KEDIA ADVISORY

SILVER REPORT

Date: 22 September 2026

Kedia Stocks and Commodities Research Pvt. Ltd.

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SILVER DIWALI 2027

Building a Portfolio for the Next Recovery

SIX-MONTH OBJECTIVE	DIWALI 2027 OBJECTIVE	DOMESTIC OBJECTIVE
$85–$90	$120	₹4 lakh/kg

Renewed attention for a metal caught between savings and industry

As Diwali approaches, silver deserves a fresh look. Persistent supply deficits, resilient investment demand and a developing technical base support a constructive outlook — while interest rates, substitution and volatility remain the challenges to watch.

Following a substantial correction, this is an appropriate window for investors with a medium-term horizon and sufficient risk capacity to begin adding silver gradually. **Our outlook envisages $85–90 over six months, followed by a potential advance towards $120 by Diwali 2027 — with ₹4 lakh/kg** as the conditional domestic objective, subject to the rupee, duties and premiums.

+52.81%

Silver return, Diwali 2025 → 17 Sep 2026 (₹1,53,131 → ₹2,34,000/kg)

6th

Consecutive annual global supply deficit forecast for 2026

66.0

Weekly gold–silver ratio, down from the 2025 high of 107

A Cup-and-Handle base is taking shape

The rounded advance from ~$54.78 towards $68–70 forms the cup; August's rejection near $70 and the retreat towards $62–63 resemble a developing handle — with a higher base than the earlier low.

Confirmation trigger: sustained closes above $70, then the 200-day moving-average region near $72.70, with successful retests turning resistance into support.

Momentum is improving, but not yet decisive

RSI: 53.9

Modest positive bias, room to build

MACD: 0.11

Marginally positive; bullish cross pending

CHOPPINESS: 66.5

Reflects consolidation; a decline here alongside rising price would confirm trend

Target ladder

$87.88–90	200% extension — Diwali 2027 zone, second-stage objective	EXTENSION
$81.56–85	161.8% extension — initial six-month objective band	EXTENSION
$75.86	127.2% extension — first confirmation checkpoint	EXTENSION
$72.70	200-day moving average — key confirmation level above $70	RESISTANCE
$62–63	Handle low — sustained weakness here undermines the base	SUPPORT
$58–58.70	Break below exposes the $54.78 cycle low	SUPPORT
$54.78 / $50	Cup low and psychological floor — persistent trade below requires reassessment	SUPPORT

Ten drivers behind the opportunity

01

Deficit persists into 2026

46.3 Moz deficit projected for 2026, vs 40.3 Moz in 2025 — a sixth consecutive annual shortfall.

02

Mine supply stays slow

2026 output forecast at 844.1 Moz, marginally lower. ~28% is primary silver; the rest tracks other metals' economics.

03

Indian ETFs kept buying

₹1,271 crore net inflows in August, after ₹1,285 crore in July. AUM reached ₹85,488 crore (AMFI).

04

Global funds kept accumulating

Sprott Physical Silver Trust held 215.61 Moz at end-June, up ~4.90 Moz since December.

05

Coin & bar demand strengthening

Global coin and net bar demand forecast to grow 18% in 2026, judged best on purchases through corrections.

Ten drivers behind the opportunity

06

Location of metal matters

The Oct 2025 London squeeze showed bullion location matters as much as aggregate inventory.

07

EV demand recovered in Q2

Global EV sales +4% YoY, +35% QoQ; 24% of H1 car sales. Each EV uses ~25–50g of silver.

08

AI infrastructure broadens demand

Microsoft's $41bn quarterly capex reflects the scale of computing-infrastructure investment.

09

Solar capacity keeps expanding

China's installed solar capacity reached 1,290 GW by end-July, +16.1% YoY, despite falling silver intensity.

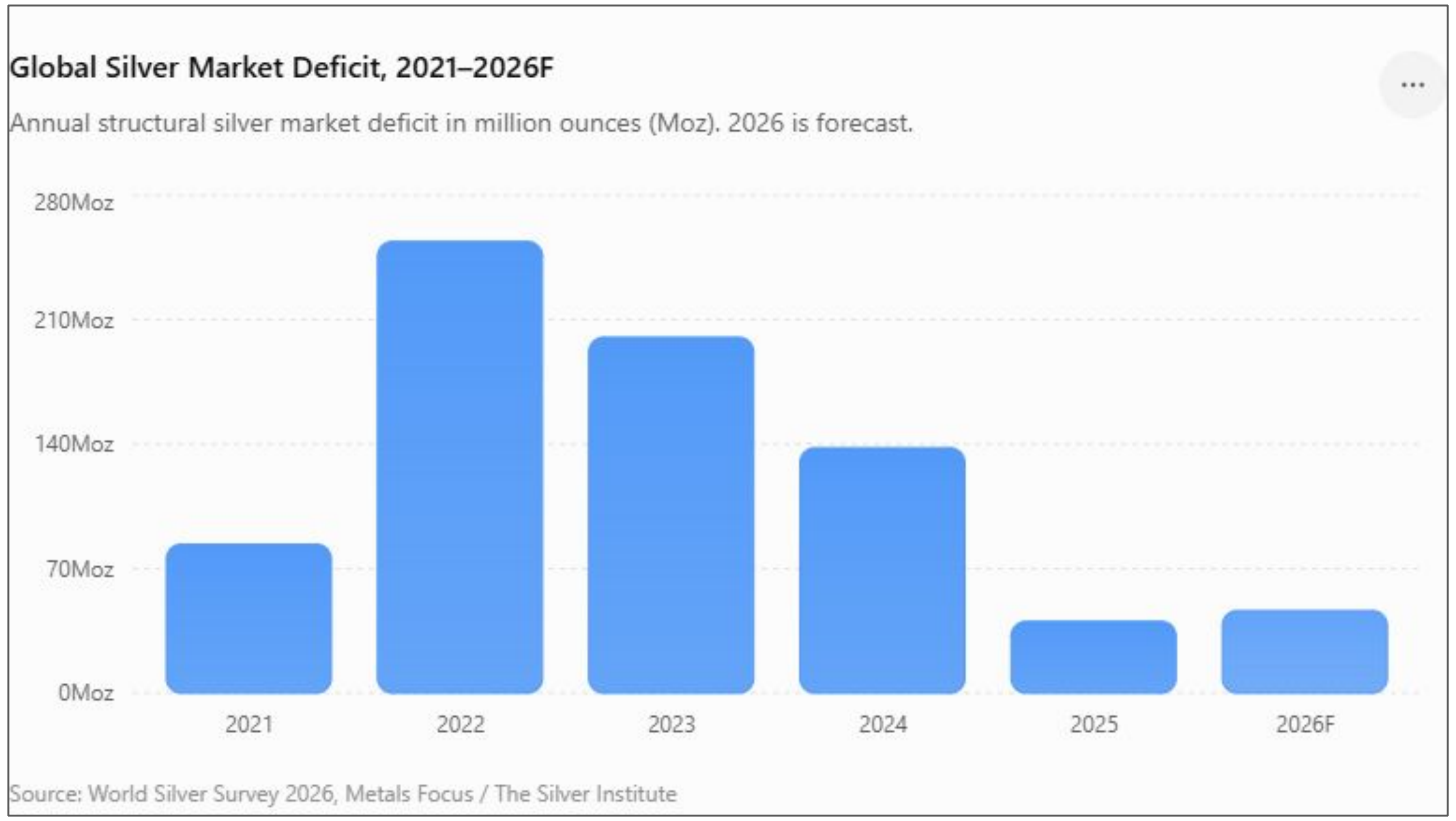
10

Critical-minerals recognition

The US added silver to its final 2025 critical-minerals list, reinforcing supply-chain importance.

