Silver: Surfing on gold’s coattails

Published 5 May 2026

Nitesh Shah
Head of Commodities and Macroeconomic Research, WisdomTree Europe

Key Takeaways

- Silver remains highly volatile but continues to track gold’s direction closely.
- Industrial demand faces near-term pressure, mainly from weaker solar-related usage and ongoing efficiency gains.
- Investment flows have reversed in 2026, with profit-taking and deleveraging driving recent price declines.
- Supply is broadly stable, with most silver produced as a by-product, limiting responsiveness to price.
- Despite softer demand, the market stays in deficit, and a constructive gold outlook should support prices.

Silver has exhibited even greater volatility than gold in Q1 2026. Prices briefly surged to around $120/oz on 29 January, roughly four times higher than a year earlier, before dropping sharply to the mid-$60s within days, easing further to around $61/oz by mid-March. The metal continues to display a strong sensitivity to moves in gold, and we expect that relationship to remain the dominant driver of direction.

Industrial demand

At January’s price spike, the key concern was that elevated prices could begin to undermine industrial usage. Given that roughly half of total silver demand comes from industrial applications, this remains the most critical component of the market.

With prices having moderated, the risk to demand has eased somewhat. Even so, after peaking in 2024, industrial demand softened in 2025 and may edge slightly lower again in 2026.

A large part of this dynamic is tied to the solar sector. Installation activity was brought forward ahead of changes to China’s power pricing regime, which is likely to weigh on deployment this year. At the same time, manufacturers continue to reduce the amount of silver used per unit through efficiency gains and material substitution. Industry estimates suggest that these technological improvements have cut silver intensity meaningfully, meaning that even where installations grow, silver demand does not necessarily follow.

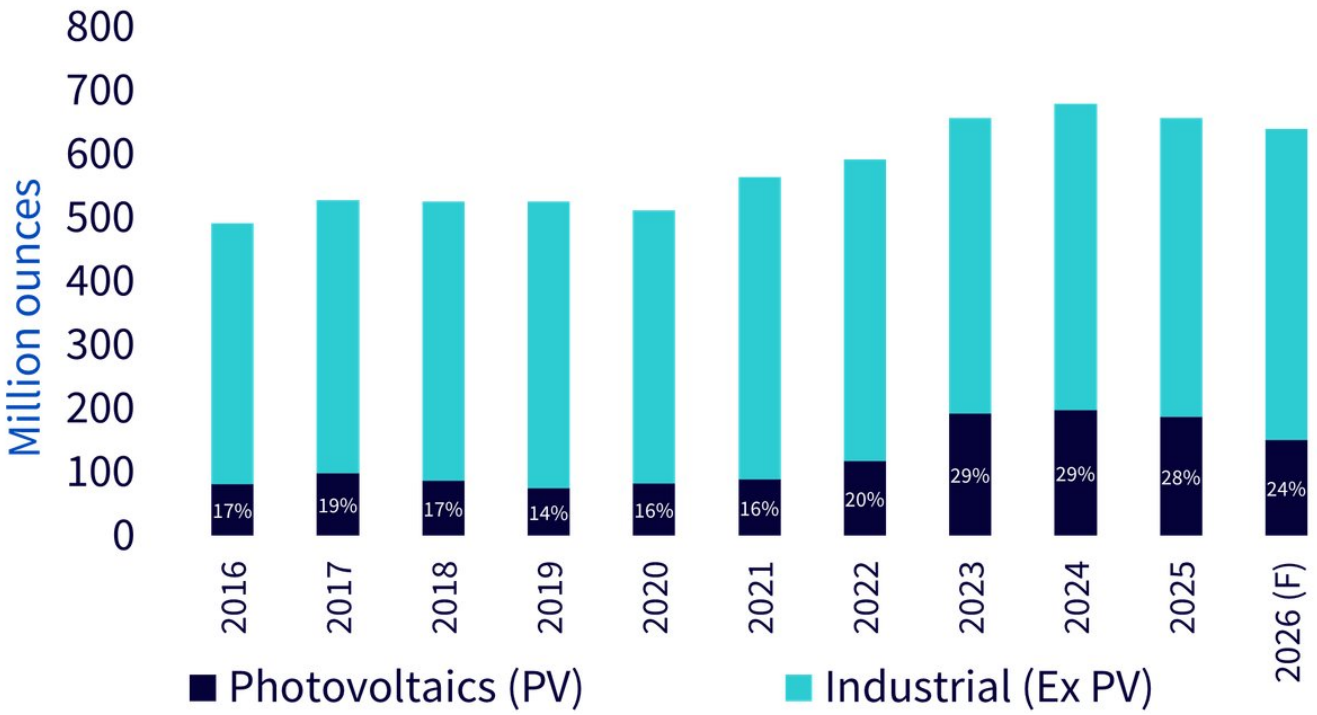
Despite these headwinds, the long-term backdrop remains supportive. Solar remains one of the cheapest sources of electricity, and structural demand for power continues to rise globally. However, growth is not

