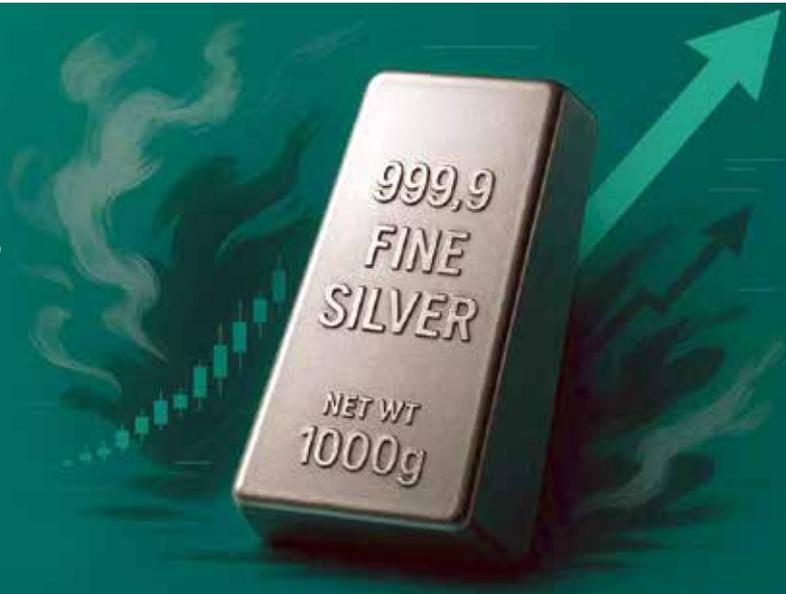


# SILVER IN TRANSITION: SUPPLY DEFICITS, INDUSTRIAL DEMAND AND A NEW PRICE REGIME



**The recent silver webinar captured a rare moment in the market: a once-in-a-generation price rally colliding with a structural shift in how the world uses and values silver. The discussion brought together fundamental, technical, industrial and regional perspectives, and the common thread was clear: silver has moved from being a secondary precious metal to a strategic asset at the heart of clean energy, electronics and investment portfolios.**

## Silver's new role in a changing world

Speakers agreed that the explosive rise in silver prices in 2025–26 is not a random spike but the result of overlapping structural and tactical forces. Geopolitical tensions, supply chain vulnerabilities and multi-year supply deficits have combined with central bank easing and strong gold prices to pull silver into the core of the safe-haven and diversification trade. At the same time, the metal's industrial importance has surged, making silver critical to the green and digital transitions – especially in solar, EVs, data centres and advanced electronics.

## Fundamentals: deficits, industry and policy shocks

From a fundamental standpoint, silver has been in a structural deficit for five to six consecutive years, with annual shortfalls of roughly 150–200 million ounces as demand consistently outstrips mine and scrap supply. Industrial demand, led by clean energy, is the largest incremental driver: solar, EVs, power grids, electronics and defence together have tightened the market, while solar alone is now estimated to consume around 4,700–5,000 tonnes per year, roughly 10–15% of global silver demand. Policy also matters: the US adding silver to its critical minerals list and Chinese changes to export licensing (widely misread as an export “ban”) have amplified perceptions of scarcity and helped fuel the sharp price acceleration since November 2025.

## Technical picture: a powerful but fragile rally

On the technical side, the long-term charts were interpreted through an Elliott Wave lens, with silver seen as having completed a major base near 4 dollars in 2002, rallying to around 50 dollars by 2011–12, then correcting to about 11.6 dollars in 2020 – a deep retracement viewed as the end of wave 2. In the current cycle, the market is believed to be in a long-term wave 3, with a minor wave 3 topping somewhere in the 94–103 dollar zone before a corrective phase towards 66–58 dollars offers a fresh long-term buying opportunity. If this structure holds, longer-term upside targets in the 196–242 dollar region over the next two to three years were highlighted, with the caveat that a failure to exceed roughly 105 dollars in the near term would make a sizeable correction more likely.

## Liquidity, inventories and investor behaviour

An important theme was that the current tightness is as much about liquidity and metal positioning as about headline deficits. Inventories at major exchanges and warehouses have been drawn down significantly in recent years, with notable declines in COMEX, LME and Shanghai stocks, even as a large share of global silver is now sequestered in ETPs and ETFs and cannot be readily mobilised. This has left a much smaller pool of “free” metal available to meet surging investment and industrial demand, creating a liquidity squeeze in key hubs and heightening sensitivity to policy rumours and shipping flows between London, New York and Asia.