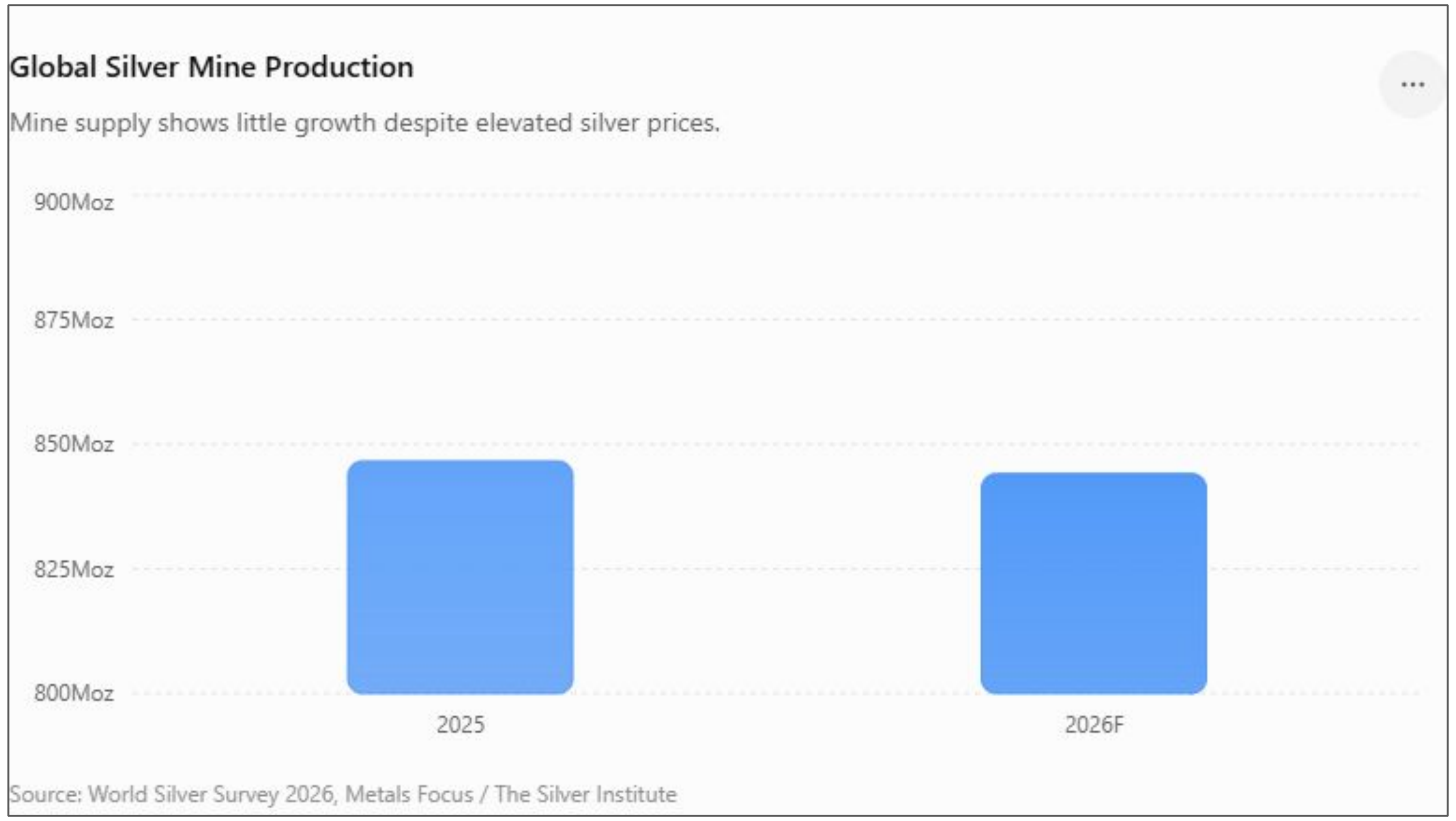
Silver Deficit Persists Into 2026

Silver's structural supply deficit remains one of the strongest fundamental pillars supporting the medium-term outlook. The global silver market is projected to record a 46.3 million ounce deficit in 2026, widening from 40.3 million ounces in 2025 and marking a sixth consecutive annual shortfall. Persistent deficits indicate that mine supply and recycling are still struggling to fully match demand from investment, solar, electronics, automotive and other industrial applications. While above-ground inventories can temporarily bridge the gap, repeated annual deficits gradually tighten available supply. If industrial consumption remains resilient and investor demand strengthens further, this persistent imbalance could increase price sensitivity and support higher silver prices over the coming year, although volatility is likely to remain elevated.



