

# Top commodity analyst: Silver could surge to highest price since 1980

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## From Bloomberg:

Silver may surge to as much as \$23 an ounce next year, the highest price since 1980, as investors seek a cheap alternative to gold and a global economic recovery boosts industrial demand, according to Commerzbank AG.

The metal may advance to as much as \$21 an ounce by the end of this year, about 12 percent higher than yesterday's close, Eugen Weinberg, head of commodity research, wrote in a report, dubbing the metal "gold's little brother." Compared with gold, silver may be considered low priced, Weinberg wrote.

Gold surged to a record \$1,265.30 an ounce yesterday as investors sought to preserve their wealth against declining currencies, and China's decision to drop the yuan's dollar peg boosted commodity prices. There's rising demand for silver, or "poor man's gold," the Perth Mint said earlier this month.

"Gold is still a priority for investors" who are looking for shelter from growing economic uncertainty, Ng Cheng Thye, a Singapore-based director at Standard Merchant Bank Ltd., said by phone today. There's also "a good chance for silver to rally higher," possibly to \$20 an ounce, Ng said.

Silver for immediate delivery traded at \$18.8213 an ounce at 4:43 p.m. in Singapore, 11 percent higher since the start of the year. Gold, which has risen 13 percent in 2010, was at \$1,239.75 an ounce.

Weinberg's targets add to signs of increased investor interest in precious metals. Assets in the SPDR Gold Trust, the biggest exchange-traded fund backed by bullion, have risen 15 percent in 2010 to a record 1,307.96 tons. The Perth Mint said Europe's debt crisis was spurring demand.

## 'Low-Cost Alternative'

"As with gold, silver is also considered to exhibit stabilizing characteristics when it comes to value," Weinberg wrote in yesterday's report. "Silver is reasonably priced compared to gold and constitutes a low-cost alternative."

The ratio between gold and silver had risen to about 65 compared with an average of 59 over the past "several years," the report said. "We expect this ratio to swing back, leading to potential for silver," Weinberg said.

An ounce of gold for immediate delivery bought about 65.81 ounces of silver today, compared with the 2008 low of 47.55 ounces and the decade average of 61.99 ounces, data compiled by Bloomberg show.

Silver sales would be boosted by an expected recovery of industrial demand, with the metal used in solar cells, mobile- phone covers and photography, the report said. Global demand may increase by as much as 50 million ounces by 2011, it said.

Economic growth in China, already a net importer of silver, would also boost sales, Weinberg wrote. China's import demands are likely to increase, "having a positive impact on the price," the report said.

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