

Breaking Report!

The Great Silver Secret ...

Why Buying Now is *Genius!*



LEARCAPITAL
THE PRECIOUS METAL LEADERS

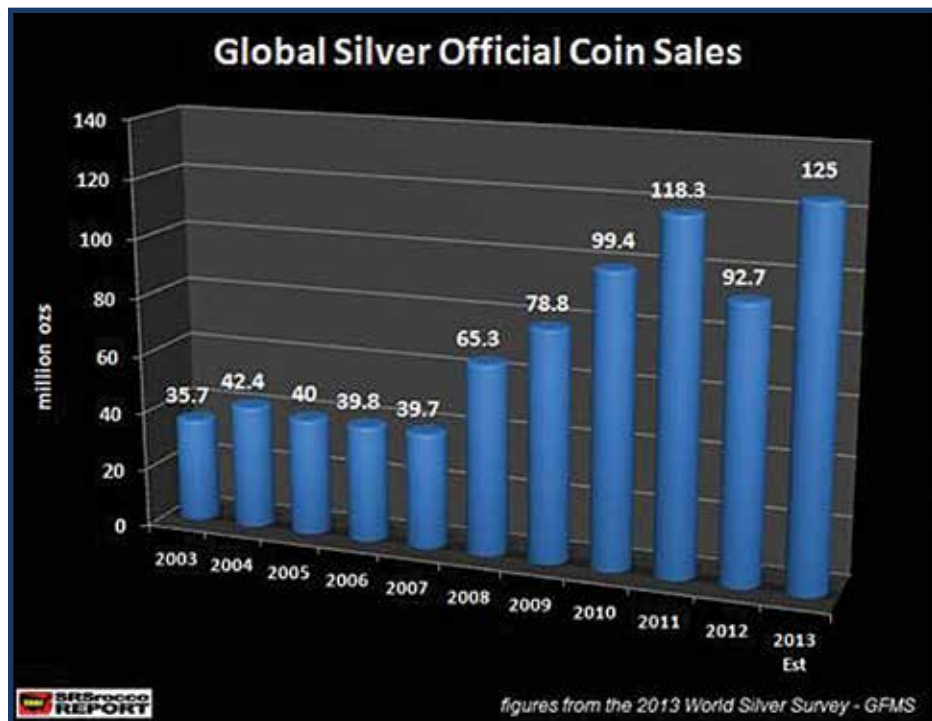
The Irrepressible Silver Market

Every industrial commodity is subject to the risk of critical shortage, limited availability, and a supply and demand crisis.

Silver is a rare and highly versatile precious metal whose value is based upon its availability and accessibility in the open market. As a result, supply & demand, production levels, industrial applications, investment climate, and economic conditions all have an impact on spot silver pricing as well as its long-term investment value.

Silver's use as an industrial metal is legendary. It is an exceptional conductor of electricity and can be found in many ignitions and switches. It is also used in batteries, bearings, electronics, digital technology, medical instrumentation, photography, silverware, dentistry, solar energy, and automotive parts. In addition, it is also an important chemical catalyst. Since silver is malleable and shiny, it is used in mirror coatings and electroplating and can also be fashioned into polished jewelry.

Silver demand hit an all-time high in 2013 on the heels of strong coin and jewelry buying fueled by a 36% drop in prices.



Silver can be found either in pure deposits or as a by-product of other metals like copper, lead, zinc and gold. It can also be derived from recycled products.

Silver tends to move in tandem with the price of gold. Current prices thus far in 2014 are lower than last year. As a result, we could very well be looking at one of the best opportunities to buy and hold physical silver in a generation!

DID YOU KNOW...

Silver is mined as a common by-product of copper and since copper is used in new home construction, fluctuations in the housing market can impact demand for copper, which in turn, can also influence the available silver supply.

Thus far in 2014, silver demand is strong and while supply has kept pace and prices have remained in check, silver's dualistic nature presents a dynamic set of criteria that could very well change "on a dime" as a variety of industrial demand sectors continue to exhibit record growth.

Investors acquired silver bullion at record levels last year and with historically low prices, silver remains a smart and timely investment for 2014. With mounting demand, shifting supply metrics, and anxious consumers sitting on the edge of a delicate recovery ... the case for silver becomes even stronger.

