

# Gold the safe haven versus silver the wildcard

Gold and silver have both delivered strong returns over the past year. After initially lagging, silver prices shot up in late 2025, outpacing gold by a substantial margin. This surge prompted investors to review their precious-metals exposure and assess the similarities – and differences – between the two.

Despite gold and silver sitting under the precious metals label, their market structures and behaviours diverge sharply. Gold benefits from a more balanced demand base, deeper liquidity, and materially lower volatility. Silver, with its industrial bias and higher volatility, behaves more cyclically and is more sensitive to broader commodity flows.

These distinctions shape how each metal behaves in portfolios: gold consistently offers diversification during stress supporting its role as a strategic, defensive asset, while silver tends to amplify moves – both up and down – acting more like a high-beta complement rather than a substitute.

## Highlights

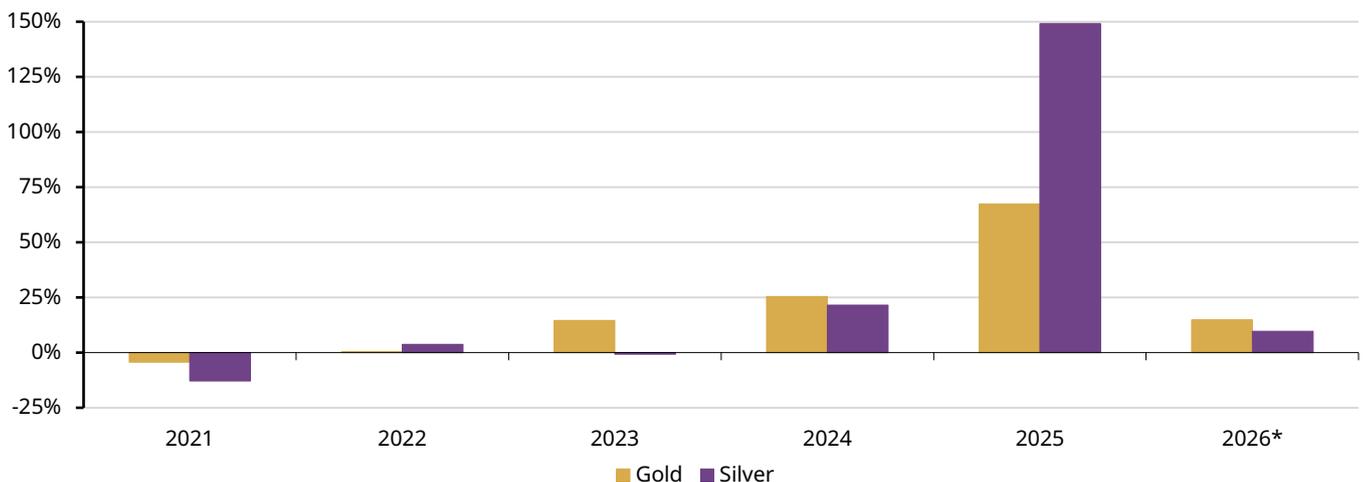
**Demand drivers:** gold's demand is broadly distributed, while silver's industrial-heavy profile makes it more cyclical.

**Liquidity and risk:** gold trades in a deeper, more liquid market, with tighter spreads and far lower volatility than silver.

**Portfolio role:** gold provides steadier diversification during stress, whereas silver acts as a higher-beta satellite, amplifying moves.

**Chart 1: Gold has delivered strong returns, but at a much more consistent pace when compared to silver**

Price performance of gold and silver spot prices\*



\*Data as of 16 March 2026. Gold prices based on LBMA Gold Price PM (US\$/oz); silver based on LBMA Silver Price (US\$/oz). Source: Bloomberg, World Gold Council



## Market structure: Contrasting supply and demand forces

### Gold's dispersed demand vs silver's cyclical sensitivity

Gold and silver are often put into the same bucket, but each is characterised by unique attributes and drivers. One key distinction between the two is their end-demand mix.

