Silver price has broken below ₹2 lakh for the first time since December 2025: Is this the right time to buy for returns?

A steep sell-off pushed silver below ₹2 lakh per kg, wiping out its 2026 gains and leaving prices more than 50% below January's record. Higher energy costs and rate-hike concerns are weighing on the metal, though analysts see potential support around ₹1,80,000– ₹1,85,000.



Silver price outlook (AI-generated image for representational purposes)

Silver prices have plunged below ₹2 lakh per kg on the Multi Commodity Exchange (MCX) for the first time since December 2025, as a relentless sell-off wiped out the metal's gains for 2026. The white metal fell to ₹1,92,800 per kg on Friday after losing around ₹6,800 in a single session, extending its decline amid rising crude oil prices, persistent inflation concerns and expectations of tighter US monetary policy.

The correction has been steep. Silver has dropped 22.5% from its August 2026 peak of ₹2,48,800 per kg and more than 50% from its January record high of ₹4,20,048 per kg. Over the past 10 trading sessions, prices have fallen by more than 14%, erasing ₹32,955 per kg from the baseline cited in the market data. Silver is also down 6.38% in October alone.

Gold has also weakened, declining 0.29% on Friday while hovering near a three-month low of ₹1.40 lakh per 10 grams. It has fallen around ₹23,000 per 10 grams from its August peak of ₹1,64,773. Both gold and silver are heading towards a second consecutive monthly decline.

The latest fall has also put silver on track for a fifth consecutive weekly loss, raising a crucial question for investors: does the sharp correction offer a buying opportunity, or could prices fall further?

Why silver prices are falling: Oil prices and US Fed rate fears

Silver has faced intense selling pressure in October as escalating tensions in the Middle East and surging energy prices have revived concerns about inflation. Brent crude approached $115 per barrel on Friday, nearing its four-year high of $115.25 reached on May 4. Houthi attacks on Saudi targets and reports of possible renewed US strikes against Iran have heightened concerns over disruptions to Middle Eastern oil supplies.

Higher crude oil prices can push inflation higher, potentially forcing central banks to maintain restrictive monetary policies for longer. Rising bond yields have consequently increased the opportunity cost of holding precious metals, which do not pay interest.

US consumer and producer inflation data released last week came in hotter than expected, largely because of rising energy costs. Although traders broadly expect the US Federal Reserve to keep interest rates unchanged at its October 27-28 meeting, expectations of a later hike have strengthened. According to CME's FedWatch Tool, the probability of a rate hike at the October meeting stood at 9%, while the likelihood of a December hike was 81%.

Investors are also awaiting US Personal Consumption Expenditures (PCE) inflation data, scheduled for October 29. The PCE index is the Fed's preferred inflation gauge as it works towards its 2% target. Meanwhile, the European Central Bank is scheduled to meet on Thursday amid political upheaval in France and an Iran war that has kept energy prices above $100 per barrel, adding to inflation uncertainty.

Silver price outlook: Can the metal rebound 10-15%?

Rajeev Sharan, Head of Research at Brickwork Ratings, said higher energy costs and expectations of tighter monetary policy were weighing on precious metals, with silver facing additional pressure from its industrial uses.

"The surge in energy costs has sparked fresh inflation concerns, strengthening the case for another rate hike. As traders brace for a tough Federal Reserve stance next week, higher bond yields and a steady dollar have raised the opportunity cost of holding non-yielding bullion," Sharan said.

He added that Gold is now caught between global conflict fears and high interest rates, while silver is taking a bigger hit as elevated borrowing costs also weigh on industrial demand.

Meanwhile, Tata Mutual Fund advised that for investors who missed the earlier rally, current levels offer a significantly better entry point than at the start of the year, while the medium-term outlook continues to be supported by demand, fiscal risks and geopolitical uncertainty.

From a technical perspective, Renisha Chainani, Chief Research Officer at Augmont, said silver had broken below the $54.5 level, equivalent to around ₹2,00,000, opening the possibility of a further decline towards $50, or approximately ₹1,80,000- ₹1,85,000, over the next 10-15 days.

Over the medium term, however, both precious metals could attempt to establish a base. Chainani identified $50-$55 as a potential support and accumulation zone for silver, while gold could find support around $3,950-$4,000. She expects prices to hold these levels and potentially rebound 10-15% over the coming weeks. For the broader uptrend to resume, silver needs to sustain above $62, while gold must remain above $4,200.

For investors, the sharp correction may create an opportunity to assess silver at lower prices, but the risk of further declines remains. The next moves in crude oil, US inflation data and Federal Reserve expectations will be crucial in determining whether the metal stabilises near technical support or extends its losing streak.