Precious Metals Quarterly



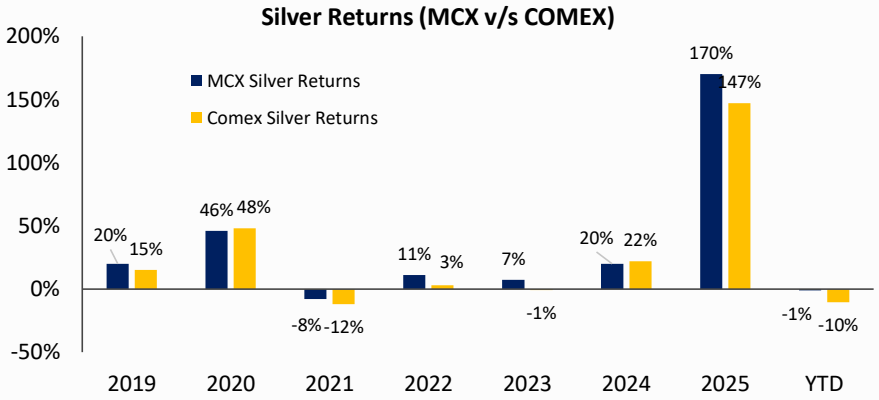
SILVER QUARTERLY REPORT

17-09-2026

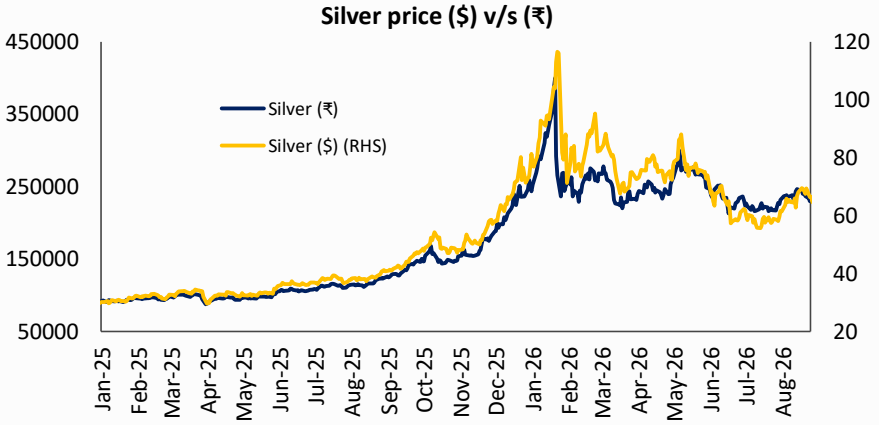
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Silver: Introduction



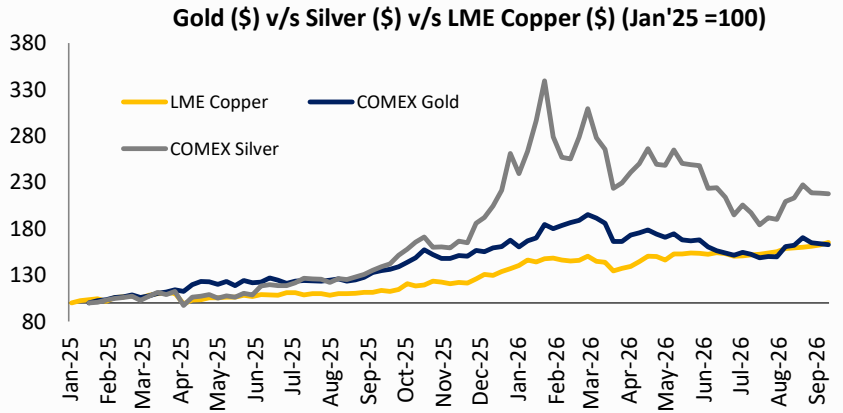
Source: LSEG



Source: LSEG

Correlation against **Silver and Returns ($)**				
	Prices at start of 2026	**CMP**	**Correlation (2026)**	**YTD Gains**
Silver ($)	71.27	63.2	-	-10.45%
Gold ($)	4331	4300	85.76%	-0.10%
Copper (LME)	12560	14288	-44.03%	15.02%
Crude ($)	57.41	101.36	-30.90%	76.38%
Dollar Index	98.23	100.25	-74.92%	1.96%
Nifty	26173	23250	57.49%	-11.05%

