Silver Outlook to Q3 2027: Gold-led recovery, industrial constraints

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Key Takeaways

- We expect silver to recover towards US$70/oz by Q3 2027, primarily supported by higher gold prices.
- Easing bond yields and a softer US dollar should support precious metals, although industrial weakness may constrain silver's upside.
- Weaker solar demand, thrifting and substitution weigh on industrial consumption, partly offset by automotive electrification and AI infrastructure investment.
- Easing regional inventory distortions reduce physical tightness, but renewed US tariff concerns could disrupt metal flows again.

Silver has consolidated further since our last outlook and continues to underperform both gold and industrial metals. The record high above US$121/oz reached on 29 January 2026 now looks distant, with prices trading at less than half that level. We expect a recovery in gold prices to lift silver over our forecast horizon. However, a challenging industrial backdrop is likely to limit the extent of that recovery.

Structural demand meets near-term headwinds

Higher interest rates and elevated energy prices leave limited scope for a strong cyclical recovery in industrial silver demand. Structural demand drivers remain in place, but their contribution must be weighed against efforts to reduce silver use.

Metals Focus expects industrial silver demand to fall a further 3% to approximately 640 million ounces (Moz) in 2026. Economic uncertainty surrounding trade policy and geopolitical tensions is weighing on activity, while the sharp rise in silver prices earlier this year has accelerated thrifting and substitution. Industrial users are seeking to reduce the amount of silver used per application or replace it where technically and economically feasible.

Solar: deployment and silver demand diverge

Global solar installations face a weaker year in 2026, with BloombergNEF forecasting their first annual decline in around two decades. Growth in emerging markets, including India, the Middle East and

Southeast Asia, is expected to provide some support, but may be insufficient to offset the slowdown in China.

Chinese installations were brought forward in 2025 as developers sought to commission projects before changes to renewable electricity pricing took effect. That has left a demanding comparison for 2026 and contributed to weaker installation activity.

Nevertheless, domestic installations alone do not determine silver consumption by China's solar manufacturers, which also supply export markets. Demand depends on global cell production and the amount of silver used per cell.
We expect efforts to strengthen energy security and diversify energy supplies to support solar deployment over time. However, continued reductions in silver loadings mean that growth in solar capacity will not necessarily translate into equivalent growth in silver demand.

Gold remains the principal price driver

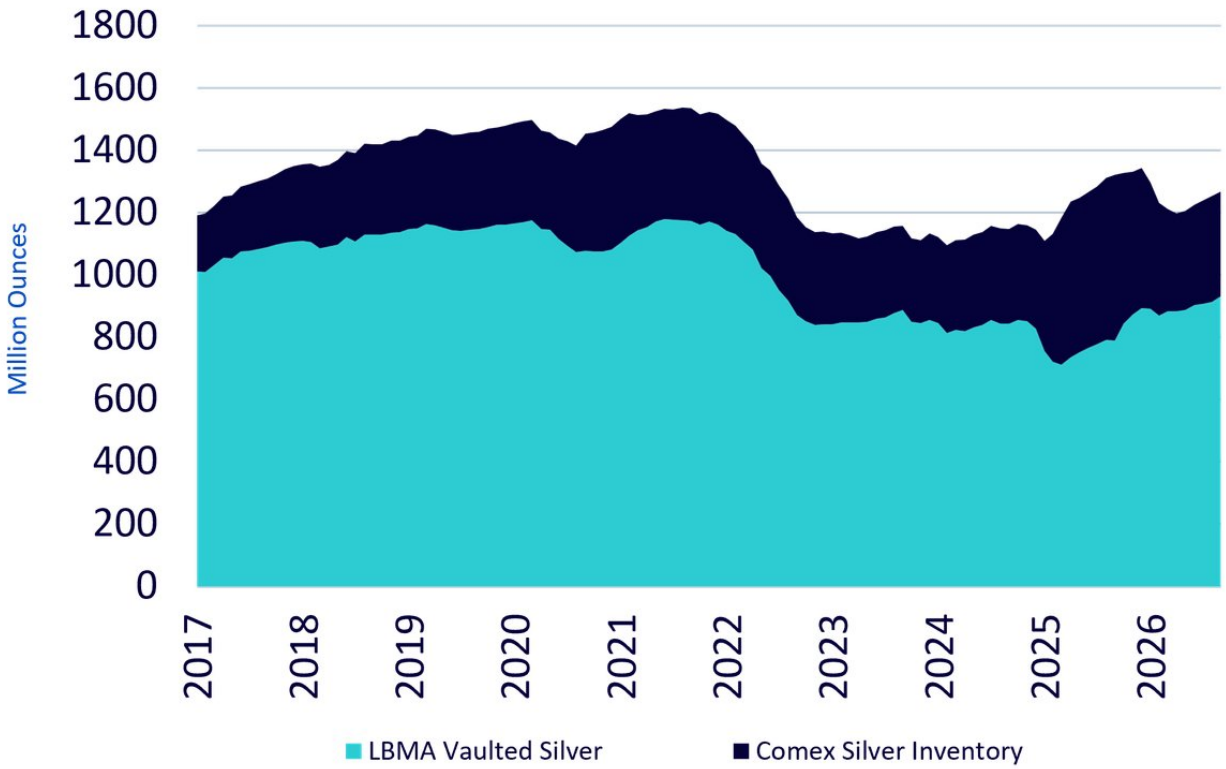
Our silver outlook remains closely linked to our expectations for gold. Both metals have corrected substantially, unwinding much of their earlier rally. Higher bond yields and a stronger US dollar have weighed on prices, but our outlook assumes that these headwinds ease over the forecast horizon.

