



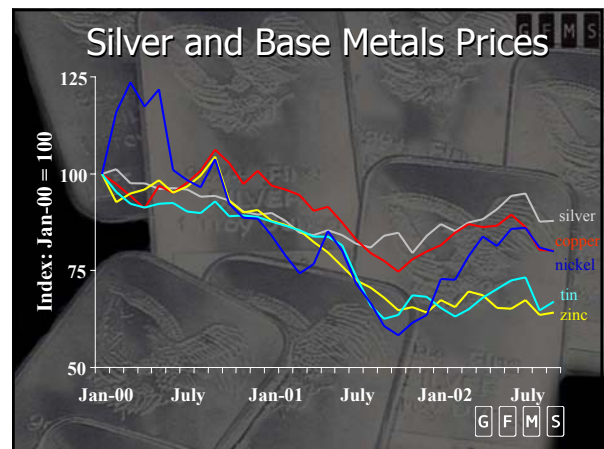
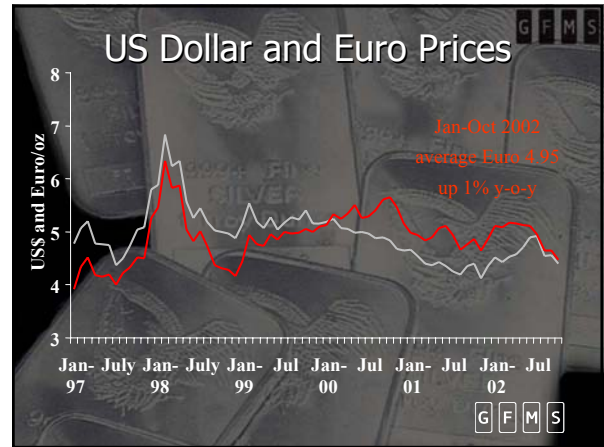
# The Silver Market in 2002