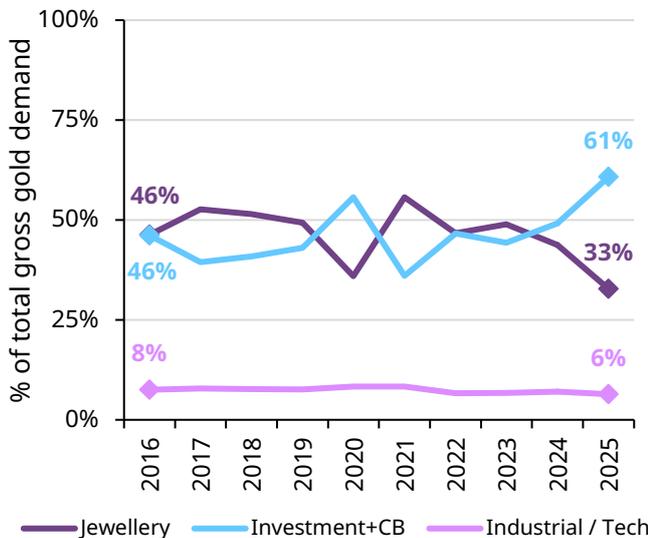
Gold has a well-balanced dual nature, as both a consumer good and an investment asset (Chart 2). Gold is also an integral component to central bank foreign reserves, a trend that has picked up steam in recent years. And while gold investment demand dominates during periods of risk, consumer demand tends to step in during periods of economic growth. Gold's investment share helps explain why it can behave more like a financial asset – sensitive to policy decisions and credit conditions – often supporting its role as a hedge.

Silver demand, on the other hand, is dominated by industry demand (Chart 3). The metal's dominant industrial share increases its exposure to pro-cyclical risk sentiment – raising the odds of it trading closer to industrial metals and risky assets during periods of market stress and economic deceleration.

### Gold a primary product, silver a by-product

From a supply perspective, gold and silver differ sharply. Gold is predominantly mined as a primary product, while 70–80% of silver comes as a by-product of copper, lead and zinc, making silver supply more exposed to disruptions in those sectors.<sup>1</sup> Gold production is also more geographically diverse (Chart 4), whereas silver output is concentrated in Latin America – with Mexico (1st), Peru (3rd), Bolivia (4th) and Chile (6th) all ranking among the top ten producers.

Chart 2: Gold has a dual nature...  
Percentage of total gold demand\*

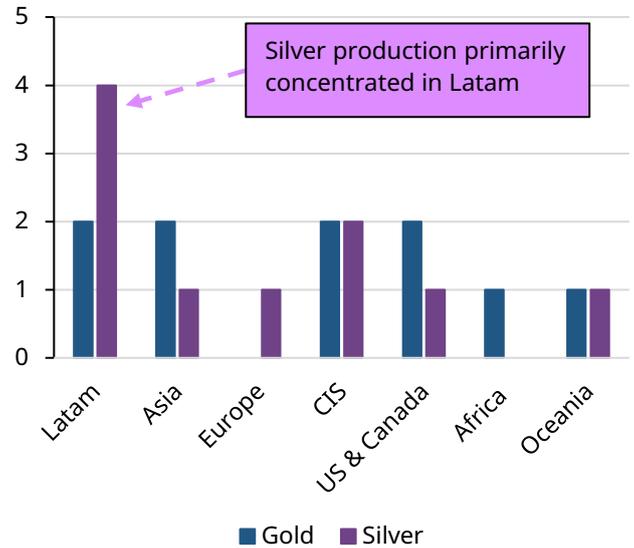


\*Data to 31 December 2025. Investment and central bank (CB) demand are reported on a net basis. Jewellery and technology are reported gross of recycling. Source: Metals Focus, World Gold Council

1. [Which countries produce the world's silver?](#) | 24 January 2025.

Mexico alone producing nearly twice as much as China (2nd). This makes silver more susceptible to supply shocks.

