

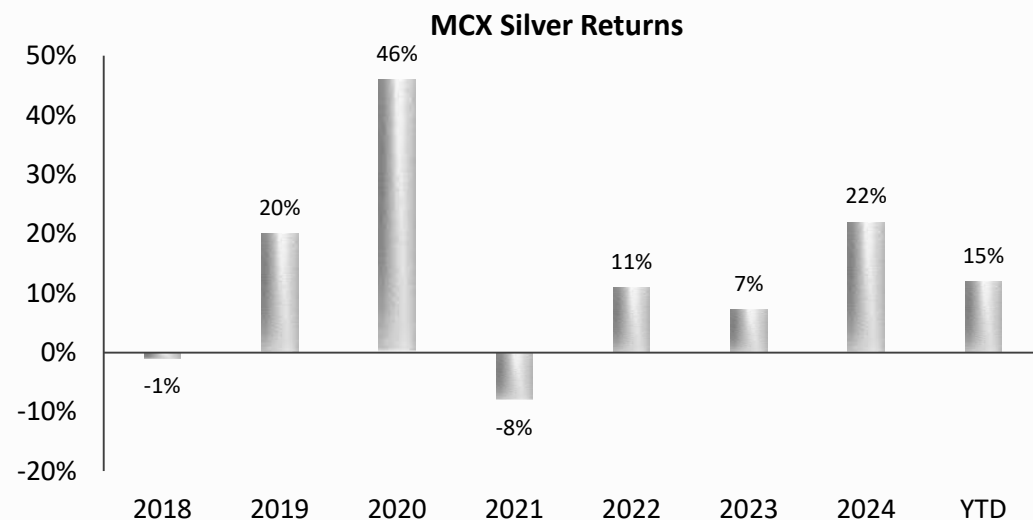
Precious Metals Quarterly

FINE
SILVER
999.0

SILVER QUARTERLY REPORT

02-06-2025

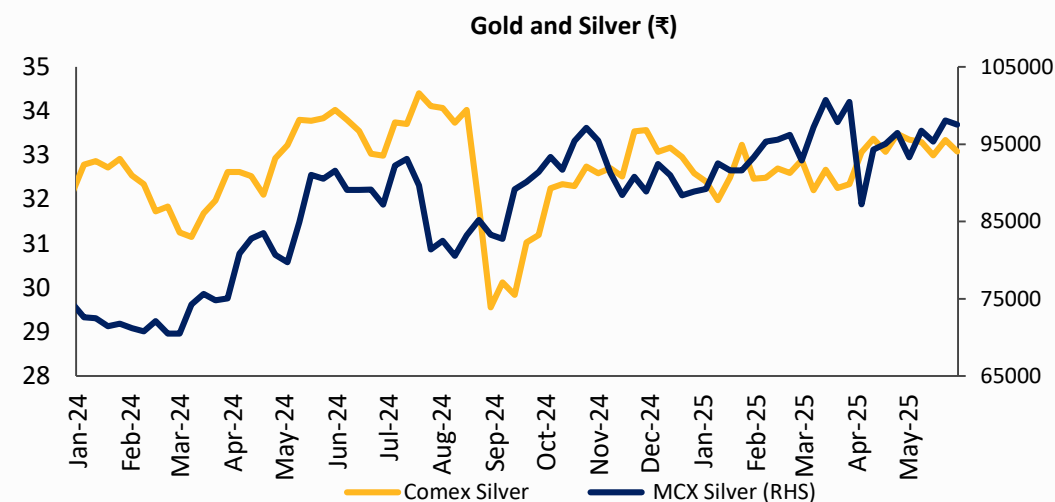
Silver: Introduction



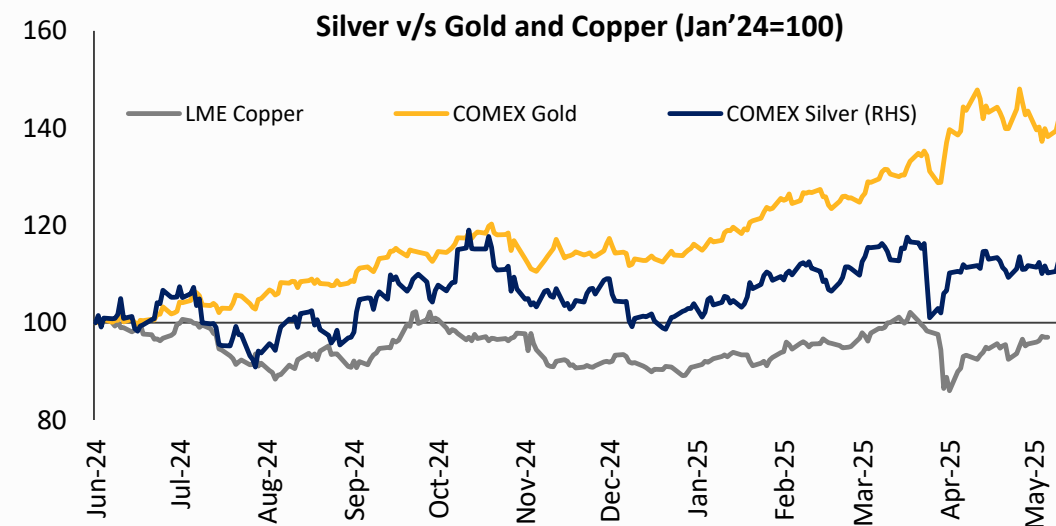
Source: Reuters

Correlation against Silver and Returns (\$)		
