



Slide in Silver Prices Could Be Short Lived, Dillon Gage Experts Say

World demand for silver in coins, industrial uses and jewelry remains strong

ADDISON, TEXAS (May 12, 2011)...Silver's drop could be only temporary after prices retreated from a 31-year high reached in late April as traders watched crude oil values decline. Prior to that, silver was a sizzling hot commodity favored by small investors and money managers, and **Dillon Gage** experts say not to write it off now.

Terry Hanlon, president of **Dillon Gage Metals**, the Dallas-based, precious-metals trading firm, said, "This year, silver had its biggest run in the shortest period of time in recent memory. Profit-taking corrections are to be expected when markets rally."

How far will silver slide this spring? "Of course, we can't say for sure, but we do see support at the \$32 an ounce level," he noted. Silver reached a peak of \$49.84 an ounce on April 29.

"This recent price correction doesn't change the basic fundamentals, which include good demand for silver to make coins in a number of countries," Hanlon stated, adding that world demand for silver in industrial applications and jewelry grew last year.

So what's behind silver's recent retreat? Many commodities have climbed since last summer because of expectations that improving national economies will boost demand for materials. And with most commodities priced in dollars, the greenback's decline against other currencies since August made raw materials cheaper for foreign investors to buy. U.S. investors bought silver and gold as a way to hedge against further erosion in the dollar's buying power.

But in the first week of May, the dollar had its strongest rally of the year, undercutting commodity prices. Crude oil traded in New York sank \$10, closing below \$100 a barrel for the first time in nearly two months. Silver followed and relinquished nearly a third of its value from a late-April high of \$49.84.

News of the death of Osama bin Laden eased terrorism worries a bit and prompted investors to sell precious metals. And weak U.S. economic data released in early May, including higher-than-expected jobless claims, raised doubts about the pace of economic recovery and hurt precious metals.

But Hanlon noted that silver's rally to its late-April high represented a 60% move in 2011 to date. "So it wasn't surprising to see profit-taking from those levels," he said.

Then, too, the initial margin money or deposit required by the Comex to trade silver futures swelled from \$4,250 per contract a year ago to \$16,200 per contract in early May.

"I look for investors and money managers to take a brief breather on the sidelines before getting back into the silver market on the buy side," Hanlon commented.

Dillon Gage deals in one-ounce, 10-ounce, 100-ounce and 1,000-ounce silver bars, along with silver coins, including American Eagles, Canadian Maple Leafs and Austrian Philharmonics. For prices of those products, visit **Dillon Gage's** electronic trading system at FizTrade.com.

For orders submitted to **Dillon Gage**, the only additional fee is the shipping charge. Immediate confirmation is provided on real-time orders, which are processed by **Dillon Gage** traders. All buy or sell orders entered with **Dillon Gage** should total \$5,000 or more.

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Dillon Gage (www.DillonGage.com) was founded in 1976, and its companies include:

Dillon Gage Securities, Inc., a full-service NASD member firm that specializes in financial planning.

Dillon Gage Metals, one of the largest precious metals dealers in the U.S.

Dillon Gage Inc., a firm dealing in futures markets.

Diamond State Depository, a wholly owned, independently operated precious-metals storage facility located in New Castle, Delaware.

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