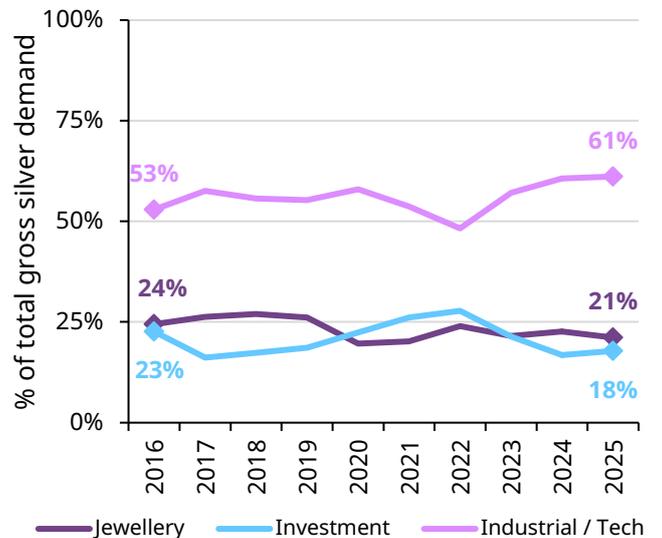
Chart 4: Gold production is more geographically diverse  
Number of top 10 producers by region



\*Data as of 31 December 2024. CIS stands for Commonwealth of Independent states. Source: Metals Focus, USGS Survey, World Gold Council

Recycling also plays a much larger role in gold supply than in silver. Gold recycling contributes roughly one-third of global supply, while silver recycling covers only about 19% of demand.<sup>2</sup> Because so much silver is dispersed across electronics, solar panels and industrial applications, recovery is often uneconomical. As a result, gold benefits from a more stable secondary supply, whereas silver faces structurally tighter physical market conditions.

Chart 3: ...while silver is exposed to cyclical trends  
Percentage of total silver demand\*



\*Data sourced from the World Silver Survey 2025, published April 2025. Investment demand is reported on a net basis. Jewellery and technology are reported gross. Source: World Gold Council, Silver Institute, World Gold Council

2. Recycling contribution to supply in 2025, data from the Silver Institute 2025 Survey.



### Market dynamics: the gold market is substantially larger and more liquid

#### Trading volumes – gold’s trading volumes far exceed silver’s

The size and liquidity of the gold and silver markets differ markedly. Gold is a deep market with an estimated US\$15 trillion in financial form – mostly physical bullion. It’s also an extremely liquid global asset, with trading activity comparable to major bond and currency markets, while silver’s market is considerably smaller.

As a proxy, we compare average daily trading volumes for the two largest US-based physically-backed ETFs for each metal as well as COMEX futures and LBMA OTC activity. Over the past five years, gold ETFs have averaged US\$2.3bn per day versus US\$0.7bn for silver, and the gap widens in futures (US\$55bn vs. US\$11bn) and OTC trading (US\$97bn vs. US\$13bn).

Recent averages have been lifted by a surge in metals trading late last year and into 2026, as rising prices spurred momentum-driven activity. Through February, silver ETF volumes reached US\$11.4bn—nearly nine times their FY25 average—while futures jumped to US\$71bn per day (4x FY25) and OTC activity rose to US\$59bn (3x FY25) (Chart 5).

#### Intraday spread- a clear divide in market depth

While trading activity has increased, a clearer measure of market depth is the intraday bid-ask spread. By this metric, silver is meaningfully less liquid, with an average spread of 9bps – more than four times wider than gold’s 2bps (Chart 7, p4). Silver spreads also spike up in periods of risk to very high levels, making it very costly for investors to initiate or liquidate positions.