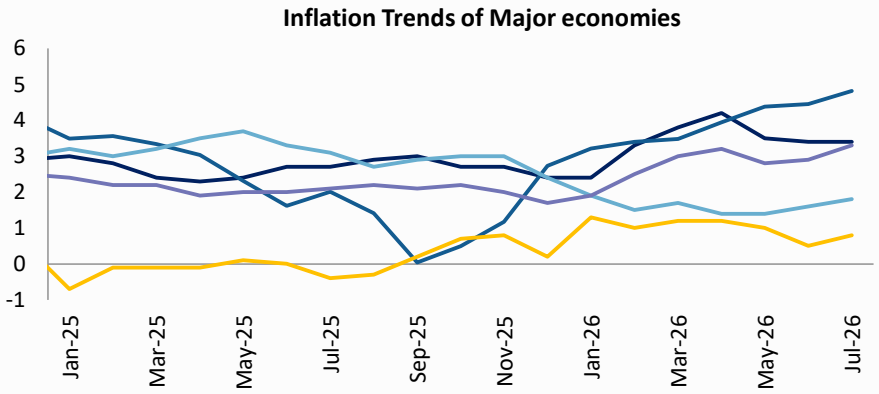
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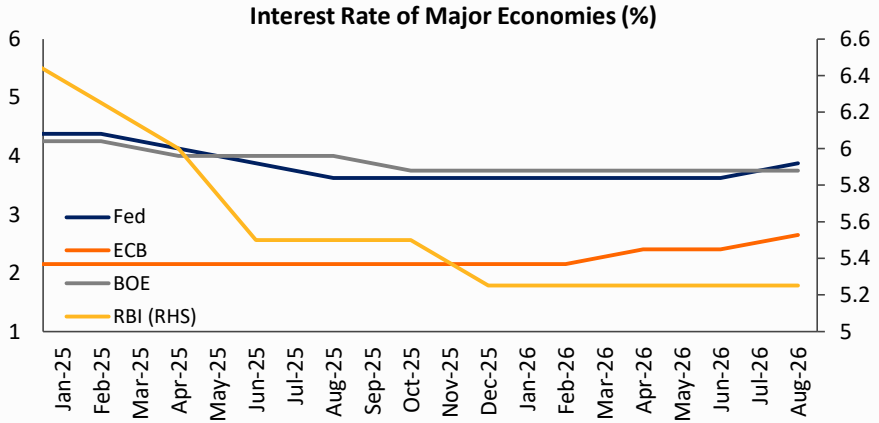
Fed, Inflation & Growth!!!