Silver's Endless Applications

Silver's numerous uses are well known in the metals marketplace. Its endless industrial applications include solar, digital, medical, dental, photographic and automotive technologies. Most of us are familiar with silver's presence in batteries, cell phones, solar panels, medicine, and soldered parts but what is lesser known is its use as a chemical catalyst. Silver improves the speed and efficiency of chemical reactions and is critical in the production of two industrial chemicals that play a vital role in some of the essential products that we use every day.

MAIN USES FOR SILVER	
<ul style="list-style-type: none">○ Batteries○ Bearings○ Brazing and Soldering○ Catalysts○ Coins○ Electrical○ Electronics	<ul style="list-style-type: none">○ Electroplating○ Jewelry and Silverware○ Medical Applications○ Mirrors and Coatings○ Photography○ Solar Energy○ Water Purification
Source: The Silver Institute	

Without silver, the production of ethylene oxide would not be possible ... which, along with its various derivatives, is responsible for plastic bottles, polyester, adhesives, glues, solvents and detergents. We need ethylene oxide for brake fluid, anti-freeze, paints, printing inks, and even to de-ice the planes we fly.

Silver is also used to produce formaldehyde, a common chemical compound with wide-ranging applications from the manufacturing of fiber boards and ply-woods, to space heaters and explosives, to cosmetics and vaccines, and everyday preservatives. Formaldehyde also helps preserve the "press" in "permanent press" clothing.

How much silver is needed for all these industrial chemicals? According to the Silver Institute more than 150 million ounces of silver are used each year (*The Silver Institute 5/14*) to produce ethylene oxide and formaldehyde with a market value in the billions of dollars.

Why is all of this important? Because silver's use as an industrial catalyst is increasing each year and this could significantly drive demand.

Union Carbide, a division of Dow Chemical Company which produces 20% of the world's ethylene oxide, is also reporting a significant upswing in EO production due to economic expansion in China and India. Considering that there is more than 5 times as much gold inventory in the world than silver and that gold is preserved and held while most silver is put to industrial use ... one would conclude that silver is more expensive than gold. In reality, gold is more than 66 times more expensive than silver! (5/19/14)

According to the Doug Rightler of PCI Xylenes Polyesters Ltd., silver usage for ethylene oxide production is expected to rise by some 40% by 2020.

As an industrial metal, silver is clearly among the most useful in the world. It is a metal that does not spark which is why it is an ideal electric and heat conductor, but it may very well catch fire this year based upon various industrial demand metrics worth examining.

Silver Demand Expands as Supply Contracts

According to the World Silver Survey 2014, demand for physical silver rose by 13 percent in 2013 which is an all-time high. The rise was primarily fueled by a 36% decline in prices, a massive surge in retail investment, and big moves in the jewelry and silverware markets.

There has clearly been renewed enthusiasm for pure, silver goods and a marked move away from silver plated products.

Total silver demand was up 13.3 percent over last year, jumping to 1,081 million ounces in 2013 from 954.4 million ounces in 2012. The demand for silver coins in particular soared an astonishing 76%, rising from 139.03 million ounces to 245.6 million ounces with investment silver surpassing silver supply used in electronics for the first time. Demand for silver in jewelry and silverware also rose 9.5% and 12% respectively. The demand for silver bars more than doubled, while the acquisition of coins and medals rose a commanding 38 percent.

There were slight declines in silver use in other sectors, however, with demand dropping for electronic applications by 1.3% and for industrial use by .4%. This was the third, straight year of industrial sector declines. Demand for silver's conductive and chemical

catalyst properties rose, however, particularly in BRIC nations like China which recorded a 3% increase in the industrial applications for silver. The BRIC markets represent the main growth sector for silver due to their sustained boom in electronics manufacturing.

On the supply side of the equation, silver scrap or recycled metal plunged 24% in 2013 which reflects the largest drop since the 1980's.

The dramatic decline in scrap, pushed global silver supply to its lowest levels in four years, dipping 2.6% to 978.1 million ounces.

Mine production, however, still managed to climb 3.4%, hitting a record high largely resulting from the primary mining sector which grew 6%.

The price of silver averaged \$23.79 in 2013, which is significantly higher than the average thus far in 2014 causing Western investors to stockpile bullion. Resilient demand so far this year should keep 2014 silver prices steady as investors are still seeking a hedge against inflation and protection from a weak dollar. This buy-up coupled with steady demand from China, India and Russia and emerging applications in the automotive and aerospace sectors, are keeping the outlook for silver very positive.

