

# The 2015 Silver Report

The Complete Guide to Silver Investing



**LEARCAPITAL**  
THE PRECIOUS METAL LEADERS

## THE UPSIDE of the PRICE BOTTOM!

When it comes to precious metals, there's no doubt that gold is considered a great hedge and the smart choice for long-term asset protection, but what about silver?



Silver prices were hit hard in 2014, and as a result the mining sector had little capital to invest in exploration and quite a few mines were forced into consolidation. This sets the table for an impending supply crunch. Add an array of new electronic applications and the parabolic rise of everything solar, and we could be looking at a full, blown crisis.

And then there is the world's mad love affair with the American Silver Eagle coin. The US Mint completely ran out of "Eagles" last November on "tremendous" demand while the Royal Canadian Mint, likewise, sold out of their Silver Bald Eagle the following month. So is there something overly appealing about noble birds struck in pure silver or is an affordable precious metal on the brink of big returns simply too hard to resist?

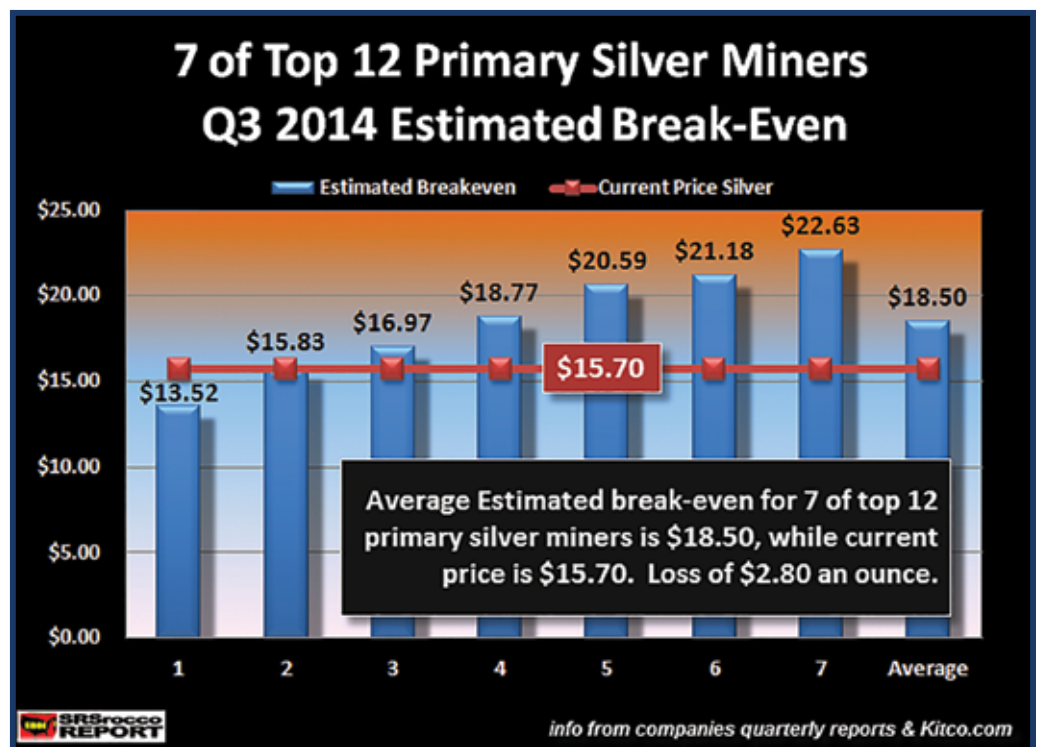
## Here are FIVE REASONS why investors may be "lining up" for silver in 2015.

### 1) The Price-Supply Correlation

Silver mining is a tough business. It requires large amounts of cash, stringent production protocols, and a ready supply of capital to fund new exploration. As a result, the recent fall in silver prices along with dramatically rising production costs have created a business model that is less than sustainable.

In a "Break Even" survey of primary silver miners from the 3rd quarter of last year, the majority were losing about \$3 on every ounce of silver they produced. This caused some mines to shut down, others to merge, and the rest to embrace stringent cost reducing measures including a pullback in production. This sets the table for critical shortages in the very near future.

Aside from the steady investment appeal of silver, new electrical advances and industrial applications are likely to significantly increase global demand in 2015.



## 2) More and More Amazing Uses for Silver

Aside from the fairly “known” uses for silver traditionally associated with jewelry, cameras, medical equipment, silverware, and switches ... silver is also found in most newer digital technologies including the circuitry that runs cellphones, lap-tops, iPads, Kindles and all things LED. But there are now added breakthrough applications for silver that truly put it in a class of its own in terms of modern industrial usage.



