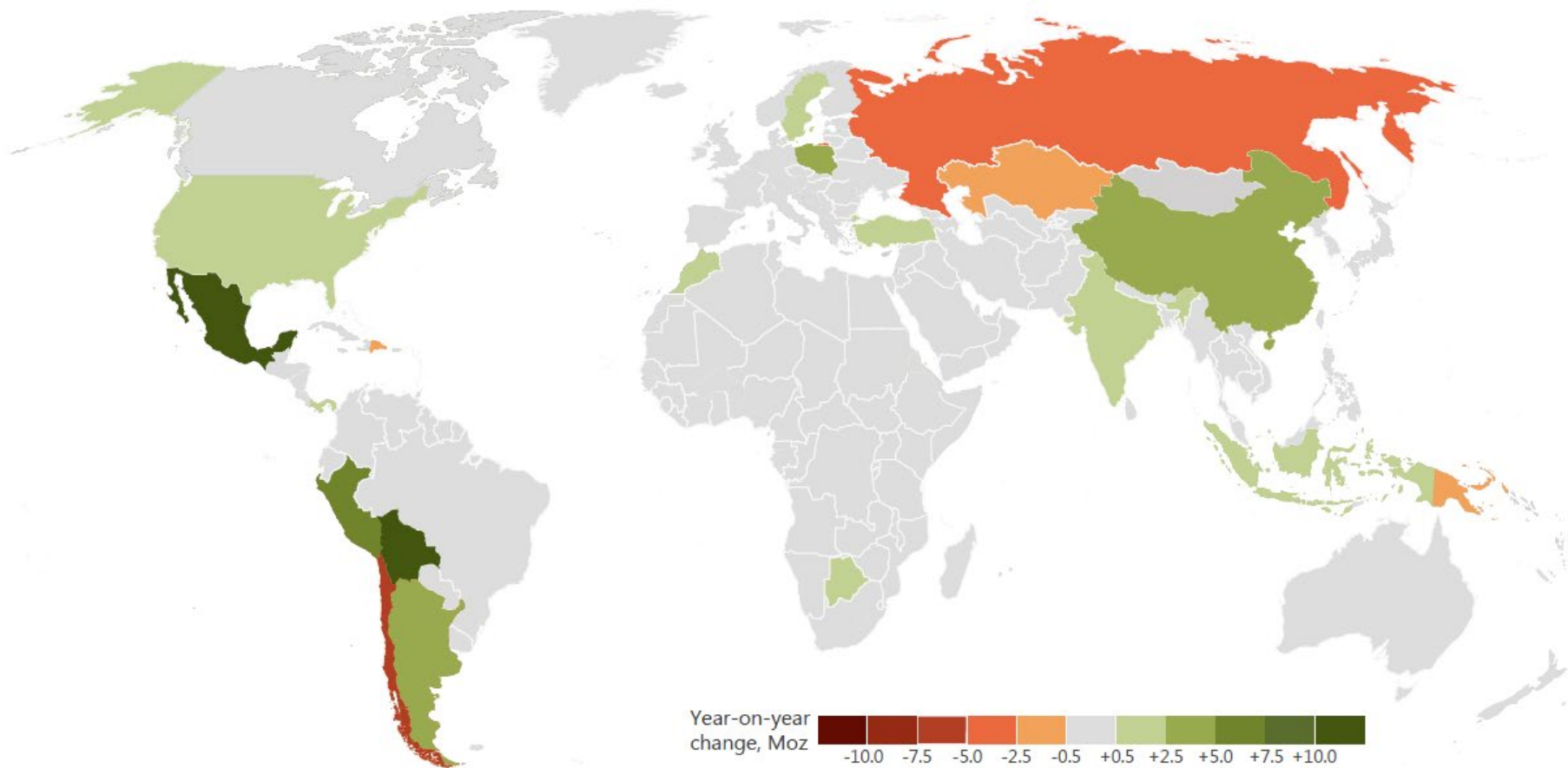


Source: Bloomberg, ETP issuers, WGC



Global mined silver production rose by 5.3% y/y in 2021

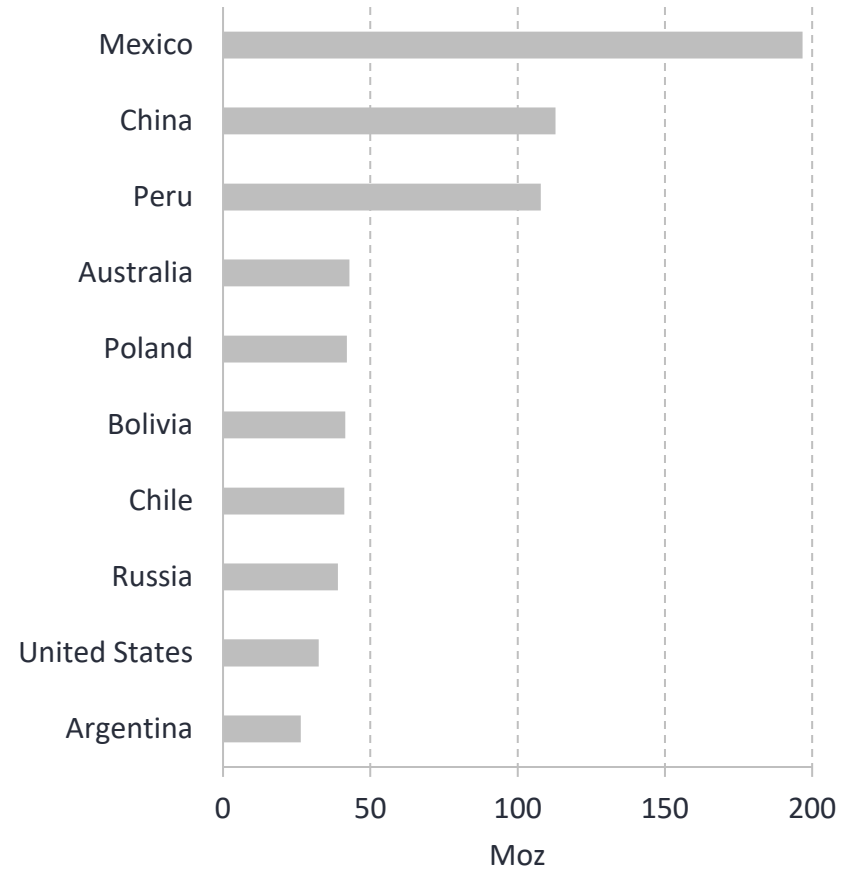
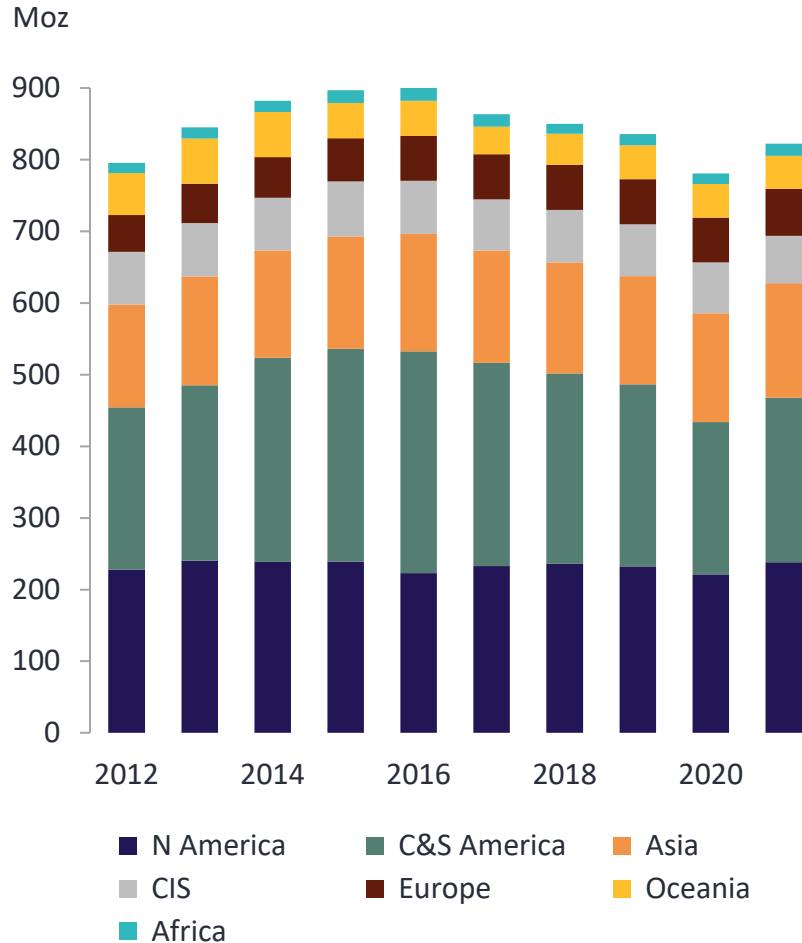
In 2021 global mined silver supply increased by **41.6Moz** to **822.6Moz** primarily driven by the recovery from COVID-19 related disruption in 2020.



Largest annual growth in mined silver supply since 2013

Central & South America had the biggest annual growth, followed by North America.

Mexican output approaching 200Moz and expected to surpass this level in 2022.

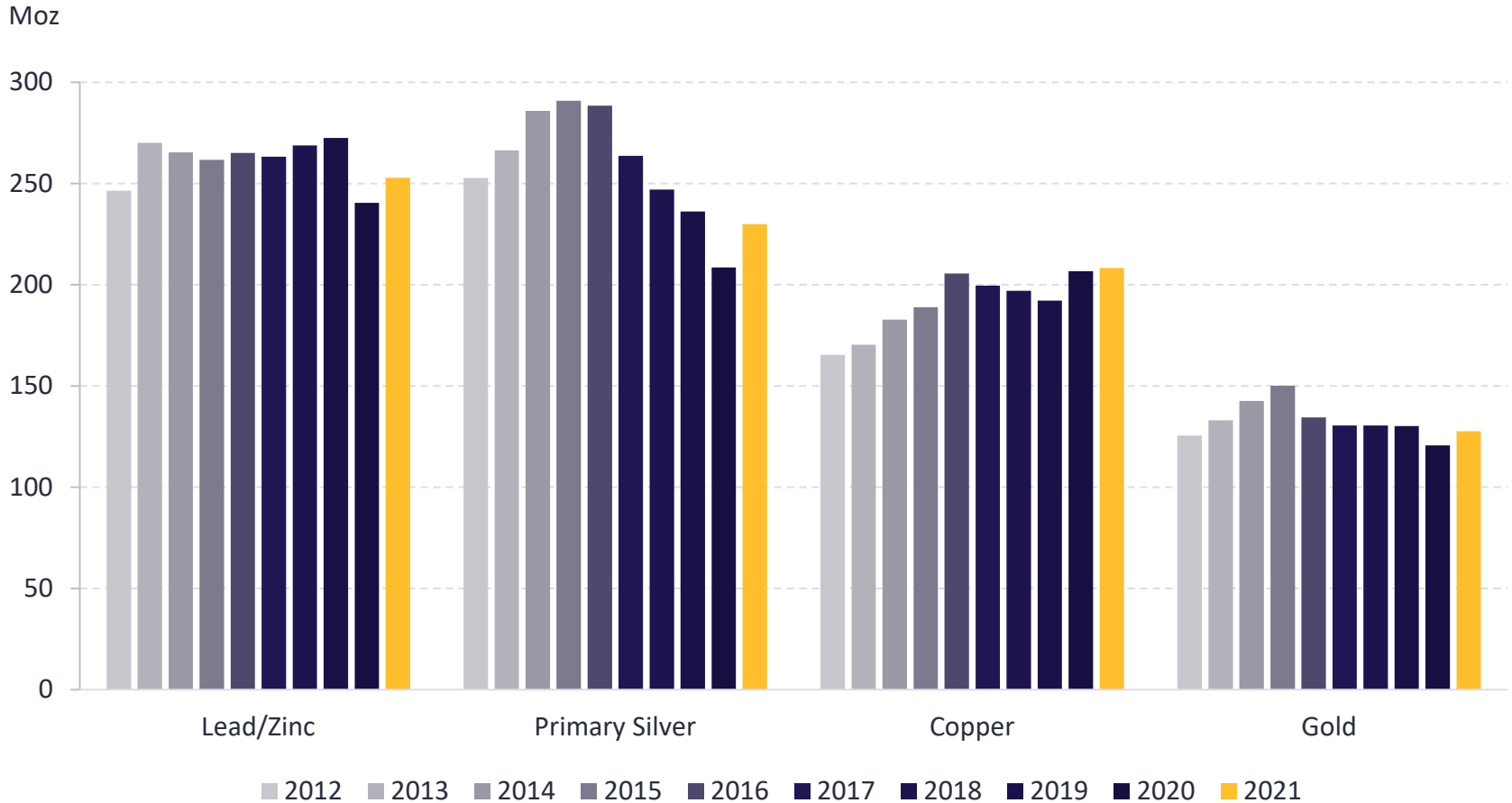


Source: Metals Focus



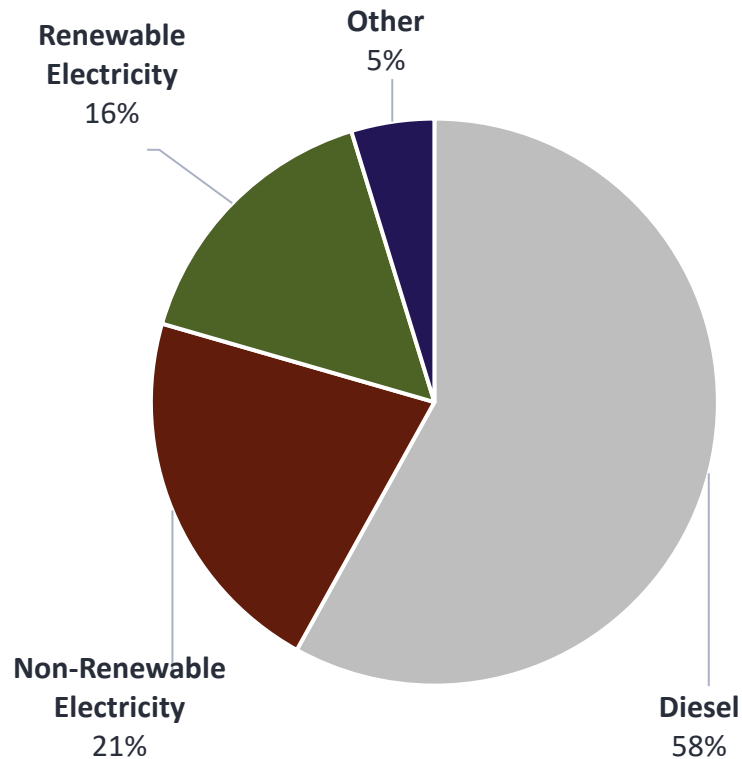
Silver production increased from all sources in 2021

Output from primary silver mines increased by more than by-product silver production as these mines were disproportionately impacted by COVID-19 restrictions in 2020.

