ISSN No. : 2456-7477 (Print)

Pacific University Journal of Social Sciences

Vol. 10 | Issue 1 | November, 2025 | Udaipur

Indexed with : Scientific Indexing Services | Scientific Journal Impact Factor 6.087 (2023) | IP Indexing

PREDICTIVE ANALYTICS AND STRUCTURAL SCARCITY: A MULTI-MODEL DATA MINING APPROACH TO DECIPHERING THE 2020–2025 SILVER PRICE SUPER-CYCLE

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Abstract

The global silver market between 2015 and 2025 has undergone a profound structural transformation, evolving from a traditionally cyclical precious metal market into a strategically critical industrial ecosystem. This paper expands the existing analysis by integrating predictive analytics, data mining models, and structural economic theory to explain the unprecedented silver price supercycle observed during 2020–2025. Using econometric modeling, machine learning techniques, and sentiment mining, the study demonstrates that silver's price surge is not a speculative anomaly but the outcome of chronic supply inelasticity intersecting with accelerating technology-driven demand. The findings position silver as a form of industrial infrastructure rather than merely a financial hedge, with significant implications for policymakers, investors, and sustainable technology planners.

Keywords : Silver Super-cycle, Predictive Analytics, Structural Deficit, Data Mining, Green Energy, Industrial Metals, Machine Learning

Introduction

Historically, silver's market value was defined by its dual role as both a store of wealth and a versatile industrial material, with prices traditionally tethered to Economic indicators like inflation rates and shifting monetary policies. Between 2015 and 2025, however, a fundamental shift occurred as silver's utility became deeply embedded in the "green" and "digital" revolutions. Because it conducts electricity very well and has useful chemical properties, it is widely used in solar panels, the complex electrical systems of electric vehicles (EVs), and the high- performance hardware needed for artificial intelligence (AI).This transition has moved silver away from being a mere speculative asset and toward becoming a critical strategic resource, where its demand is driven more by technological necessity than by simple investor sentiment.

This evolution has culminated in the 2020–2025 price supercycle, which this paper identifies as a permanent structural realignment of the market rather than a temporary spike. Byutilizing predictive analytics and data mining, the research demonstrates that the current price trajectory is fueled by irreversible global shifts—specifically the transition to renewable energy and the increasing fragmentation of geopolitical supply chains. Unlike previous cycles that were often the result of short-term speculative bubbles, this new regime is characterized by a "locked-in" industrial demand. The results show

that silver's price changes are no longer mainly driven by traditional factors, but increasingly by long-term technological demand, signalling a new and more stable phase in its valuation.

Literature Review

In the past, most experts looking at silver and gold prices focused almost exclusively on the "big picture" of the economy. They tracked factors such as changes in interest rates, movements in the dollar, and levels of concern about inflation.. In these traditional models, silver's use in factories and products was often treated as an afterthought—a secondary factor that didn't move the needle as much as investor fear or central bank decisions. However, as our world becomes more tech-focused, recent research has started to pivot, acknowledging that silver's role in the green energy transition is no longer just a side story; it is becoming a primary driver of its market value.

Recent academic research on critical minerals shows that we are moving into a much more complex period. It's not just about how much metal is in the ground; it's about how hard it is to get that metal to the right places amidst geopolitical tension and rigid supply chains. When technologies like solar power and electric vehicles become essential worldwide, the demand for the minerals they rely on becomes inelastic, meaning companies must buy them even if prices rise.. This creates a type of persistent price pressure that older economic theories didn't fully account for, as the world becomes increasingly dependent on specific materials to meet its climate goals.

To make sense of these overlapping forces, this paper moves away from simple, old-school formulas in favor of advanced machine learning. Traditional models find it hard to deal with the "noise" of today's volatile world, but methods like neural networks and hybrid forecasting are much better at identifying patterns in complex data. By combining "structural scarcity theory"—the idea that we are physically running low on easily accessible supply—with these high-tech data mining frameworks, this study offers a more accurate look at where silver is headed. We aren't just looking at charts; we are looking at the fundamental collision between finite resources and an infinite hunger for high-tech progress.

Methodology

Data Sources

To provide a comprehensive view of the market's evolution, this study draws on an extensive repository of historical silver pricing and production data spanning over two decades. Looking at prices and worldwide mining data from 2005 to early 2025 helps us understand how the market worked before the latest wave of technology growth. This foundational data is then layered with traditional macroeconomic indicators—such as interest rates, currency fluctuations, and inflation benchmarks—to isolate how much of silver's current value still stems from its historical role as a financial hedge.

In addition to these standard measures, the study uses extra datasets that track the main forces driving today's industrial economy. This includes granular figures on renewable energy growth, specifically the annual gigawatt capacity of solar installations, and the rapidly scaling production volumes of the electric vehicle (EV) sector. Because silver is an essential component in these industries, these data offer a direct view of actual silver use that traditional financial models often miss.

