Silver outlook to Q4 2026: structural deficits and a gold-driven price path

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Key Takeaways

- Strong momentum: Silver surged 147% in 2025, outperforming gold and restoring the gold-to-silver ratio to its long-term average. A forecast of $88/oz in Q4 2026 will drive the gold-to-silver ratio fractionally lower.
- Persistent supply deficits: Multiple years of deficits are expected to continue into 2026, with limited scope for higher mine output given silver's by-product nature.
- Industrial demand supportive but price-sensitive: An improving macro backdrop should lift demand, though higher prices are accelerating thrifting, particularly in photovoltaics.
- Gold-led upside remains key: With gold expected to rise further, silver's leveraged relationship to gold underpins a forecast of higher prices by Q4 2026.

Silver has just had its best year since 1979, rising 147% in 2025. Initially led by the rapid gains in gold (which also had its best year since 1979, rising 65%), silver significantly outperformed its sister metal. The gold-to-silver ratio (Figure 1) fell from over 100 in June 2025 to under 60 by the end of the year as silver prices gained momentum. The gold-to-silver ratio has now returned to its long-term average since 1990.

It is worth noting that the monthly silver–gold beta did not rise in 2025. In fact, it fell to 0.9 from a long-run average of 1.4. However, a single year is a short period, particularly when analysing monthly data.

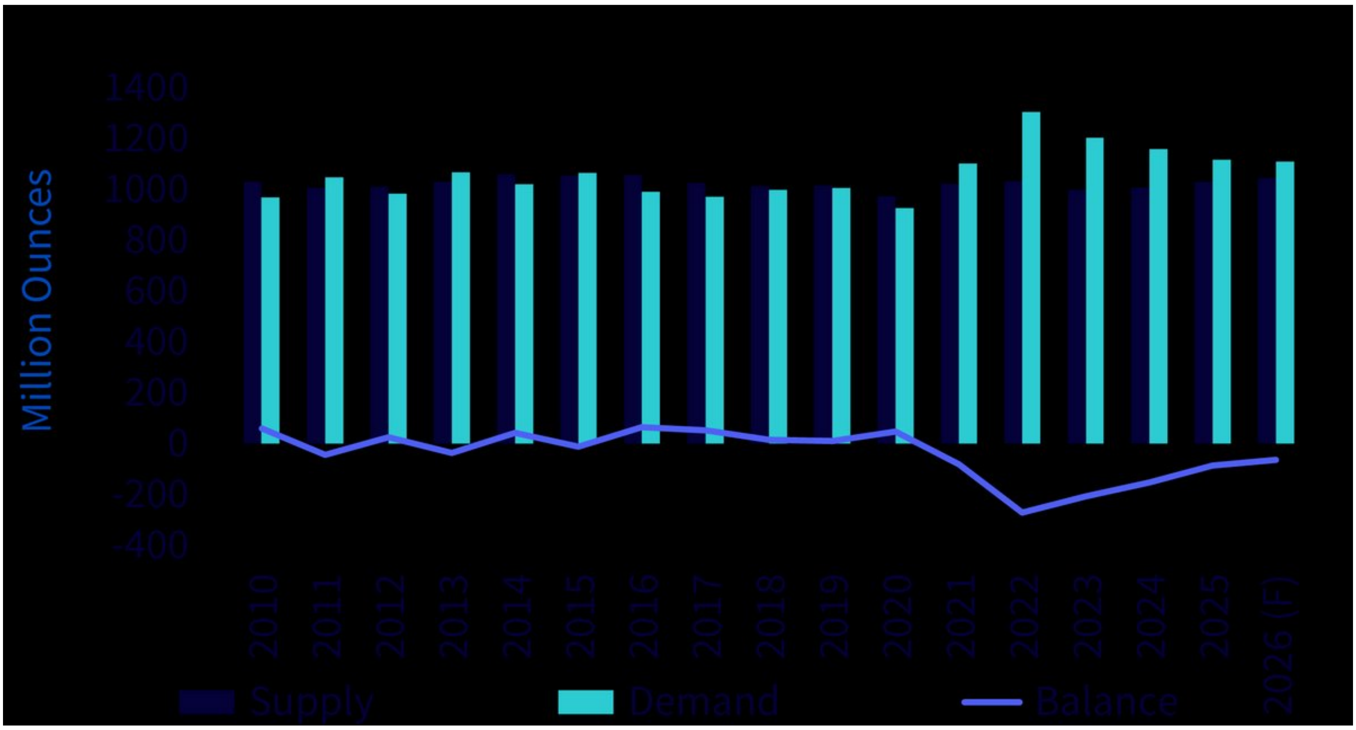
Figure 1: Gold to silver ratio

Source: WisdomTree, Bloomberg. June 1990 to December 2025. sd= standard deviation. **Historical performance is not an indication of future performance and any investments may go down in value.**

Metal in deficit

Silver has experienced multiple consecutive years of supply deficits (Figure 2), leaving supplies of the metal tight. We expect another year of supply deficits in 2026.