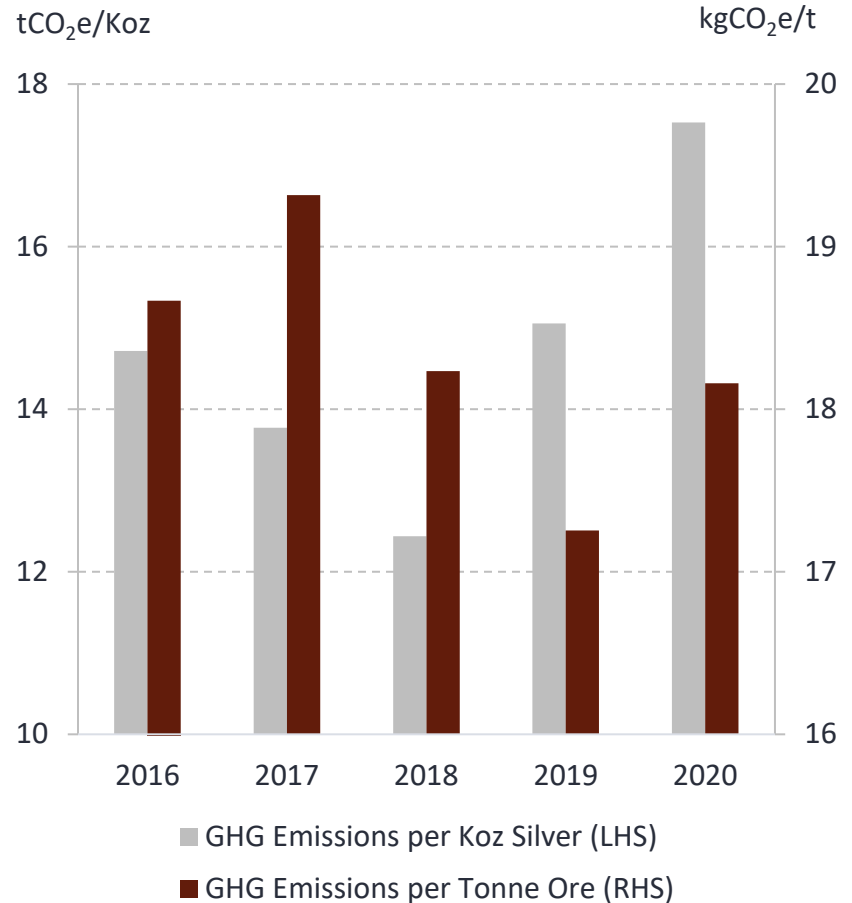


Falling grades pushing GHG intensity of silver output higher

Diesel accounts for 58% of energy consumed by silver miners.

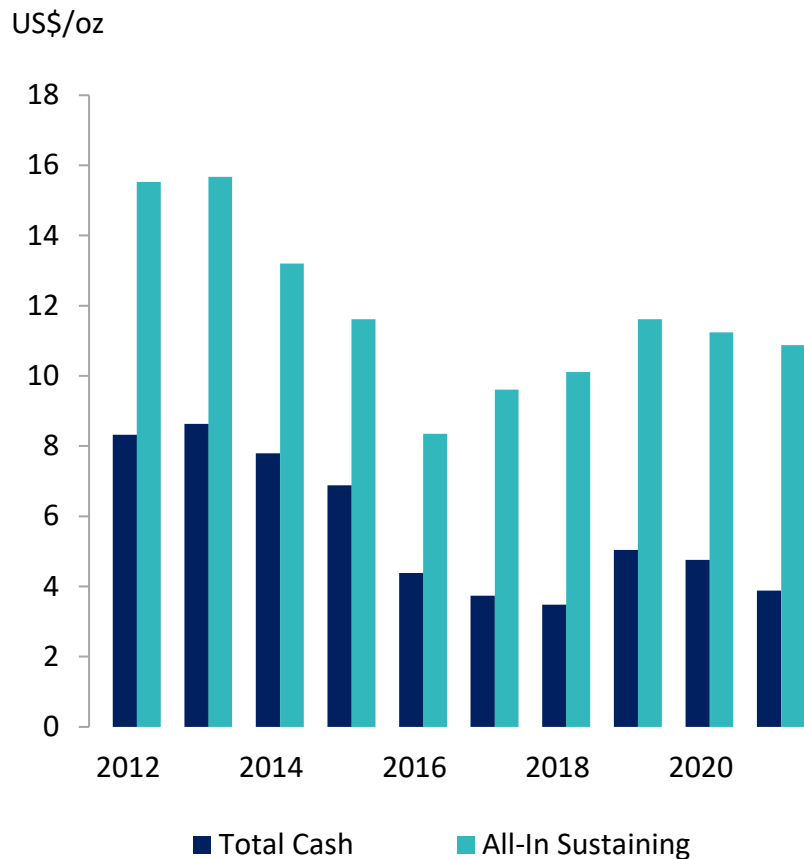


Emissions per ounce have risen but emissions per tonne of ore have declined.

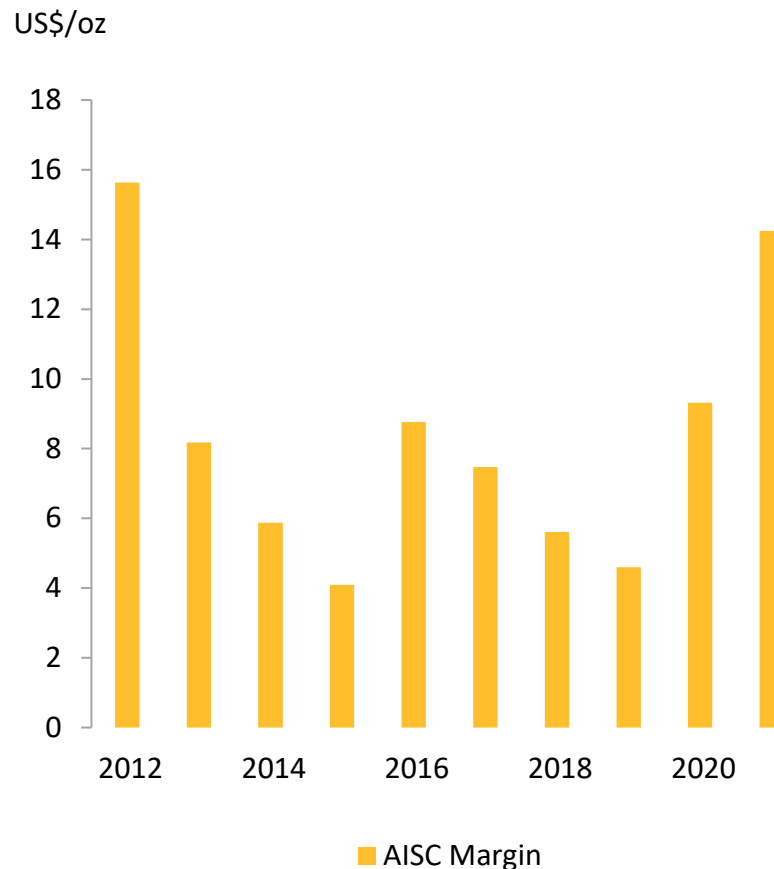


Costs fall and margins reach their highest since 2012

Total cash costs fell by 18% y/y and all-in sustaining costs dropped by 3% y/y.



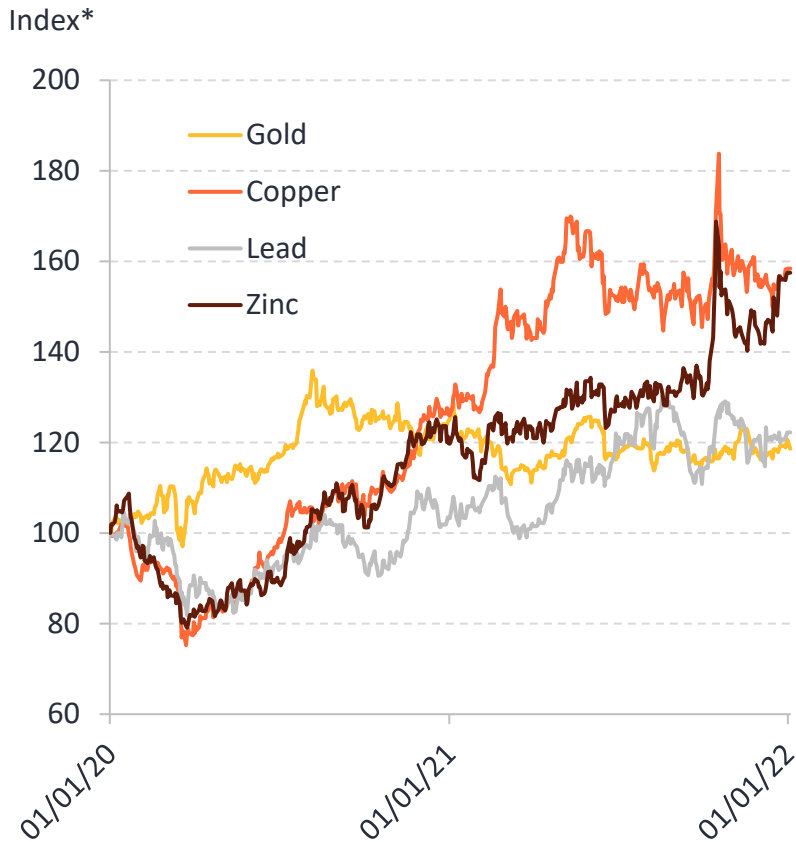
Silver miners' margins have more than trebled since 2019.



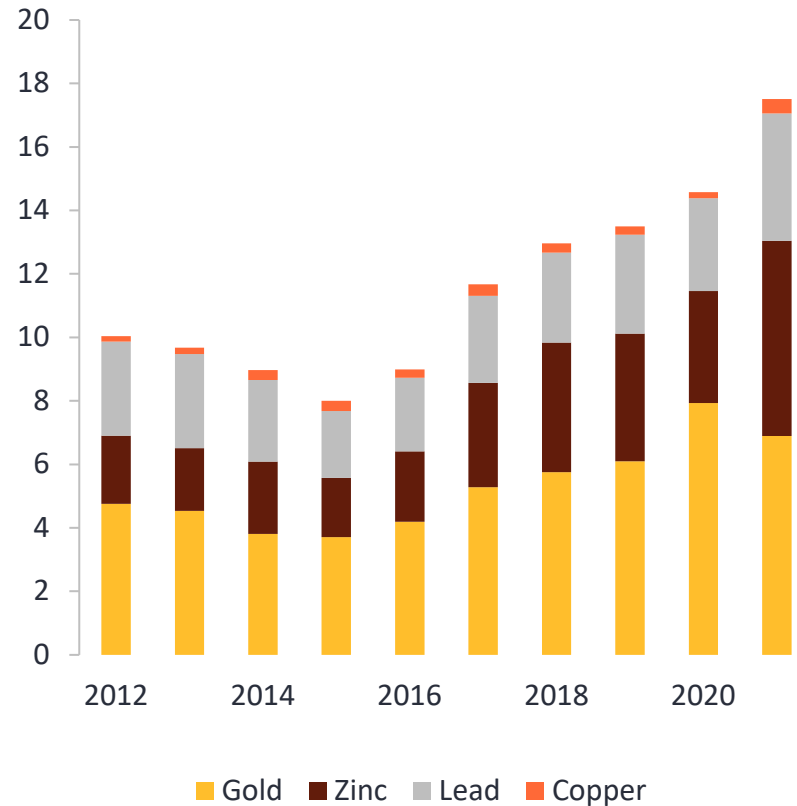
Higher by-product credits surpassed cost inflation

By-product prices have been rising, pushing up revenues from these metals.

This pushed by-product credits for silver miners to their highest level on record.