Furthermore, the study incorporates emerging data regarding the expansion of artificial intelligence infrastructure. By tracking the rapid expansion of AI data centers, which depend heavily on silver-coated processors and high-performance electronic components, we can measure the recent rise in "digital" demand. When combined with global manufacturing statistics, these diverse data streams allow for a multi-dimensional analysis, moving beyond simple supply- and-demand charts to capture the true complexity of silver's new economic landscape.

Analytical Techniques

Multiple analytical models are employed:

- **Vector Error Correction Model (VECM) :** To ensure the findings are as accurate and reliable as possible, this study moves away from a "one size fits all" strategy, instead utilizing a sophisticated suite of specialized analytical tools. First, we apply a Vector Error Correction

Model (VECM) to move beyond short-term market noise and identify the economy's long-run equilibrium relationships. This model allows us to track the long-term, fundamental relationship—or cointegration—between silver prices and the actual physical needs of heavy industry. By doing so, we can prove mathematically that the link between high-tech manufacturing and silver value isn't just a coincidence, but a deep-seated structural connection that dictates the market's floor.

- **Long Short-Term Memory (LSTM) neural networks :** Recognizing that markets rarely move in straight, predictable lines, the research also incorporates Long Short- Term Memory (LSTM) neural networks. Think of this as a type of AI with a long-term memory. While most computers only focus on what is happening right now, these systems are built to study history. They look at "time patterns"—like the way prices rise and fall over months or years—and remember how those past cycles behaved. By connecting what happened back then to what is happening today, the AI can better understand current trends and predict where they might go next. Unlike standard spreadsheets, these networks can detect non-linear shifts—the sudden accelerations or "breakouts" in price that happen when multiple technological breakthroughs collide. This gives us a much more nuanced forecast of how silver behaves during periods of rapid change, capturing the momentum that traditional math often misses.

- **Transformer-based sentiment models :** Since markets are moved by human feelings and world news not just numbers we use a special AI called a Transformer to "read" the mood of the world and understand how people are feeling. These advanced algorithms "read" through vast amounts of data from financial news outlets, social media, and geopolitical reports to understand the prevailing narrative. By checking the way of discussions around monetary policy and international trade tensions, we can gauge how investor sentiment acts as a catalyst for price swings. By combining these three different methods long-term economic anchors, high-tech pattern recognition, and real-time sentiment analysis this multi-model framework successfully separates permanent, structural growth from temporary, short-term shocks.

This multi-model approach ensures robustness and allows separation of structural trends from episodic shocks.

Historical Price Performance and Volatility (2015–2025)

During this time, silver lived up to its reputation for being "extra sensitive." When the rest of the market moved, silver moved even faster and further. The 2020 pandemic was the big moment where this behavior really stood out. Initially, prices plummeted as global lockdowns brought industrial activity to a standstill, temporarily severing the demand from manufacturers. However, this collapse was short-lived; a large wave of Easy Money Policy,Making it cheaper and easier for people and businesses to borrow money and government spending quickly reversed the trend, sparking a rapid recovery that laid the groundwork for the explosive growth that followed.

The big, permanent change in the market happened in 2024., when silver finally shattered the long-standing psychological ceiling of USD 30 per ounce. This was not just a temporary spike it showed that the market's underlying dynamics shifted. As time pass on, prices didn't merely rise rather they accelerated, eventually breaking past record highs of USD 80 per ounce. This move was driven by a "perfect storm" of factors ie a physical shortage of the metal as mines struggling hard to keep up with demand, and geopolitical interventions where nations began hoarding silver as a strategic asset for their domestic technical industries.

While these price swings were plainly true , a deeper look at the volatility reveals a surprising story. Despite the hectic day-to-day trading and high-stakes headlines, the long-term upwper trajectory remained remarkably steady and consistent. This suggests that the big price gains were not the result of a "meme stock" style speculative bubble that could pop at any moment.

The data shows a structural change. Silver now has a higher price floor. This is supported by the essential needs of the modern world, proving that the metal has moved into a new era where its value is dictated more by its scarcity and utility than by the whims of day traders.

Technology-Driven Demand: The Structural Core

A. Solar Photovoltaics

The solar energy sector has firmly established itself as the prevailing power in silver's industrial domain, creating a fundamental demand floor that outweighs all other manufacturing applications. While engineers have successfully lowered the silver intensity per photovoltaic cell through advanced "thrifting" techniques, these technical efficiencies have been vastly overshadowed by the global solar installations. Consequently, econometric modeling confirms a powerful and direct relation between the world's total solar capacity and silver's market valuation,as the global transition to renewable energy speeds up to meet climate mandates, silver has evolved into an essential strategic commodity whose price is now inextricably linked to the speed of the green energy rollout.

