Heraeus Precious Metals

PRECIOUS APPRAISAL

No. 6

16th February 2026

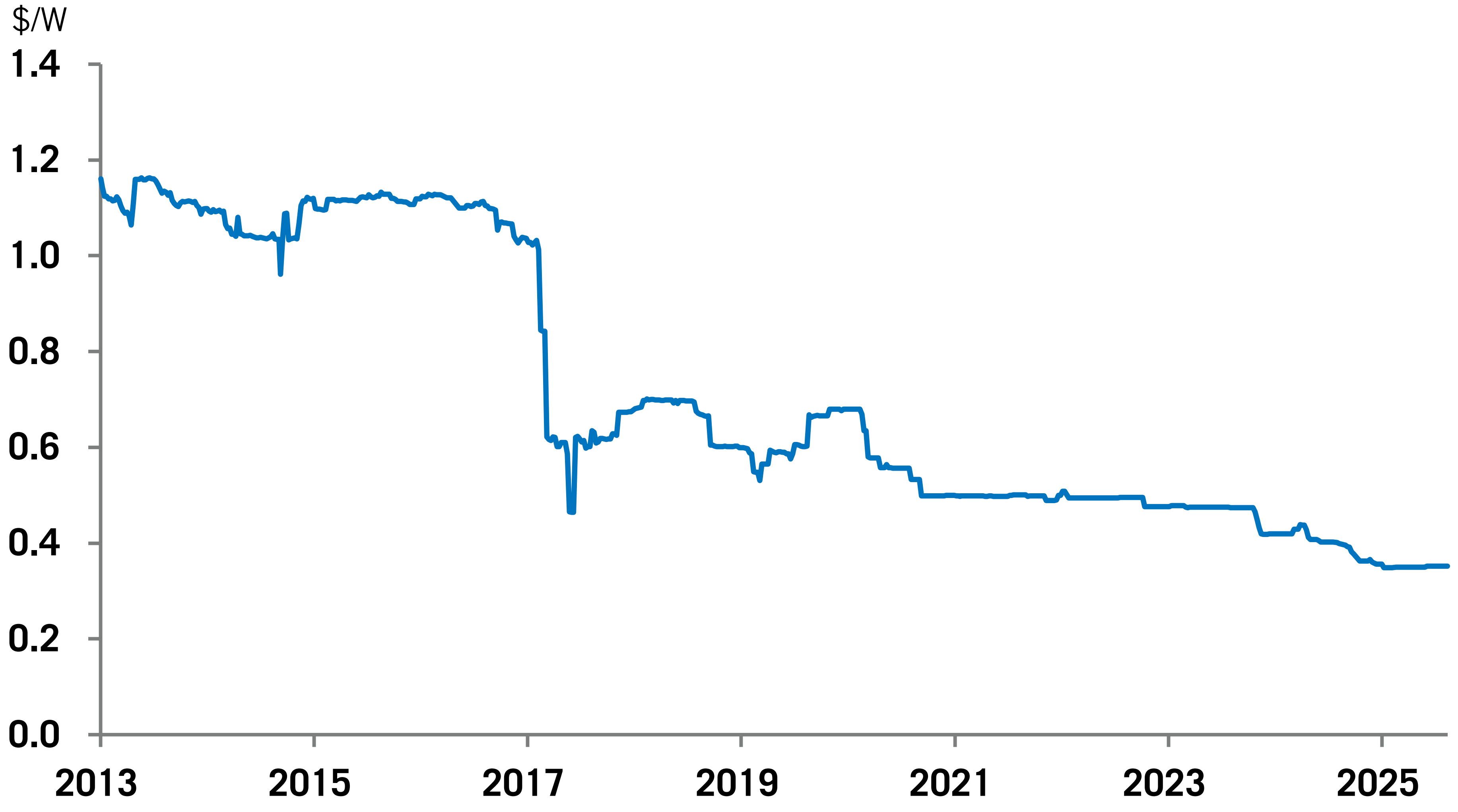
MARKET SPOTLIGHT

High silver price drives substitution by solar cell manufacturers

A record-breaking rally in the silver price has increased the pressure on solar cell manufacturers to cut costs by thrifting or substituting silver. The cost of silver paste reached as much as 30% of total cell costs, at a time when manufacturing overcapacity has held down solar cell and module prices and hit producer margins. Even after the recent pullback, the silver price is up 187% from the start of 2025.