unconstrained with grid bottlenecks and permitting delays continue to limit the pace of expansion in many regions.

Geopolitics may also play a role. The conflict involving Iran could accelerate efforts in Europe and Asia to diversify energy sources and reduce reliance on imported hydrocarbons. While renewable supply chains carry their own risks, these are largely front-loaded in the build phase. Once operational, renewable assets provide domestically generated energy, which enhances energy security. As such, while our base case is for softer solar-related silver demand, there is scope for upside if policy shifts accelerate deployment.

Beyond solar, demand linked to data infrastructure, electrification of transport, and investment in power networks should remain supportive. In addition, usage tied to ethylene oxide catalysts is expected to recover following last year's decline.

Figure 1: Industrial silver demand



Source: Metals Focus, WisdomTree. 2026. (F) = Forecasts. **Forecasts are not an indicator of future performance, and any investments are subject to risks and uncertainties.**

Investor demand

Investor flows were a major feature of 2025. Exchange-traded products (ETPs) saw strong inflows from March through year-end, broadly tracking the rise in prices and reaching one of the highest annual totals on record in volume terms.

That trend has reversed in 2026. Outflows have been notable, with investors taking profits even before prices reached their peak in late January.

The shift in positioning helps explain the sharp price correction. As participation broadened and leveraged exposure increased into early 2026, the market became more susceptible to rapid deleveraging. When geopolitical tensions escalated, many investors reduced risk and raised cash, leading to a wave of long position closures rather than the build-up of new bearish bets.

Physical investment trends have been more mixed. Demand for coins and bars rose strongly in 2025, supported not only by traditional markets such as India, Germany, and Australia, but also by a pickup in East Asia and the Middle East. In these regions, higher gold prices appear to have encouraged substitution into silver.

In contrast, US demand weakened significantly, falling to its lowest level in many years. More recently, volatility has dampened appetite across Western markets, with investors taking a more cautious approach during February and March.

Figure 2: Silver in Exchange-traded products



Source: Bloomberg Finance L.P. September 2020 to April 2026. **Historical performance is not an indication of future performance, and any investments may go down in value.**

Jewellery demand

The sharp rise in prices through 2025 and early 2026 has weighed heavily on jewellery demand. Global fabrication fell by 8% in 2025, reflecting broad-based declines.

India saw the most pronounced drop, as affordability pressures curtailed demand, while Europe was affected by weaker export activity linked to trade frictions. East Asia proved more resilient, with modest growth in China supported in part by substitution away from gold, and stronger export performance in Thailand.

Looking ahead, continued price strength is likely to further suppress demand, while ongoing instability in the Middle East may also weigh on regional consumption.

Recycling

Higher prices encouraged an increase in recycling last year, with volumes reaching their highest level in over a decade. Gains were most evident in jewellery and silverware, where selling back into the market is more price sensitive.

However, the response was not unlimited. Processing constraints within the refining system restricted the amount of material that could be brought back to market, particularly for higher-grade scrap.

