Silver in the Spotlight: Macro Forces & Market Trends

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Fundamental point of view:

Silver prices are influenced by a combination of macroeconomic factors and industrial demand, making them more volatile than gold. As both a precious and industrial metal, silver benefits from safe-haven demand during periods of geopolitical uncertainty, but its price is also heavily tied to global manufacturing activity, particularly in the solar, electronics, and electric vehicle sectors. Rising U.S. inflation increases expectations of Federal Reserve interest rate hikes, which strengthen the U.S. dollar and Treasury yields, creating downward pressure on silver prices. Key economic calendar events such as U.S. CPI, PPI, Non-Farm Payrolls (NFP), GDP, PMI, and FOMC meetings significantly influence market expectations for monetary policy and, consequently, silver prices. Geopolitical tensions, including conflicts in the Middle East and disruptions to major shipping routes such as the Strait of Hormuz and the Bab el-Mandeb Strait, can increase inflationary pressures through higher energy costs. However, if these inflationary risks lead markets to anticipate tighter Federal Reserve policy, the resulting stronger dollar and higher real yields may outweigh silver's safe-haven appeal, keeping prices under downward pressure. Overall, silver tends to perform best when industrial demand is strong, economic growth is stable, and expectations shift toward lower interest rates.

Technical point of view:

Silver has remained in a clear downtrend since mid-May, reflecting persistent bearish momentum. The metal has recently closed below its key daily support at 58, confirming continued selling pressure. In the near term, silver may witness a technical pullback toward the 60–62 resistance zone before resuming its downward move. If bearish momentum persists, prices could extend their decline toward the 54–52 support region over the longer term. Unless silver reclaims and sustains levels above 62, the overall technical outlook remains bearish.

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