Figure 2: Silver market balance



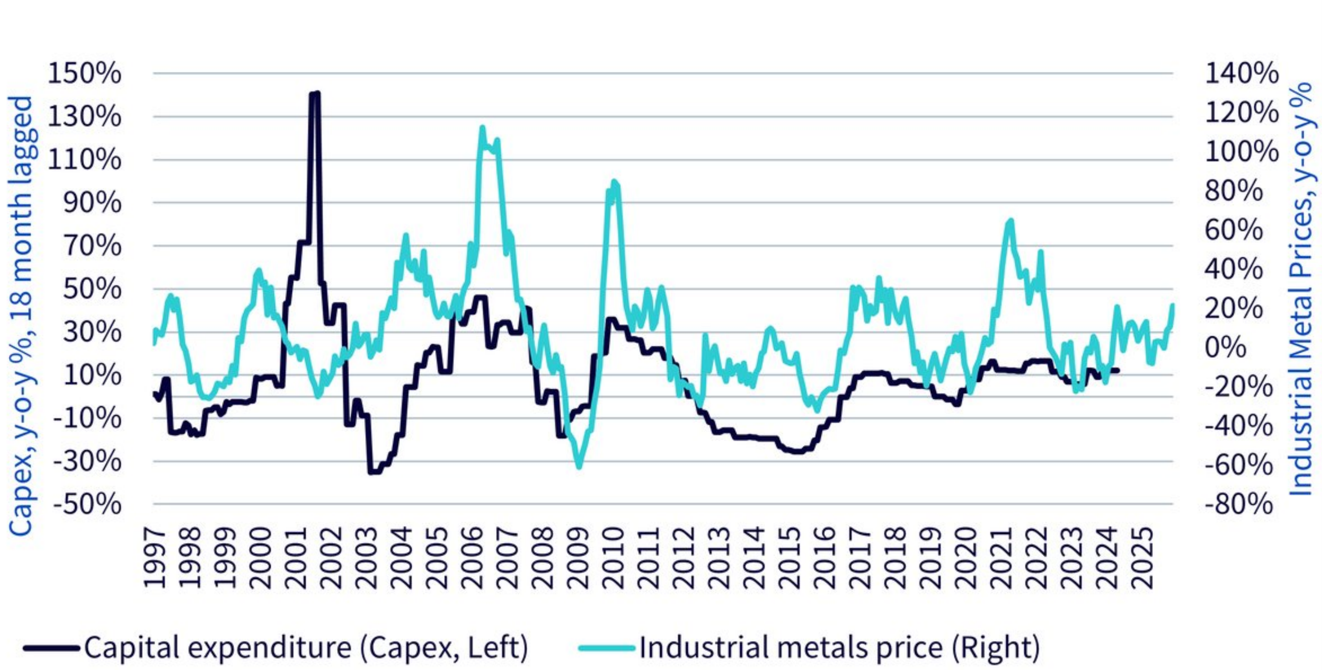
Source: Metals Focus, WisdomTree. 2025. (F) = Forecasts. **Forecasts are not an indicator of future performance and any investments are subject to risks and uncertainties.**

Only a moderate increase in mining supply expected

Despite the sharp rise in prices, miners are unlikely to produce more silver in a meaningful way. This is largely because most silver (more than 75%) is produced as a by-product of mining for other metals.

We observe a lagged relationship between mining capital expenditure and industrial metal prices (Figure 3). Capital expenditure has therefore not yet responded to the recent improvement in industrial metal prices. In copper markets, production disruptions at the El Teniente, Grasberg and Constancia operations are likely to constrain silver by-product output. Meanwhile, the Indonesian government is discussing supply constraints on nickel production and the Democratic Republic of Congo is restricting cobalt production and exports, both of which also have implications for silver by-product supply.

