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Silver Dollar

BY SARAH B. HOOD

How to cash in with this precious metal.



If platinum is luxurious and gold is majestic, silver is the metal of sentiment and symbolism. Although its cost is rising in proportion to the prices of its more costly cousins, silver continues to appeal to both fashion-conscious and tradition-minded customers.

According to the GFMS World Silver Survey 2007, released last May, the price of silver rose by a stunning 58 percent in 2006. In May of that year, it reached a 25-year high of \$14.94 per ounce. This rapid rise was largely due to the introduction of a new silver Exchange Traded Fund (ETF), Barclays' Global Investors iShares Silver Trust ETF, in April of 2006.

Other factors at play were lack of supply and growing demand from industrial applications such as electrical and electronics manufacturing (up by six percent in 2006 to 430 million ounces). Although mining production remained fairly steady (646.1 million ounces in 2006), the supply of scrap silver rose only slightly (to 188 million ounces), largely due to the photographic revolution of the past decade, which has seen traditional techniques almost entirely replaced by digital photography. Somewhat ironically, although this has brought about a reduced demand for silver, it has also greatly reduced the supply of scrap, since the Silver Institute estimates fully 60 percent of silver used in photography is returned to the market.

Jewellery accounted for 18.8 percent of all silver demand in 2006, the first year that jewellers used more silver than the photography industry. While the metal was in high demand with manufacturers, however, it was a tougher sell with retail consumers. From 2000 to 2005, the global silver jewellery trade had grown from \$1.4 billion US to \$2.6 billion US. However, 2006 saw a five percent drop that was directly related to the price spike. In Canada, this drop-off in sales has been most strongly felt at the mid- to low end of the price range.

"It's created a little bit more product awareness. People are looking at their silver as being intrinsically worth more, but that has affected the retail selling price points," says Chateau d'Argent president Randall Markus. Based in St. Laurent, Quebec, and with offices and facilities in both Montreal and Bangkok, the company designs and manufactures primarily sterling silver pieces that range from low- to high-end price points. "Your \$25 silver item is just a little lighter than it used to be. Your \$25 items are now selling for closer to \$40," says Markus. "Your optimum silver selling prices continue to be between \$25 and \$30."

In many cases, they can be lower. "Most of my customers are not looking for the high end. For example, the retail cost for earrings is maybe about \$8 up to \$14, the



Gauche silver necklace by Kenzo.

necklace just up to \$19 and the pendant probably about \$8 to \$15. Compared to three years or five years ago, the trend is more on the lower side," says P.K. Kim, managing director of Toronto importer Johnston Silvercraft Trading.

"Definitely it's having a big drop, because people don't understand that the price of metal goes up. They are not wanting to pay the price that they would pay for platinum," says Victoria Molina, owner of Toronto importer and manufacturer Silver S.A. "The market is still

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going, because it's a fashionable item and the impact on the higher end is not as striking. That's why I manufacture; I make special pieces because [customers] will not buy the common pieces for the price."

But despite the low-end lull, silver continues to hold a strong place in certain niches of the retail jewellery market. After all, it may be selling high these days, but it's still much less costly than other precious metals (at the time of writing, the world spot price of silver was about \$12 per ounce, compared to gold at about \$650 and platinum topping \$1,230).

The price of other metals gives silver an advantage with customers seeking current fashions at modest prices. It can simulate the look of more costly pieces for trend-conscious customers, who may not plan to wear a piece for more than a few seasons. And its capacity for being worked into delicate, intricate and textured pieces is always attractive to designers of original and custom jewellery up to the highest price points.

"What is interesting is the fact that you follow a lot of the trends with white gold and platinum in silver," says Markus. "And branding has become very important in sterling. You don't really have a sterling silver brand per se, apart from the looks like Tiffany and David Yurman, but the department stores have really gone a long way to brand their own lines of sterling, like Expression at The Bay and Pure Expressions at Wal-Mart."

"When it comes to high-fashion, designer-line jewellery, the rising price does not affect the price of the sales; it's like a designer dress," reports Yvette Krochmalnik, president of Silver Gate Incorporated in Thornhill, Ontario. Krochmalnik shares the family business, which imports and distributes high-end sterling silver fashion jewellery, with her daughter Naomi Trainer.

One of the hottest items these days is the heavy cuff, and the big-and-bold look is popular in necklaces and rings as well. "Very bold jewellery is selling even though it's more expensive," says Molina. "Now women are wearing really showy pieces, very long earrings, big rings."

"If somebody likes a larger item or something that has the perception of being more expensive, they're making a decision to buy something that is visible," Markus points out. "The larger items command more of a look and more of a price."

Another popular style is silver in combination with jewels. The desired look is often multi-coloured, with the pink-to-purple range of colours especially in demand. "A lot of people try to accomplish the larger looks by adding the coloured stones: semiprecious, cubic zirconia or crystals. Amethyst has come back big time. Onyx, pink sapphire, muted pink rose quartz and rodochrosite are there, and then you also have turquoise and red coral making a bigger play," says Markus.