**The Interposer** – This is an electrical interface or chip that functions as a “work around” within computer hardware by essentially re-routing connections to overcome componentry design flaws.

**3-D Printing** – This is a manufacturing process whereby three-dimensional objects are made from a digital file using an additive process and successive thin layers of material.

Silver is the world’s most conductive element and the most reflective metal on the planet. As result, it plays a critical role in how we communicate, replicate, and initiate chemical reactions to advance technology and

interconnectivity in the 21st century. This makes it perhaps, one of the most pioneering and vital components of modern times.

## 3) The Rise of the Photovoltaic Industry

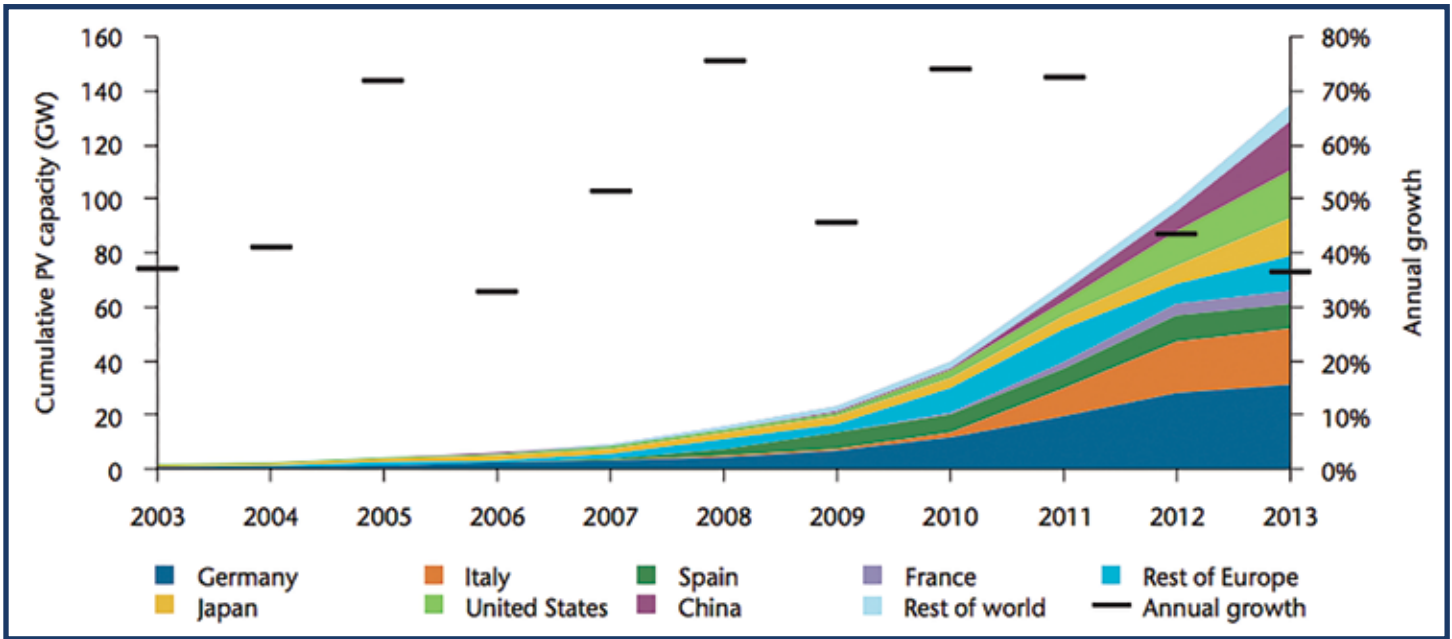
Until a few years ago, the average American’s awareness of solar energy extended no farther than a non-working “solar-powered” landscape light. The odds of “solar” catching on here in the US seemed about as good as catching rainwater in a narrow-neck milk jug. We have been somewhat “unmoved” as the world has rushed to embrace solar power, and we continue to hold fast to our conventional forms of energy much like our traditional forms of measurement in inches, feet and yards. This has all started to change however, in a very dramatic way.

Photovoltaics is a method of converting sunlight into electricity at the atomic level. Solar panels contain photovoltaic cells or photons of light which transform electrons into direct current carriers. An entire system of panels can then be incorporated to create a usable power supply.

Silver has two roles in photovoltaics, one as a silver paste printed onto cells to help carry electrical current and the other as a reflector and director of solar energy into “collectors” like those seen on roof-tops or in fields.