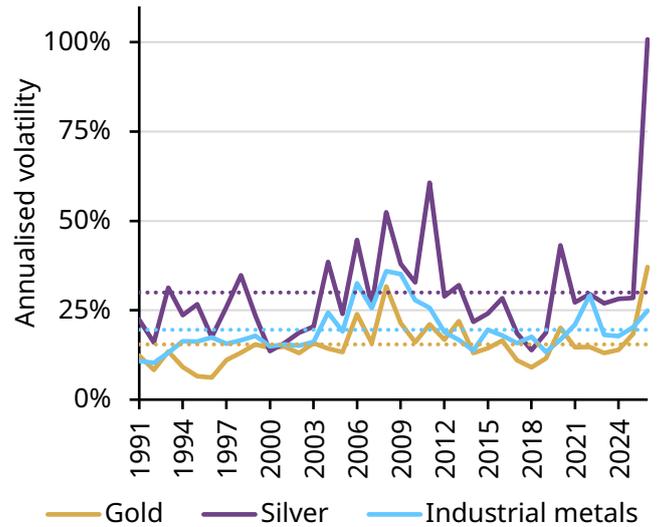
#### Volatility – silver requires a different risk budget

The by-product of wider spreads is higher volatility. Silver’s volatility is roughly twice that of gold (Chart 6).

This has direct implications for investors, particularly in risk-parity frameworks: to target equal risk contribution, the notional allocation to silver typically needs to be materially smaller than for gold.

#### Chart 6: Silver’s higher volatility has implications for portfolio construction

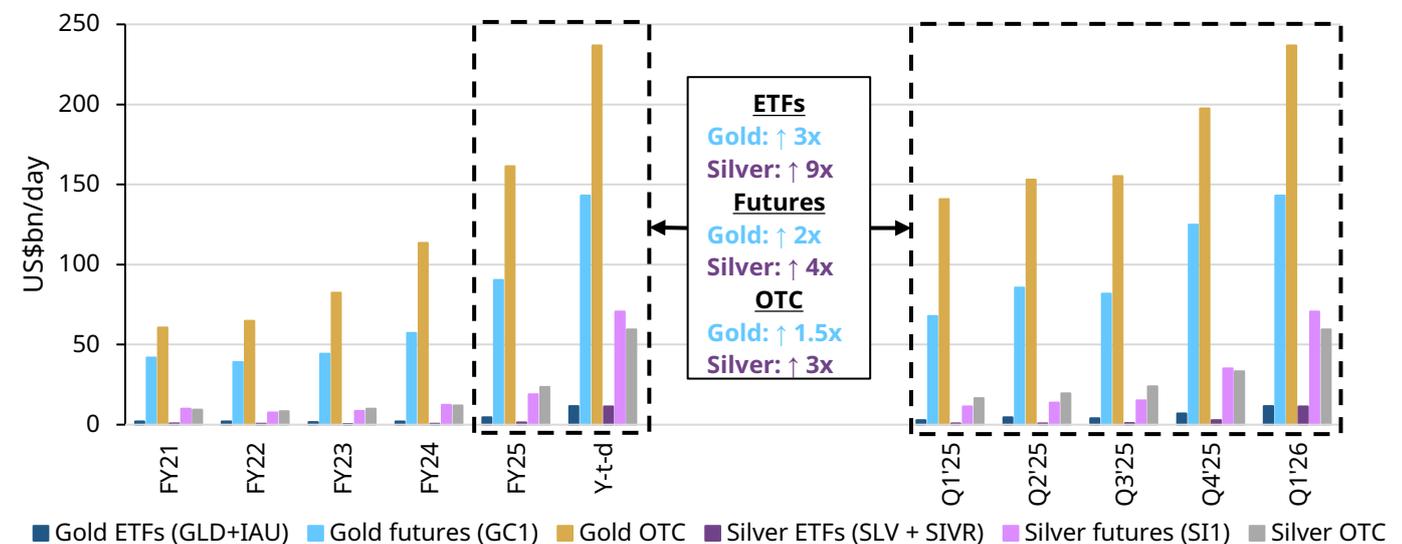
Daily annualised volatility\*



\*Data from 01 January 1991 to 12 March 2026. Indices used: Bloomberg Industrial Metals Subindex Total Return, LBMA Silver Price, and LBMA Gold Price. Dotted lines represent the annual average volatility since 1991 for the indices used. Source: Bloomberg, World Gold Council