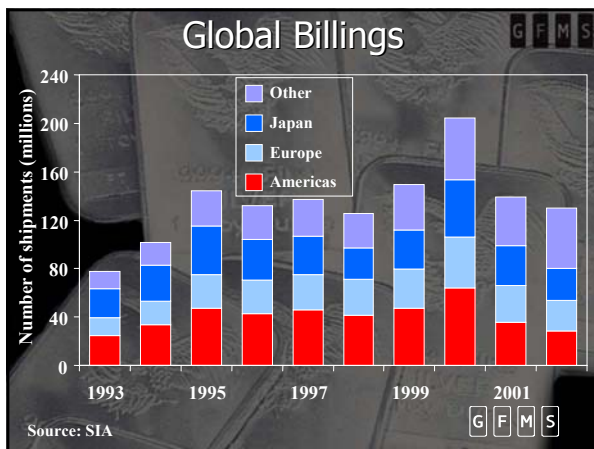
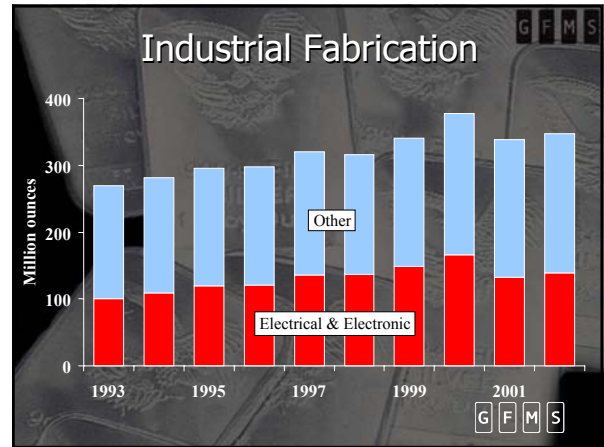
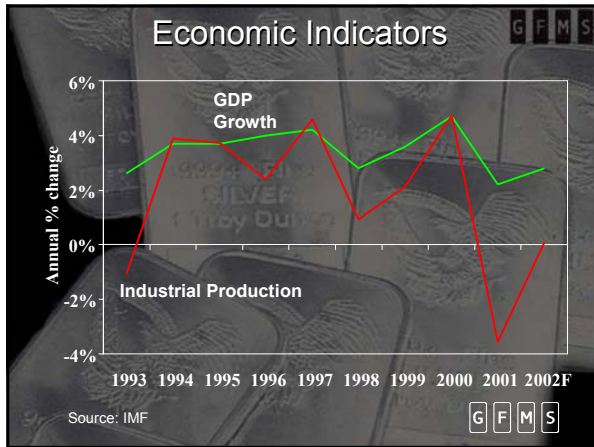
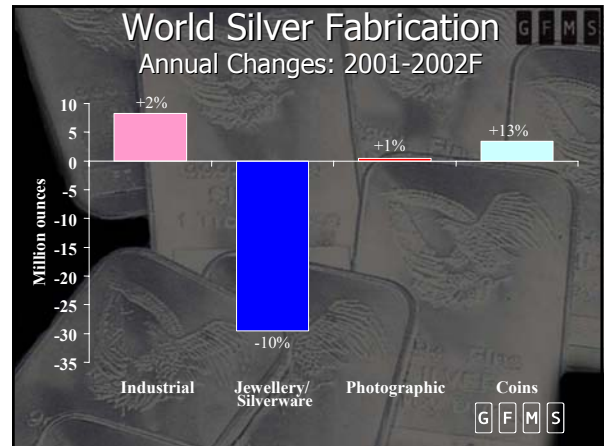
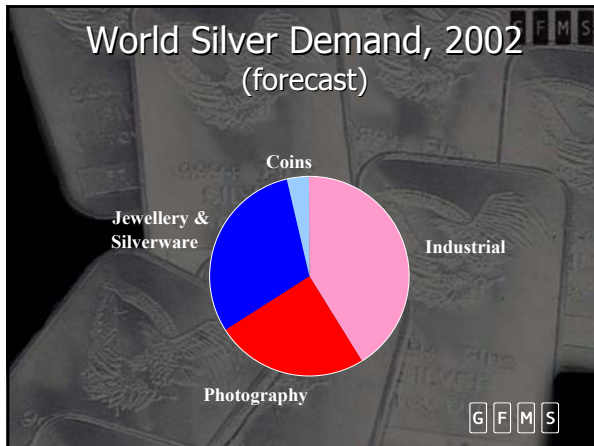
Philip Klapwijk

*The Silver Institute, New York, 13 November 2002*

## The Silver Market in 2002

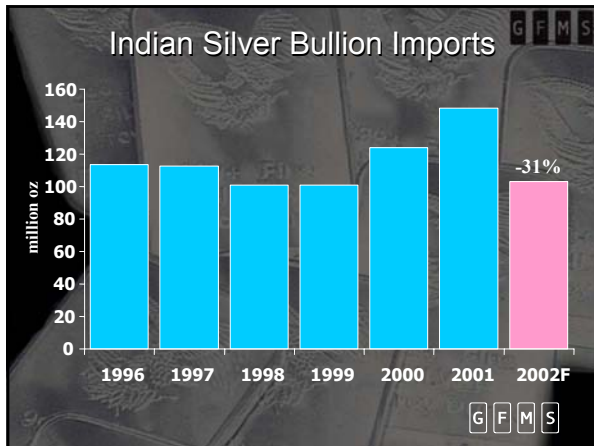
- Price
- Demand
- Supply
- Conclusion





### Jewellery & Silverware

- Demand forecast to down around 10% y-o-y in 2002.
- India very weak in first eight months due to higher local prices and drought in parts of the country where demand traditionally strongest.
- Recovery in India in Q4 will not be enough to prevent substantial year-on-year fall.
- Rest of World also down slightly in 2002.

