



Vardhaman Capital Pvt. Ltd.

## Silver Outlook (2026–2027)

### **1. Core Macro View**

Silver is well positioned for 2026–2027 due to multi-year supply deficits, high industrial demand, and supportive macro factors such as geopolitical uncertainty and potential Fed easing. Forecasts vary widely: conservative views place prices in the low-to-mid USD 30/oz range, while bullish scenarios project spikes toward USD 60–70+/oz. Even neutral projections expect prices to remain well above pre-2020 norms until at least 2027.

### **2. Key Demand Drivers**

- Industrial demand dominates, driven by photovoltaics, EVs, electronics, and advanced applications.
- Solar and EV expansion after a brief slowdown is expected to lift demand into 2026.
- India is now a major global demand engine, contributing heavily through retail bar purchases and rising adoption of silver ETFs and FoFs.

### **3. Supply, Deficit and Late-Cycle Risks**

Silver supply grows slowly because it is mostly a by-product of base-metal mining. Deficits are expected to continue through the mid-2020s, though recycling may increase by 2027. Higher prices in 2026 could trigger more recycling, some destocking, and demand rationalisation, raising the risk of consolidation or pullback in 2027.

### **4. Price Expectations and India Angle**

Global forecasts show upward bias into 2026 and mixed outcomes for 2027. For India, the combination of higher global silver prices and possible rupee depreciation towards 90–95 per USD could push local silver prices to about ₹2.4–2.45 lakh/kg under bullish scenarios. However, this double-lever effect increases both upside potential and downside risk, making staggered entry preferable.

### **5. Portfolio Strategy**

Silver should be treated as a tactical-plus-strategic satellite allocation. Low-single-digit exposure via ETFs/FoFs is generally suitable. Because silver is highly volatile, staggered buying, disciplined rebalancing, and trimming after rallies are important for managing risk into 2027.

# Gold Outlook (2026–2027)

## 1. Macro and Price Landscape

Most institutional forecasts for 2026–2027 place gold in the USD 2,800–3,800/oz range, with upside scenarios extending to USD 4,000–5,000/oz. In India, domestic forecasts point to ~₹1.28–1.38 lakh per 10g in 2026 and ~₹1.35–1.47 lakh in 2027. Local prices may rise even if global prices stabilise due to rupee weakness and import duties.

## 2. Key Fundamental Drivers

- Strong central-bank buying continues to provide a structural price floor.
- Fed rate cuts expected in 2026 generally support gold by lowering real rates and weakening the USD.
- Geopolitical tension and large fiscal deficits increase safe-haven allocations.
- Conversely, stronger global growth and higher real rates could cap gold's upside.

## 3. Indian Portfolio View

Gold remains a hedge rather than a high-return asset. Typical allocations range from low- to mid-single digits. A weak rupee, domestic duties, and risk-off periods can amplify local returns even if international prices flatten.

## 4. Tactical Positioning (2026–2027)

- Treat gold as insurance against inflation, INR depreciation, and global risk events.
- Prefer staggered entry or SIPs in gold ETFs/FoFs due to wide forecast ranges.
- Use rebalancing rules to lock gains if gold overshoots.
- A US rate-cutting cycle is broadly supportive, with the magnitude depending on real-rate compression.

## 5. Impact of Fed Rate Cuts

Fed easing typically lifts gold by reducing opportunity cost, weakening the USD, and boosting safe-haven demand. Mild cuts may generate 5–15% upside in 2026, while aggressive cuts in a slowdown can produce 15–30% upside. However, if cuts occur in a strong-growth environment with rising real yields, gold may weaken.

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