

Silver in 2022 - Essential, Critical and Irreplaceable

Often overlooked and seldom mentioned in mainstream investment channels, publications, or interviews is the idea that silver is an investment worth having. Gold is much more mainstream and is given mention more often. However, many savvy investors that look at all markets usually keep an eye on gold, but dismiss silver.



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Most people do not know, even investors—that silver is one of the essential elements on Earth, period - end of the story. But, in fact, it is the most crucial element, the only commodity more important is oil because it is the mainstay for energy. Without energy, nothing happens.

Silver is the most valuable metal in modern society because of its immense electrical and thermal properties, making it the most critical element in the high technology world. Unless you study the silver market, it would be new to you that more than half of all the silver mined and recycled in the world is used by industry. Think about that for a moment. It would be as if a company (stock) that you own had a steady buyer every year for half the available float. Do you think that would support the price of the stock?

To go into the past, silver's industrial use was only 35% of the market two decades ago. Most surprisingly, the total silver supply due to mining and recycling was 550 million ounces per year. Now the total is nearly double. We mine and recycle one billion ounces of silver per year.

ENORMOUS INDUSTRIAL DEMAND

So, doing some calculations- silver demand for industry alone went from 35% to over 50% of the market during silver's production doubling. This would be equivalent to a stock issuing shares to twice as many in 20 years, yet the must-have buyer continues to INCREASE their purchases.

Perhaps a better illustration would be this. Imagine that the total silver supply remained where it was in the year 2000. This means the total silver supply was 550 million ounces per year, and industrial demand went to present-day numbers. It would mean that ALL SILVER AVAILABLE would be used in industry, leaving zero available

for silver jewellery, silverware, or most important of all- investment.

Before moving on from the industrial side realise that:

>Silver is used in over 10,000 industrial applications – from microchips to microwaves.

>**Electronics** – Silver is an integral component in electrical switches that power your electronics and is widely used in high-end electronic devices, printed circuits, and audio/video components, computers, tablets, and phones.

>**Medicine** - Silver is an antimicrobial substance used widely in the medical field for coating and dressing on surgical equipment. It is increasingly used for water purification and embedded in plastic wrap.

>**Solar Panels** – The growing solar energy industry is driving demand for silver, which is used in the photovoltaic cells of the panels that capture light. This demand is projected to increase for several years as governments look for sustainable development.

>**Mirrors** – It doesn't just hang on your wall; it's also used in state-of-the-art telescopes.

>**Money** - Silver is not officially used as money anywhere globally. Yet, some of the most important exchanges are made for silver only when the local currency breaks down as recently was the case in Venezuela, Turkey, and Mexico.

Matt Watson, President of Precious Metals Commodity Management LLC, predicts that by 2030 eighty-five percent of the silver market will be used for industrial purposes. How much will be left for investment? The answer is not much! Matt goes even further and states that – “There is not enough silver in the ground to last 20 years.” If there ever was a legacy investment for those that wanted to leave something for their estate, endowment, foundation, or alumni fund—silver would be about the only almost “guaranteed” investment.

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Money is funny, everyone thinks about it all the time, but the rich think more about it than the poor, because of the fear of losing what they have. Unfortunately, most people have no idea what happens when a major financial crisis occurs. Right now, there are bail-in provisions. In July of 2021, the Bank of England published: Executing bail-in: An operational guide from the Bank of England. Bail-in is one of the stabilisation tools available to the Bank as resolution authority under the Banking Act 2009. Bail-in ensures investors, rather than public funds, bear losses where a firm fails. That is YOUR Bank!

In the U.S., the wording is a bit softer, but it means the same thing. The Bail-in act is intended to protect businesses that

“stimulate the economy” according to the bankers’ statements. If you happen to hold your money in a savings or checking account at a bank (U.S. bank) and that Bank collapses, it can legally freeze and confiscate your funds for purposes of maintaining itself.

The bail-in clause places more financial burden on the creditors, requiring them to reduce their debt so that the institution can survive and protect its depositors and the taxpayers. Therefore, bailouts expose taxpayers to more risk and financial burden, whereas bail-ins put the same pressure on creditors – especially on unsecured creditors, which means you – the depositor!

BANK BAIL-INS AND CAPITAL CONTROLS

At some point in the not-so-distant future, the world will have another banking crisis. In the next financial crisis, the banks will take depositors’ money in what is called a “bail-in.” I have this saying in the precious metals world, that ‘if you don’t hold it, you don’t own it.’ Let’s move it over to the currency realm. What if you had that same idea that if you don’t hold it, you don’t own it?

The reason why that is so important to me, and many others is the bailout situation is over. It will be bail-ins next time, which means you as an unsecured creditor of the Bank. This means that if you don’t hold it, you may not own it. If we were to have a bail-in...they may not take all of your currency, but they would probably take part of it. If you look to Argentina during one of their episodes, all the money in their banks was still yours, but you were limited to what you could take out. You could be a millionaire or a multi-millionaire, but you could only take out 300 pesos a week. So, what good is that? If your mortgage was 4,000 pesos a month and you can only get 300 pesos a week, you would default on your mortgage.

This is the BIG TRUTH that no one dares speak about at all. Will it happen soon? It could, but the bankers are good at maintaining control. Expect the unexpected, and learn real value- the value in the physical economy. Align yourself and your financial house as needed with real things, absolute value, and real money. As inflation continues and faith in all currencies is lost, know you have the knowledge to act not only for yourself but perhaps to pass on a legacy that will be remembered well into posterity. **EG**

For further information, please visit:
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David Morgan is a widely recognised expert on silver. He is the author of the book *The Silver Manifesto* and *Second Chance*. In addition to advising private clients and fund managers, he writes The Morgan Report, covering economic news, the global economy, currency debasement, and stellar opportunities in precious metals and mining stocks: www.themorganreport.com