



## Sean Brodrick – Wed 14 Oct, 2015



Posted by:

[C Fleck](#)

### Why I'm Buying Silver – and Why You Should, Too

Here is the latest post from Sean Brodrick. He will also be joining us on the weekend show so tune back in to hear what he has to say on the gold and silver markets.

[Click here to visit the original posting page.](#)

...

I'm buying physical silver again – coins and bars. And you should, too. That is, if you're using your head for anything other than a hat rack.

Actually... wait! *DON'T* buy silver. I'm not done buying it yet. I don't want you snatching the scarce metal right out of my hand...

Well, how about this: Let me tell you why I'm buying silver. Then you can make up your own mind.

First off...

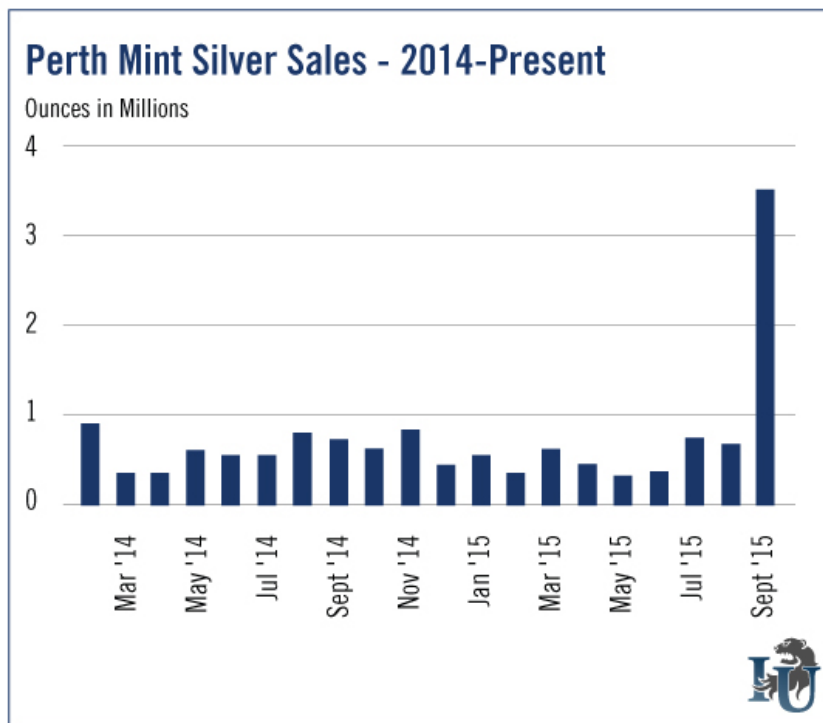
### Sales Are Soaring

Have you seen what's going on at the U.S. Mint? It sold 14.26 million ounces of American Eagle silver coins in the third quarter. That's the most in 29 years!

The Mint can't meet demand. First it ran out of coins in July. (Yep, simply ran out.) Now, it is carefully limiting sales through quotas. This, despite the fact that at the U.S. Mint in West Point, New York – where the American Eagle is made – the plant is spinning out new coins on three shifts around the clock.

In fact, the U.S. Mint sold more than 433 metric tons of silver in the third quarter. That's more than the world's No. 1 silver producer, Mexico, produces in a month – 424 tons!

And this isn't just happening in the U.S. The Canadian Mint has also limited sales. And have you seen what's happened in Australia?



Hi-Ho Silver! Sales of silver coins and minted bars at the Perth Mint jumped to 3.35 million ounces in September. That’s more than four times what was sold in August – a new record.

But it gets better...

### Silver Prices Haven’t Caught Up... Yet!

I’m not talking about retail prices, which are a bit of a sore point with me. (I know it’s a seller’s market, but the premiums we’re paying now are ridiculous. If you see any online sales with low premiums – from reputable dealers – leave a note in the comments. I’m sure fellow readers will appreciate it.)

I’m talking about the price of silver on the exchanges. Let’s look at a chart of the **iShares Silver Trust** (NYSE: SLV), which tracks the price movement of silver pretty closely...



