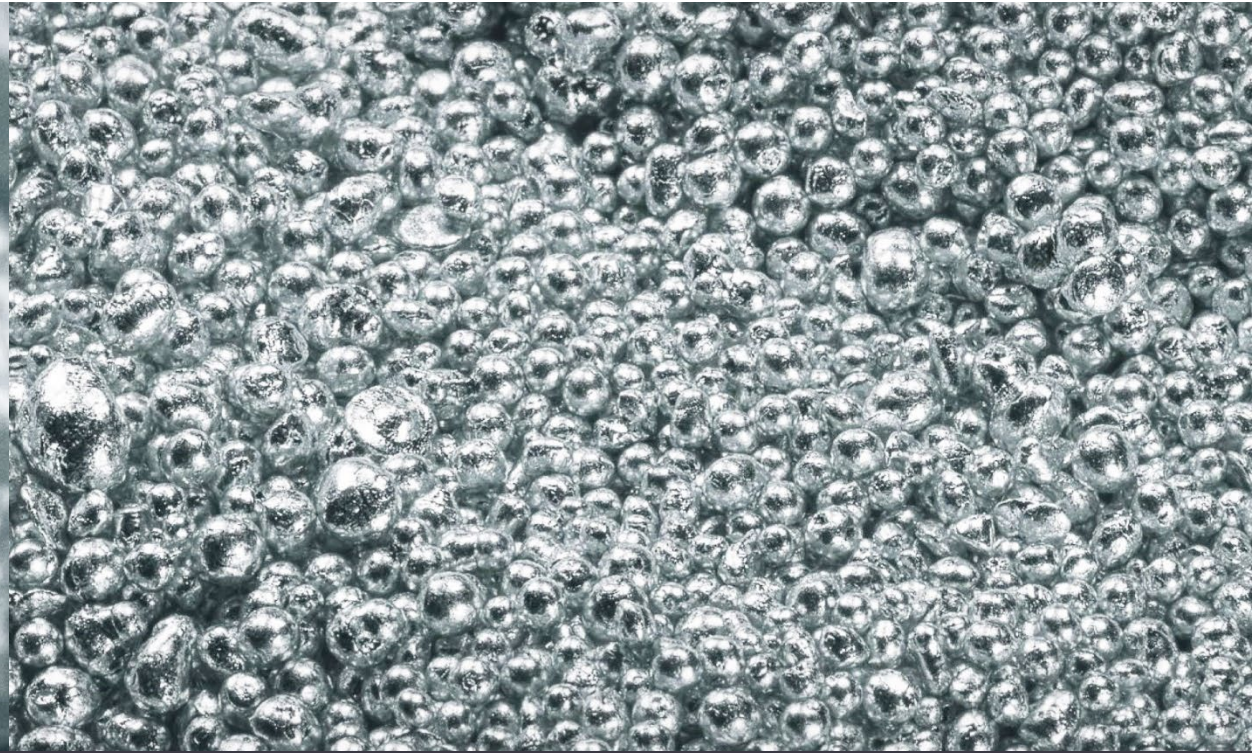


# 2022 INTERIM SILVER MARKET REVIEW

The Global Source  
THE SILVER INSTITUTE

M<sub>F</sub> METALS FOCUS



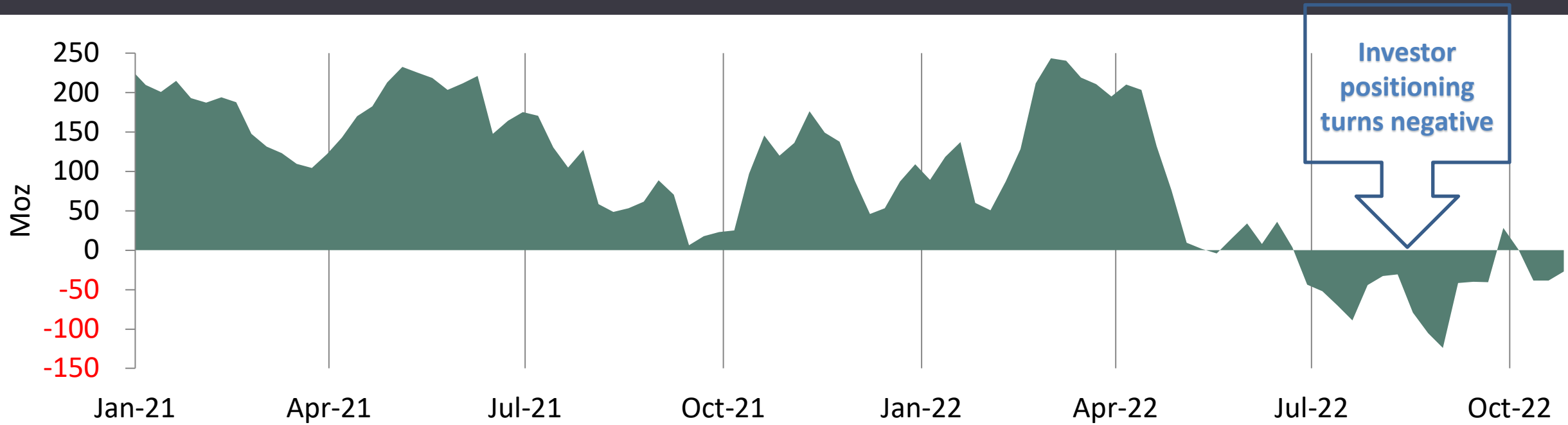
The Silver Institute

Philip Newman & Adam Webb, Metals Focus

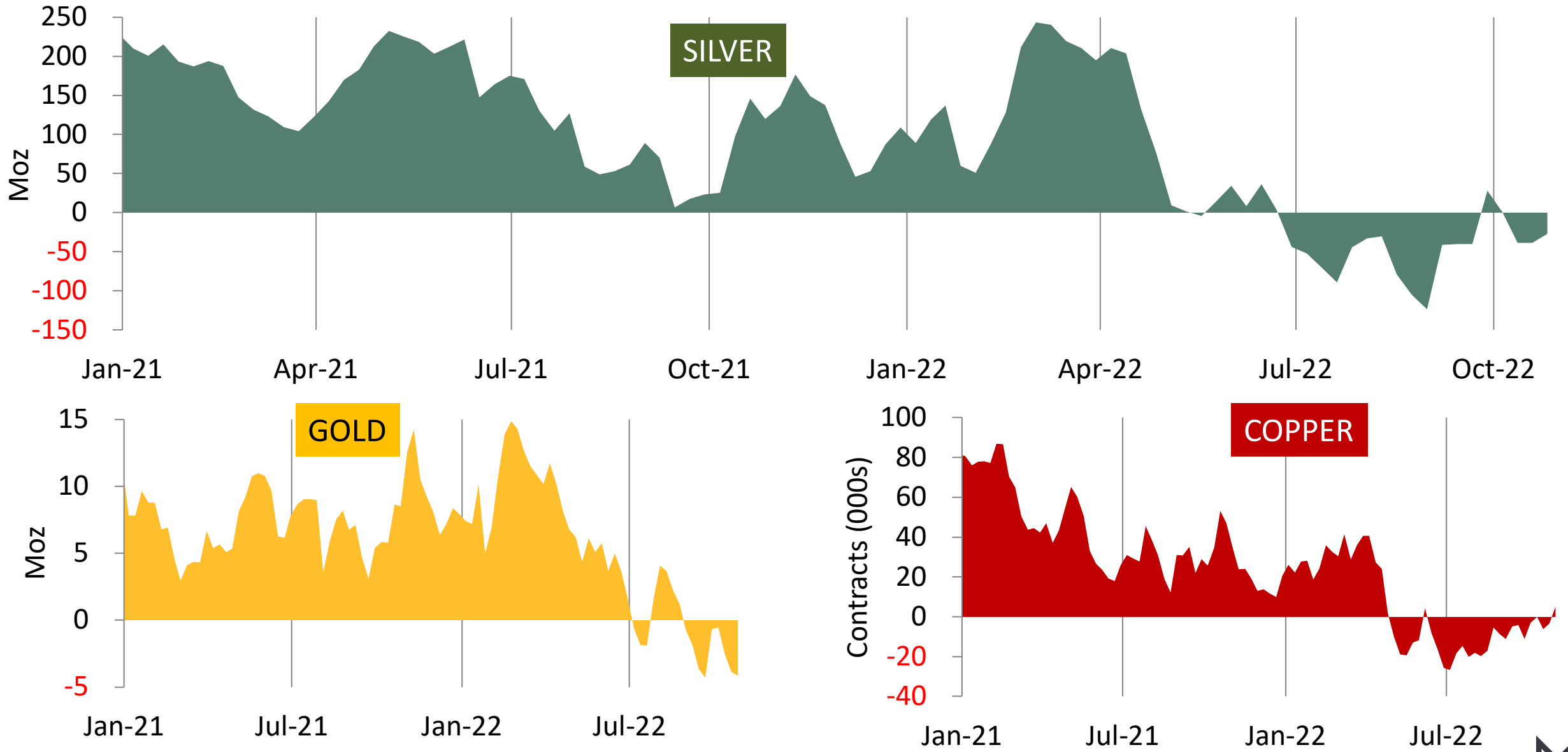
November 17<sup>th</sup> 2022



# 2022 – contrasting messages

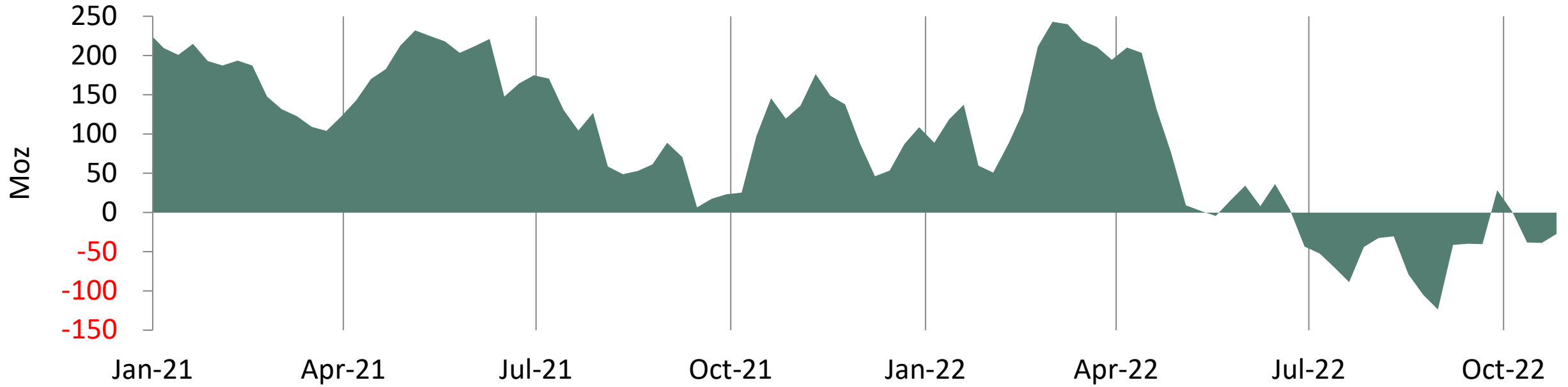


# 2022 – contrasting messages



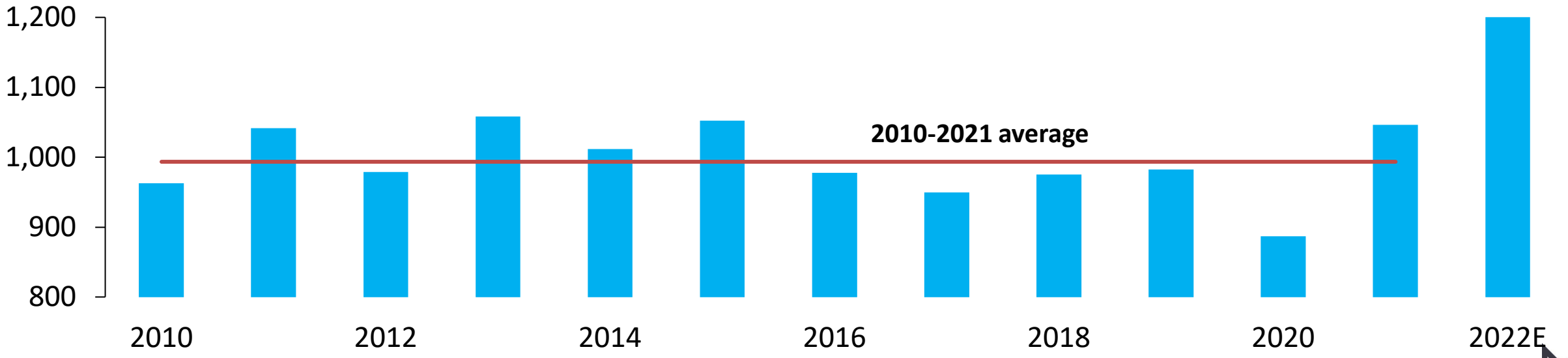
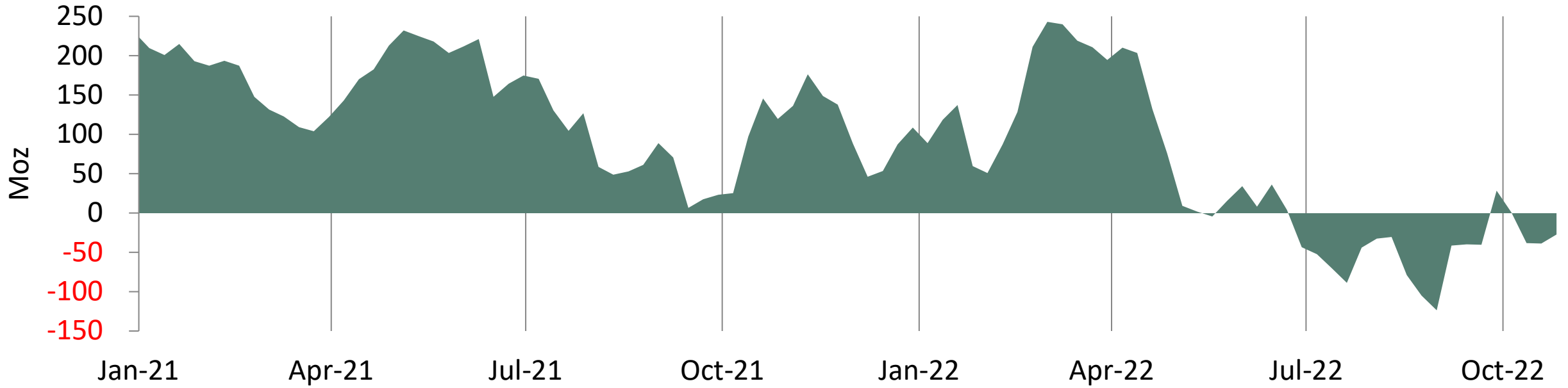
Source: CFTC, net managed money positions

