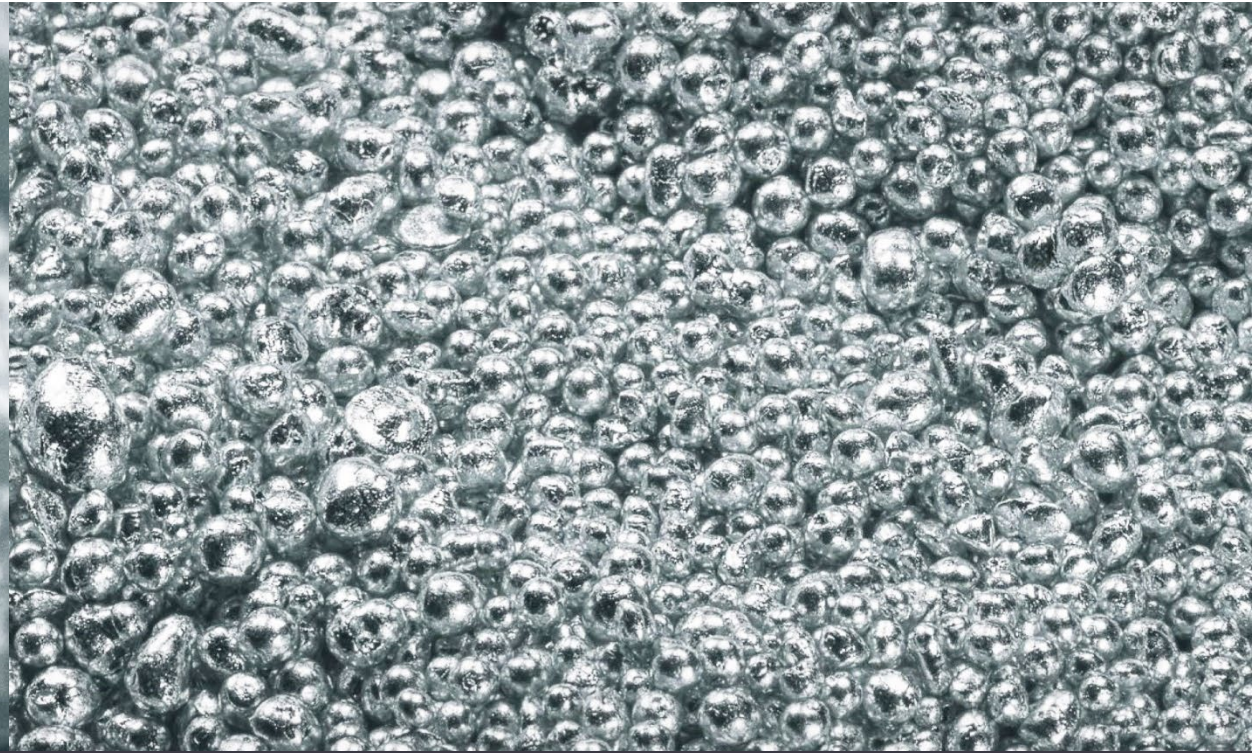


2022 INTERIM SILVER MARKET REVIEW

The Global Source
THE SILVER INSTITUTE

M_F METALS FOCUS



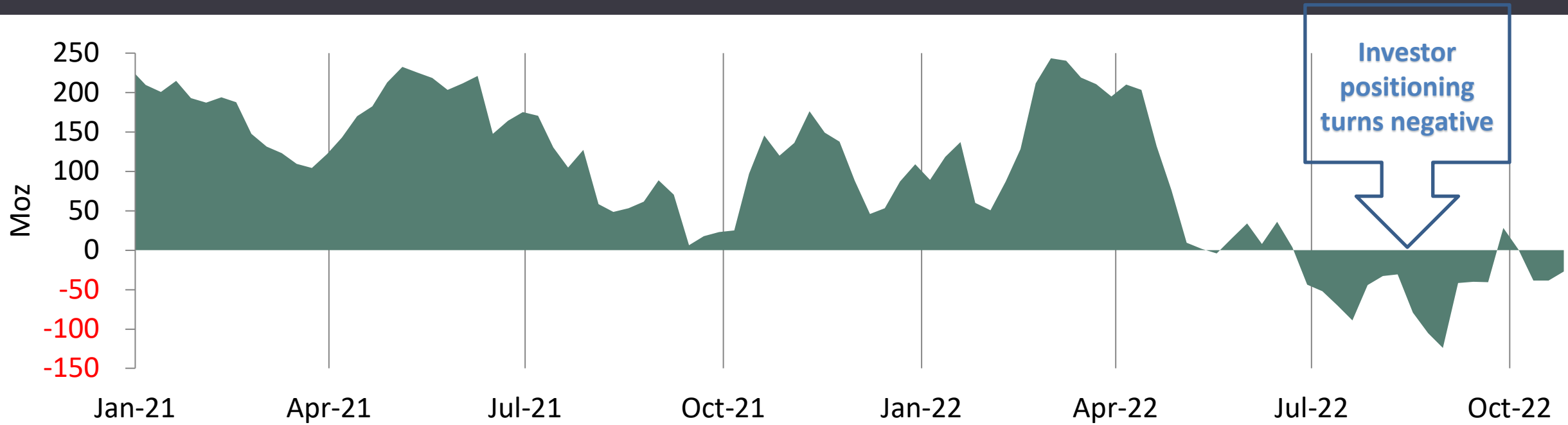
The Silver Institute

Philip Newman & Adam Webb, Metals Focus

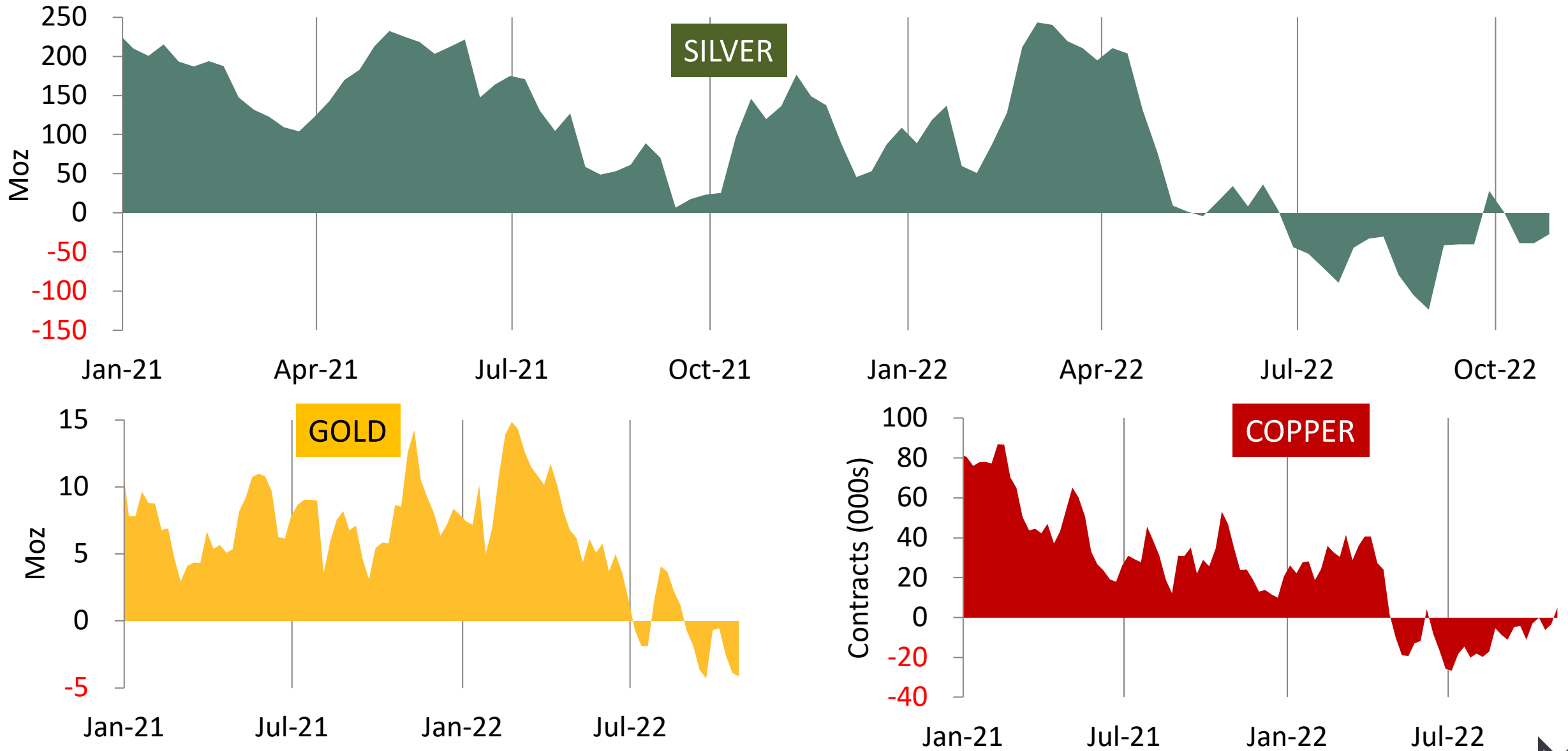
November 17th 2022



2022 – contrasting messages

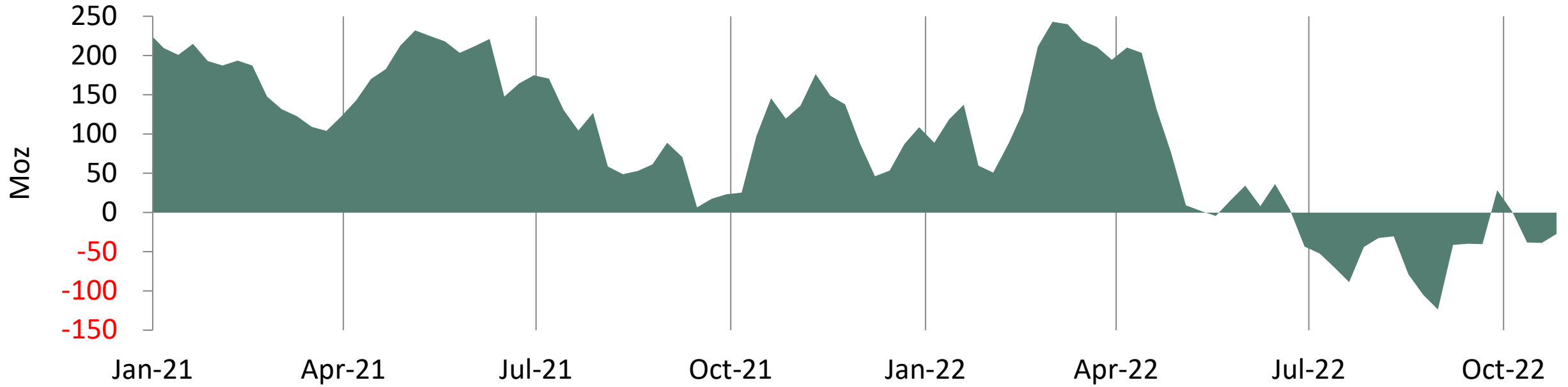


2022 – contrasting messages



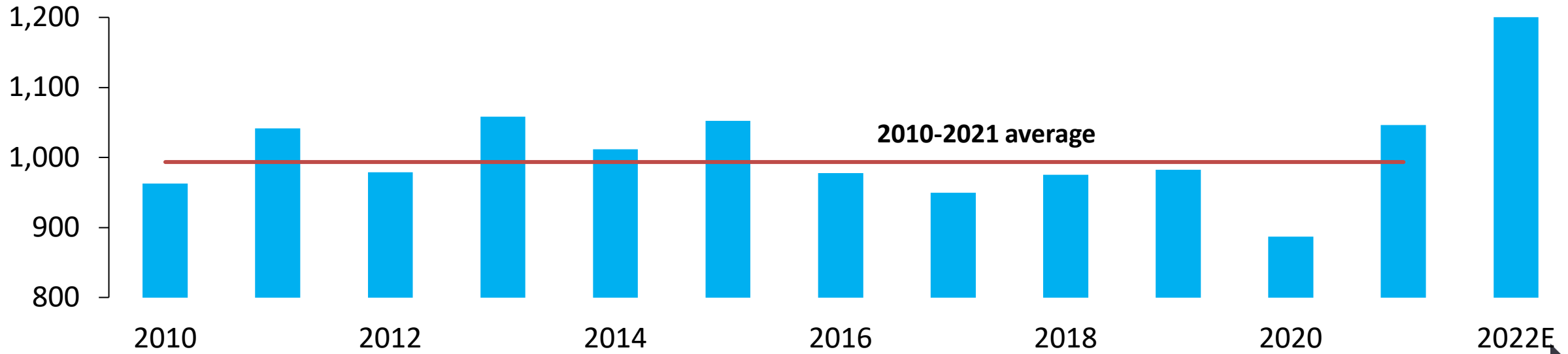
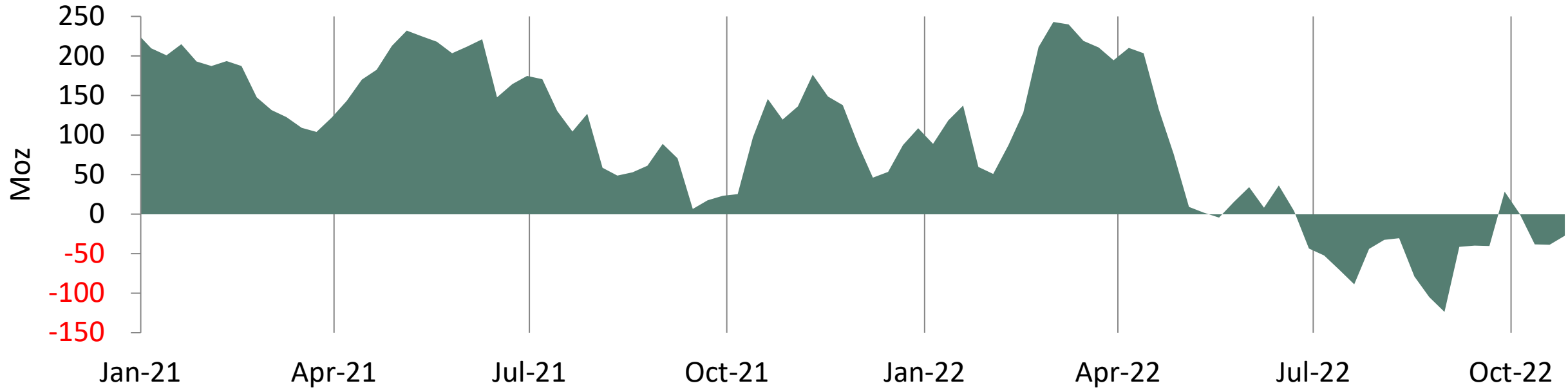
Source: CFTC, net managed money positions