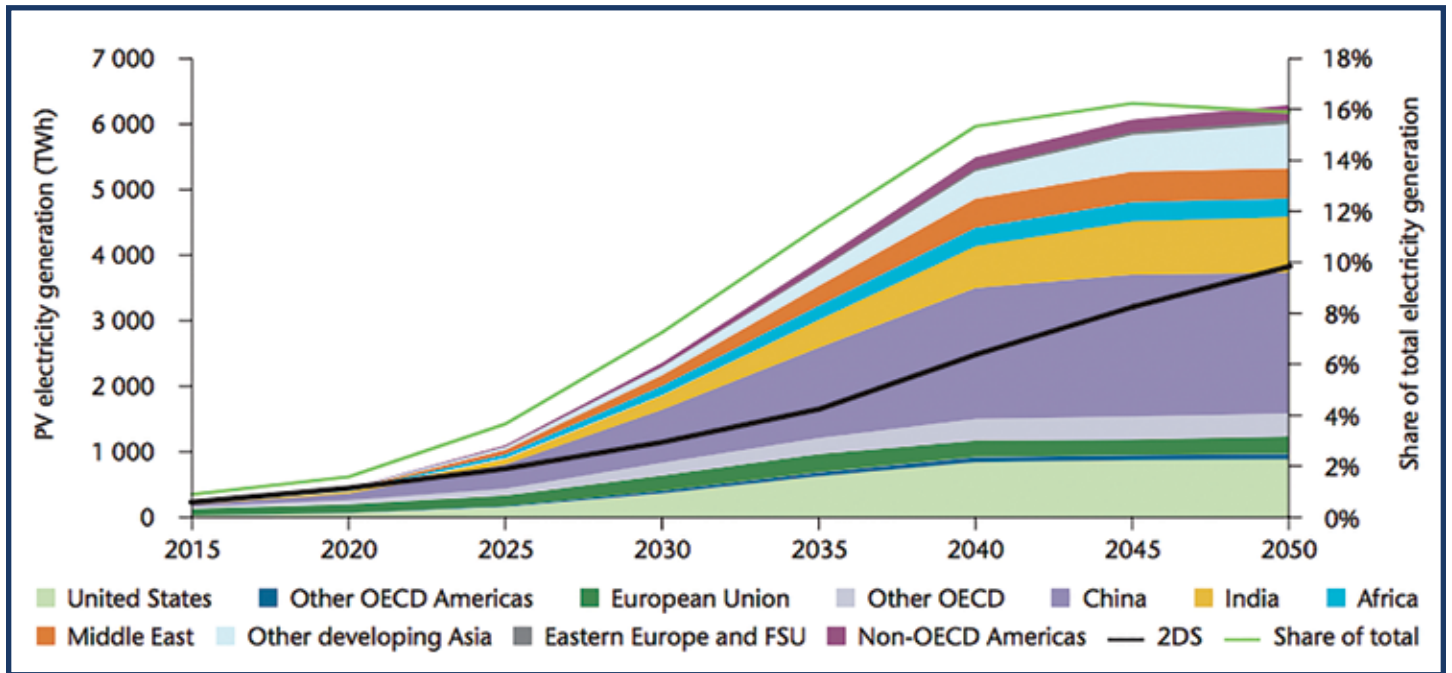


The Photovoltaics Industry (PV) has experienced steady growth for the better part of two decades. Solar panels have been popping up around the globe including in the United States as PV installs have increased by half ... every year over the past ten years.



The Carbon Brief

Past growth has been primarily fueled by Europe where government incentives in Germany, Spain, Italy, Greece and France resulted in an explosion of PV installations. While the US is rapidly embracing the cost savings of solar, the future belongs to Asia, as it seeks to shift away from fossil fuels in an attempt to alleviate environmental and air quality challenges.



The Carbon Brief

China is expected to triple its new solar PV output by 2017 to 70,000 megawatts. To put this in perspective 70,000 megawatts or 70 gigawatts is more than two times all of the new solar power that was added by the entire world in 2013. That's a lot of silver demand in a relatively short period of time which could send prices soaring!

#### 4) The Irrepressible Silver Eagle



Silver’s rising industrial demand is just part of its extraordinary story. The timeless allure and mystique of the iconic Silver Eagle is the other part. Widely considered one of the most beautifully minted coins in the US, it is the crown jewel of American coin making.

The Silver Eagle is one troy ounce of .999 fine silver. It features Adolph Weinman’s 1916 “Walking Liberty” design on the obverse while the reverse showcases the Great Seal of the United States complete with the American Bald Eagle and Union Shield. Both images capture different eras of American history, culture, and numismatic art.