Inflation moderates across major economies



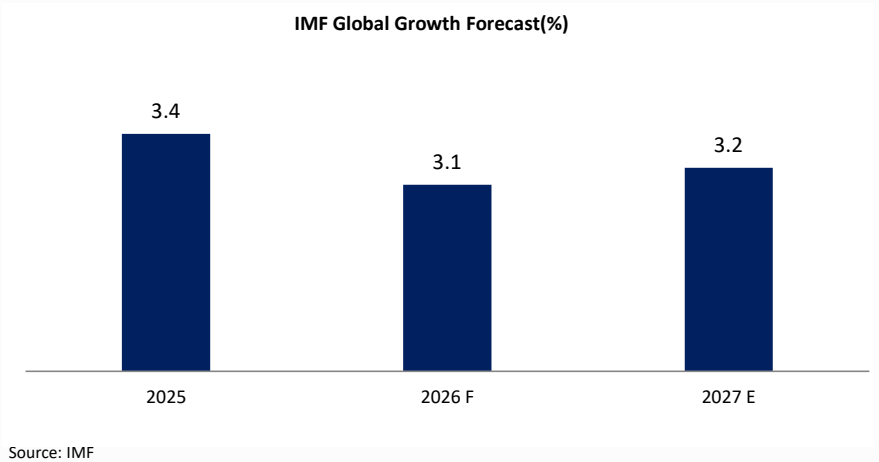
Source: LSEG

Rate hike cycle starting to turnaround



Source: LSEG

Global growth looks resilient despite elevated uncertainties



Source: IMF

Mixed views on the rate hike probabilities

Fed interest rate probabilities (%) Current Rate: 350-375				
	350-375	**375-400**	**400-425**	**425-450**
9/16/2026	47.6%	52.4%	0.0%	0.0%
10/28/2026	34.9%	51.1%	13.9%	0.0%
12/9/2026	16.4%	42.5%	33.7%	7.4%
1/27/2027	12.6%	36.5%	35.7%	14%