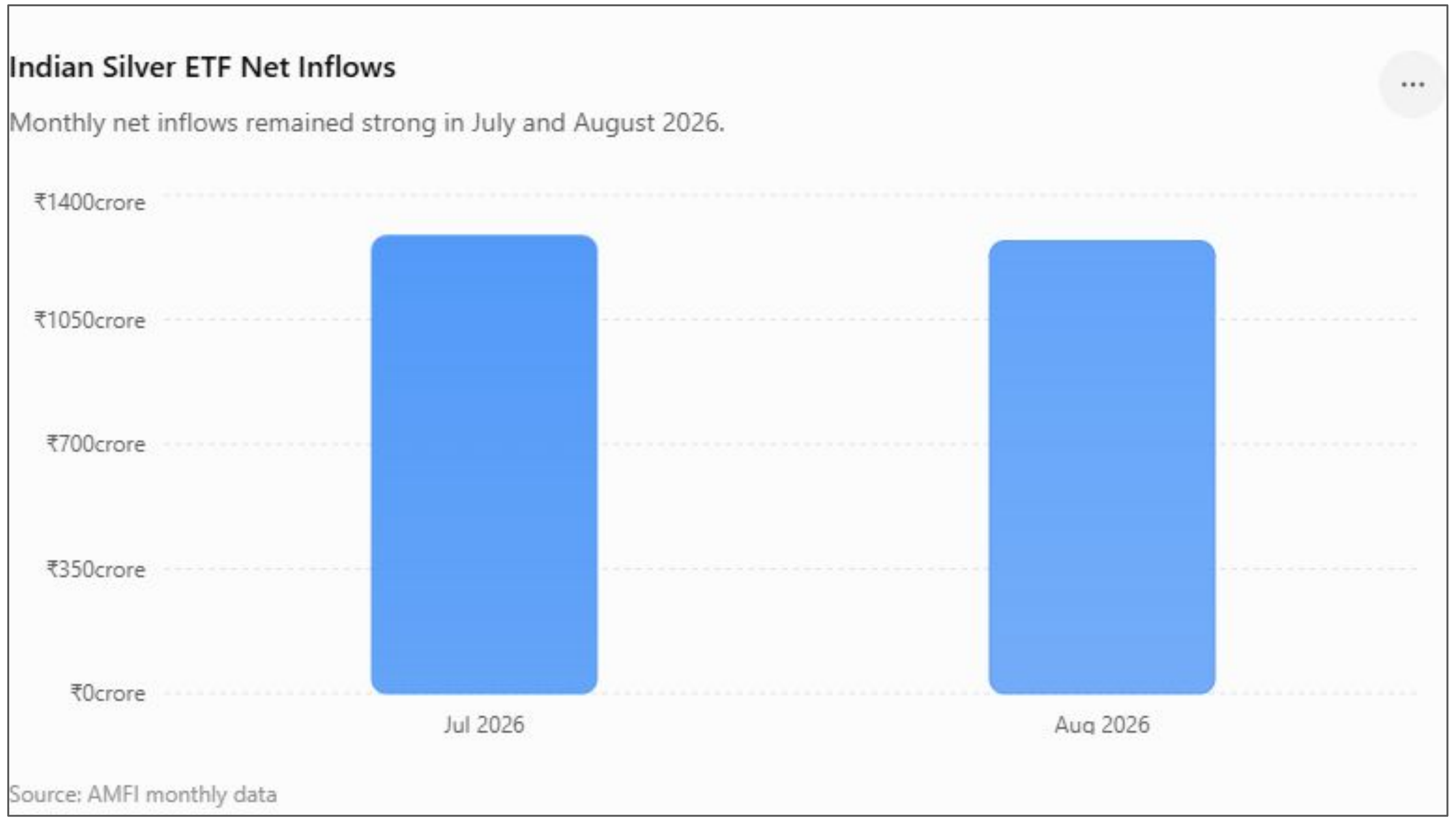
Mine Supply Remains Slow to Respond

Silver mine supply continues to respond only gradually despite elevated prices and persistent market deficits. Global mined production is forecast to slip 0.3% to 844.1 million ounces in 2026, compared with 846.6 Moz in 2025. A key constraint is silver's dependence on other mining industries. Only around one-quarter of global output comes from primary silver mines, while the majority is produced as a by-product of lead-zinc, copper and gold operations. This means higher silver prices alone cannot rapidly stimulate new supply, as production decisions often depend on the economics of other metals. Consequently, mine supply remains relatively inelastic, reinforcing the structural tightness in the global silver market.



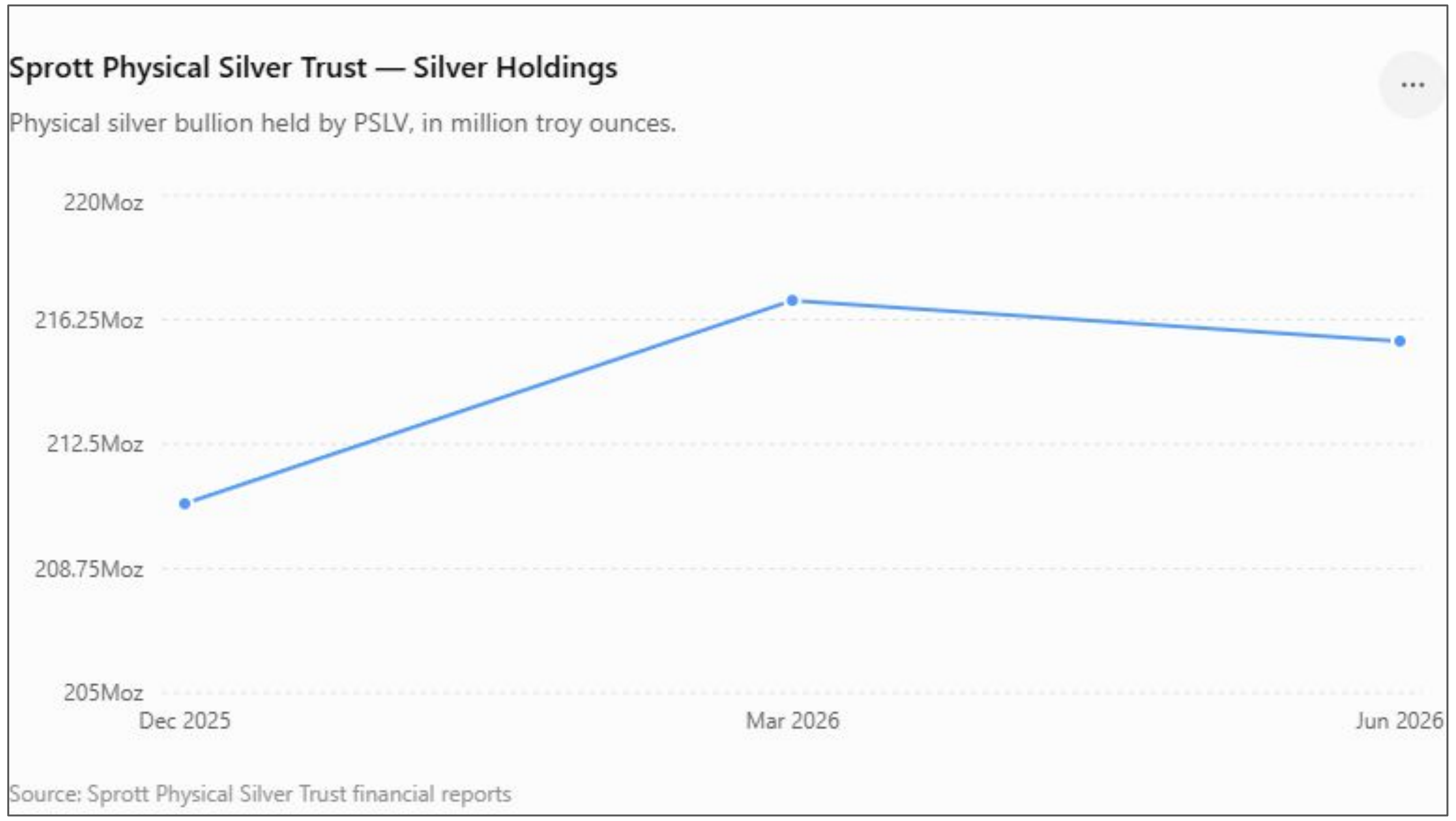
Indian Silver ETFs Keep Attracting Investor Money

Indian investors continued adding exposure to silver through exchange-traded funds, reinforcing the metal's growing role as a financial asset. Silver ETFs recorded net inflows of approximately ₹1,271 crore in August 2026, broadly maintaining July's strong ₹1,285 crore inflow. Despite the marginal moderation in fresh investment, silver ETF assets under management climbed to approximately ₹85,488 crore by the end of August, reflecting both sustained investor participation and higher silver prices. The resilience of ETF inflows suggests that Indian investors are increasingly using regulated financial products to gain silver exposure rather than relying solely on physical purchases. Continued ETF accumulation could strengthen investment demand alongside silver's already substantial industrial consumption base.