Figure 3: Mining capital expenditure and industrial metal prices

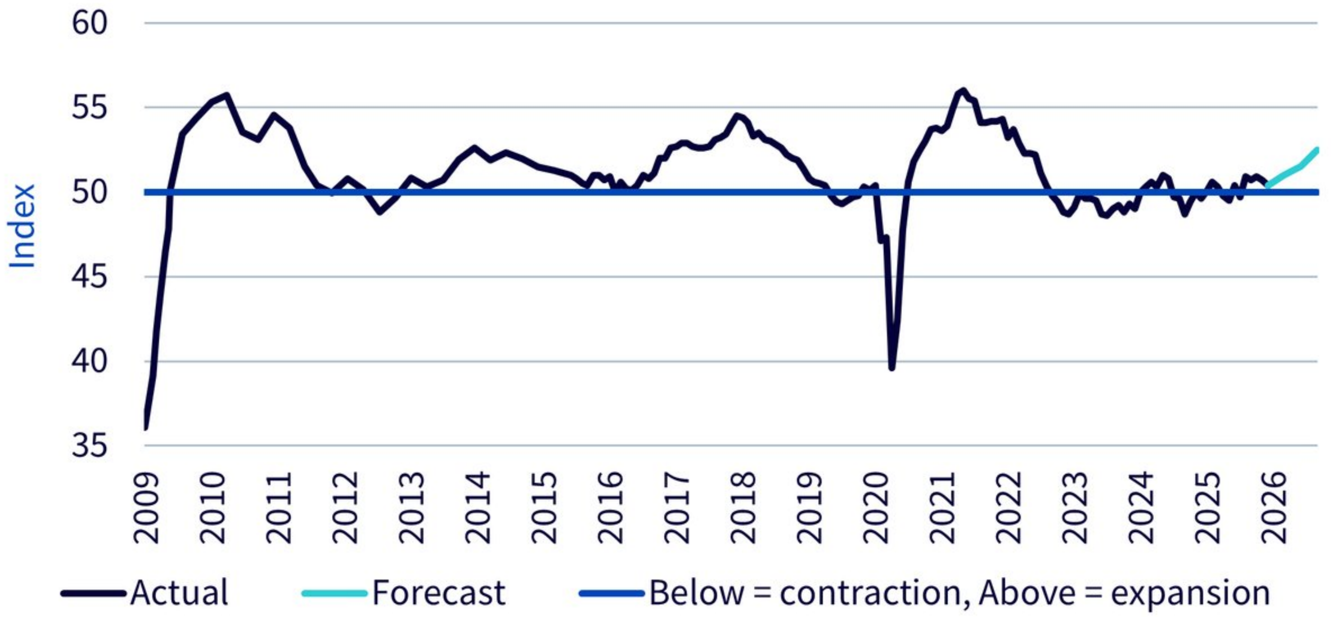


Source: WisdomTree, Bloomberg, February 1996 to December 2025. **Historical performance is not an indication of future performance and any investments may go down in value.**

Industrial demand to rise, but capped by price gains

We expect a pickup in industrial activity in 2026, despite the moderating Purchasing Managers' Index (PMI) readings seen in recent months (Figure 4). As interest rate cuts spur economic activity, we expect PMIs to rise, which should be supportive of silver demand.

