Silver’s Identity Crisis

By Marin Katusa, 1 may 2026,

If you bought silver during the run up to $116 in February, you've spent the last six weeks wondering what went wrong. The metal didn’t break...The story did. Because you measured with a yardstick that isn't built for the job.

The yardstick is the U.S. dollar. The most actively managed asset on the planet, managed for expansion, by design, by people who don't lose any sleep over your silver position.

I get the appeal. A silver coin in your hand feels more honest than another government promise. You can drop it on a table and hear the argument.

When you measure silver in dollars, you're measuring a hard asset against a unit that gets actively diluted on purpose.

But there's a better yardstick. It just doesn't fit on a bumper sticker.

"Silver Is Money" Is What Trips You Up

You've heard the slogan a thousand times. At gold shows, in keynote slides, in the bio of every silver bull on X. ***Silver is money.***

Maybe you've said it yourself. I've nodded at it for 25 years out of politeness.

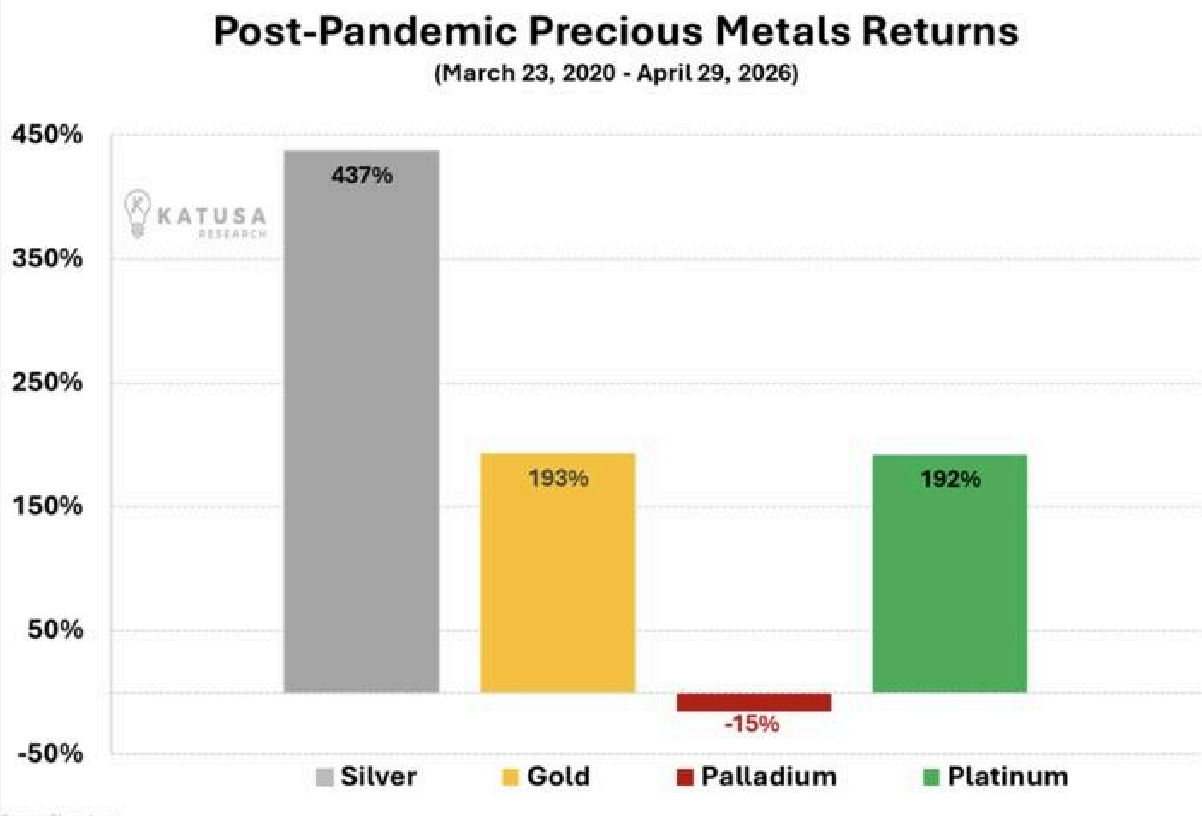
Germany dropped the silver standard in 1871. The U.S. demonetized silver two years later. By 1900 the world ran on gold. Silver's monetary career is over, the bumper sticker outlived it by 150 years.

