# Investors propel silver boom


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Investors cannot seem to get their hands on enough silver. And that trend will continue to drive prices for the coming year.

That is a key conclusion from this year's edition of the World Silver Survey, which was released Thursday by the Silver Institute and prepared by precious metals consultancy GFMS Ltd.

Silver had a very strong year in 2009, with an average price of US$14.67 an ounce. GFMS reported that it is the second highest yearly average since silver prices peaked in 1980. The price also gained more than 50% over the course of the year.

Silver soared despite the fact that there was a fairly massive surplus in the market last year of 283.7 million ounces, according to the survey.

That surplus mattered little, because investors were there to pick up the slack. The survey reported that implied net silver investment increased by an incomprehensible **184%** year-over-year to 136.9 million ounces. Put another way, investors were happy to take up every extra ounce that hit the market.

“We’re going to continue to see a large surplus in the silver market this year,” GFMS executive chairman Philip Klapwijk said in an interview.

“And we believe investors will continue to take that surplus, and take it willingly enough to push up the average [silver] price. We’ll probably see price gains over the balance of this year.”

Like gold, investors are turning to silver as a safe haven investment to protect their portfolios amid the many global economic concerns. It also has industrial uses, and Mr. Klapwijk noted that over the last year, there were numerous times in which the silver price closely tracked the copper price. It then played “catch-up” to gold.

While the outlook for silver looks strong, Mr. Klapwijk warned that anything that undermines investor interest in precious metals would have a major impact on the price. That could include a resolution of Europe’s debt crisis, reduced inflation concerns, or higher real interest rates. None of those things appear to be on the immediate horizon.

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