



Silver Users Association

Washington Report

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Market Watch: Silver Price

2007 Comex Spot Settlement

Month	High	Low	Avg.
January	13.51	12.13	12.83
February	14.69	13.33	13.95
March	13.53	12.13	12.83
April	14.06	13.29	13.74
May			
June			
July			
August			
September			
October			
November			
December			

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This Month's Newsletter Sponsored by:



Association News:

- SUA is pleased to announce that it has partnered with the International Precious Metals Institute at its June 9-12 conference in Miami. The SUA will be hosting a Silver Section at the conference. To learn more, please call Paul Miller at (703) 930-7790 or e-mail him at pmiller@mwcapitol.com
- Press Releases: Please send us your press releases and/or company announcements, so that we can include them in SUA's monthly newsletter.
- Web Site: Visit our web site at: <http://www.silverusersassociation.org>
- **SUA Board Votes to Cut 2007 Dues by \$1,700.** Contact Paul Miller for news on the new 2007 dues structure and how you can get involved. Paul can be reached at (703) 930-7790 or at pmiller@mwcapitol.com

Note:

- Please send us any updates to your company profile so that we can update our records and web site.
- If you are interested in sponsoring the newsletter, please e-mail Paul Miller today at pmiller@mwcapitol.com

Tiffany & Co. Dedicates One of the East Coast's Largest Solar Projects

PowerLight Deploys 1.3 Megawatts of Solar Power at Tiffany's New Jersey Distribution Centers

Tiffany & Co. (NYSE: TIF), one of the world's premier jewelers, today marked the addition of clean, emissions-free, renewable solar power to its energy portfolio with the dedication of one of the East Coast's largest commercial solar projects. Tiffany's has deployed 1.3 megawatts of solar energy at the company's retail distribution centers in Whippany (680 kilowatts) and Parsippany (656 kilowatts).

At a ceremony attended by New Jersey's Office of Economic Growth, New Jersey's Department of Environmental Protection and the New Jersey Board of Public Utilities, Tiffany celebrated the success of the project – designed, deployed and operated by PowerLight, a subsidiary of SunPower Corporation (NASDAQ: SPWR). Installed in the summer 2006, the solar panels generate enough energy during the day to power more than 1,300 New Jersey homes.

"Integrating solar power into our energy portfolio is one step in our efforts to help address the climate change challenges we are confronting," said Michael Kowalski, chairman and CEO of Tiffany & Co. "It is part of our broader goal of sustainable style, bringing our customers enduring designs while upholding our commitment to help protect the beauty of the natural world and to responsibly use the natural resources it provides."

"Investing in renewable energy is critical for our nation's long term economic and energy security, as well as the health of our environment," said Chief of New Jersey Office of Economic Growth Gary Rose. "By diversifying our energy portfolio with solar energy, and other renewable power resources, we can reduce our dependence on fossil fuels while driving a new high-tech economic sector."

"Tiffany's investment in solar electricity illustrates the company's responsible approach to energy use," said Tom Werner, CEO SunPower. "By leveraging solar power, Tiffany is helping all of New Jersey's residents. The energy savings accrued by this solar array will reduce pressure on the grid, especially during peak demand hours — at times when state transmission lines are the most constrained."

"Solar is an environmentally sound energy source, as well as practical and affordable. Solar is an especially smart energy choice for New Jersey utility customers because it helps reduce utility costs," noted Tom Leyden, PowerLight's managing director of East Coast Operations.

Solar power yields significant environmental benefits to New Jersey and the entire metropolitan New York area. By reducing reliance on fossil-fuel generated electricity, Tiffany's solar power system spares the environment from thousands of tons of harmful emissions, such as nitrogen oxides, sulfur dioxide and carbon dioxide, which are major contributors to smog, acid rain and global warming. Over the next 30 years, the solar generated electricity will reduce emissions of carbon dioxide by more than 15,500 tons. These emissions reductions are equivalent to planting 4,400 acres of trees, removing 3,100 cars or not driving 37 million miles on New Jersey's roadways.

