

Sharp increase of 30-35% in silver import as demand show vibrancy

Even import bill for silver has jumped almost 30% to \$3.934 billion

Rajesh Bhayani | Mumbai January 17, 2019 Last Updated at 17:24 IST



silver

Silver import has seen a sharp uptick in 2018. Analysts said that import is estimated to have gone up between 30-35 per cent. Import has seen a jump following higher consumer demand. Even import bill for silver has jumped almost 30 per cent

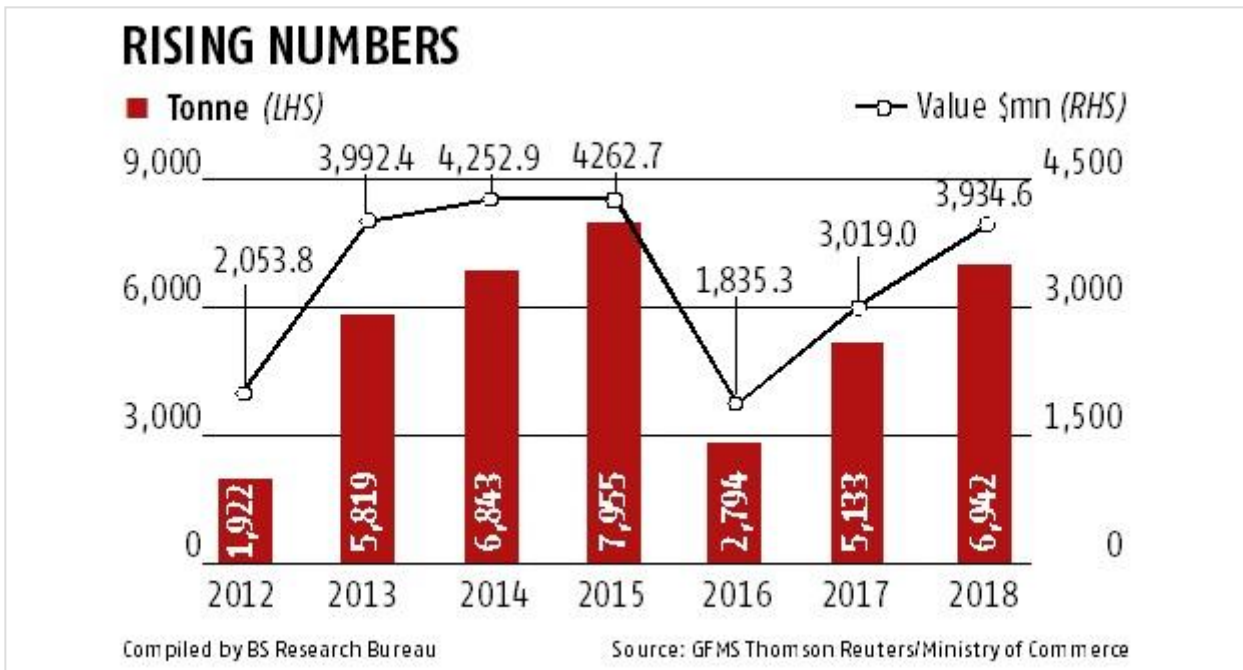
to \$3.934 billion. Average international silver price in 2018 was down by 8 per cent to \$15.7 per ounce.

Traders and importers estimate the increase in import around 20-25 per cent. However, import bill in last quarter of 2018 has doubled to \$1.2 bn from October quarter. Which means in last quarter huge quantities are understood to have entered India.

There was huge shortage of silver and some importers are understood to have booked chartered flights to import higher quantities, sources had said ahead of Diwali.

According to Debajit Saha, Senior Analyst - Precious Metals Demand, GFMS Thomson Reuters, said, "We estimate Silver bullion imports into India have increased quite sharply this year by 35.2 per cent to around 6942 tonnes, compared to 5133 tonnes in 2017". A leading importer, however, estimated import growth around 20 per cent.

Debajit said that in Q4 Indian



consumers bought both silver jewellery and investment grade bars and coins. Traders bought more silver this year than last year as a ‘tactical’ purchase which eventually has increased the imports volume. Excessively high price of gold, due to huge depreciation of rupee, has also diverted precious metal buyers towards silver. Silver jewellery demand has increased in the Q4 by 20 per cent.”

There was arbitrage demand for silver import due to higher price difference between futures prices of silver on major exchange MCX and spot market price. Traders are buying at spot market and selling future contracts whenever the difference between two markets is going markedly higher than normal.

Viraj Didwania, director, Foresight Bullion, one of the large silver importer in India, said, “We have seen higher consumer demand in 2018 and mostly from rural consumers”.

Silver follows gold in terms of price. Silver also has huge industrial use. Globally over half silver is used for industrial purpose. In India silver buyers are also price sensitive. Chirag Thakkar, director, Ahmedabad headquartered, Amrapali Group, and a big silver importer, said, “There was huge buying by silver stockists who buy at lower price apart from silver demand for industrial use.”