You can see that prices have been in a downtrend since 2011. But you can also see that bearish momentum is running out of steam. In fact, there is a disconnect between price action and momentum. Of course, there's no guarantee, but this is the kind of disconnect you often see before a reversal or breakout.

So why hasn't the COMEX price gone up when sales are soaring? I'm thinking of a five-syllable word, and I'll spot you the first letter: "M." (The last letter is "N.")

Heck, I just [told you](#) a few weeks back about all the big banks settling cases for manipulation of the precious metals markets. I'm no conspiracy theorist – this is *happening*. And that's why I say prices haven't caught up with silver sales yet.

But I believe a breakout is coming.

## Another Reason? China

Retail sales of gold and silver jewelry are soaring again in China. Up 17.4% in August, year over year. However, there's an even greater source of a potential surge in Chinese demand...

I'm talking about solar power.

Roughly 20 grams of silver (in the form of silver paste) are used in each silicon solar panel. To make 1 gigawatt (GW) of solar power, you need 80 metric tons of silver, or 2.57 million troy ounces of silver.


Stay with me... only a little more math.

Global solar photovoltaic (PV) installations are expected to grow 28% this year.

That growth will continue into 2016, when module shipments are expected to exceed 2015 shipments by 10%.

According to estimates, China will install 17 GW of solar panels this year. That will require 43.72 million troy ounces of silver.

Does that sound like a lot? Globally, Mercom Capital says we should see 57.4 GW of solar power installed this year. That should require about 4,592 metric tons of silver – or **147.63 million troy ounces**.

Grams of Silver Used Per Solar Panel 		
1 solar panel	250 watts	20 grams silver
4 solar panels	1 kilowatt	80 grams silver
4,000 panels	1 megawatt	80,000 grams silver
4 million panels	1 gigawatt	80 million grams silver

There are 1 million grams per metric ton, so 80 million grams equals 80 metric tons. Eighty metric tons equals 2.57 million troy ounces. Therefore... 57.4 GW of solar power generation will require 147.63 million troy ounces of silver.

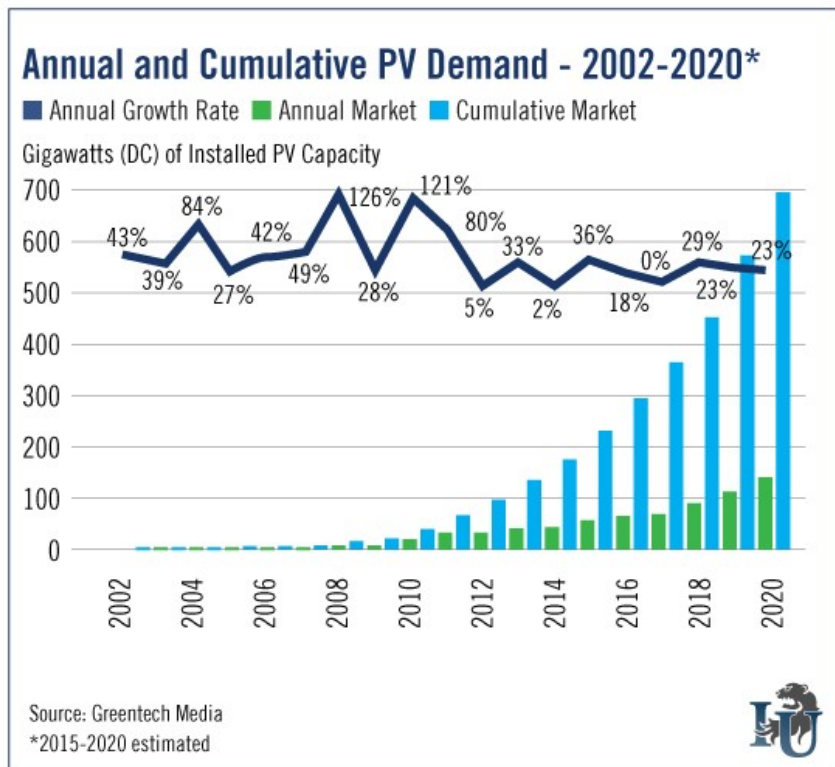
And the amount of silver required this year is 28% higher than 2014, when solar used about 106 million troy ounces.