Comprised of 6,394 solar panels and covering 104,000 square feet, Tiffany's new solar arrays will supply on average approximately 30 percent of Tiffany's distribution centers' electrical load at peak demand times. Additionally, lighting upgrades that reduce electrical use and improve lighting quality will help achieve an overall estimated annual project value of more than \$500,000 in savings.

PowerLight PowerGuard® was selected as the best solar electric technology application for Tiffany's expansive flat rooftops at their NJ distribution facilities. PowerGuard is a patented, non-penetrating

lightweight photovoltaic roofing assembly that delivers clean solar electricity to the building while protecting the roof from damaging effects of weather and UV radiation, as well as insulating the building to reduce heating and cooling costs.

The project was underwritten in part by rebate incentives provided by the NJ Clean Energy Program, which is managed by the NJ BPU.

Gannon & Scott Announces ISO 9001:2000 Certification

Gannon & Scott, a leading refiner and assayer of precious metals since 1919, has received the International Organization for Standardization (ISO) 9001:2000 Certification for its Analytical Laboratory that performs Chemical and Spectrochemical Analysis and Fire Assays.

ISO 9001:2000 is recognized with worldwide acceptance as the comprehensive international standard that defines quality. It provides independent periodic auditing to ensure compliance as well as monitoring continuous improvement initiatives. ISO 9001:2000 defines, validates, and measures compliance on work processes including its engineering, project management, production, customer satisfaction, and quality.

"We are very proud of this achievement," said Joseph Peixoto, General Manager of Gannon & Scott. "To be registered as an ISO 9001:2000 Certified Laboratory, the company redefined and documented best practices pertaining to our work processes becoming more efficient and responsive in achieving our end goal -- guaranteed customer satisfaction."

The awarding of ISO 9001 certification was the culmination of an intensive audit of Gannon & Scott's Quality Management System "The rigorous registration process to earn certification required numerous separate procedures from laboratory operations to the performance of the management team, to addressing customer requirements and purchasing procedures. As well as improving the quality of our operations, we are confident the process has enabled us to increase our efficiency - which can only benefit our customers! ISO 9001:2000 emphasizes Gannon & Scott's commitment to quality and best practices."

Senate Prepares for Marathon Debate on Immigration Overhaul Legislation

The Senate swung open the door Monday on this year's version of the immigration debate, preparing to test a tenuous bipartisan agreement — amendment by amendment. But rather than rush things before Memorial Day, Majority Leader Harry Reid (D-NV) has decided to extend the debate into June. The extra week of debate will give members plenty of time to offer amendments and make their cases for and against the bill.

It also will give interest groups more time to fire up their troops to lobby Congress — including during the Memorial Day recess, while members are back home — putting even more pressure on senators. After a 69-23 procedural vote needed to begin debate on a placeholder bill (S.1348), Reid, accepted a GOP request for an additional week to offer amendments to a substitute. Just before adjourning Monday night, Reid called up the substitute amendment by Edward M. Kennedy (D-MA), and Arlen Specter (R-PA).

Reid had initially hoped to finish the immigration debate before Memorial Day. "I think we could, but I think the conclusion would not be anything anyone would want," he said, agreeing to extend the debate through the week of June 4, a request made by Minority Leader Mitch McConnell (R-KY). "This is by any standard a two-week bill," McConnell said moments before the cloture vote. "Any effort to finish this bill this week would be unsuccessful." The cloture vote and Reid's concession marked perhaps the simplest tasks in what now becomes a two-week process that will divide the parties and forge unusual alliances — and might not result in passage of a bill.

"I don't expect there will be any time agreement possible on a bill of this nature," said a Democratic aide. "We will be going amendment by amendment this week." Critics from both parties have lined up against the legislation, and many amendments are expected.

But the negotiators of the compromise are intent on fending them off. The Democratic aide said a "pretty much evenly divided" bipartisan group of a dozen senators have agreed to stick together and vote down any amendments that would undo elements of the "grand bargain" sealed last week. That group includes some of those who helped negotiate the deal, such as Democrats Kennedy, Dianne Feinstein (D-CA) and Ken Salazar (D-CO), and Republicans Specter and Jon Kyl (R-AZ). But, the aide said, it also could include other key senators. Majority Whip Richard J. Durbin (D-IL), Charles Schumer (D-NY), as well as Joe Lieberman (I-CT), expressed an interest in helping to defeat amendments that would strike at the heart of the compromise.

