

TECHNO FUNDA REPORT ON

December 07, 2015

SILVER

White metal can witness further Recovery



Moneywise. Be wise.

DAILY CHART OF MCX SILVER (MAR)



Source: Reuters

Recommendation

Take fundamental buy position in Silver (March) at current prices for target of 37200 with stop loss of closing below 34200

Note:

- These long term fundamental calls are for duration of three to four weeks time frame and do not confuse these with intraday calls.
- It is assumed that investor takes position in two lots and square off position in one lot on partial profit booking and trail stop loss to buying/selling price for second lot.

COMEX DAILY CHART OF SILVER



Source: Reuters

Bullish factors

Dollar index faced resistance near 100

Dollar index faced resistance near 100 levels which has resulted in profit booking and dip towards 98 and 97 levels and any decline in greenback in bullish for silver.

Good demand for Silver coin sales

In 2012, the Mint sold 33.74 million ounces of silver in American Eagle coins. In 2013, sales of these one-ounce silver coins jumped to 42.67 million. In 2014, the U.S. mint sold 44 million ounces of silver, making a then record-high. So far in 2015, the U.S. Mint has already sold 44.8 million ounces of silver in American Eagle coins, which is more than the previous year's sales and there are still a few days left until 2015 ends. Seeing the sales at the U.S. Mint, it seems as if lower silver prices are actually driving investors to the market. Literally, the opposite of what we were told when silver prices were going lower in 2013 and 2014.

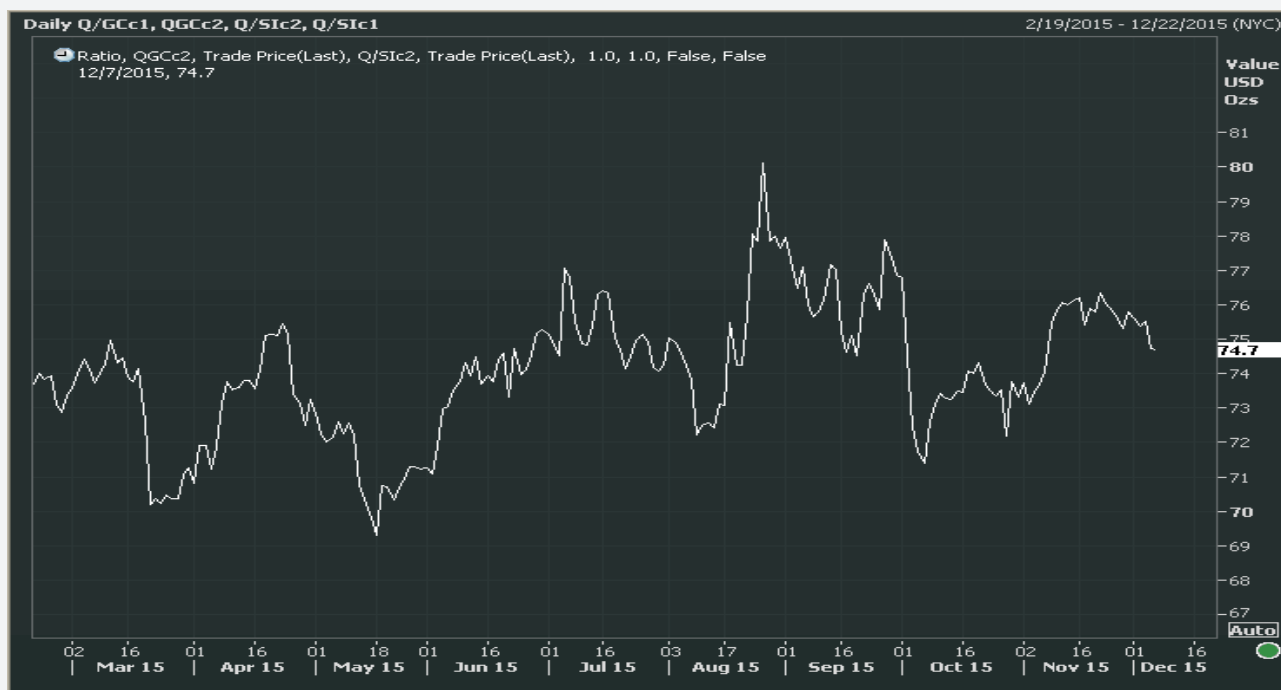
Silver Producers Struggling, Production Plummeting

