GoldSquawk

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Silver's break and the ratio point to precious-metals liquidation

GoldSquawk Research

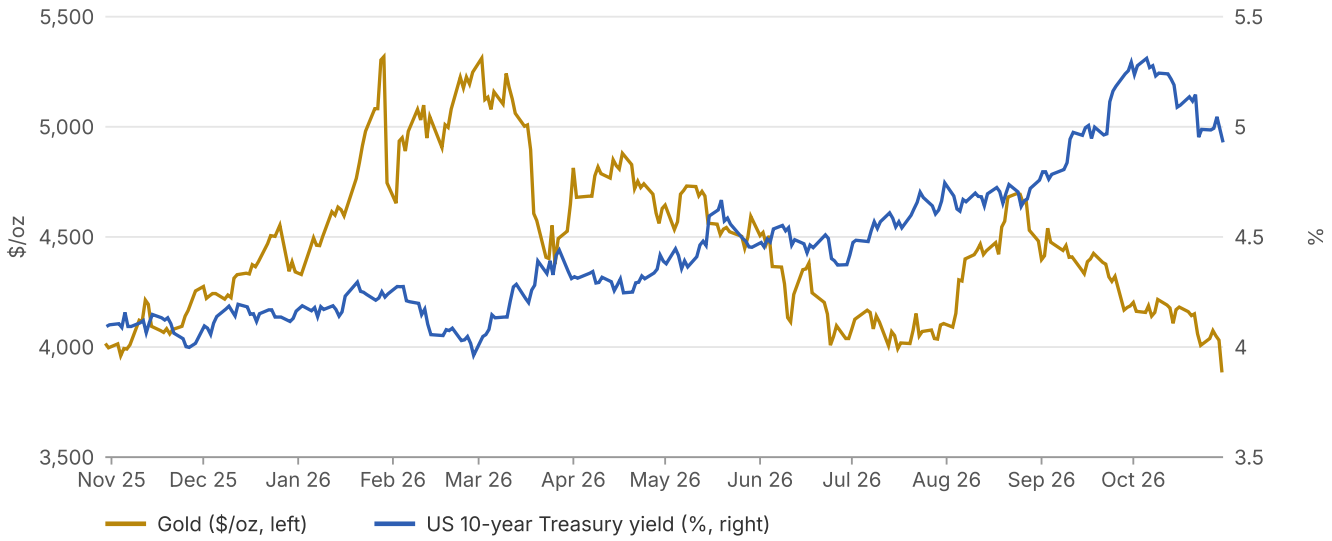
Key takeaways

- Silver fell below $50/oz for the first time since November 2025 on 30 October, while gold slid to around $3,881/oz, a one-year low; Reuters also noted platinum and palladium had moved into deeply oversold territory, pointing to a broader white-metals washout rather than an isolated silver move.[1]
- The gold-silver ratio has widened rapidly, from 69 at end-Q3 2026 to 77.1 on 29 October and roughly 79 intraday on 30 October, versus about 46 in January when silver was near its cycle high. That shift suggests silver is losing relative appeal much faster than gold during the current drawdown.[2,1,3]
- Macro conditions are consistent with liquidation pressure: CME links the 2026 precious-metals reversal to a shift from expected rate cuts to expected rate increases, while Reuters tied the latest move to a tech-led equity selloff and forced selling to raise cash.[4,1]
- Silver's physical backdrop looks less supportive than during the 2025 to early-2026 squeeze. Metals Focus said liquidity constraints have largely disappeared, available inventories excluding ETP metal have risen to about 267 Moz, and silver-backed ETP holdings are down about 60 Moz so far in 2026.[5]
- Industrial support is also softer. The World Silver Survey 2026 forecasts global industrial demand at 639.6 Moz this year, down 3% from 657.4 Moz in 2025, with weaker PV demand and substitution risks weighing on the outlook.[6]

Ratio widening signals the higher-beta leg is being cut

- The immediate market pattern is notable: silver broke below $50/oz on 30 October, gold fell to around $3,881/oz, and platinum and palladium also sold off sharply. Reuters said white metals fell 7% to 9% this week versus about 2.9% for gold, which is consistent with investors cutting the more cyclical and liquidation-sensitive parts of the precious-metals complex first.[1]
- The gold-silver ratio has moved from 69 at end-Q3 to 77.1 on 29 October and around 79 intraday on 30 October. That is a sharp deterioration in silver's standing versus gold over one month, and Reuters described the 30 October reading as the highest in 11 months.[2,1,3]
- The longer swing is even starker: the ratio was around 46 in January 2026, when silver hit its record high near $122/oz. A move from 46 to around 79 implies that much of silver's earlier monetary and scarcity premium has been unwound.[1]
- Metals Focus said the ratio moved above 76 for the first time since December 2025 after spending much of the summer in a 60 to 70 range. It also noted that the 2020 to 2025 average ratio was 82, which suggests current readings are elevated but not extreme by recent-cycle standards.[5]

Figure 1: Gold weakened as yields rose over 12 months



Source: COMEX gold futures and CBOE 10-year yield index via Yahoo Finance, as of 30 October 2026.