The substance of those amendments has yet to be determined. The group will meet each morning to discuss upcoming votes. "The coalition is fragile," said Specter. "If the basic tenets of the legislation are not fulfilled, some will withdraw their support."

On Tuesday, the schedule calls for the Senate to begin consideration of the bill at 11 a.m., with Jeff Sessions (R-AL), beginning two hours of floor time. The chamber will break for the weekly policy lunches, and Sessions will continue afterward. Debate may occur on an amendment by Jeff Bingaman (D-NM), that would reduce the number of visas issued each year under a new temporary worker program. The current legislation calls for 400,000 visas a year but could be adjusted up to 600,000 should the market demand more. Bingaman's amendment would cap the number at 200,000 and eliminate the automatic increase mechanism that would allow the program to fluctuate based on demand. A similar amendment was adopted, 79-8, during last year's Senate immigration debate.

Kennedy said Monday that he expected another amendment, from North Dakota Democrat Byron L. Dorgan, to eliminate the guest worker provision. Robert Menendez (D-NJ), intends to offer at least three amendments. One would move a cutoff date for those in the backlog awaiting green cards, from May 2005 to January 2007. That would allow a larger group of legal immigrants to receive permanent status in the next eight years. Another amendment would strike at the bill's point system, which is designed to reward work skills, and award more points for family relations. A third would reduce the fines and fees for those here illegally.

Republicans will target a provision that allows an estimated 12 million illegal immigrants to stay in the United States indefinitely and ultimately earn citizenship after at least 13 years if they meet a number of conditions, which include paying a \$5,000 fine and making a "touchback" trip home. John Cornyn (R-TX), who was a negotiator before leaving dissatisfied with the final product, is also considering three additional proposals.

One possible amendment would impose a "surcharge" on illegal immigrants to reimburse states for past costs of providing them with health care and education. Another would strip confidentiality provisions that would prevent the Homeland Security and Justice departments from using information collected from applications for anything other than adjudication of immigration status. A third would stiffen the criminal standard that would prevent some illegal immigrants from gaining citizenship.

Salazar acknowledged that the bill could be undone by amendments from either side. But he said the coalition will do its best to keep that from happening. "There are obviously many poison pills out there that, as the bill goes forward, are going to be tried," he said.

Democrats Give Ground on Pullout

House Democrats are negotiating with the White House on a less stringent war spending bill that would tie economic funding for Iraq to benchmarks the Iraqi government would be required to meet. As recently as May 18, Democratic leaders said they wanted the measure to include, at minimum, a timeline for U.S. troop withdrawal that the president could waive. That proposal was rejected by the White House.

The latest version of the bill being discussed by House leaders would not contain the timelines for troop withdrawal. Democrats, meanwhile, will try to negotiate the inclusion of “domestic emergency needs,” such as funding for hurricane recovery efforts, said a Democratic leadership aide. Democrats still hope to send a war spending bill to President Bush for his signature before Memorial Day. No conference committee meeting has been scheduled, but it could take place as early as Tuesday.

The Democratic aide said leaders recognize that the bill being discussed will need some GOP support to pass because many House Democrats will not back a bill without a timeline for withdrawal from Iraq. “It’s not as hard as we wanted it to be,” the aide said. “But if we get the benchmarks and the domestic spending, we win.”

House Minority Whip Roy Blunt (R-MO), said Monday evening that he was amenable to including some consequences tied to benchmarks. “I’m fine with economic and political consequences,” he said. Blunt also expressed frustration at the level of involvement Democrats had allowed Republicans in the debate. “You know, amazingly, this is about the most negotiation that we’ve [had] this week — the three of you,” he told a trio of reporters after being asked whether he would accept some domestic spending in the bill.

Senate appropriator Ben Nelson (D-NE), said he thought a compromise measure would likely reduce the non-military spending in the measure by \$2 billion, to \$8 billion. Nelson also said the House was still split and that it would be difficult for the Senate to accept language on benchmarks more restrictive than that put forth previously by Sen. John Warner (R-VA). Warner’s proposal would require the president to produce reports in July and September on the Iraqi government’s progress toward benchmarks. Unless Bush certified that the Iraqis were moving forward, reconstruction aid would be withheld.