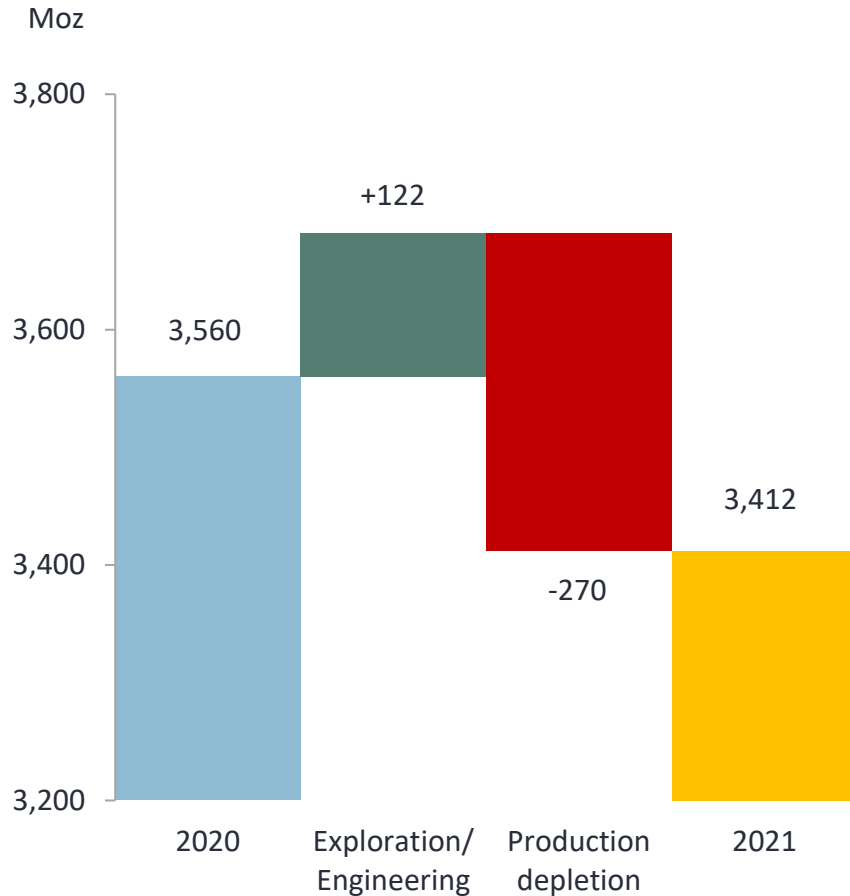
US\$/oz^



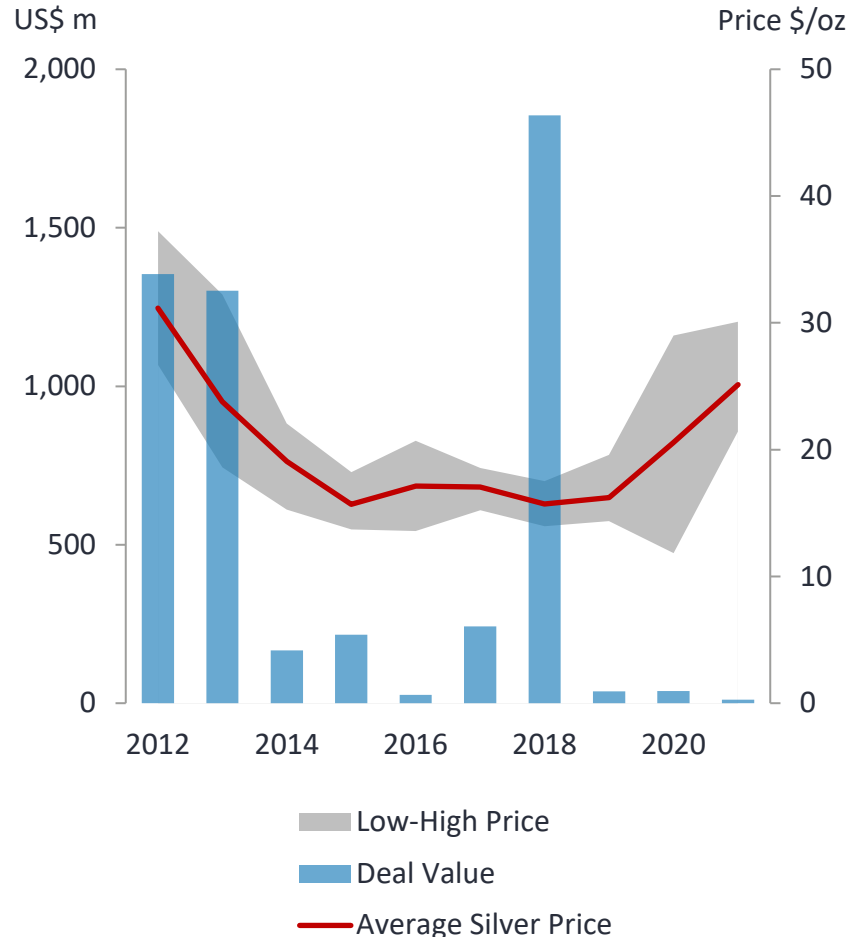
* 1st Jan 2020 = 100, ^ Revenue generated per ounce silver produced
Source: Metals Focus, Bloomberg

Global silver mine reserves drop and M&A remains low

Primary silver reserves declined as mining depletion exceeded additions.



The value of completed M&A in the silver sector reached its lowest point since 2006.

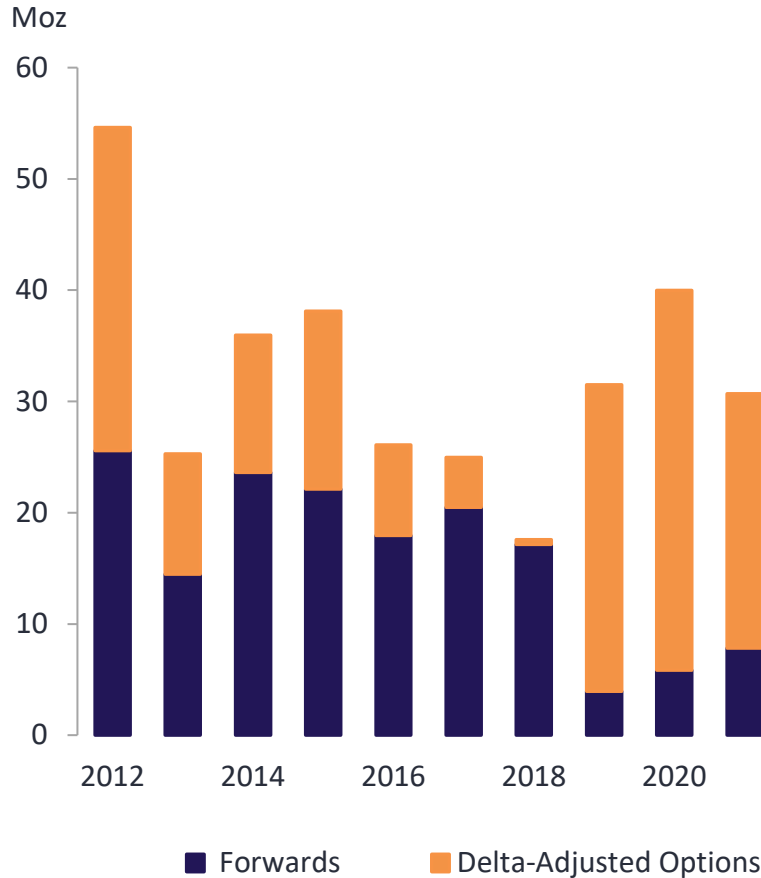


M&A values aggregated in year deals are announced
Source: Metals Focus, Bloomberg

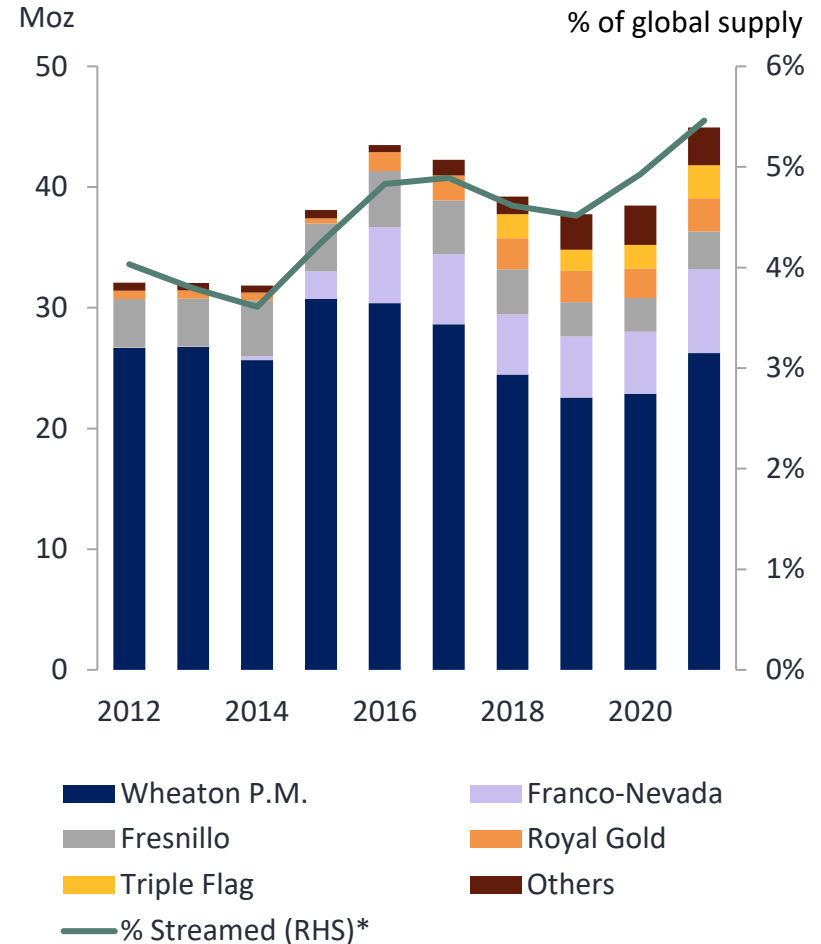


Production covered by streaming rises but hedge book contracts

Hedged silver production fell by 23% y/y, dropping to 30.7Moz by year-end.



Silver production covered by streaming and royalty contracts reached a new high.