## Industrial users: demand intact, cash flows strained

Industrial participants reported that end-use demand has not yet cracked despite the doubling of prices in a matter of months. EV and data centre applications continue to grow, and Indian manufacturers supplying silver contacts and components to both domestic and overseas clients are still seeing steady or rising offtake.

The real stress is financial: inventories that were carried at much lower prices now require two to three times the working capital, while receivables still reflect pre-rally contract prices, creating a significant strain on cash flows and forcing many industrial users to lean harder on recycled silver to partially offset costs.

## Regional markets and premiums

Regionally, the picture is nuanced. In India, participants noted that, after an earlier phase of very high physical premiums – at times 25,000–30,000 rupees per kilo around Diwali 2025 – the domestic market has recently flipped to a discount of roughly 8,000–10,000 rupees per kilo, or about 3%, relative to the exchange price, reflecting the latest balance of local demand and availability. In the UAE, Dubai refiners are seeing strong flows of large bars for conversion into kilo bars, with GCC retail and investment demand buoyant and spot physical premiums typically in the range of about 1–3 dollars per ounce when buying urgency is high. Globally, volumes and premiums are highly sensitive to the timing of shipments, perceived policy risks and the interplay between paper and physical markets in each centre.

## Scrap, jewellery and consumer demand

Despite “astronomical” prices, India has not yet seen the runaway scrap wave many expected; scrap flows are elevated but far below what models suggested would occur at 1.5–3 lakh rupees per kilo. Households are indeed bringing in broken jewellery and old silverware, but many still prefer to hold in anticipation of further price gains, particularly as the 2025–26 rally has been both rapid and psychologically difficult to process. On the consumer side, domestic demand for articles and traditional silverware has softened, yet silver jewellery is seeing a clear shift in favour as high gold prices push more wedding and fashion buyers towards high-design silver pieces that mimic the look of gold at a fraction of the outlay.



## What different speakers contributed

Different speakers brought distinct lenses that together framed a comprehensive view of the market.

### **Dr Renisha Chainani, Augmont**

Provided the core fundamental narrative: multi-year deficits, the rising strategic role of silver, the dominance of industrial demand (especially solar, EVs, data centres), inventory drawdowns at major exchanges, and the impact of monetary easing and safe-haven flows alongside gold. She also detailed recent policy moves by the US and China and their role in the late-2025 price surge, and later clarified that Chinese actions were licensing adjustments rather than an outright export ban.

### **Mr Adarsh Diwe, Metals Focus**

Focused on liquidity and structure, explaining how metal has been relocated into US CME vaults amid concerns over potential US tariffs, how ETF and ETP holdings have locked up large volumes in London, and how these shifts have squeezed the pool of metal available for immediate physical trade. He also updated the group on scrap dynamics, Chinese licensing rules and the range of Indian market discounts and premiums through 2025.

### **Mr Rajeev Darji, Phillip Capital India Pvt Ltd**

Delivered the technical roadmap, using Elliott Wave analysis to frame the long-term bull market in silver, identify potential tops and corrections and outline strategic price zones for both risk of pullbacks and long-run upside objectives.

### **Mr Michael DiRenzo, Silver Institute**

Offered a US and global industry perspective, noting robust retail bar and coin demand even at high prices, bottlenecks in US refining and minting capacity, and long-term reliability requirements in solar that favour silver over substitutes like copper. He also highlighted ongoing attempts to thrift silver in PV manufacturing and mentioned new investment in US smelting capacity to ease fabrication bottlenecks.

### **Mr Mohammed Ayoob, Sam Precious metals**

Speaking from Dubai, described the physical hub reality in the GCC, where Dubai acts as a regional conduit for kilo bars, refineries are heavily utilised and investment demand from Saudi Arabia, Kuwait, Qatar, Oman and the UAE has risen markedly, with local premiums adjusting dynamically to immediate demand.

### **Mr Kishore Choksi, Ravindra Heraeus Pvt Ltd**

Brought in the manufacturing perspective, confirming strong silver demand from EV and data centre clients in India and abroad while stressing the financing stress created by the sudden increase in inventory values and the growing importance of LBMA-standard recycled silver to manage costs.

### **Mr Rahul Mehta, Silver emporium**

From the jewellery side, highlighted consumer and export trends: shrinking domestic volumes in articles and silverware, but strong growth in silver jewellery demand – especially for destination weddings – and serious challenges in exports to the US due to high tariffs that have left many completed shipments uncollected despite orders and payments.

Additional contributions from participants enriched the discussion with quantitative context on solar and data-centre silver usage, estimates of silver per megawatt and per EV, and comments on declining grades at silver and base-metal mines and the scarcity of new, flexible primary silver supply.