	Correlation (2025)	YTD Gains
Silver (\$)	-	14.7%
Gold (\$)	68%	25.6%
Copper (LME)	61%	8.9%
Crude (\$)	-45%	-15.4%
Dollar Index	-60%	-8.3%
Nifty	12%	4.7%

Source: Reuters



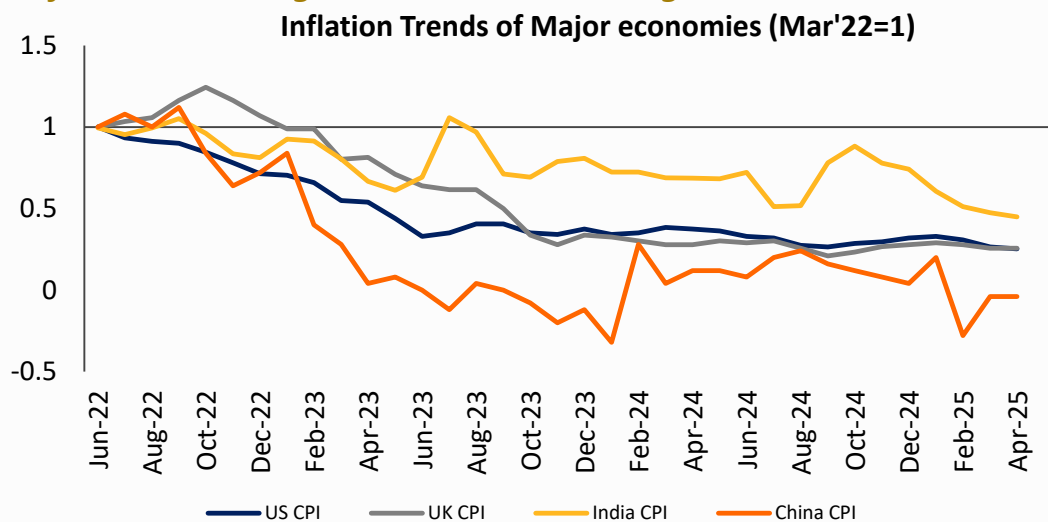
Source: Reuters



Source: Reuters

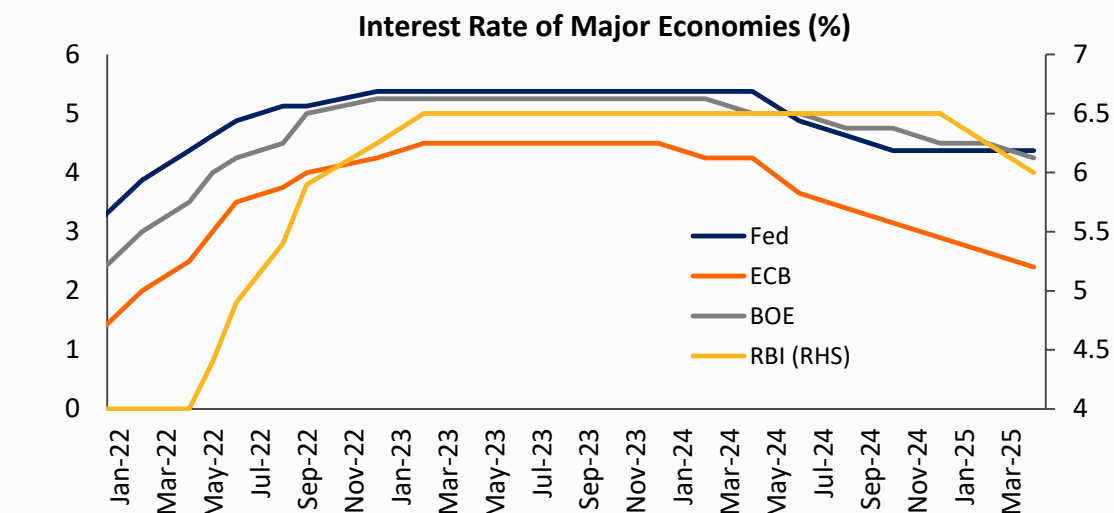
Fed, Inflation & Growth!!!

