Silver Outlook to Q2 2027: room to run, but not to sprint

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Nitesh Shah
Head of Commodities and Macroeconomic Research, WisdomTree Europe

Key Takeaways

- Silver's January exuberance has faded after an unsustainable spike above US$120/oz.
- We expect prices to rise towards US$70/oz, mainly supported by higher gold.
- Industrial thrifting is likely, even with prices around US$60/oz.
- Softer Chinese solar demand and easing inventory tightness should reduce pressure.
- Rising mine supply and a narrowing deficit are likely to limit further upside.

Silver's exuberance in January 2026 is now clearly in the rear-view mirror. After briefly topping US$120/oz on an intraday basis, the metal has corrected to around US$60/oz at the time of writing (July 2026). The January peak was unlikely to prove sustainable. Had prices remained at those levels, they would almost certainly have accelerated industrial demand destruction. Even at US$60/oz, a level still around 70% higher than a year ago, some degree of industrial thrifting is likely.

Solar demand question

One important area to watch is solar demand. Chinese solar installations were front-loaded in 2025, as households sought to get ahead of changes to electricity tariffs. As a result, silver demand from China's solar sector is likely to be lower this year. However, this may be partly offset by stronger solar demand elsewhere, as policy efforts to diversify away from hydrocarbons intensify in the shadow of the Iran war.

Linked to gold

Once again, our silver outlook remains closely tied to our outlook for gold. Both metals have corrected, removing some of the froth that had built up earlier in the year. From here, we expect a broadly supportive macro environment to assist precious metals, with silver benefiting from the same forces that support gold, albeit with greater volatility. As our Q2 2027 gold outlook indicates, there is potential for moderate upside to gold to over $4,560/oz.