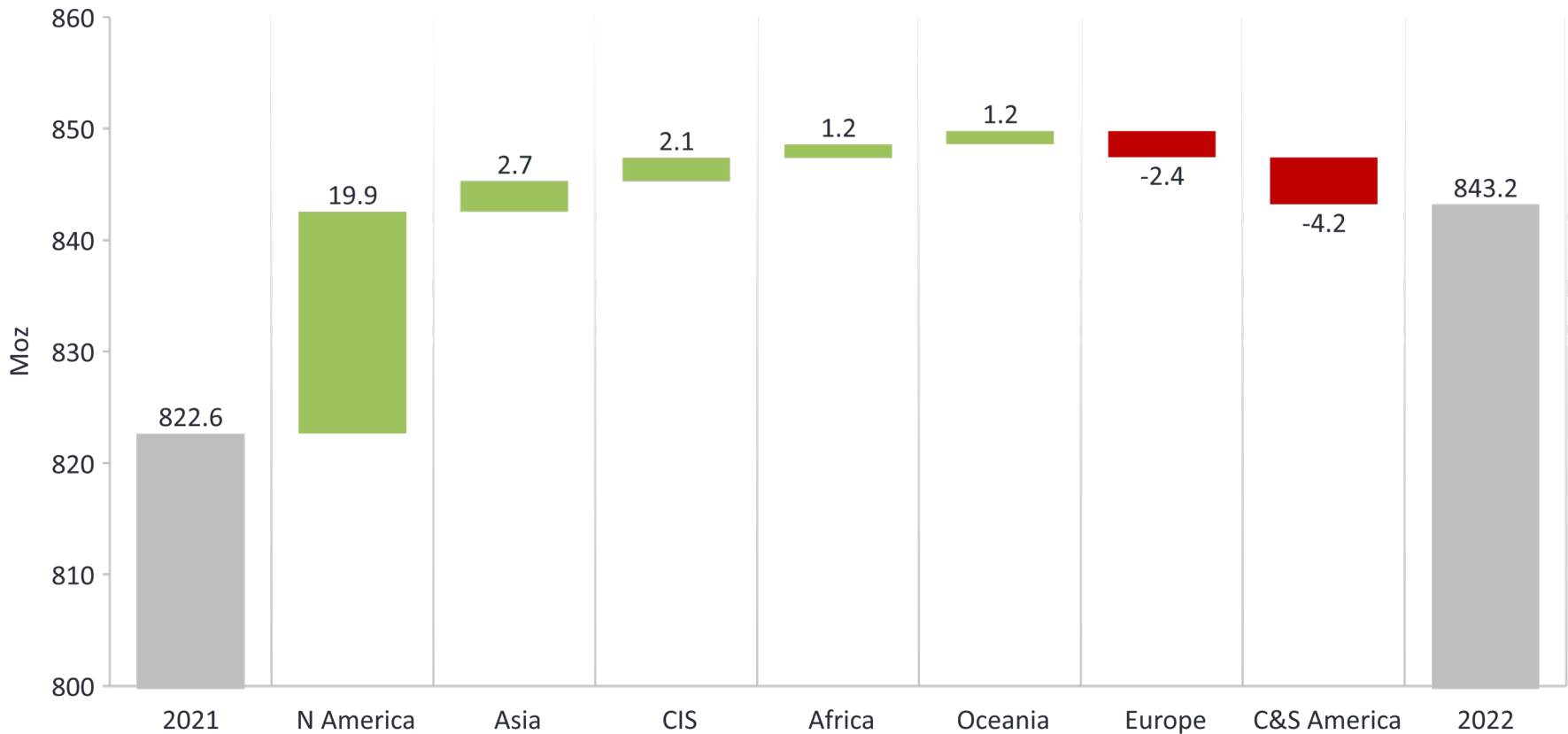


Hedge book chart shows delta adjusted position at year-end.
Source: Metals Focus

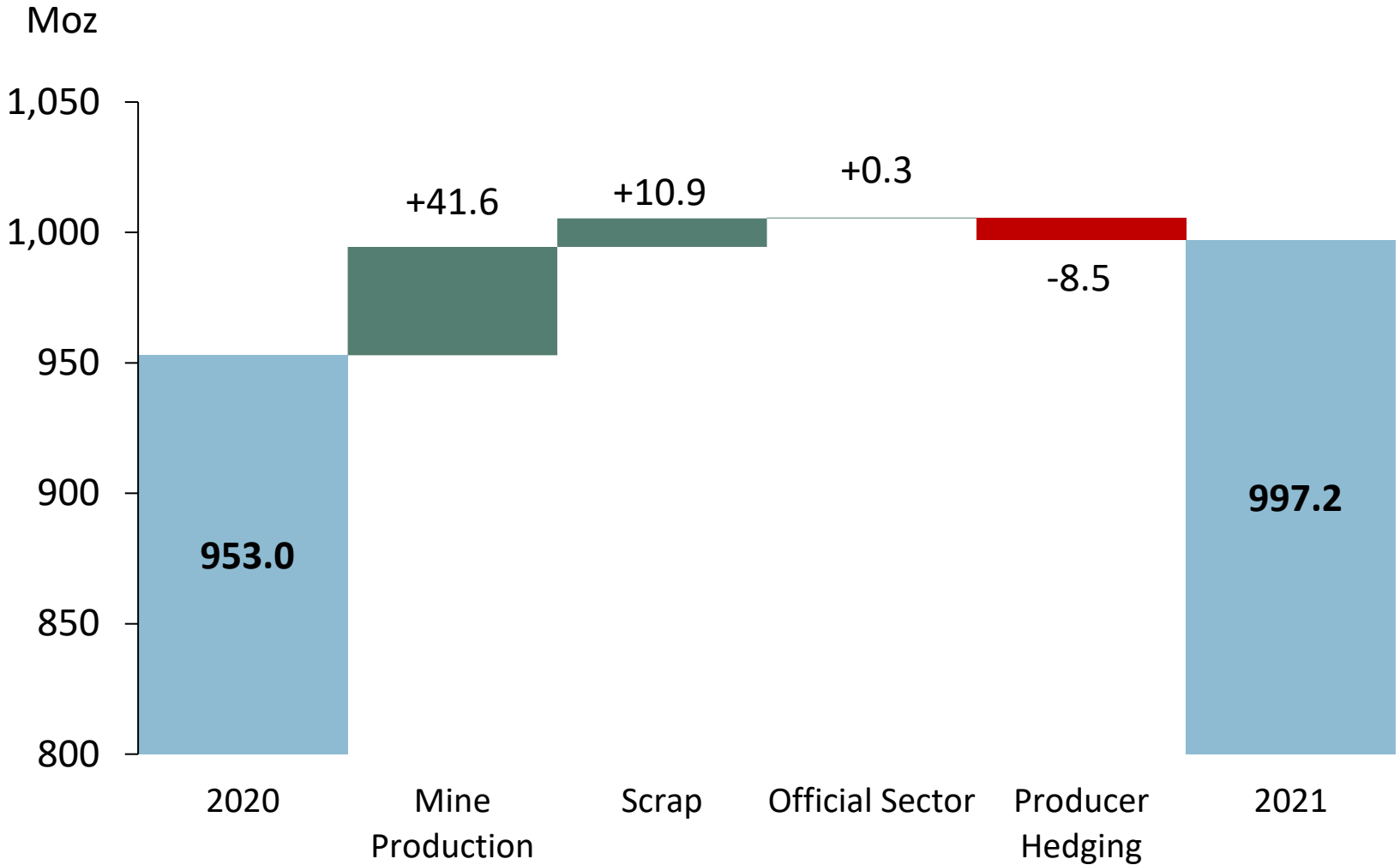


Mined silver supply expected to continue growing in 2022

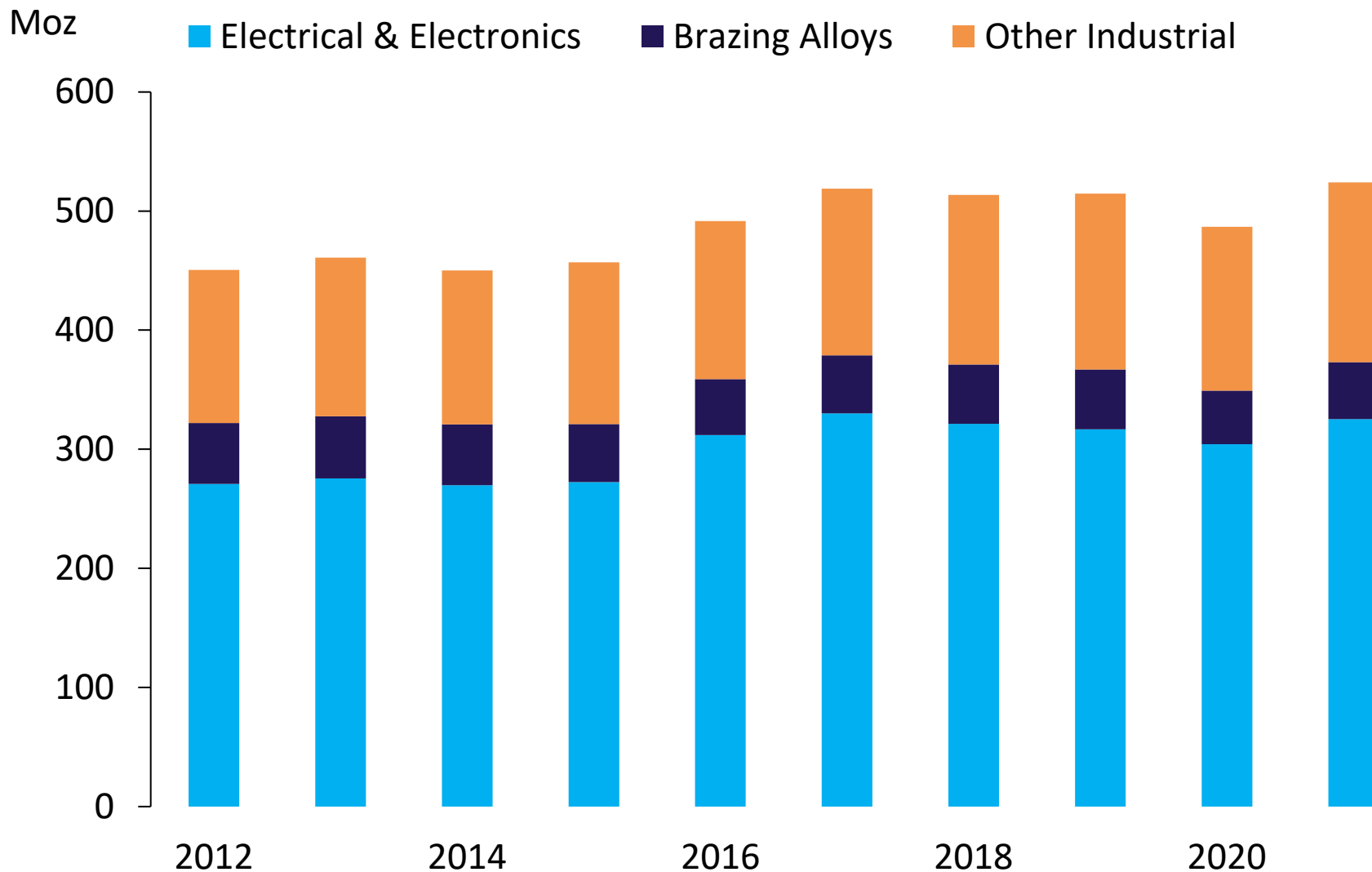
Global silver production is forecast to rise by **2.5% y/y** to **843.2Moz**, this will largely be driven by higher output from mines in Mexico.



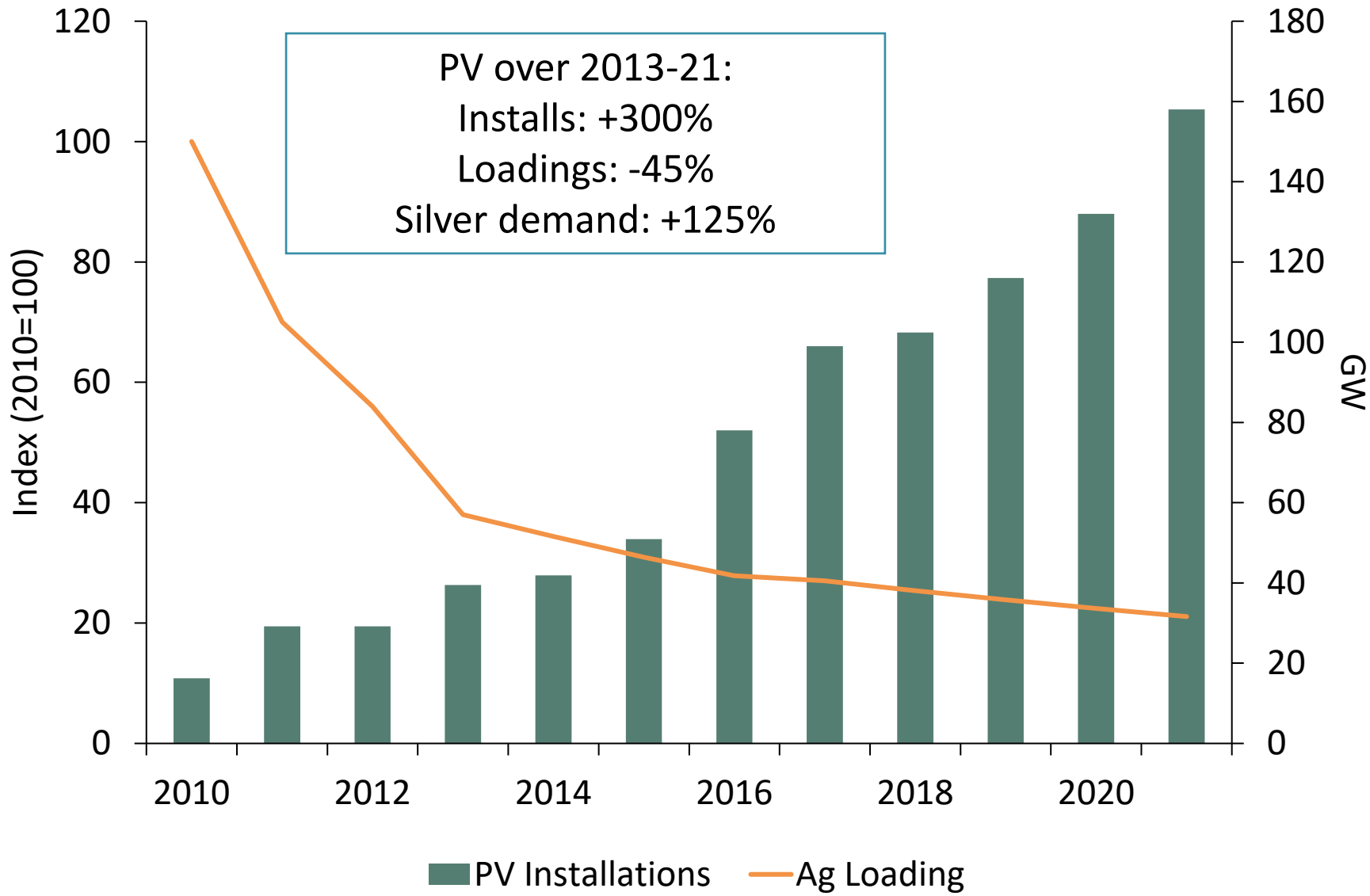
Global supply in 2021, up 5% or 44Moz



A new high for industrial offtake, +9% to 508Moz in 2021



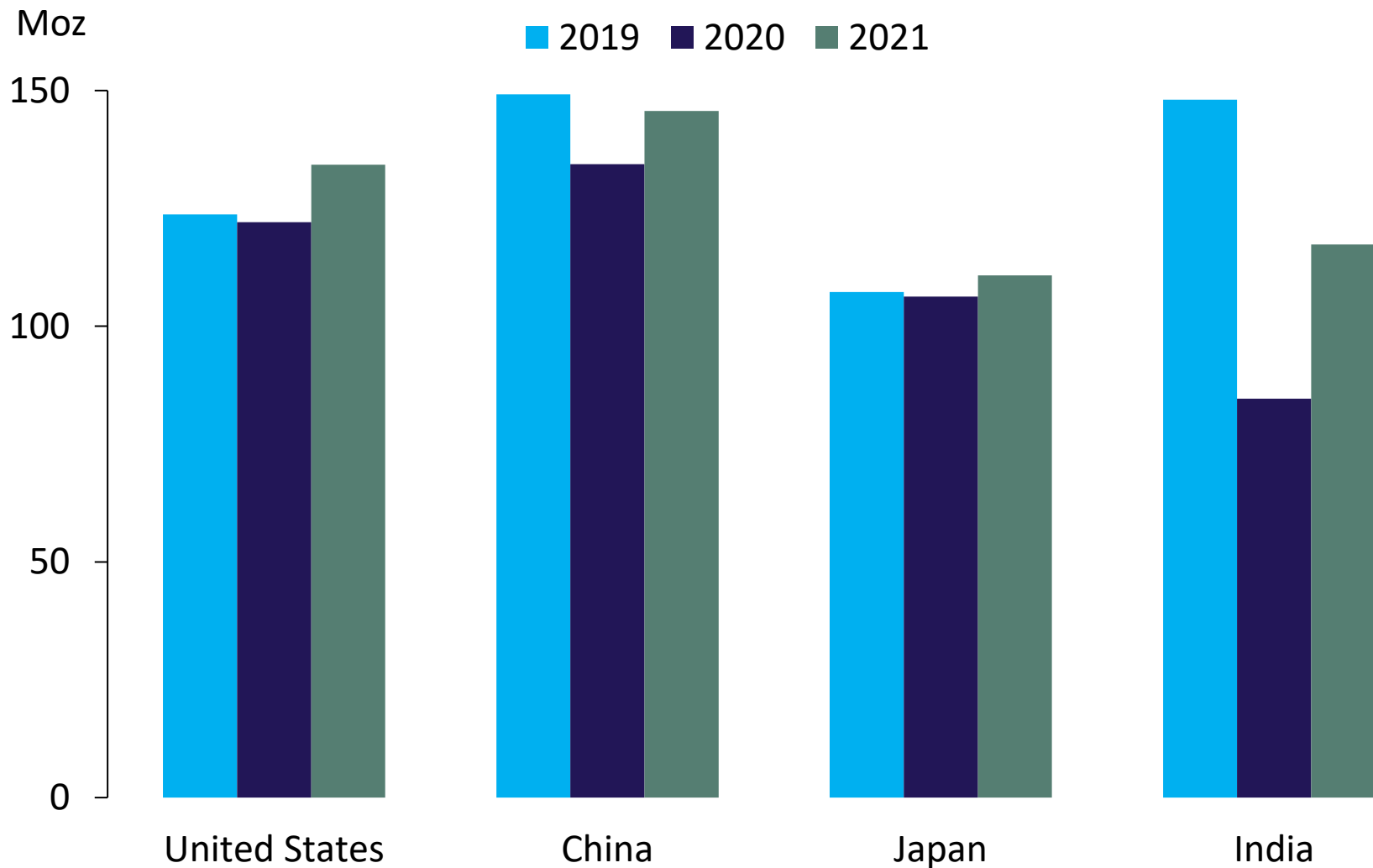
PV demand continues to strengthen, + 13% to 114Moz