Figure 4: Global Manufacturing Purchasing Managers Index

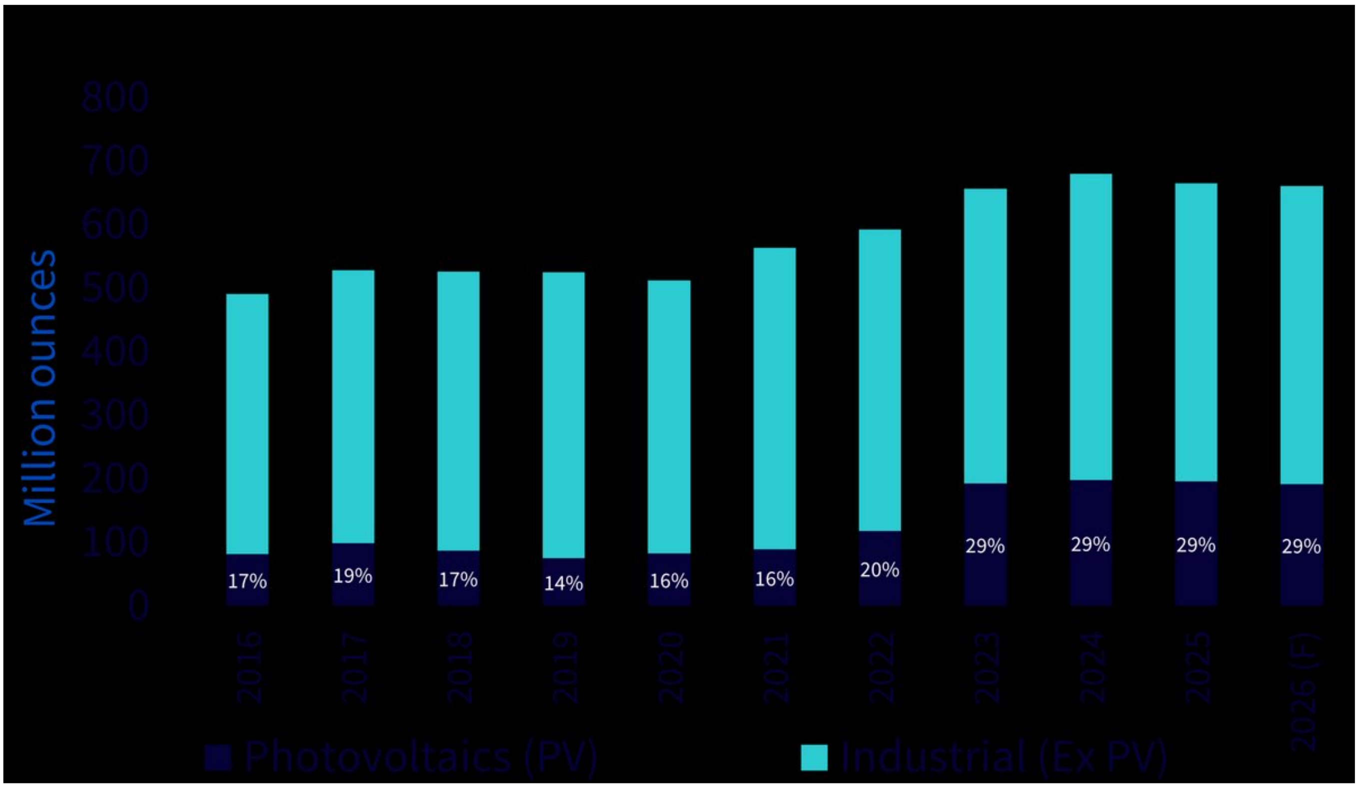


Source: WisdomTree, Bloomberg, S&P Global, Historic: May 2009 to December 2025. **Forecasts: January 2026 to December 2026. Forecasts are not an indicator of future performance and any investments are subject to risks and uncertainties.**

However, following the rapid rise in prices, some degree of silver thrifting is likely. We expect sustained growth in solar installations, but reductions in silver loading may have a net negative impact on silver demand in photovoltaic (PV) applications.

Silver demand in photovoltaics reached a record high in 2024, at just under 200 million ounces (Figure 5). It likely slipped from that peak in 2025 to around 196 million ounces and could decline further in 2026, to approximately 191 million ounces, as technological shifts support increased thrifting.

Figure 5: Industrial silver demand



Source: Metals Focus, WisdomTree. 2025. (F) = Forecasts. **Forecasts are not an indicator of future performance and any investments are subject to risks and uncertainties.**

Since 2022, manufacturers have increasingly adopted copper-cored silver pastes for heterojunction (HJT) and Tunnel Oxide Passivated Contact (TOPCon) cells. This has reduced silver content from over 50% in 2023 to just 10–15% by mid-2025, without compromising efficiency.

Further silver savings are emerging from:

- Busbar-less (zero-busbar, or 0BB) cell designs, cutting usage by 10–20%.
- Fine-line printing and laser pattern transfer, reducing paste consumption by a further 10–15%.
- Laser Selective Emitter (SE) technology, which improves efficiency while optimising electrode contact.
- Silver-free metallisation using copper or nickel, which is gaining traction in HJT and back-contact cell designs.

Collectively, these developments could reduce silver consumption per watt by 15–20% in 2026, marking a pivotal shift towards more cost-efficient, copper-based PV production.

Tariff clarifications could be imminent

Concerns that the United States would implement tariffs on silver imports drove inventories into the US in 2025, as traders attempted to get ahead of this risk. Figure 6 shows that Commodity Exchange (COMEX) vault inventories rose during the year, while London Bullion Market Association (LBMA) inventories initially declined.

