
Why Own Silver?

1. MONEY

Silver is making resurgence as money in the global economy. For thousands of years, silver provided a currency and a means of exchange through the rise and fall of many empires. David Morgan, a precious metals analyst, stated, “Throughout centuries, only two commodities, gold and silver, have emerged as money in the free competition of the market, and have displaced the other commodities.” Since before the time of Christ, silver was used in a monetary function. Silver has been money far longer than gold.



2. INDUSTRIAL METAL

Silver, unlike gold, has numerous industrial uses. The demand for silver comes primarily from industrial uses, such as jewelry, silverware, and photography. These industries alone represent 95 percent of annual silver consumption. Silver’s superior properties make it a highly desirable industrial component with over 3,000 uses. Rising silver prices has manufacturers scrambling to come up with effective ways to use less of the metal; however, there are no viable substitutes. Gold, on the other hand, has little industrial use.

3. INTRINSIC VALUE

Silver has maintained its worth and intrinsic value. The value of silver has never fallen to zero. It has purchasing power. The same one ounce of silver would buy just as much as it did thousands of years ago. Silver should perform fine regardless of what world financial conditions become.

4. SILVER COINS NEVER SEIZED BY GOVERNMENT

In 1934, President Franklin D. Roosevelt required under Executive Order 6814 that specific silver be delivered to the U.S. mint for the purpose of silver coinage. Both domestic and foreign silver coins were an exception to this order. This brings up the issue of whether silver rounds and bars were affected under the Executive Order 6814. A coin is officially government minted and considered legal tender. Private mints usually produce rounds, which are not used as legal tender. Follow the link below for more information on this subject and draw your own conclusions.



www.presidency.ucsb.edu/ws/index.php?pid=14741#axzz1TFLzuMRF

5. OFFERS BETTER RETURNS

Silver prices have always been more volatile and have generated higher returns than gold and other precious metals. One of the reasons comes from the rarity of the metal compared to gold. Because this metal has a far greater amount of industrial use, less silver remains available for coinage. The amount of silver reserves in the world is much less than gold reserves. People store and hoard gold, while manufacturers utilize silver in over 3,000 industrial and fabrication applications.

6. INFLATION HEDGE

One way to protect against inflation and hyperinflation is to buy silver. In the 1970s, the price inflation reached 13% and the price of silver and gold catapulted in response. Silver is a hedge against not only inflation but also a devaluing U.S. dollar. Warren Buffett stated, “No question that the purchasing power of the U.S. dollar will decline over time. Only question is at what rate it will happen.”

7. TANGIBLE STORE OF VALUE



You can hold your silver metals. Unlike stocks and bonds controlled by a board of directors, you manage your silver metals. You have an asset that you actually own and touch. It is not a piece of paper like currency or a stock or bond. Silver is private property. You can use silver to barter for goods and services or as money. Silver coins and bullion are a portable asset not a liability.

8. SUPPLY AND DEMAND

In 2010, investment bankers and industry analysts calculated the global silver supply (production and scrap supply) to match the industrial and investment demand. Gold is expected to have a surplus supply. India, the world’s largest silver consumer, is expected to continue with increases of the import of silver well into 2011. China on the other hand is a net silver importer. In fact, they are opening a new gold and silver exchange where the public can gain easier access to gold and silver.

9. PORTFOLIO DIVERSIFIER

Many investment advisors utilize silver as a diversifier in investment portfolios to reduce risk. Silver adds a negative correlation to the stock and bond markets. Many financial advisors recommend a holding of silver in a portfolio. Ted Butler, renowned silver analyst, wrote, “The great thing about precious metals is that they are so different from conventional paper financial assets as to be completely distinct and unique in substance.”

10. LARGE SHORT POSITIONS

For many years, Ted Butler scrutinized the short silver futures contracts. He brought attention to the Commodity Futures Trading Commission (CFTC) that 90% of the short positions are held by four or fewer large banks. One of these banks, JP Morgan Chase, is also the custodian of the SLV silver ETF. Some silver analysts pointed out a conflict of interest. These analysts reveal by using Comex documents that ETF shares may be used to cover Comex physical metal deliveries. All of this leads to speculation that some stores of silver have multiple claims on them. The short positions on silver are much greater than for gold.

11. INSURANCE POLICY

Silver metals are a means of diversifying away from the exposure to paper obligations and towards assets not depending on the promise of others. It has increasingly become a safe haven from economic turmoil.

12. SMALLER INVENTORY

According to Ted Butler in July 2011, there exists about one billion ounces of silver versus three billion ounces of gold in the world. Due to the smaller inventory of silver, the price should reflect the rarity of the metal. As more people become aware of this little known information, more people will choose to invest in silver.

13. ASSET NOT A LIABILITY

Silver is a real asset and not a liability unlike the U.S. dollar. Once the U.S. government went off the gold standard, the U.S. currency represented debt. Silver on the other hand, is a real, tangible asset that holds value, not a conventional paper financial asset.

14. SILVER IS CHEAP

Silver is much less expensive than gold. For this reason, silver is called the poor man's gold. Further, silver is cheap compared to the historical gold to silver price ratio of 15 to 1. This means that one troy ounce of gold would buy 15 troy ounces of silver. We are far from this normal ratio. The current high ratio leads one to believe that silver will likely continue to outperform gold in return on investment.



15. BARTERING INSTRUMENT

Bartering refers to a method of exchange by which goods or services are exchanged for other goods and services without using a medium of exchange like money. In times of monetary crisis, such as unstable currency or hyperinflation, barter can replace money as a means of exchange. Silver is the best precious metal to barter with since gold is too expensive for common daily transactions. Some useful forms of gold for barter would be the fractional ounce gold coins such as the American Gold Eagle, Swiss Franc, French Franc and British Sovereign. However, the lower prices of silver make it the ideal metal for barter and for survival purposes.