2022 – contrasting messages



Source: CFTC, net managed money positions

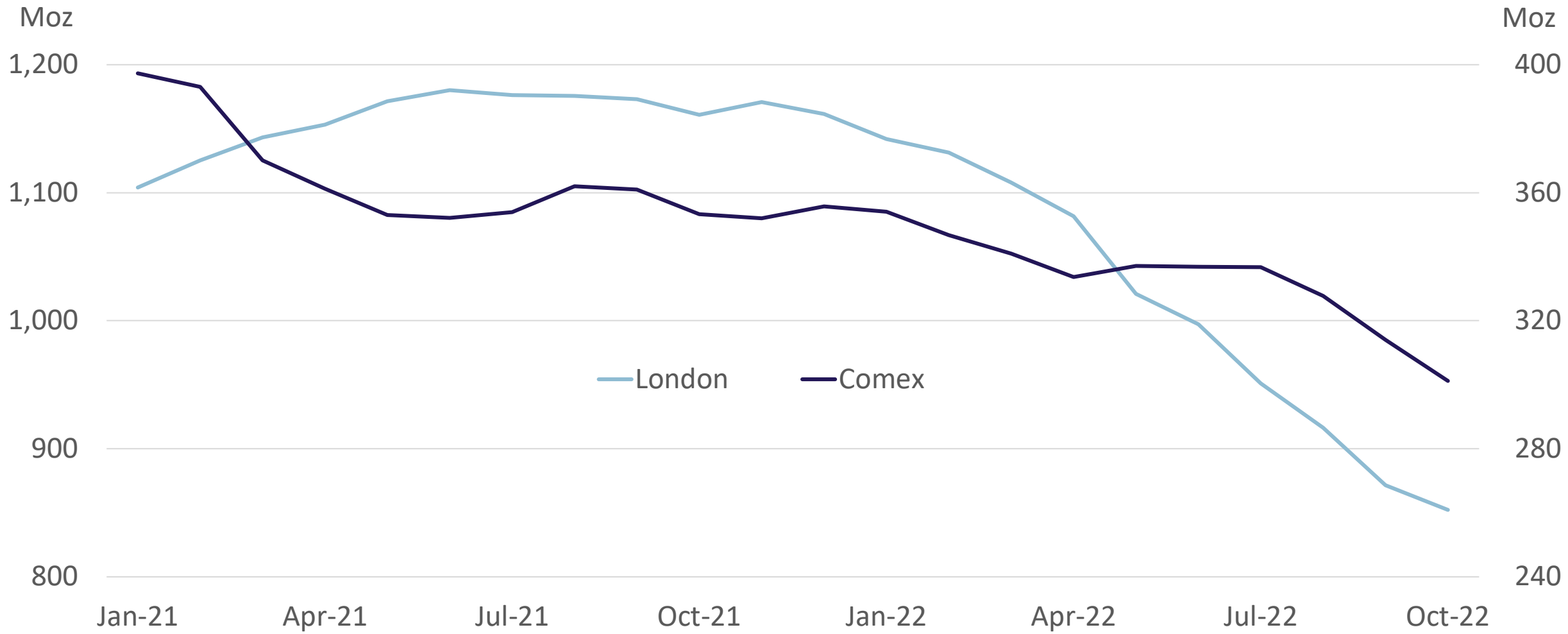
2022 – contrasting messages



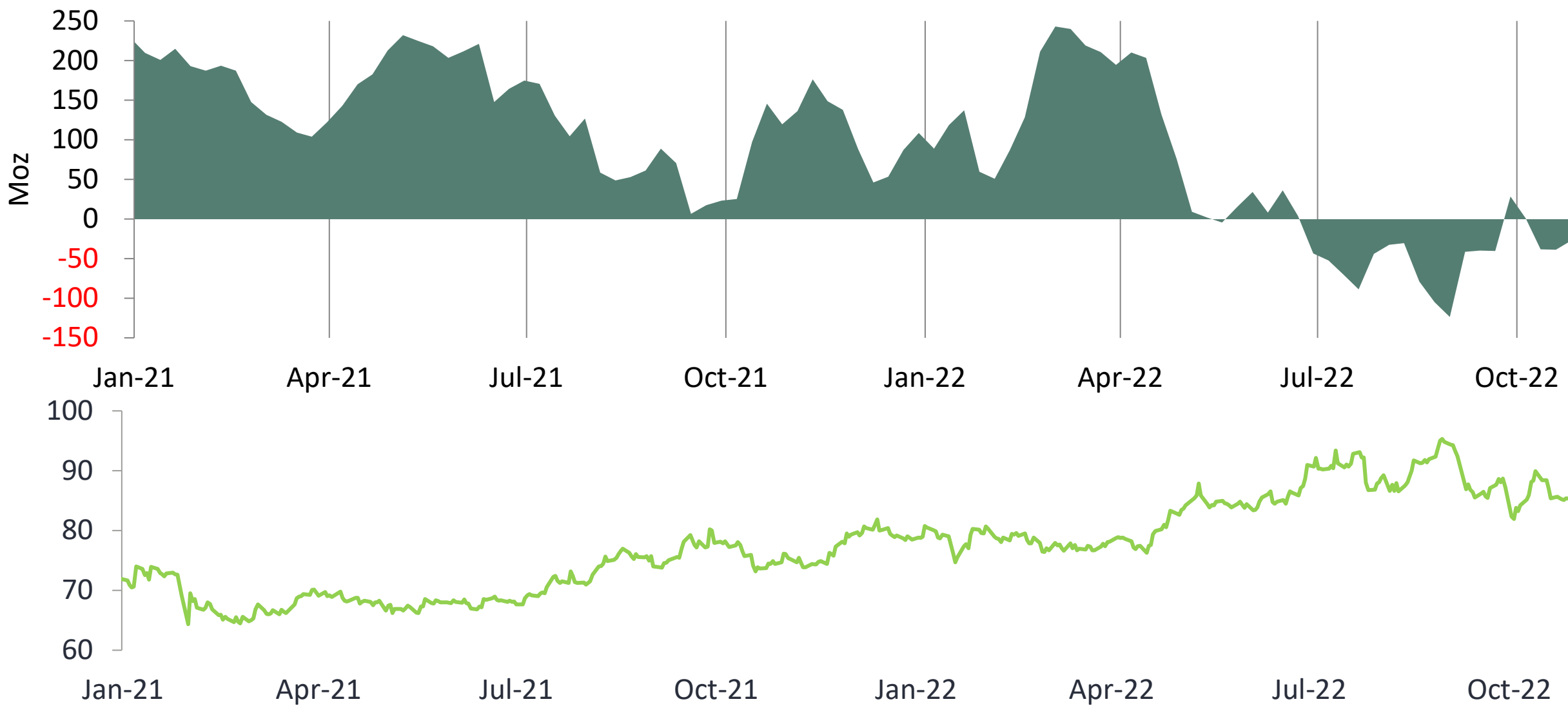
Source: Metals Focus; CFTC



Global exchange stocks falling, by ~400Moz this ytd to 1.3bn oz



2022 – helps explain a rising gold:silver ratio



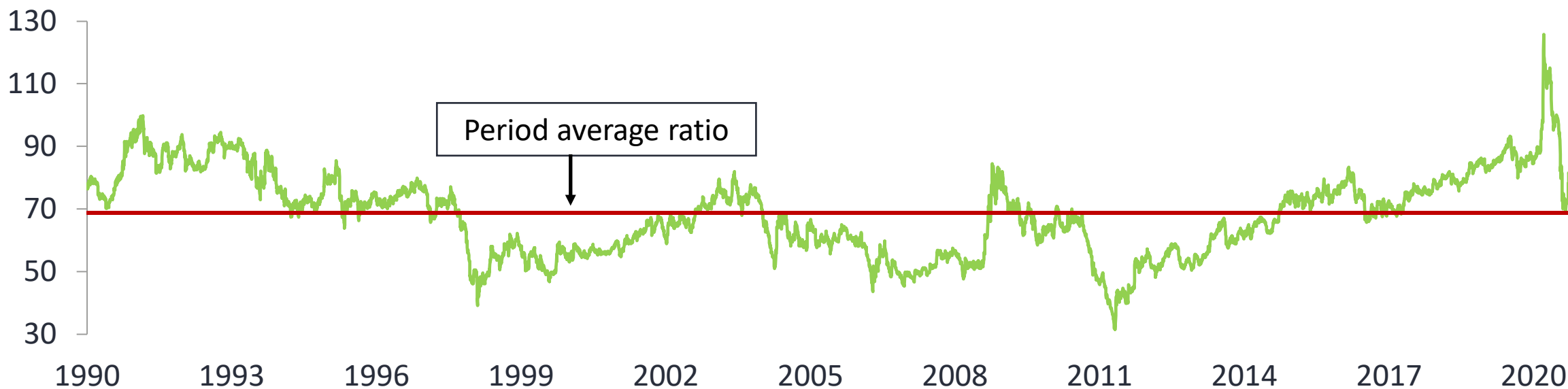
Source: CFTC, Bloomberg



The gold:silver ratio has trended higher for much of this year



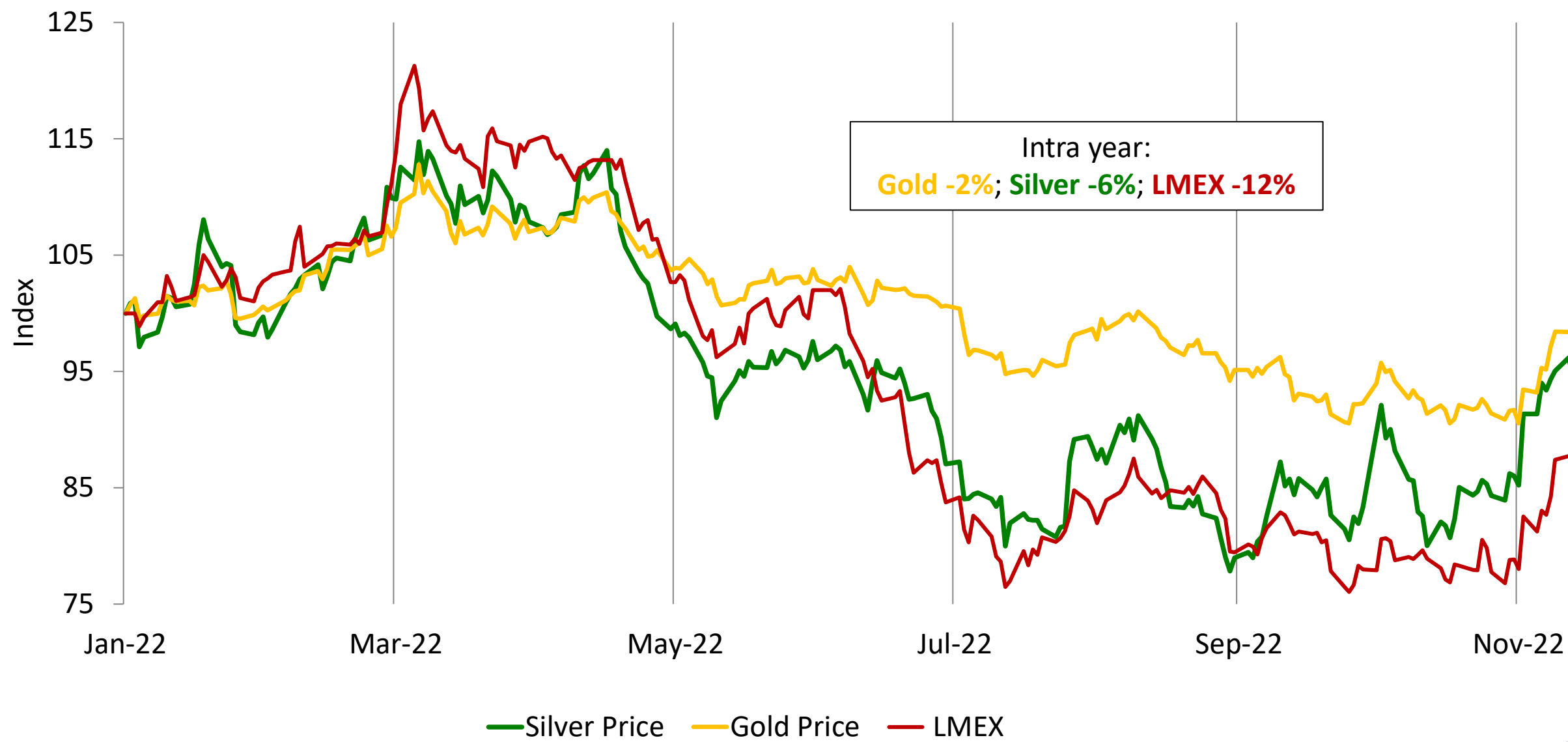
The gold:silver ratio has trended higher for much of this year



