THE SILVER MARKET REPORT

Supply, Demand, and What the Data Shows

You track supply chains for a living. You read primary sources, not YouTube channels. You want the numbers — not the narrative wrapped around them.

Six years of documented deficits. Structural production constraints. Growing industrial consumption by sector. No predictions. No pressure. Just the data.

WHO THIS IS FOR

A Note Before You Read

If you work in engineering, procurement, logistics, or operations — you already understand what supply chain strain looks like from the inside. You have seen what happens when production cannot keep pace with consumption. The silver supply question is not abstract for you. It is a structural inventory problem.

This report presents the documented supply and demand data without attaching a conclusion to it. Every statistic is sourced. Where figures are estimates for 2025 and 2026, they are labeled as such. The numbers come from the Silver Institute, the USGS, and the IRS. What you do with them is your call.

> ***Shortages do not need panic to matter. Long-term constraints drive pricing — not headlines. This report is written for people who already know that.***

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SECTION 1

The Supply Picture

You can't out-analyze a constraint that doesn't exist. But this one does. Global silver mine production has been essentially flat for over a decade. According to the Silver Institute's World Silver Survey, annual mine output has ranged between roughly 800 and 850 million ounces since 2013 — no sustained growth trend, no meaningful response to rising demand.

Why 70% of Silver Is a Byproduct

Most silver does not come from silver mines. Roughly 70% is produced as a byproduct of mining copper, lead, and zinc. That means silver supply is partly controlled by base metal miners making decisions based on copper prices — not silver prices. When copper demand softens and copper mines scale back, silver output drops regardless of what the silver market is doing.

Ore Grade Decline

The ore grades at existing silver-bearing mines have declined over time. More rock per ounce. Higher cost per ounce. Compressed margins. That dynamic reduces the economic incentive to expand production even when demand is running ahead of supply.

The 10-to-15-Year Problem

From discovery to first production, a new silver mine takes 10 to 15 years. Permitting, environmental review, capital investment, construction. None of that can be compressed to respond to a supply deficit that started in 2021. The supply side cannot respond the way a factory can.

Top Producing Countries

Country	Approx. Share
Mexico	~24%
China	~14%
Peru	~13%
Chile	~8%
Russia	~7%
All Others	~34%

Source: USGS Mineral Commodity Summaries — Silver; Silver Institute World Silver Survey 2024

SECTION 2

The Demand Picture

Four categories drive global silver demand. The critical structural fact: industrial fabrication — the largest segment and the fastest growing — permanently removes silver from above-ground supply. It is not stored. It is not held waiting to be sold. It is used in a product and it is gone.

Category	Share	Key Context
Industrial Fabrication	~55%	Solar, EVs, electronics, AI infrastructure. Growing every year. Permanently consume
Physical Investment	~20%	Coins and bars. Can be resold. Fluctuates with market sentiment.
Jewelry & Silverware	~18%	Relatively stable. Partial recovery through scrap.
Other	~7%	Medical, water purification, brazing, defense. Small but consistent.

Source: Silver Institute World Silver Survey 2024

> ***Investment demand can theoretically be recycled back into supply. Industrial demand cannot. As industrial's share of total demand grows, the permanently consumed portion of global silver grows with it.***

SECTION 3

Industrial Demand Deep Dive

If you work in procurement or supply chain, you already know that the sectors driving silver consumption are not going away. They are scaling up. Here is what the consumption data shows by sector.

Solar Photovoltaics

Silver paste is used in solar cell manufacturing for electrical conductivity. Solar panels consumed approximately 232 million ounces of silver in 2024 — nearly triple the volume used a decade earlier. Global solar installation capacity is expanding under national energy targets in the U.S., EU, China, and India. Per-panel silver content has declined modestly through efficiency improvements, but volume growth has overwhelmed those gains.

Electric Vehicles

Silver is used in EV battery management systems, charging connectors, and onboard electronics. Per-vehicle silver content is higher in EVs than in conventional internal combustion vehicles due to greater electrical system complexity. Global EV adoption continues to accelerate across major markets.

Electronics and AI Infrastructure

Silver is used in contacts, connectors, circuit boards, and semiconductor fabrication. AI data center construction is accelerating globally and data centers are silver-intensive at scale. The more servers built, the more silver consumed — and the build-out is not slowing.

Other Industrial

Medical devices, water purification systems, antimicrobial coatings, brazing alloys, and defense applications represent smaller but stable demand floors. These categories do not contract during economic downturns the way investment demand can.