Our gold forecast points to prices approaching US$4,800/oz by Q3 2027. We expect that recovery to support silver through its precious metal characteristics and investment demand. However, industrial weakness is likely to temper silver's participation in the rally.

Inventory distortions ease, but tariff risks persist

The easing of immediate tariff concerns has reduced the incentive to retain unusually large silver inventories in the US. COMEX warehouse stocks have declined from their elevated 2025 levels, while silver holdings in London vaults have risen.

Figure 1: LBMA and COMEX Silver Inventory



Source: WisdomTree, London Bullion Markets Association (LBMA), COMEX (A CME Group, US based futures exchange), Bloomberg L.P., January 2017 – September 2026. **Historical performance is not an indication of future performance and any investments may go down in value.**

These developments are consistent with an easing of regional inventory distortions. However, higher headline vault holdings do not necessarily represent an equivalent increase in metal readily available to the market: some holdings back exchange-traded products or belong to investors with little incentive to sell.

Trade-policy uncertainty also remains. Silver was added to the US critical minerals list in November 2025. President Trump's Proclamation 11001, signed on 14 January 2026, directed negotiations on processed critical minerals and their derivative products rather than imposing immediate new tariffs under that action.

Renewed trade tensions, particularly involving major suppliers such as Mexico and Canada, could encourage another wave of shipments into the US ahead of potential restrictions. That could tighten availability elsewhere, even without a change in global inventories.

Indian demand faces policy constraints

India, a major market for silver bars, coins and jewellery, increased import duties on gold and silver from 6% to 15% in May 2026. The measure came amid pressure on the country's import bill, currency and foreign-exchange reserves, compounded by higher energy costs during the Iran conflict.

Lower energy prices and an easing of geopolitical tensions could create room for a future reduction in duties. However, we do not assume such a change in our forecast.

The retreat in international silver prices should improve affordability relative to January's peak, although domestic prices also depend on the rupee and import duties. Gold's historically high price may encourage some substitution towards silver jewellery, providing a partial cushion for demand.

A limited supply response

Global silver mine production rose by 3% year on year to approximately 847Moz in 2025. Higher by-product output from Peru's copper mines and the ramp-up of the Prognoz mine in Russia were important contributors. Gains in Morocco and China also helped offset losses in Mexico and Indonesia.

Metals Focus expects a modest decline in mine production in 2026, with increased recycling likely to offset at least part of the reduction.