Macro stress is transmitting into precious metals

- CME said the main driver of the broader precious-metals reversal from late January to mid-October was a shift from pricing rate cuts to pricing multiple rate increases over the coming 12 to 24 months. Over that period, gold fell more than 20%, while silver, platinum and palladium fell more than 40%, showing how much harder the white metals have been hit as policy expectations tightened.[4]
- Reuters said the 30 October selloff unfolded alongside a tech-led equity slump, with analysts pointing to forced selling and margin-call dynamics as investors raised cash. That matters for interpretation: when gold falls as well, but silver and other white metals fall more, the move looks more like cross-market de-risking than a clean revaluation of bullion fundamentals.[1]
- The BIS's analysis of the January to February 2026 precious-metals break provides a relevant template. It said the earlier drop was amplified by retail flows, forced sales by leveraged ETFs, trend-following investors such as CTAs and margin dynamics, all of which can turn a macro shock into an outsized move in the higher-beta metals.[7]
- Chart-wise, gold's own backdrop remains weak: the COMEX front-month settled at $3,884.9/oz on 30 October, its 52-week low, while the US 10-year Treasury yield has risen by 84 bp over 12 months to 4.93%. That combination is consistent with a rates environment that remains difficult for precious metals broadly. [gold_vs_yields]

Silver's physical cushion has weakened

- Metals Focus said the severe liquidity constraints that drove silver to record highs in 2025 and early 2026 have largely disappeared. It estimated available inventories excluding physically backed ETP metal at about 267 Moz, nearly double the October 2025 lows.[5]
- The same report said global silver-backed ETP holdings have fallen by about 60 Moz since the start of 2026, releasing metal back into the physical market. That suggests one source of earlier tightness has eased materially.[5]
- LBMA reported silver held in London vaults rose 3.22% in Q3 to 28,985 tonnes at end-September; monthly LBMA vault data showed the same end-September total, while aggregated services based on LBMA data put that at about 931.9 million ounces.[2,8,9]

- Demand conditions are also less supportive. The World Silver Survey 2026 forecasts industrial demand at 639.6 Moz this year, down 3% from 657.4 Moz in 2025, with PV weakness and substitution pressure a key drag; LBMA separately noted that a leading Chinese solar-panel producer had begun replacing silver with copper because of silver's high price.[2,6]

Scenarios

- **Liquidation persists:** If higher-for-longer rate expectations remain in place and equity-market stress continues, silver may keep underperforming gold, with the gold-silver ratio staying elevated or widening further. Continued weakness across platinum, palladium and miners would reinforce the view that portfolio deleveraging, rather than metal-specific fundamentals alone, is driving the move.[4,1,7]
- **Stabilisation in precious metals:** If broader risk markets settle and policy repricing becomes less hawkish, the current washout could moderate. In that case, traders would look for gold to stabilise first and for the gold-silver ratio to stop rising, which would suggest forced selling pressure is fading.[4,1,10]
- **Physical re-tightening returns:** If ETP outflows slow, inventories stop rebuilding and industrial signals improve, silver could regain some support relative to gold. This would challenge the current liquidation reading by showing that physical conditions are no longer loosening underneath the market.[6,5,8]

Levels to watch

- Gold 52-week low: $3,884.9/oz on 30 Oct 2026. [gold_technical]
- Gold 50-day moving average: $4,294.5/oz. [gold_technical]
- Gold 200-day moving average: $4,519.2/oz. [gold_technical]
- Gold 52-week high: $5,318.4/oz on 29 Jan 2026. [gold_technical]

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Glossary

Gold-silver ratio: The number of ounces of silver needed to buy one ounce of gold. A rising ratio means silver is underperforming gold.

ETP: Exchange-traded product. In precious metals, these vehicles often hold physical metal on behalf of investors.

CTA: Commodity trading adviser. Often used as shorthand for systematic or trend-following futures investors.

Margin call: A demand from a broker or clearing firm for more collateral when losses mount, which can force investors to sell assets to raise cash.

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