#### Chart 5: Gold trades more than silver across the spectrum of trading instruments

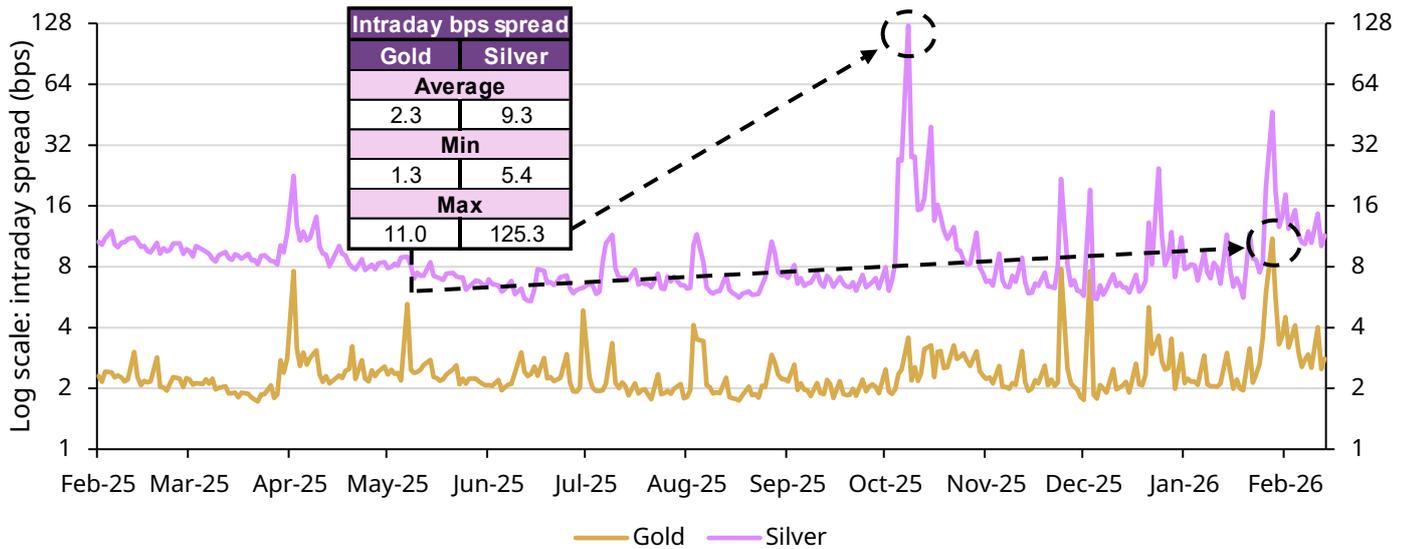
Average daily trading volume of gold and silver ETFs, Futures, and OTC\*



\*Data as of 27 February 2026. Volumes represent estimated daily averages in US\$bn for the period shown. ETF comparisons use the two largest physically-backed funds for each metal by AUM. For North America, GLD and IAU were selected for gold, as they account for more than 80% of daily trading volume. There are fewer physically-backed silver ETFs listed, so SLV and SIVR were used and represent over 95% of daily trading volume. Source: Bloomberg, World Gold Council



Chart 7: Silver's spread is materially higher than gold's  
Spot gold and silver intraday spread (bps)\*



Data represents the average daily spreads based on 1-minute data from 5 February 2025 to 17 February 2026. Gold spreads are based on spot gold (XAU) and silver spreads on spot silver (XAG), both priced in US\$/oz.  
Source: Bloomberg, World Gold Council

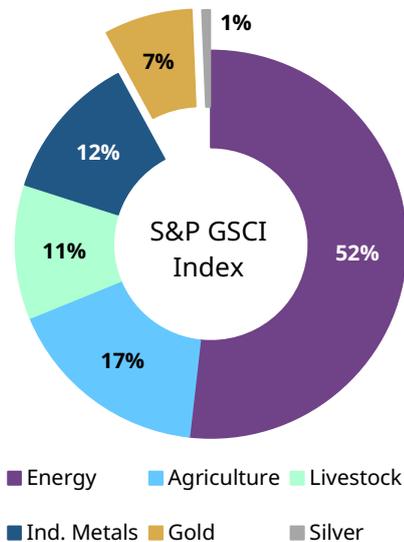
### Portfolio role: Same “precious metals” label, very different portfolio behaviour