Within mine supply, the outlook varies by source. Primary silver production is expected to increase modestly in 2026 and 2027 as new projects offset depletion and declining grades elsewhere. Silver recovered as a by-product of gold mining is also expected to increase, while output from copper operations is forecast to decline.

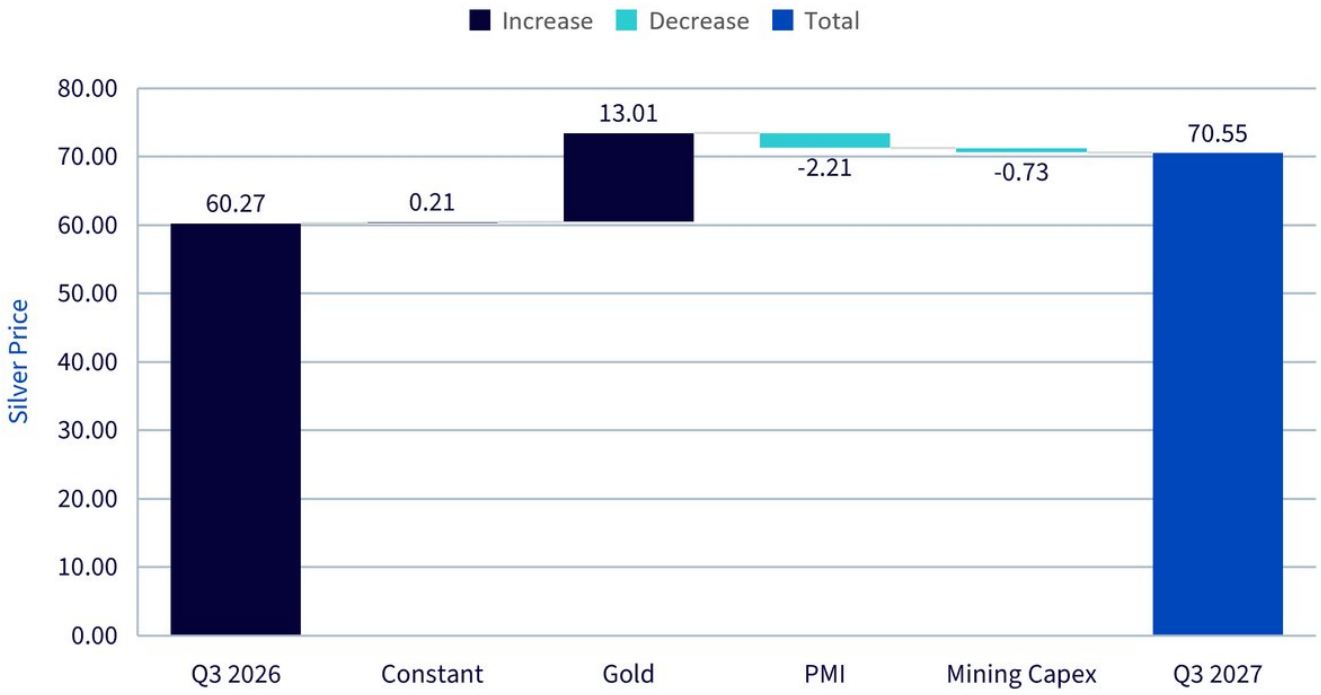
The overall picture is therefore one of limited supply growth. As much of silver production is a by-product of mining other metals, higher silver prices alone cannot generate a rapid increase in output.

A measured recovery towards US$70

Taken together, we expect silver to rise towards US$70/oz by Q3 2027, with our model indicating US$70.55/oz. Higher gold prices are the principal driver, while automotive electrification, charging infra-structure and AI investment provide underlying demand support.

However, weaker solar offtake, continued thrifting and substitution, increased recycling and an easing of regional inventory tightness are likely to constrain the upside.

Figure 2: Forecast attribution



Source: WisdomTree. October 2026. **Forecasts are not an indicator of future performance, and any investments are subject to risks and uncertainties.**

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