

# FACTORS AFFECTING VOLATILITY OF SILVER PRICES

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# Purpose

- This presentation tries to identify the major factors that cause volatility in the silver prices and analyse in brief the impact of these factors on the silver prices. The aim is to provide directional inputs that can help predict future trends in the silver prices.

# FACTORS AFFECTING VOLATILITY OF SILVER PRICES

- Some Facts about Silver
- Factors Affecting Silver Prices
- Regulation in Silver Market
- Conclusion

# Some Facts About Silver

- The major components of silver demand <sup>1</sup> are Industrial use (54%), Photography (15%), Jewellery and Silverware (26%) and Coins (5%)
- Twenty countries together produce 96% of the silver mined globally<sup>2</sup>. Mexico is the largest producer followed closely by Peru
- The main consumer countries for silver are the US, India, Canada, Mexico, UK, France, Germany, Italy and Japan

# Factors Affecting Silver Prices

- Large and Private Institutional Investors
- Large Concentrated Short Position
- Industrial Demand
- Gold Price
- US Dollar
- Oil Prices
- Stock Indices

# Regulation in Silver Market

- CFTC closely studies the existing controls in the market to prevent manipulation
- There is no evidence of attempted manipulation as claimed by the complainants

# Conclusion

- The primary factor that has been attributed to this strong growth is the investment driven demand for silver
- However its high volatility has still remained a question of interest.
- Many industry experts believe that the silver market is largely controlled by only a few. These investors are suspected to have enough power to corner the market if they wish to.