



China's silver imports set to jump as solar demand lifts prices

By: Bloomberg News | May 28 2024 at 09:47 PM | [International Trade](#)

Chinese silver imports could surge in coming weeks, as traders take advantage of a jump in demand that's taken prices well above the international market.

Silver's in a sweet spot because of its dual uses as an industrial metal and a financial asset. It's an important material in solar panels, which China continues to build in vast quantities, and it's also a cheaper alternative to gold, which is setting its own records on price led by Chinese demand.

Although silver prices rose to an 11-year high last week, the arbitrage window — or the spread between Chinese and world prices — has widened even further. That creates the incentive to send more metal to China, potentially squeezing supply for other countries.

"A wave of imports into China is going to drain the free float away from the West even further," said Daniel Ghali, senior commodity strategist at TD Securities Inc. That hasn't been captured by market pricing, he said.

Chinese imports have already been strong in recent months. They hit a three-year high in December of about 390 tons before falling back. They jumped again in April to over 340 tons. The monthly five-year average is around 310 tons.

The premium on Shanghai spot prices climbed above 15% last week, more than compensating for the 13% tax that China imposes on imports. At the same time, Chinese stockpiles of the metal have dwindled due to persistently strong demand from the solar industry in recent years.

"People are taking a look at the drawdown in local silver inventories," Ghali said. "Silver is probably seen as cheaper relative to gold. And so that's an attractive proposition for people who want to participate in the precious metals rally."

On the Wire

China's most forceful attempt to shore up its beleaguered property market is expected to improve growth prospects modestly this year, according to economists surveyed by Bloomberg.

China's domestic coal price could fail to recover in the second half, as exports and manufacturing remain weak and record coal inventories undermine demand, according to Bloomberg Intelligence.

Cofco International Ltd., the trading arm of China's largest food company, will relocate its downtown Chicago office to the suburbs in part due to persistent crime, according to people familiar with the matter.