Source: cmegroup

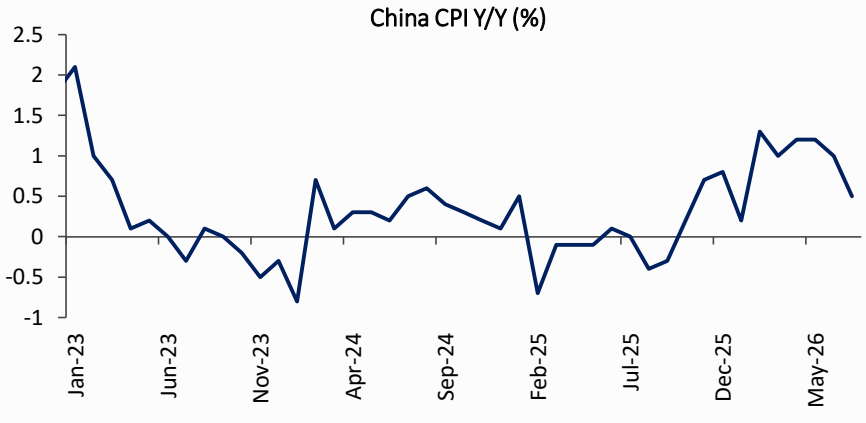
China growth story…

Steady growth in China, despite persistent economic headwinds



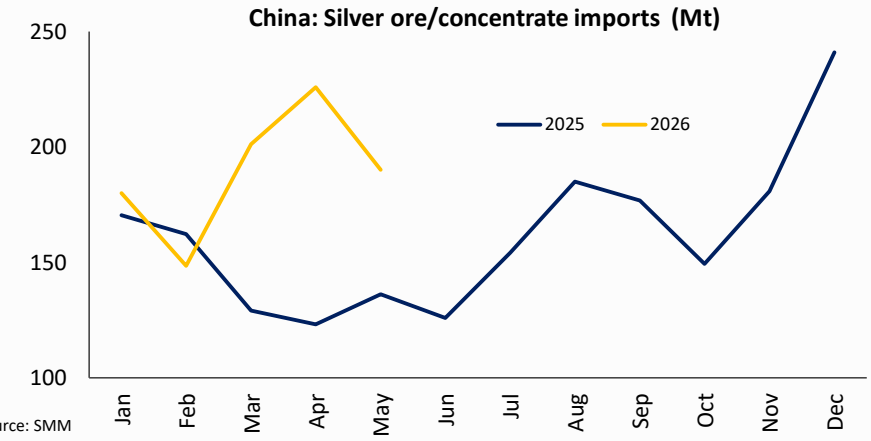
Source: LSEG

China's inflation continues to struggle, hovering around 0



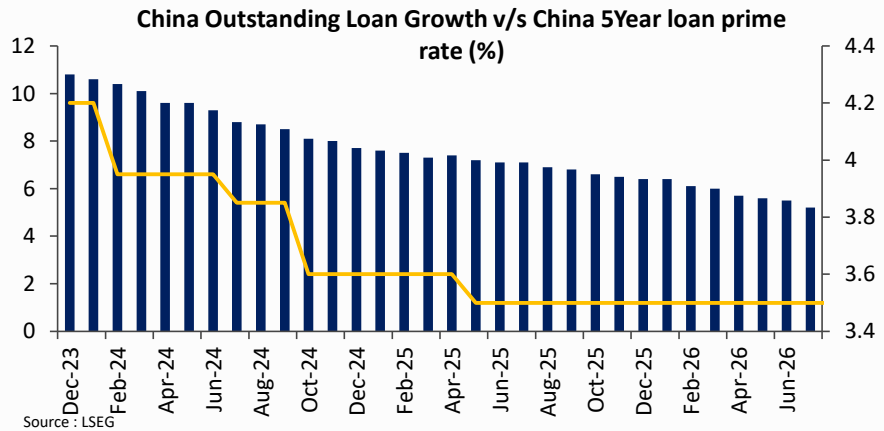
Source: LSEG

China's silver concentrate imports jump 36% YoY on strong demand



Source: SMM

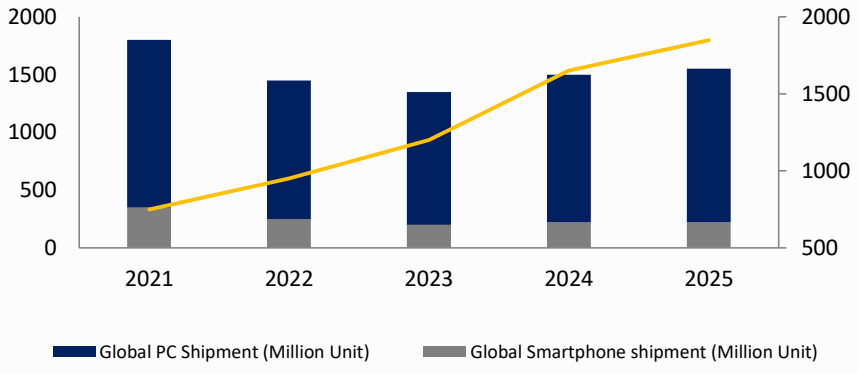
Credit growth remains subdued, despite cuts in loan prime rate