The dollar is a managed currency engineered for expansion; silver is a passive lump of metal that gets dug out of the ground. They have nothing in common except that one is used to price the other.

The Era Where Silver Led Every Metal

Step back from the last six weeks and look at the era that matters: the largest M2 expansion in modern history.

Since March 2020, silver has returned 437% against 193% for gold, 192% for platinum, and a 15% loss for palladium.



That isn't a coincidence.

Silver does exactly what it's supposed to do when the unit measuring it gets diluted on purpose. The slogan has been hiding that mechanism behind a worse story for 150 years.

The Yardstick That Actually Works

Anchor silver to M2 instead. It's the broadest practical count of how many dollars are floating around.

When M2 grows, every existing dollar becomes a thinner claim on real things. Silver is real things: in a vault, a panel, a contact, or a circuit.

The price doesn't go up so much as the unit measuring it shrinks.

Three reference points come out of it.

1. The 2011 ratio puts silver near $97 today. We hit it in February at $116, then corrected through it.

2. The 1980 ratio puts silver near $500. Money supply back then was less than a tenth of what it is now.

3. **Today's $70 sits below <u>both</u>**.

Treat that as a ruler though, not a target. I am not calling for $500 silver.

I don't know anyone who can forecast silver to the dollar without lying to himself first.

The Bumper-Sticker Bulls Just Sold at the Bottom

The bumper-sticker bull buys silver because it's "money."

When the slogan gets tested by a 30% correction, the thesis breaks with it… sell at the low, buy back at the top. The reason to own silver doesn't survive contact with a price chart.

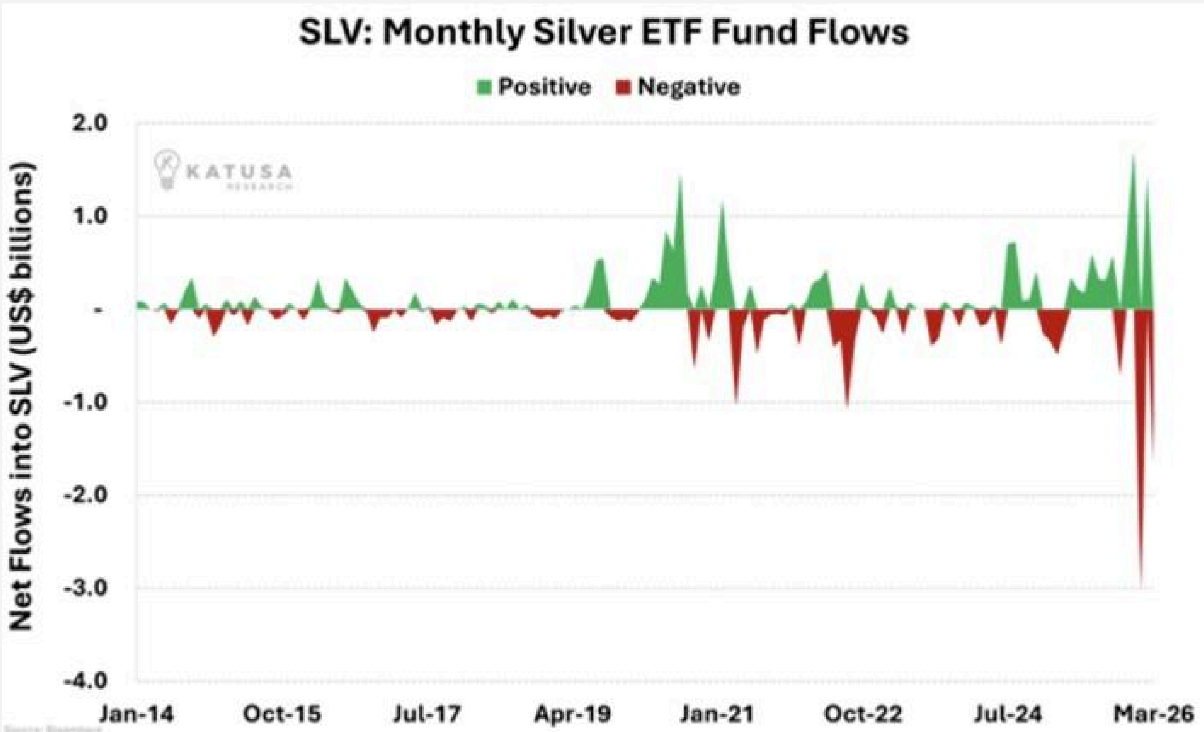
The M2 bull buys silver because monetary expansion is structural.