Source: Metals Focus, GTM, various

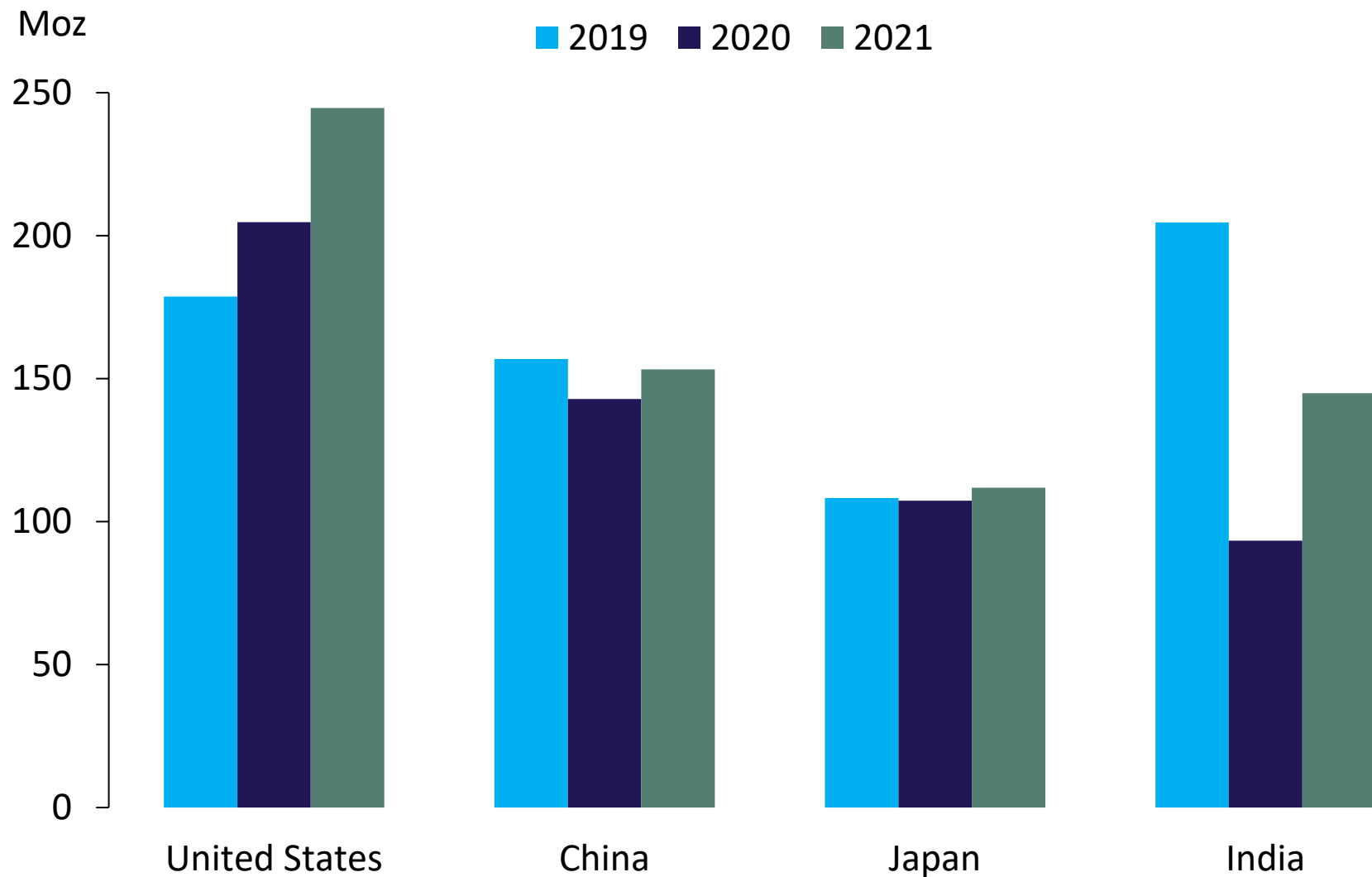


Top-Four Silver Fabricators*



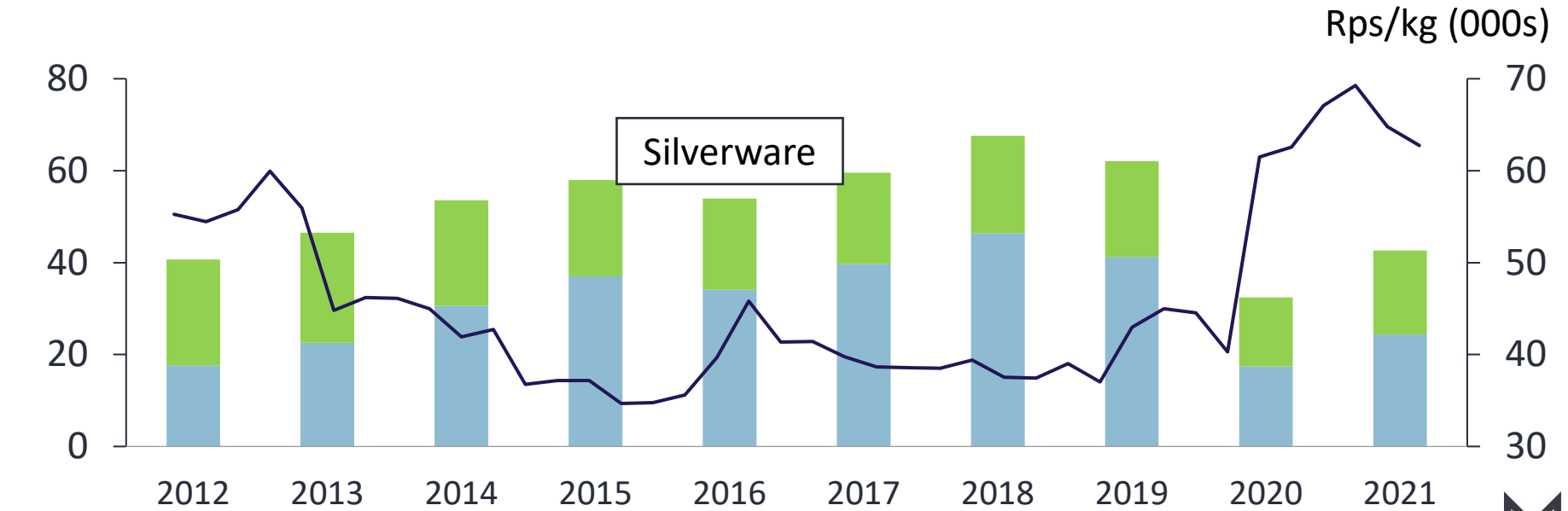
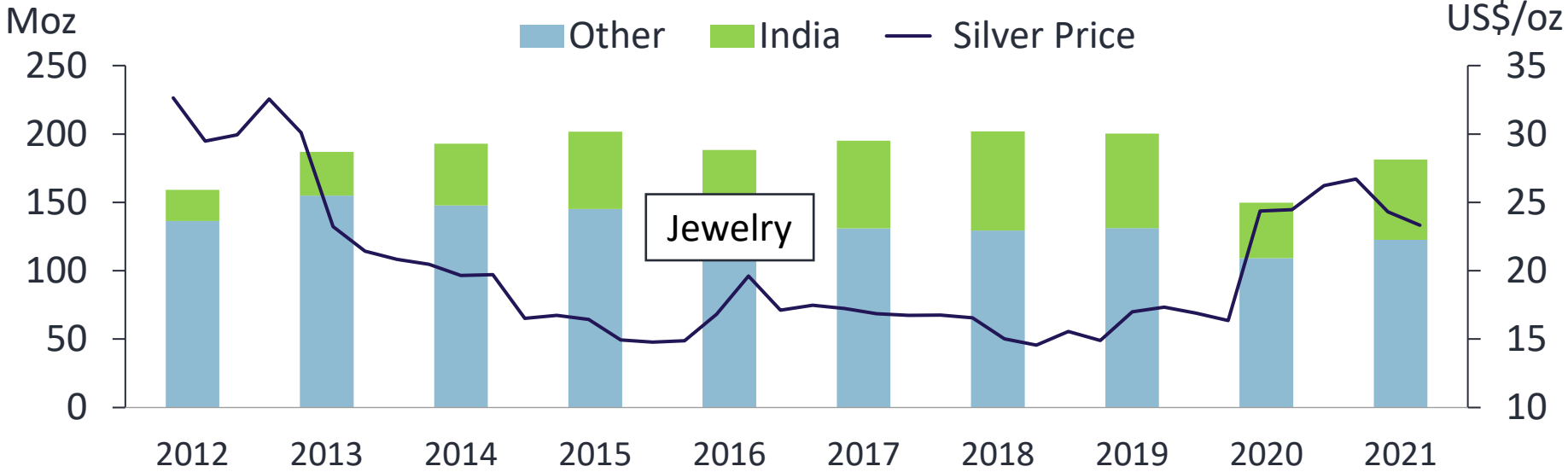
*excludes coin & bar demand; Source: Metals Focus

Top-Four Silver Fabricators*



*includes coin & bar demand; Source: Metals Focus

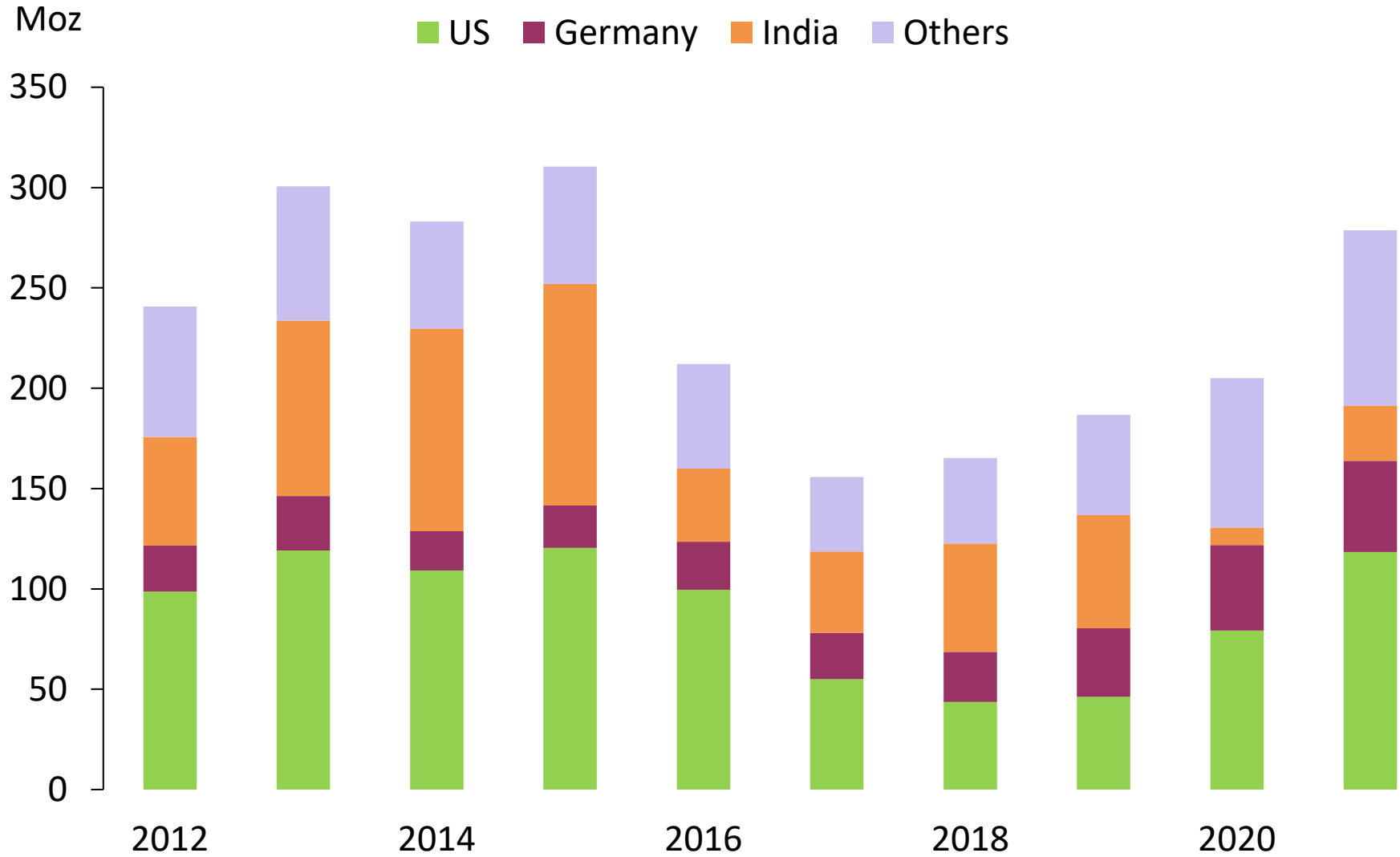
Gains for jewelry (+21% to 181Moz) & silverware (+32% to 43Moz)