> ***Industrial silver is consumed. The relationship between silver and the green energy transition is not a theory. It is engineering. The demand curve is documented in the same procurement reports your industry already reads.***

Source: Silver Institute World Silver Survey 2024; IEA World Energy Outlook; NREL Solar Data

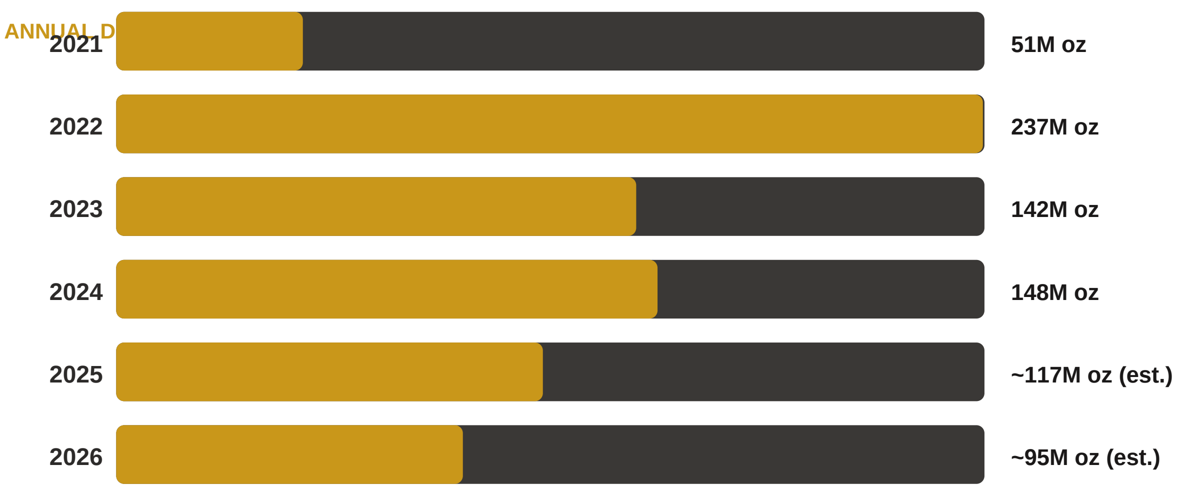
SECTION 4

Six Years of Documented Deficits

A market deficit means total demand exceeded total supply — mine production plus recycling — in a given year. The Silver Institute has recorded six consecutive years of this. Not projected. Not estimated at the start of the year. Recorded after the fact. That is six straight years of the world consuming more silver than it produced.

Year	Mine Supply	Total Demand	Annual Deficit
2021	~829M oz	~880M oz	~51M oz
2022	~843M oz	~1,080M oz	~237M oz
2023	~831M oz	~973M oz	~142M oz
2024	~837M oz	~985M oz	~148M oz
2025	~833M oz	~950M oz	~117M oz (est.)
2026	~830M oz	~925M oz	~95M oz (est.)
6-Year Total			**~790M oz**

Source: Silver Institute World Silver Survey 2021–2026. 2025–2026 are estimates based on interim data.



SECTION 5

Does Recycling Close the Gap?

The short answer: no. Silver recycling contributes approximately 180 to 200 million ounces annually — a real and meaningful contribution to supply. But six consecutive years of deficits prove it is not enough to bridge the gap between what is mined and what is consumed.

What Gets Recovered

Jewelry and silverware scrap are the highest-recovery categories. These items are trackable, economically worth processing, and feed back into the supply chain reliably. Industrial manufacturing scrap from controlled production processes also contributes meaningfully.

What Does Not Get Recovered

Industrial silver embedded in solar panels, complex electronics, and EVs is largely not economically recoverable. The silver content per unit is small. Extraction costs are high relative to the value recovered. As industrial demand grows as a share of total consumption, the unrecoverable portion grows with it. This is the structural problem recycling cannot solve.

> ***You can only recycle silver that was previously used and is economically recoverable. The trend in industrial consumption is toward less recoverable applications, not more.***

Source: Silver Institute World Silver Survey 2024; USGS Mineral Commodity Summaries

SECTION 6

Above-Ground Stockpiles Are Declining

Six years of demand exceeding supply has to be filled somehow. It gets filled by drawing down above-ground inventories — silver sitting in exchange warehouses, dealer vaults, and institutional holdings. That drawdown is not theoretical. It is documented in COMEX warehouse reports.