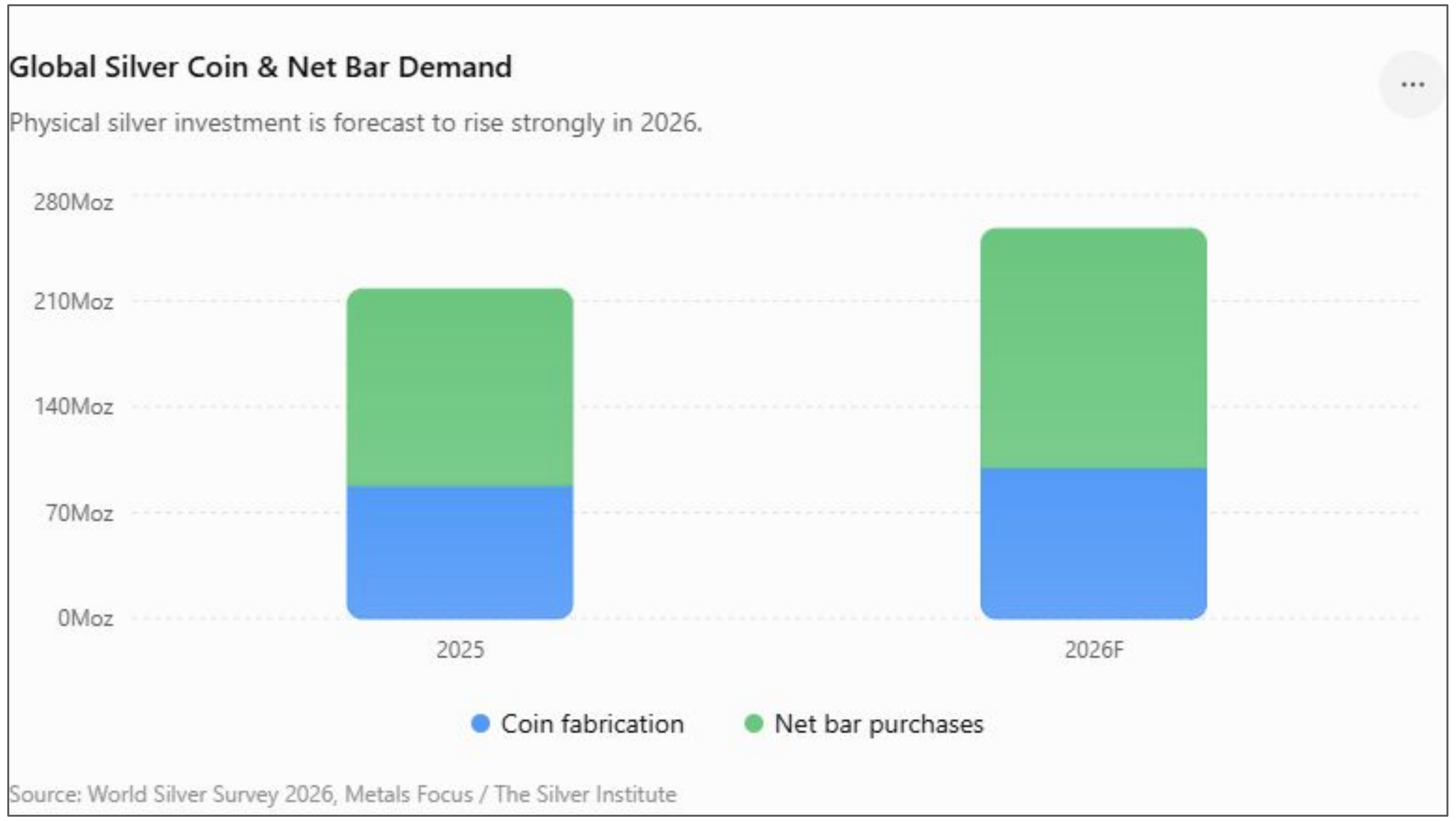
Global Funds Continue Accumulating Silver

Global institutional interest in silver remained firm through the first half of 2026, providing another supportive pillar for investment demand. The Sprott Physical Silver Trust held approximately 215.61 million ounces of physical silver at the end of June 2026, an increase of roughly 4.90 million ounces compared with December 2025. The steady rise in holdings indicates continued accumulation by investors seeking direct exposure to physical silver amid persistent supply deficits, geopolitical uncertainty and expectations of stronger precious-metal prices. Unlike short-term speculative positioning, physically backed trusts require corresponding metal holdings, potentially tightening readily available inventories. Continued accumulation by major global investment vehicles could therefore amplify silver's price sensitivity when industrial demand and investor flows strengthen simultaneously.