Source : LSEG

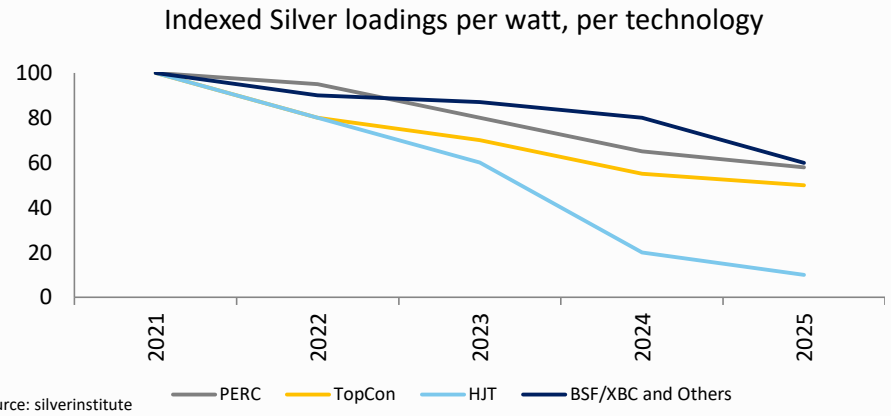
Green Technological Advancements

Silver's industrial demand witness continuous demand



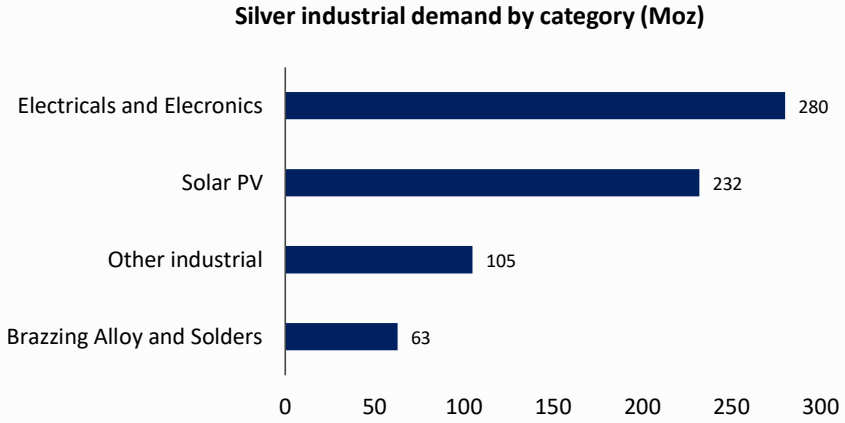
Source: silverinstitute

China's technology sectors retain substantial scope for high silver demand



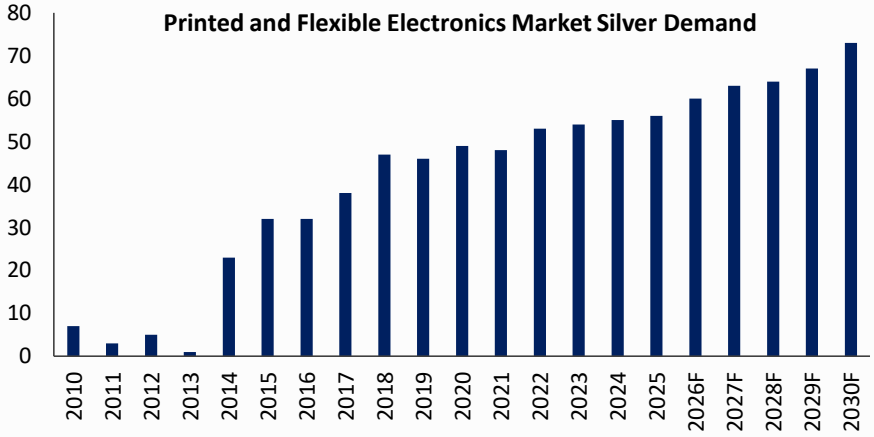
Source: silverinstitute

Silver's industrial demand expected to support demand story



Source: wolrd silver survey 2025

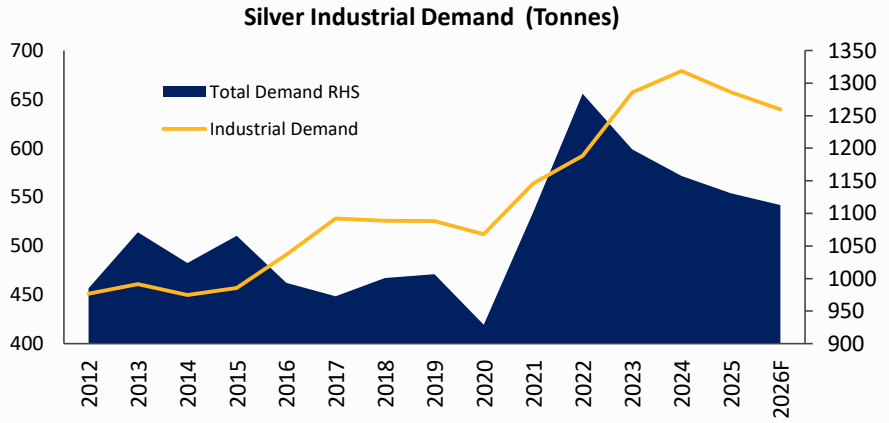
China shows significant potential for higher Silver demand