Industrial recycling moved in the opposite direction, declining due to weaker recovery rates from electronic waste. In 2026, recycling is expected to increase further, supported by a full year of elevated prices.

Mine supply

Global mine output rose by 3% in 2025, supported by stronger production in countries such as Peru and Russia. At the same time, production costs declined for a second consecutive year, boosting margins for primary silver producers.

For 2026, supply is expected to remain broadly stable, with a marginal decline as gains in some regions are offset by weakness elsewhere, particularly in operations linked to lead and zinc mining.

It is important to note that the majority of silver supply is produced as a secondary output from other metals, including gold, copper, lead, and zinc. As a result, silver supply is influenced not only by its own price but also by broader dynamics in base and precious metals markets.

While higher prices and improved margins may incentivise increased activity, disruptions at both the mine and refining level, along with geopolitical complications, could limit supply growth in the near term.

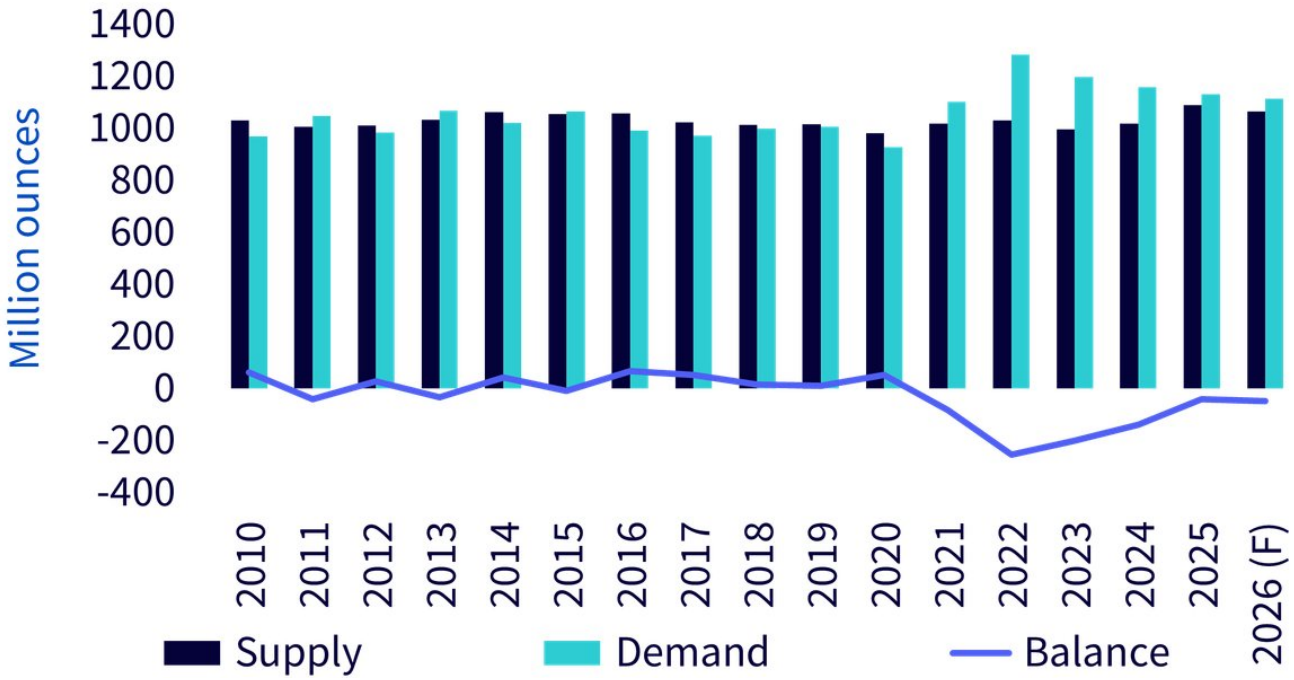
Market balance

The silver market is expected to remain in deficit in 2026, with the shortfall broadly similar to that seen in 2025, though significantly smaller than in recent years.