Source: Bloomberg



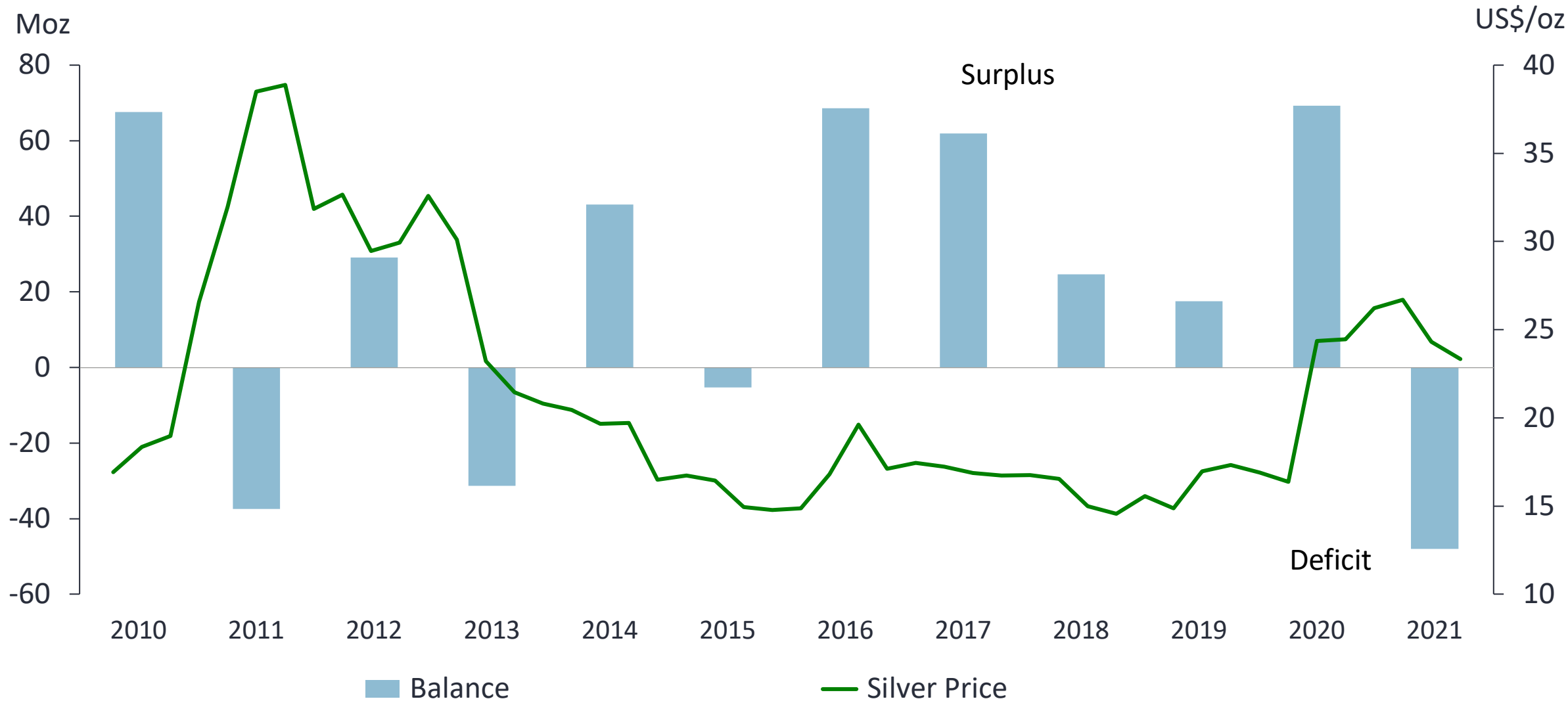
Silver's under performance during H2.22



Source: Bloomberg

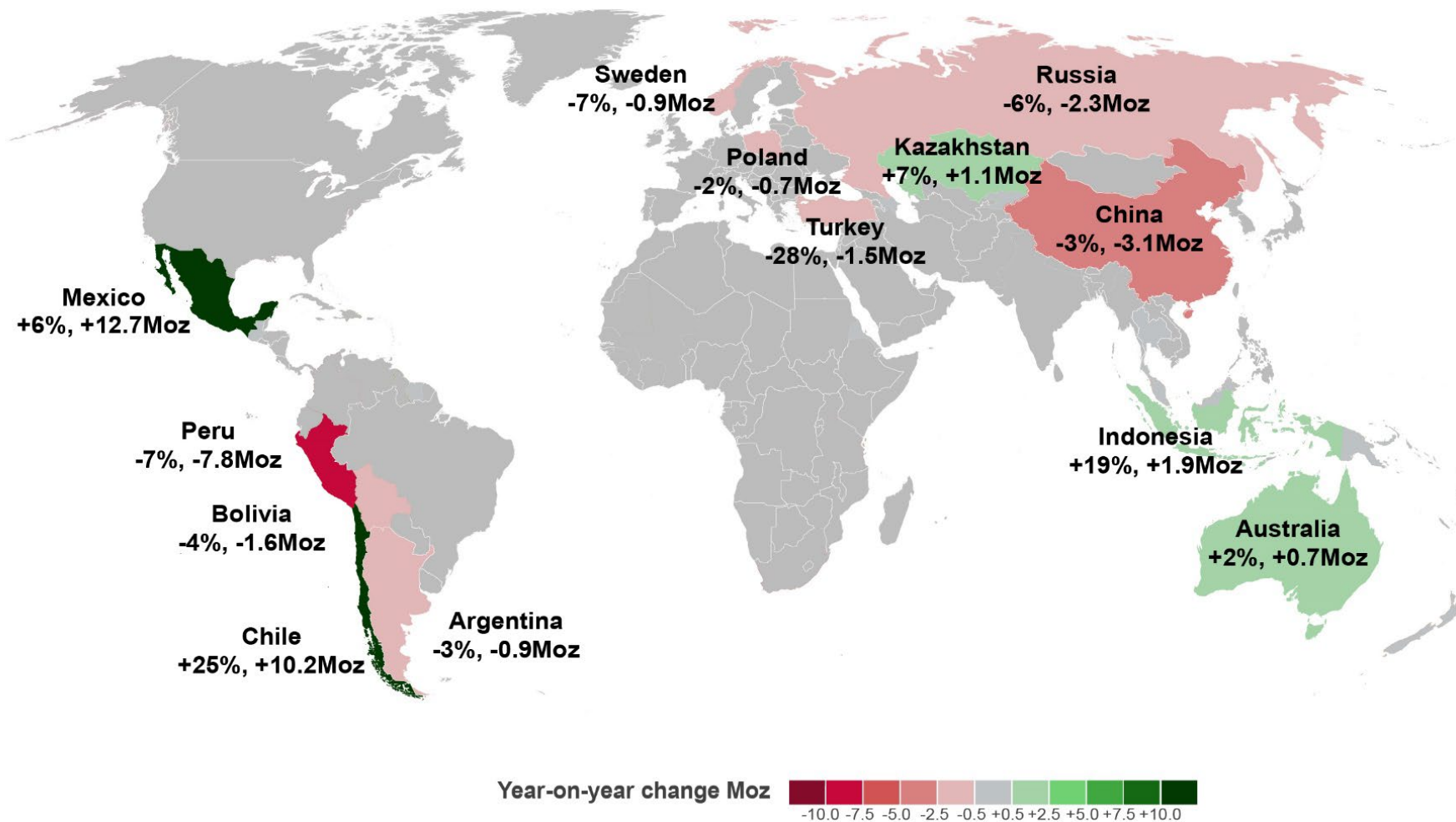


2021, the start of a new phase of deficits, -48Moz



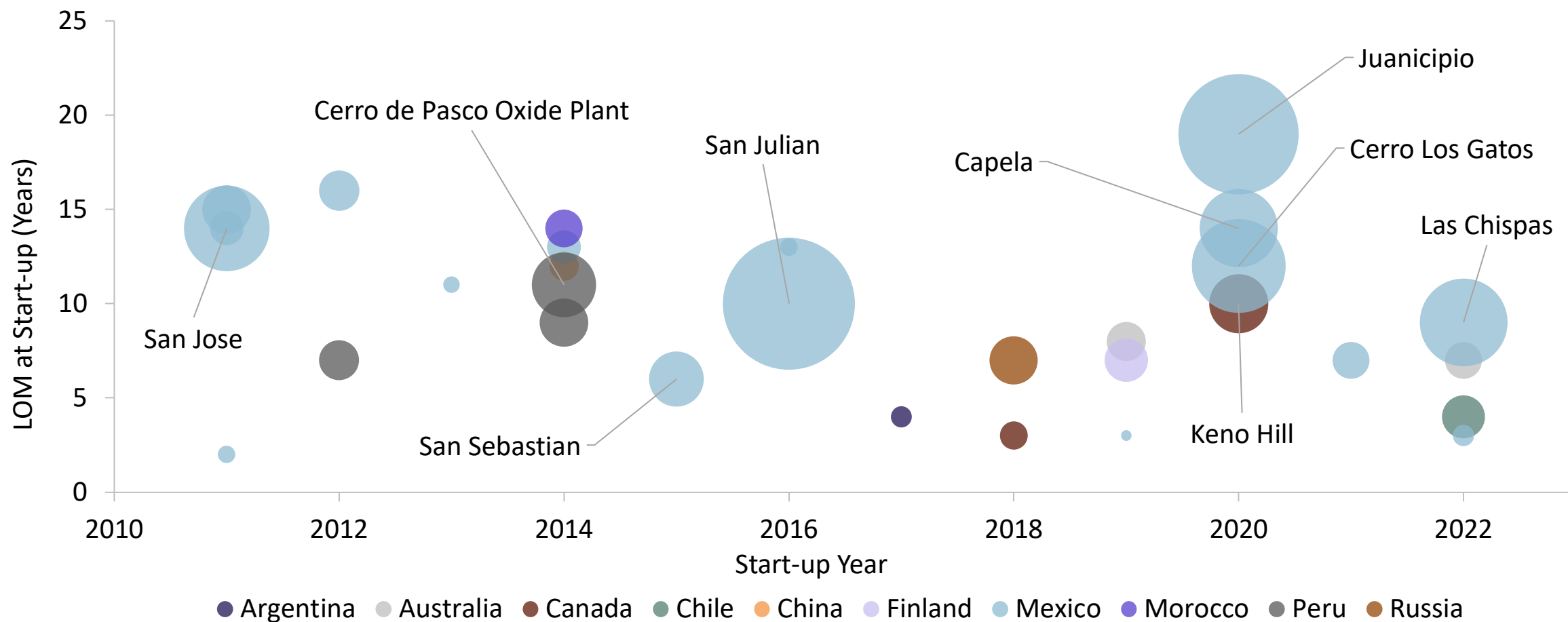
Mined silver production to rise by 9Moz y/y in 2022

This year global output is expected to rise by 1% y/y to 830Moz as significant growth in production from Mexico and Chile surpasses falling output from major producers such as Peru, China and Russia.



Major new projects are driving growth in Mexico

Since 2020 four major new primary silver projects have commenced production in Mexico. These are bigger than new projects elsewhere in the world and are the main reason for growth in Mexican output.

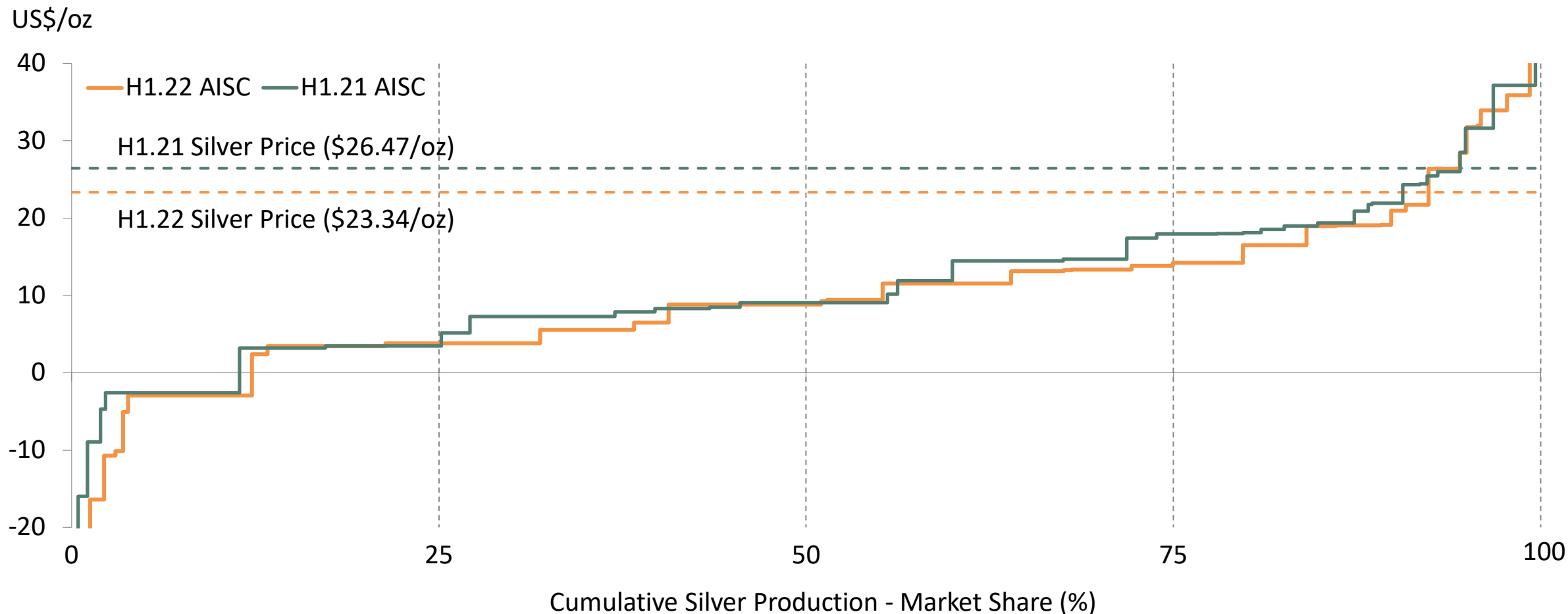


Bubble size represents average LOM production.

Source: Metals Focus

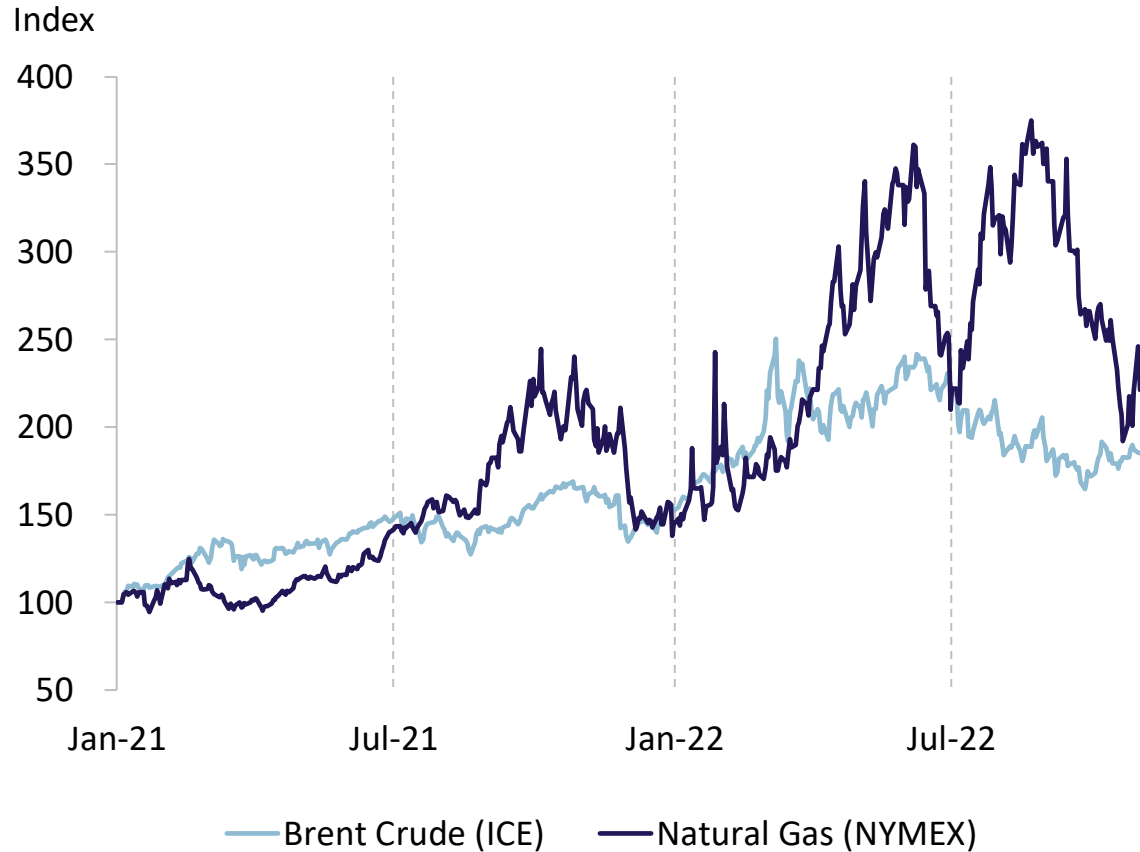
Primary silver miners' costs lower year-on-year in H1.22

Average AISC for primary silver mines in H1.22 fell by 10% y/y to \$9.72/oz due to a rise in by-product credits. However, this drop was surpassed by a 12% decline in the silver price over the same period which led to average margins falling by 13% y/y.