Deficits rarely shrink for long. The Fed’s balance sheet has not gone back to its old world.

And M2 has a habit of growing after every political promise to “get serious.”

That is a different reason to own silver.

But it gives the thesis a spine that survives a bad month on the chart.



When silver corrected from $116 to $70, the bumper-sticker crowd pulled $4.68 billion out of SLV in Q1 2026 alone.

That’s against just $1.44 billion of inflows.

Here’s who’s holding your silver hostage

You bought silver because you thought it was money.

The people digging it up disagree. The phone in your hand has silver in it.

So does the car in your driveway, the solar panel on your neighbor’s roof, the radar in the fighter jet that flew over your house this morning, and the surgical tools in the last hospital you walked into.

Silver is everywhere you look once you start looking.

And the people pulling it out of the ground aren’t trying to find any of it. That’s the hostage situation you don’t see in the price.

The Mines That Don’t Want Silver

74% of the world’s silver comes out of the ground as an accident.

Copper miners, zinc miners, lead miners, gold miners. They’re chasing something else, and silver falls out as a bonus.

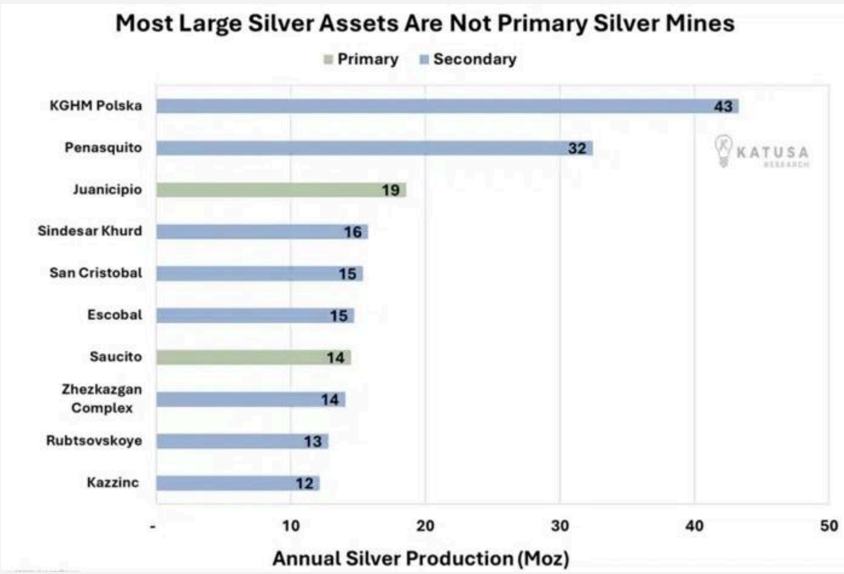
They don’t care what silver trades for. They care what copper trades for.

- **Of the ten largest silver-producing mines on the planet, <u>only two actually run on silver economics</u>.**

The other eight would keep digging if silver went to zero.

