

Silver Surges to Record on Inflation Hedge as Gold Extends Advance

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Silver climbed to an all-time high as investors sought to protect their wealth against accelerating inflation and a weaker dollar. Gold also rose to a record.

Immediate-delivery silver jumped as much as 5.4 percent to \$49.79 an ounce, beating the previous peak of \$49.45 in 1980, according to research company GFMS Ltd. Gold futures in New York climbed to a record for a sixth consecutive session.

Precious metals have rallied on investor speculation that central-bank programs to revive economic growth with low interest rates and increased supply of money will ignite inflation and devalue currencies including the dollar. Silver is the best performer over the past year on the Standard & Poor's GSCI Index of 24 commodities, ahead of cotton, coffee and sugar.

"The rise has been dramatically fast," said Peter Hickson, an analyst at UBS AG in Hong Kong. "The demand momentum is clearly with it."

Silver for immediate delivery was at \$49.1675 by 12:10 p.m. in London, rising for a ninth day and set for the longest winning run since an 11-day gain in March 2008. The futures for July delivery climbed 3.133 cents, or 6.8 percent, to \$49.21 an ounce on the Comex in New York. In electronic trading, the price touched \$49.845, the highest price since January 1980, the year futures reached a record \$50.35.

Gold for immediate delivery climbed as much as 0.8 percent to \$1,518.32 an ounce. Gold for June delivery jumped as much as \$15.40, or 1 percent, to \$1,519.20 an ounce on the Comex. Spot silver has more than doubled in the past year, outpacing gains in gold and copper.

Dollar Declines

The dollar dropped against the euro on speculation that the Federal Reserve will keep borrowing costs near zero while European Central Bank officials signal further rate increases. Fed Chairman Ben S. Bernanke will hold a media conference after the Federal Open Market Committee statement on April 27 after a two-day meeting in Washington.

"Silver in the long run really will end up in a bloodbath, but in the short term the market loves it," Dominic Schnider, director for wealth management research at UBS, said in a Bloomberg Television interview today. The commodity's so-called relative-strength index, which may point to a decline when it's more than 70, was over 90 today, according to Bloomberg data.

Investment demand for silver climbed 40 percent to a record in 2010 and fabrication use jumped to a 10-year high, GFMS said in an April report published by the Washington-based Silver Institute. Assets held in exchanged-traded products rose to a record 15,509.54 metric tons on April 12, data compiled by Bloomberg from four providers shows.

'Haven Investment'

“Silver is definitely benefiting from spillover demand from gold as a haven investment,” said Li Ning, an analyst at China International Futures (Shanghai) Co.

Silver is the precious metal that’s most used in industry, and it’s found in products from solar panels to plasma screens and chemical catalysts.

Consumer prices are accelerating from China to India as oil surged to a two-and-a-half year high after violence in the Middle East and Africa threatened to disrupt supplies. Consumer prices in China, the world’s fastest growing major economy, may rise between 5.2 percent and 5.5 percent in April, according to an April 24 report from China International Capital Corp.

Platinum for July delivery gained \$18.60, or 1 percent, to \$1,839.30 an ounce on the New York Mercantile Exchange. Palladium for June delivery rose \$8.20, or 1.1 percent, to \$777.25 an ounce.

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