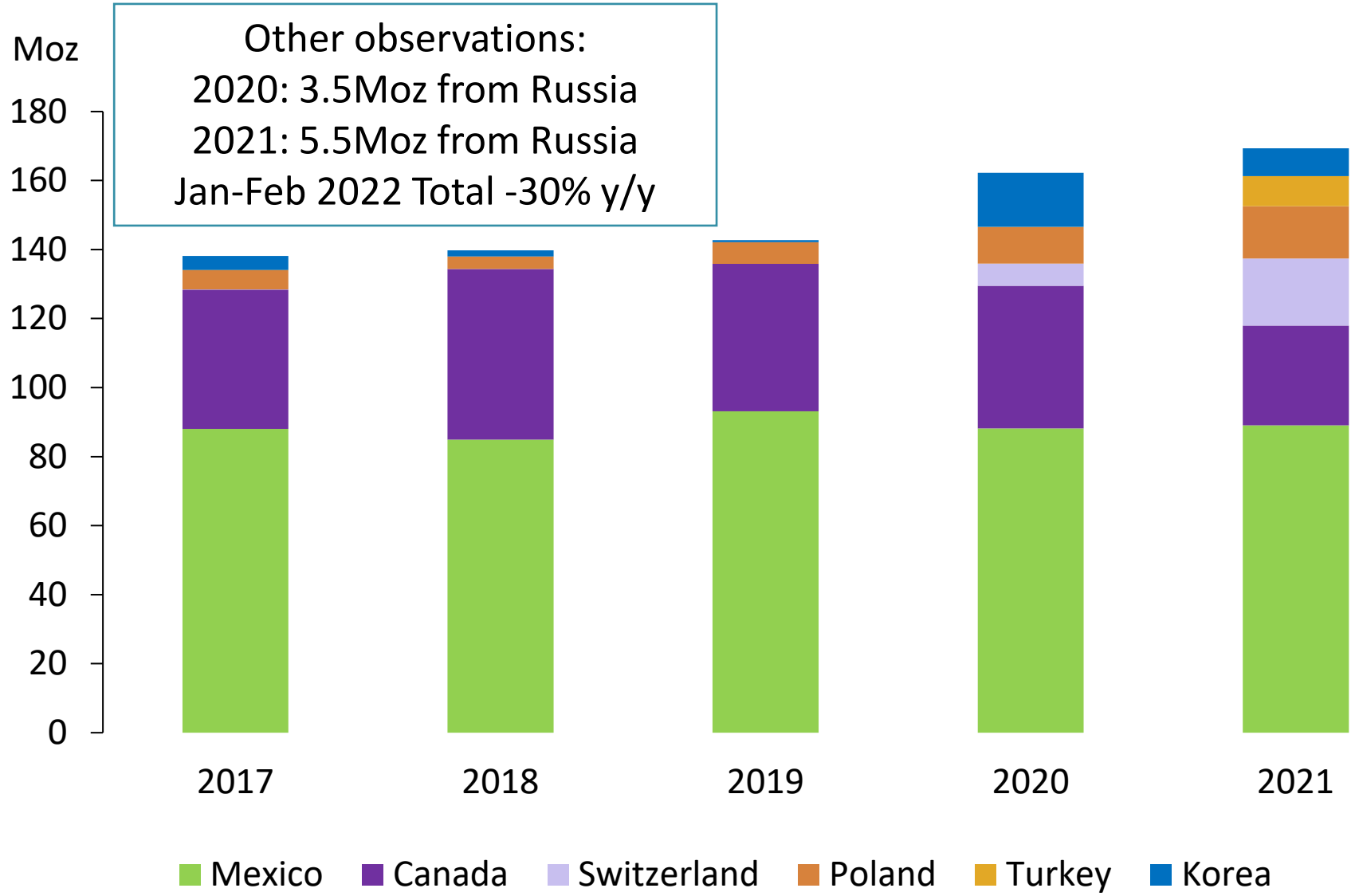
Source: Metals Focus



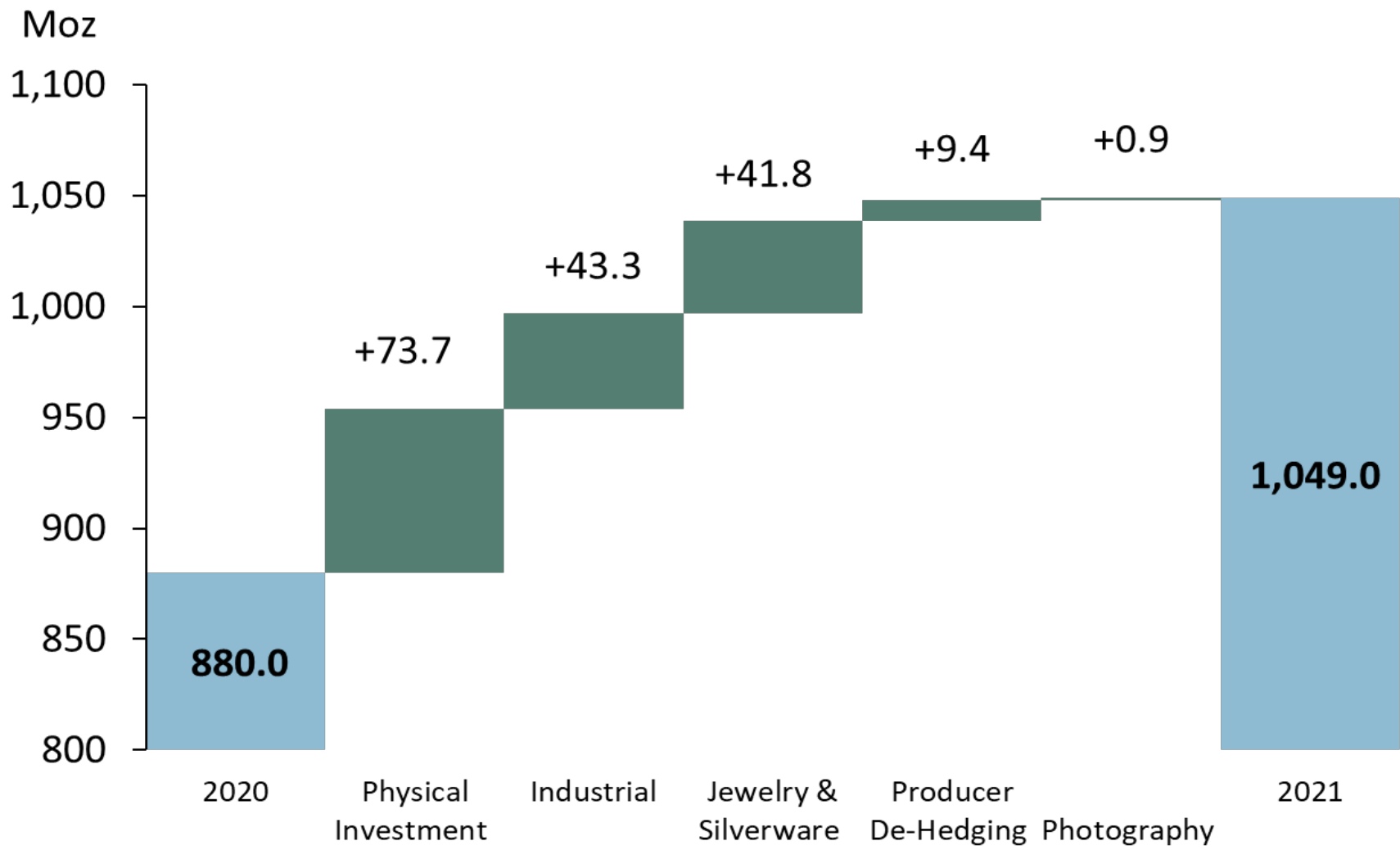
Bar and coin investment surged by 36% to 279Moz



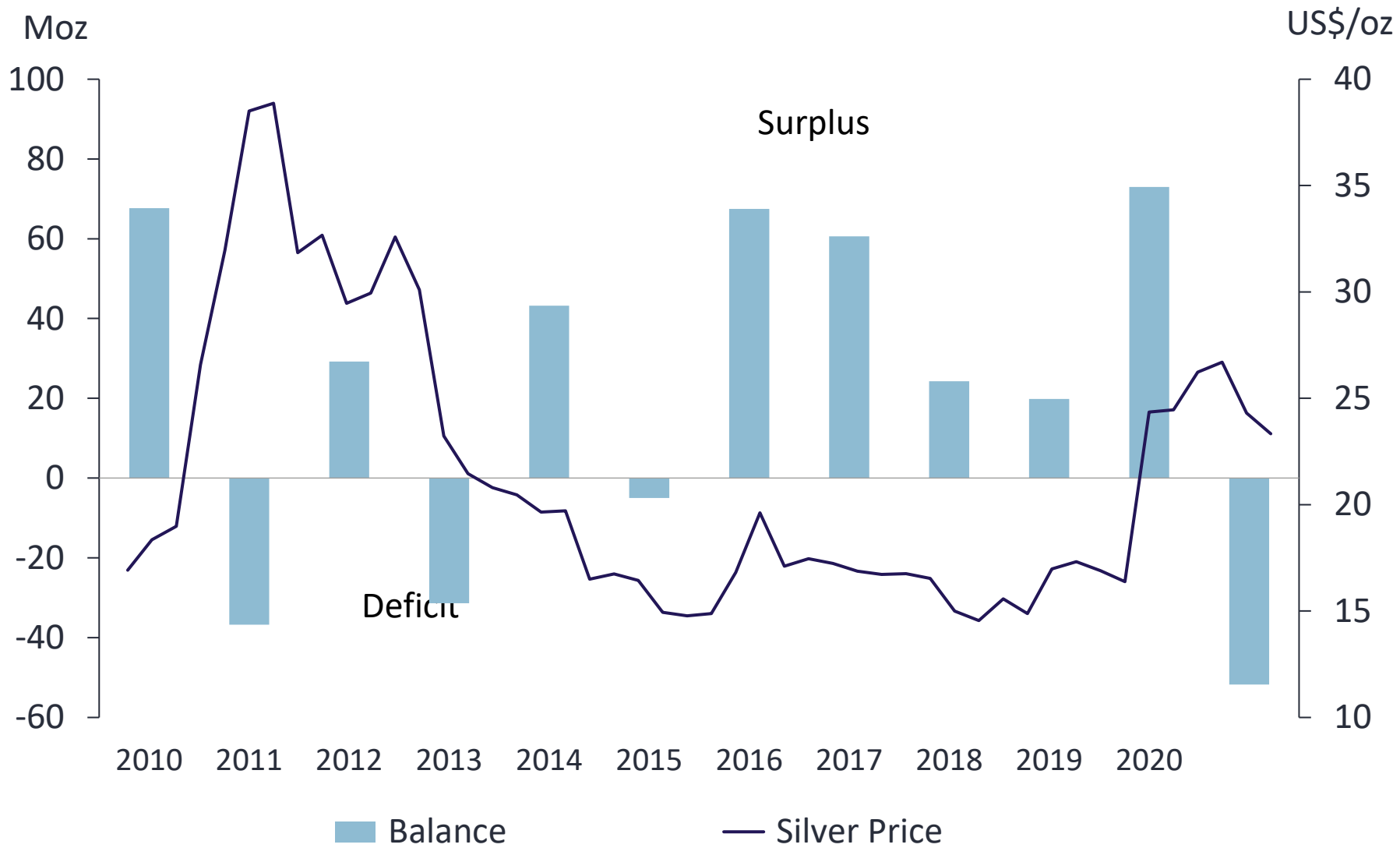
Rising US imports, up 42Moz in 2021 vs 2019



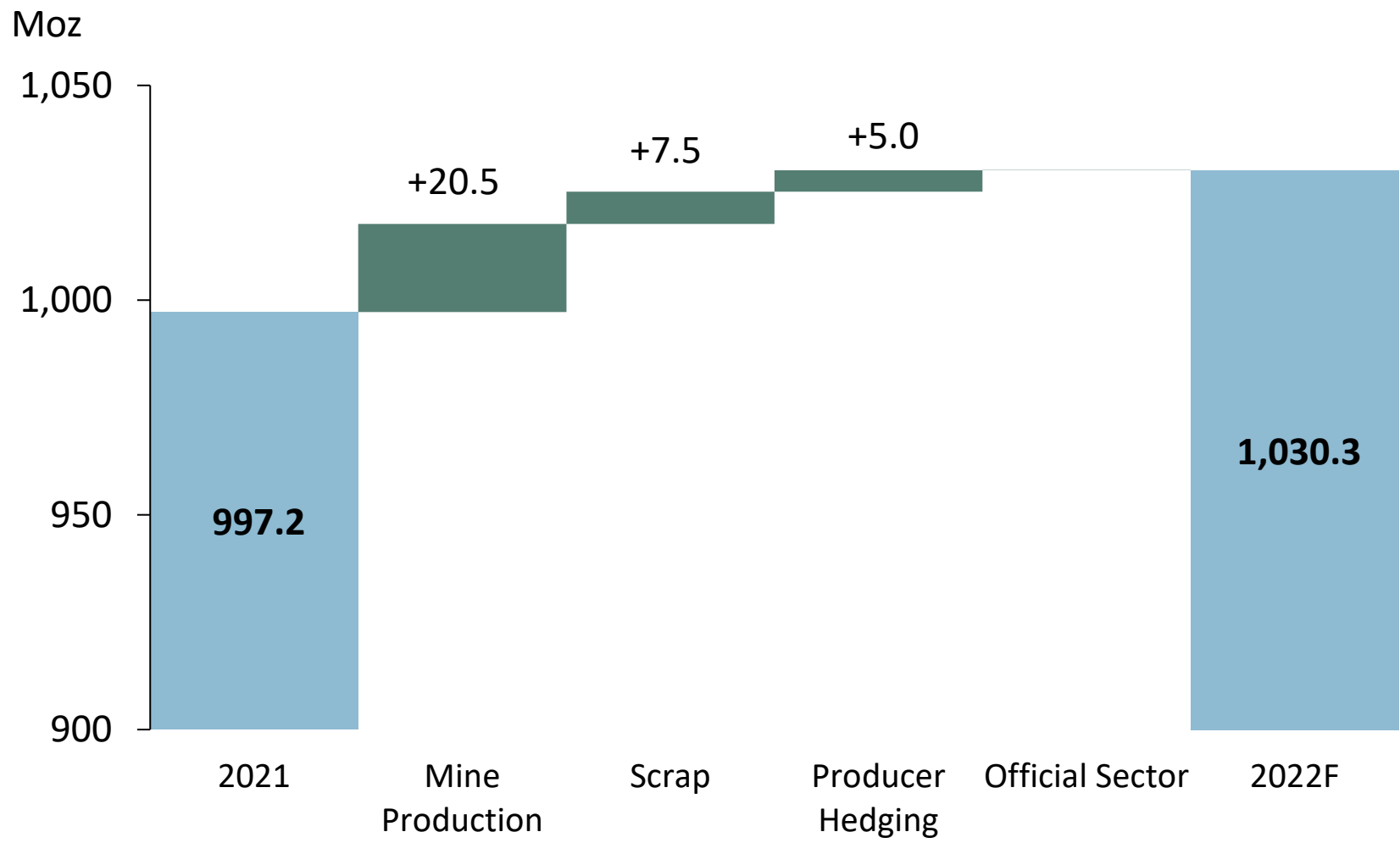
Global demand in 2021, up 19% or 169Moz



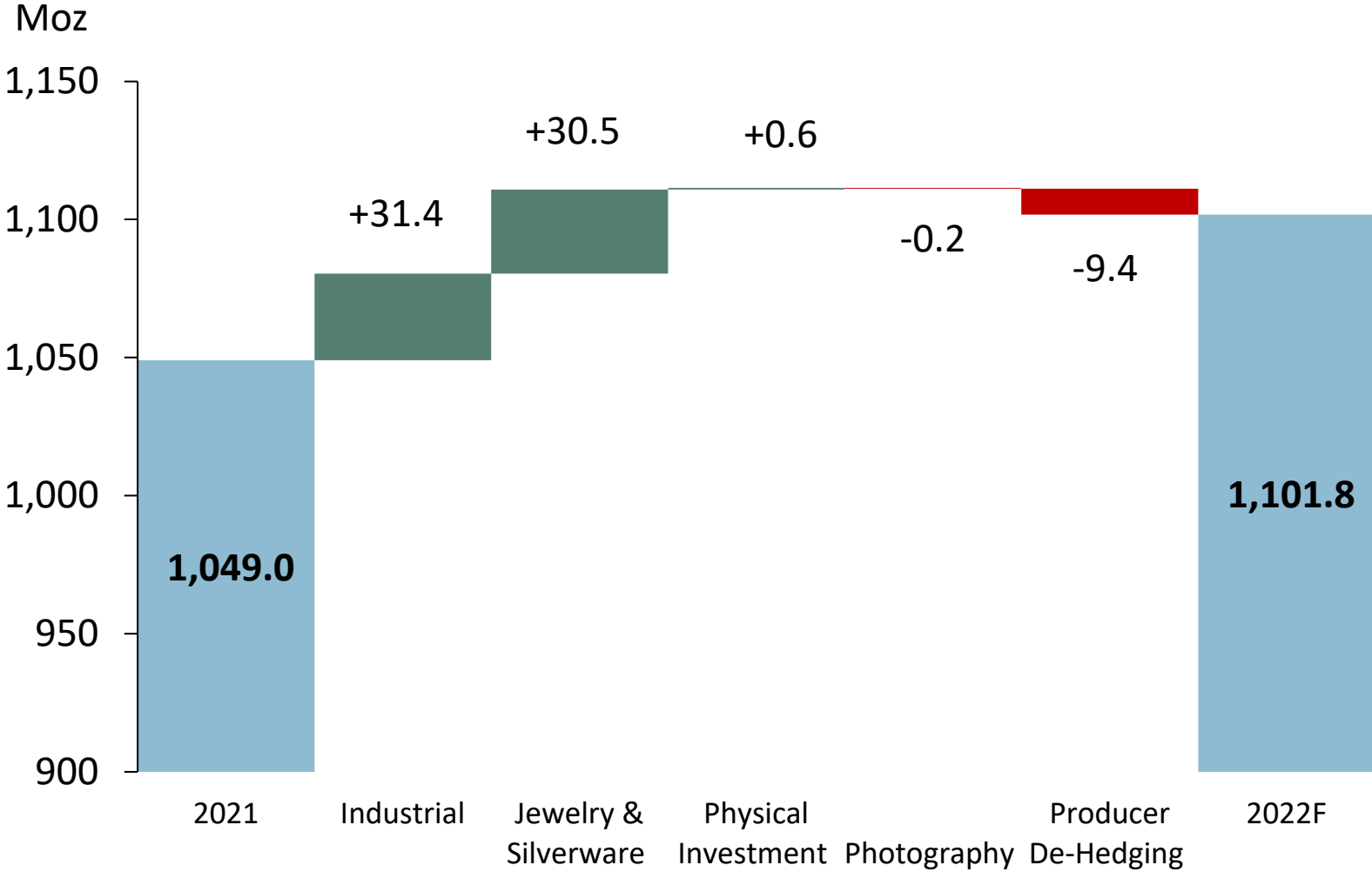
Silver posted a sizable deficit in 2021, 52Moz