So, do you see how solar's hunger for silver is ramping up?

And yet, global mine production of silver was 877 million ounces last year (mine production is roughly 82% of total supply). Sure, there's more supply from hedging and scrap. But almost all of it is used up – by jewelry, investments in coins and bars, silverware, and especially industrial fabrications.

If it weren't for ETFs selling silver last year, the market would have been in deficit to the tune of 4.9 million ounces. As it was, ETF selling allowed a surplus of only 2.6 million ounces last year.

That would cover only a small portion of the surge in solar's demand for silver this year. And next year? The demand for silver in solar panels is forecast to be even higher – 65 GW.



Doing the math, that's **167 million troy ounces** of silver required

to power 65 GW of standard solar panels.

We are rapidly approaching the point where demand for silver from the solar industry is going to overwhelm available supply.

Sure, there are stockpiles. But not much.

Sure, there is recycling.

Sure, there is substitution. (We'll probably see a lot of that when silver prices soar.)

Either solar panel production has to grind to a halt – and considering that China has smog thick enough to eat, that seems unlikely – or the price of silver has to move higher.

Potentially much, much higher.

Now, you might say, “But Sean, they’ll manipulate prices lower, just like they always do.”

My response: Let ‘em! Let ‘em keep silver as cheap as they can for as long as they can. Heck, let’s see a bear raid that pushes silver under \$14. I’ll back up the truck and buy. But prices cannot stay this low for much longer.

And that’s why I’m buying silver now. As I said at the top, though, you can make up your own mind.

Or use your head for a hat rack. That’s a good look for some folks.

Good investing,

Sean

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Comments:

1.  On October 14, 2015 at 12:19 pm,  
*Peter R* says:


You forgot about the largest variable. Mine supply. All indications are mine supply has been cut significantly in first 9 months of 2015. Mine closures. Protests. Downscaling. Lowered grades

- o  On October 14, 2015 at 12:30 pm,  
*Dragonite* says:


I read Silver supply peaked in 2013 and started to going down the last quarter of 2013. It will not come back soon. A lot of the miners will leave the scene regardless what silver will do the next.

2.  On October 14, 2015 at 12:21 pm,  
*Silverdollar* says:

Bought some CDE today. I'll take my chances with the miners if Sean's thoughts actually materialize. I've got some physical that I bought for under \$5. I also like the tax treatment on mining stock profits much better than physical which is taxed as a collectible (35% I believe). With my CDE, I'm betting that it will run faster than HL, like last February when it's gain climbed 10% above HL's. Right now CDE is sitting 40% off present prices of HL. I'm betting that gap is going to close if silver goes up. Fingers crossed.

3.  On October 14, 2015 at 12:38 pm,  
*One of the Peters* says:


Well, maybe demand is up in the US. But I know a PM dealer in Edmonton who says demand for silver is way down and that days now go by without them selling any silver.

- o  On October 14, 2015 at 1:43 pm,


*irishtony* says:

Peter...But what have they got to sell ? Are they large bars , most stackers prefer smaller bars & 1oz. coins & rounds.....


Or perhaps the good people of Edmonton have already bought all they need , or can afford...or their premiums are too high.....Just asking.

4.  On October 14, 2015 at 2:09 pm,  
*Greg* says:

Just bought some Provident Prospector 1 oz. for less than \$1 over spot this morning. A week ago I got Scottsdale Silver Kilo bars. Loading up because its the bottom ya know! 😊

5.  On October 14, 2015 at 3:40 pm,  
*silverbug dave* says:

It will be interesting to see if Natcore's technology actually has a downward effect on silver demand and if it does, how long it takes to kick in.

6.  On October 14, 2015 at 4:21 pm,  
*Bobby* says:

Might be a good buy if you have a 20 year perspective. I love the sellers premiums.

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