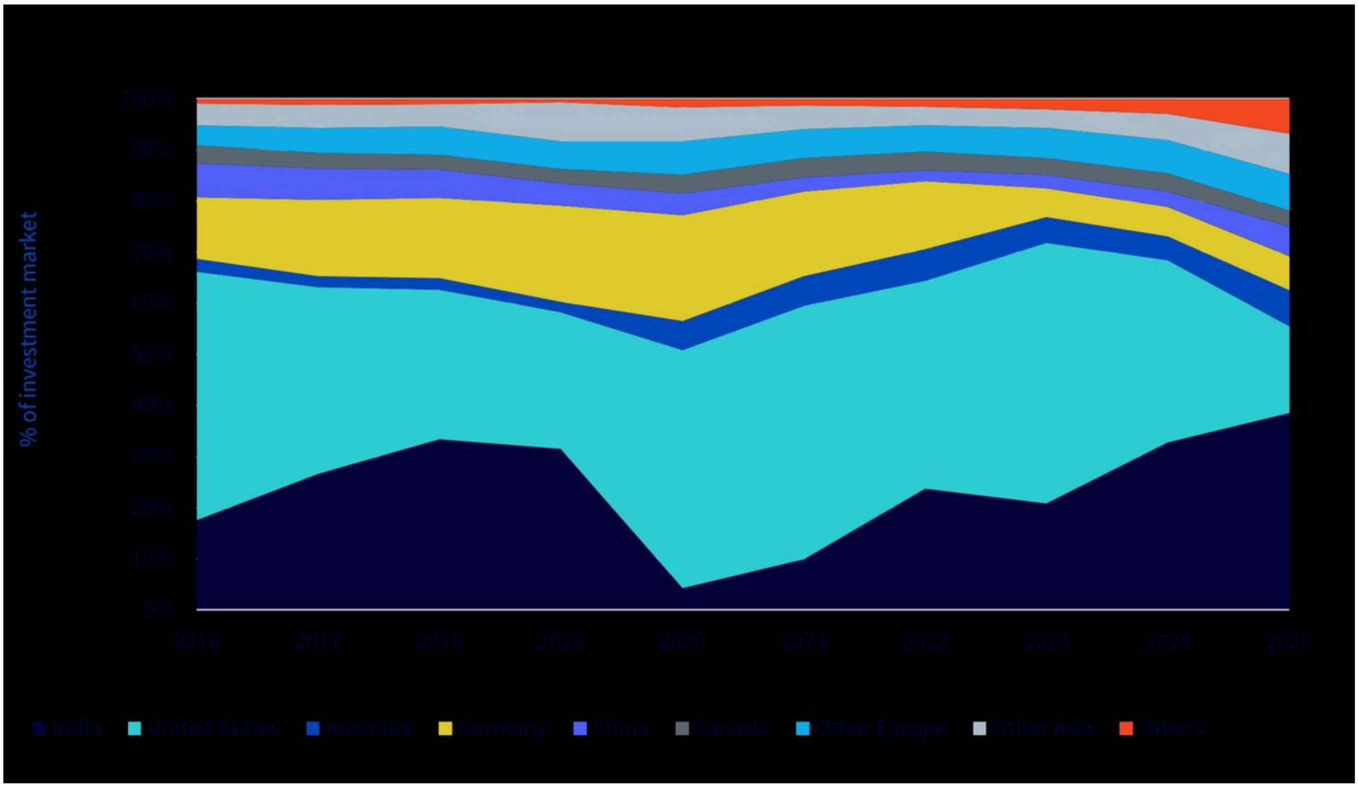
Inventory distortions could ease

On the physical side, the absence of further tariff announcements should allow some of the inventory trapped in the US to gradually move elsewhere, easing the tightness seen earlier in the year. While silver remains in a supply deficit, the scale of that deficit appears to be narrowing, and we do not anticipate excessive tightening from current levels.

Indian policy designed to curb demand but could ease

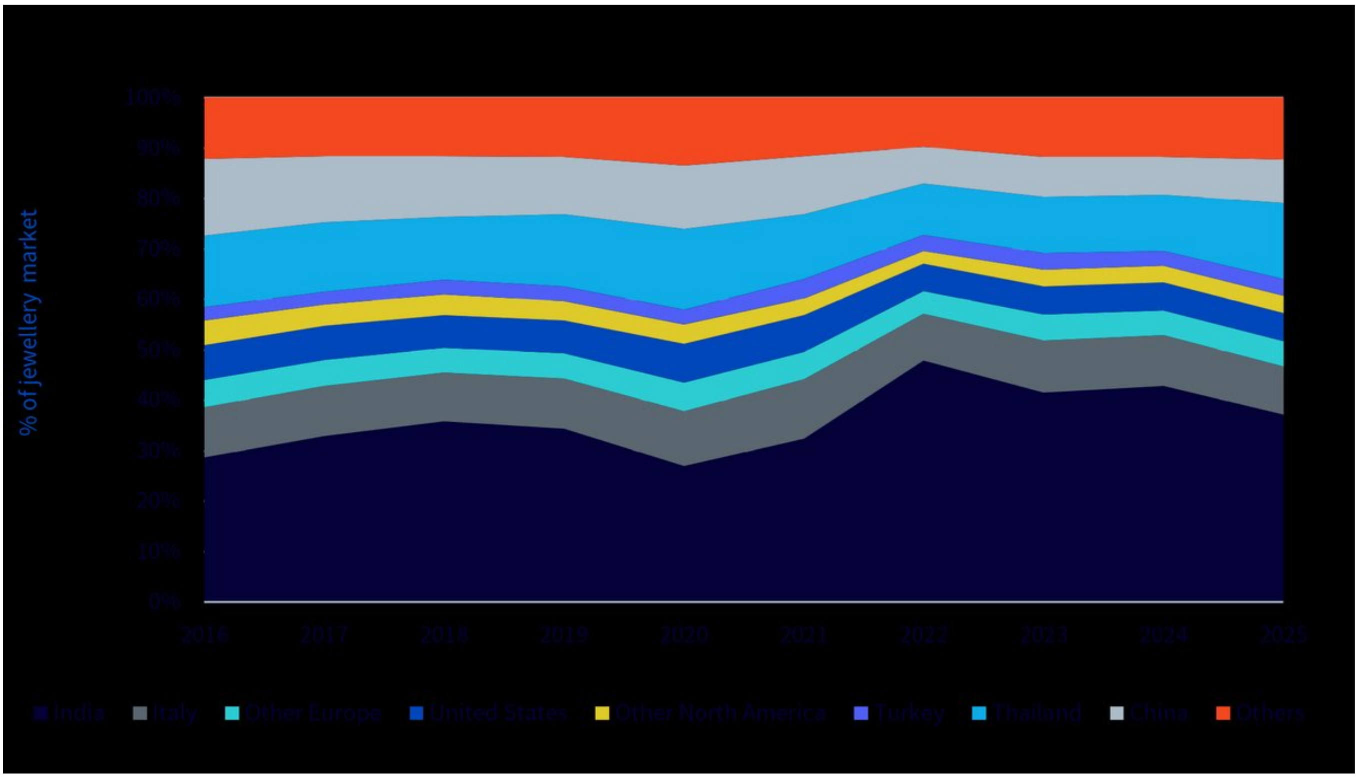
India, the world's most significant silver coin, small bar and jewellery market (see charts below), has raised import levies on silver from 6% to 15% in May 2026. Precious metal imports have placed pressure on the country's trade balance, and this has been compounded by an elevated energy import bill during the Iran war. Together, these factors prompted the government to act decisively. An easing of tensions in Iran and a fall in energy prices could eventually open the door to lower silver import duties, but no such announcement has yet been made. We therefore do not incorporate such a change into our outlook.