"The different finishes and textures are also very

important: roped textures, weaves, diamond cuts and hammered," he adds. "You can segment silver into different aspects: the timeless classic, pure simplicity, your trend pieces, the global aspect. You can satin it; you can darken it; you can use two-tone; there's just so much you can do with the metal."

Silver has also long been associated with commemorative, symbolic and sentimental items, like the classic charm bracelet. These days, charms are popping up in new interpretations for many quite distinct segments of the market, from young urban rebels to affluent older customers.

"Charms are growing. Since last year, we've seen something that we haven't seen before: charms on necklaces, the collar," says Krochmalnik. "It's not necessarily the young thing; it could be the mature woman. We've seen charm bracelets for so many years, but for necklaces it's become a fashion trend." Some of these pieces are personalized, and may be made of mix-and-match components, like collections of individually crafted silver beads. "You see more in the market like the different types of beads to make up a bracelet; that's popular."

"What you're seeing is not only the necklace with one charm; it's multiples hanging from the same jump ring," says Markus. "You might have a key, a cross, a heart and a horn of plenty all hanging from the same jump ring as a multiple. It's for the trend-conscious consumer who follows what the celebrities are wearing and what people are advertising. 'Amulet' is really more the term than 'charm', by the way. You talk about things like the evil eye pendant, or the faith, hope and charity symbols. They're making more of a statement with multiples."

Markus enumerates other themes and niches within the charm market, including ethnic items like Greek keys, and Gothic influences like skulls and snakes, which, he says, "[are] not only for the young market, because it's been



Paris Chic sterling silver necklace by GL Paris.

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made into fashion. You'll find your 40-, 50-year-old fashion-conscious woman wanting to get onto the fashion bandwagon with a skull and crossbones on a pendant because it's everywhere."

Another popular item is a personalized necklace made with initials. "But they're multiples instead of one initial hanging from a chain, and they're not necessarily wearing their own initials: they're wearing their boyfriend's or girlfriend's initials, or their children," he says.

In other cases, fixed charms may be arranged in theme groups by the designers. Krochmalnik mentions "a lot of shells, or apples, acorns and walnuts dangling on a necklace. Our number-one line is called Bat Ami from Israel. It's an electroform technique; it's bold, modern, unique and it's very, very popular. People love it. So it's quite interesting. The charm trend has changed; it's not necessarily sentimental, it's like a fashion."

For instance, she says, the pretty little understated heart is on the way out. "We went through the Tiffany-style heart on the chain. It's a classic, so it's still there, but it's not as strong as it was. Now the hearts are more intricate. We're going to be showing from a designer line called Gabrielle Bruni a large heart, but it's a locket as well. It's an elegant, sentimental, sophisticated, beautiful item to wear. It's gold and silver, so you can wear it with a black suit."

The charm trend isn't evident in all quarters. "Charms are down," reports Molina. "I did thousands of charms at one point; I find that they have really slowed. The conventional, traditional jewellery – they don't sell for me, and I used to do a lot."

Nonetheless, don't discount the old-fashioned silver charm bracelet, which begins as a starter chain to which symbolic charms are added over many years to commemorate important events. The "Echo Boom" generation, whose members are now between the ages of 12 and 27, show a distinct tendency towards traditionalism, a finely-tuned sense of period style and an affinity with mid-20th-century icons from Audrey Hepburn to "Rat Fink" creator Ed "Big Daddy" Roth. It may well be this demographic that's snapping up the mix-and-match sterling silver collection known as Thomas Sabo Charm Club, retailed through European Jewellers and numerous other shops and kiosks across Canada.

Charm Club pieces are so traditional that they're almost camp. They may be plain, enamelled or jewelled, and they zero in on iconic items like lipsticks, Eiffel Towers, stiletto pumps, horseshoes, sunglasses and handbags, with just a few naughtier and more contemporary touches (handcuffs, VIP tags) that emphasize the fine line between homage and parody.

"Thomas Sabo seems to be right in what the trends will be," says Philippe Hazan, sales director and finance for J. Ifrah Ltd. of Montreal, which imports the Thomas Sabo line. "In 2006, Sabo triggered this enthusiasm again. They definitely put a lot of brightness into their line with the charm collection. They introduced the unisex line this year, and we've had tremendous success. They went a bit rock-and-roll this year with jewelled skull heads. He also comes up with charity charms every year. They really attract the attention of a lot of different people."

So the silver market may be facing its price-related challenges, but the mood in the industry is generally optimistic. "The Canadian market has changed a lot. The fashion is much, much better than it was," says Krochmalnik. "A woman is not going to look for a little charm bracelet; it's much better than that. At one point, silver was not popular, but when it comes to fashion, I think it's going to just escalate, because people want it as much as or more than gold."

"The different shapes and different cuts of semiprecious stones and cubic zirconia are what's making silver exciting," says Markus. "The suppliers who are cutting and designing



Moonstruck bangles
by Hot Diamonds.

the stones are giving the jewellery designer more to work with, because there are more cuts available than there ever were. There are more shapes that were not available even five years ago, and coloured enamel is very important also, because you're able to use vibrantly coloured enamel paints and gemstones in combination. That's making it fun. It's not like it used to be. It's a lot more fun today." [CJ]