Weaker demand from industrial and jewellery segments has helped narrow the imbalance. At the same time, strong inflows into ETPs last year effectively absorbed available supply, tightening underlying conditions more than headline balances suggest.

With investor demand likely to moderate this year, some of that pressure should ease, bringing the market closer to equilibrium.

Figure 3: 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.**

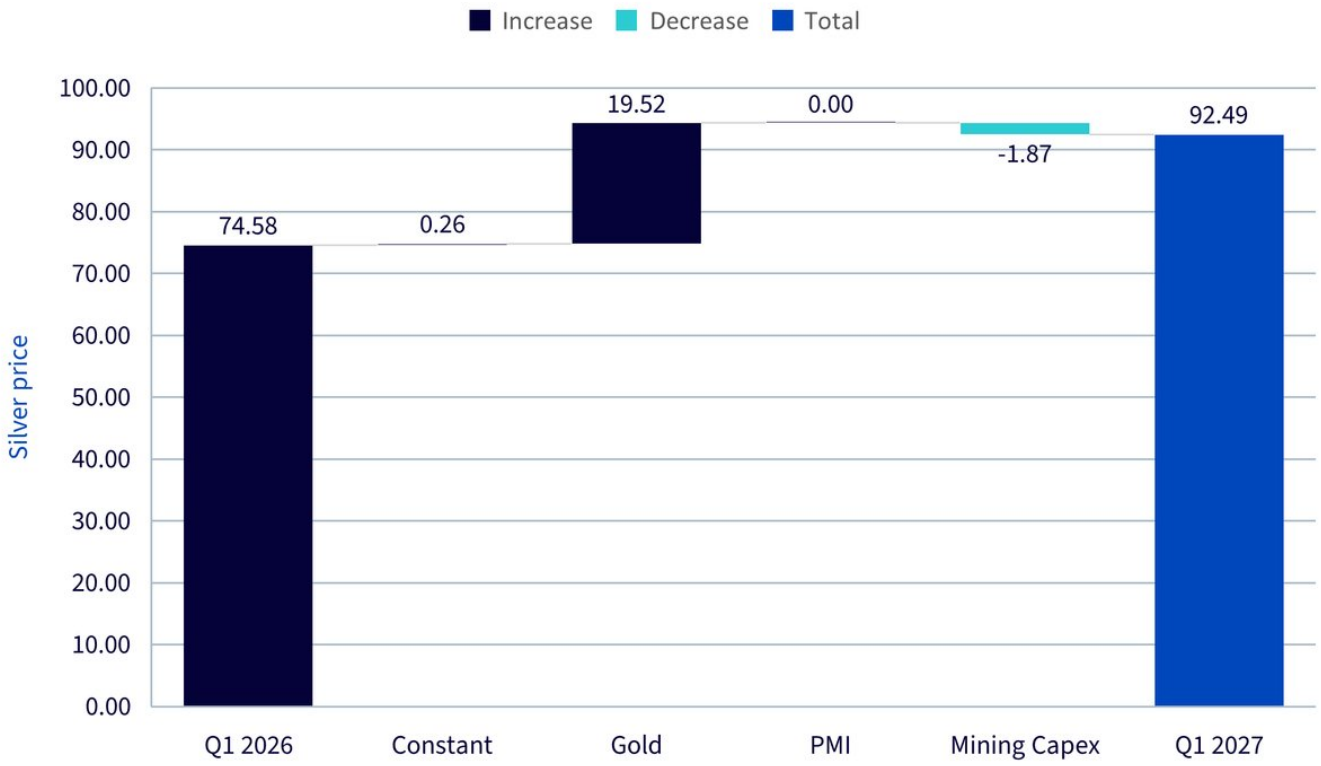
Price outlook

We retain a positive outlook for gold and expect silver to move in the same direction. Even with softer demand across several segments, the strength of this relationship should provide support.