Inflation: Hovering near central banks target levels



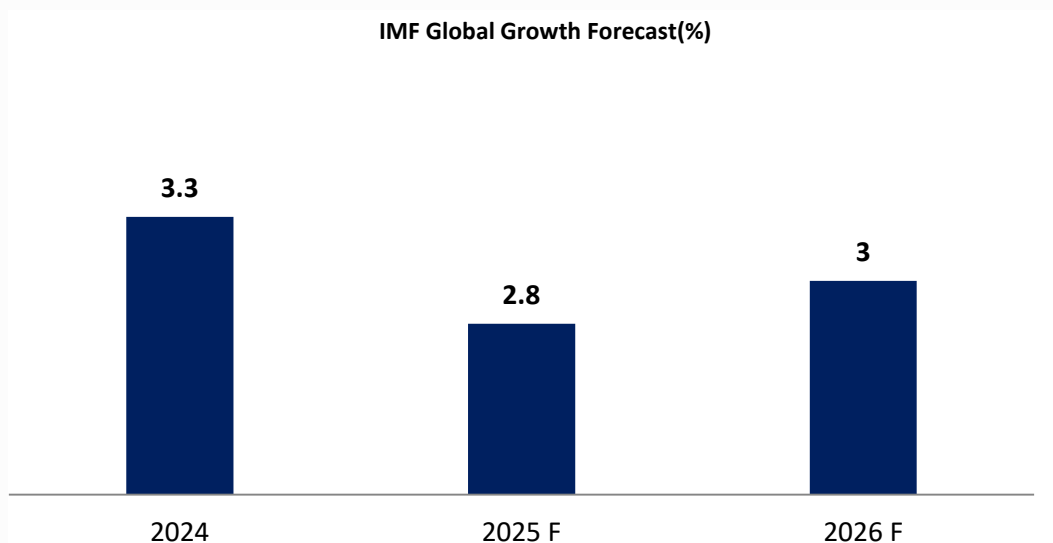
Source: Reuters

Major economies continue to cut; while Fed pauses



Source: Reuters

Steady Growth outlook amidst higher uncertainties



Source: IMF

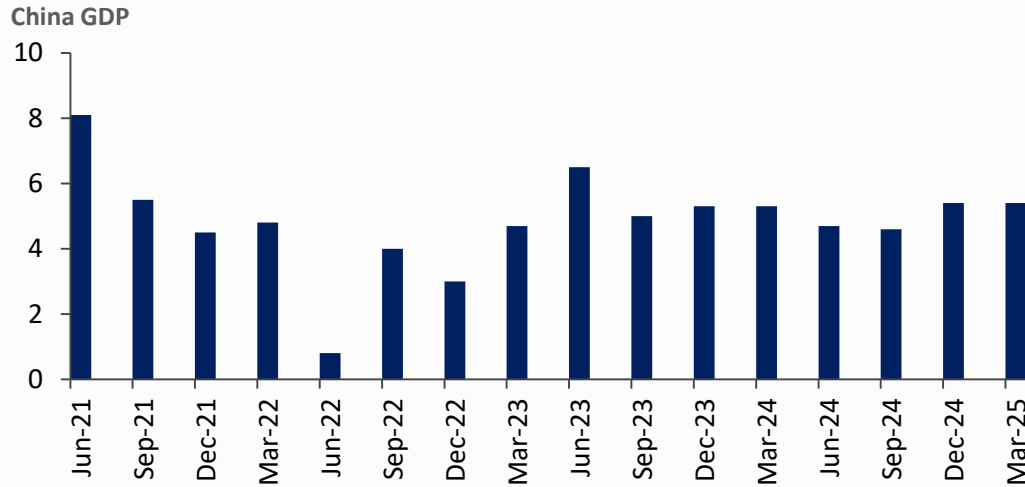
Mixed views on the rate cuts probabilities

Fed interest rate probabilities (%) Current Rate: 425-450				
	350-375	375-400	400-425	425-450
6/18/2025	-	-	2.1%	97.9%
7/30/2025	-	0.5%	23.9%	75.6%
9/17/2025	0.3%	13.8%	53.3%	32.7%
10/29/2025	7.1%	33.6%	42.9%	16.3%

