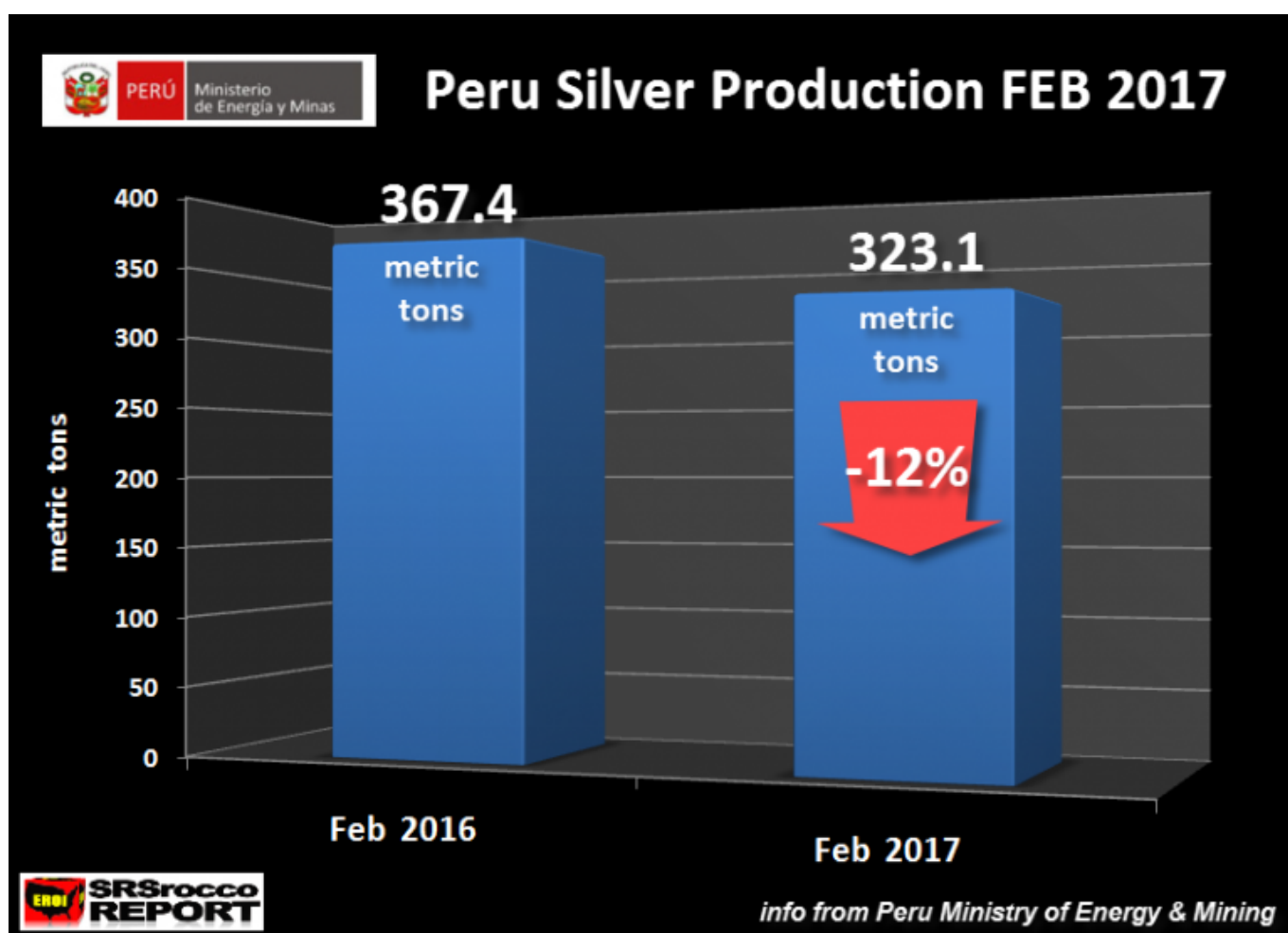


## Decline in Peru's Silver Production, Future Supply at Risk?

The Peru Ministry of Energy and Mining just released their silver production data for February, and it was a whopper to the downside. Actually, I was quite surprised to see how much Peru's silver production declined versus the same month last year. Also, Peru's gold February production took a similar big hit.

According to the Peru Ministry of Energy and Mining data, the country's silver production fell 12% to 323.1 metric tons (mt) this February versus 367.4 mt the same month last year:



This is a 44 mt decline in one month, nearly 1.5 million oz lost. Here is the table from the Peru Ministry of Energy and Mining showing various metals production data for February:

**PERÚ**Ministerio  
de Energía y Minas

# Peru Metals Production

## PRODUCCIÓN MINERA, POR PRINCIPALES PRODUCTOS

METALES	Unidad de Medida	FEBRERO			ENERO - FEBRERO		
		2016	2017	Var. % 2017/2016	2016	2017	Var. % 2017/2016
<b>COBRE</b>	<b>(TMF)</b>	169,109	178,283	5.42%	326,426	374,599	14.76%
<b>ORO</b>	<b>(Grs.f.)</b>	13,254,985	11,754,633	-11.32%	25,516,091	23,855,773	-6.51%
<b>ZINC</b>	<b>(TMF)</b>	106,703	108,752	1.92%	209,055	222,707	6.53%
<b>PLATA</b>	<b>(Kg.f.)</b>	367,396	323,122	-12.05%	701,402	654,408	-6.70%
<b>PLOMO</b>	<b>(TMF)</b>	25,044	21,539	-14.00%	50,844	46,425	-8.69%
<b>HIERRO</b>	<b>(TMF)</b>	636,212	667,313	4.89%	1,332,611	1,408,686	5.71%
<b>ESTAÑO</b>	<b>(TMF)</b>	1,488	1,253	-15.75%	2,677	2,657	-0.72%
<b>MOLIBDENO</b>	<b>(TMF)</b>	1,578	1,991	26.13%	3,561	3,906	9.70%