# 2022 – contrasting messages



Source: CFTC, net managed money positions

# 2022 – contrasting messages

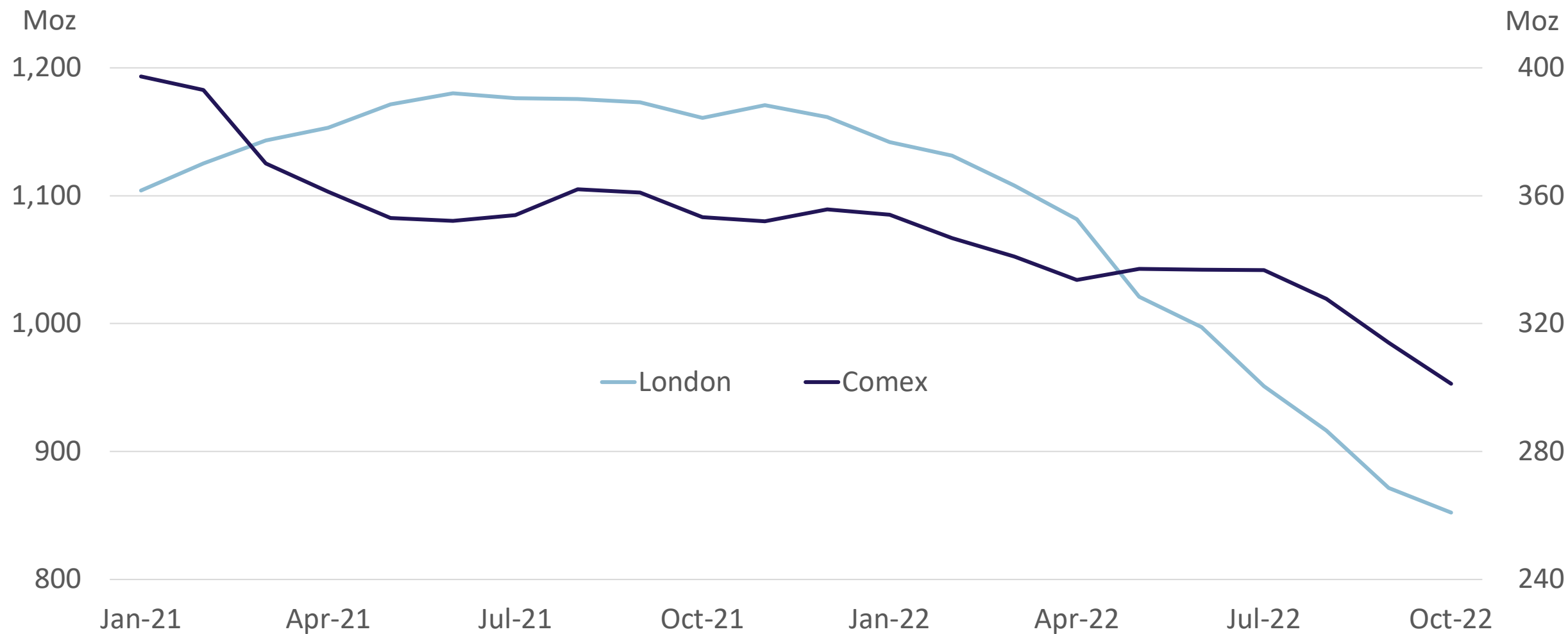


Source: Metals Focus; CFTC

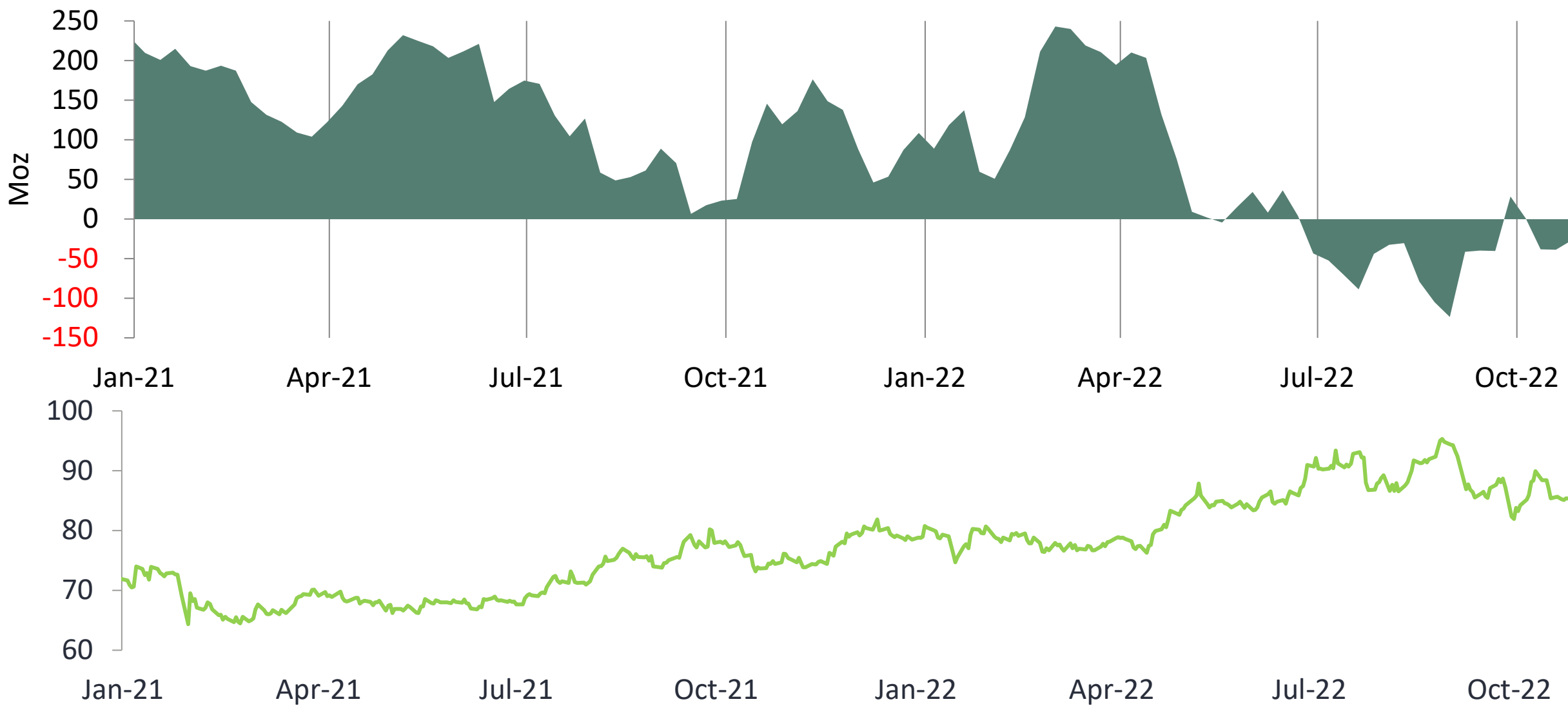




# Global exchange stocks falling, by ~400Moz this ytd to 1.3bn oz



# 2022 – helps explain a rising gold:silver ratio



Source: CFTC, Bloomberg



# Silver's under performance during H2.22

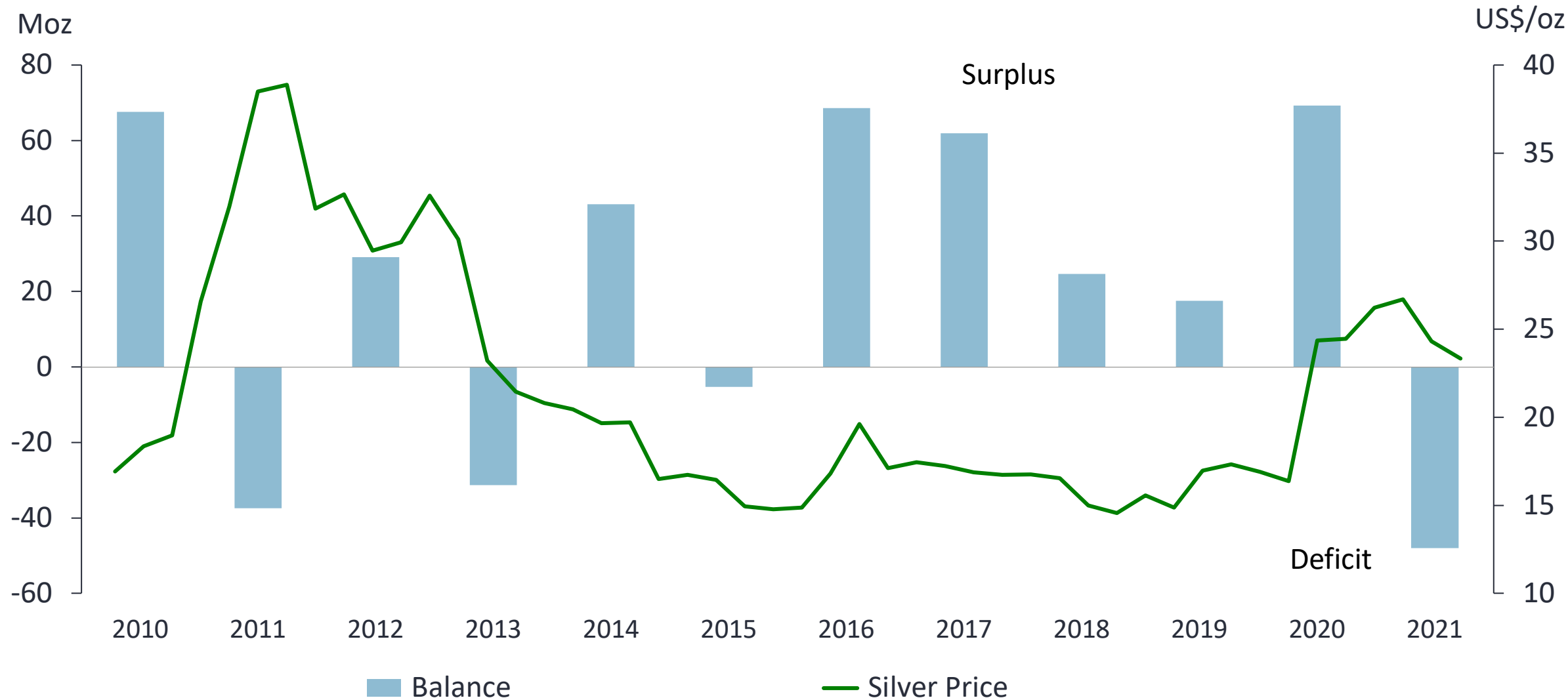


Source: Bloomberg