Source: cmegroup

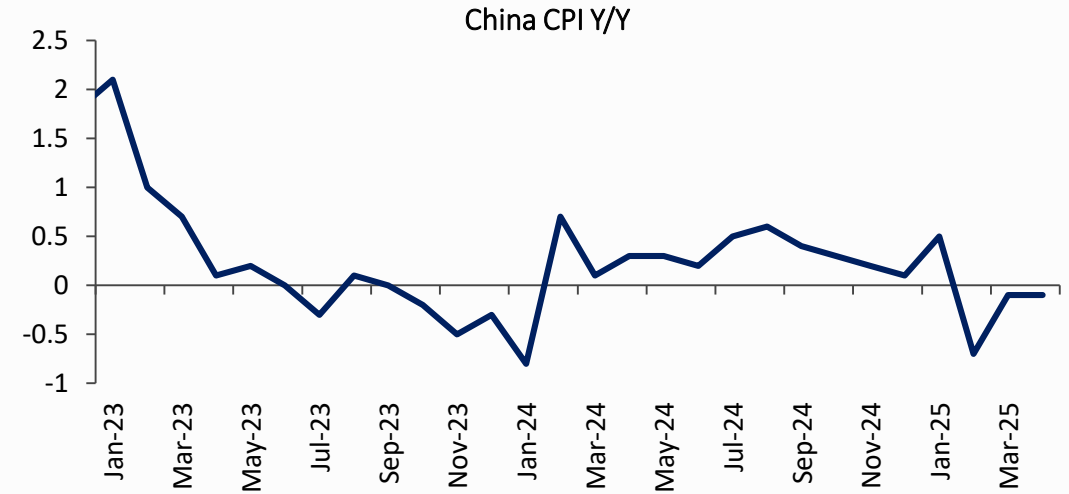
China growth story...