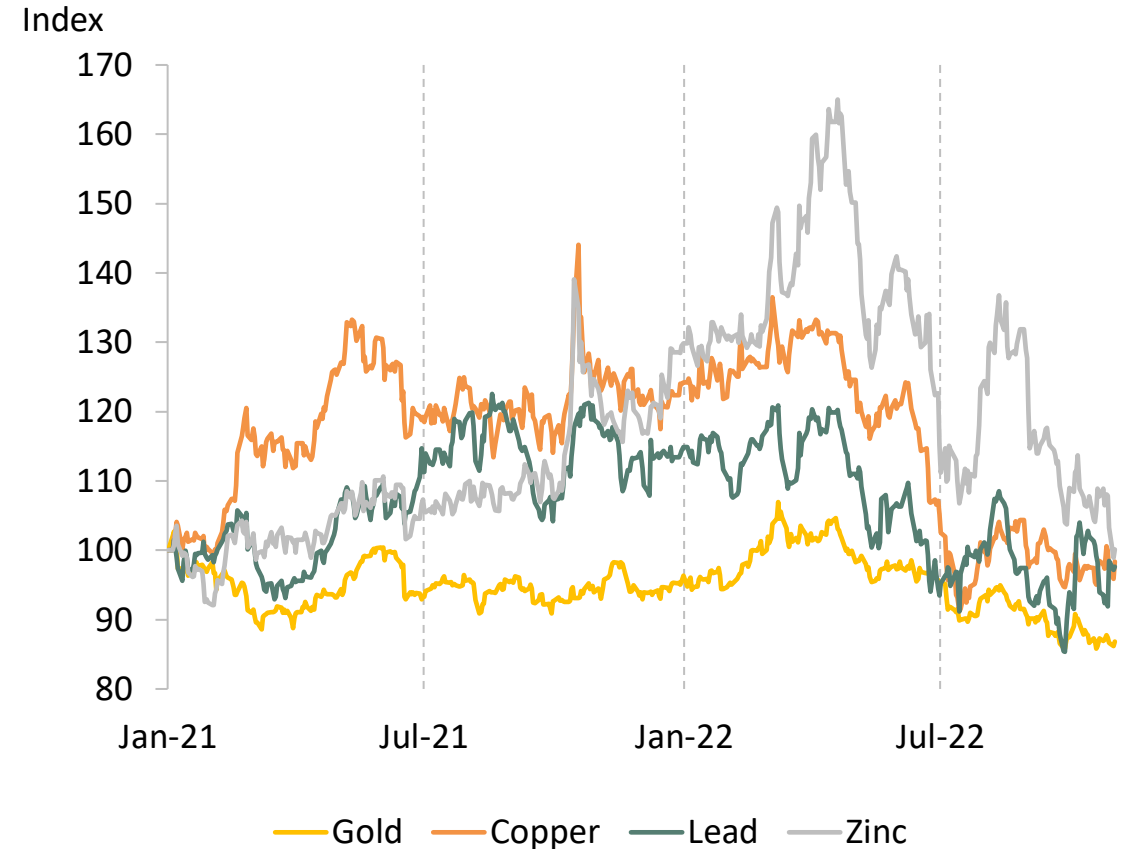


Rising energy costs negated by higher metal prices in H1.22

Gas and oil prices have risen in 2022 increasing fuel and energy costs for miners.

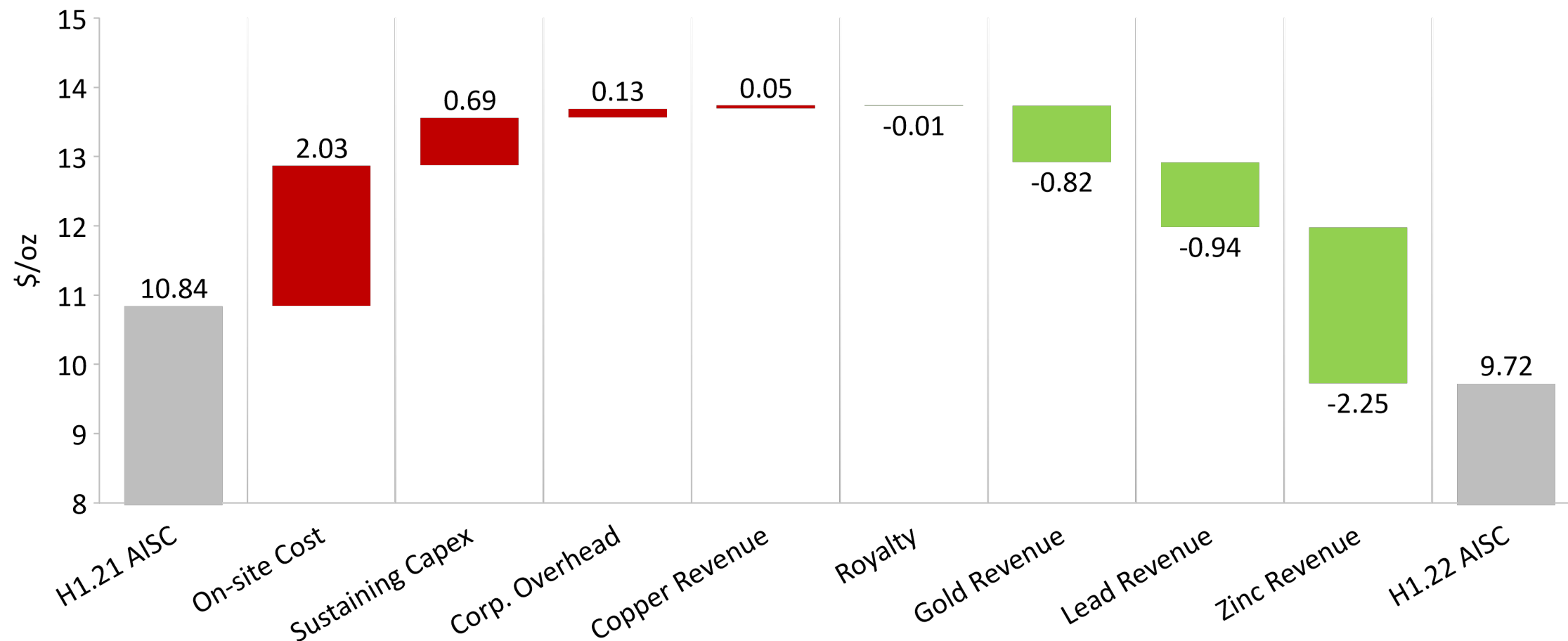


Rising metal prices led to an increase in by-product revenues for silver miners in H1.22.

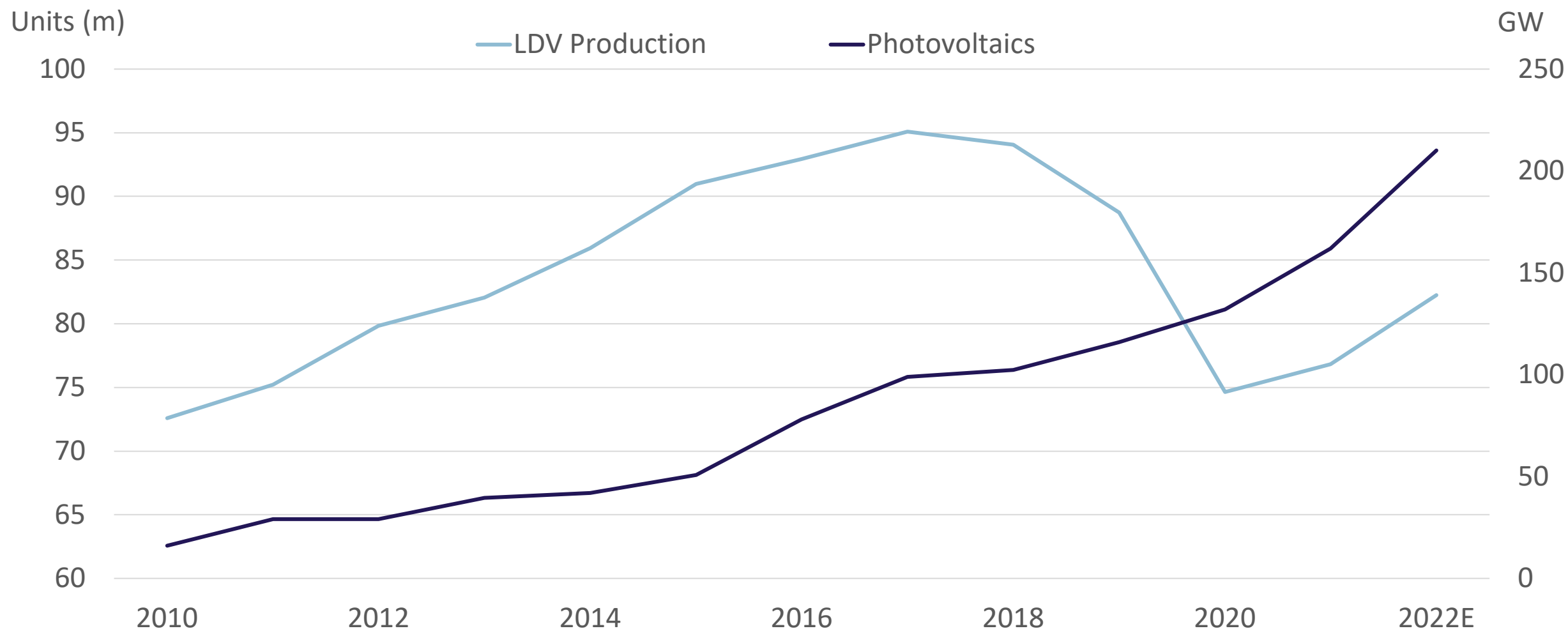


Rise in by-product revenues surpasses increase in costs

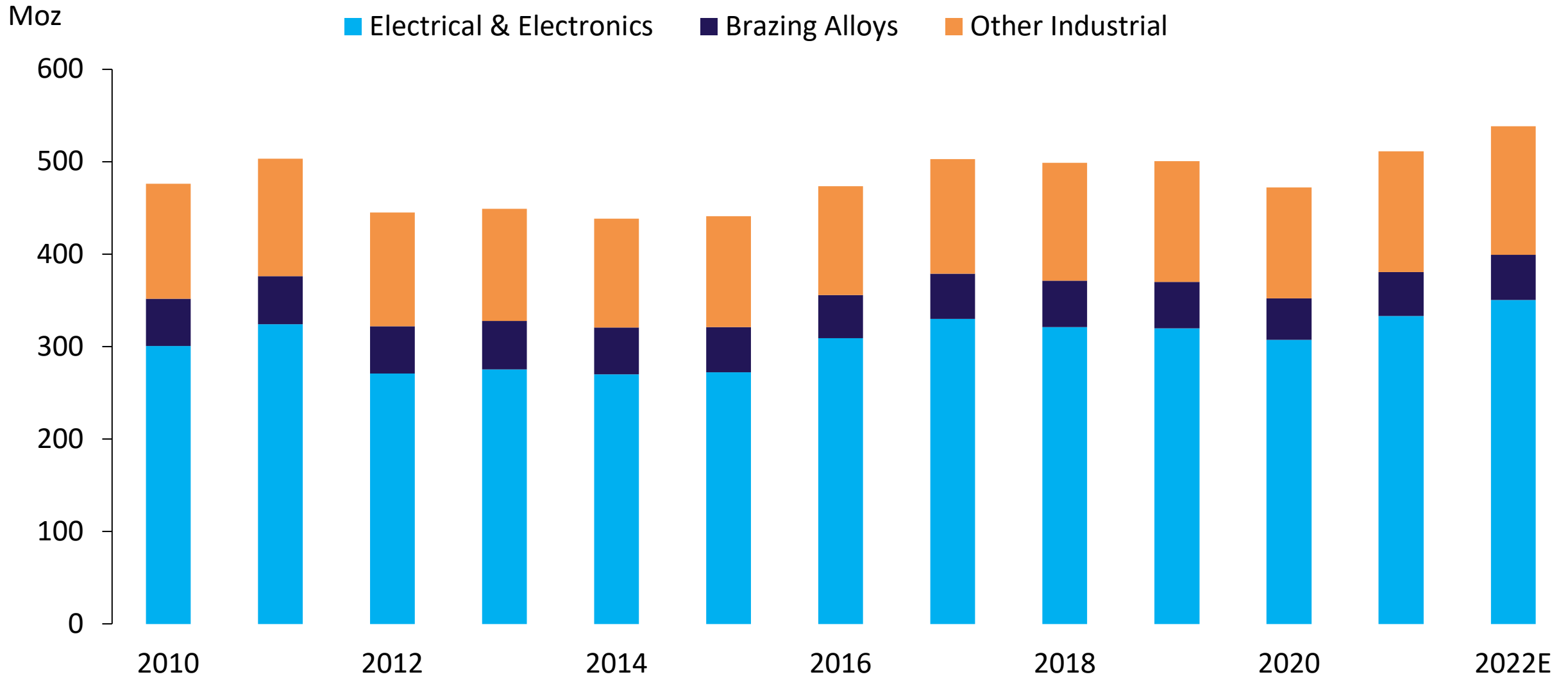
Input cost inflation pushed on-site costs and sustaining capex up by 10% and 16% respectively year-on-year. However, this was surpassed by higher by-product revenues with zinc by-product credits increasing by 40% over the same period.



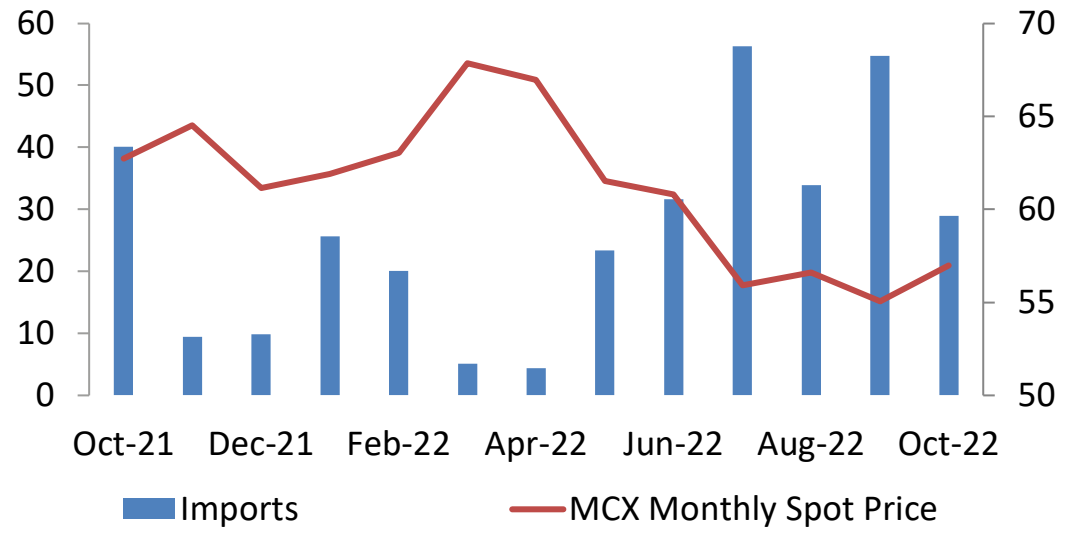
Industrial demand, setting a new high (+5% to 539Moz)



Industrial demand, setting a new high (+5% to 539Moz)