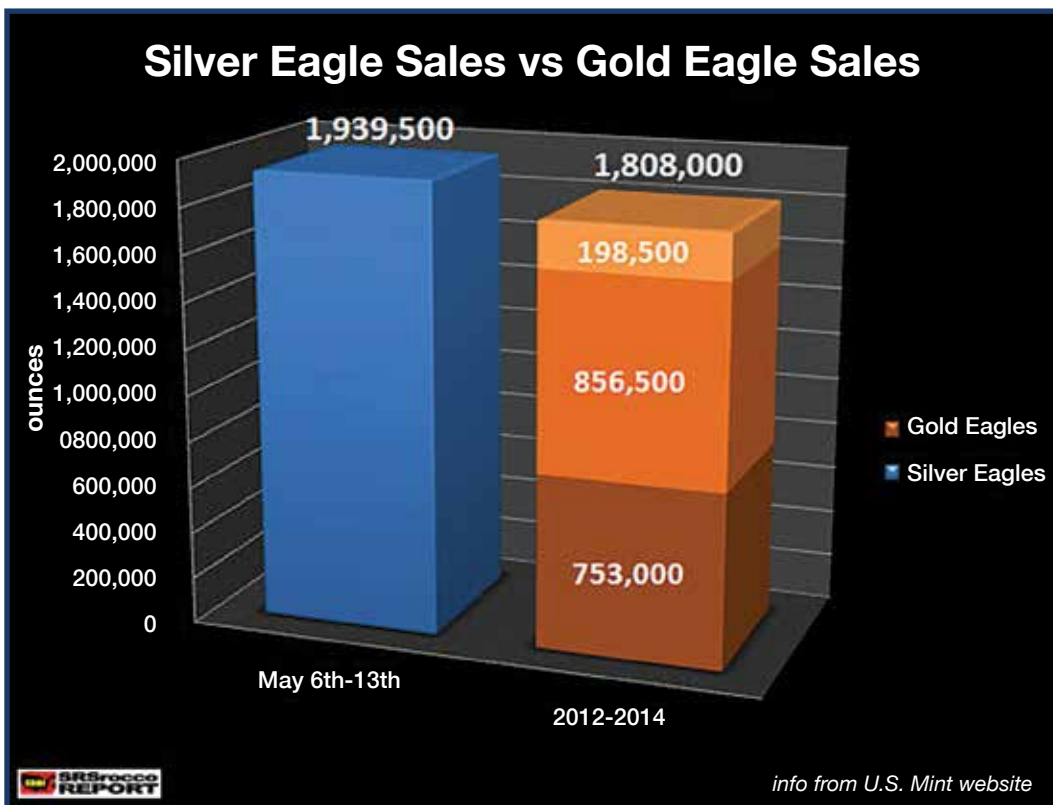
World Silver Supply		
	2012	2013
Mine Production	792.3	819.6
Net Government Sales	7.4	7.9
Scrap	252.6	191.8
Net Hedging Supply	-47.0	-41.3
Total Supply	1,005.3	978.1
World Silver Demand		
	2012	2013
Jewelry	181.4	198.8
Coins & Bars	139.3	245.6
Silverware	44.6	50.0
Industrial Fabrication	589.1	586.6
...of which Electrical & Electronics	237.0	233.9
...of which Brazing Alloys & Solders	60.3	62.4
...of which Photography	54.4	50.4
...of which Other Industrial	237.4	240.0
Physical Demand	954.4	1,081.1
Physical Surplus/Deficit	51.0	-103.0
ETF Inventory Build	55.1	1.6
Exchange Inventory Build	62.2	8.8
Net Balance	-66.3	-113.3

Silver Eagles Soar ... in 2013 and 2014!

Both the US and Canadian Mints tallied record silver sales in 2013. The US Mint sold 43.475 million ounces of silver while the Canadian Mint moved an astonishing 28.2 million one ounce silver Maple Leaf coins.

Sales of silver eagles and silver maple leaves both hit record levels in 2013, and this trend has continued into 2014 as the first four business days of May brought almost half the sales for the entire month of May of 2013.

The amount of Silver Eagles sold last year actually exceeded the supply of mined silver!



When we compare this to gold bullion sales, it took just one week for the Mint to sell more Silver Eagles than all of the Gold Eagles sold in 2012, 2013 and thus far in 2014. This is an astonishing figure and indicative of how affordable silver has become.