Global supply in 2022 forecast to hit 6-year high, +3%



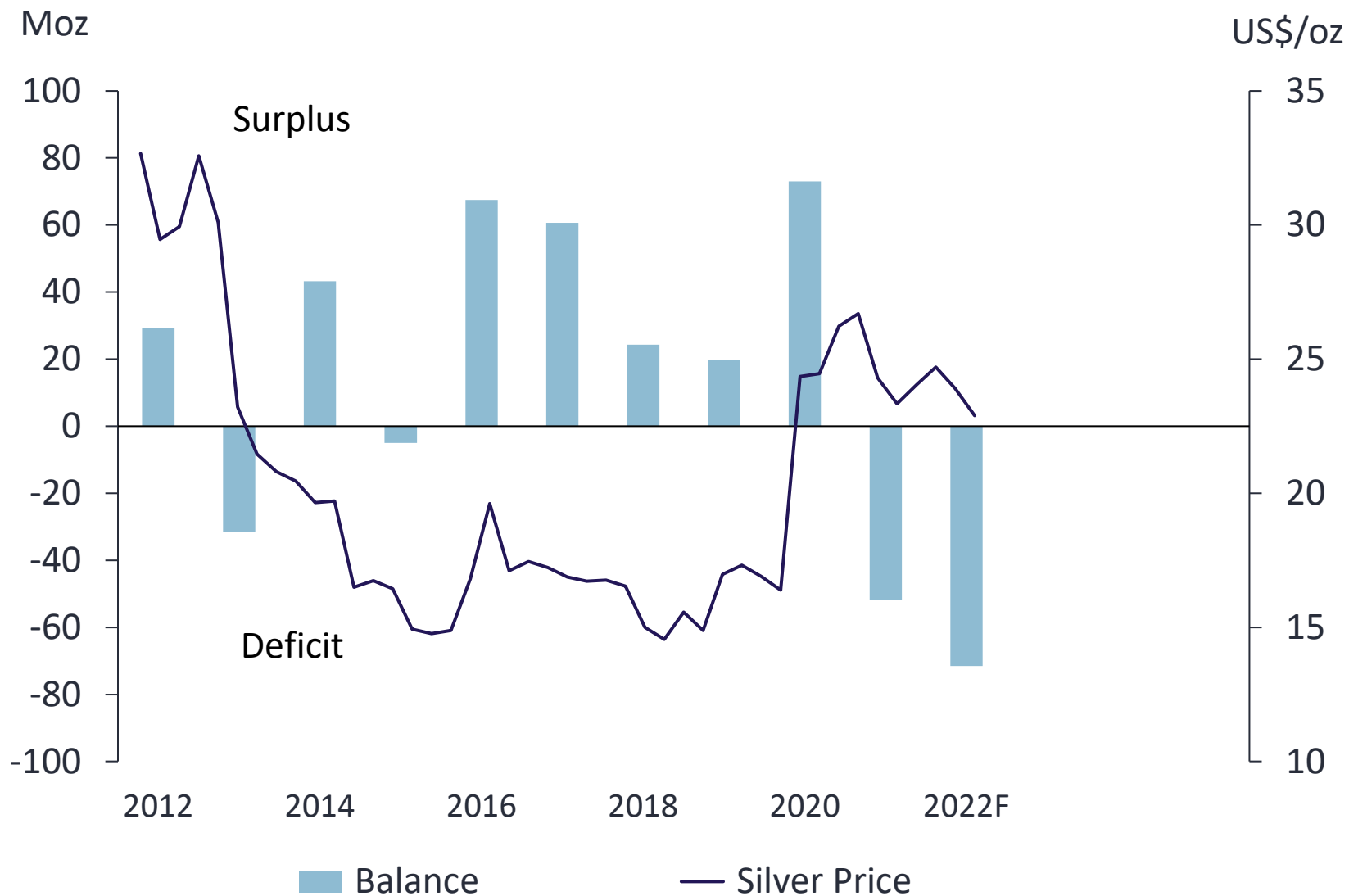
Global demand in 2022 at record high, +5%



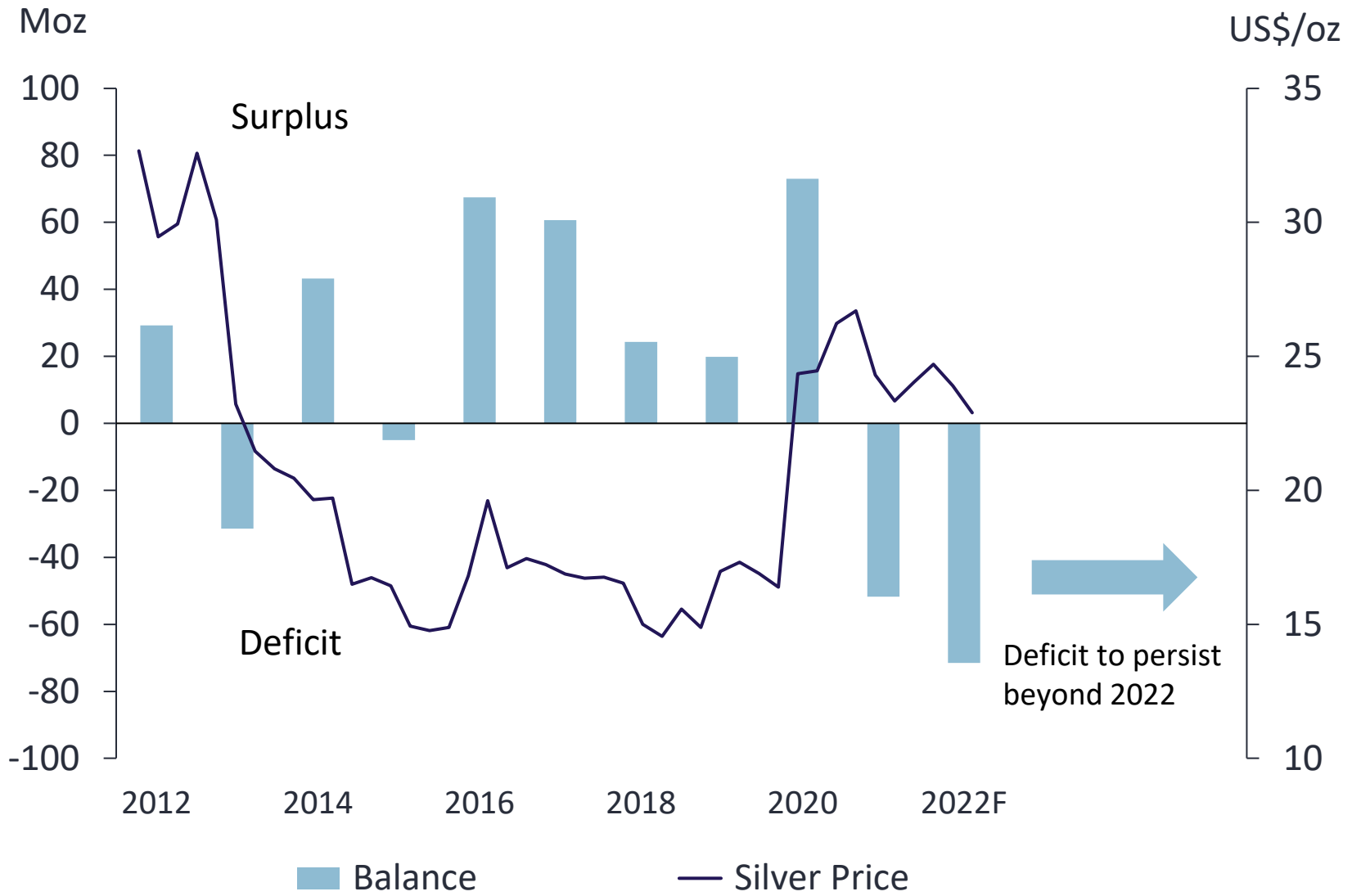
Source: Metals Focus



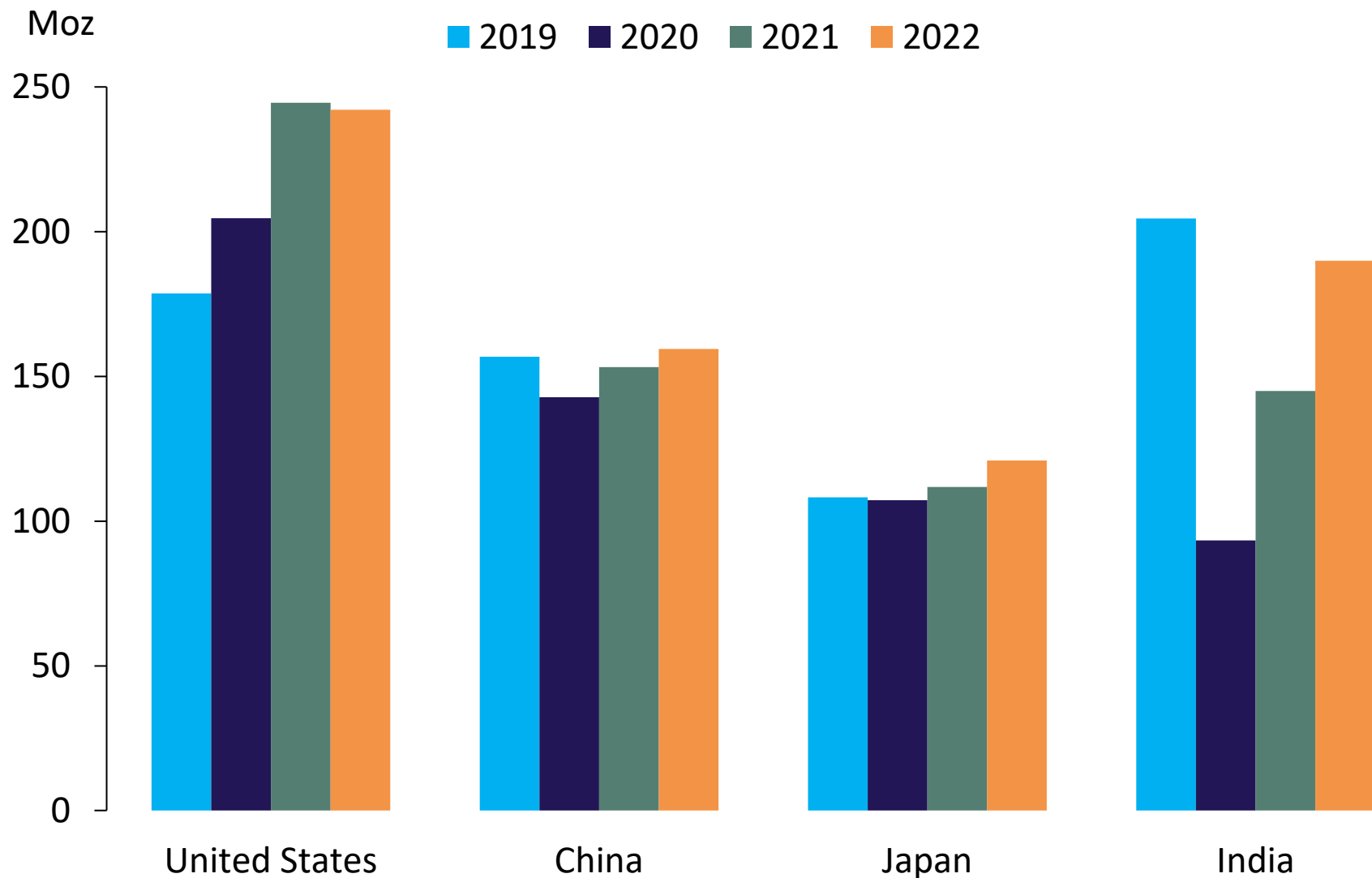
Another sizeable deficit expected in 2022, 72Moz