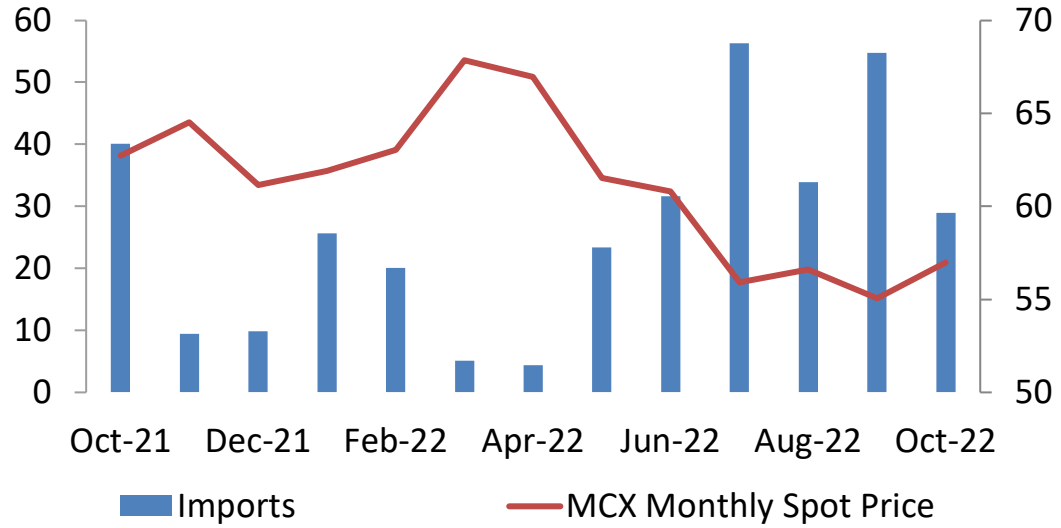
Most roads lead to India



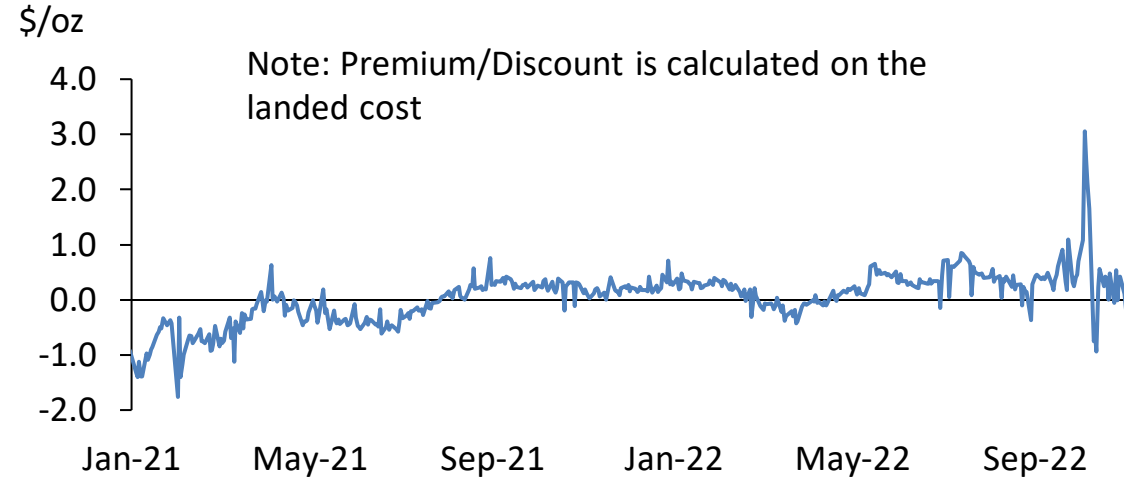
Note: Oct 22 Imports are estimated



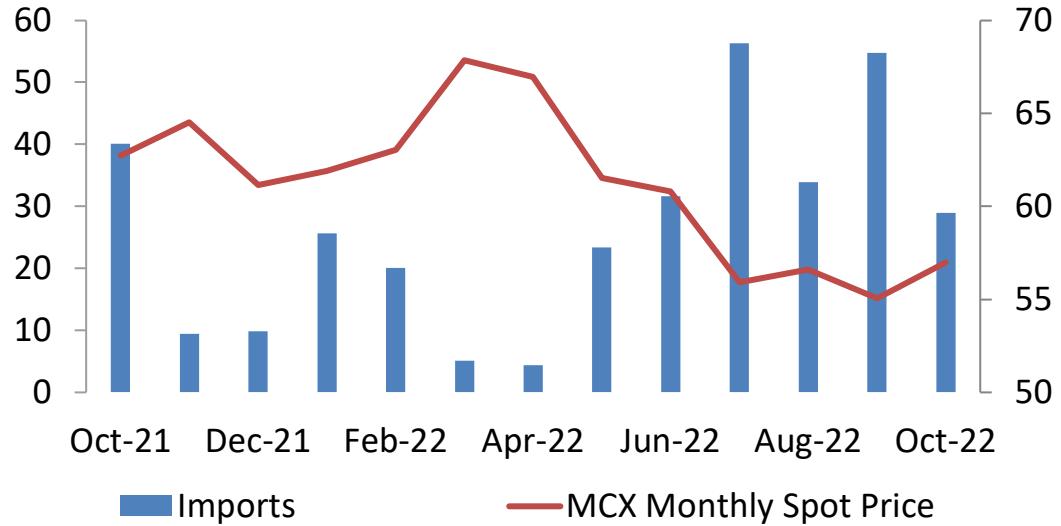
Most roads lead to India



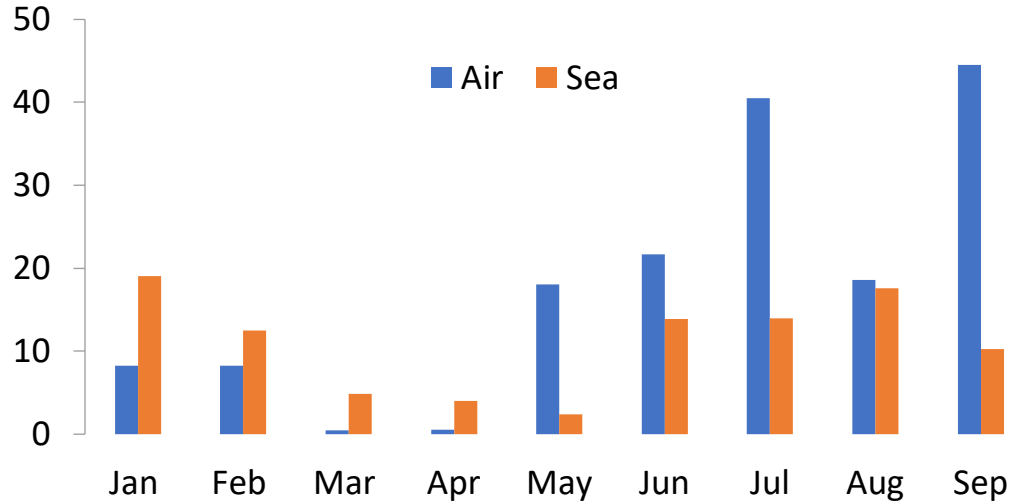
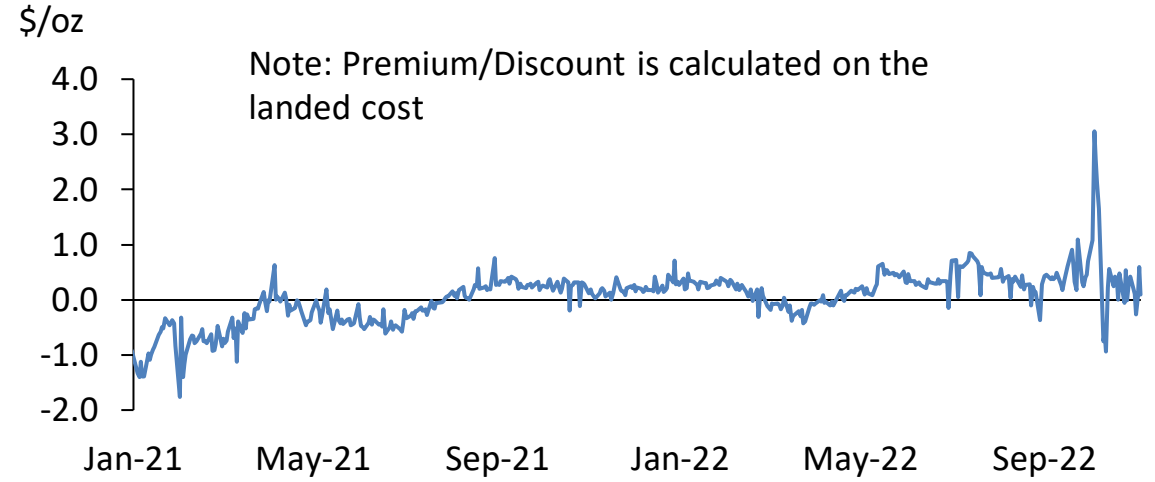
Note: Oct 22 Imports are estimated



Most roads lead to India



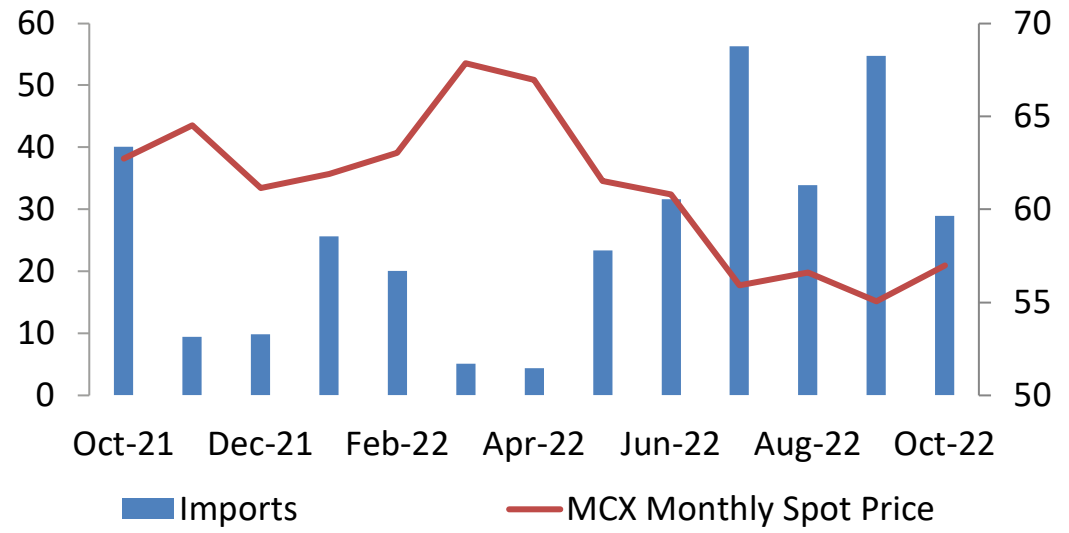
Note: Oct 22 Imports are estimated



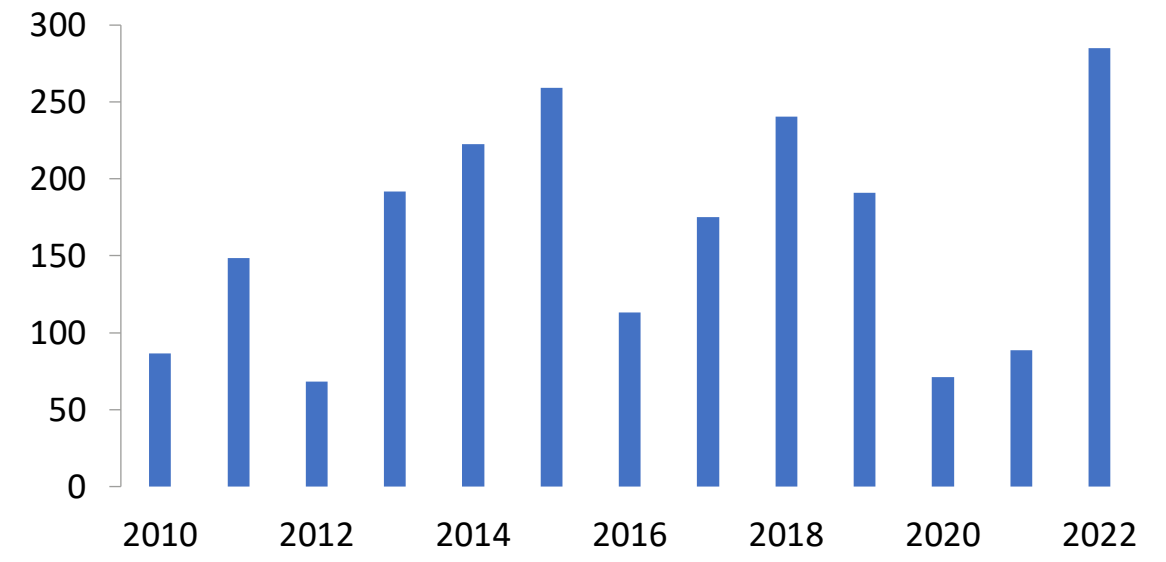
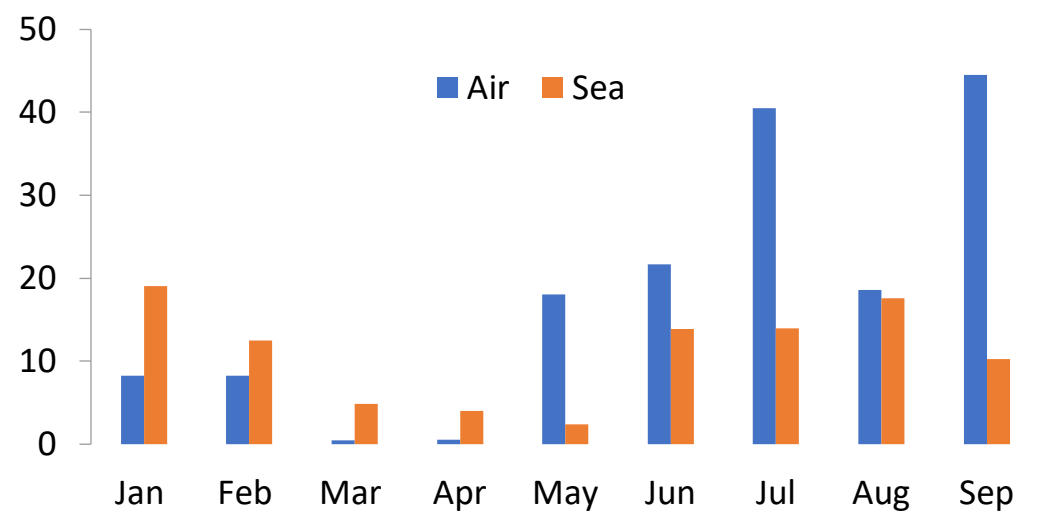
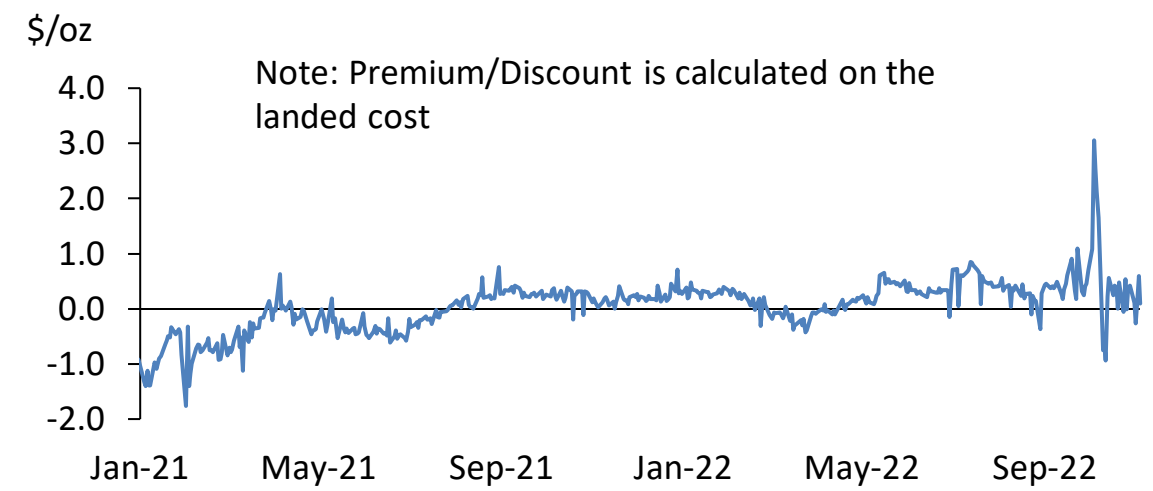
Source: Indian Customs, Metals Focus



