



RIO Silver Lining USD gained 2.62% in the third quarter of 2024. As members may recall, in March, I stated that silver was a strong buy and had correctly forecast that it would move above \$30 an ounce. As September drew to a close, I made comment in the factsheet that the metal would almost certainly encounter some downside pressure.



Following the month's close, silver continued to rally and reached a high of \$33.06 an ounce on the 4th before falling back to \$30.38 on the 8th.

I had correctly anticipated the fallback and was able to buy the metal at \$30.53 on the 10th; silver showed some strong upside momentum as China launched its most impressive stimulus package since the global economy suffered the fallout caused by the COVID-19 pandemic.

The Chinese government is now pumping more liquidity into financial markets and cutting interest rates to pull its economy out of a deflationary spiral and back toward its growth target.

China's efforts to support its economy is good news for silver because one of the country's biggest industries is photovoltaic solar panel manufacturing, which requires vast quantities of silver. Importantly, unlike gold, nearly 50% of the demand for silver comes from industrial applications, with a large part of that demand arising from the solar power sector.

Today, silver is \$31.66 an ounce.

Looking forward, silver certainly has strong fundamentals. It could potentially prove to be the asset of choice in 2025. A recent London Bullion Market Association survey has forecast that silver prices could rise to \$45 an ounce. This bullish outlook comes as silver holds above the critical \$31 an ounce marker; the association prediction would reflect a 45% gain from current levels.

The optimism for a strong move in the silver market was aired by a panel of experts in discussion, the group noting that industrial demand continues to drive market deficits, and since the mining supply is already struggling to keep pace with the increased demand, there's certainly a positive outlook for silver.

I share this bullish stance on silver, but I would comment that the last time silver broke through \$40 an ounce was in 2011. However, there is undoubtedly a fundamentally solid argument to invest in metal, and it's hard to see a significant downside for silver against the current backdrop of increasing demand. We have entered a rate-cutting cycle, and this will lend further support to the metals upside potential.

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