And also for the foreseeable future



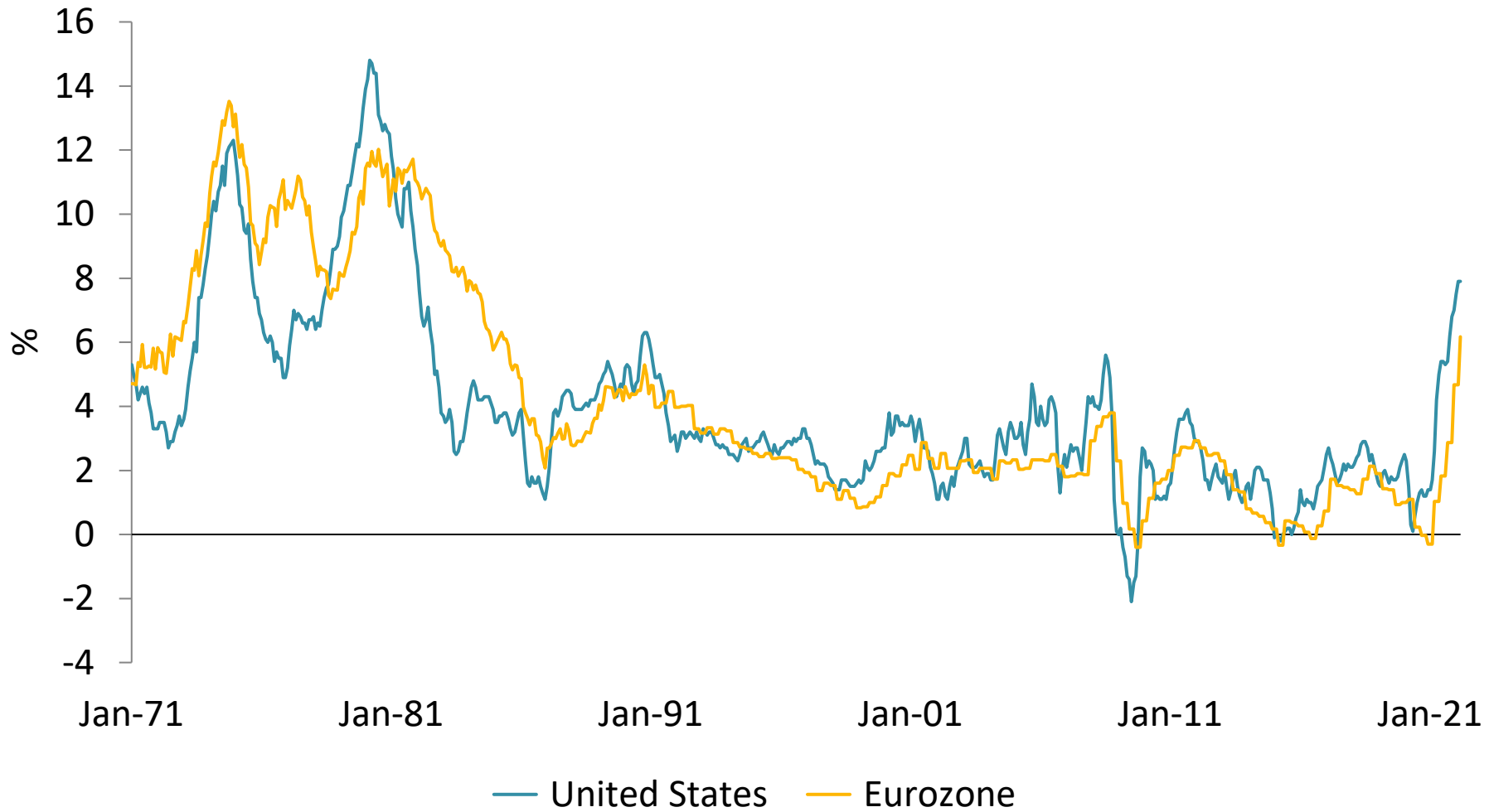
Top-Four Silver Fabricators*



*Includes coin & bar demand; Source: Metals Focus

Inflation: from transitory to more entrenched?

US & Eurozone headline inflation surged to highs last seen in 1980s



Source: Bloomberg



Silver vs global bonds – link breaks down recently

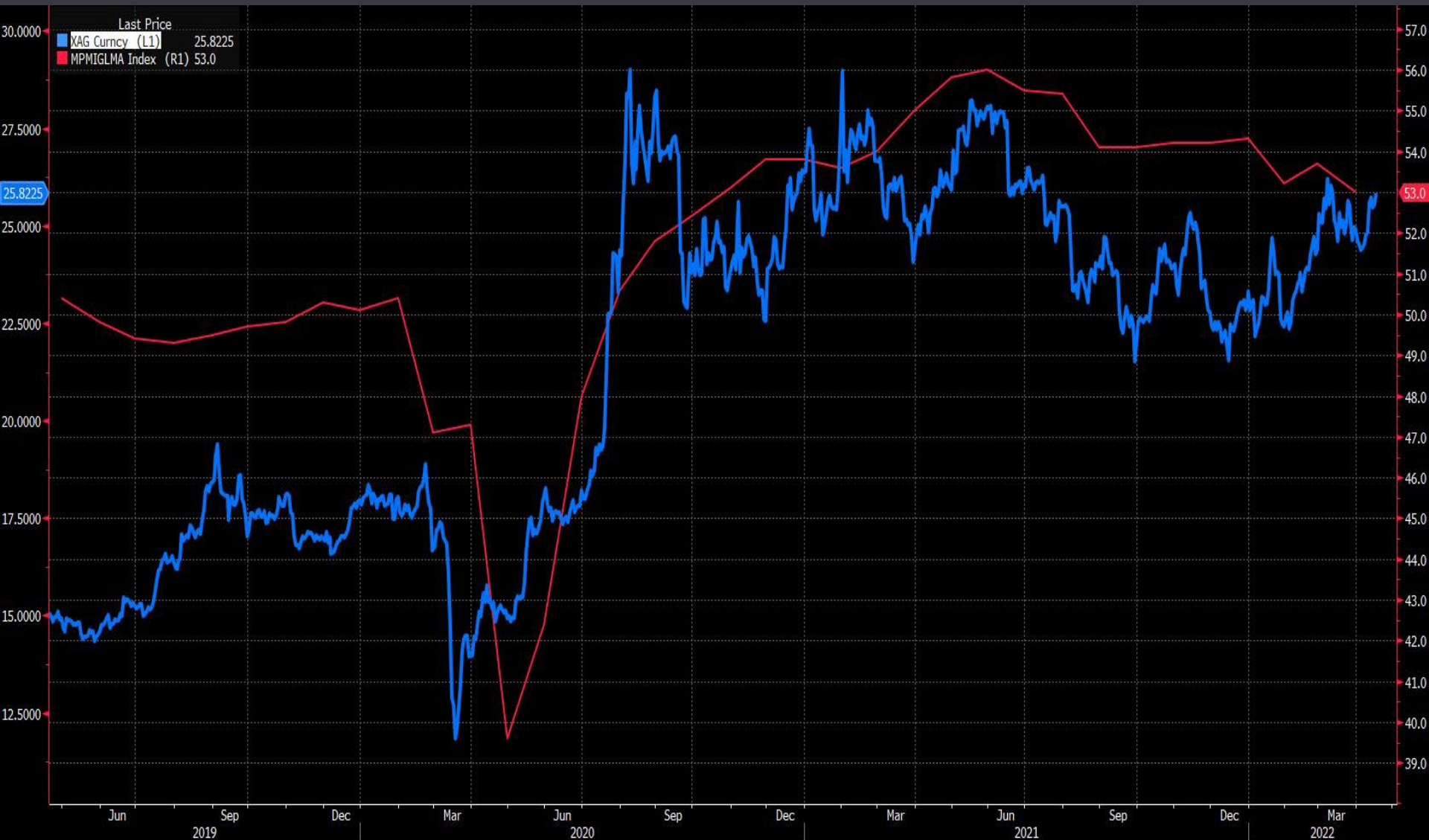


LEGATRUU Index (Bloomberg Global-Aggregate Total Return Index Value Unhedged USD) Daily 19APR2017-18APR2022 Copyright© 2022 Bloomberg Finance L.P. 18-Apr-2022 05:57:26

Source: Bloomberg



Silver & the Global Manufacturing PMI

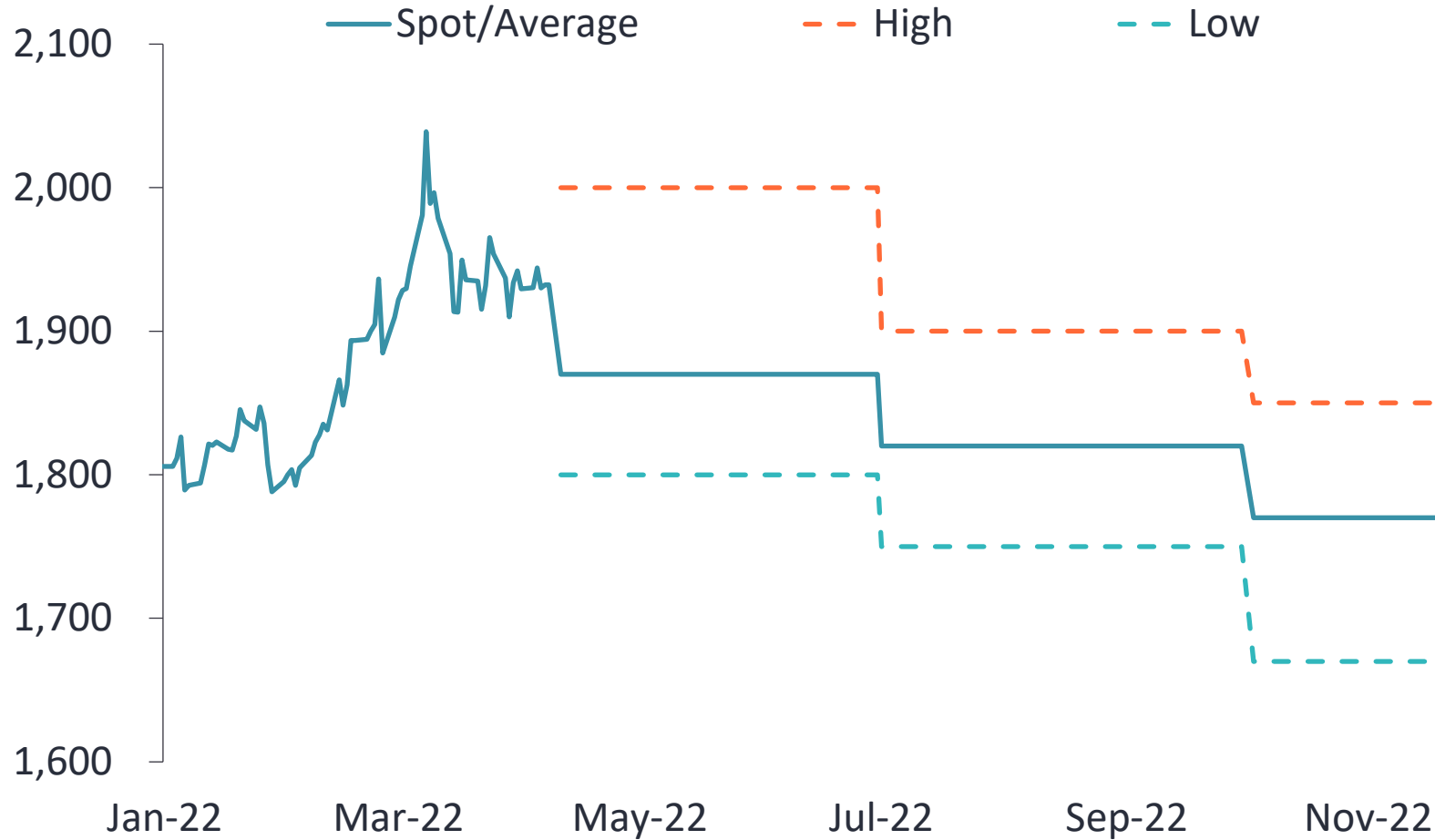


LEGATRUU Index (Bloomberg Global-Aggregate Total Return Index Value Unhedged USD) Daily 19APR2019-18APR2022

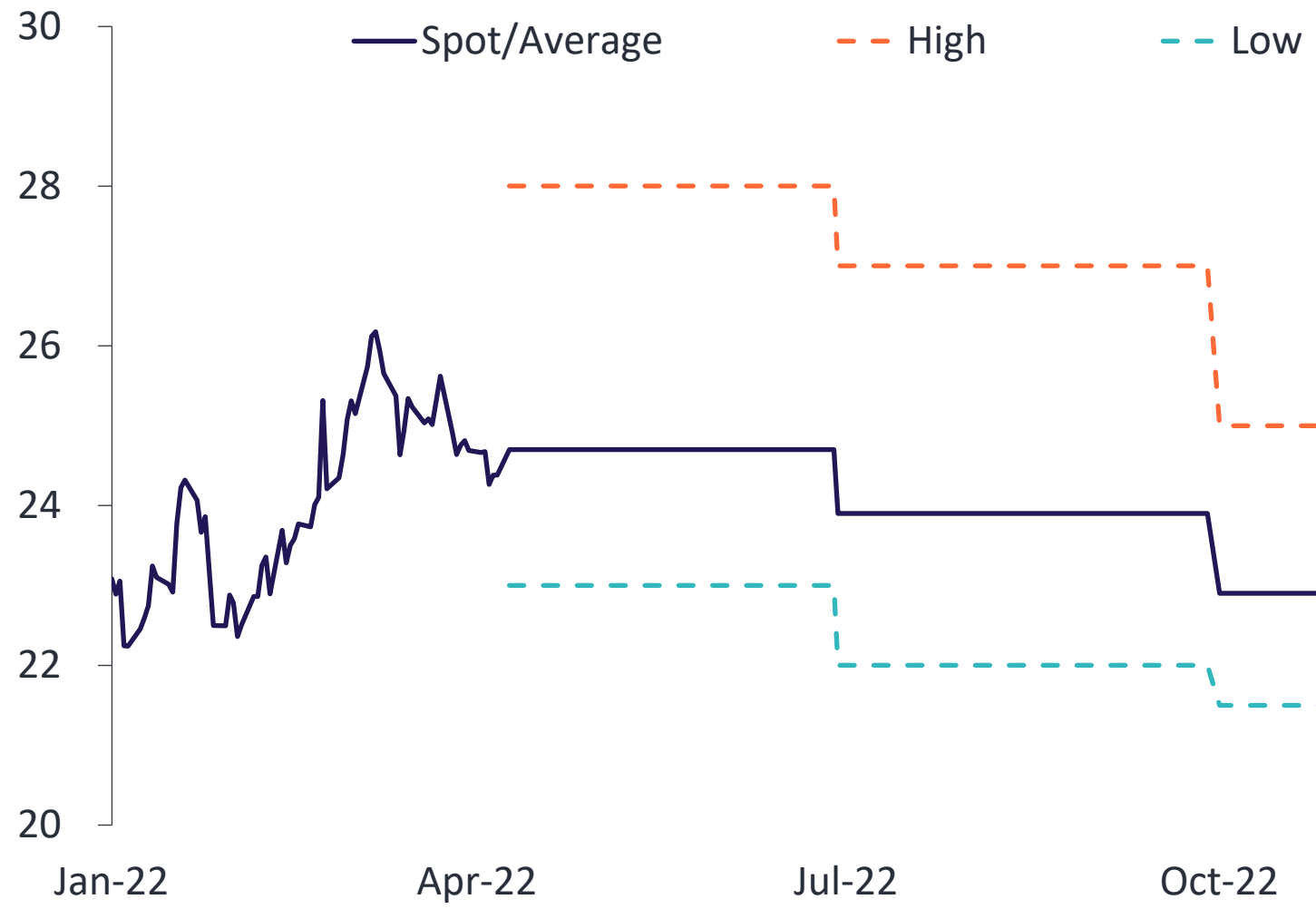
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Gold Price Forecast, 2022 average \$1,835, +2%



Silver Price Forecast, 2022 average \$23.90, -5%



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