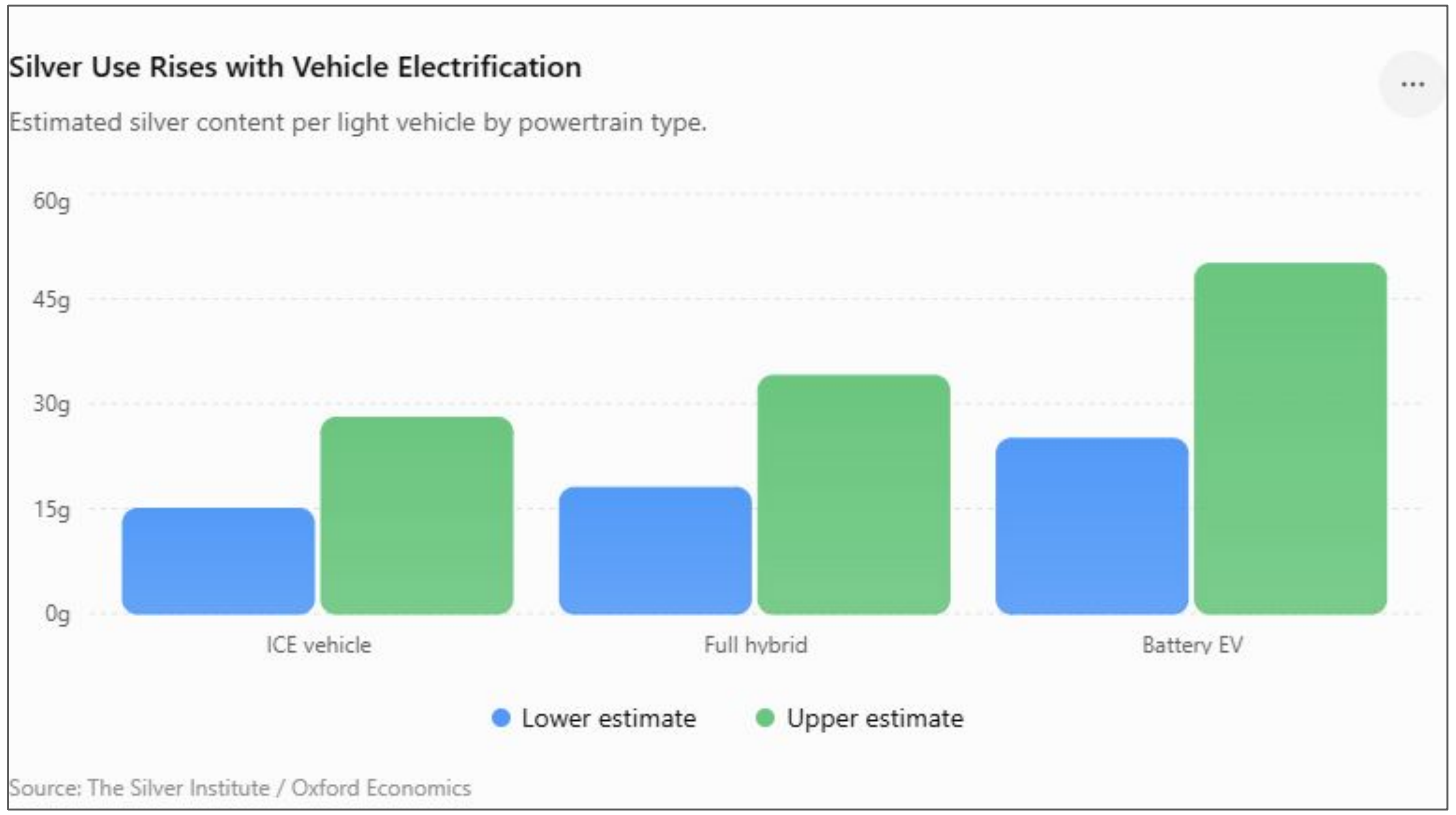
Coin and Bar Demand Strengthens in 2026

Physical silver investment is expected to strengthen significantly in 2026 as investors continue using price corrections to accumulate the metal. According to the World Silver Survey 2026, global coin fabrication and net bar purchases are forecast to rise 18% year-on-year to 257.6 million ounces, from 217.7 Moz in 2025. Within this, net bar purchases are projected to increase 22% to 157.8 Moz, while coin fabrication is expected to rise 14% to 99.8 Moz. The rebound reflects renewed retail investor interest, macroeconomic uncertainty and silver's strong price performance. Continued buying during market pullbacks could provide an important floor for demand, although elevated prices are likely to keep physical investment volatile.