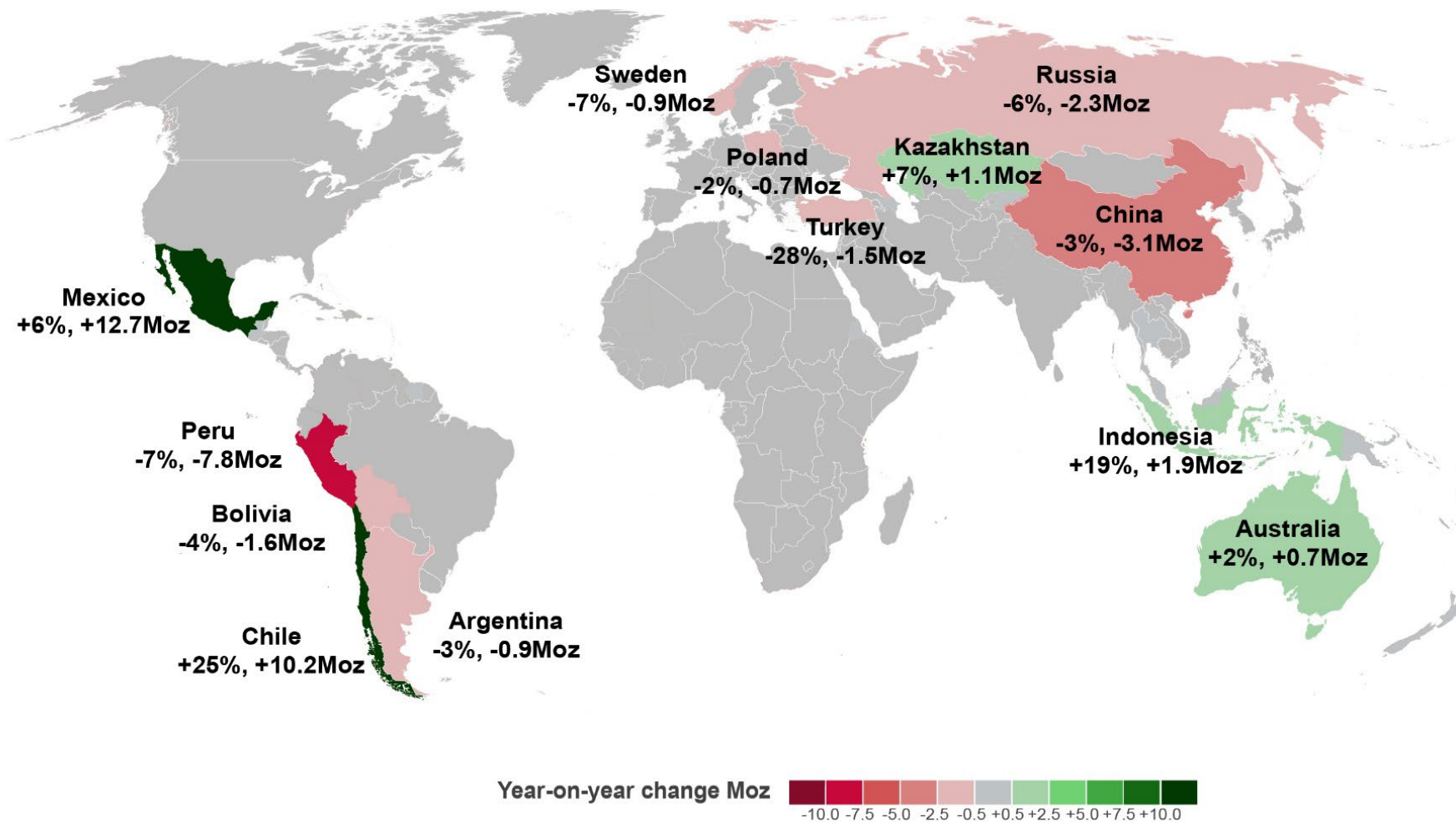


# 2021, the start of a new phase of deficits, -48Moz



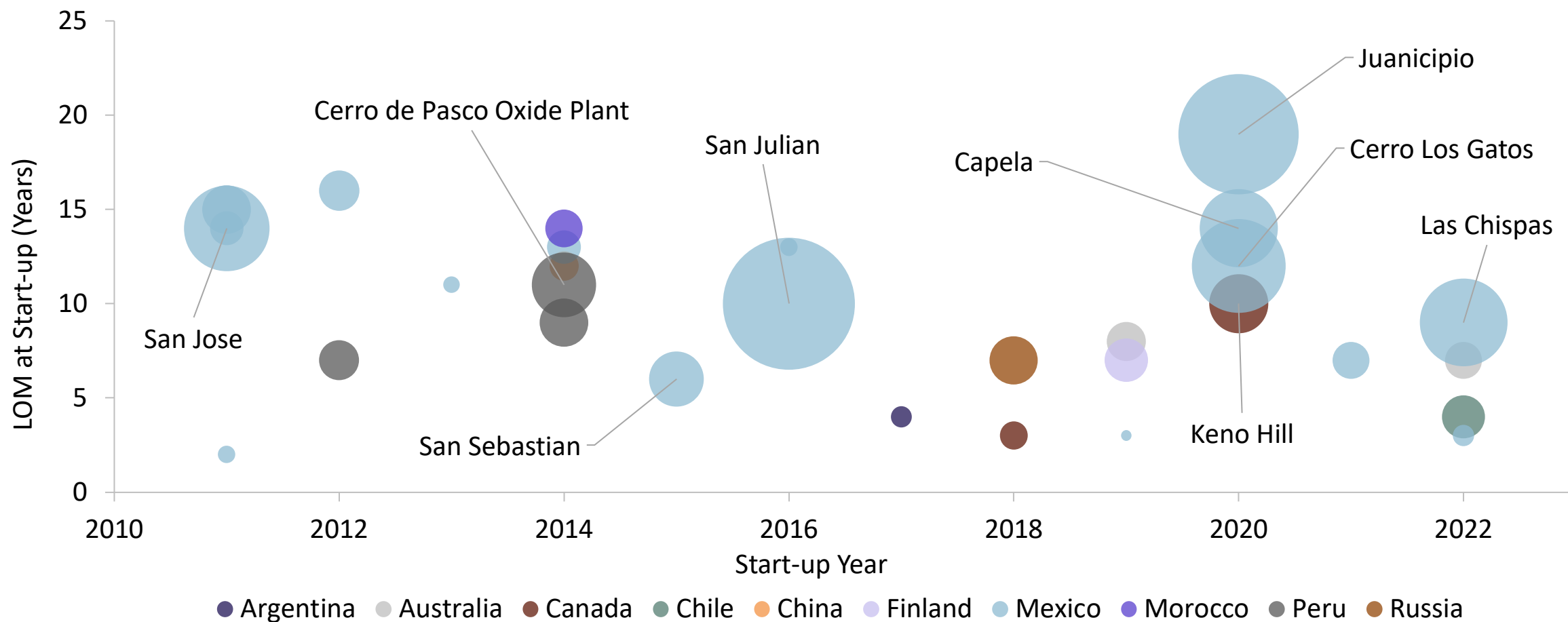
# Mined silver production to rise by 9Moz y/y in 2022

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.

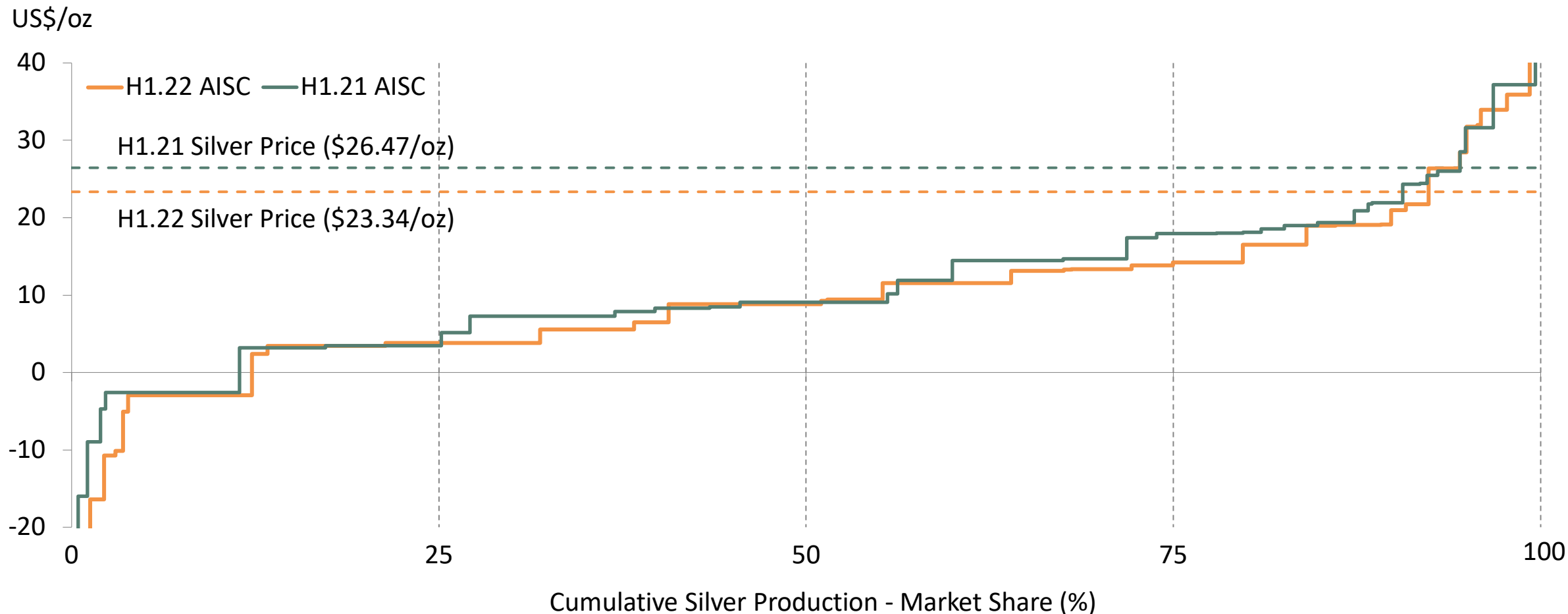


Bubble size represents average LOM production.

Source: Metals Focus

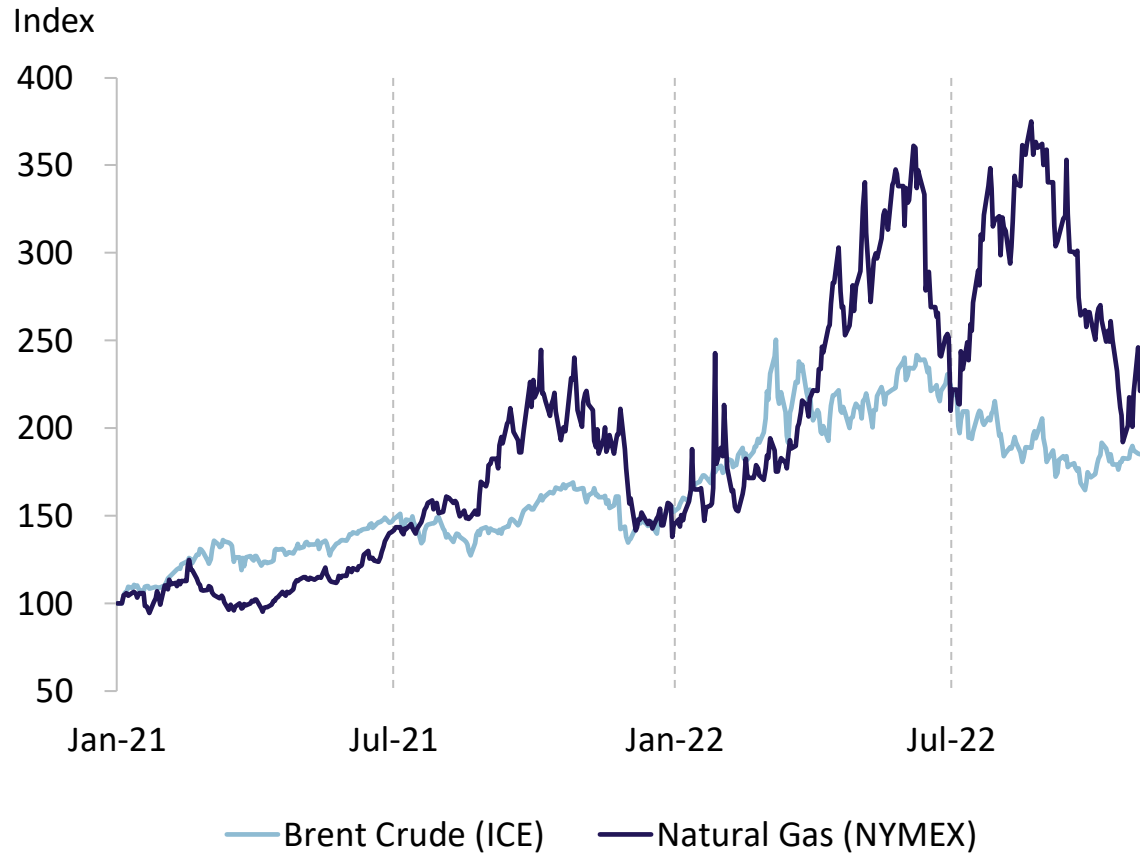
# Primary silver miners' costs lower year-on-year in H1.22

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.