China GDP steady around 5% despite challenges



Source: Reuters

Chinese inflation slowly and steadily coming back to life



Source: Reuters

Chinese Bullion export rose by 4% in 2024, second highest total on record



Source: Reuters

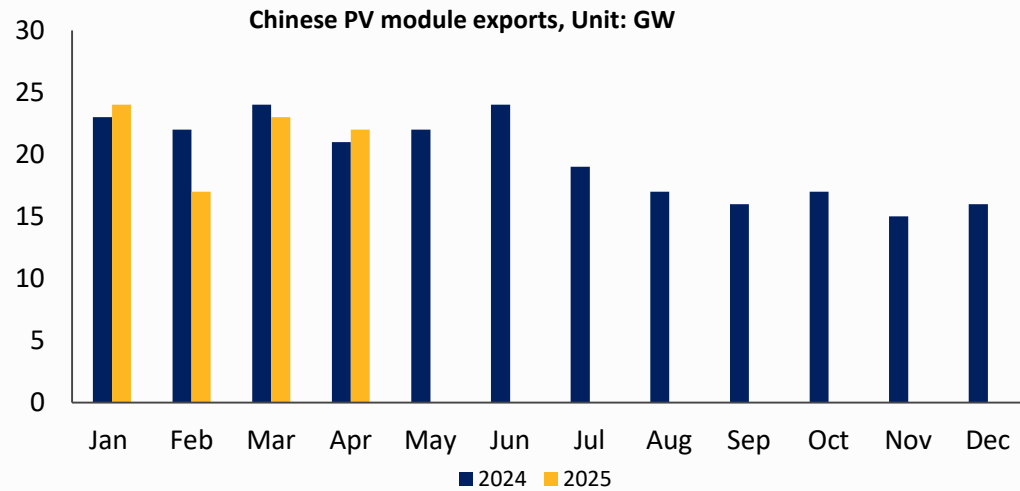
China loan growth hits record low



Source : Reuters

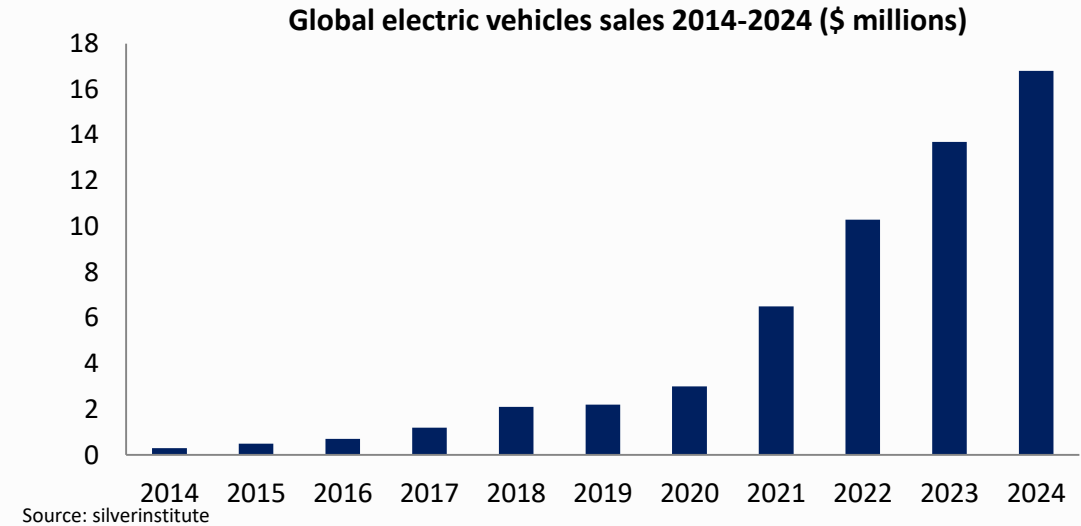
Green Technological Advancements

Chinese PV module exports similar to 2024's pace



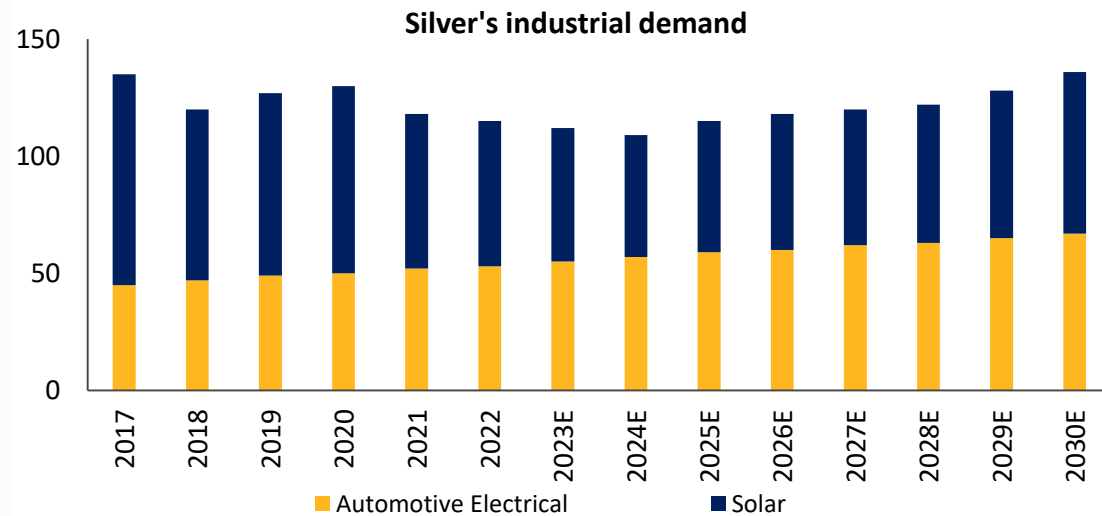
Source: silver institute