Gold and silver are both categorised as precious metals because of their elemental properties and long-standing cultural significance. As a result, they are typically grouped together within major commodity benchmarks – although gold generally receives a larger weighting (Charts 8 and 9). However, despite this categorisation, the two metals behave quite differently during periods of market stress and are supported by distinct demand drivers.

Gold has historically acted as the more defensive, lower-volatility diversifier, while silver tends to behave as a hybrid – part precious metal and part industrial metal – with higher volatility and greater equity sensitivity during drawdowns.

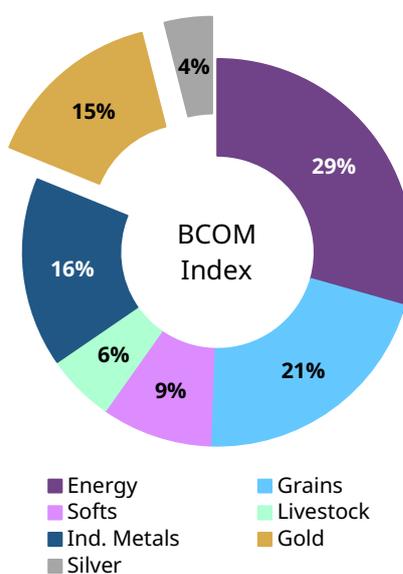
Additionally, the open-interest (OI) backdrop reinforces why broad commodity or precious metals de-risking matters more for silver than for gold. The combined open interest in broad commodity index futures and precious-metals futures as a share of gold's own futures open interest is only 1.2%. This is much larger for silver at 6.4%, making silver more vulnerable to index-led selloffs (Chart 10).

Chart 8: Gold and silver grouped as precious metals...



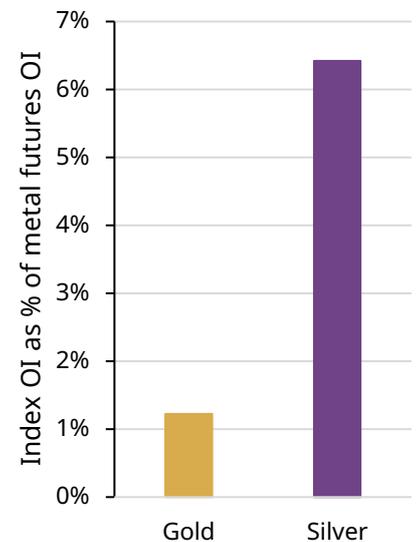
S&P GSCI Index 2026 percentage allocation weights.  
Source: S&P Global, World Gold Council

Chart 9: ...gold has the larger weighting...



Bloomberg Commodity Index 2026 allocation weights.  
Source: Bloomberg, World Gold Council

Chart 10: ...but silver is more index sensitive than gold

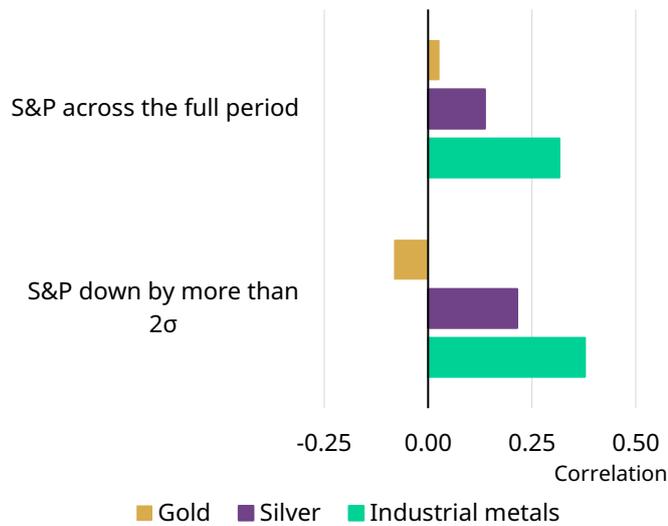


\*Data calculated as the 5-year average of notional open interest across major commodity indices (S&P GSCI, BCOM, UBP1, XLD1) expressed as a percentage of GC1 and SI1 futures open interest.  
Source: Bloomberg, World Gold Council