After the silver price reached $50/oz in 2011, silver photovoltaic (PV) demand fell by 30% over the next three years, while installations almost doubled, as the high price incentivised efforts to thrift silver. It took until 2016 for silver PV demand to exceed the 2011 level, at which point annual PV installations had almost tripled from 2011 levels.

Module (>120W) price



Source: SFA (Oxford), Bloomberg Finance LP

PV manufacturers are looking to copper to replace silver even though there are technical challenges to using copper. Silver thrifting has continued over the last decade, making it harder to significantly reduce the silver content in cells today compared to 2011. Back contact cells have a small market share but use the most silver and are well suited to alternative metallisation owing to the contacts being to the rear of the cell. Major manufacturer Longi is moving to a copper-based metallisation this year. TOPCon cells have about a two-thirds share of the market and although the manufacturing process makes it more difficult to use copper, efforts are underway to replace silver. DK Electronic Materials has stated that 2026 will mark the first year of large-scale mass production for high-copper paste solutions, with a GW-scale TOPCon manufacturer looking to use the silver-covered copper paste solution.

Global PV installations in 2026 are expected to hold at a similar level to 2025 (~655 GW), meaning that silver substitution will cut silver PV demand this year from ~195 moz last year. However, this stability in global installations is based on growth outside China offsetting lower installations in China following policy changes there. Installations in China could drop by 100 GW this year based on estimates by BNEF (273 GW) and the China Photovoltaic Industry Association (185-275 GW).

In the medium term, the silver price will be even more exposed to investor sentiment and investment flows as a decline in what has been one of the main sources of industrial demand growth over the last 10 years will cut silver industrial demand.

PRECIOUS METALS REVIEW

Gold

	CLOSE	WEEKLY CHANGE	HIGH	DATE	LOW	DATE
$/oz	5,008	1.14%	5,119	11/02/2026	4,879	12/02/2026
€/oz	4,220	0.65%	4,299	11/02/2026	4,113	12/02/2026

Central banks continued to purchase gold in December, buying 19 tonnes. That took the total for 2025 to 328 tonnes (source: World Gold Council), a modest decline from 345 tonnes of net purchases in 2024. The National Bank of Poland acquired the most gold, adding 102 tonnes to its reserves. Other significant purchases were made by the central banks of Kazakhstan and Brazil. Not all central banks added gold to their reserves, with Singapore, Ghana and Russia being net sellers of gold last year.

The US jobs data for January gives mixed messages on possible interest rate changes. Non-farm payrolls rose by 130,000 in January, according to the Bureau of Labor Statistics. That was a much larger gain than expected, so on the face of it there is less need for the Fed to support the economy with another interest rate cut. However, the revisions to prior months were negative once again and job gains for 2025 were reduced by more than 1 million compared to earlier estimates, making the situation look much worse than the headline number suggests. However, with the 2-year Treasury yield close to 3.5%, which is currently the lower end of the Fed's target range, the Fed is unlikely to change interest rates at its next meeting.

The gold price staged a recovery last week, climbing above $5,000/oz once more.

PRECIOUS METALS REVIEW

Silver

	CLOSE	WEEKLY CHANGE	HIGH	DATE	LOW	DATE
$/oz	77.64	1.55%	86.31	11/02/2026	74.01	12/02/2026
€/oz	65.42	1.06%	72.47	11/02/2026	62.25	12/02/2026

The silver market is still showing tightness in China, with futures in Shanghai being in backwardation. Domestic producers and traders are struggling to work through a backlog of orders, tightening availability. Reported declines in exchange inventories in Shanghai point to constrained availability of deliverable metal. There are, however, tentative indications that speculative intensity is moderating, with SHFE open interest declining as investors reduce exposure into the holiday period as the Chinese New Year begins on 17 February. The SHFE is also tightening position management ahead of delivery. The change should reduce the pace of inventory withdrawals from Chinese exchange warehouses and, by extension, limit the degree of domestic tightness.