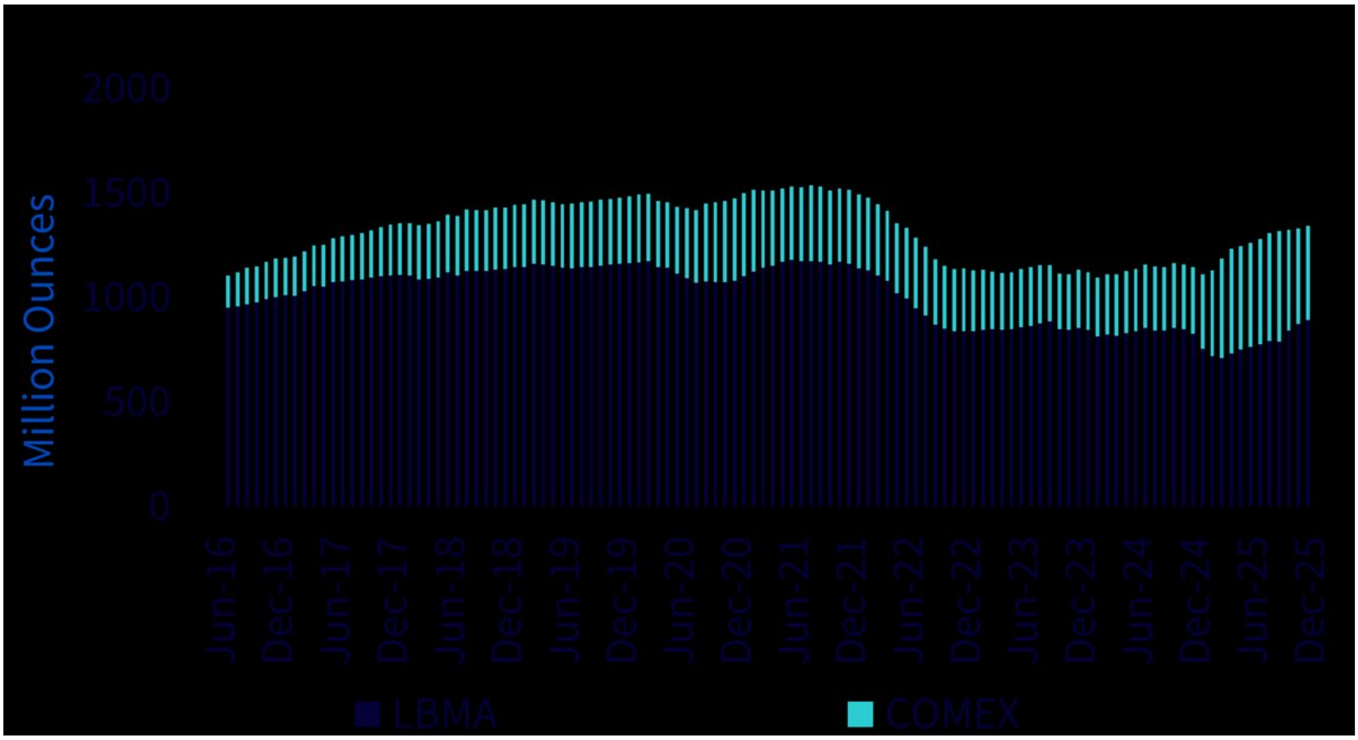
Although LBMA inventories recovered by the end of the year, following sharp price differentials, COMEX inventories remain elevated. This suggests that significant quantities of silver that were previously held outside both LBMA and COMEX vaults have entered COMEX facilities. Additional silver may also have moved into off-exchange vaults within the US.

While no tariffs were applied in 2025, silver's inclusion in the United States Geological Survey's (USGS) list of Critical Minerals for the first time has fuelled speculation that it could be subject to future sectoral tariffs. A Section 232 investigation into processed critical minerals, a broad category that now includes silver, was formally initiated by the US Department of Commerce in April 2025.

The Department of Commerce has up to 270 days from the initiation of the investigation to deliver its final report and recommendations to the President, although no public announcement of delivery has been made. Government shutdowns are likely to have delayed the process. Adding the 90 days the President has to respond to the recommendations, a decision could be imminent.

Our base case is that silver will not be subject to tariffs. As a result, there is some short-term downside risk to prices, but this should be quickly offset by silver's correlation with gold, ultimately allowing silver prices to end the year higher.