Most roads lead to India



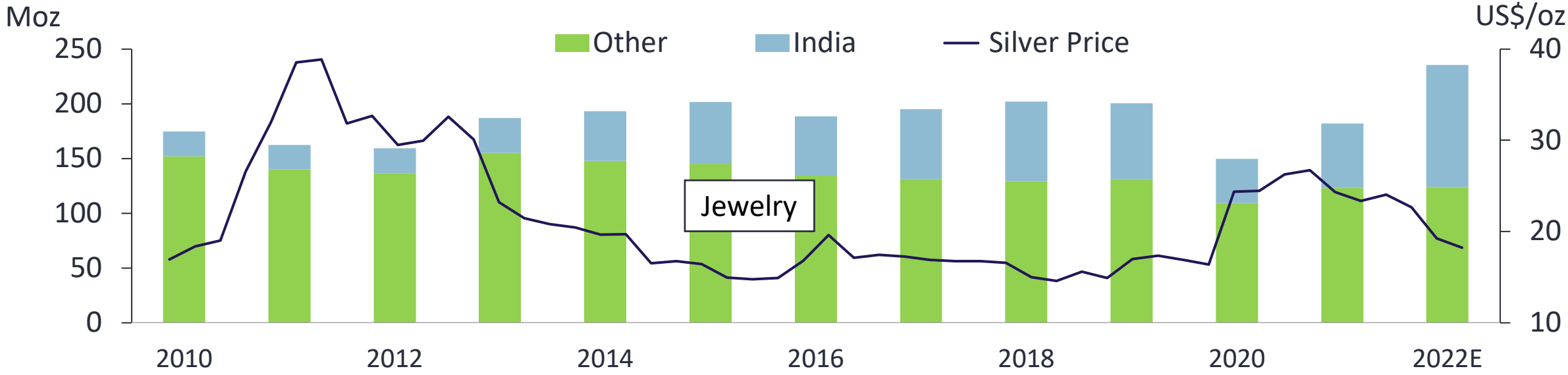
Note: Oct 22 Imports are estimated



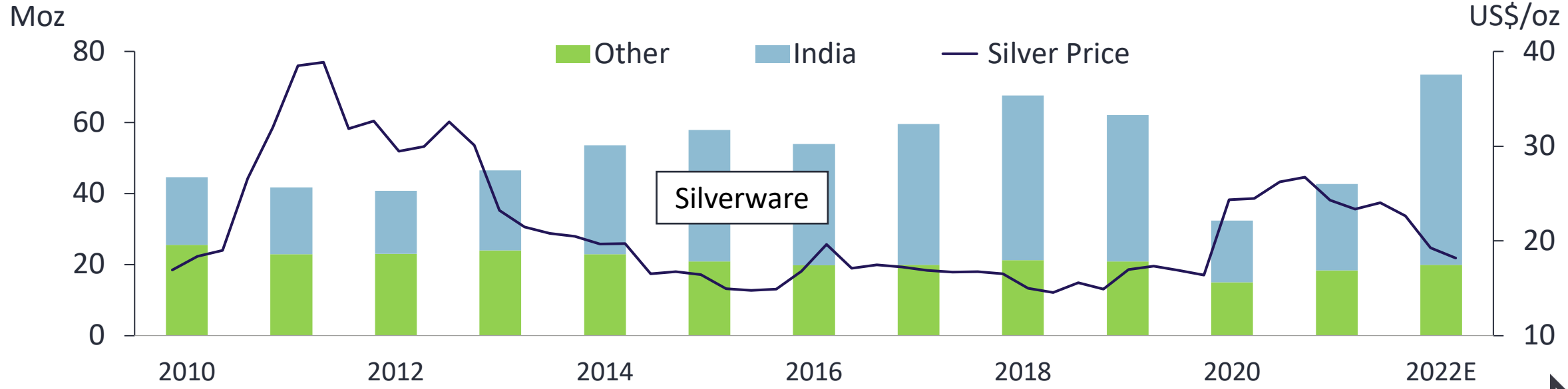
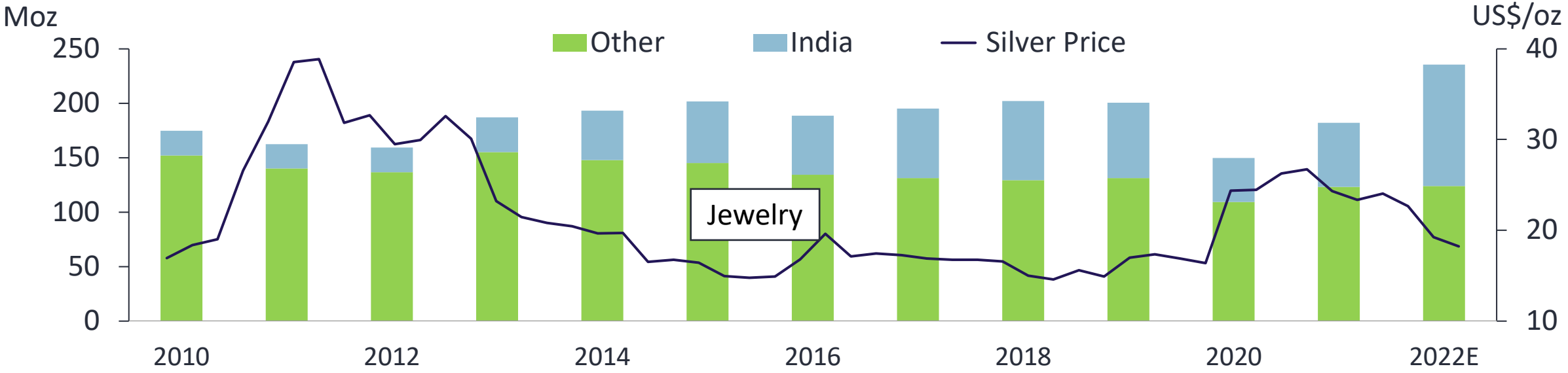
Source: Indian Customs, Metals Focus



Jewelry (+29% to 235Moz) & silverware also hit new highs



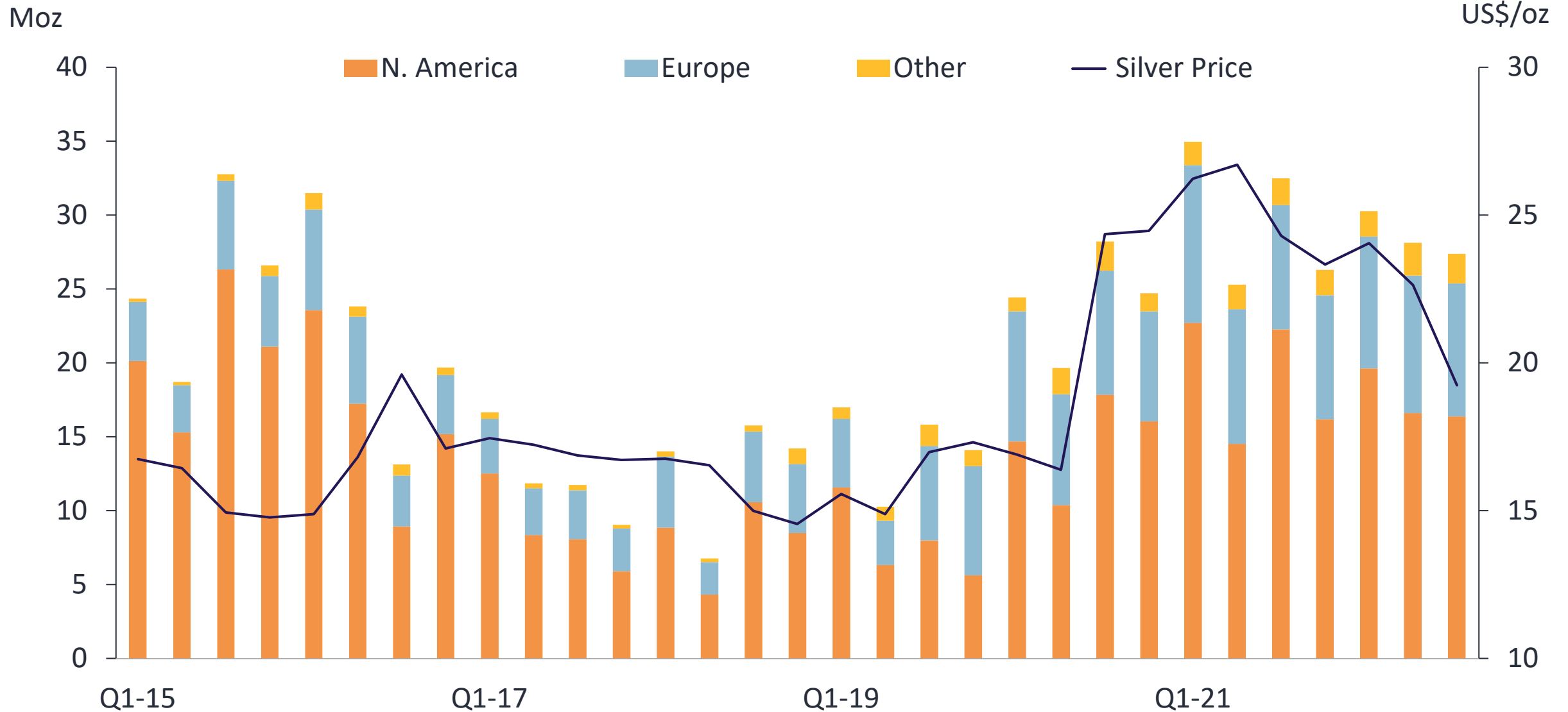
Jewelry (+29% to 235Moz) & silverware (+72% to 73Moz) to also hit new highs



Source: Metals Focus



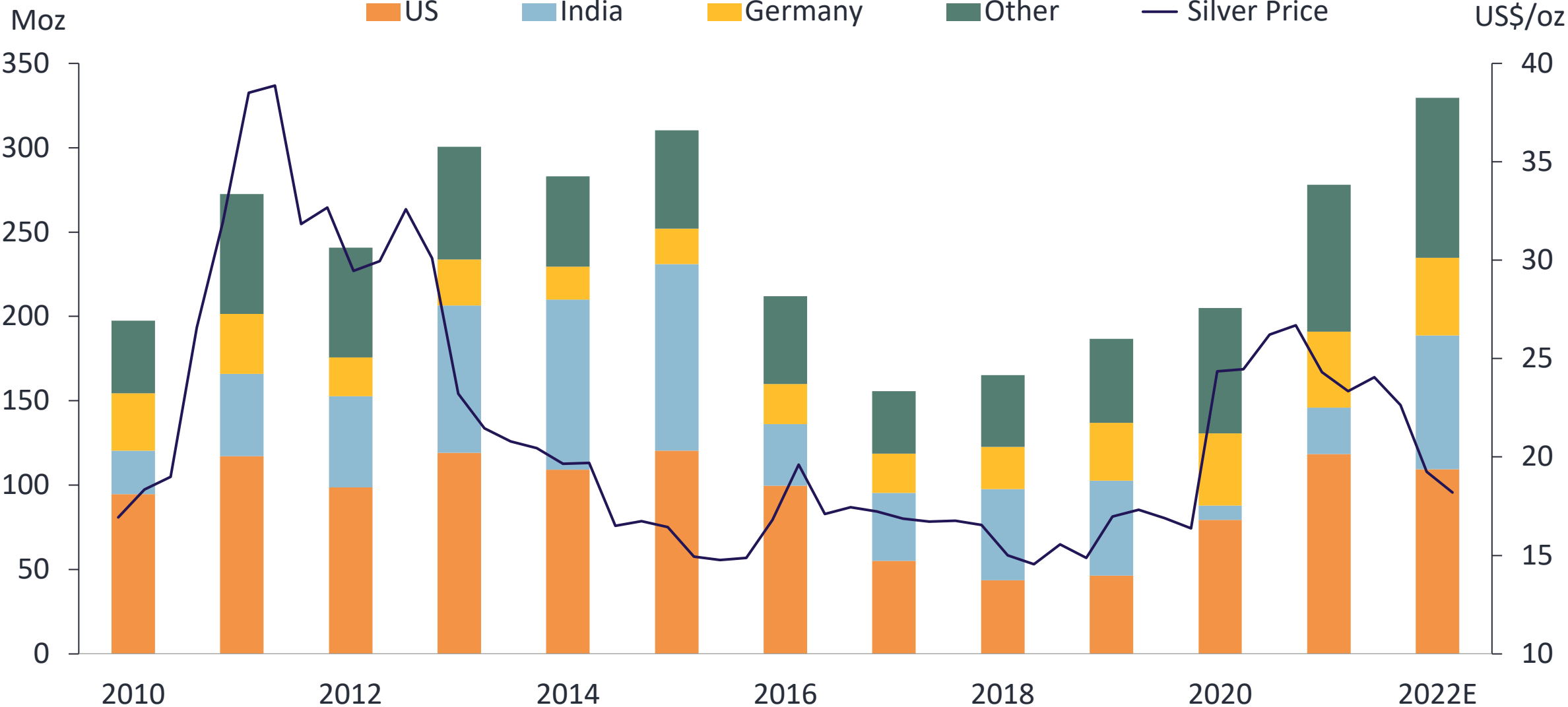
Bar and coin investment (+18% to 329Moz) jumps to a new peak



Source: Metals Focus



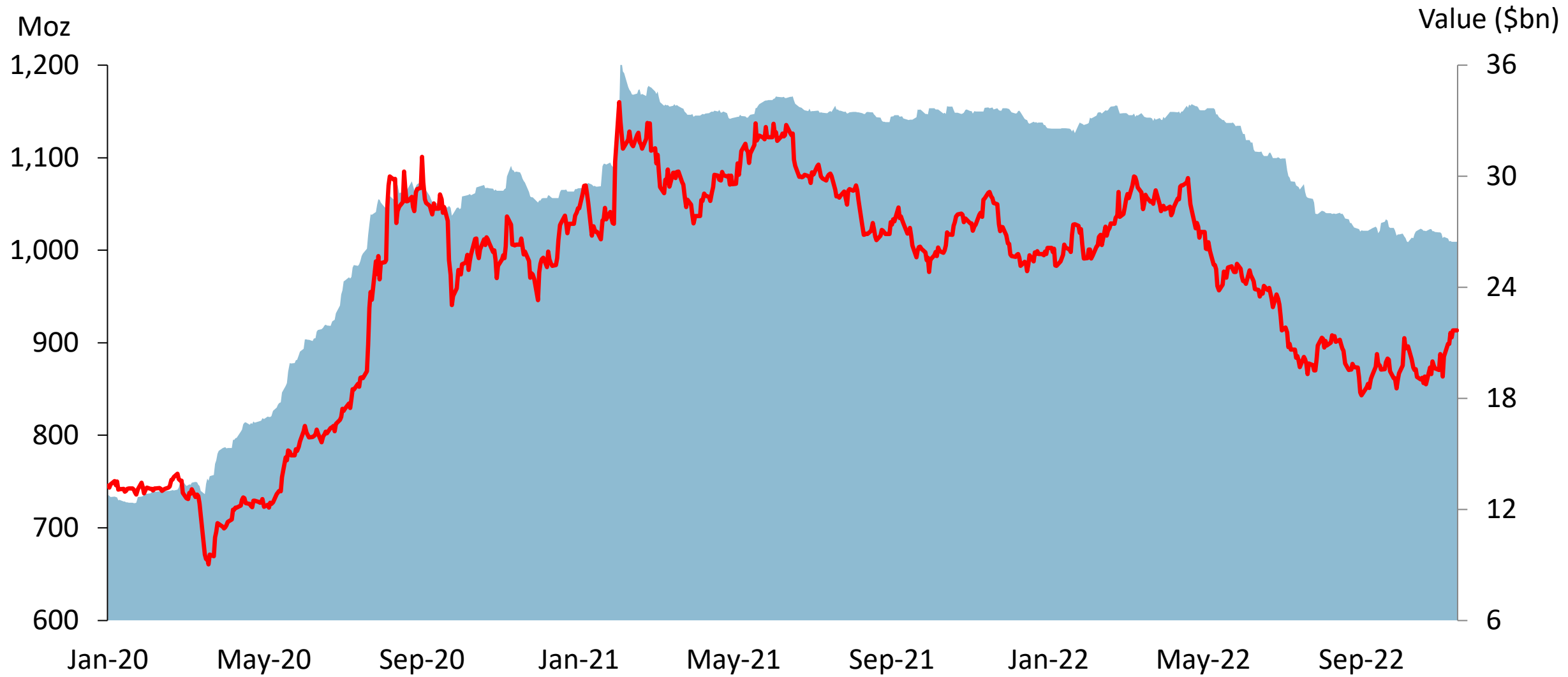
Bar and coin investment (+18% to 329Moz) jumps to a new peak