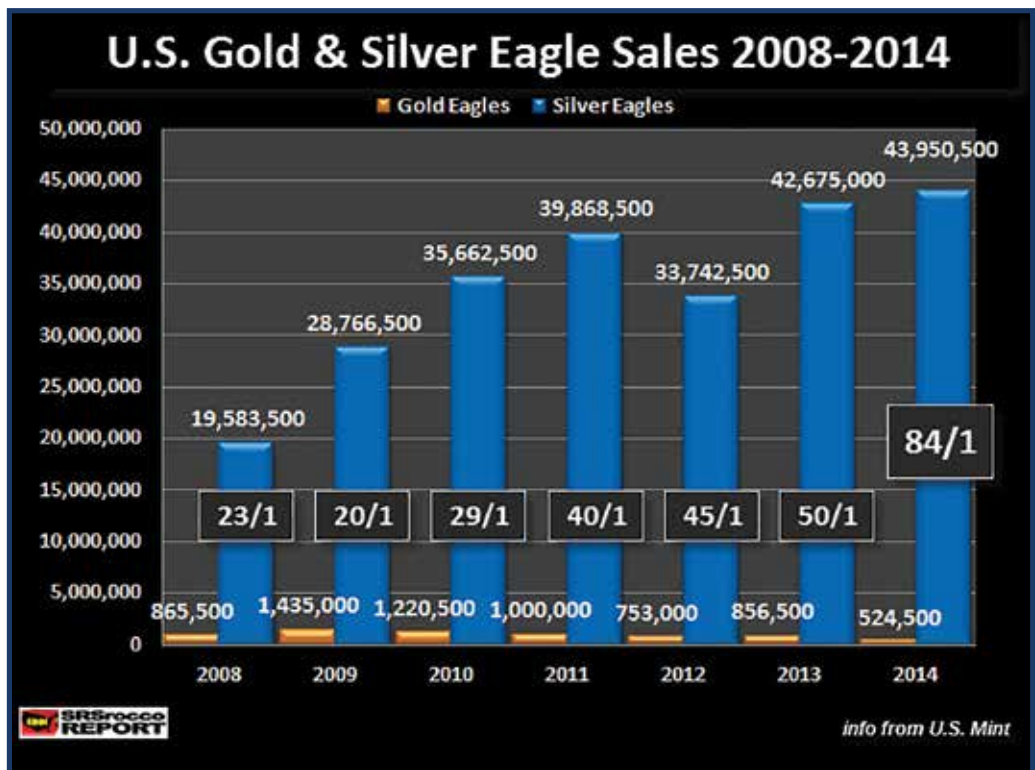
So how popular are these coins? As of December of 2014, the US Mint reported that it had sold 43,051,000 Silver Eagles, on course to become the highest sales year ever. The surge in Silver Eagle sales can clearly be attributed to the falling price of silver particularly in October when 5,790,000 Eagles were sold, which was 2.7 million more than the previous year. This caused the mint to “SELL OUT” and suspend all sales the following month.

**“This is to inform you that due to the tremendous demand we have experienced in the last several weeks, the U.S. Mint has temporarily sold out of its American Eagle silver bullion coins. We continue to produce 2014-dated coins and will advise you when additional inventory will be available for sale.”**

*US Mint in a Memorandum to Authorized Purchasers, November 5, 2014*

Not only did the Silver Eagle break sales records last year, but sales outpaced that of Gold Eagles by 84 to 1. This is a testament to the Silver Eagle’s affordability, ease of acquisition, and overall appeal. Silver Eagles have clearly been the coin of choice since the Great Recession. The US Mint sold 234.1 million Silver Eagles from 2008 to 2014 compared with just 6.6 million oz. of Gold Eagles in the same time period essentially doubling the Silver-Gold Ratio.

This demonstrates the Silver Eagle’s enduring role as the world’s favorite coin for investing, collecting, and stockpiling.



## 5) The Gold-Silver Ratio

Both gold and silver prices have had valuation struggles of late. Silver has had a rougher ride, however. Silver prices were hit particularly hard in 2014, falling nearly 20% while gold was down just 1%. As a result, silver performance woes have pushed the Gold-Silver Ratio (GSR) to new heights.



The Market Oracle

The GSR is a simple calculation that measures how many ounces of silver are needed to buy one ounce of gold, and it helps to establish the relative value of the metals to each other. When the ratio is high, silver is said to be a strong buy due to its lower cost and when the ratio is low, investors typically turn to gold. The ratio's historical average for the 20th century was 47. Thus far in the 21st century, the GSR is averaging about 60. At the time of this printing, it sits astonishingly over 70.



