

SPECIAL REPORT

22nd July, 2020

Global Silver Prices to Further Shine Amid Supply Tightness

With the recent surge in COMEX Silver Futures and MCX Silver Futures in the past few days, there is a clear indication of supply tightness in the global markets. Outbreak of covid-19 cases in **Mexico and other Latin American countries** has earlier disrupted the mining activities in the past couple of months and the production is still being affected in the current month July due to further surge in covid-19 in the same countries. Conversely, easing worries in other parts of the world regarding covid-19 cases, with many countries having to ease their lockdown situation; led to resuming of the industrial and manufacturing activities. **China and other Asian Countries** have already resumed its industrial activities to a certain extent after the covid-19 cases have begun to stabilize, but, worries continue to prevail as covid-19 cases continue to soar once again.

MCX silver prices to also trade bullish in the coming months as **ETF investments** has shown further incline in the global markets after the massive capital inflows in the international markets with various stimulus packages. Moreover, silver prices to also find support as the **Dollar index** is trading at the lower levels which has also invited higher imports of Silver and other base metals from the global buyers. The dependency of the US Dollar has declined due to hopes of revival in the developing economies over the developed economies leading to shift in investments from the developed economies to the developing economies. The **Gold silver ratio** which had traded at the highest levels of **125-126 levels** on 18th March, has gradually declined in the past few months and is currently trading at **83-84 levels**. In this coming months, we can expect that the above ratio can further come down to **72-74 levels**, which would indicate further demand for silver (being relatively cheaper) as compared to gold. In the case of India, Central Government has taken various initiatives to revive the economy from its lockdown scenario, by boosting industrial activities in construction and infrastructure developments. However, ongoing global worries of uncertain longer recession in the some of developed countries like U.S., UK, Japan, Germany and European Union could also cap upside movement in global silver prices. But then, the Indian equity market has shown good amount of recoveries in the month of July signaling that the economy is getting back to the normal levels. International experts forecasts global economy to return back to the pre-covid-19 situation by **Oct-Dec months of 2020**, raising hopes for more positivity.

In conclusion, we are estimating bullish trend in the International and MCX Silver Futures and prices are likely to move towards **Rs.75,000 levels** in the coming months. International commodity experts forecast that COMEX Silver prices to move towards **\$30 levels** in the coming months.

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