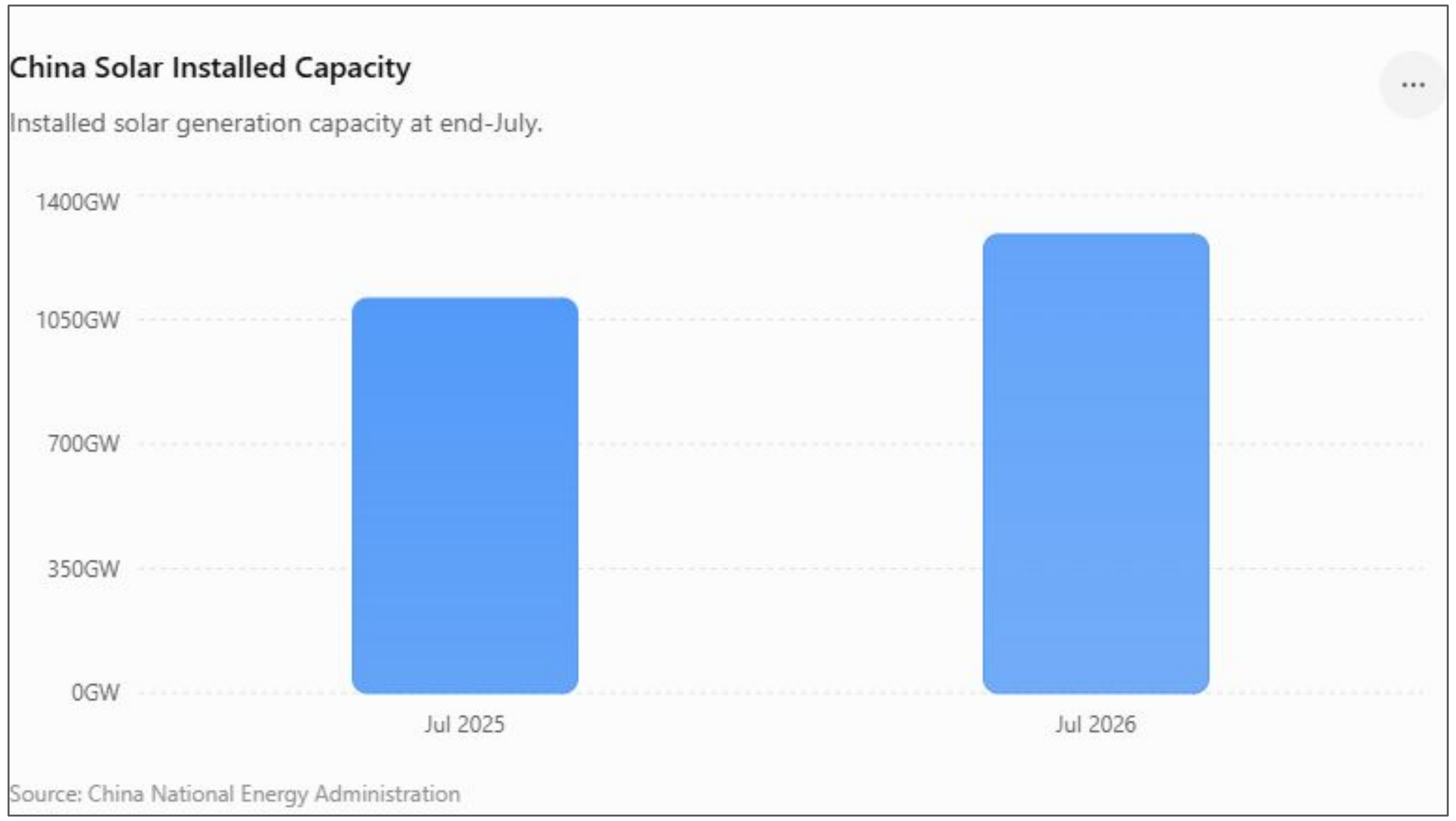
EV Demand Recovered Sharply in Q2 2026

Electric-vehicle demand regained momentum in the second quarter of 2026, strengthening another important long-term consumption channel for silver. According to the IEA, global electric-car sales rose 4% year-on-year in Q2 and jumped 35% from the first quarter, helping EVs capture 24% of global car sales during H1 2026. Silver benefits directly from this transition because battery-electric vehicles typically use around 25–50 grams of silver per vehicle, versus roughly 15–28 grams in conventional internal-combustion cars. Silver is required in electrical contacts, power electronics, battery-management systems and other high-conductivity components. Continued EV penetration therefore supports automotive silver demand, particularly as vehicle electrification and charging infrastructure expand globally.



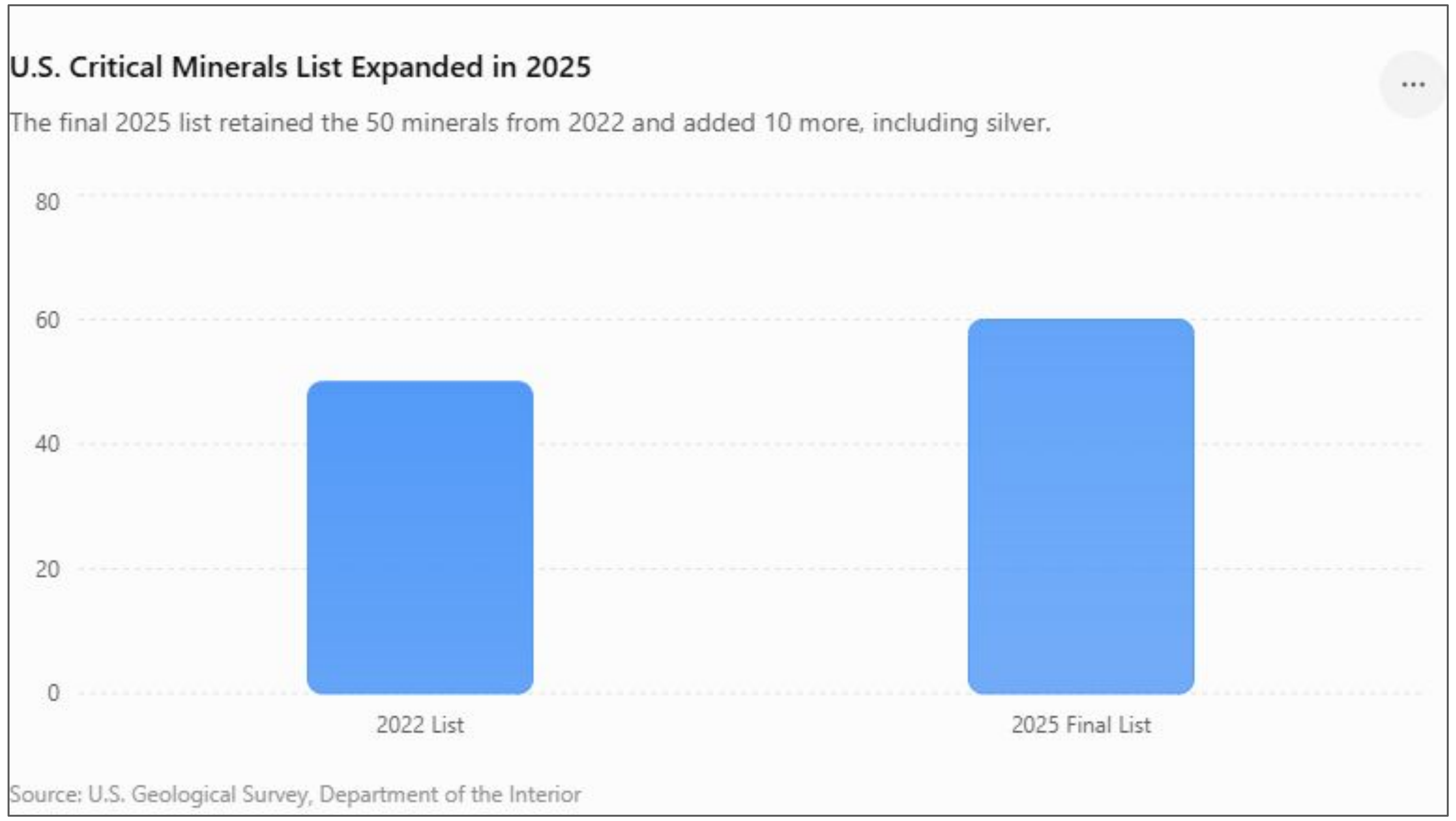
Solar Capacity Expansion Supports Silver Demand

China's rapid solar expansion continues to provide an important structural demand base for silver, even as manufacturers reduce silver use per panel. By the end of July 2026, China's installed solar-generation capacity reached about 1,290 GW, representing a strong 16.1% year-on-year increase, according to the National Energy Administration. Solar capacity has become so large that photovoltaic installations now account for more than 30% of China's total power-generation capacity. Although technological improvements and substitution are steadily lowering silver intensity per solar cell, continued large-scale additions can partly offset this thrifting effect. Sustained global solar deployment therefore remains an important long-term consumption driver for silver, particularly in high-efficiency photovoltaic technologies.



Silver Gains Critical-Mineral Recognition in the US

Silver's strategic importance has received an important policy endorsement after the United States added silver to its final 2025 Critical Minerals List. The U.S. Geological Survey identified silver among 10 newly added minerals, reflecting its importance to the economy and potential exposure to supply-chain disruption. Silver is essential across electrical circuits, batteries, solar cells and medical applications, while growing electrification and renewable-energy deployment are increasing its strategic relevance. Critical-mineral designation does not itself guarantee higher prices, but it strengthens the case for greater focus on domestic supply, recycling, processing capacity and secure sourcing. For investors, the recognition reinforces silver's transition from predominantly a precious metal toward an increasingly strategic industrial resource.

