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### Silver Market in New Era of Structural Deficits

(New York City, N.Y. – April 19, 2023) All major silver demand categories achieved record highs in 2022, pushing total silver demand to a new high of 1.242 billion ounces (Boz) last year. Silver industrial demand rose by 5 percent, physical investment increased by 22 percent, and jewelry and silverware rose by 29 and 80 percent, respectively, leading to the total global silver demand milestone. Since 2020, the global total has increased by 38 percent as world economies recover from the pandemic.

Along with record silver demand and lower mine production, the silver market achieved its second consecutive annual structural deficit, at a significant 237.7 million ounces (Moz) last year.

These and other important drivers of the 2022 silver market are examined in *World Silver Survey 2023*, released today by the Silver Institute. The *Survey* also provides insights and an outlook for this year's silver market. The *Survey* was researched and produced for the Silver Institute by Metals Focus, the London-based independent precious metals consultancy.

#### Silver Demand

Following a strong recovery in 2021, total silver demand took a major leap last year, with total offtake growing by 18 percent to 1.242 Boz. With the exceptions of slight drops in photographic and brazing alloys demand, all other fabrication sectors achieved new highs. Demand from the industrial segment posted another record in 2022, of 556.5 Moz. Some of these gains reflected green economy applications, particularly the significant growth in photovoltaics (PV), which consumed 140.3 Moz of silver in 2022.

Industrial demand was also supported by electrification within the automotive segment and other power generation and distribution investments. A rise in vehicle output, 5G network investments, and growth in the construction industry also assisted this segment. Similarly, other industrial demand fabrication rose, chiefly due to increased demand for ethylene oxide (E.O.) catalysts. The overall total was also helped by thrifting and substitution (outside of PV) remaining modest. Apart from a 6 percent decline in Europe, all regions saw growth. India led with a 24 percent jump, followed by East Asia at 7 percent and North America at 6 percent.

Silver jewelry fabrication soared 29 percent to a record level last year at 234.1 Moz. This was led by India, where pent-up demand, combined with heavy re-stocking by retailers and a move to higher purities, saw volumes double compared to 2021. Notable gains were also seen in Europe, where higher consumption helped even as exports from Italy fell. Exceeding jewelry in percentage terms, silverware demand in 2022 saw astounding growth of 80 percent to 73.5 Moz, a record high. As with jewelry, gains in silverware were almost entirely due to India, where demand more than doubled last year on the back of employment and incomes returning to pre-pandemic levels.

#### Silver Supply

Global mine production fell marginally last year to 822.4 Moz. This followed strong growth in the previous year when production rose by nearly 6 percent as mines recovered from the disruption caused by the pandemic. Last year's decline resulted from lower by-product output from lead/zinc mines, particularly in China and Peru. Production from primary silver mines was almost flat year-on-year, rising by just 0.1 percent to 228.2 Moz. Peru suffered the most significant decline at -8.5 Moz due to mine suspensions, falling grades at several major mines, and disruption due to social unrest. Mexico's production, however, grew by 3.1 Moz, Argentina's by 3.0 Moz, and Russia's by 2.2 Moz.

Recycling activity rose for a third year in a row, with the 3 percent lift taking the total to a 10-year high of 180.6 Moz. This was driven by the 7 percent rise in industrial scrap, which reflected an increase in the processing of spent E.O. catalysts. However, jewelry and silverware recycling had only marginal gains.

World Silver Supply & Demand (million ounces)		
<i>(totals may not add due to rounding)</i>		
	2021	2022
<b>Supply</b>		
Mine Production	827.6	822.4
Recycling	175.3	180.6
Net Hedging Supply	-	-
Net Official Sector Sales	1.5	1.7
<b>Total Supply</b>	<b>1,004.5</b>	<b>1,004.7</b>
<b>Demand</b>		
Industrial (total)	528.2	556.5
Electrical & Electronics	351.0	371.5
...of which Photovoltaics	110.0	140.3
Brazing Alloys & Solders	50.4	49.0
Other Industrial	126.8	136.0
Photography	27.7	27.5
Jewelry	181.5	234.1
Silverware	40.7	73.5
Net Physical Investment	274.0	332.9
Net Hedging Demand	3.5	17.9
<b>Total Demand</b>	<b>1,055.6</b>	<b>1,242.4</b>
Silver Price (US\$/oz, London Price)	25.14	21.73

Source: Metals Focus

#### Silver Investment and Price

Net physical silver investment rose for a fifth consecutive year to a new high of 332.9 Moz. India emerged as the top performer last year, registering a staggering 188 percent increase with silver investment benefiting from lower prices and bargain hunting. There was modest growth in the U.S., where the market contended with prolonged product shortages and exceptionally high premiums. Australian physical investment rose by 15 percent, while European demand was flat last year as Germany, its largest market, grappled with an unexpected and sudden VAT change.

#### Silver Market Deficit

Record global silver demand and a lack of supply upside contributed to last year's 237.7 Moz market deficit, the second consecutive annual deficit, possibly the most significant deficit on record. Of note, the combined shortfalls of the previous two years comfortably offset the cumulative surpluses of the last 11 years.

#### Outlook for 2023

This year is expected to be another of solid silver demand. Industrial fabrication should reach an all-time high, boosted by continued gains in the P.V. market and healthy offtake from other industrial segments. Although bar & coin demand and jewelry fabrication are expected to fall short of last year's exceptional levels, both are forecast to remain historically high. Supply, by contrast, is expected to achieve only low single-digit gains. As a result, this year will also see another large deficit for silver, amounting to a projected 142.1 Moz, which would be the second-largest deficit in more than 20 years. Adding up the supply shortfalls of 2021-2023, global silver inventories by the end of this year will have fallen by 430.9 Moz from their end-2020 peak. To put this into perspective, it is equivalent to more than half of this year's forecasted annual mine production, and more than half of the inventories presently held in London vaults offering custodian services.

#### About the *World Silver Survey* and Ordering Information

The Silver Institute has published this annual report on the global silver market since 1990 to bring trustworthy supply and demand statistics to market participants and the public. The 33<sup>rd</sup> edition of *World Silver Survey* was independently researched and produced by Metals Focus. The report was sponsored by 23 companies and organizations from North and South America, Europe, and Asia.

A complimentary PDF version of *World Silver Survey 2023* can be downloaded from the Institute's website at [www.silverinstitute.org](http://www.silverinstitute.org). In North America, hard copies may be purchased from the Institute's website; for copies outside North America, please contact Metals Focus at [www.metalsfocus.com](http://www.metalsfocus.com). In addition, members of the media and government officials can request complimentary hard copies of the *Survey* directly from the Silver Institute.

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<b>CONTRIBUTORS</b> Asahi Refining CIBC Capital Markets Gatos Silver International Depository Services Group Tanaka Kikinzoku Kogyo K.K. Valcambi sa

#### Contacts:

Michael DiRienzo  
Silver Institute  
+1 202-725-7572  
[mdirienzo@silverinstitute.org](mailto:mdirienzo@silverinstitute.org)

Philip Newman  
Metals Focus  
+44-203-301-6522  
[philip.newman@metalsfocus.com](mailto:philip.newman@metalsfocus.com)