



RIO Silver Lining looks set to benefit and could post strong gains as the demand for silver rises. Recent statistics show that the demand for physical Silver has begun to soar higher in 2021, the market has seen what can be described as an insatiable demand for physical silver.

Looking back, members who are invested in the Silver Lining have seen a net gain of 41.74% between April 2020 to April 2021, an exceptional return for the 1-year period.

This stellar performance has been generated importantly with zero exposure to collateralization of any kind, meaning that as usual RIO elects not to use any leverage whatsoever on any of its physical metal investments. Importantly not using leverage or gearing reduces the capital at risk, this is reflected in the risk reward ratio of the Silver Lining account. As for the return produced it is a true testament to RIO's time tested trading strategy, some say its old school but often as not, it is hard work that produces results.

It is no mistake that a large part of RIO's investment products are precious metals, Gold, Silver and Platinum are all represented, and such investment offers the benefit of having no 3rd party liability (unlike any other monetary asset). As such precious metals in physical form are considered the only true safe collateral in times of crisis – some investment professionals see them as the ideal portfolio insurance sighting the wealth preservation attributes of gold and Silver.

### **Silver**

Many other financial commentators have begun to follow RIO in predicting a strong upside potential for silver, several metals experts have forecast silver to shine as we move through the remainder of 2021. This is because accommodative monetary and fiscal policies - traditional drivers for demand in precious metals are expected to remain in play as the economy continues to recover from the pandemic. Furthermore, as I have reiterated in my reports, silver's use in emerging green technologies have also contributed to the positive sentiment towards the metal, as the new Biden administration pushes their clean energy policies forward it can only be good for the shiny metal.

### **Investment demand on the increase**

The metal began to see demands rise in 2020 as investors flocked to safe-haven assets during the height of the pandemic, but this demand has risen even further into 2021. As lockdowns are lifted and economies come back on stream more investors are beginning to realize the benefits of precious metals. Silver has a wide appeal because it has an intrinsic value as a finite resource and offers a significantly lower price than gold - making it accessible to a broader market. As most will know from the financial press the demand for physical silver accelerated in February, this was due to that fact that a group of traders, organized through social media, had tried and failed to induce a short-squeeze in the marketplace.

However, since then, analysts have highlighted that silver demand is strong, many investment houses are seeking to capitalize on silver's industrial demand as the global economy continues to recover from the COVID-19 pandemic.

This month we have seen a strong investment demand for silver, the metal has rallied as a result lifting prices to a 2-month high, the metal is now trading above \$28 an ounce. Although silver, like gold, had

fallen back previously at the start of the first quarter, this precious metal is holding critical support. With gold at over \$1,800 some analysts have highlighted that silver remains an attractive monetary metal and is a hedge against rising inflation pressures.

### **Not all Silver bars are equal- RIO trades in the best value bars!**

Silver bars come in many different shapes and sizes. But as with most commodities, the larger the unit you buy, the closer you can get to the spot price. This is because buying in bulk as always saves money, simply put you pay less for each ounce that the silver bar contains. As such the best value is the large 1,000-ounce (32 kg) "Good Delivery" silver bars. Cast by a small group of accredited refiners, these bars are guaranteed to be .999 fine silver (meaning 999 parts per thousand, called "three nines" in the industry).

Unlike gold, this metal is traded at gross weight by professional dealers in London and New York, centers of the world's 24-hour wholesale market. With silver being so much lower than gold by value, that one part per thousand of impurity is ignored in the price.

For those that may be interested, smaller bars weighing 100 ounces or more are usually poured as molten silver, melted from a 1,000-oz bar, into a mold. These bars are then struck, once cool, with the name of the refiner, the gross weight, and the purity. The large Good Delivery bars, in contrast, are all poured bars. This gives their surface a unique, very slightly "pitted" look, making it far harder to cut open and re-seal them without it being obvious - an important feature which helps avoid any irregularity (fraud).

Compared to these 1,000-oz silver bars, the prices of all smaller units carry high premiums to cover the extra manufacturing costs, if RIO traded these it would in turn increase costs and lower the potential returns. One-ounce silver bars are typically cheaper than 1-oz silver coins but both are overpriced when compared to the large bars.

If we chose to trade smaller units, the dealing spread (the price you pay to buy versus the price paid when you sell) would often be 10% or more. Even on bulk purchases of smaller retail bars, such as 10-15 bars of for example 500-oz bars from the leading dealers would see the gap between sale and re-purchase prices at times of high demand exceed 4%. RIO are bulk buyers of large bars which is the most cost-effective structure to employ as we seek to maximize gains.

### **The demand for physical Silver coins and bars**

Looking back, it may come as no surprise to many members when I say that RIO called it bang on the button once again! Recent reports show that there has been a massive shift away from silver ETF's (paper silver) into physical silver products and as such there has been a 540% increase in the demand for silver bar bullion sales last year.

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