Source: silverinstitute

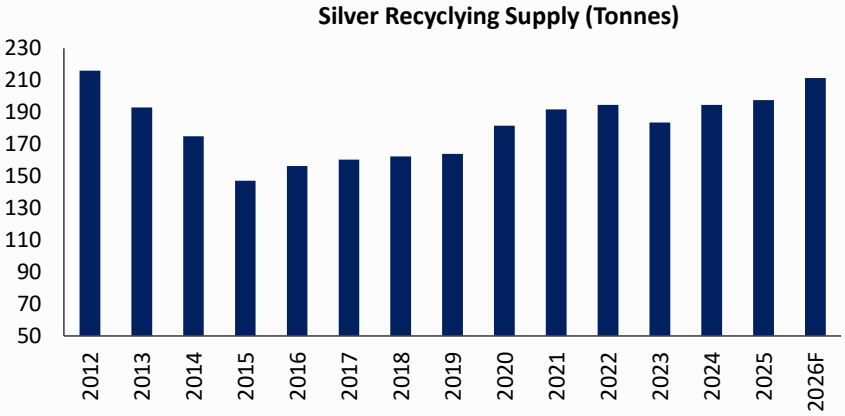
Silver Demand and Supply

Industrial demand is expected to remain steady for 2026



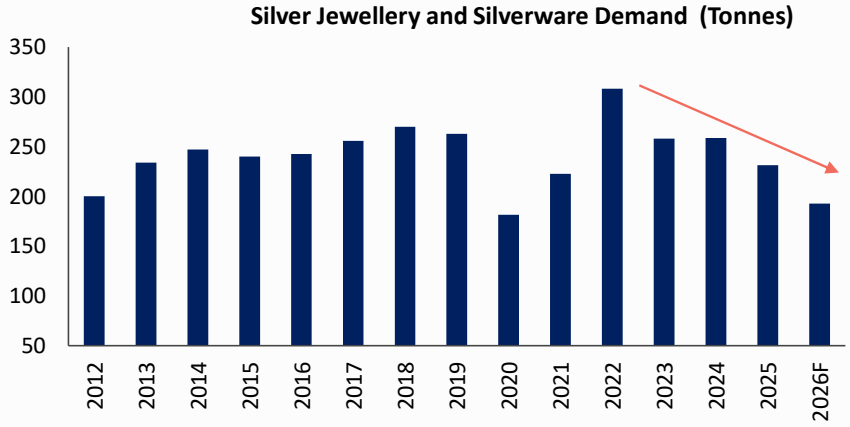
Source: silverinstitute

Higher price incentivise recycling, boosting secondary supply



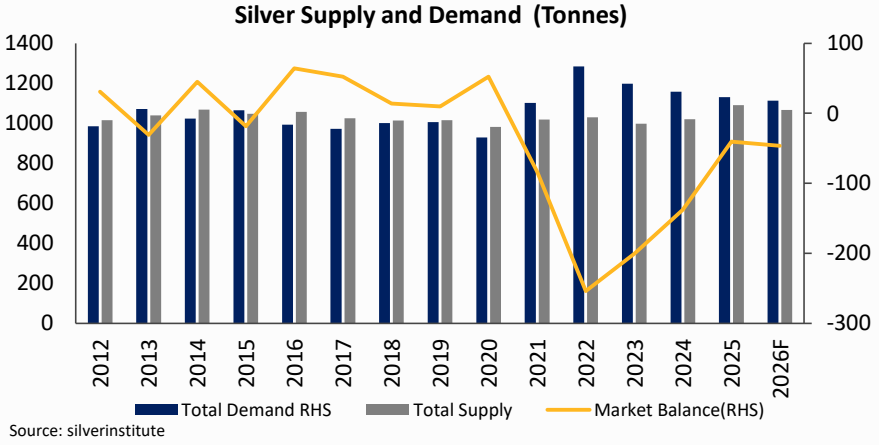
Source: silverinstitute

Jewellery demand softens as elevated prices weigh on consumption



Source: silverinstitute

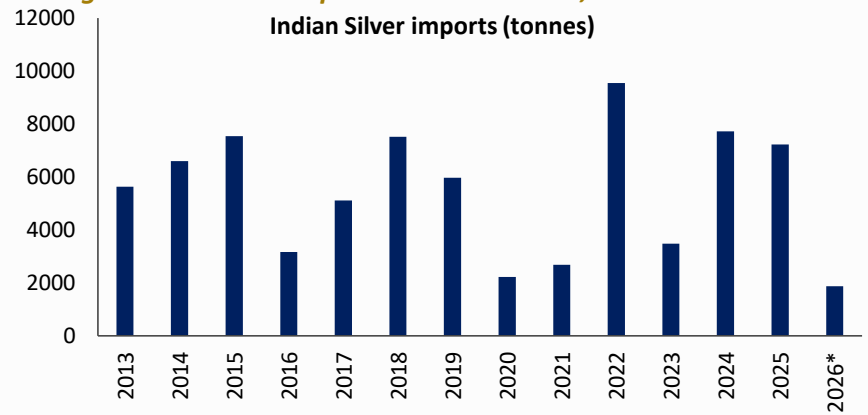
Sixth year of deficit for Silver, however the gap shrinks