Global electric vehicle sales increase with a significant pace



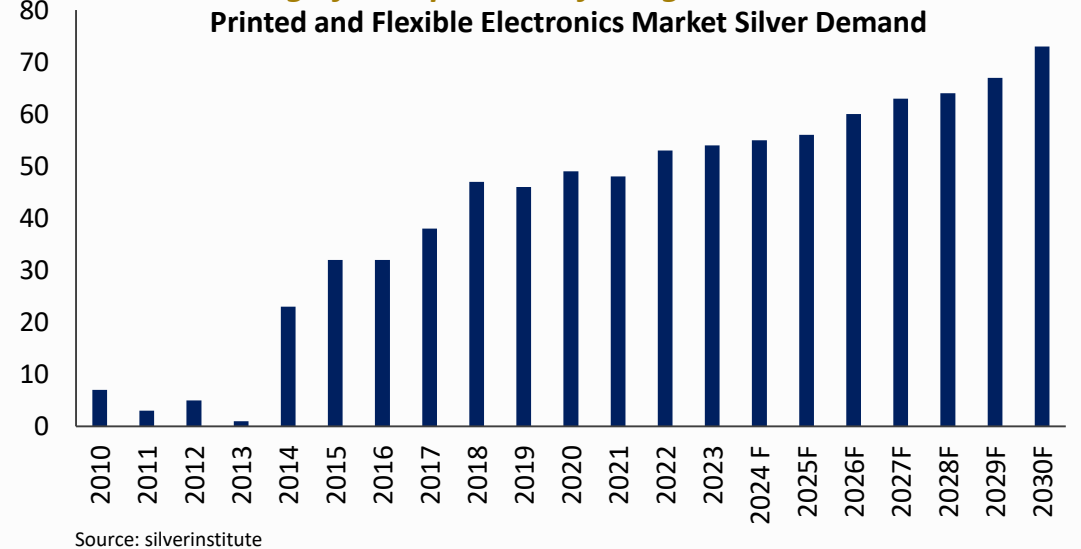
Source: silverinstitute

Silver's industrial demand expected to support demand story



Source: CRU

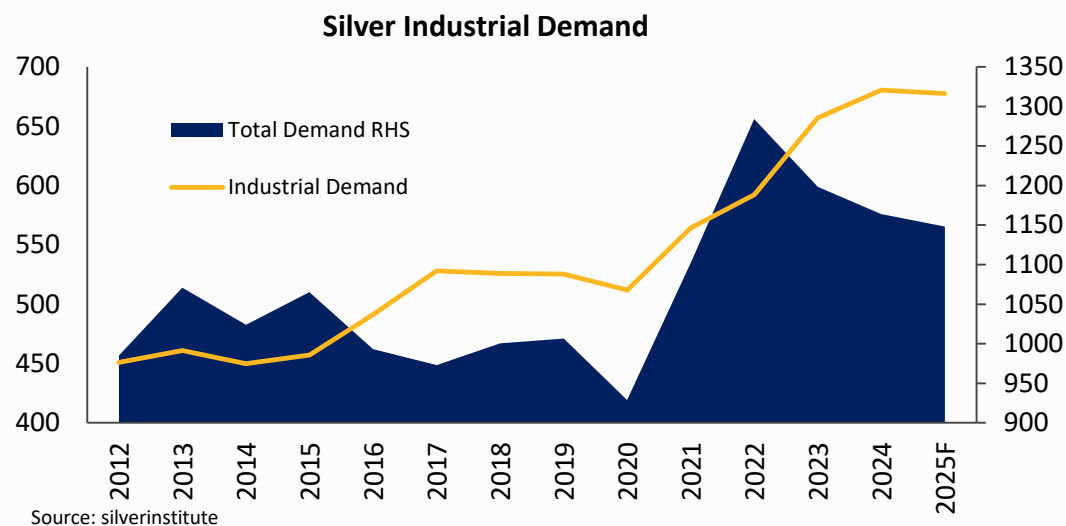
China shows significant potential for higher Silver demand



Source: silverinstitute

Silver Demand and Supply

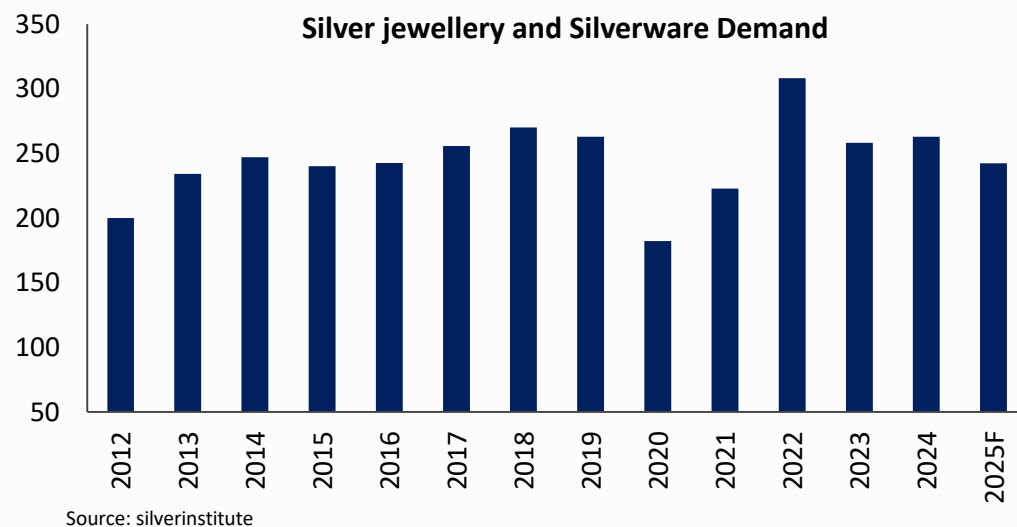
Steady total demand; rise in industrial demand



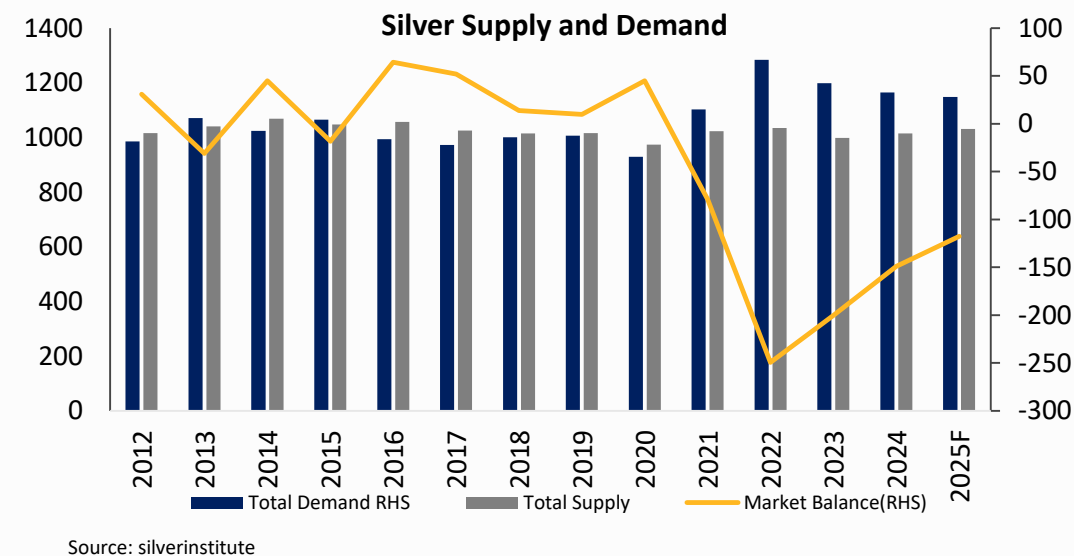
Silver Recycling is expected to increase by 5%