Based on our modelling assumptions, and assuming gold rises by around 18% between Q1 2026 and Q1 2027, we estimate that silver could increase by roughly 24% over the same period. Much of this upside is driven by gold's trajectory rather than silver-specific fundamentals.

There are, however, constraints. Increased investment in mining capacity last year may translate into higher supply, limiting upside potential. In addition, while economic indicators such as PMIs[1] remain in expansionary territory, geopolitical uncertainty continues to weigh on the strength of the recovery.

Figure 4: Forecast attribution



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

Conclusion

Silver's outlook is shaped less by its own fundamentals and more by its relationship with gold. Although weaker industrial and jewellery demand, along with more moderate investment flows, may create near-term headwinds, these factors are unlikely to outweigh the support provided by a favourable macro backdrop for precious metals. With the market still in deficit and structural demand drivers intact, silver remains well positioned to participate in further upside, albeit with continued volatility.

[1] Purchasing Managers' Index.

Important Risks Related to this Article

IMPORTANT INFORMATION

Marketing communications issued in the European Economic Area ("EEA"): This document has been issued and approved by WisdomTree Ireland Limited, which is authorised and regulated by the Central Bank of Ireland.

Marketing communications issued in jurisdictions outside of the EEA: This document has been issued and approved by WisdomTree UK Limited, which is authorised and regulated by the United Kingdom Financial Conduct Authority.

WisdomTree Ireland Limited and WisdomTree UK Limited are each referred to as "WisdomTree" (as applicable). Our Conflicts of Interest Policy and Inventory are available on request.

This marketing communication is intended for all investors; however, the WisdomTree products described in this document and related materials may be restricted in certain jurisdictions and may only be available to particular categories of investors in accordance with applicable laws and regulations. Where a product is not authorised or its distribution is restricted in your jurisdiction, it is the responsibility of any person or entity in possession of this information to inform themselves of, and comply with, all relevant restrictions. Before making any investment, investors should seek appropriate legal, regulatory, tax and investment advice to assess the suitability and implications of investing in these products. Information about WisdomTree products is available at wisdomtree.eu. WisdomTree does not offer investment advice tailored to individual circumstances. Past performance is not a reliable indicator of future performance. Any historical performance included in this document may be based on back testing. Back testing is the process of evaluating an investment strategy by applying it to historical data to simulate what the performance of such strategy would have been. Back tested performance is purely hypothetical and is provided in this document solely for informational purposes. Back tested data does not represent actual performance and should not be interpreted as an indication of actual or future performance. The value of any investment may be affected by exchange rate movements. Any decision to invest should be based on the information contained in the appropriate prospectus and affer seeking independent investment, tax and legal advice. The content of this document does not constitute investment advice nor an offer for sale nor a solicitation of an offer to buy any product or make any investment.

An investment in exchange-traded products ("ETPs") is dependent on the performance of the underlying index, less costs, but it is not expected to match that performance precisely. ETPs involve numerous risks including among others, general market risks relating to the relevant underlying index, credit risks on the provider of index swaps utilised in the ETP, exchange rate risks, interest rate risks, inflationary risks, liquidity risks and legal and regulatory risks.

The information contained in this document is not, and under no circumstances is to be construed as, an advertisement or any other step in furtherance of a public offering of shares in the United States or any

province or territory thereof, where none of the issuers or their products are authorised or registered for distribution and where no prospectus of any of the issuers has been filed with any securities commission or regulatory authority. No document or information in this document should be taken, transmitted or distributed (directly or indirectly) into the United States. None of the issuers, nor any securities issued by them, have been or will be registered under the United States Securities Act of 1933 or the Investment Company Act of 1940 or qualified under any applicable state securities statutes.

This document may contain independent market commentary prepared by WisdomTree based on publicly available information. Although WisdomTree endeavours to ensure the accuracy of the content in this document, WisdomTree does not warrant or guarantee its accuracy or correctness. Any third party data providers used to source the information in this document make no warranties or representation of any kind relating to such data. Where WisdomTree has expressed its own opinions related to product or market activity, these views may change. Neither WisdomTree, nor any affiliate, nor any of their respective officers, directors, partners, or employees accepts any liability whatsoever for any direct or consequential loss arising from any use of this document or its contents.