Yet because the president could waive that sanction, Democrats have said the language is too weak. “I think they’re going to want something for what they’ve given up,” Nelson said, referring to House leaders. “Everybody will have to give up something to get something in return. Readiness could very well be it.” Readiness standards, promulgated by House Defense Appropriations Subcommittee Chairman John Murtha (D-PA), would include requirements that U.S. troops have a minimum amount of time in the United States before they are redeployed and also would limit the length of their deployments. But it would allow the president to waive those standards.

Blunt said he would oppose readiness provisions. “Our members are opposed to both timelines and anything that micromanages the command of the troops, including the president having to sign a readiness waiver,” he said. A dozen top House Democrats met privately Monday afternoon and then canceled a caucus meeting later in the evening so that Appropriations Committee Chairman David Obey (D-WI), could negotiate with the White House. “We have a consensus among ourselves of what we would like to do,” said House Democratic Caucus Chairman Rahm Emanuel (D-IL). Obey said he is seeking a “rational” bill. “I’m not interested in being a rubber stamp,” he added. When asked about what is included in the legislation, Obey answered: “Nothing is in and nothing is out. There is no deal.” He called the benchmarks provision “tokenism.”

Sean Kevelighan, a spokesman for the White House’s Office of Management and Budget, said Monday that Congress should proceed with the Warner approach because that language has garnered a bipartisan majority in the Senate. And

he said Democrats' willingness to curtail domestic spending was evidence of their recognition that it had no place in a bill that funded the troops.

"Let's drop this notion of trying to shortchange our troops as we go into Memorial Day in order to pre-fund the appropriations process and ignore these highly touted PAYGO rules," Kevelighan said, referring to Democratic vows to offset new mandatory spending in non-emergency bills. "We firmly believe that Congress should not go to recess until the funding is provided."

When asked whether Congress should cancel the Memorial Day recess if Bush ends up vetoing the next bill sent to him, Kevelighan replied, "I think the bigger question is, why would you send something that could get vetoed if there's already a bipartisan majority to move this thing forward in a way that won't be vetoed?" Tony Fratto, a spokesman for President Bush, said Monday there had been staff-level talks since the May 18 meeting and that the negotiations would continue.

"We certainly want to see a bill come to the president before the end of this month, before Memorial Day. That's what the leaders in Congress committed to," Fratto said. "So talks will continue this week, and we hope to see progress." Fratto said Bush spoke with Iraqi Prime Minister Nouri al-Maliki on Monday morning, the one-year anniversary of his inauguration, and they discussed benchmarks such as progress on an oil revenue-sharing law and a "constitutional review process." "We think they're essential for bringing peace and security and an equity feeling in a national Iraq that is, to a large part, based on those kinds of reforms," he said. "So we want to see progress on those issues."

Democratic Skeptics Start Speaking Out on Bipartisan Trade Deal

Some Democrats who have been highly critical of Bush administration trade policy remain skeptical of the bipartisan trade deal announced last week. A number of rank-and-file Democrats have not embraced the policy framework, which Democratic and Republican leaders in both chambers hammered out with the White House during the last six months.

The deal, announced by House Speaker Nancy Pelosi (D-CA), and top administration officials May 10, is expected to help move pending trade pacts through Congress, most immediately agreements with Peru and Panama. But like their allies in organized labor, a group of Democrats question whether worries about the impact of trade on American jobs has been sufficiently addressed.

The discord suggests House Democrats could have a hard time getting a majority of their members to support the pending trade agreements as they come to the floor. The new framework requires that enforceable, internationally recognized labor and environmental standards be added to pending trade pacts before Congress votes on them, a longtime Democratic priority.

Still, many reluctant Democrats, including freshmen who advocated changes to U.S. trade policy in their campaigns, say they are taking a wait-and-see approach. Some took offense at leadership announcing the deal without consulting or even briefing the caucus first.