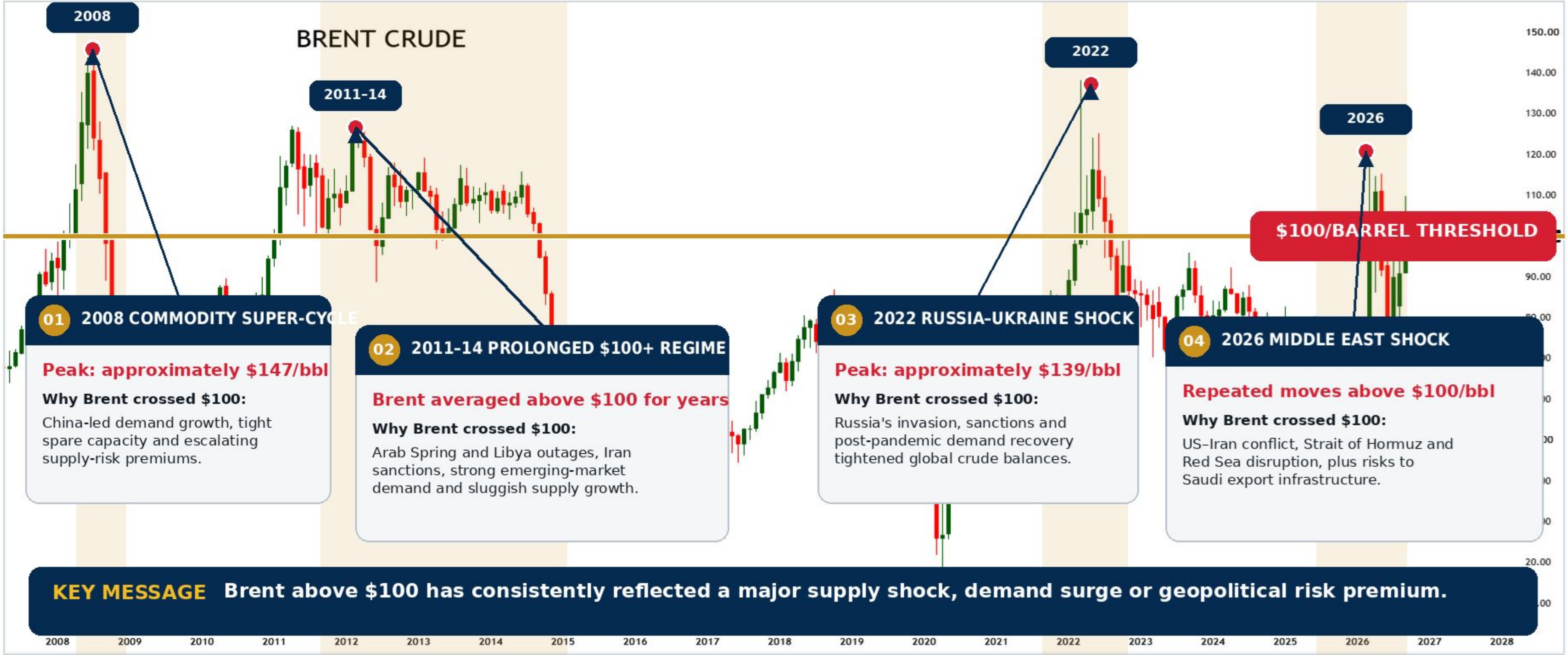


Oil shocks and silver recoveries: 2008, 2022 and 2026

Cycle	Oil Shock	Silver Decline	Subsequent Recovery
2008–2011	Brent ~$147.50, Jul 2008	**$20.92 → $8.88 (−58%)**	→ $48.70 in 2011 (+448% from low)
2022–2026	Brent $139.13, Mar 2022	**$26.18 → $17.77 (−32%)**	→ >$121 in Jan 2026
2026 (unfinished)	Brent above $100 during energy disruption	**Substantial correction, base attempted**	Recovery in progress

These episodes do not establish that oil above $100 guarantees a rally — Brent stayed elevated through 2011–14 while silver retreated from its 2011 peak

EVERY TIME BRENT BROKE ABOVE $100



01 2008 COMMODITY SUPER-CYCLE

Peak: approximately $147/bbl

Why Brent crossed $100:
China-led demand growth, tight spare capacity and escalating supply-risk premiums.

02 2011-14 PROLONGED $100+ REGIME

Brent averaged above $100 for years

Why Brent crossed $100:
Arab Spring and Libya outages, Iran sanctions, strong emerging-market demand and sluggish supply growth.

03 2022 RUSSIA-UKRAINE SHOCK

Peak: approximately $139/bbl

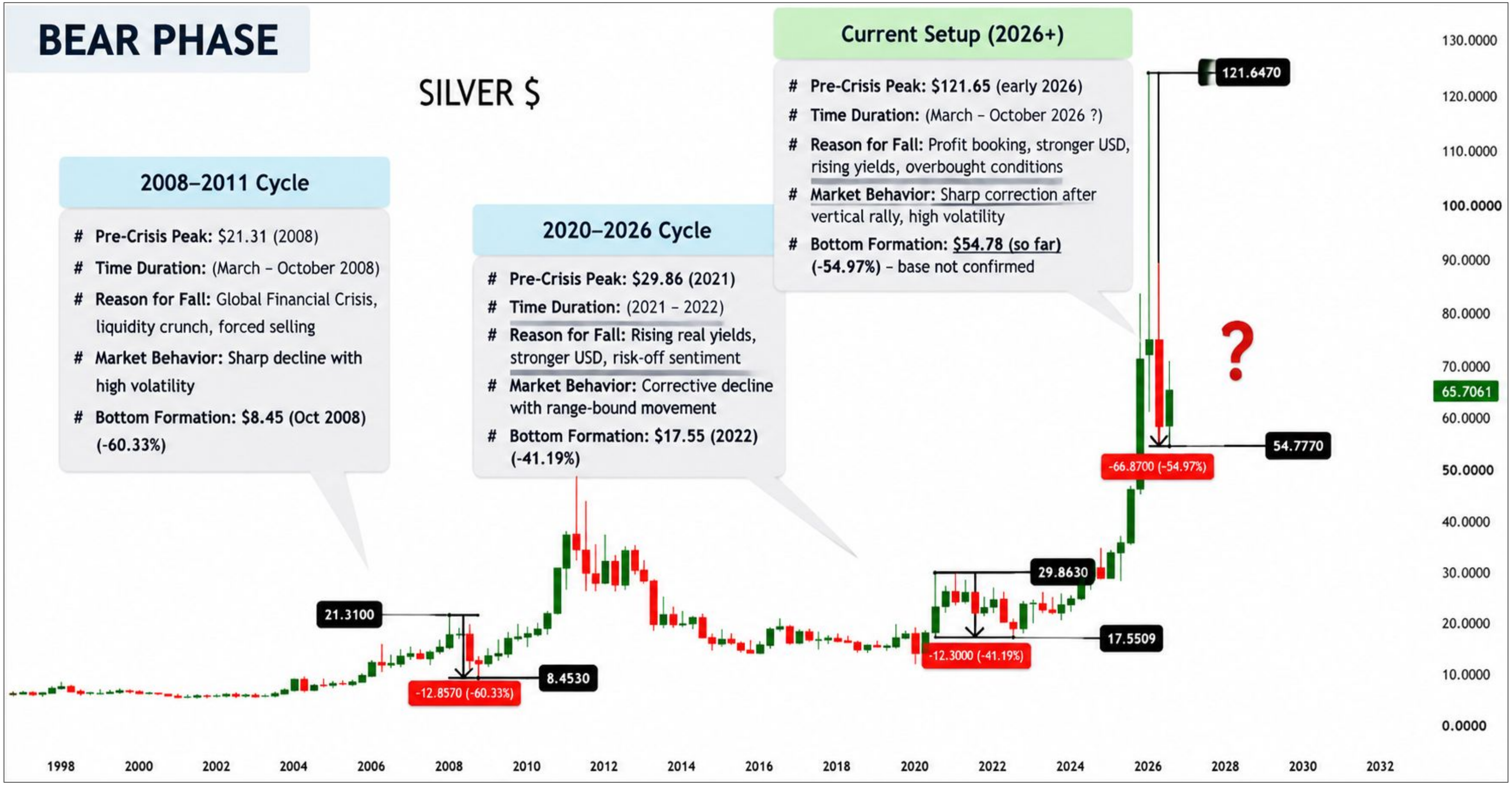
Why Brent crossed $100:
Russia's invasion, sanctions and post-pandemic demand recovery tightened global crude balances.