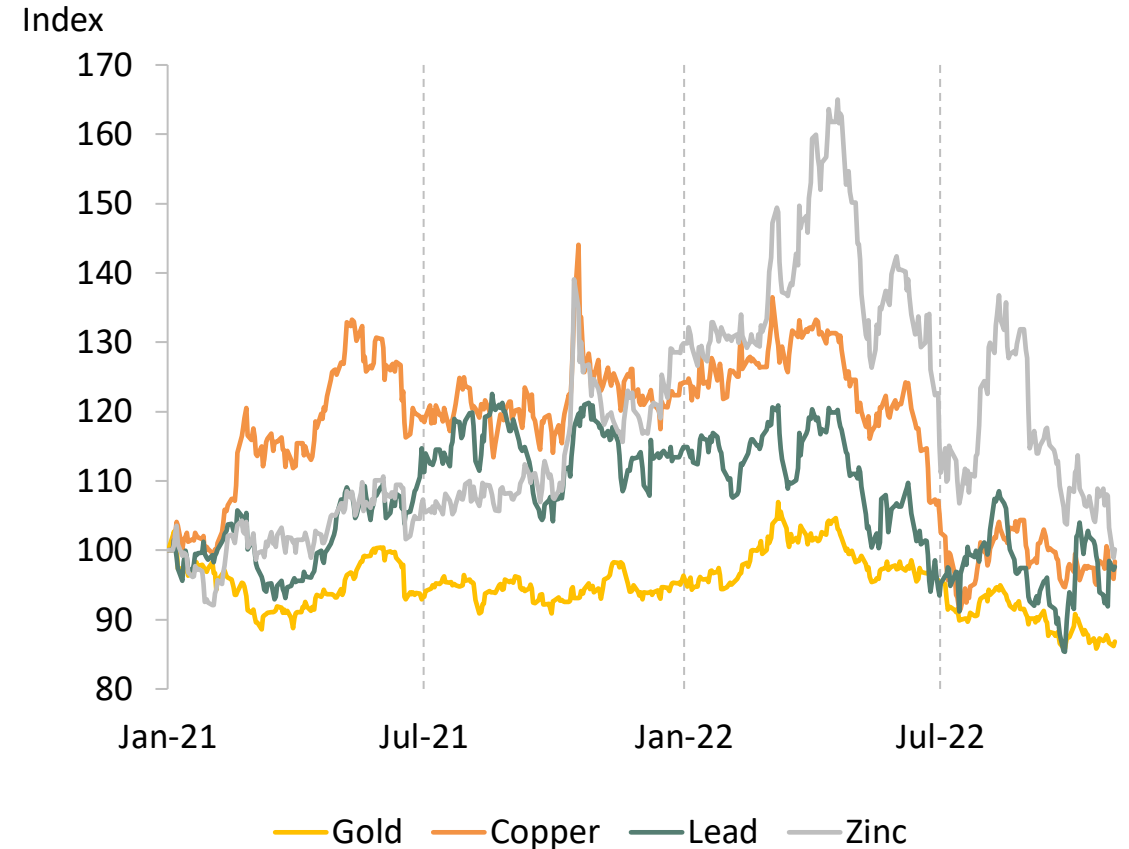


# Rising energy costs negated by higher metal prices in H1.22

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

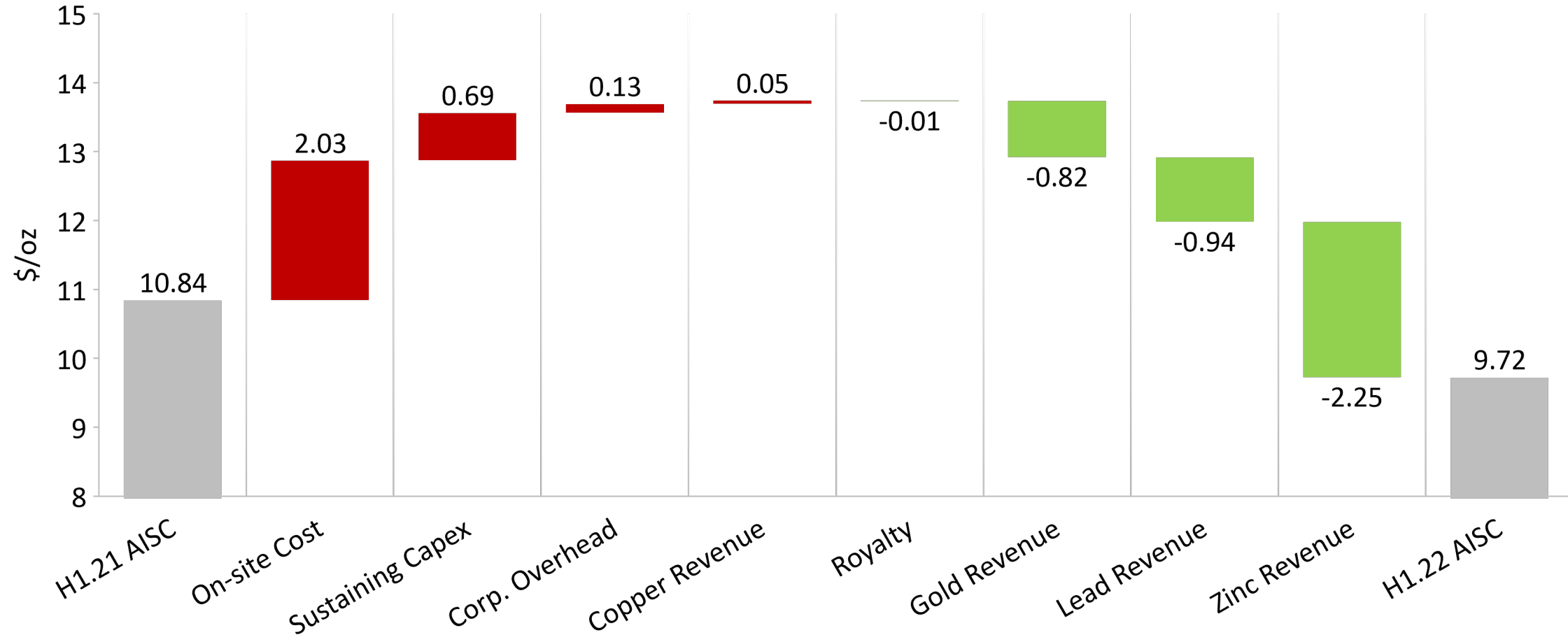


Rising metal prices led to an increase in by-product revenues for silver miners in H1.22.

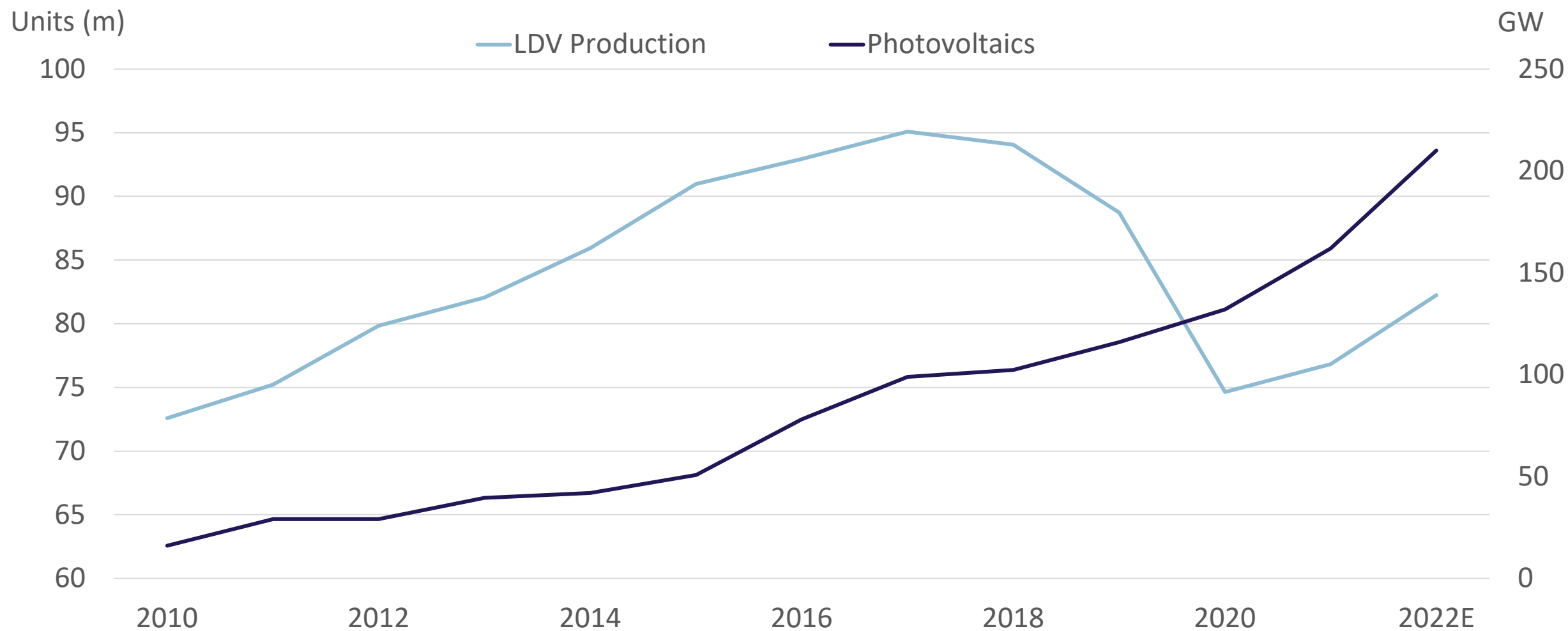


# Rise in by-product revenues surpasses increase in costs

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.

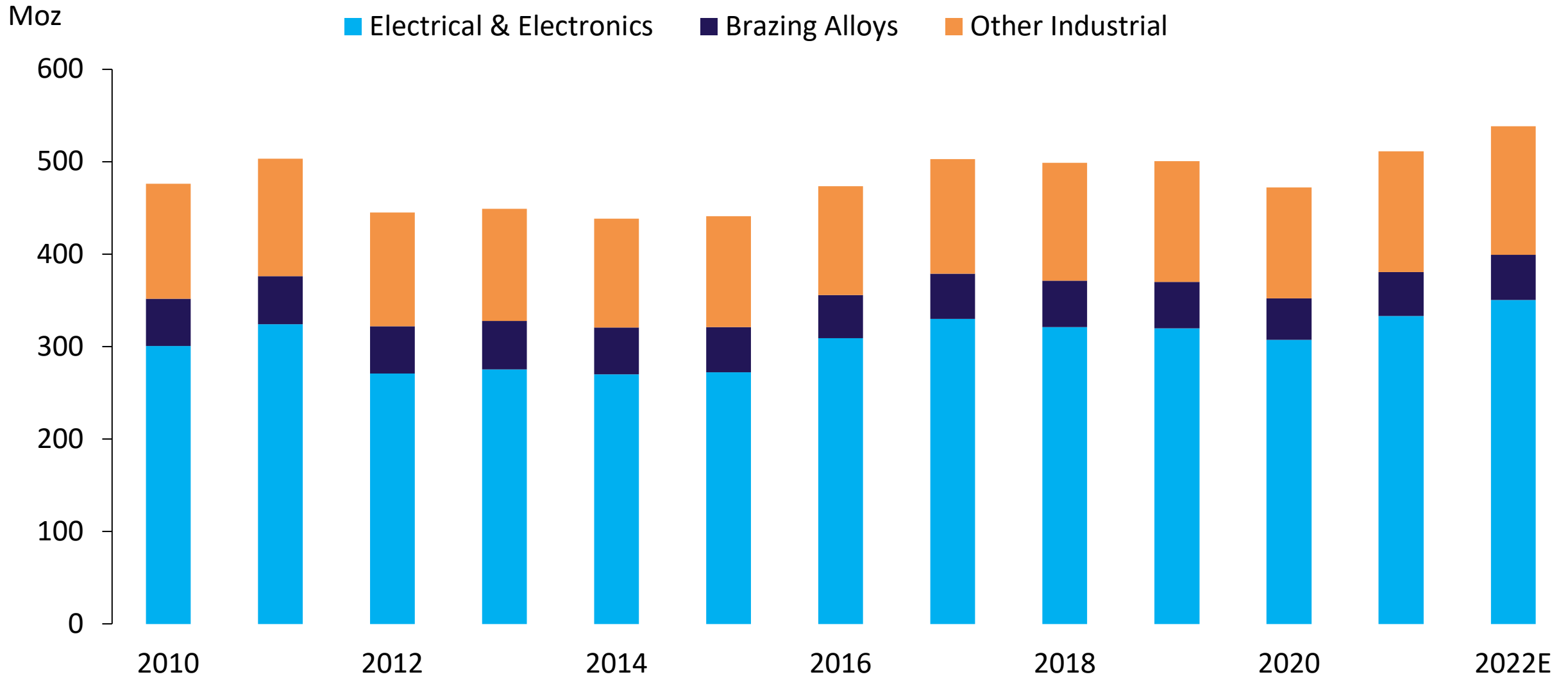


# Industrial demand, setting a new high (+5% to 539Moz)

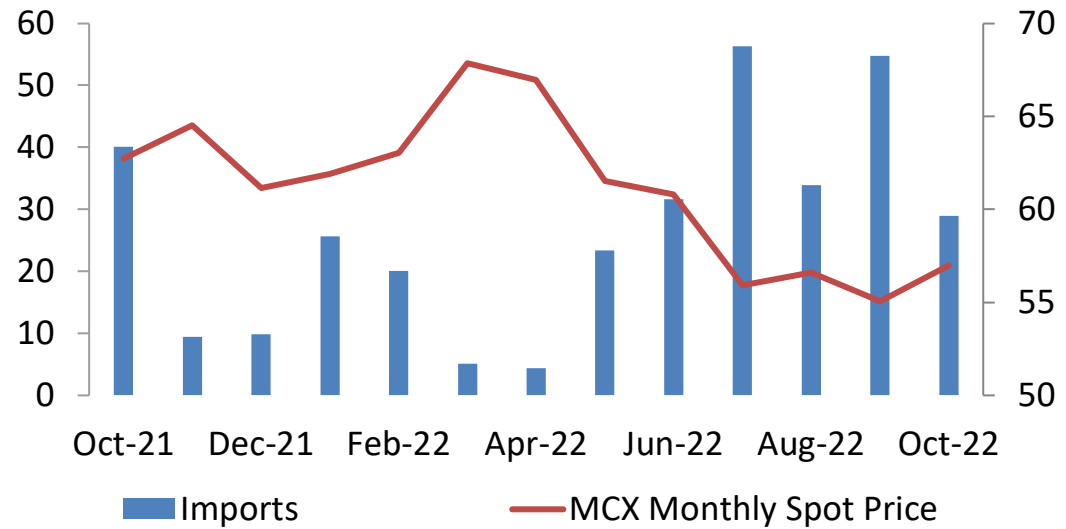




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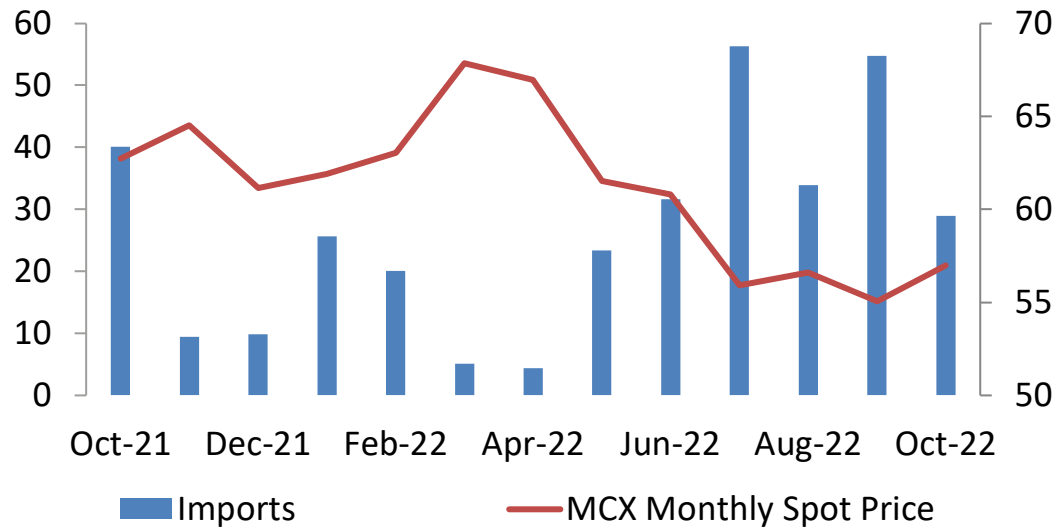