This document may contain forward looking statements including statements regarding our belief or current expectations with regards to the performance of certain assets classes and/or sectors. Forward looking statements are subject to certain risks, uncertainties and assumptions. There can be no assurance that such statements will be accurate and actual results could differ materially from those anticipated in such statements. WisdomTree strongly recommends that you do not place undue reliance on these forward-looking statements.

Jersey ETCs

The products discussed in this document are issued by WisdomTree Metal Securities Limited (the "Issuer"). The Issuer is regulated by the Jersey Financial Services Commission. Investors should read the prospectus of the Issuer before investing and should refer to the section of the prospectus entitled 'Risk Factors' for further details of risks associated with an investment in the securities offered by the Issuer.

WisdomTree Metal Securities Limited

Securities issued by the Issuer are direct, limited recourse obligations of the Issuer alone and are not obligations of or guaranteed by any of HSBC Bank plc and JP Morgan Chase Bank, N.A. any of their affiliates or anyone else or any of their affiliates. Each of HSBC Bank plc and JP Morgan Chase Bank, N.A. disclaims all and any liability whether arising in tort, contract or otherwise which it might have in respect of this document or its contents otherwise arising in connection herewith.

For Investors in Switzerland:

This document constitutes an advertisement of the financial product(s) mentioned herein.

In Switzerland, this communication is only targeted at Qualified Investors.

The prospectus (in English only) and the key investor information documents (KID) (in German, French and Italian) are available from WisdomTree's website: https://www.wisdomtree.eu/en-ch/resource-library/prospectus-and-regulatory-reports

For investors in Monaco

This communication is only intended for duly registered banks and/or licensed portfolio management companies in Monaco. This communication must not be sent to the public in Monaco.

For Investors in Israel:

Offering materials for the offering of the securities have not been filed with or approved or disapproved by the United States Securities and Exchange Commission or any other state or federal regulatory authority, nor has any such regulatory authority passed upon or endorsed the merits of this offering or passed upon the accuracy or completeness of any offering materials. Any representation to the contrary is unlawful. The products mentioned herein have not been approved by the Israel Securities Authority and will only be distributed to Israeli residents in a manner that will not constitute “an offer to the public” under sections 15 and 15a of the Israel Securities Law, 5728-1968 (“the Securities Law”) or section 25 of the Joint Investment Trusts Law, 5754-1994 (“the Joint Investment Trusts Law “), as applicable. The products are being offered to a limited number of investors (35 investors or fewer during any given 12 month period) and/or those categories of investors listed in the First Addendum (“the Addendum”) to the Securities Law, “Sophisticated Investors”) who in each case have provided written confirmation that they qualify as Sophisticated Investors, and that they are aware of the consequences of such designation and agree thereto; in all cases under circumstances that will fall within the private placement or other exemptions of the Joint Investment Trusts Law, the Securities Law and any applicable guidelines, pronouncements or rulings issued from time to time by the Israel Securities Authority.

This prospectus or this document may not be reproduced or used for any other purpose, nor be furnished to any other person other than those to whom copies have been sent. Any offeree who purchases a product is purchasing such product for its own benefit and account and not with the aim or intention of distributing or offering such product to other parties (other than, in the case of an offeree which is a Sophisticated Investor by virtue of it being a banking corporation, portfolio manager or member of the Tel-Aviv Stock Exchange, as defined in the Addendum, where such offeree is purchasing a product for another party which is a Sophisticated Investor).

Nothing in this document should be considered investment advice or investment marketing as defined in the Regulation of Investment Counselling, Investment Marketing and Portfolio Management Law, 5755-1995. Investors are encouraged to seek competent investment counselling from a locally licensed investment counsel prior to making the investment. A recipient of this document may be required to provide confirmation that it is a Sophisticated Investor purchasing a product for its own account or, where applicable, for other Sophisticated Investors.