*Table from Peru Ministry of Energy & Mines*

Silver is shown as "PLATA" and as we see, overall silver production for JAN-FEB has declined 6.7% compared to the same period last year. Which means, Peru's silver production took a much larger hit in February than in January. **Furthermore, Peru's gold production (shown as "ORO"), also declined significantly by falling 11.3% in February.**

The Peru Ministry of Energy and Mining put out this brief explanation why their silver and gold production declined in February:

However, in this month precious metals slightly suffered a lower production volume gold decreased by -11.91%, while silver -11.29%. In the accumulated January, national production of these precious metals decreased by 6.81% for gold and 6.3% for silver.

In the national production of silver, the Lima region (127,157 kg

fine), Ancash (126,816 kg fine) and Junín (116,473 kg fine) regions are in the top positions, associated with the polymetallic exploitation of the center of the country. Peru is the second largest silver producer in the world and boasts the largest proven and probable reserves of this precious metal in the world.

Antamina (101,824 kg Fine) in the Ancash region, followed by Uchucchacua (84,745 Kg. Finos) in Lima and Inmaculada (30,468 Kg Finos) in Ayacucho, among several others.

In the case of gold, the national production accumulated to February 2017, reached 23.8 tons fine. Its production was concentrated in the regions of La Libertad (6.4 tons) contributing the total production in 26.92%; Cajamarca cooperating with 23.32% (5.5 tons fine) and Arequipa (3.03 tons fine) contributing 12.74%. These regions accumulate 63% of the national gold production.

**The decrease is explained by the lower results (-23.53%) of the main producer: Minera Yanacocha S.R.L. Whose operations in Cajamarca have been affected by an exhaustion of the reserves in the current deposits in operation.**

I don't know why the Peru Ministry of Energy and Mining's data for gold and silver production declines are different in their explanation than what they show in the excel spreadsheets. However, it is only off by a small percentage. Regardless, the important part of the text above is highlighted in **RED**. **The reason for the big decline of Peru's gold production was due to "an exhaustion of reserves in the current deposits of operation."** This is a KEY FACTOR that will be played-out across the world as other mines lose production due to the same situation of reserve exhaustion.

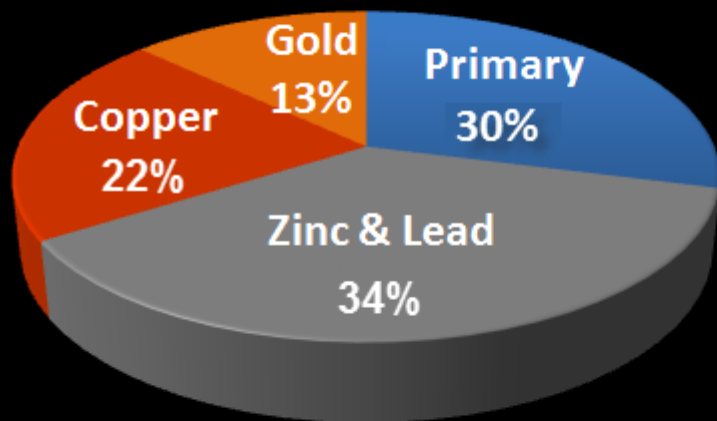
We must remember, Peru is the second largest silver producer in the world, right behind Mexico. According to the Silver Institute's 2016 Interim Report, Mexico's silver production is estimated to decline to 183 Moz in 2016 (189 Moz in 2015), while Peru's silver production increased to 141 Moz (136 Moz in 2015).

## **Global Future Silver Production At Risk**

As the global markets finally succumb to the massive amount of debt, economic activity is going to plummet. This will have a negative impact on most energy, metals and commodity prices. Thus, production of base metals will decline significantly. **This will impact the production of silver the most as the majority comes as a by-product of zinc, lead and copper production.**

According to the World Silver Survey, 34% of silver production came as a by-product of zinc and lead mine supply, while 22% came as a by-product of copper production. Thus, 56% of global silver production is a result of copper, zinc and lead production:

# Peak Silver Will Occur First in Base Metal Mining



2015 Silver Production Break-down

It will hit the Zinc, Lead & Copper Mining Industries first due to the fact that these base metals are the most vulnerable when the global economy crashes



info from 2016 World Silver Survey

Which means, more than half of the world's future silver production is at risk when base metals prices take a big hit during the next economic crash. People need to realize that using a massive amount of leveraged debt to continue economic activity is not only UNWISE, it is seriously INSANE.

While there is no guarantee what the value of gold and silver will be in the future, LOGIC suggests investors holding onto most STOCKS, BONDS and REAL ESTATE will suffer the financial enema of their life. Again, this is all due to the disintegrating U.S. and global oil industry in the future.

So, PLACE YA BETS and let's see who made the better investment decision when the global market finally cracks.

[Precious Metals News & Analysis – Gold News, Silver News](#)