Source: Metals Focus



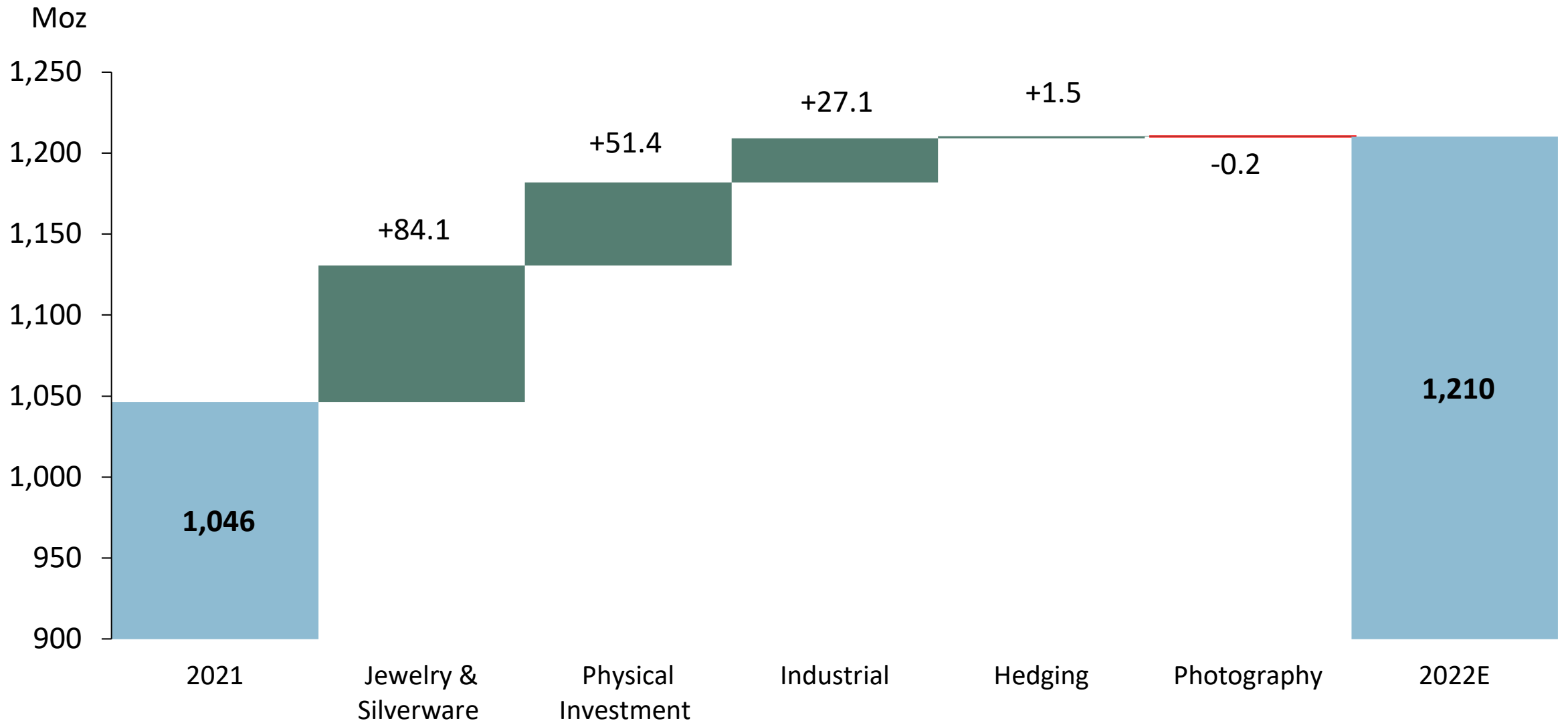
ETP holdings down ~120Moz this ytd, but remain historically high



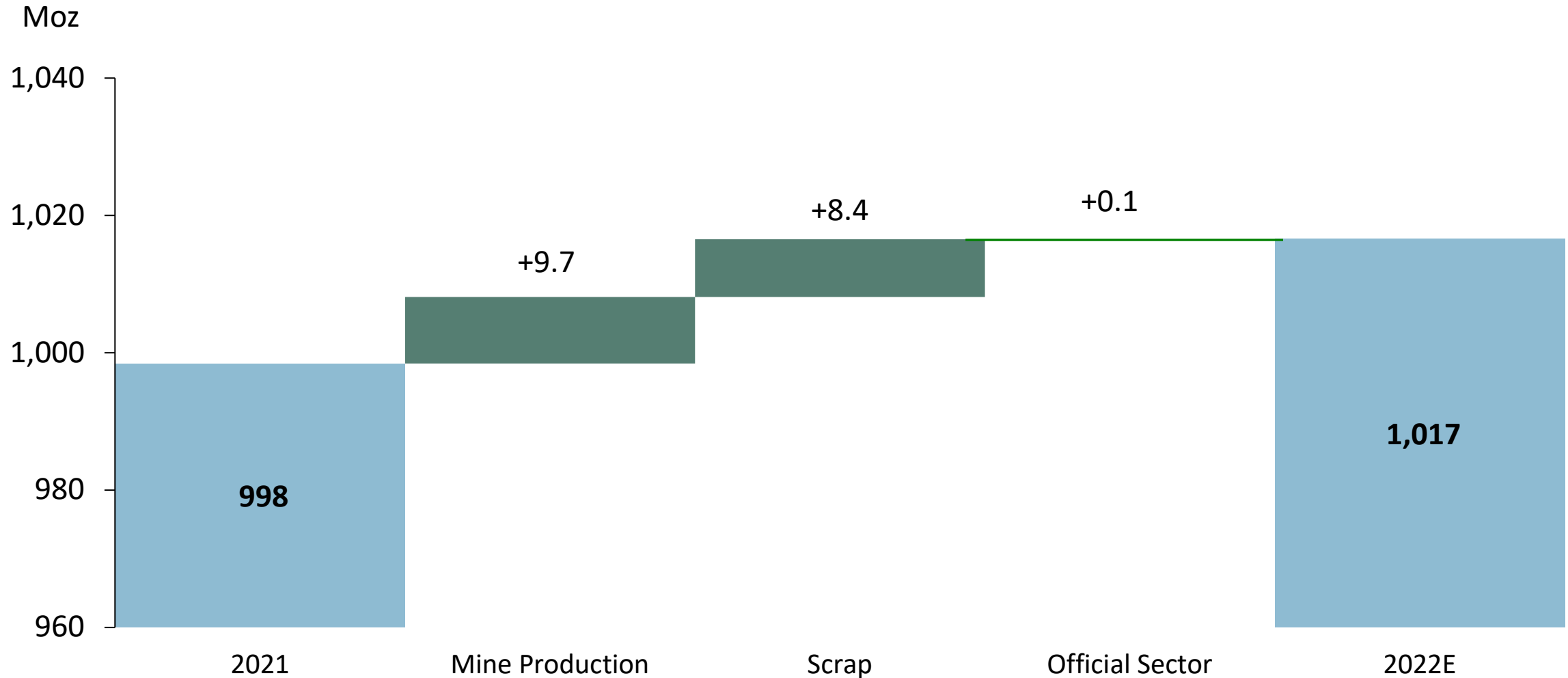
Source: Bloomberg, various ETF issuers



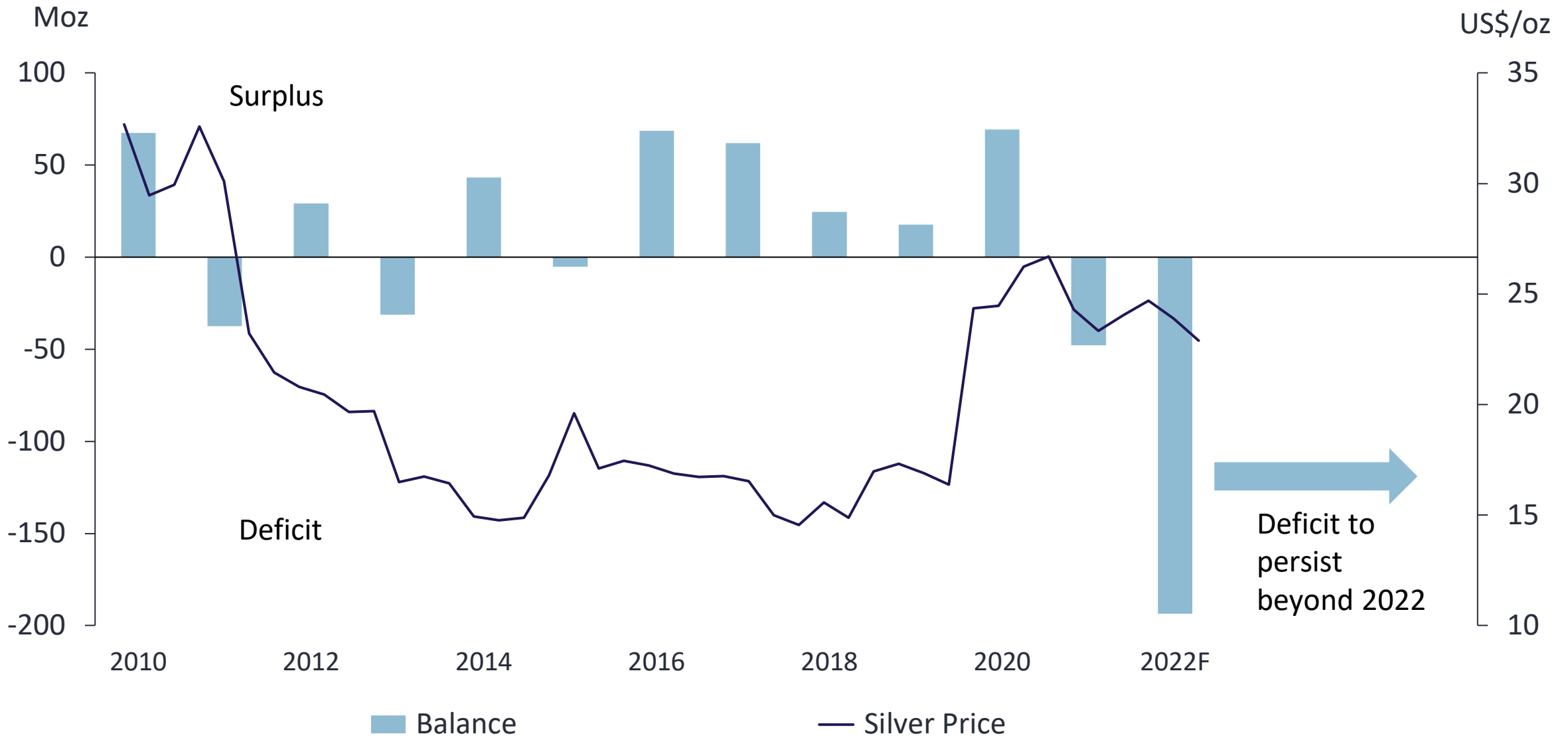
Global demand summary: +16%



Global supply summary: +2%



2022 generates a multi-decade high deficit of 194Moz



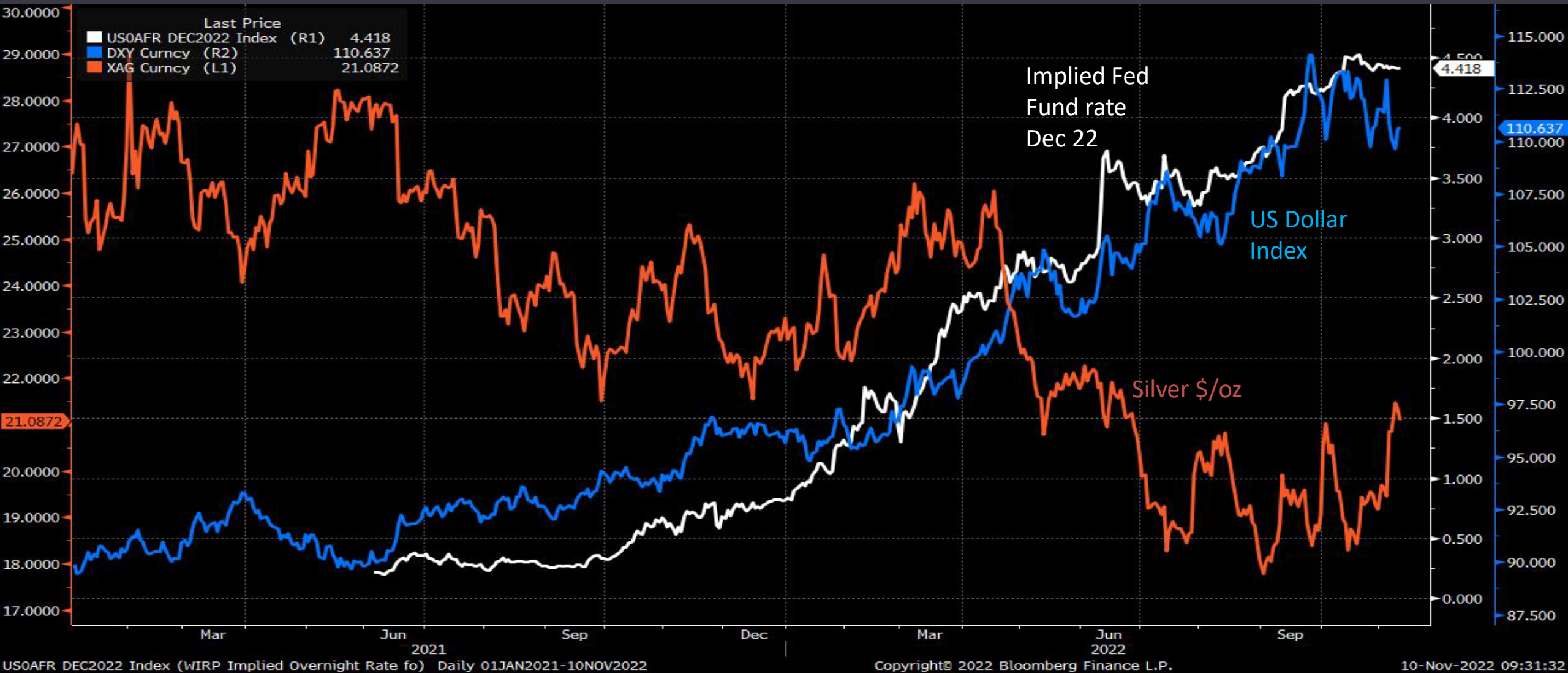
Headline Inflation readings continue to be stubbornly high