Source: silverinstitute

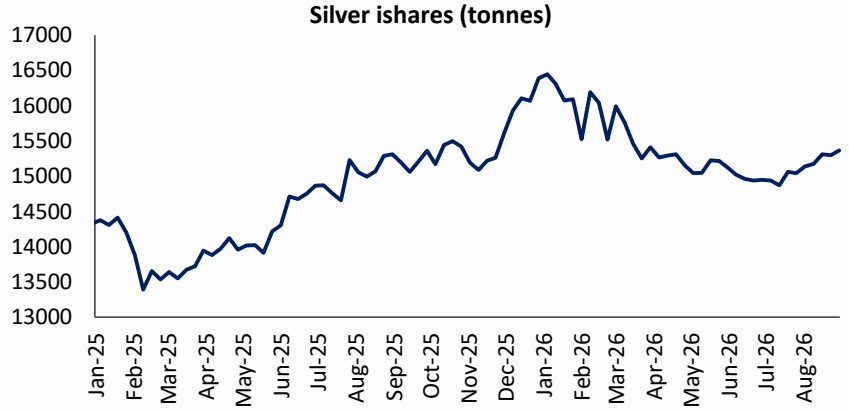
Silver Flows

Slow growth in Silver import number in 2026, amidst restrictions



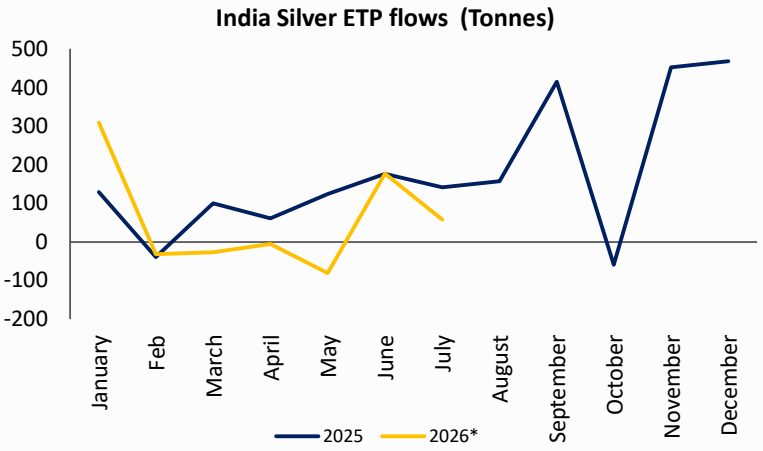
Source: metalsfocus

Silver Ishares steadies after sharp swings in the previous year



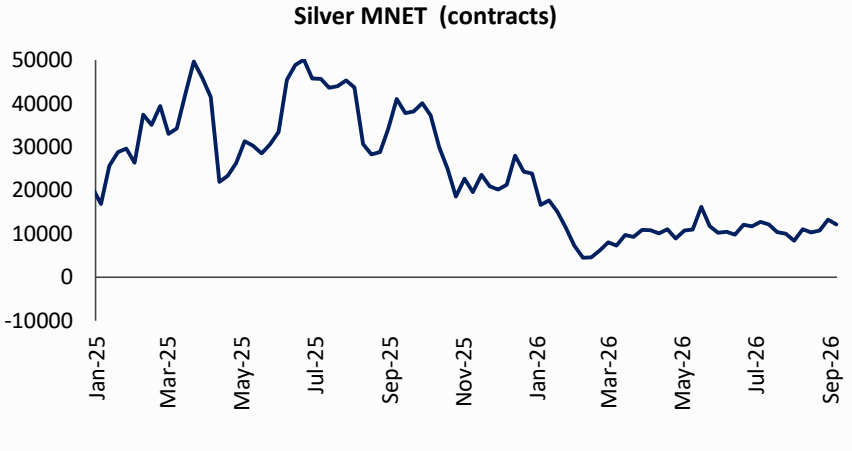
Source: LSEG

ETP flows remains subdued in 2026



Source: metalsfocus

Managed net position shows dull interest in Silver after rally of 2025



Source: LSEG

Fundamental Pointers

- *Silver has experienced sharp volatility since the start of 2026, with a ~-10% YTD upside*
- *Geopolitical tensions, fiscal concerns and policy uncertainty continue to support investment demand for precious metals, including silver*
- *Federal Reserve remains inflation-focused after its 25-bps hike, signalling further tightening despite resilient growth and a stable labour market.*
- *Markets continue to debate the timing of future rate hikes, keeping real rates and precious metals highly sensitive to incoming data*
- *US Treasury recently bought the long end of the US bonds, increasing their debt, in order to control the elevated yields, supporting precious metals*
- *Expectations of policy support from China and improving manufacturing activity remain important catalysts for industrial metals demand*
- *Domestic Silver ETFs attracted a record ₹4,286 crore inflow in June, signalling strong investor participation after the sharp correction*
- *India imposed restrictions on silver imports and raised import duties, leading to tighter domestic supplies and rising local premium*
- *India's silver imports fell sharply following import restrictions, creating shortages and increasing reliance on domestic inventories*
- *The Silver Institute expects a sixth consecutive annual market deficit in 2026, extending one of the longest deficit cycles on record*