"Trade is a central issue to Democrats around this country, so it was shocking to see the Speaker and the chairman of the caucus, [Rahm Emanuel (D-IL)] announce a policy that had never been discussed in the Democratic Caucus," said Marcy Kaptur (D-OH), an outspoken critic of current trade policy. Kaptur said she thinks the leadership's handling of the policy announcement has cost it support. "I think what happened was very destructive of collegiality within the Democratic Caucus," she said.

Leadership maintained it kept members informed throughout the process and consulted the caucus before a set of basic principles was announced in March. The deal achieves those goals, leadership said. Still, leaders agreed Tuesday to hold a caucus meeting on trade to address member concerns. Gretchen Hamel, spokeswoman for U.S. Trade

Representative Susan C. Schwab, said there's no set timing yet for the pending trade agreements to come back to Congress. Schwab's office first must work out how to incorporate the new requirements. "We're going back to our trading partners sooner rather than later," Hamel said.

Lawmakers such as freshman Phil Hare (D-IL), say they want to hear more details. Hare said he is part of a group of lawmakers — which includes Kaptur and Brad Sherman (D-CA) — who will insist that the caucus have "majority of the majority" support for the Peru and Panama deals before they come to the floor.

Lawmakers from manufacturing states hit hard by imports also have indicated they are looking for assurances that Congress will move on other steps to address economic anxieties back home, such as changes to the Trade Adjustment Assistance program. Charles Rangel (D-NY) — House Ways and Means Committee chairman and the lead Democratic negotiator — said he knows he may not win a majority of House Democrats to his side. He expects some opposition to the pacts from Democrats "and some Republicans too," he said Tuesday.

Meanwhile, Jim McCrery (R-LA), the Ways and Means ranking Republican, said he expects the pacts with Peru, Panama and a more contentious pending deal with Colombia to gain an "overwhelming majority" of GOP votes. The administration also has reached an agreement with South Korea. McCrery said he's not too concerned about Democratic opposition.

"I think the agreement that we reached last week really opens the door for — if not a majority of the Democratic Caucus — certainly close to a majority of the Democratic Caucus to once again support opening markets around the world through trade agreements," he said. Senate Finance Chairman Max Baucus (D-MT), declined to speculate what the vote count among Democrats in his chamber might be. "I want to see what happens in the House," he said.

Labor groups have raised concerns that the agreement does not correct flaws in the trade pacts that prevent the federal or state governments from reserving government procurement contracts for American firms, despite congressional and public support for "Buy American" policies.

Gas Prices Still Rising: Now Worse Than '81 Oil Shock

Gas prices are soaring to new highs, even as a record number of Americans plan to hit the road this holiday weekend. Even adjusted for inflation, the price of a gallon of unleaded gas topped the 1981 spike in prices—a record that stood for 26 years.

The Lundberg Survey, which tracks the price of gas, put the price of a gallon of unleaded gas at \$3.18 in the latest reading. The price is 11 cents higher than the reading two weeks ago.

A separate survey from AAA show the average price of self-serve regular today is \$3.20 a gallon. That price is 34 cents a gallon higher than the price in last month's survey.

38.3 million Americans are expected to travel 100 miles or more over the Memorial Day holiday, which is 1.7 percent more than a year ago. However, 32.6 percent of those surveyed said that they scaled back their holiday plans this year.

Last week, Democrats grilled Big Oil at a hearing of the House Judiciary Committee. Oil industry representatives said that gas prices are surging due to "a lack of refining capacity." Critics responded that the oil companies don't build spare refining capacity because that would undermine their pricing power.

By the way, ExxonMobil reported the largest annual profit of any U.S. company ever this year: \$39.5 billion. That's \$75,000 a minute in profit.

Richardson Touts Resume, With Zinger at Bush, in Official Campaign Kickoff

As expected, Democratic Gov. Bill Richardson of New Mexico formally announced his presidential candidacy Monday at a press conference in California.

"I am running for president because these times call for a leader with a proven track record and a demonstrated ability to bring people together to tackle our problems at home and abroad," Richardson said at the event held at the Millennium Biltmore Hotel in Los Angeles. "I am that person, not because I say so, but because of what I have done, and what I can do for the American people."