Source: Bloomberg



Rising interest rate expectations and Dollar's rally to two-decade highs have been key to silver price weakness



US0AFR DEC2022 Index (WIRP Implied Overnight Rate fo) Daily 01JAN2021-10NOV2022

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10-Nov-2022 09:31:32

Source: Bloomberg



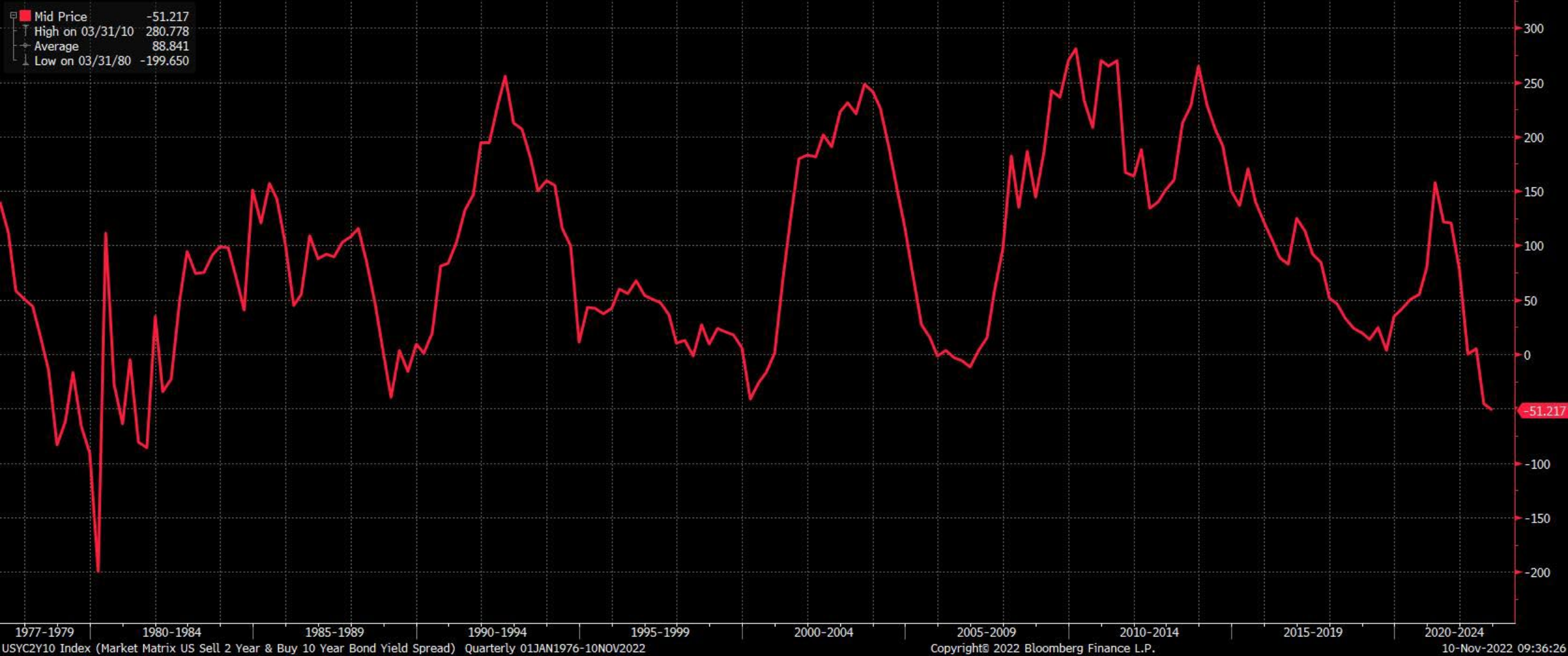
Both nominal and real yields have seen a notable rise



Source: Bloomberg



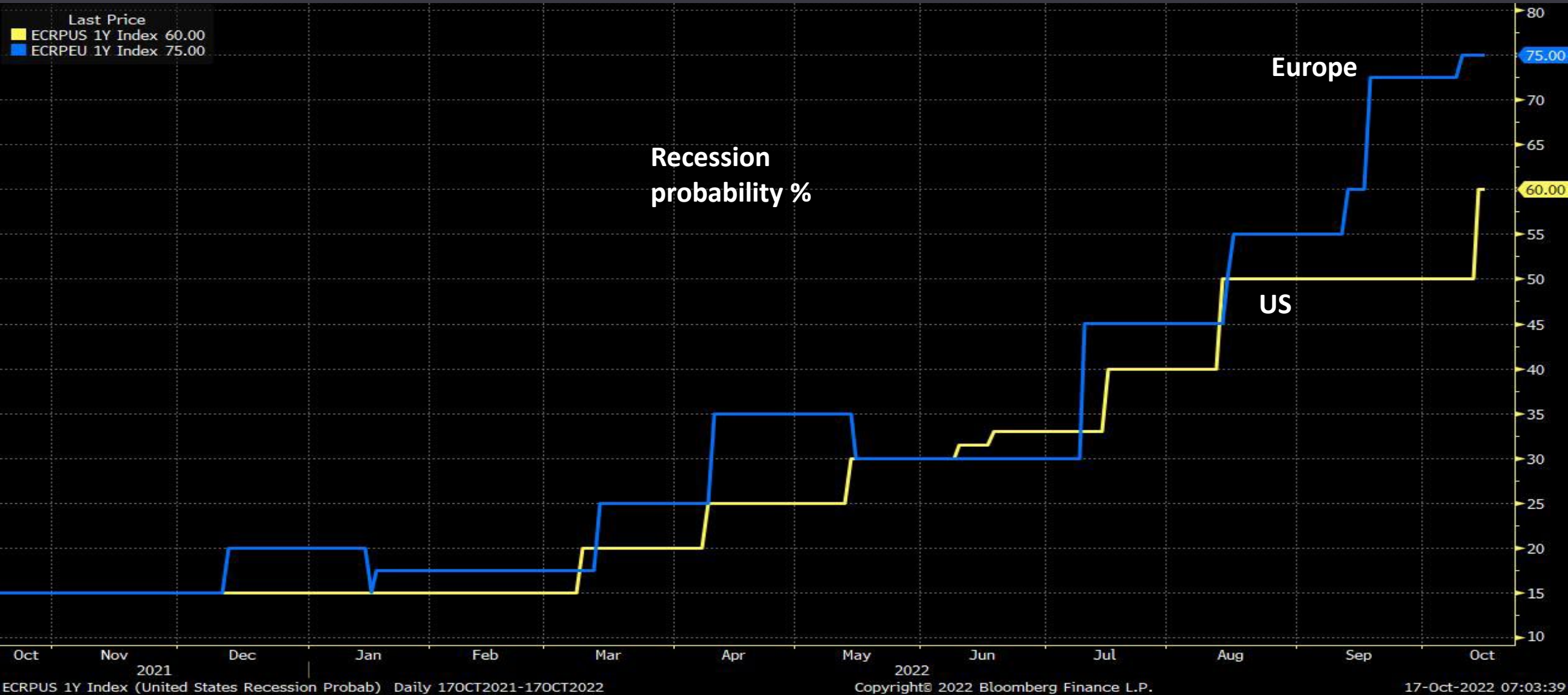
The most inverted US yield curve (10yr-2yr) since the 1980s signals intensifying recession fears



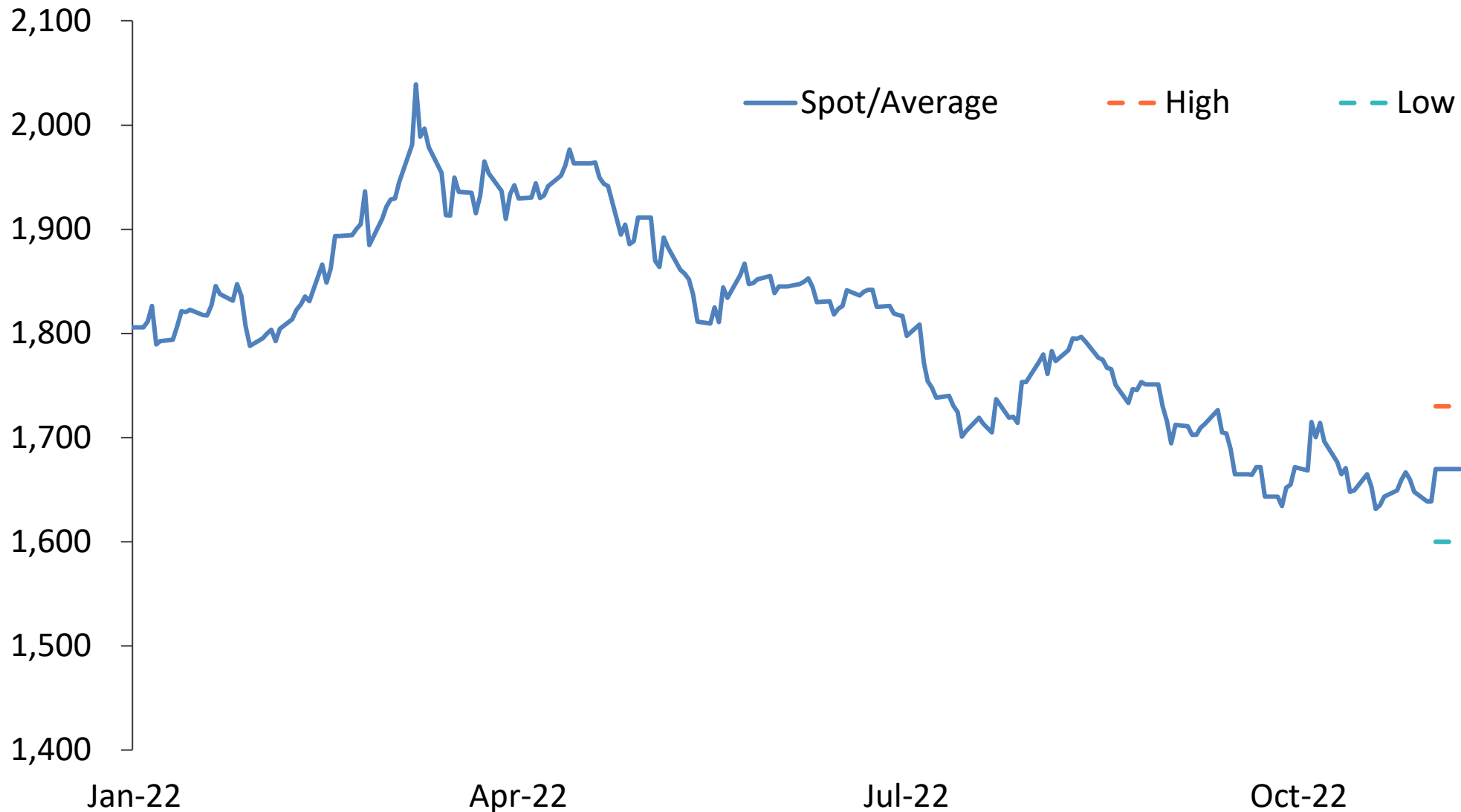
Source: Bloomberg



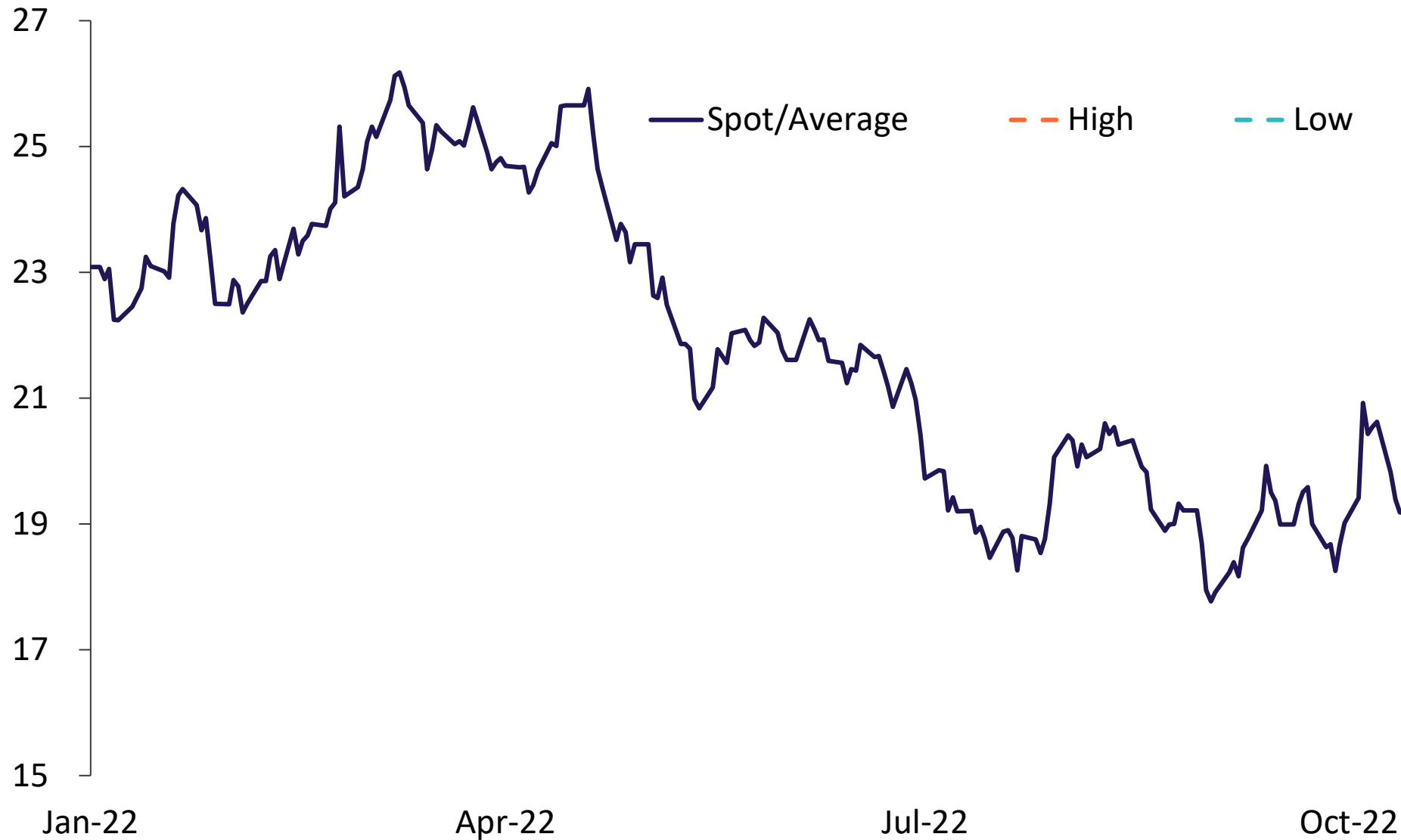
Recession worries and in turn expectations of Fed pivot helping silver to an extent



Gold Forecast, 2022 average: \$1,790, -1%



Silver Forecast, 2022 average: \$21.00, -16%



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