Demand for jewellery is expected to decline by 6% in 2025



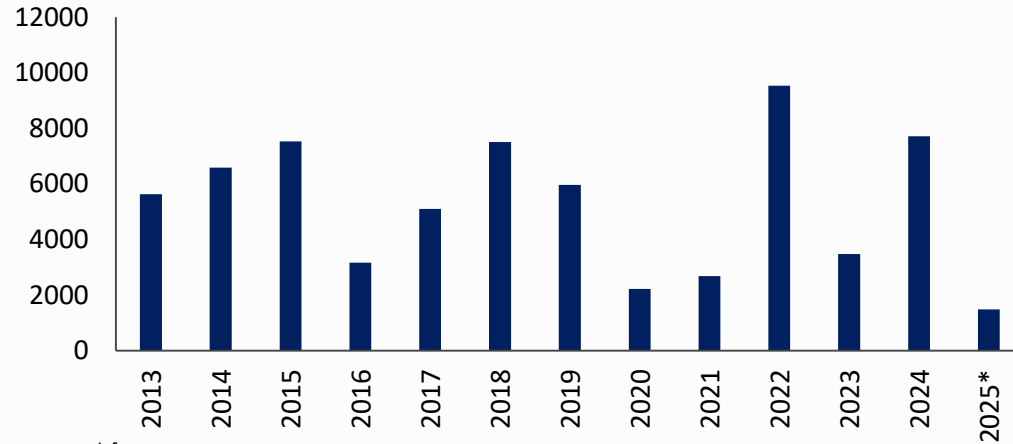
Market Balance expected to be in deficit for the fifth year



Silver Flows

Steady start in Silver domestic imports in 2025

India Silver imports (tonnes)