There has been surging investment demand for silver minted coins and bars in 2014 which has been widely ignored by many analysts. Demand has been ignited by lingering concerns over Wall Street, the Federal taper, and the painfully slow economic recovery.

In addition to the great migration of physical gold

from West to East, Chinese and Indian demand for silver has been soaring. Indian silver imports rose some 189% last year. The Chinese, who hold silver bars as wealth protection, have seen silver premiums spike on the Shanghai Gold Exchange amid whispers of a shortage of investment grade silver. In addition, there have been multiple withdrawals of several metric tons of silver from both the Comex and Shanghai Futures Exchange as silver inventories have declined to some of their lowest levels ever.

From an Eastern perspective, silver is a clear store of value and the Indian and Chinese middle class have not even hit their full investment stride. Aggressive buying, secret stockpiling, and rumored shortages will eventually start to impact the balance of silver supply, demand, and valuation.

The dramatic rise in American Eagle and Maple Leaf sales tells us that Western investors are slowly waking up as well. The ramifications of America's sovereign debt and currency debasement are among the biggest threats to the US Middle Class. As a result, more and more investors are coming to the realization that holding dollars is more reflective of accrued debt than representative of amassed value and precious metals like gold and silver are a necessary part of a secure future. Silver, which is hovering near a 4-year pricing low, represents a unique short range opportunity, but supply and demand metrics also make it a very attractive, long-term investment.

