

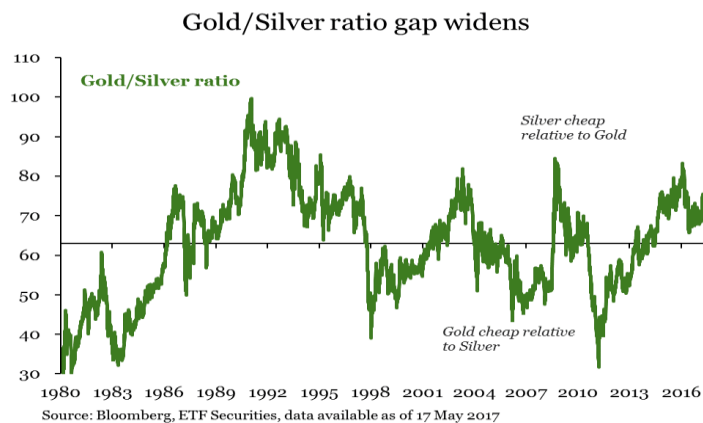
# Silver lining investment theme

## Trade idea – ETFS Physical Silver ETF (ETPMAG)

- **Gold vs silver ratio** – indicates that silver is undervalued
  - Has averaged 62.63 since 1980 (as of 24 May 2017)
  - Currently widened to 73.49 (as of 24 May 2017)
  - 1x standard deviation above the long term average (as of 22 May 2017)
- **Positive economics** - a combination of higher inflation, a weakening US dollar (in first half of 2017) and improving manufacturing growth is likely to see silver prices trading higher.



- **Is silver trading below fair value?** Historically the ratio difference between gold and silver has been an interesting investment indicator of market direction. The gold vs silver ratio graph below identifies a potential trading theme. The graph indicates that when the ratio falls below the historic average line it could show gold as being below fair value relative to silver. On the reverse, when the ratio trades above the historical ratio average, like it is now, silver could be trading below fair value relative to gold.



- **Positive price movements** - The Global Manufacturing Purchasing Managers Index (“PMI”) is sitting at a current high of 54.4, previously unseen since March 2011. In our view, the high PMI may indicate a potential increase in manufacturing activity and therefore a further potential positive move for the silver price in 2017. However, it should be noted that if we saw a global slowdown in manufacturing or a hawkish view from the US FED, this could potentially have a negative impact on the current price of silver and impact the gold vs silver ratio trading theme.

- **Increasing demand** - Silver has a wide and growing range of uses globally, which could help further stimulate demand and create a positive move in the silver price; examples of silver's growing uses include printed circuit board manufacturing, healthcare and the production of solar panels.
- **ETF Securities research team give silver a 2017 fair value level of US\$21/oz** – for further information visit the [ETF Securities Research Blog](#).



- Investors wishing to invest in silver may consider the following ETF Securities product:  
**[ETFs Physical Silver ETPMAG.AXW](#)**

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