Source: metalfocus

Silver Ishares steadies after sharp swings in the previous years

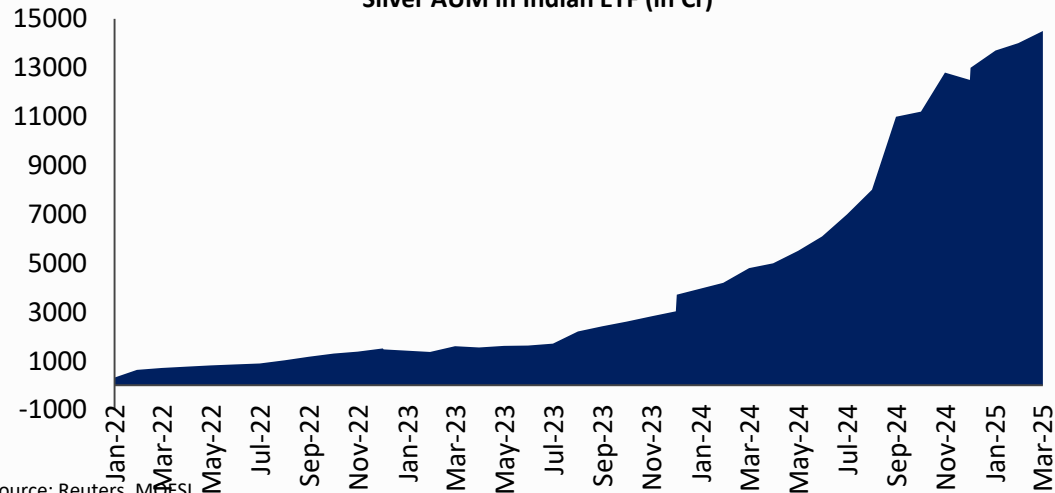
Silver ishares



Source: Reuters

Significant jump in Silver AUM of major mutual funds in India

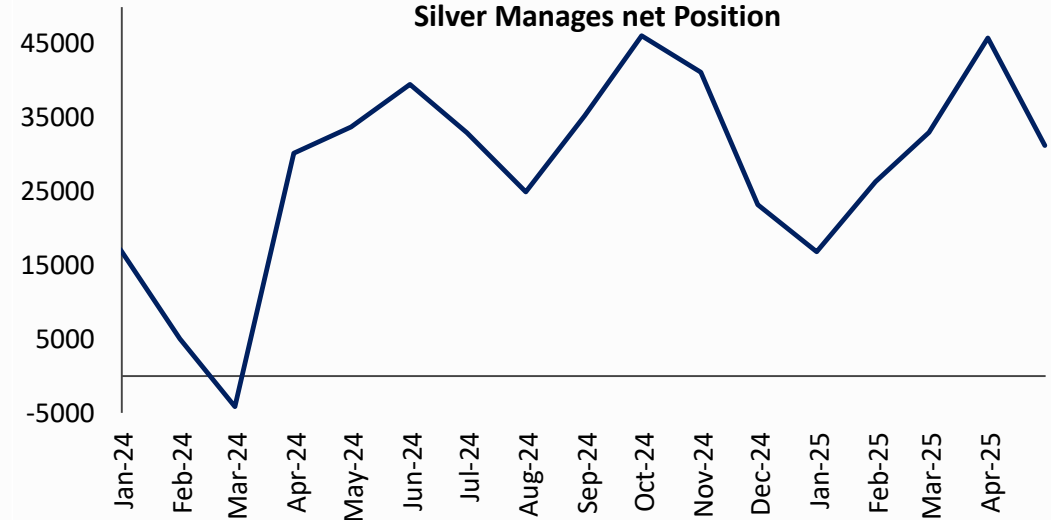
Silver AUM in Indian ETF (in Cr)



Source: Reuters, MOFSL

Managed net position for Silver shows strength in sentiment

Silver Manages net Position



Source: Reuters

Recession a hurdle for Silver???

Recession	Silver Behaviour
1973–75	Silver dipped early, then surged with inflation fears and gold's rally.
1980–82	Silver collapsed after the Hunt bubble, but still tracked gold's rebound during stagflation.
1990–91	Modest dip; weaker rebound due to lack of inflation or strong monetary easing.
2008–09	Fell >50% early in crisis, then rallied 400%+ by 2011 as gold and QE kicked in.
2020 (COVID)	Crashed to ~\$11/oz in March, surged to ~\$29/oz by August – following massive global stimulus and gold.

Why This Matters in 2025

- Rising **recession risks** (debt, rates, policy gridlock).
- Trump's **tariff hikes + fiscal uncertainty**.
- Silver may drop short-term if growth slows.
- But **medium-term**, expect strong rebound as:
 - Fed shifts dovish,
 - Inflation risks linger,
 - Gold surges first — and silver follows

Recession a hurdle for Silver???



- *Silver has experienced sharp volatility, with a ~15% YTD upside*
- *Geo-political tensions and Trump's tariff threats are boosting silver's safe haven appeal*
- *US-China trade war and geo-political tensions increased safe haven appeal for silver*
- *President Trump announced reciprocal Tariffs at start of Apr'25, but quickly overturned the decision allowing a 90- day breather*
- *US President also put cold water on heated tensions with China as both slashed tariff by 115%, taking a 90 day pause*
- *US central bank is also taking every step with caution, trying to take an informed decision before cutting rates further*
- *Surprisingly USDINR has also shown sharp volatility year deprecating more than 3% now, since start of 2025*
- *Mixed outlook on US interest rate is keeping investor on the edge*
- *US GDP has become a matter of concern however, US labour market is still signaling optimism for the economy*
- *Fall in the dollar index and a rise in industrial metals are contributing to silver's strength*
- *Rising investment and industrial demand along with recovery expectations in China is positively influencing silver price sentiment*
- *Significant jump in Silver domestic imports in 2024 of more than 5000 tonnes and ~1500 tonnes in Q1'25 is supporting sentiment*
- *Continuous 5th year of deficit is a big boost for overall market sentiment*
- *Industrial demand is projected to consume nearly 60% of total production in 2025.*
- *Demand from green tech - i.e. Solar energy, EVs, 5G tech continue to paint a positive picture for silver over the next few quarters.*

Parity Price of Silver in Rupees at various dollar levels

Silver in Rs/\$	28	30	32	34	36	38	40	42
83	85585	91698	97811	103924	110038	116151	122264	128377
84	86616	92803	98990	105177	111363	117550	123737	129924
85	87647	93908	100168	106429	112689	118950	125210	131471
86	88678	95012	101347	107681	114015	120349	126683	133017
87	89709	96117	102525	108933	115341	121748	128156	134564
88	90741	97222	103703	110185	116666	123148	129629	136111
89	91772	98327	104882	111437	117992	124547	131102	137657



Most Probable path



Alternative levels on weaker USD:INR correlation

- We continue to reiterate our view on a medium to long term perspective
- Supports are near ₹86,000- 87,500; for targets towards ₹1,11,111 and ₹1,25,000 on domestic front & assuming USD:INR at 86: \$37.8 and \$42.7 on Comex
- Buying on dips is recommended from a 12-15 month perspective
- On longer term scenario, one tailwind which could pose a risk is the possibility of a recession, which could put a brief pause in the rally, as explained above.

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