The Market Oracle

A GSR at this level suggests that silver is currently selling below its value and as the ratio has been pushed to its upper limits, a correction is likely to follow. Analysts are predicting that the Gold Silver Ratio is likely to drop back down to 60 in 2015 and such an adjustment would constitute a 26% increase in silver prices.

Clearly the GSR must realign at some point and since silver prices are already tracking so low, that moment is drawing near. Buying silver while the ratio remains high and silver prices are trending low ... could very well be the optimal investment move.

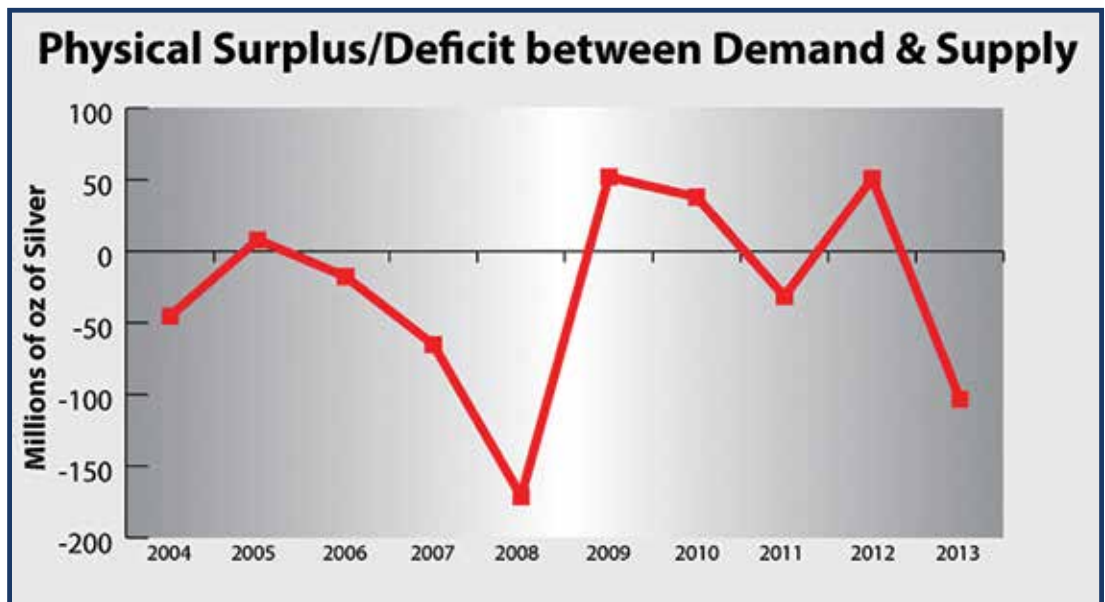
**Countless investors that embrace the Gold Silver Ratio to guide their buying decisions believe that now is the time to take a strong silver position.**

### All that Glitters ... is NOT just gold!

There's no doubt that silver is a reactive commodity and has a reputation for steep price drops in down markets and extreme value surges in bull markets. In reality, however, holding silver is a powerful hedge in both good times and in bad. Since it sits at the crossroads where commodities meet technology, acquiring silver offers dramatic growth potential whether the world economy improves or the global landscape becomes more volatile.

For 2015, industry analysts are forecasting that silver supply will swing from a surplus position to a deficit as a result of reduced mine production and steadily rising demand from both the industrial and the investment sectors.

As Asia continues to embrace solar power and the world continues to print money, finance wars, battle inflation, tackle deflation, combat terror, and buy bullion coins ... silver has become an indispensable component of the modern portfolio. It's affordability makes it one of the most accessible precious metals in the world for vast cross sections of investors. As a result, when silver makes a move the reaction is exponential.



GoldSilver

**The global scramble for silver is likely to continue throughout 2015, and the US Mint is likely to experience shortages once again.**

With silver supplies under continued pressure, new industrial applications ever-emerging, photovoltaic installations climbing, Eagles continuing to soar, and the gold silver ratio set to correct ... acquiring silver at current prices could very well prove to be the best trade of 2015. **Call Lear Capital at 1-800-576-9355 to get your supply of silver while prices are still low!**

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For those looking to diversify their portfolio, Lear Capital can provide the assistance you require. You may contact a representative at [LearCapital.com](http://LearCapital.com) anytime from 9:00am to 6:00pm PST at 1.800.576.9355 or by fax at 310.571.0194.

We invite any suggestions and feedback on our products and services.



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