Chart 11: Gold provides diversification during crisis

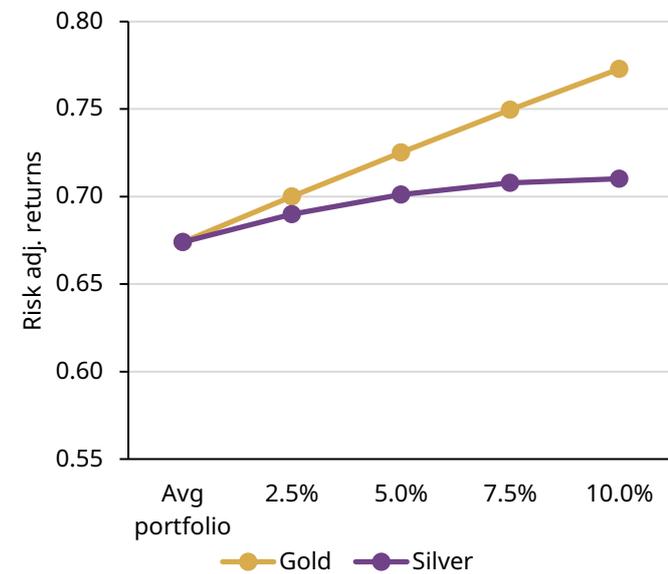
Equity correlation to gold, silver and industrial metals\*



\*As of 27 February 2026. Correlations based on weekly returns in US dollars for 'Industrial metals': Bloomberg Industrial Metals Subindex; 'Silver': LBMA Silver Price PM, and 'Gold': LBMA Gold Price PM since March 1991. The longest possible period, subject to data availability, was used to ensure enough observations to capture 2σ events. The bottom bar corresponds to the respective correlation when the S&P 500 weekly returns fall by more than two standard deviations.  
Source: Bloomberg, World Gold Council

Chart 12: Gold delivers better risk-adjusted returns compared to silver

Risk-adjusted returns of a hypothetical portfolio with and without gold or silver\*



\*Based on monthly US dollar performance between 31 December 2005 and 31 December 2025. A 20-year period was selected as a common standard for portfolio analysis to capture bull and bear markets for all assets. Portfolio structure: The allocation to gold and silver comes from proportionally reducing all assets. Risk-adjusted returns are calculated as the annualised return/annualised volatility. Portfolio composition: 40% MSCI World Index, 5% MSCI EM Index, 5% MSCI Global Small Cap Index, 20% Bloomberg US Treasury, 15% Bloomberg US Corporate Index, 5% Bloomberg US High Yield Index, 3.3% FTSE REITs Index, 3.3% HFRI Hedge Fund Index, 3.3% FTSE Private Equity Index.  
Source: Bloomberg, World Gold Council

3. Portfolio: 40% MSCI World Index, 5% MSCI EM Index, 5% MSCI Global Small Cap Index, 20% Bloomberg US Treasury, 15% Bloomberg US Corporate Index, 5% Bloomberg US High Yield Index, 3.3% FTSE REITs Index, 3.3% HFRI Hedge Fund Index, 3.3% FTSE Private Equity Index.

Gold is a "true" diversifier

For portfolios seeking crisis diversification, gold's negative correlation to the stock market during drawdowns underpins its role as a hedge. Silver does not consistently provide the same protection: in risk-off environments it often behaves more like a cyclical asset, limiting its stabilising role (Chart 11).