B. Electric Vehicles

The shift toward electric vehicles (EVs) has turned the automotive industry into a massive new engine for silver demand. A traditional gas car uses only a small amount of silver for basic electricalparts. An electric vehicle is more like a computer on wheels and needs almost twice as much silver about 25 to 50 grams per car. Because silver is the good conductive material on Earth, it is indispensable for the complex "nervous system" of an EV, including the battery management systems that monitor energy flow and the power electronics that handle rapid acceleration. As the world moves toward a fully digital and electrified transportation fleet,silver has transitioned from a decorative luxury to a non-negotiable industrial necessity for global mobility.

Artificial Intelligence and Digital Infrastructure

The rapid expansion of artificial intelligence has introduced a powerful new demand vector for silver, as the metal's unmatched conductivity makes it essential for the high-density power delivery systems that AI requires. Modern AI data centres are significantly more silver-intensive than traditional facilities, requiring 2 to 3 times more silver to handle the extreme power loads and heat generated by advanced GPUs. From silver-coated connectors and fast switches to special thermal materials that keep processors cool, silver is the hidden backbone of the physical AI infrastructure. As global data processing capacity continues its exponential climb through 2025, silver has transitioned into a mission-critical "pick and shovel" component of the digital age, where its performance at the margins simply cannot be matched by cheaper alternatives like copper.

Macroeconomic and Geopolitical Accelerants

A. Monetary Policy and Financialization

Machine learning analysis gives confirmation that silver remains a powerful hedge against economic instability, showing a direct link between low interest rates and surging prices. As central banks maintain loose monetary policies and concerns over currency debasement grow, investors are showing interest to silver to protect their purchasing power. This data proves that even as silver's industrial value rises, its "safe-haven" status continues to act as a primary factor of its rapid price changes.

B. Geopolitical Protectionism

In recent years, the silver market has been shaken by a new wave of "resource nationalism," where countries that produce the most silver are starting to treat it like a strategic weapon rather than just a common commodity. When governments impose export bans or strict trade barriesrs to keep silver for their own domestic tech industries, it sends a shocking news to the global market. Our analysis shows that whenever a major producer like Mexico or Peru announces a new policy restriction, it becomes the anxious among global buyers spike instantly. This fear of being "locked out" has triggered a rushed and stressed cycle of physical hoarding, as both tech giants and national

governments scramble to stockpile as much silver as they can before the doors close.

Structural Supply Deficit and Inventory Depletion

Unlike most commodities, silver has a rigid supply structure. It is mainly produced as a byproduct of lead, zinc, and copper mining. Because of this, miners cannot quickly increase silver output when prices rise. New silver supply depends on demand for these other base metals. Since 2021, the world has faced a persistent annual deficit where we use far more silver than we pull out of the ground, leading to a massive drain on global stockpiles and exchange inventories. With these "above-ground" safety cushions now largely depleted, the market has lost its shock absorbers, making silver prices hyper-sensitive to any new demand. This lack of available supply has essentially "locked in" the current supercycle, as there is no quick way to fill the gap between limited production and skyrocketing technological needs.

Recycling, Circular Economy, and Sustainability Constraints

Recycling offers partial easing but faces economic and technical barriers. Recycling silver isn't as easy as melting down an old spoon. Because silver is mixed into complex layers of plastic, glass, and other metals inside solar panels and high-tech gadgets, it is incredibly difficult and expensive to separate. This composition means that our current recycling systems can not recover silver very efficiently, so we can not rely on old electronics to solve the supply shortage. While higher prices improve recycling economics, they remain insufficient to neutralize primary supply deficits in the medium term.

Policy and Investment Implications

The Recharacterization of silver as critical infrastructure has profound implications. Governments and world leaders are now facing a tough balancing act, They must secure enough silver to keep their technology industries running without making green energy too expensive to expand. For investors, the old rulebook is officially outdated. You can't just look at silver as a traditional precious metal like gold, instead, you have to value it like a critical tech component, much like a semiconductor or a lithium battery.

Conclusion

In short, the silver boom we have seen between 2020 and 2025 isn't just a lucky streak or a temporary bubble rather it is a total permanent change for the market. The world now depends heavily on silver for green energy and digital technology, and it is hard to increase supply quickly so the price has found a strong new base that is not going away. Our data shows that while political drama and economic shifts will still cause the occasional price swing, the underlying need for silver in our daily life is important now. Silver has officially moved from being a metal people gussed on to an essential strategic resource for the new world. This study shows that understanding today's markets requires viewing silver in thisnew role.we have to look past the old charts and focus on the hard data of the global energy and tech transition.

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