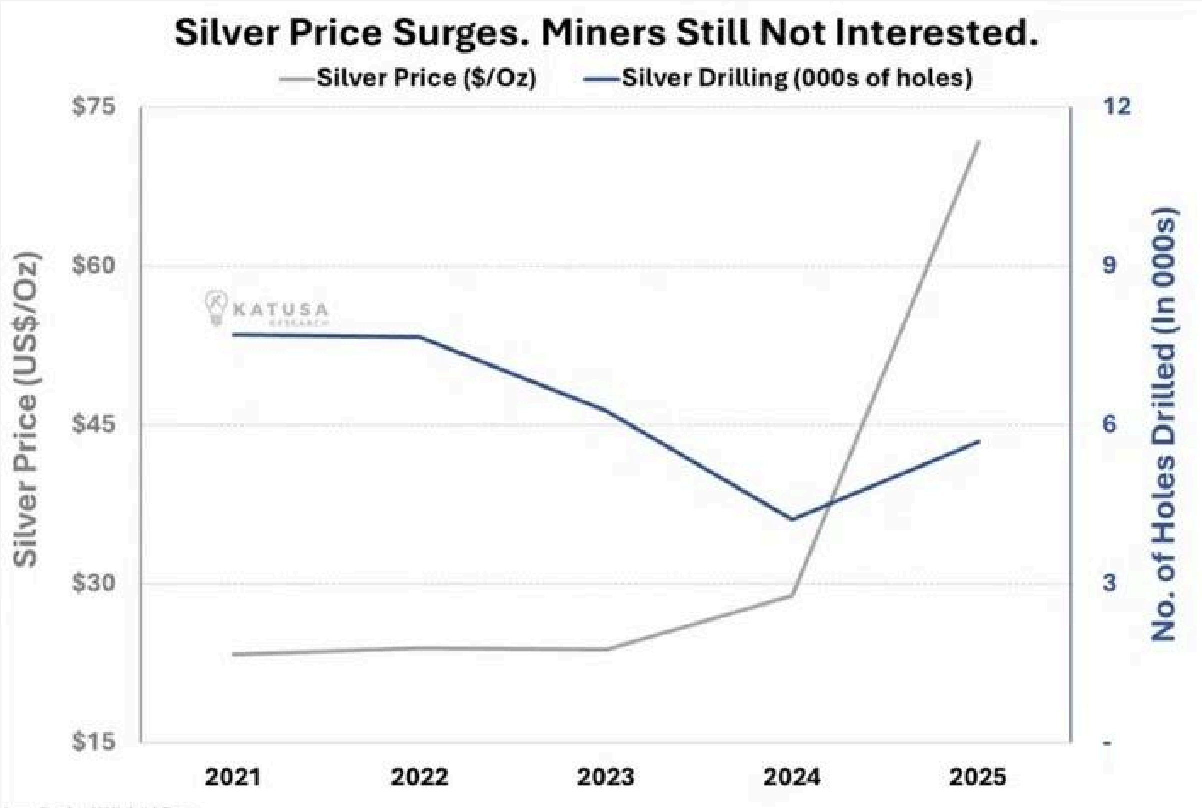
They’d slow down if copper crashed, even at $200 silver.

When demand surges, supply can’t chase it. The tap is controlled by metals nobody’s talking about.



And it gets worse. Higher prices should bring more drilling, that's how markets work. For silver, they didn't.

Silver prices have tripled over the last five years, while drilling fell by roughly 25%.



Demand Doesn't Negotiate

Silver isn't jewelry money anymore.

59% of demand is industrial, and industry doesn't check the chart before it buys.

Solar panels need silver to move electrons across the cell. Nothing else works as well at the price. Every battery EV uses 25 to 50 grams, roughly double that of a gas car.