Richardson's speech continued his strategy of emphasizing his lengthy resume, which includes tenures as secretary of Energy and United Nations ambassador under President Bill Clinton, preceded by service as a U.S. House member from 1983 to 1997. Richardson took a dig at President Bush's level of experience prior to his election to the White House in 2000, in the online version of his announcement available on his newly redesigned Web site.

"No on-the-job training needed," Richardson said of himself in the role of president. "We all know how well that worked out for the guy who currently has the job." Richardson's decision marks the end of his campaign's "exploratory" phase, and it was no coincidence in the setting he chose to begin his formal campaign. Richardson is the only major Democratic candidate from the West and was born in California.

A measure recently approved by the California's Democratic-controlled legislature and signed by Republican Gov. Arnold Schwarzenegger moved the state's presidential primary up to Feb. 5 in 2008. By far the nation's most populous state, California — which long held its presidential primary in June and in more recent campaigns in March — is likely to play a larger role in influencing the parties' nominating campaigns than in most years past.

Richardson is seeking to become the nation's first Hispanic president, something that could be key to his hopes of winning a primary in a state where more than 12 million residents, or 35 percent of the population, are Hispanic. Richardson, whose mother has roots in Mexico, is in his second term as governor of New Mexico — the state that at 43 percent has the highest proportion of Hispanics of any state.

Yet Richardson, in his announcement speech, maintained the relatively low profile he has established regarding his ethnic ties. Some polling has shown much of the public, including most Hispanics, is unaware of his ethnicity.

Richardson, however, did touch on the politically sensitive immigration debate from the standpoint of a governor of a border state. Richardson reiterated his request for federal funds to be diverted from building a border fence to instead pay for more border patrol agents and security. Richardson and Democratic Gov. Janet Napolitano of neighboring Arizona sent a letter to Bush last week outlining their concerns regarding federal plans to build a border fence.

Congress currently is debating a major immigration overhaul bill. The governor addressed the central issue of the war in Iraq and championed his idea to remove all U.S. troops from the region. He expressed a desire for Syria and Iran, nations adjacent to Iraq that have had thorny relationships with the United States, to be part of a regional conference to help achieve stabilization in Iraq.

On the environment, he stated he has "the most aggressive plan of anyone running for president," which includes lowering demand for oil by 50 percent within 12 years and requiring half of the country's electricity to be generated from renewable sources by 2040. Richardson's candidacy announcement initially was scheduled to be made at the Los Angeles Press Club, but was rescheduled by his campaign for the hotel locale on Sunday.

Mitt Romney Slams Immigration Plan

The crowd at South Carolina's Republican convention cheered Saturday when Massachusetts Gov. Mitt Romney criticized a new immigration proposal and booed a key ally of U.S. Sen. John McCain when he defended it.

The immigration compromise between key senators and the White House played strongly at the convention as more than 1,000 delegates and Republican activists gathered. Many in the crowd wore stickers with "Senate amnesty bill" crossed out. They cheered as presidential candidate Romney told them: "One simple rule: No amnesty."

During his speech and before his remarks, Romney said a proposed new visa for immigrants amounts to amnesty if it can be renewed indefinitely. "If that's not a form of amnesty, I don't know what is," Romney said.

The crowd booed South Carolina U.S. Sen. Lindsey Graham, a key ally of McCain in both his 2000 and 2008 presidential bids, when he said he had worked with U.S. Sen. Ted Kennedy, D-Mass., on the immigration legislation. "It's the best bill I think we can get to President Bush," Graham said as some in the crowd shouted "No!"

Graham was cheered earlier in his speech when he talked about the war in Iraq. After the speech, Graham said he was booed on immigration because "it's an emotional topic. People are mad."

South Carolina's other U.S. senator, Jim DeMint, is on opposite sides from Graham: He supports Romney and said he opposes an immigration bill that allows permanent residency of illegal aliens. But some at the convention ridiculed Romney and accused him of being a Republican in name only, because of his changing stances on gun control, gay marriage and abortion.

South Carolina Gov. Mark Sanford, a Republican, hasn't committed to a presidential candidate. Among the state's past GOP governors, David Beasley endorses former Arkansas Gov. Mike Huckabee for president while James Edwards supports Romney.



