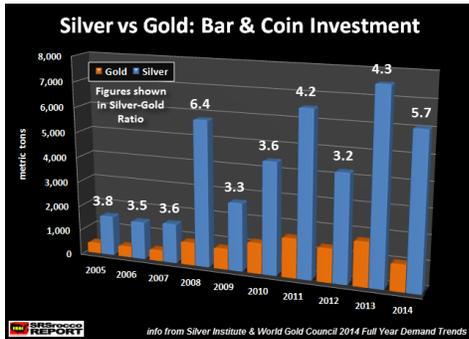


The Precious Metal Favored During A Financial Crisis Isn't Gold

Posted on May 22, 2015 by The Doc
www.silverdoctors.com

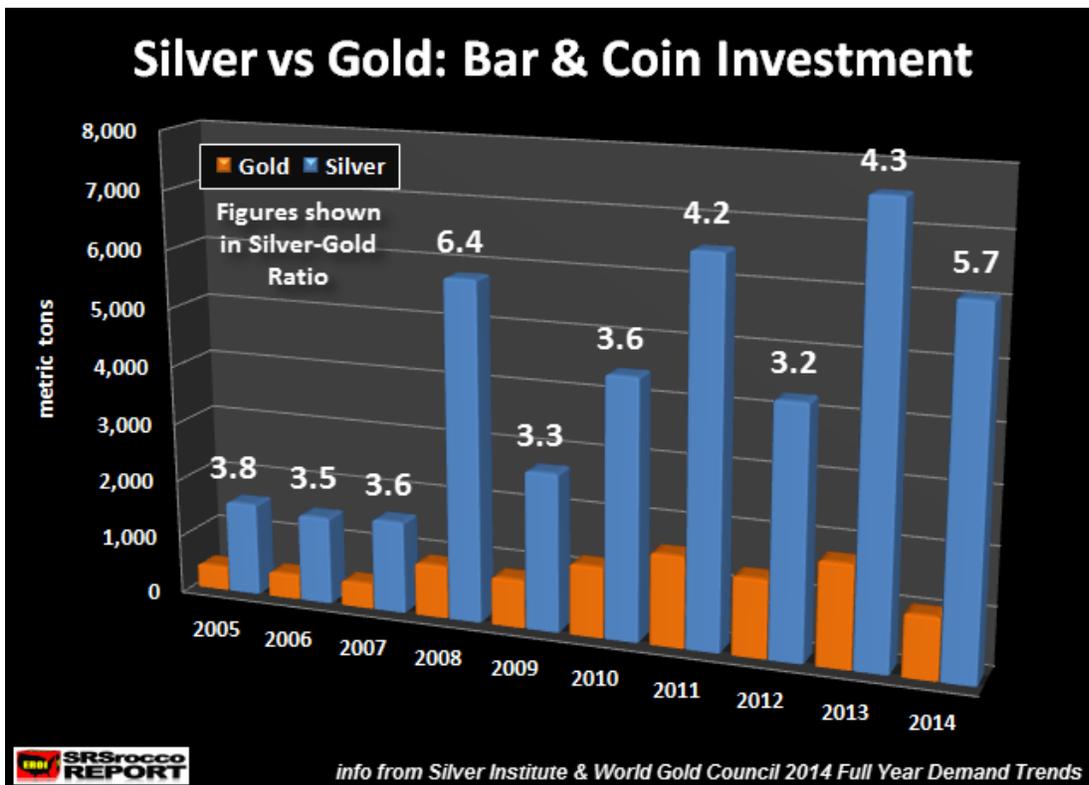


Many of the top precious metal analysts state that gold is the premium asset and insurance hedge during a financial collapse. We hear this time and time again. However, if we look at the data during the near collapse of the U.S. Banking and financial system in 2008, **gold wasn't the most sought after precious metal:**

From the *SRSRocco Report*:

Before the failure of Bear Stearns, Lehman Brothers, Merrill Lynch and AIG (2008), physical gold and silver investment was minimal. For example, in 2007 total physical gold investment was 438 metric tons (mt) while investors purchased 1,605 mt of silver. This translates to 14 million oz (Moz) of physical gold investment versus 51 Moz of silver.

But, the very next year as the U.S. and world financial system experienced a heart attack, physical gold and silver investment surged. Even though physical gold investment more than doubled to 913 mt, silver investment demand skyrocketed to a stunning 5,826 mt. This can be clearly seen by the physical silver-gold investment ratio in the chart below:



Investors purchased 6.4 times more silver bar and coin than gold in 2008 compared to 3.6 times in 2007. **Basically, gold bar and coin demand doubled in 2008 vs 2007, whereas physical silver investment nearly quadrupled.** Then in 2009, overall physical precious metal investment demand (and the ratio) declined as the Fed and Central Banks used massive monetary injections to bring stability back into the global economic and financial system.

However, demand for physical gold and silver continued to increase along with the rise in the prices of the precious metals during the next two years. Shown in the table below, physical gold investment increased to 1,222 mt in 2010 and 1,569 mt in 2011, while silver surged to 4,457 mt and 6,550 mt respectively:

Silver vs Gold: Physical Bar & Coin Investment (metric tons)										
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Gold	418	430	438	913	832	1,222	1,569	1,343	1,765	1,064
Silver	1,605	1,515	1,592	5,826	2,722	4,457	6,550	4,292	7,577	6,096
Silver-Gold Ratio	3.8	3.5	3.6	6.4	3.3	3.6	4.2	3.2	4.3	5.7

 info from Silver Institute & World Gold Council 2014 Full Year Demand Trends