# Most roads lead to India

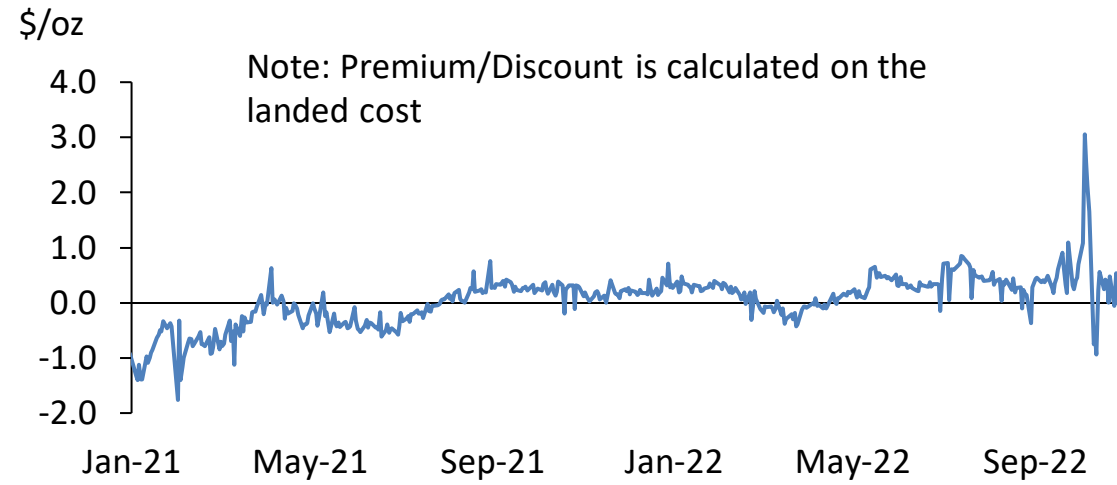


Note: Oct 22 Imports are estimated

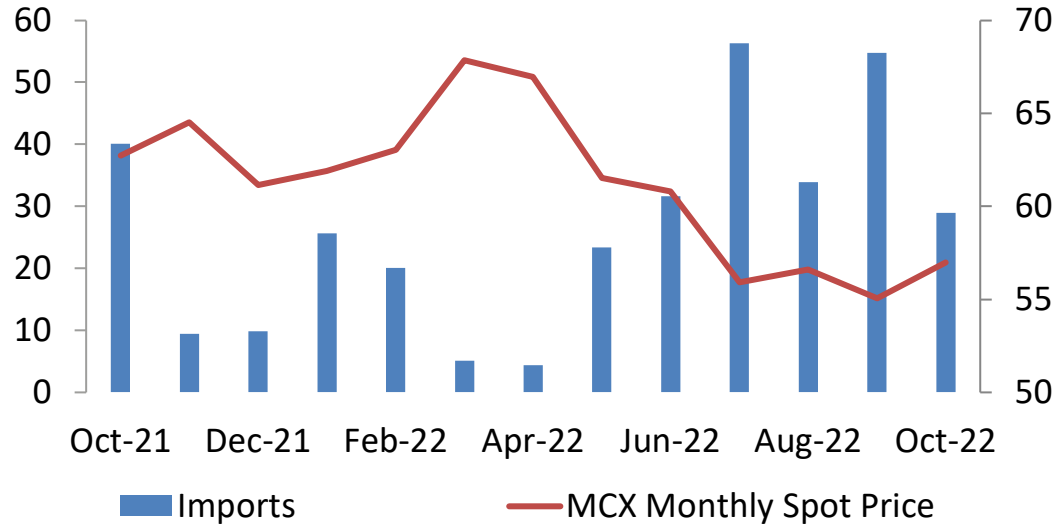
# Most roads lead to India



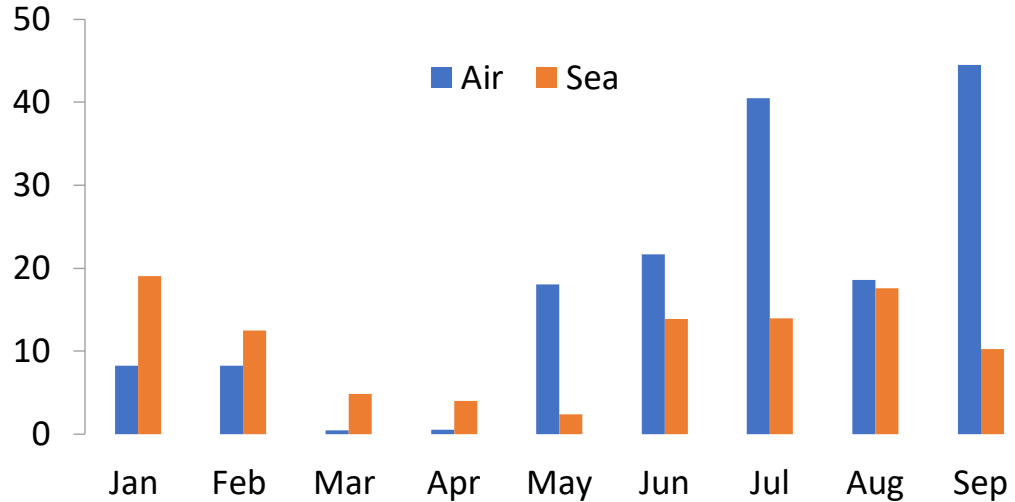
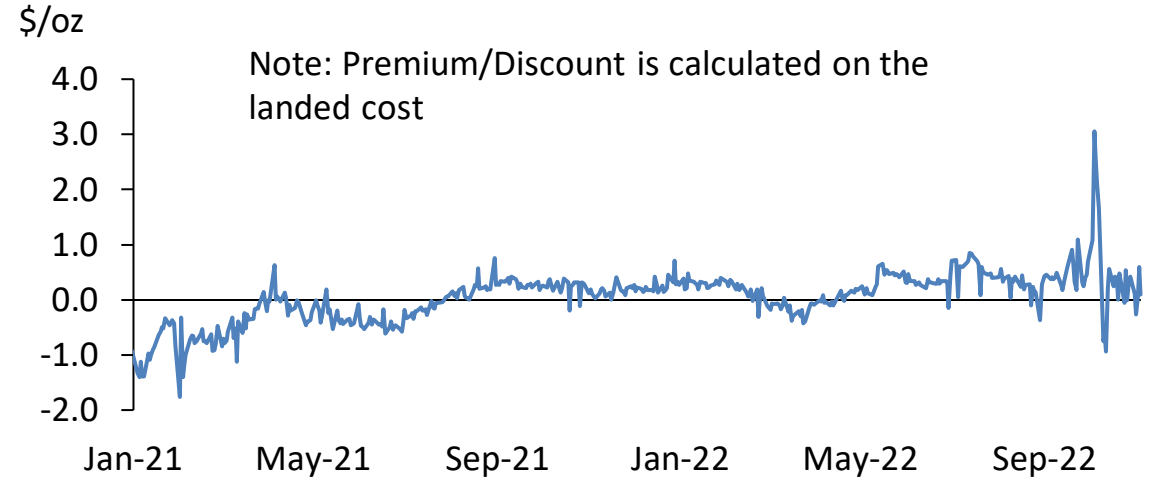
Note: Oct 22 Imports are estimated



# Most roads lead to India



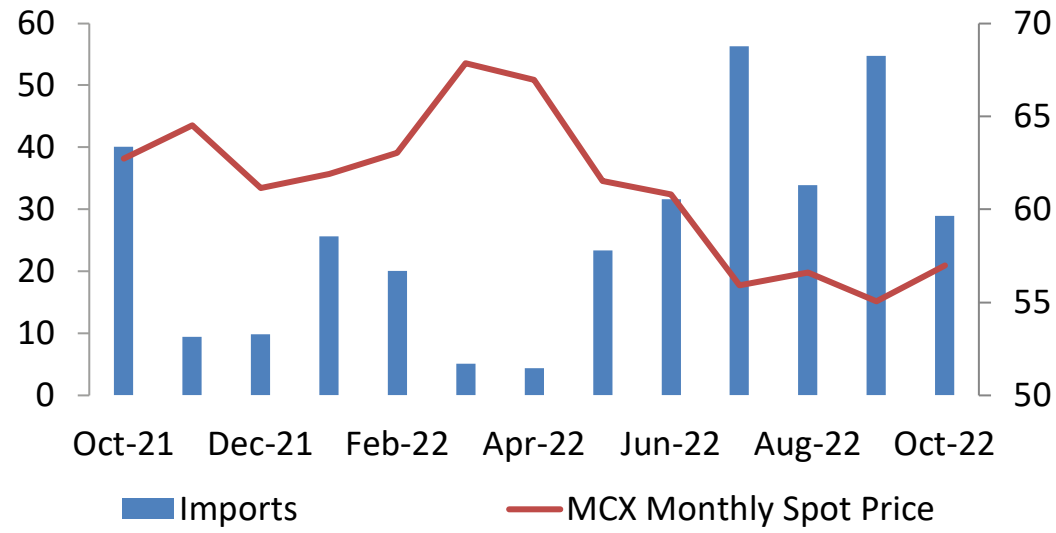
Note: Oct 22 Imports are estimated



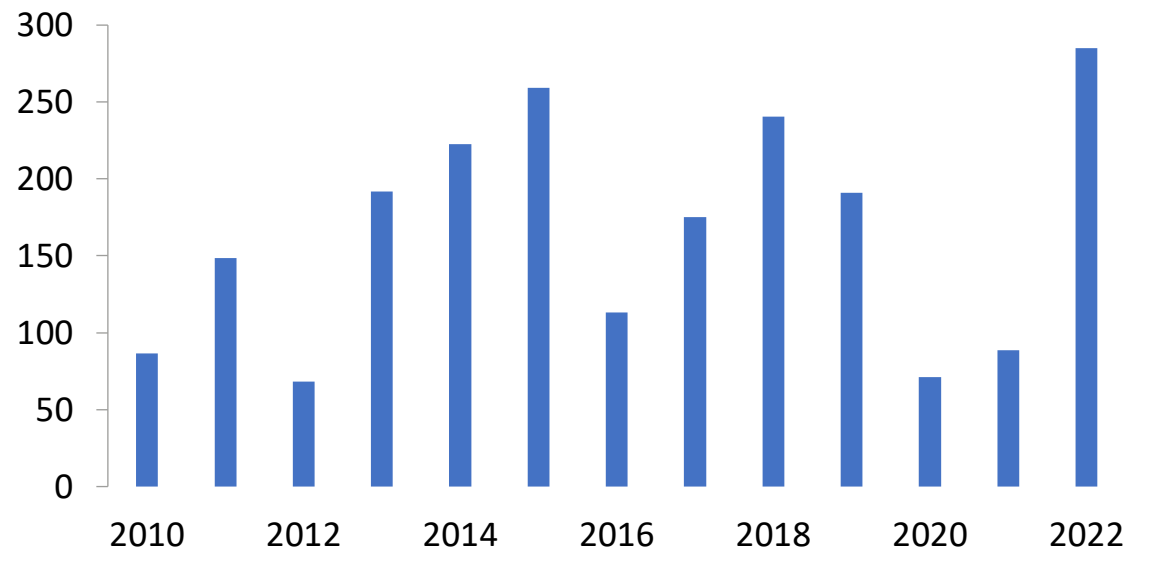
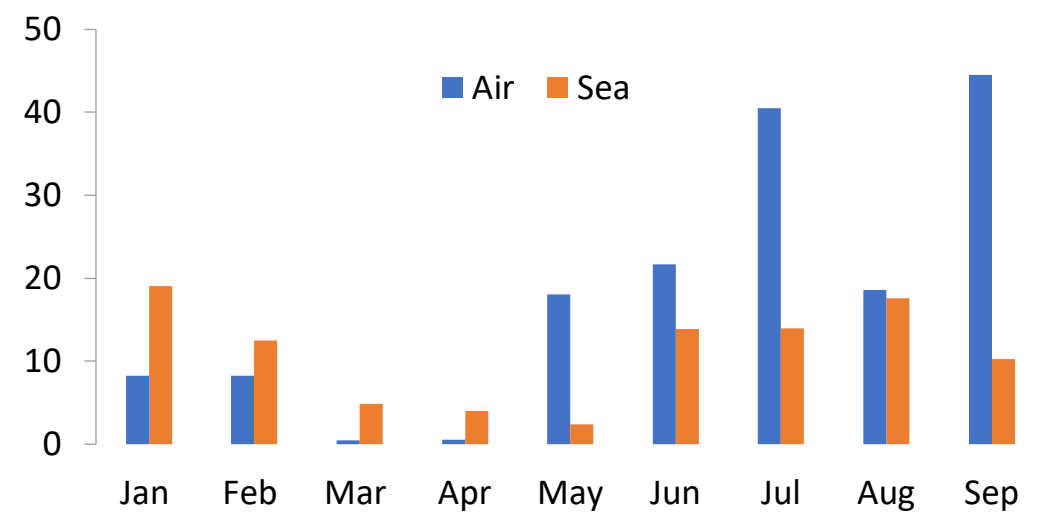
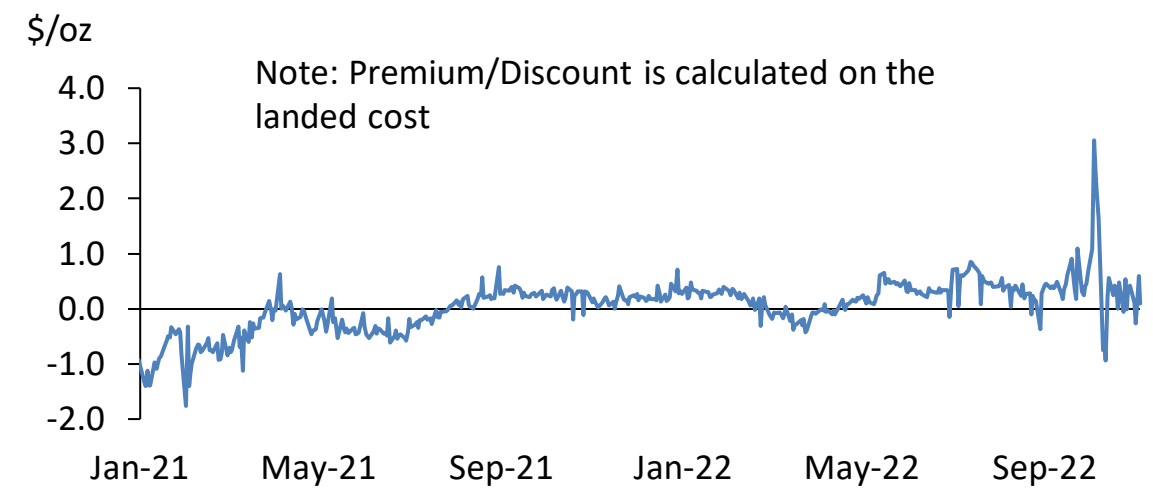
Source: Indian Customs, Metals Focus



