

# The Effect of the Housing Bubble on Silver Supply

## When the Housing Bubble Deflates The Silver Price Will Inflate

1.) 70% of the silver mined every year is as a by-product mineral. Only about 30% of silver supply originates from primarily silver producers. The rest comes from the mining of Gold (12%), Copper (26%), and Zinc/Lead (32%).

2.) Because of the excessive printing of money by the federal reserve, combined with the artificially low interest rates prescribed by good old Alan Greenspan, the Nasdaq bubble of the 1990's has merely morphed into the housing bubble, albeit after a bit of a hiccup.

3.) According to <http://www.copper.org/education/c-facts/homepage.html>:

Building construction continued to be the largest end-use market for copper products, accounting for more than two-fifths, 46.3% (3,384 million pounds), of total U.S. consumption. This demand results mostly from the copper used in plumbing and wiring systems.

4.) More than half of all zinc mined is used to galvanize steel, the demand for which originates largely with industrial construction. <http://www.mii.org/Minerals/photozinc.html>

5.) Though the majority of lead consumed annually is used to make batteries for trucks, cars, and other vehicles, etc... <http://www.mii.org/Minerals/photolead.html> some is used for construction purposes as well.

If housing prices collapse, what will happen to the demand for copper and zinc? The demand for both will go down considerably, especially copper, since almost half of its use is dependent upon construction. Since primary copper mining alone accounts for 26% of all silver mined every year, there will be much less silver available for the market. And since this market already has enough trouble finding adequate supply, you can surely bet that the price of silver is headed up. In the future, it could very well revert back to the ways of old, when copper was the by-product of silver mining, and not the other way around.

\*Note: I do not necessarily predict that copper, zinc, and/or lead prices will fall, but rather, I am simply presenting an if/then scenario which would likely cause imbalances within the market favorable towards silver's performance.

For more information about the chilling facts surrounding the housing bubble (e.g. rising constructions costs, labor shortages, average household debt of \$10,000, etc.) see: <http://www.lewrockwell.com/englund/englund30.html>

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