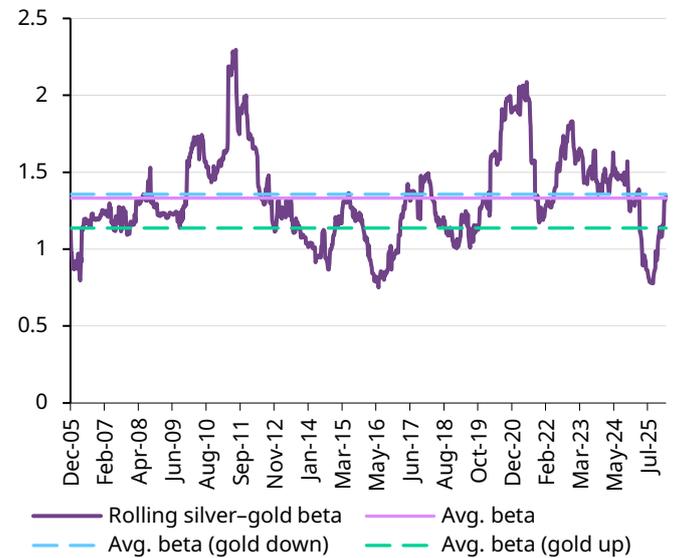
As a result, incorporating gold into a diversified portfolio has historically improved risk-adjusted returns more than an equivalent allocation to silver (Chart 12).<sup>3</sup>

Contagion dynamics: gold shows remarkable immunity to silver contagion

Silver's beta to gold has been consistently above 1 over the past two decades, underscoring its tendency to exceed gold's directional moves. And while silver's sensitivity is higher in periods when gold is falling than when gold is rising, its long-term average beta clusters at around 1.3. This underscores silver's behaviour as a higher octane precious metal – amplifying gold's moves to both the upside and downside – and reinforces why investors often view it as a tactical complement to strategic gold allocations rather than a substitute (Chart 13).

Chart 13: Silver's sensitivity to gold is high and rises even when gold is falling

1-year rolling silver beta to gold\*



\*Data ranges from 31 December 2005 to 27 February 2026. Rolling beta of silver returns relative to gold returns based on weekly returns.  
Source: Bloomberg, World Gold Council



Moreover, our analysis shows that gold appears to lead silver at short horizons (1-minute frequency), while silver does not provide a comparable leading signal for gold (Table 1). This asymmetry is consistent with gold acting as the primary “information anchor” in precious metals – absorbing macro shocks first – while silver behaves more like a higher-beta satellite that tends to adjust following moves in gold. In other words, if silver was to suffer due to a cyclical downturn, it would not necessarily spread to the gold market.

**Table 1: Silver is a price-taker relative to gold, not a price-setter**

Granger-causality analysis on gold and silver, controlling for the US dollar\*

Test Direction	1 minute lag
Gold → Silver	*** = significant at the 1% level (p < 0.01)
Silver → Gold	Not significant

\*Results report Granger-causality F tests from a bivariate VAR estimated on intraday returns from 31 August 2025 to 27 February 2026 for gold and silver. “Gold → Silver” tests the null that lagged gold returns do not Granger-cause silver returns and vice versa for “Silver → Gold.” A significant result is equivalent to rejecting the null hypothesis.

\*\*\* = significant at the 1% level (p < 0.01). BIC = Lag length 1 minute.  
Source: Bloomberg, World Gold Council

### In summary

Gold and silver may be considered precious metals, but they are diametrically different in their market structure and portfolio behaviour. Gold’s more balanced demand mix and substantially deeper liquidity support tighter spreads, lower volatility and more consistent diversification – particularly during equity drawdowns. Silver’s more industrial-heavy demand base, smaller market depth and wider spreads contribute to higher volatility and more cyclical performance, while also making it more sensitive to commodity index flows. Taken together, these factors suggest that silver can complement gold tactically for investors seeking a higher beta alternative, but it is not a like-for-like substitute for gold’s strategic role.



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We drive industry progress, shaping policy and setting the standards for a perpetual and sustainable gold market.

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