Figure 1: Silver coin and bar investments



Source: WisdomTree. Metals Focus. **Historical performance is not an indication of future performance, and any investments may go down in value.**

Figure 2: Silver jewellery fabrication



Source: WisdomTree. Metals Focus. **Historical performance is not an indication of future performance, and any investments may go down in value.**

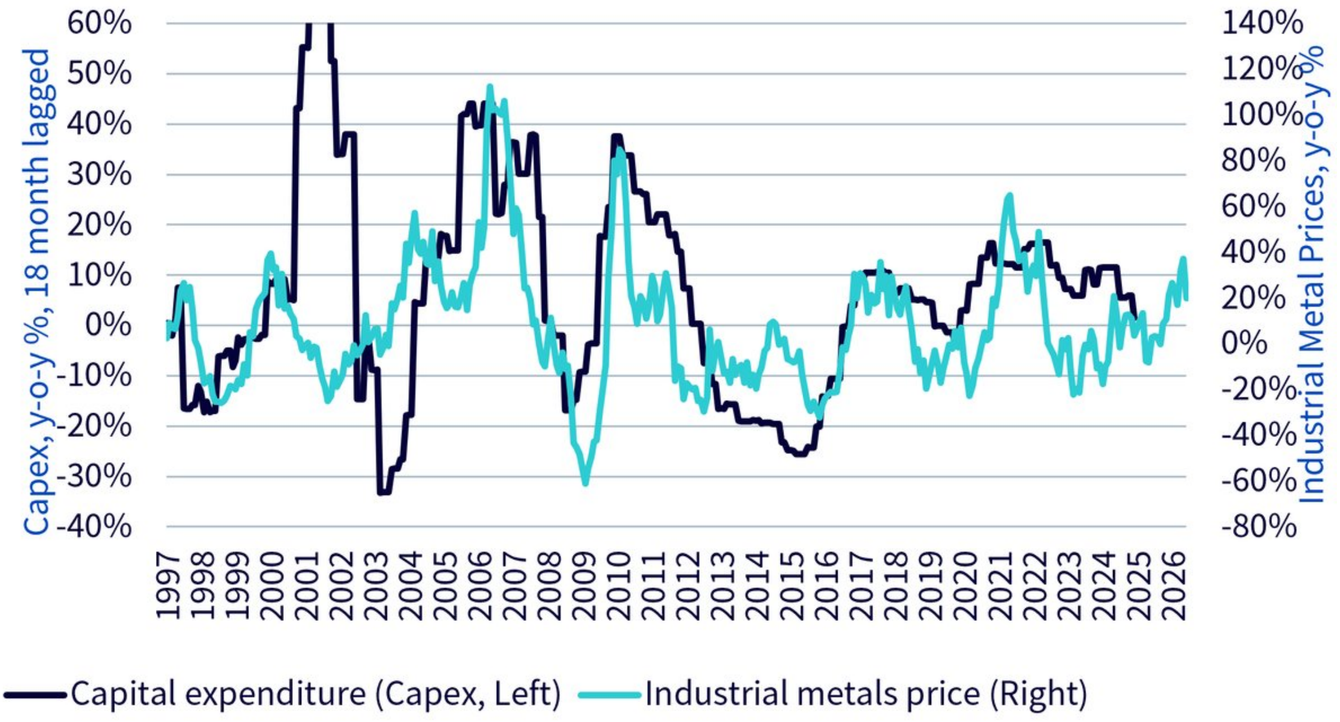
Not a large lift from cyclical demand

From a cyclical perspective, we remain in the later phases of the economic cycle. Manufacturing activity is expanding, but we do not expect a sizeable increase in manufacturing Purchasing Managers' Indices, which are already above the 50 threshold. This limits the scope for a major upside surprise from industrial demand.

A moderate increase in mine supply

On supply, we believe mine production is linked to capital expenditure, albeit with a lag. Higher capex should eventually translate into more material coming out of the ground. On this basis, we expect some growth in silver supply, which should help narrow the supply deficit and limit the upside in prices.