Silver Market Report May 2007

Price Update:

Taking strength from a strong copper market and rumoured option expiry in gold, silver began an upward price path as Q2 commenced and tested \$13.65 on the 4th April. As gold aspired to the \$700 area, silver traded firm and quickly pushed through \$14. However, on the 19th of the month, as longs liquidated out the gold market, silver traded back to \$13.55. It staged a short-lived recovery but as the metals complex began to liquidate on the 24th April, silver quickly traded lower. It succeeded in holding the \$13 level as May began and despite gold rallying, silver lagged behind. It staged a short up-trend from the 2nd to the 8th May, rising \$0.30 to \$13.48. Thereafter, the white metal ran into liquidation and the \$13 area did not provide support. The precious metals complex experienced significant volatility during "Platinum Week" and as copper declined by 7%, silver fell to a 6 week low and currently remains under \$13.

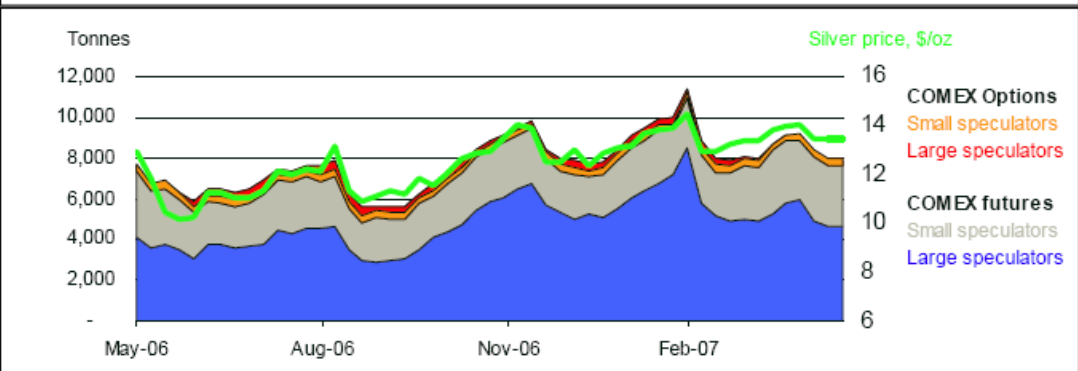
Exchange Update:

Following on from last months update, silver investors returned to the market. From the 3rd April to the week of the 24th April, silver investors entered into fresh long positions and the net global silver book increased by 1,322 tonnes. However, as the market came under pressure, investors cut 9% (788 tonnes) on the 1st May and a further 5% on the 8th May. This activity left a net global silver position of 8004 tonnes; 3176 tonnes less than the 2007 high reached on the 27th February.

ETF Update:

The Silver ETF continues to extend higher as investors maintain a buy and hold strategy. Since the 10th April, the iShares ETF contract has grown by two million ounces. On the 18th April, the ETF contract increased by 1 Moz and a further 1 Moz was added on the 20th April. Investors gave back 1 Moz to the market on the 26th as silver investors exited out of exchange positions. However, interest returned to the market and bought back 1 Moz on the 2nd May. The silver ETF currently stands at 135.8 Moz as of the 18th May. Lease rates remain in the 0.55% area (in the 1 month period) as the silver ETF continues to have a minimal influence on market liquidity.

Silver Exchange Investment — May 2006 to Present



Industry news: New Silver ETC Products

On the 19th April, ETF Securities announced the creation of 5 precious metal contracts backed by physical and allocated metal, listed on the London Stock Exchange. The new contracts include Gold, Silver, Platinum and Palladium, in addition to a precious metals basket. This is the first platinum, palladium and precious metals contract for the market and the news created many waves in the industry. From the silver market perspective, this is the first time that silver has been offered in this form outside of the United States. The silver ETC trades on the LSE like an equity and operates in a similar manner to an exchange traded fund. In addition to London, ETF Securities have launched additional ETCs on the German Bourse, Euronext Paris and Euronext Amsterdam. Despite increased options for investors, it is expected that the iShares contract will continue to dominate the market—in a similar manner to the StreetTracks Gold ETF and other contracts. Offtake in the 4 new ETCs for silver amount to 726,000oz as of the 16th May.