- *Cumulative silver inventory drawdowns since 2021 have exceeded 760 million ounces, highlighting persistent structural tightness*
- *Physical investment demand is projected to rise nearly 20% in 2026, reaching its highest level in three years.*
- *Industrial demand continues to account for nearly 60% of total silver consumption, underpinning long-term structural demand.*
- *Demand from AI infrastructure, data centres, electrification, grid expansion and electronics continues to offset weakness in some traditional sectors.*

Outlook

Parity Price of Silver in Rupees at various dollar levels

Silver in $ / Rs/$	55	60	65	70	75	80	85	90
92	186342	203282	220223	237163	254103	271043	287983	304923
93	188368	205492	222616	239741	256865	273989	291114	308238
94	190393	207702	225010	242318	259627	276935	294244	311552
95	192419	209911	227404	244896	262389	279881	297374	314867
96	194444	212121	229797	247474	265151	282828	300504	318181
97	196469	214330	232191	250052	267913	285774	303635	321495
98	198495	216540	234585	252630	270675	288720	306765	324810

Most Probable path

Alternative levels on weaker USD:INR correlation to gold

- *We do believe last years' pace is difficult to get replicated however, positive momentum still remains embedded in prices*
- *Recent lows of $55 could act as a strong support, any dip could be used as a buying opportunity with targets of $75 on immediate basis and $95 on medium to long term basis, assuming USDINR at 96.*
- *On domestic front, supports are near ₹1,90,000; for targets towards ₹2,65,000 on immediate basis and ₹3,20,000 on medium to long term basis.*
- *Buying on dips is recommended from a 12-15 month perspective*
- *Patience could be tested with higher volatility at certain intervals*
- *On longer term scenario, a headwind which could pose a risk is the possibility of a recession or series of rate hikes, which could briefly pause the rally.*

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