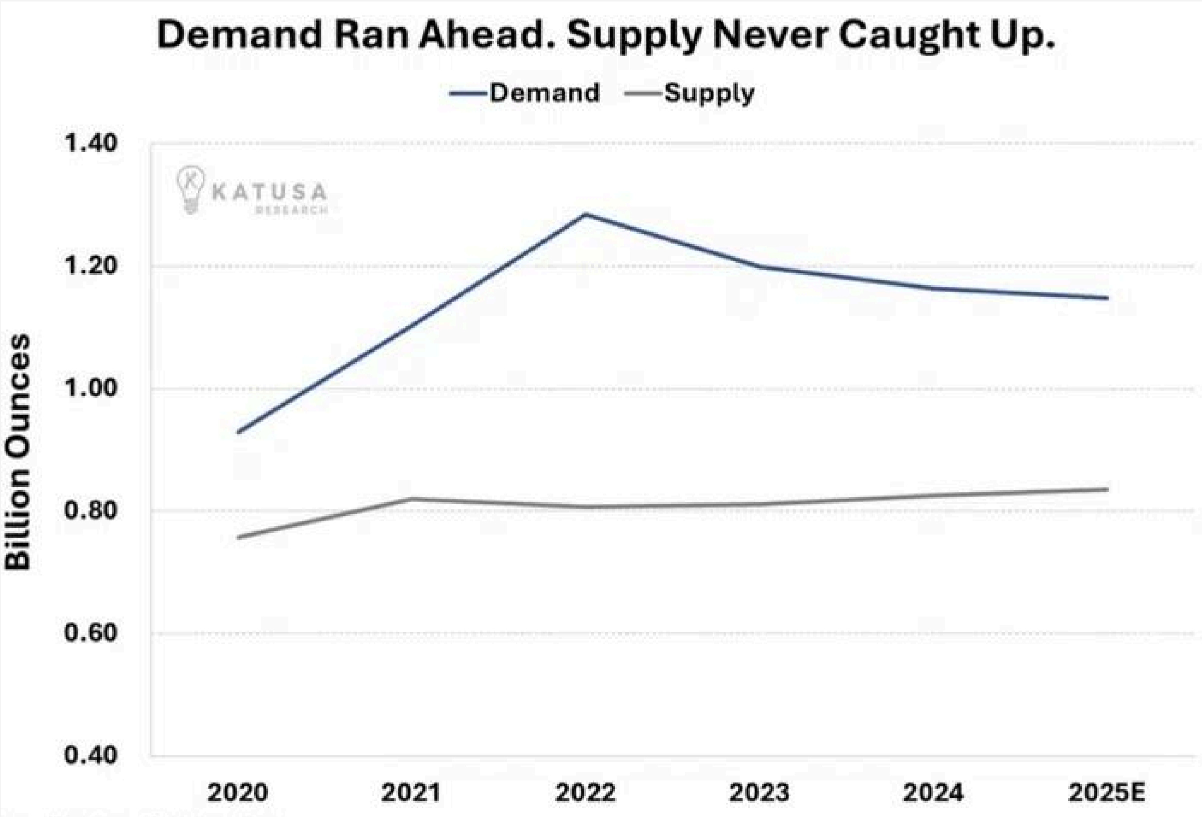
Defense systems run on it.

The U.S. spent $997 billion on its military last year and the procurement officers signing those orders probably never opened a silver chart in their lives.

The U.S. added silver to its critical minerals list. China moved to restrict exports.

Solar panels can't substitute their way out of silver. EVs can't either. Neither can radar, neither can the operating room.

The result: the market has run a deficit for five years running. London's vaults, the world's largest silver clearing hub, have drained 40% in four years.



This is what makes today different from 1980 and 2011.

Those rallies were leverage and mania. This one is built on physical demand from systems that have to run.

What You Own vs. What You Think You Own

Now, pull up your silver positions.

<u>The biggest "silver miner" in your portfolio probably isn't a silver miner</u>.

Pan American Silver, the company with silver in its name, gets just 24% of its revenue from silver. It's a gold company wearing a silver jersey.

Several mid-tier names you've heard of operate in jurisdictions you wouldn't park a car in. One of the biggest has under three years of reserve life left.

At $116 silver in January, every operator looked like a winner. Margins were fat. Cash was flowing. Twitter was celebrating.

Then silver corrected to $73 and the average operators got exposed in real time. Hot money exits faster than it enters.

The opportunity now isn't "buy silver."

It's knowing which companies survive when margins compress, costs rise, and governments start asking for a bigger piece.

And it's knowing where the next pounds are coming from, because somebody has to actually find more of this metal, and almost nobody is drilling for it.

Three Things to Carry with You

1. Supply that can't respond to price isn't supply. It's a hostage situation. When 74% of production is controlled by miners chasing other metals, silver can rise for years before output catches up.

2. A company with "silver" in its name is a marketing decision, not a business model. Read the revenue mix before you read the ticker.

3. The catalyst already happened. The deficit is five years old and the vaults have been draining the whole time. You're not early. You're on time.