On the supply side of the silver equation, supply is contracting as lower silver prices have pushed silver miners to take mines off-line where silver production at US\$14.00 an ounce is not economically feasible. Exploration budgets have also been slashed. Silver mine output in Canada is in decline, too. In the first nine months of 2015, silver mines in Canada produced 285,953 kilograms of silver. In the same period a year ago, this number was 374,184 kilograms of silver. (Source: Natural Resources Canada, last accessed November 19, 2015.) Canada, one of the world's largest producers of silver, has seen its production of silver decline 31% year-over-year.

US Investment demand

Investment demand is expected to remain elevated in the fourth quarter, but growth will moderate from Q3 levels. Jewellery consumption during the holiday season is expected to be strong. Consumers are expected to spend 5% more this holiday season than last year, according to a survey conducted by NPD Group, which will benefit discretionary purchases such as jewellery. Scrap supply is expected to fall year-on-year in Q4, albeit at a lower rate than in Q3.

Gold silver ratio



Analysis: Gold silver ratio after hitting 76 levels is showing show some decline towards 74 levels and it may further decline towards 72 in near term. Any decline in gold silver ratio means silver can outperform gold in near term.

Sandeep Joon
Boardline : 011-30111000 Extn: 683

Sr. Research Analyst (Metals & Energy)
sandeepjoon@smcindiaonline.com

SMC Global Securities Limited is proposing, subject to receipt of requisite approvals, market conditions and other considerations, a further public offering of its equity shares and has filed the Draft Red Herring Prospectus with the Securities and Exchange Board of India ("SEBI") and the Stock Exchanges. The Draft Red Herring Prospectus is available on the website of SEBI at www.sebi.gov.in and on the websites of the Book Running Lead Manager i.e., ICICI Securities Limited at www.icicisecurities.com and the Co- Book Running Lead Manager i.e., Elara Capital (India) Private Limited at www.elaracapital.com. Investors should note that investment in equity shares involves a high degree of risk and for details relating to the same, please see the section titled "Risk Factors" of the aforementioned offer document.

Disclaimer:

This report is for the personal information of the authorized recipient and doesn't construe to be any investment, legal or taxation advice to you. It is only for private circulation and use. The report is based upon information that we consider reliable, but we do not represent that it is accurate or complete, and it should not be relied upon as such. No action is solicited on the basis of the contents of the report. The report should not be reproduced or redistributed to any other person(s) in any form without prior written permission of the SMC.

The contents of this material are general and are neither comprehensive nor inclusive. Neither SMC nor any of its affiliates, associates, representatives, directors or employees shall be responsible for any loss or damage that may arise to any person due to any action taken on the basis of this report. It does not constitute personal recommendations or take into account the particular investment objectives, financial situations or needs of an individual client or a corporate/s or any entity/s. All investments involve risk and past performance doesn't guarantee future results. The value of, and income from investments may vary because of the changes in the macro and micro factors given at a certain period of time. The person should use his/her own judgment while taking investment decisions.

Please note that we and our affiliates, officers, directors, and employees, including persons involved in the preparation or issuance of this material; (a) from time to time, may have long or short positions in, and buy or sell the commodities thereof, mentioned here in or (b) be engaged in any other transaction involving such commodities and earn brokerage or other compensation or act as a market maker in the commodities discussed herein (c) may have any other potential conflict of interest with respect to any recommendation and related information and opinions. All disputes shall be subject to the exclusive jurisdiction of Delhi High court.