COMEX Inventories

COMEX silver warehouse inventories peaked at over 400 million ounces in early 2021. By 2025, those levels had declined substantially. The drawdown tracks almost exactly with the cumulative deficit — because that is what is happening. The deficit is being satisfied by existing stock, not new production.

Why Above-Ground Stock Matters

Unlike mine supply, above-ground stockpiles do not replenish themselves. Once they are drawn down, the only sources of physical silver are new mine output and recycled material — both of which face the structural constraints described in earlier sections.

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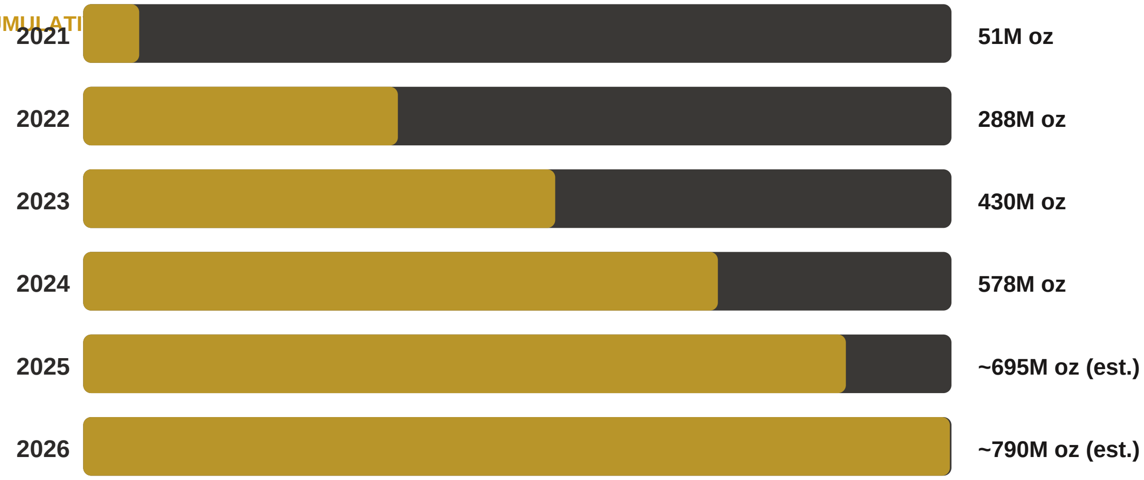

Source: Silver Institute World Silver Survey 2021–2026; CME Group COMEX Warehouse Reports

SECTION 7

Silver vs. Gold: The Structural Difference

Both metals are classified as precious metals. Both have served as stores of value over long periods. Their supply-demand structures are fundamentally different, and that difference is what makes silver's six-year deficit story meaningful.

Gold is primarily stored. The vast majority of gold ever mined still exists in some form. Central banks hold it. Investors hold it. It recirculates. Industrial applications consume a small share of gold demand — around 10%.

Silver is primarily consumed. Industrial applications permanently remove silver from above-ground supply. That is the distinction. A gold deficit would mean investors are selling down reserves. A silver deficit means the world is using more than it produces — and a meaningful share of what is used cannot come back.

Factor	Gold	Silver
Primary use	Monetary store of value	Monetary + industrial
Consumed permanently?	Rarely — recirculates	Yes — industrial use removes it
Annual mine output	~3,300 tonnes	~25,000 tonnes
Industrial demand share	~10% of total	~55% of total, growing
Recyclability	High — most recirculates	Partial — industrial silver often not recovered
6-Year deficit	No sustained deficit	6 consecutive years recorded

Source: Silver Institute; World Gold Council; USGS

SECTION 8

How Investors Position Around Supply Data

This section describes three documented approaches investors use when incorporating silver supply data into portfolio decisions. This is not a recommendation. The right approach — if any — depends on your financial goals, tax situation, time horizon, and risk tolerance. That decision belongs to you, not to this report.

Physical Accumulation

Buying coins, rounds, or bars directly from a dealer. Immediate possession. No tax deferral. Buyer pays a premium above spot that varies by product and dealer. Storage and insurance are the buyer's responsibility.

Silver IRA (Self-Directed)

IRS-approved silver inside a self-directed IRA provides tax deferral. Metals are held at an IRS-approved depository by a qualified custodian — not at home. Requires a rollover from an existing 401(k) or IRA, or direct annual contributions within IRS limits.