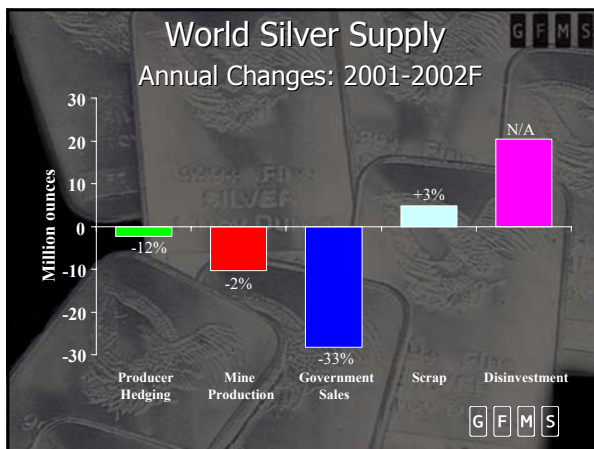
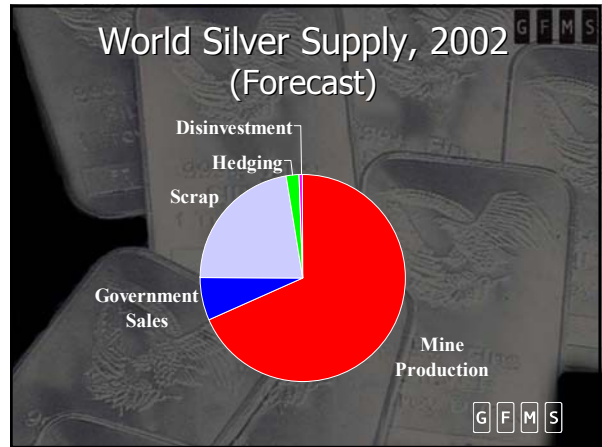


### India

- Apparent 57% or 63 Moz fall year-on-year in the Jan-Aug period, although data could be revised.
- Demand hit by higher local prices, poor monsoon and drought in the northern "tribal belt".
- Imports in final four months of 2002 forecast to exceed 50 Moz; fall in price a major factor.
- Nevertheless, GFMS expects imports for the full year to be down approximately 31%.

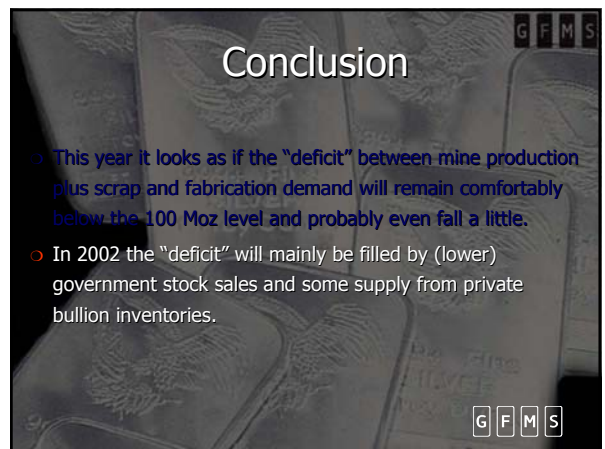
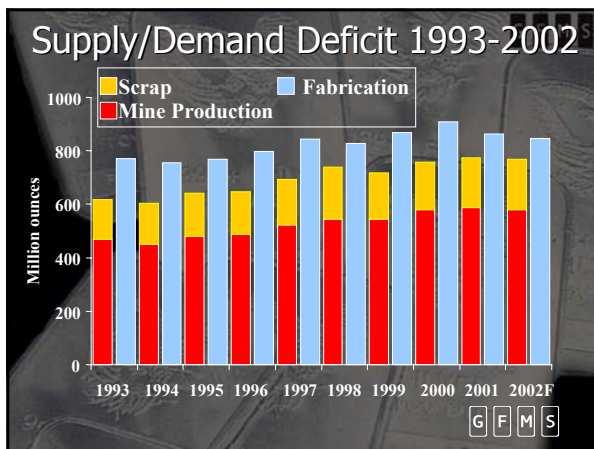
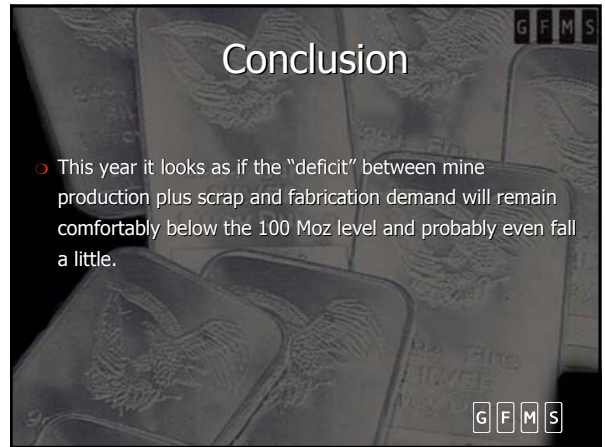
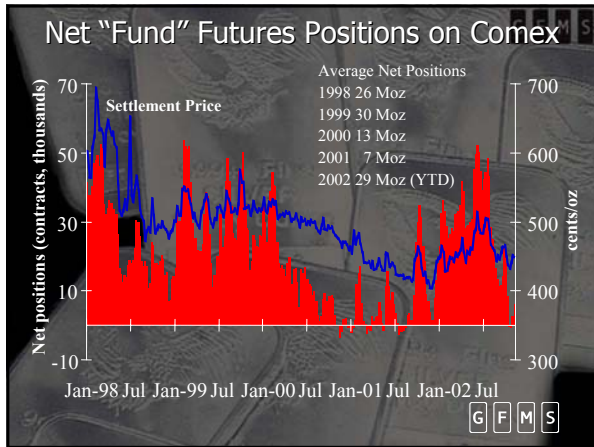
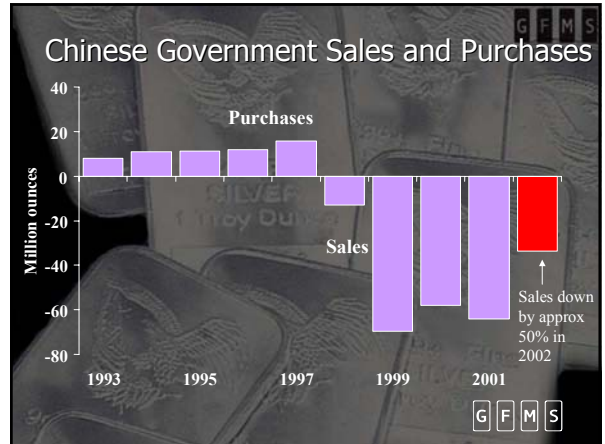
### Photography