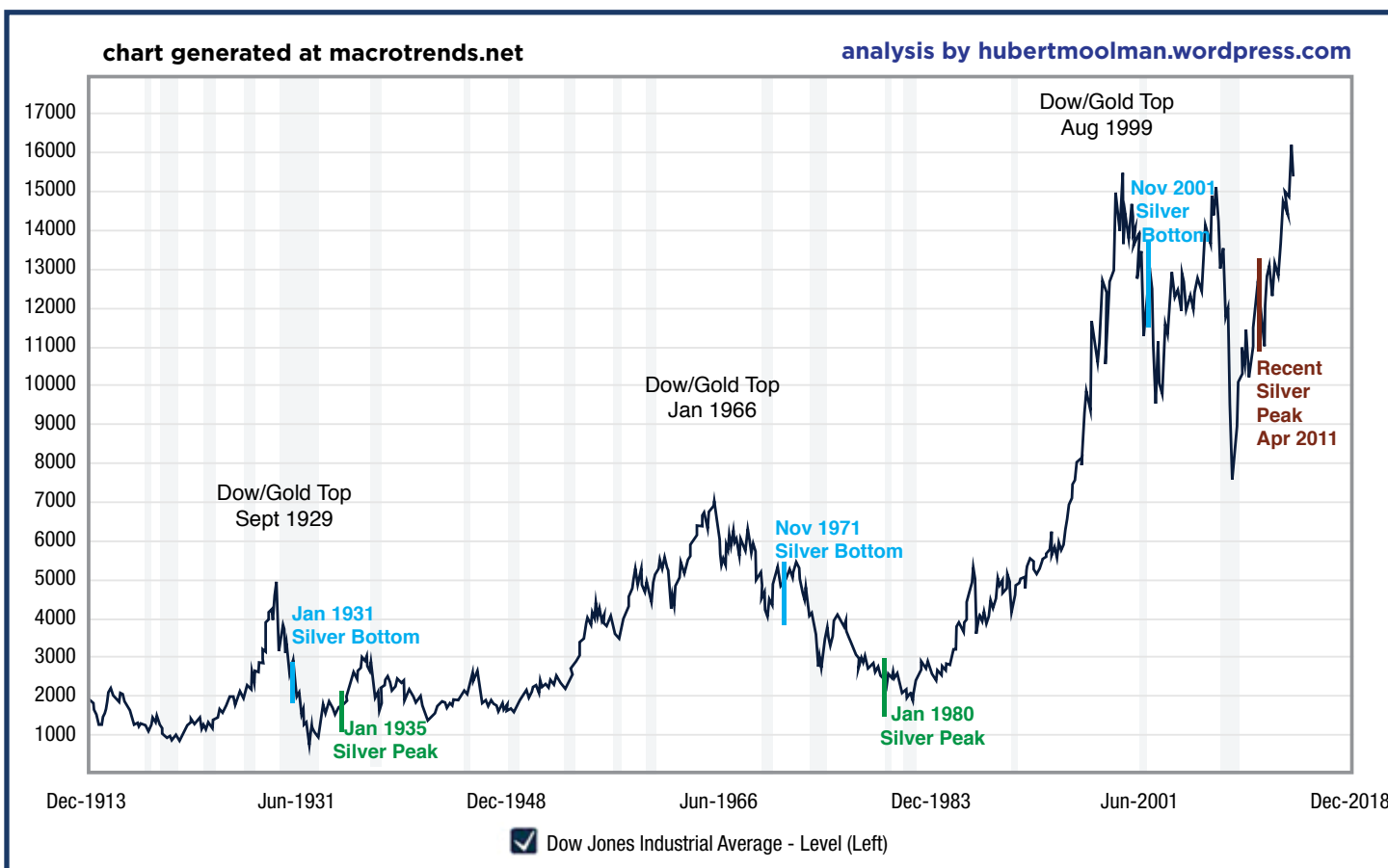
The Silver Affordability Dynamic

They call Silver “poor man’s gold” for a reason ... it’s affordable. How affordable is silver? One ounce of gold could buy 66 ounces of silver, or stated a different way, you could purchase 66 silver American Eagles for the price of 1 gold American Eagle coin. Perhaps this is why the US Mint is selling 100 times more Silver Eagles than gold ones!

Silver has historically ranged in price from as low as \$3 an ounce to as high as \$45. It is the preferred precious metal of individual investors who not only find it more attainable but also enjoy having more bullion to show for their money. At under \$20 an ounce (5/20/14), you could buy several ounces of silver for a couple of hundred dollars or over a hundred ounces of silver for a couple of thousand dollars. With the realities of growing global demand, expanding industrial uses, rising production costs, and waning supply ... silver’s low price simply cannot be sustained.

So why is silver so cheap? Examining the behavior of the DJIA may hold some of the answers.

Silver prices and the Dow have had a negative correlation for the past 100 years. Historically, after each Dow surge, there is a significant bottom in silver. Following peaks in the Dow in 1929, 1966 and 1999, silver prices plummeted. Similarly, when the Dow has plunged as it did in 1935, 1980 and 2011 ... silver rallied to new heights.



Like gold, silver is the antithesis of paper assets and when the markets do finally correct, silver will experience the ultimate rally. If you buy low, as in now and sell high, as in then ... you stand to enjoy significant gains. Those that have greatly benefited from precious metals investing have done so at moments just like these when certain assets are soft and extraordinarily undervalued. As in the case of silver, there are many factors along with the inherent risk of a stock correction that point to a marked appreciation and future price rise.

Silver's Bear Bottom – Why Buying Now is Genius

Smart investing is about exploring market trends, understanding asset cycles, and reading the tea leaves of time. Since silver's most recent fabled peak of almost \$50 an ounce back in April of 2011, it has been firmly lodged in a Bear Market. There have actually been seven silver Bear Markets dating back to 1968. Three were shorter than our current cycle and four lasted longer. If we track the two longest bear cycles as outlined in the graph below, both would end this Fall, while the other two would end this summer.



It is significant to note that over the past 40 years, based upon the historical metrics of the Bear Market cycles analyzed, none would extend beyond this October.

So what does all of this mean for silver? Simply stated, it means that silver won't stay under \$20 an ounce for much longer.

If you want to Buy Low and Sell High, you have a limited window that may only last for several months.

Clearly silver's versatility and endless uses in electronics, solar energy, medical applications, water purification and as a chemical catalyst will eventually drive already limited global supplies to critical levels. With demand continuing to surge in China, India and other BRIC nations on both the investment and industrial front ... the market will eventually revert to conventional supply and demand valuation standards.

A sleeping giant has also been roused in the West as sales of silver American Eagles continue to mount at a record-setting pace. The American public is becoming increasingly impatient and skeptical of a tepid recovery, an overinflated stock market, a devalued dollar, and the possible return of inflation. As Westerners scramble to diversify into physical assets for retirement and savings protection, silver's affordability will ultimately win the day.

So the next time an investment banker proclaims that silver is a lost cause or that it will linger in the bargain basement for the next decade, or that it will drop further in price ... remind them of the standard theory of supply and demand, remind them of silver's unique role as an industrial and an investment metal, remind them of the dwindling global stockpiles, remind them of crushing demand from new solar and clean energy technologies, and remind them of history.

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