Figure 6: Silver inventory



Source: WisdomTree, Bloomberg LBMA. June 2016 – December 2025. **Historical performance is not an indication of future performance, and any investments may go down in value.**

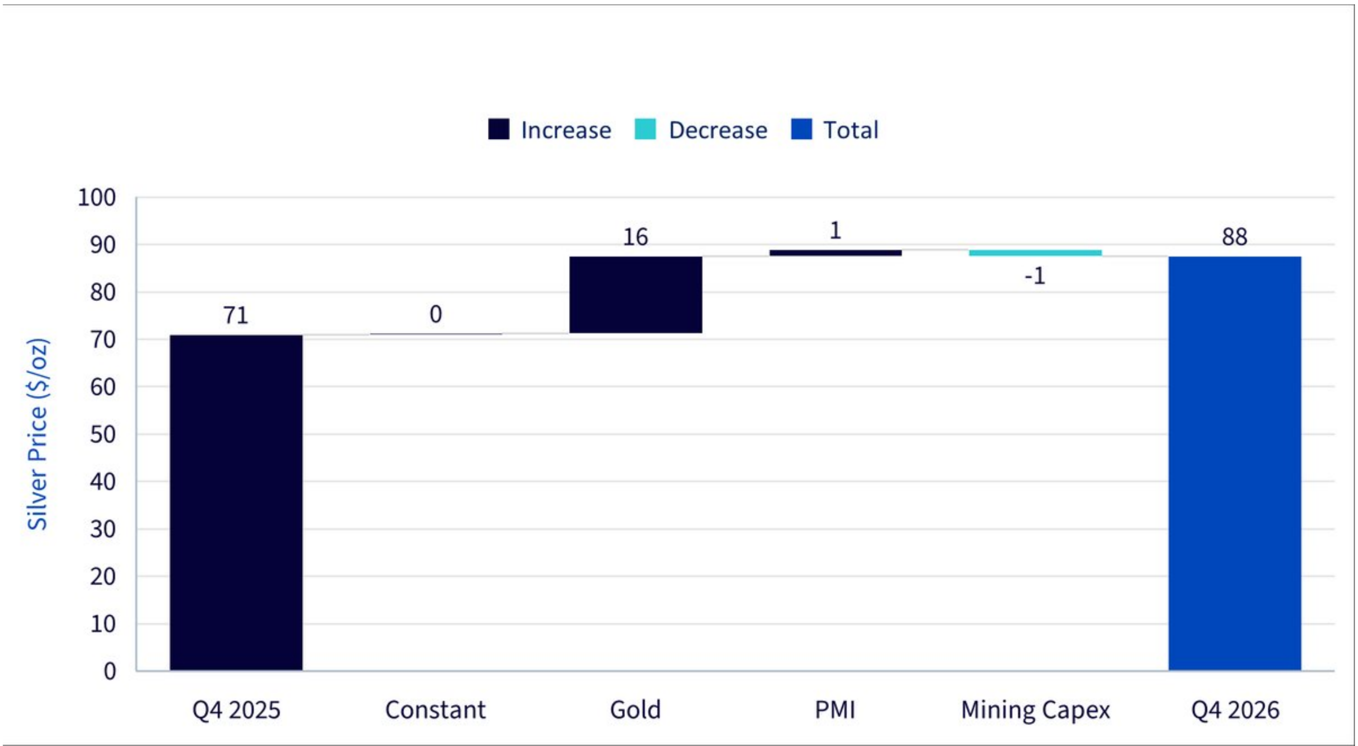
Silver price forecast

Silver typically acts as a leveraged proxy for gold. Our models indicate a beta of 1.4, meaning that if gold prices rise by 1%, silver prices tend to increase by around 1.4%, all else being equal.

As outlined in our recent Gold Outlook, gold prices are expected to reach $5,020 per ounce by Q4 2026 under our consensus scenario. This reflects continued strong sentiment towards the metal amid concerns about fiscal dominance and inflation, which is moderating but remains above Federal Reserve targets.

Using our gold-linked model, we forecast silver prices to rise to $88 per ounce by Q4 2026. Most of the gains in silver prices are driven by their beta to gold. An improving industrial backdrop, which supports demand, may be partially offset by a modest increase in mine supply over this forecast period.

Figure 7: Silver forecast attribution



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

Conclusion

Looking ahead to Q4 2026, silver remains well supported by a combination of tight supply conditions, a constructive macro backdrop, and its strong linkage to gold. While higher prices are likely to encourage further thrifting in industrial applications, particularly in photovoltaics, these efficiency gains are unlikely to fully offset demand growth amid an improving economic environment. With supply constraints persisting and gold expected to continue its upward trajectory, silver prices are well-positioned to move higher over the forecast horizon.

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