# Most roads lead to India



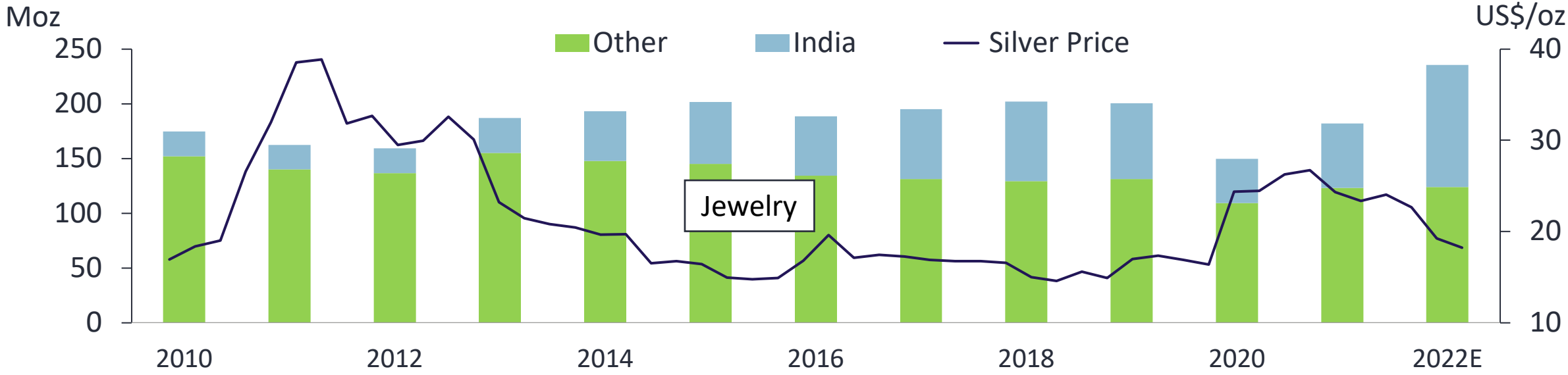
Note: Oct 22 Imports are estimated



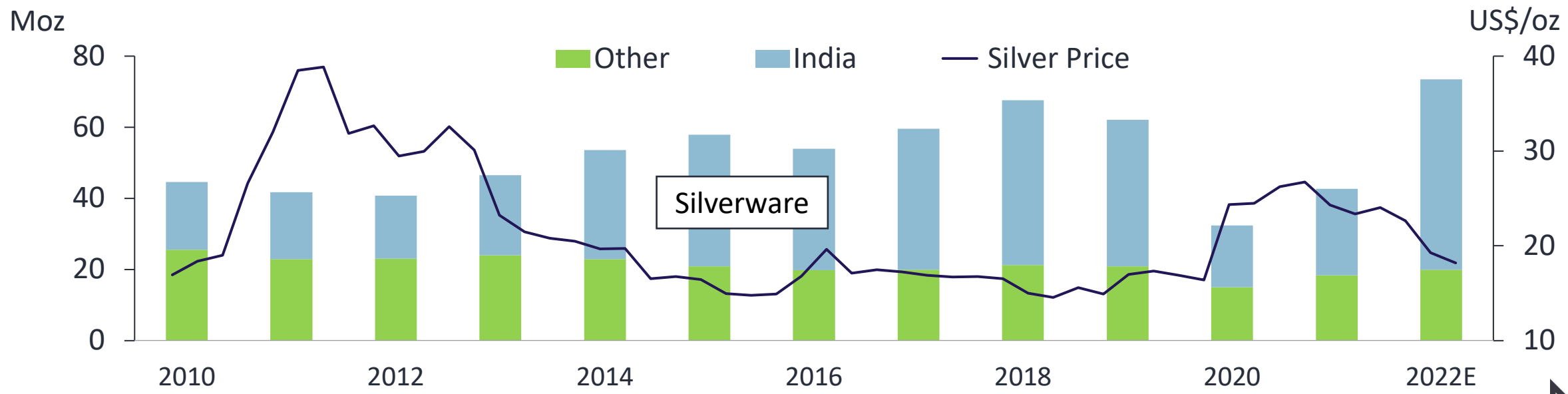
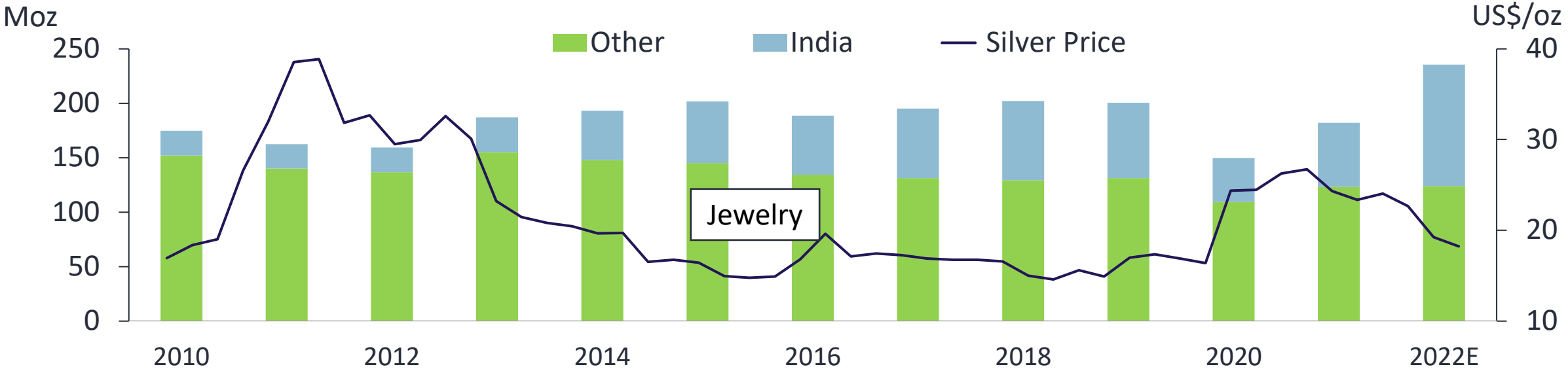
Source: Indian Customs, Metals Focus