Figure 3: Mining capital expenditure and industrial metal prices



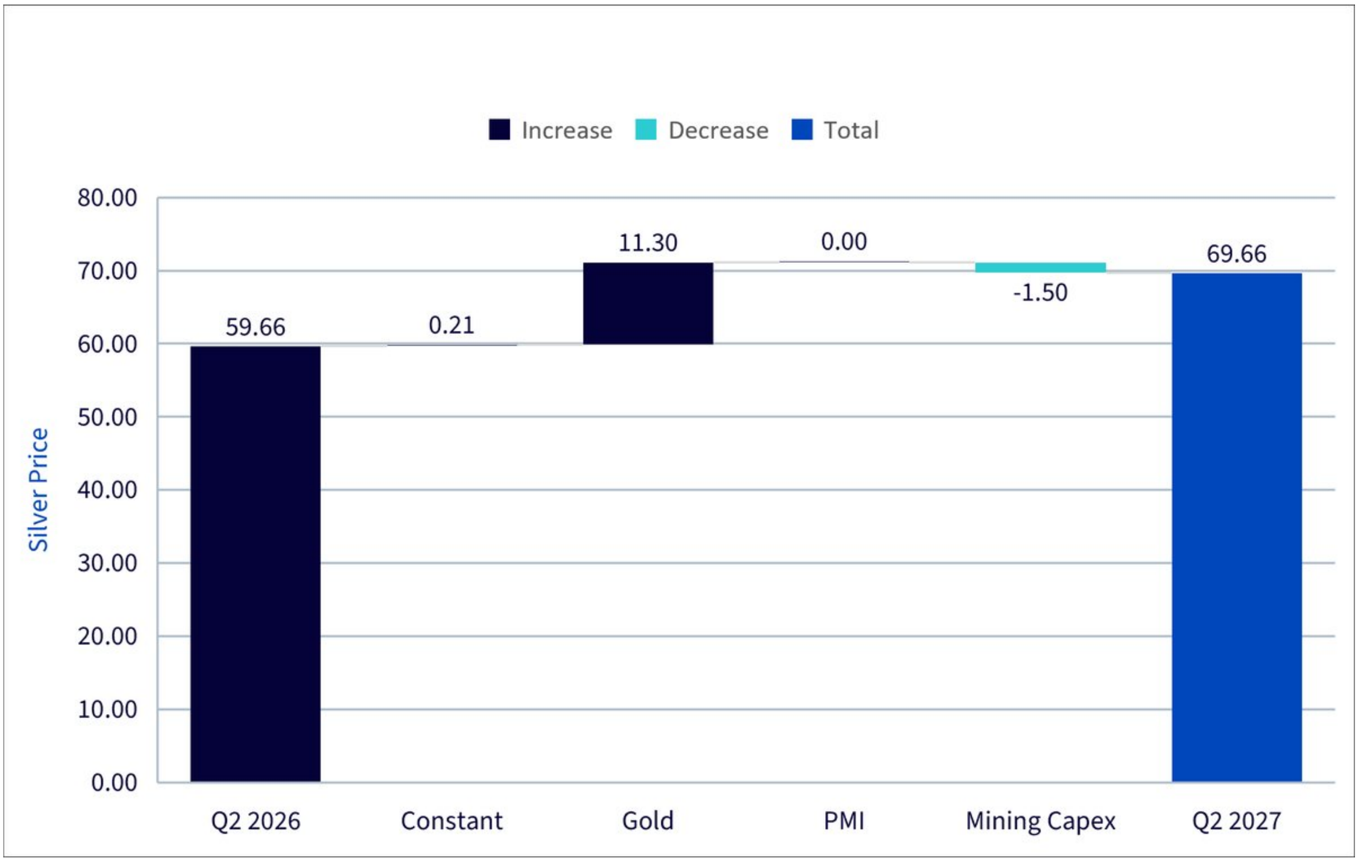
Source: WisdomTree. Bloomberg Finance LP. 1997 2026. Capex is lagged 12 months. **Historical performance is not an indication of future performance, and any investments may go down in value.**

Silver forecast

Taken together, we expect silver prices to rise towards US$70/oz, mainly driven by our expectation of higher gold prices. However, some increase in production, alongside more moderate industrial demand growth, is likely to cap the upside.

Silver is a smaller market than gold and has a significant degree of retail participation in investment demand. As a result, it is more prone to speculative episodes, such as the one seen in January 2026. Our forecast is not aimed at capturing temporary spikes in the metal, but rather the more sustainable price moves that can be supported by macro, industrial, and supply-side fundamentals.

Figure 4: Forecast attribution



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

Conclusion

In conclusion, silver’s correction from January’s speculative highs has brought the market back to more sustainable levels. While the metal should continue to benefit from a supportive precious-metals backdrop and our expectation of higher gold prices, the upside is likely to be more measured than the surge seen earlier in the year. Industrial thrifting, softer Chinese solar demand, easing inventory tightness and some improvement in mine supply should all act as constraints. We therefore see silver rising towards US$70/oz, but view this as a fundamentally supported move rather than a repeat of January’s speculative spike.

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