Dollar-Cost Averaging

Spreading purchases across 12 to 36 months rather than committing a lump sum at one price. Reduces timing risk. Common among investors who accept the structural supply case but want to avoid buying at a single high point.

> ***None of these approaches is universally correct. Each involves trade-offs between liquidity, tax efficiency, storage cost, and access. Consult a licensed financial advisor before making any allocation decision.***

SECTION 9

What a Silver IRA Looks Like

A self-directed IRA that holds physical silver works like a traditional IRA for tax purposes. The difference is what sits inside the account. Here is the mechanical picture.

IRS-Approved Silver

American Silver Eagles, Canadian Silver Maples, and bars meeting .999 fine purity or higher qualify under IRS rules. Generic rounds and most collectible coins do not qualify.

Custody Requirement

IRA-held silver must be stored at an IRS-approved depository — not at home. Home storage of IRA metals is a prohibited transaction that triggers immediate distribution, income tax, and potential penalties.

How a Rollover Works

An existing 401(k) or IRA rolls into a self-directed IRA through a direct rollover — custodian to custodian — without triggering a taxable event. The new custodian purchases the approved metals on the account holder's behalf.

Contribution Limits

For 2026: $7,000 per year, or $8,000 if you are age 50 or older. These limits apply to new contributions. Rollover amounts are not subject to annual limits.

Distribution Rules

Same as a traditional IRA. Distributions before age 59.5 are subject to a 10% early withdrawal penalty plus ordinary income tax. Required minimum distributions begin at age 73.

This section describes IRA mechanics only. It is not a recommendation to open a silver IRA. Consult a licensed financial advisor and tax professional before making any retirement account decision.

Source: IRS Publication 590-A; IRS Publication 590-B; IRC Section 408(m)

SECTION 10

Questions to Ask Before Buying Silver

You already know how to evaluate a sourcing decision. Apply the same discipline here. These eight questions slow the process down enough to make it deliberate.

1. What percentage of my overall portfolio am I considering?

Financial advisors commonly discuss alternative asset allocation in the 5–15% range as a general framework. The right number — if any — depends on your other holdings, income needs, and time horizon.

2. Am I buying for the short term or the long term?

Silver is volatile in the short term. Price swings of 20–30% within a year are not unusual. If you need liquidity within 12–24 months, that is a relevant constraint.

3. Do I want physical possession or IRA custody?

Physical ownership provides direct access. An IRA provides tax deferral but no direct possession. These are different tools for different objectives.

4. Have I compared dealer premiums above spot?

Premiums vary by product and dealer. A 5% difference in premium on a large purchase is meaningful at scale.

5. What are my storage and insurance costs?

Home storage requires a rated safe and an insurance rider. Third-party vault storage charges annual fees. These are real costs that reduce effective returns.

6. What are the tax implications when I sell?

Physical silver sold at a gain is taxed at the collectibles rate — 28% — not the standard long-term capital gains rate. Silver inside an IRA is taxed as ordinary income on distribution. Consult a tax professional.

7. Have I spoken with a licensed financial advisor?

A good advisor tells you where silver fits or does not fit — not just validates what you already want to hear.

8. Am I deciding on data or on emotion?

Supply-demand data and price momentum are different inputs. This report addresses the former. Neither should be the sole basis for a significant financial decision.

SECTION 11

Data Sources and Further Reading

Primary Data Sources

Silver Institute World Silver Survey

Annual supply and demand data, deficit figures, demand by category.

https://www.silverinstitute.org/silver-supply-demand/

USGS Mineral Commodity Summaries — Silver

Global mine production by country, ore grade trends, reserve estimates.

https://www.usgs.gov/centers/national-minerals-information-center/silver-statistics-and-information

IRS Publication 590-A & 590-B

IRA contribution rules, rollover procedures, distribution requirements.

https://www.irs.gov/publications/p590a

IEA World Energy Outlook

Solar and EV adoption data, industrial silver consumption context.

https://www.iea.org/reports/world-energy-outlook-2024

NREL — National Renewable Energy Laboratory

Solar photovoltaic silver usage data and efficiency trends.

https://www.nrel.gov/solar/

Related Articles — PreppersGoldIRA.com

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You already know how to read a supply report.
Six consecutive years of demand exceeding production.
Mine output that has not grown in over a decade.
Industrial consumption that compounds every year.
Above-ground stockpiles drawn down to cover the difference.
That is the documented record.
What it means for your portfolio is a separate question.
One that belongs to you — not to anyone selling silver.

Make your own call.