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



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

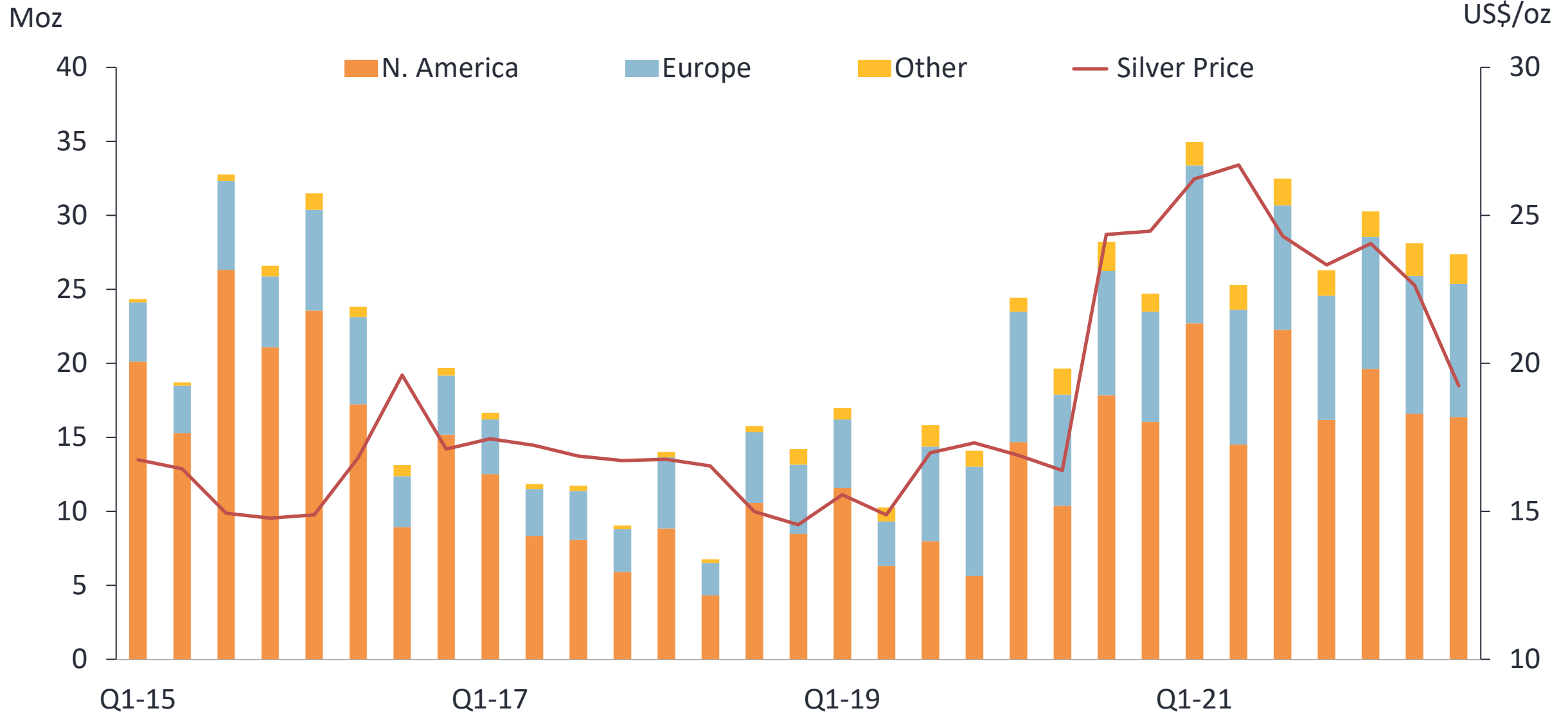


Source: Metals Focus

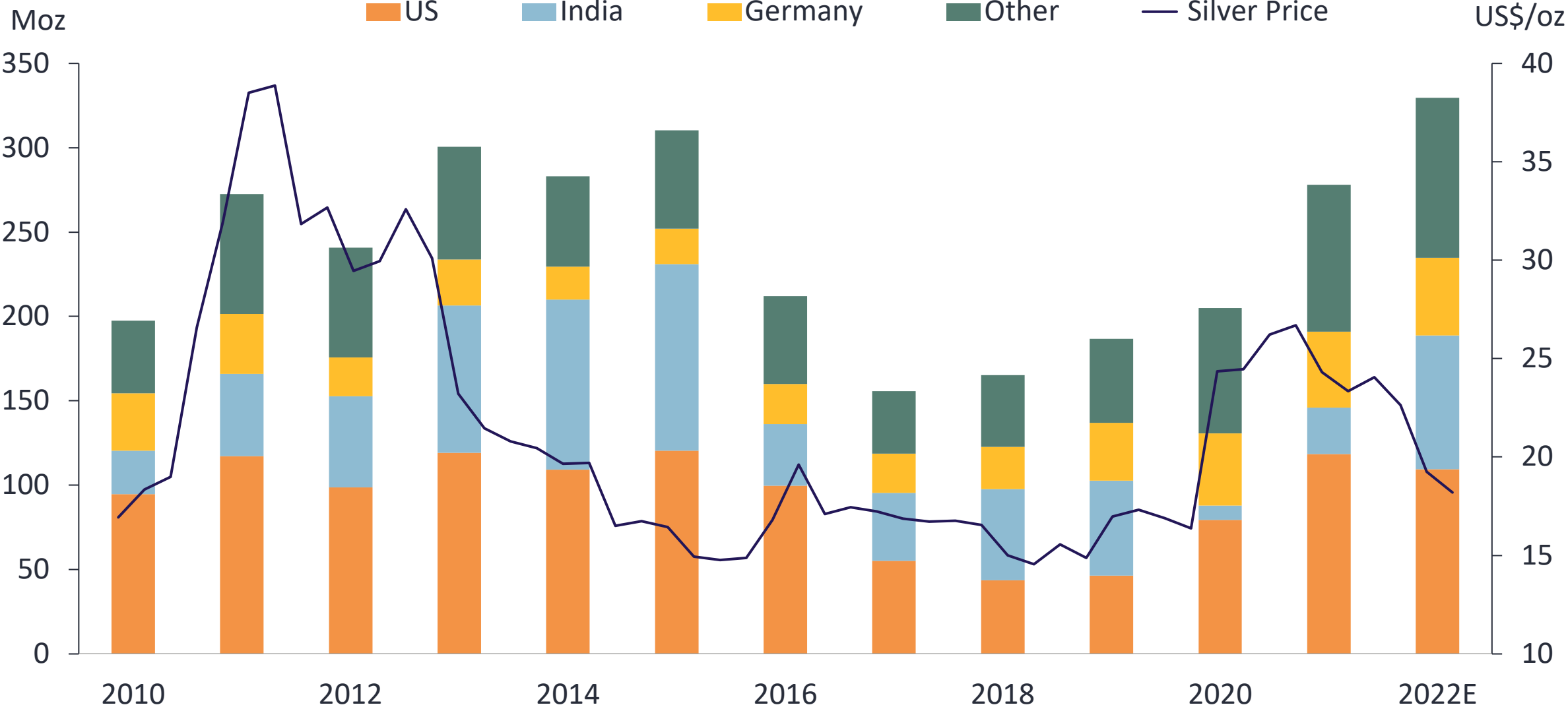




# Bar and coin investment (+18% to 329Moz) jumps to a new peak



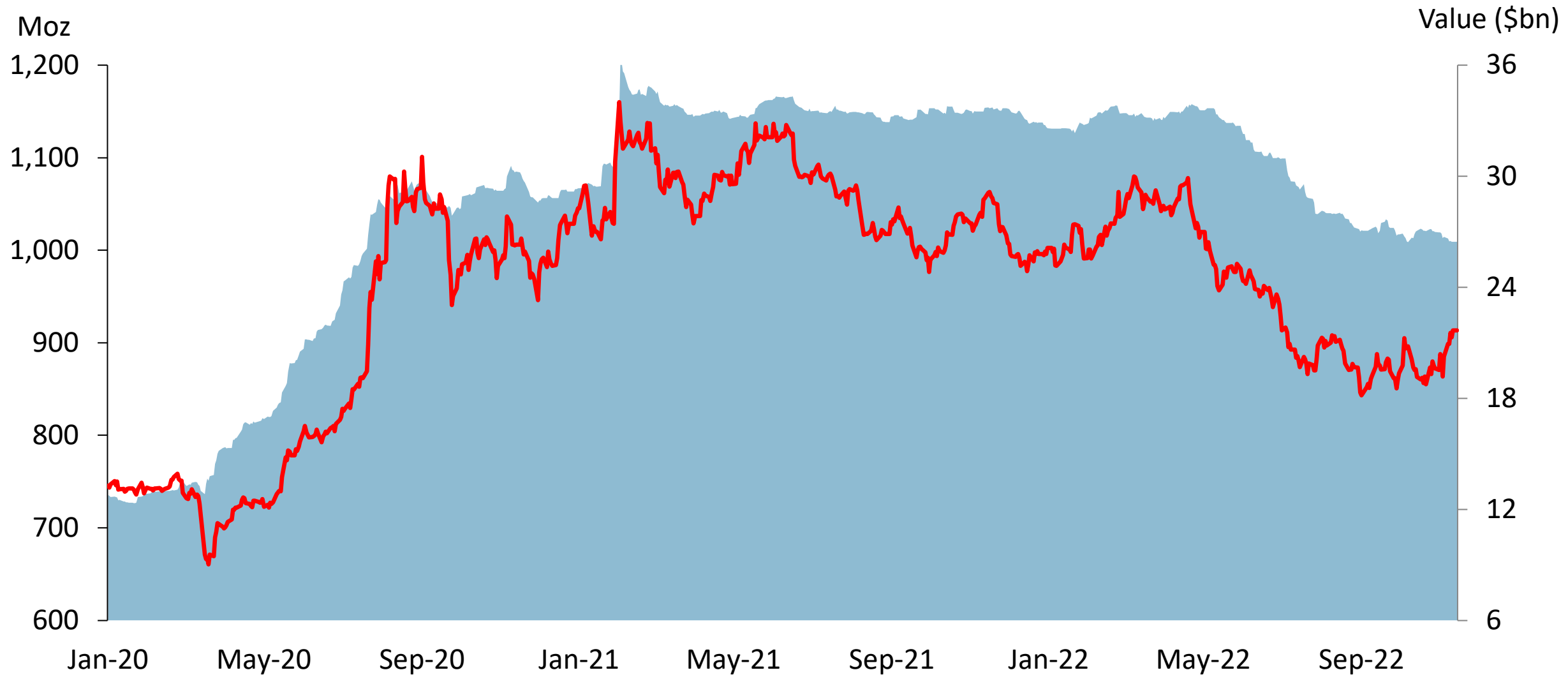
# Bar and coin investment (+18% to 329Moz) jumps to a new peak



Source: Metals Focus



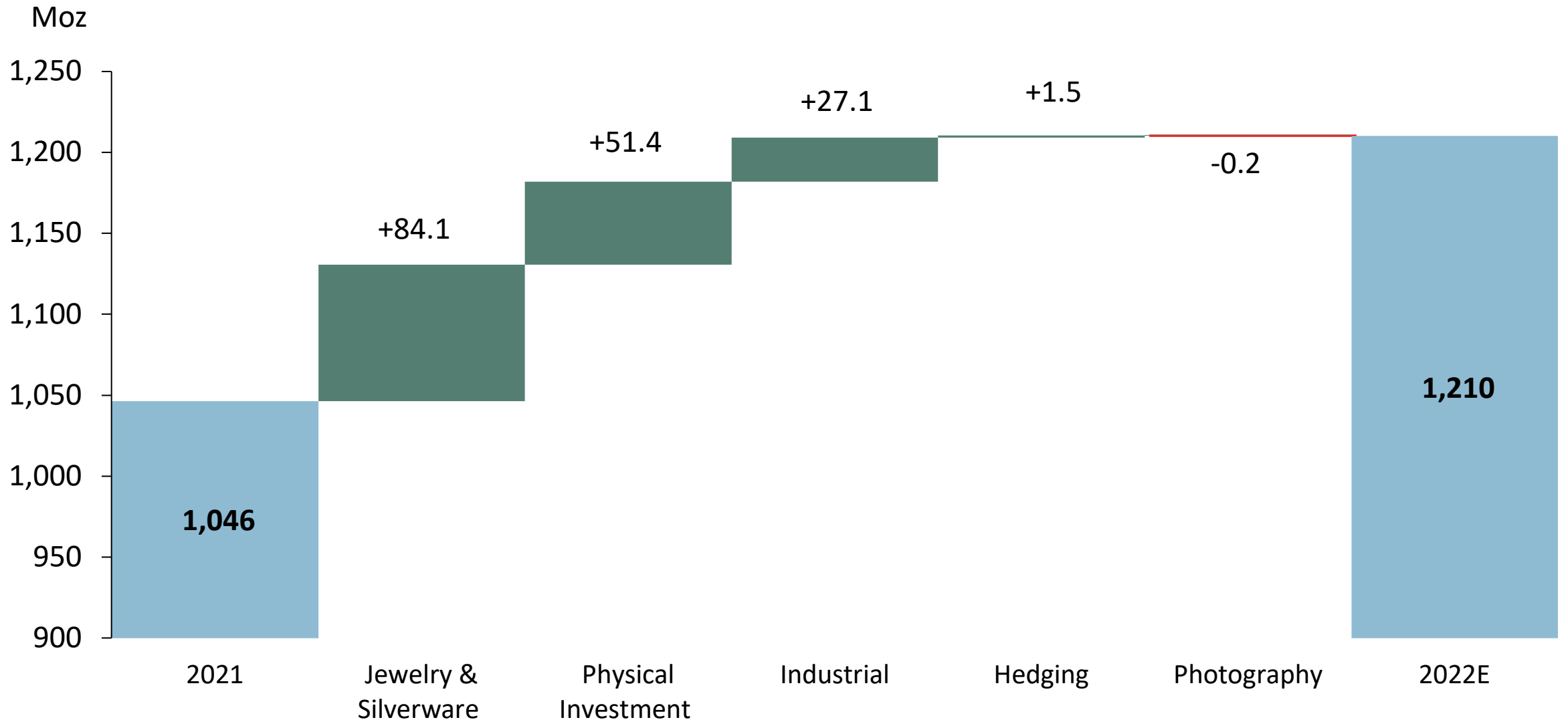
# ETP holdings down ~120Moz this ytd, but remain historically high