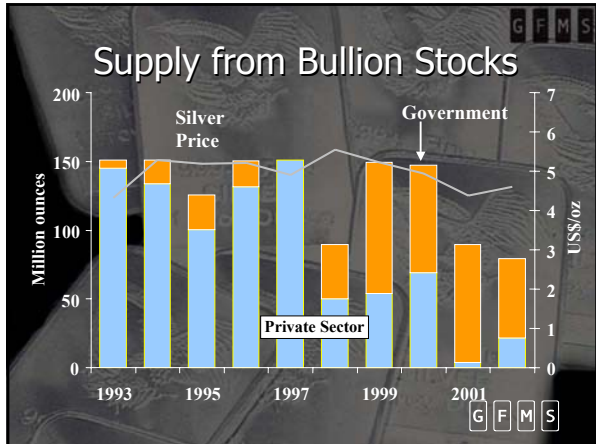
- GFMS' current estimate is that silver consumption in 2002 up approximately 1% year-on-year.
- Demand growing in China but declining in most other markets.
- Weakness in final consumption is mainly due to the soft economy and the drop in tourist numbers.
- Digital has been less of a factor though it continues to grow, mainly to the detriment of graphic arts demand.



### Mine Production

- Production decline this year mostly from gold rather than base metal or primary silver mines.
- Reduction in output concentrated in the United States.
- GFMS forecasting world mine production to contract by 1.8% for full year (-10 Moz).





### Conclusion

- This year it looks as if the “deficit” between mine production plus scrap and fabrication demand will remain comfortably below the 100 Moz level and probably even fall a little.
- In 2002 the “deficit” will mainly be filled by (lower) government stock sales and some supply from private bullion inventories.
- Further fall in fabrication demand the reason for (probable) smaller “deficit”. But impact of weak demand on price offset by lower government stock (mainly Chinese) sales.