04 2026 MIDDLE EAST SHOCK

Repeated moves above $100/bbl

Why Brent crossed $100:
US–Iran conflict, Strait of Hormuz and Red Sea disruption, plus risks to Saudi export infrastructure.

KEY MESSAGE Brent above $100 has consistently reflected a major supply shock, demand surge or geopolitical risk premium.


BEAR PHASE
SILVER $
2008–2011 Cycle
Pre-Crisis Peak: $21.31 (2008)
Time Duration: (March – October 2008)
Reason for Fall: Global Financial Crisis, liquidity crunch, forced selling
Market Behavior: Sharp decline with high volatility
Bottom Formation: $8.45 (Oct 2008) (-60.33%)
2020–2026 Cycle
Pre-Crisis Peak: $29.86 (2021)
Time Duration: (2021 – 2022)
Reason for Fall: Rising real yields, stronger USD, risk-off sentiment
Market Behavior: Corrective decline with range-bound movement
Bottom Formation: $17.55 (2022) (-41.19%)
Current Setup (2026+)
Pre-Crisis Peak: $121.65 (early 2026)
Time Duration: (March – October 2026 ?)
Reason for Fall: Profit booking, stronger USD, rising yields, overbought conditions
Market Behavior: Sharp correction after vertical rally, high volatility
Bottom Formation: $54.78 (so far) (-54.97%) – base not confirmed
121.6470
?
54.7770
-66.8700 (-54.97%)
29.8630
17.5509
-12.3000 (-41.19%)
21.3100
8.4530
-12.8570 (-60.33%)
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RECOVERY & EXPANSION PHASE

2008 – 2011 Cycle

- # **Post-Crisis Rally:** \$8.30 (Oct 2008) → \$49.83 (Apr 2011)
- # **Return Magnitude:** +489%
- # **Time Duration:** ~2.5 years
- # **Key Drivers:** QE, financial crisis, liquidity expansion, inflation hedging
- # **Wave Structure:** 5-wave rally into 2011 peak

2020 – 2026 Cycle

- # **Post-Crisis Rally:** \$11.71 (Mar 2020) → \$30.05 (2021)
- # **Return Magnitude:** +156.6%
- # **Time Duration:** ~1 year
- # **Key Drivers:** COVID-19, global stimulus, rising real yields, industrial demand
- # **Wave Structure:** Recovery rally, followed by consolidation and new breakout

Current Setup (2026+)

- # **Post-Crisis Rally:** Expected \$18.04 → \$121.73+
- # **Return Magnitude:** Potential +593% to +670%
- # **Time Duration:** Likely multi-year (2026-2032)
- # **Key Drivers:** Industrial demand, solar & EV growth, supply deficit, monetary easing, USD weakness
- # **Wave Structure:** Wave 4 correction → Wave 5 pending

The Gold–Silver ratio is breaking down

66.0

Current weekly ratio, down from the 2025 high of 107.00

A decline toward 50–55 would indicate silver continuing to outperform gold. Combined with a gold objective of ₹2.20–2.25 lakh, that ratio implies silver near ₹4.00–4.50 lakh — broadly consistent with our standalone target.

What could delay the recovery

Monetary tightening	Post-COVID base; industrial demand revival begins; Silver historically cheap vs gold (GSR ~107). Silent accumulation by ETFs.
Substitution & falling intensity	Manufacturers keep shifting to low-silver and silver-free technologies, gradually reducing silver use per unit of output.
Stronger supply response	Recycling, mine optimisation and new capacity can gradually improve availability at higher prices.
Easier physical liquidity	London silver holdings reached 28,431 tonnes at end-August, up 0.77% MoM — inventory rebuilding would weaken the scarcity case.
Investment-flow reversal	2026 forecasts for industrial demand, PV demand and net ETP investment all sit below 2025 levels — renewed buying must be demonstrated.

What the international target means at home

The domestic objective cannot be separated from currency and local pricing conditions. These are illustrative exchange-rate assumptions, not forecasts.

International Silver	USD/INR	Implied Domestic Value
$120 / oz	₹95	**~₹4 lakh/kg**
$120 / oz	₹100	**~₹4.25 lakh/kg**

SEPTEMBER 2026 REFERENCE

₹2.34 lakh/kg

BULLISH DOMESTIC OBJECTIVE

₹4 lakh/kg

~71% upside

A Diwali allocation built on discipline

The present consolidation offers an opportunity to begin building exposure gradually rather than committing the full intended allocation at one price — followed by additions on confirmed strength or orderly corrections, within a predetermined risk budget.

MONITORING CHECKLIST

Price confirmation	Fund flows	Physical conditions	Macro backdrop
Sustained closes above $70 and $72.70, with successful retests as support.	Indian ETF inflows, Sprott and comparable trust holdings.	Premiums, lease rates and LBMA vault inventory trends.	Oil, real yields and the dollar remain equally important.

Sizing note: size silver according to potential drawdown, liquidity needs and contribution to overall portfolio risk. Excessive leverage can turn a temporary correction into a permanent loss of capital.

A Diwali allocation built on discipline

"Diwali offers a natural moment to reconsider the role of precious metals in long-term savings. For silver, the recent correction, developing technical base and persistent supply imbalance create a credible case for renewed attention."

Our outlook remains constructive towards **$85–90** over six months and **$120** by Diwali 2027, with **₹4 lakh/kg** as the conditional domestic bullish objective. Gradual accumulation, proportionate exposure and confirmation above $70–72.70 provide a disciplined approach to participating in the next potential advance.

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