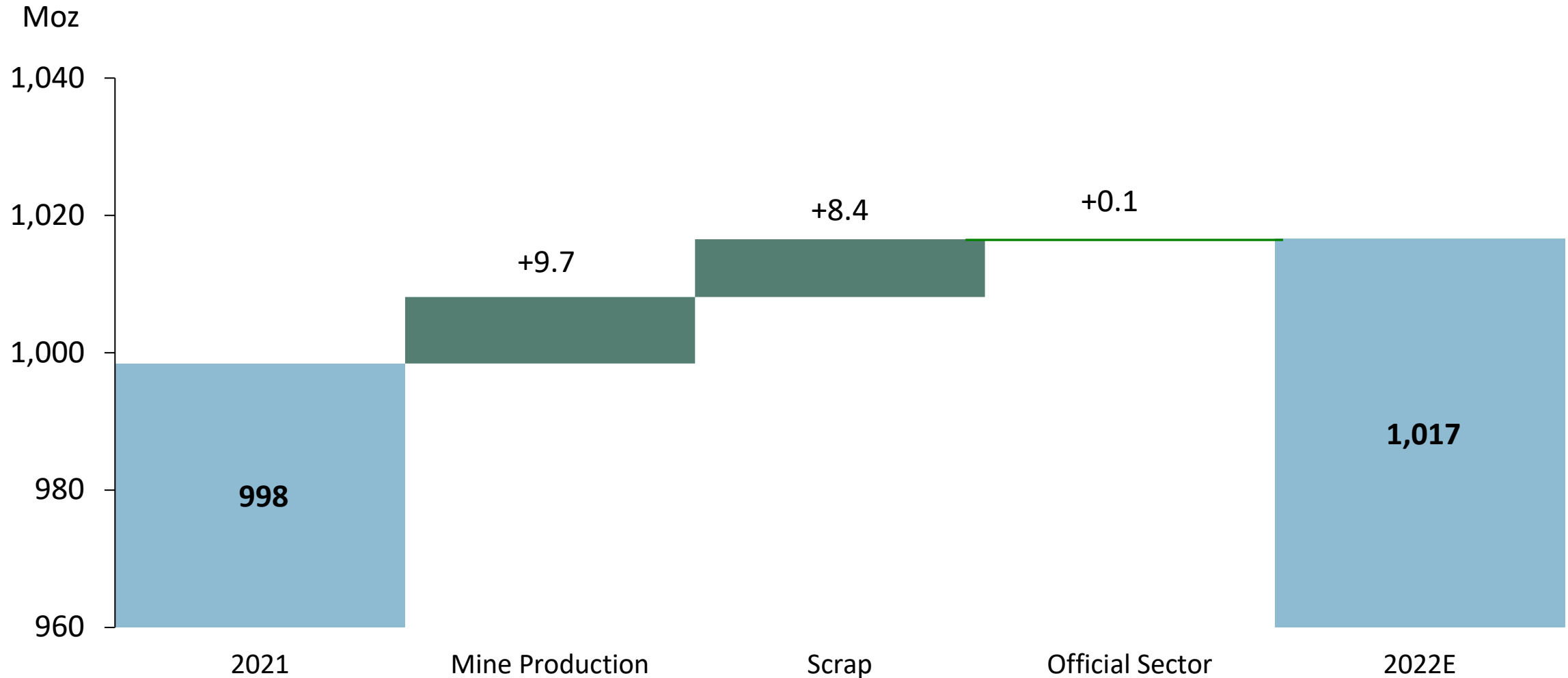
Source: Bloomberg, various ETF issuers



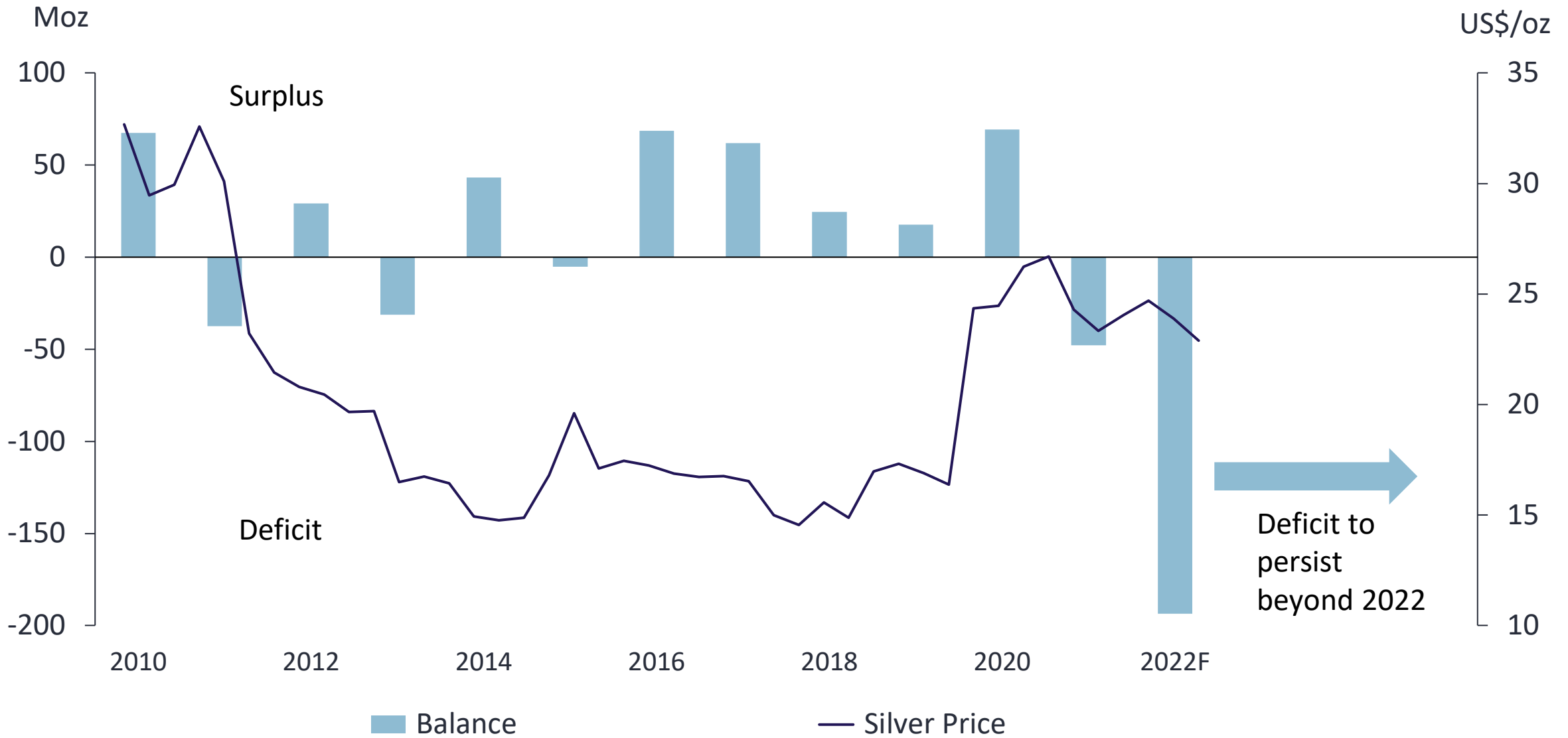
# Global demand summary: +16%



# Global supply summary: +2%



# 2022 generates a multi-decade high deficit of 194Moz



# Headline Inflation readings continue to be stubbornly high

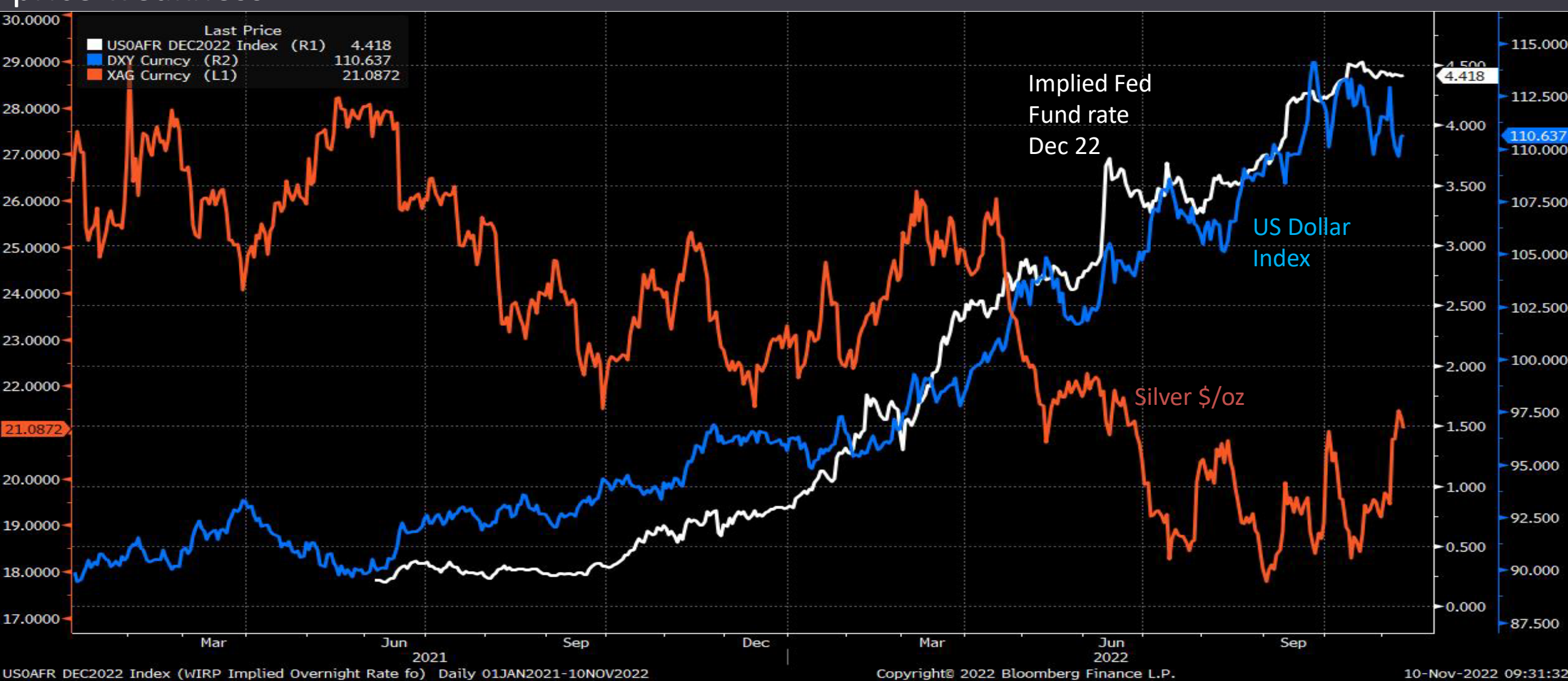


Source: Bloomberg





# 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



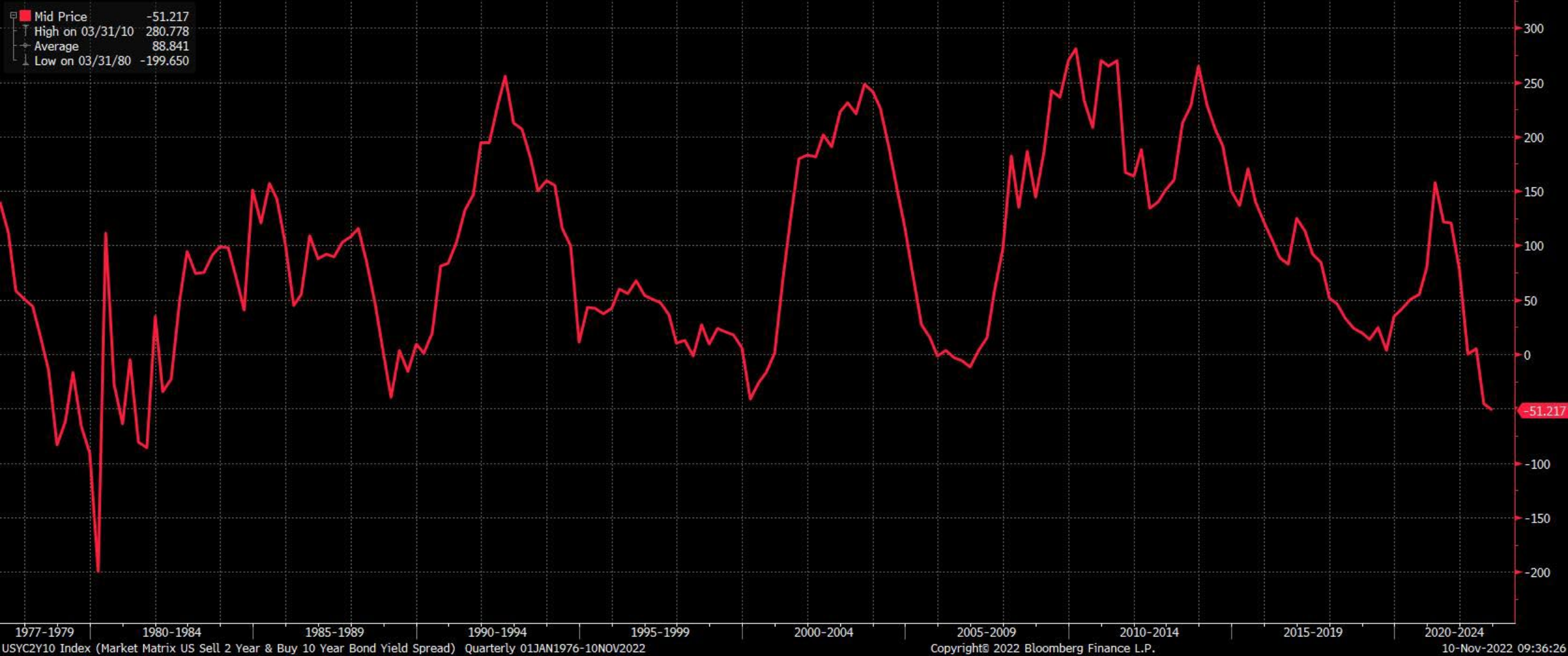
# Both nominal and real yields have seen a notable rise



Source: Bloomberg



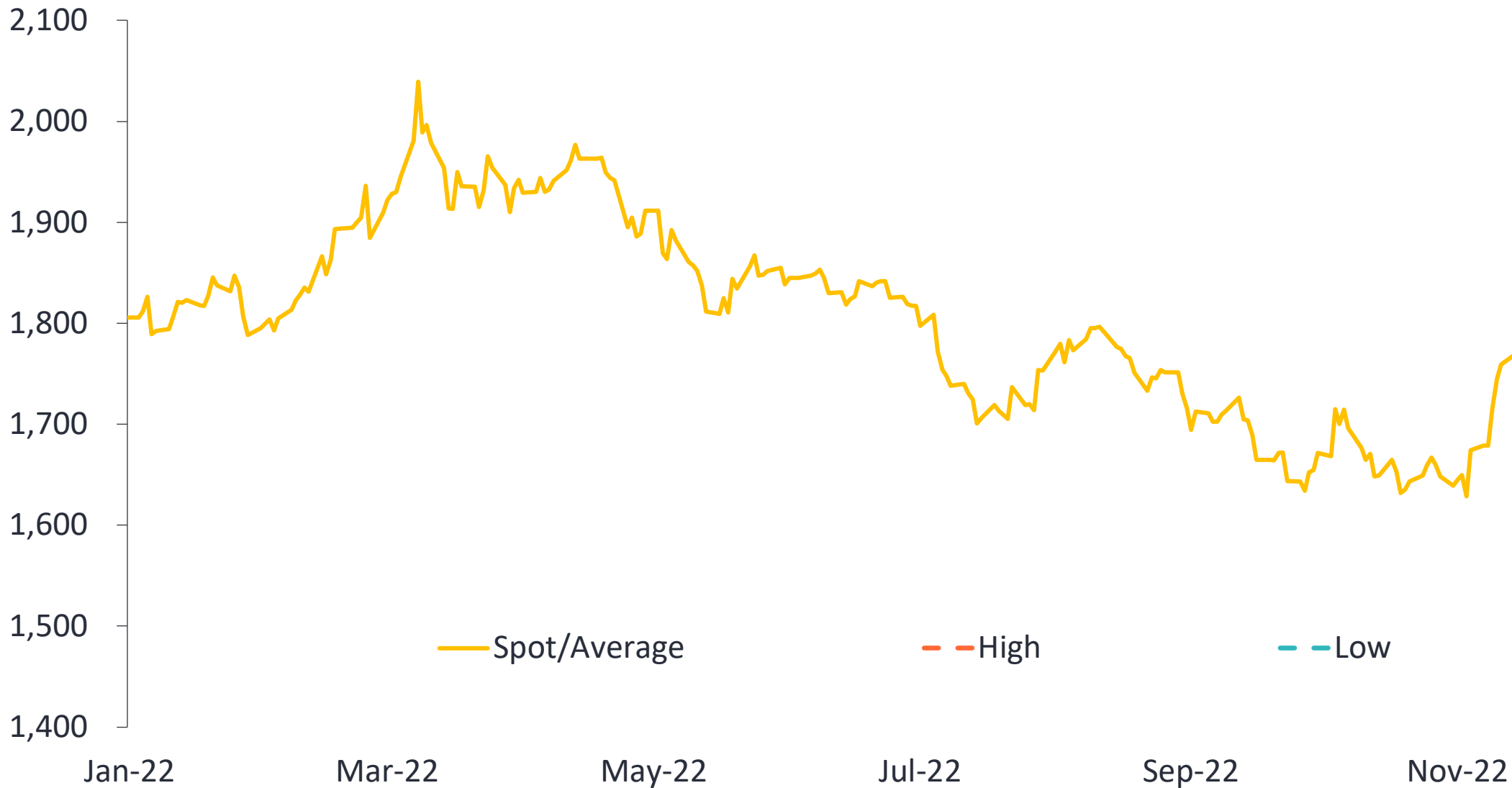
# The most inverted US yield curve (10yr-2yr) since the 1980s signals intensifying recession fears



Source: Bloomberg



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

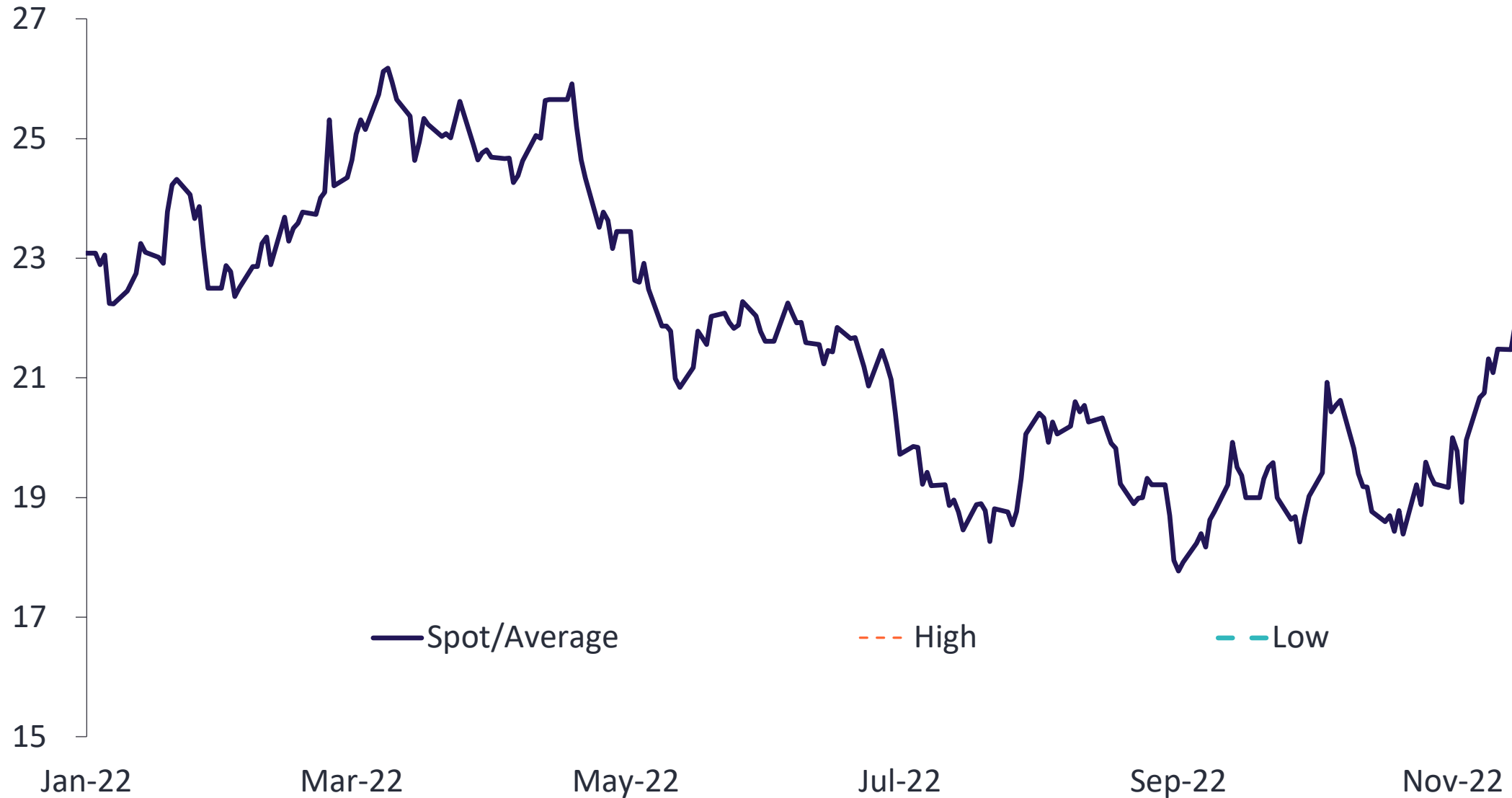


Source: Metals Focus





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



# M# METALS FOCUS

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