Silver's high price has begun to pull meaningful secondary supply into the market. In North America, dealers report a sharp increase in retail selling as higher prices prompt households to monetise coins, jewellery and sterling silverware that had effectively been treated as long-term "keepsakes". Pre-1965 US silver dollar coins have almost tripled in value year-on-year. That shift is already lifting scrap availability and bringing out material that would typically remain off-market. It also highlights how quickly the flow can flip when prices become sufficiently high.

Recent price action has been shaped more by investment and liquidity conditions than by underlying end-use demand. In the short term, the silver price is consolidating after its dramatic rally and further price swings can be expected.

PRECIOUS METALS REVIEW

Platinum

	CLOSE	WEEKLY CHANGE	HIGH	DATE	LOW	DATE
$/oz	2,070	-0.74%	2,195	11/02/2026	1,986	12/02/2026
€/oz	1,745	-1.27%	1,842	11/02/2026	1,674	12/02/2026

Pandora plans to introduce platinum-plated jewellery in response to high silver prices and volatility. The company is introducing a selection of bracelets across 30 stores in Northern Europe in Q1'26 and this will then be followed by a global launch with an expanded offering in the second half of the year. With the platinum being plated onto a metal alloy core, the amount of platinum per piece will be small so this is unlikely to add much to platinum jewellery demand in the near term. Nonetheless, it will raise the visibility of platinum in jewellery as Pandora is one of the world's largest jewellery brands with sales in more than 100 countries.

Fuel-cell vehicle plans are diverging by region. In Europe, industry and policy views are consolidating around battery-electric solutions for heavy transport, with a recent German survey of the logistics industry showing that hydrogen is no longer viewed as the leading zero-emission pathway for trucks. However, policy measures to support electrification are still considered crucial, with costs and charging infrastructure still issues. Meanwhile in China, FCEV trucks are part of the decarbonisation plans with orders for over 600 hydrogen-powered trucks recently announced by the China National Heavy Duty Truck Corporation in Wuhan. More than 7,000 FCEV trucks were registered in China last year. The 15th five-year plan (2026-2030) includes advancing the hydrogen economy as an aim.

PRECIOUS METALS REVIEW

Palladium

	CLOSE	WEEKLY CHANGE	HIGH	DATE	LOW	DATE
$/oz	1,658	-3.42%	1,776	11/02/2026	1,595	12/02/2026
€/oz	1,397	-3.95%	1,491	11/02/2026	1,354	12/02/2026

China's passenger vehicle sales fell at the fastest pace in almost two years in January. Chinese domestic retail sales dropped by 19.5% year-on-year to 1.4 million vehicles, the largest decline since February 2024. The weakness may stem from purchases being pulled forward as the NEV purchase tax exemption was reduced to 50% from 100% this year. The timing of the Chinese New Year impacts January and February data but last year the new year was in late January whereas this year it is in February, so the decline does not match the typical seasonal trend. Domestic market leader BYD reported a 30.1% year-on-year drop in total January sales to 210,051 units, a staggering 50% decline from December 2025. While BYD's exports remained a relatively bright spot (+51.5% year-on-year to 100,482 units), the domestic slump across its high-volume PHEV and BEV lineups highlights the fragility of Chinese consumer appetite following the subsidy reform. The China Association of Automobile Manufacturers' 2026 outlook is for 0.5% growth in total passenger car sales but 15.2% growth for NEVs, indicating that ICE sales will continue to decline, impacting palladium demand.

The US Environmental Protection Agency has rescinded the greenhouse gas endangerment finding, which served as the legal basis for US regulation of greenhouse gas emissions. This covers the climate regulations under the Clean Air Act for motor vehicles, as well as power plants. In the near term, little is likely to change. Firstly, there will almost certainly be legal challenges. Secondly, automotive manufacturers plan several years in advance and so any changes would only impact future vehicle models.

Preliminary anti-dumping determination puts a significant duty on US imports of Russian palladium. However, trade data shows that the US has not imported any Russian palladium since July, which may explain the lack of price impact. The US Department of Commerce (DoC) has proposed a duty of 132.83% on imports of unwrought Russian palladium which will be effective from the decision's publication in the Federal Register, likely in a week or two. This tariff is subject to final determinations by the International Trade Commission (ITC) and DoC, which are expected to be completed in June 2026. The countervailing duty investigation is continuing.

PRECIOUS METALS REVIEW

Rhodium, Ruthenium, Iridium

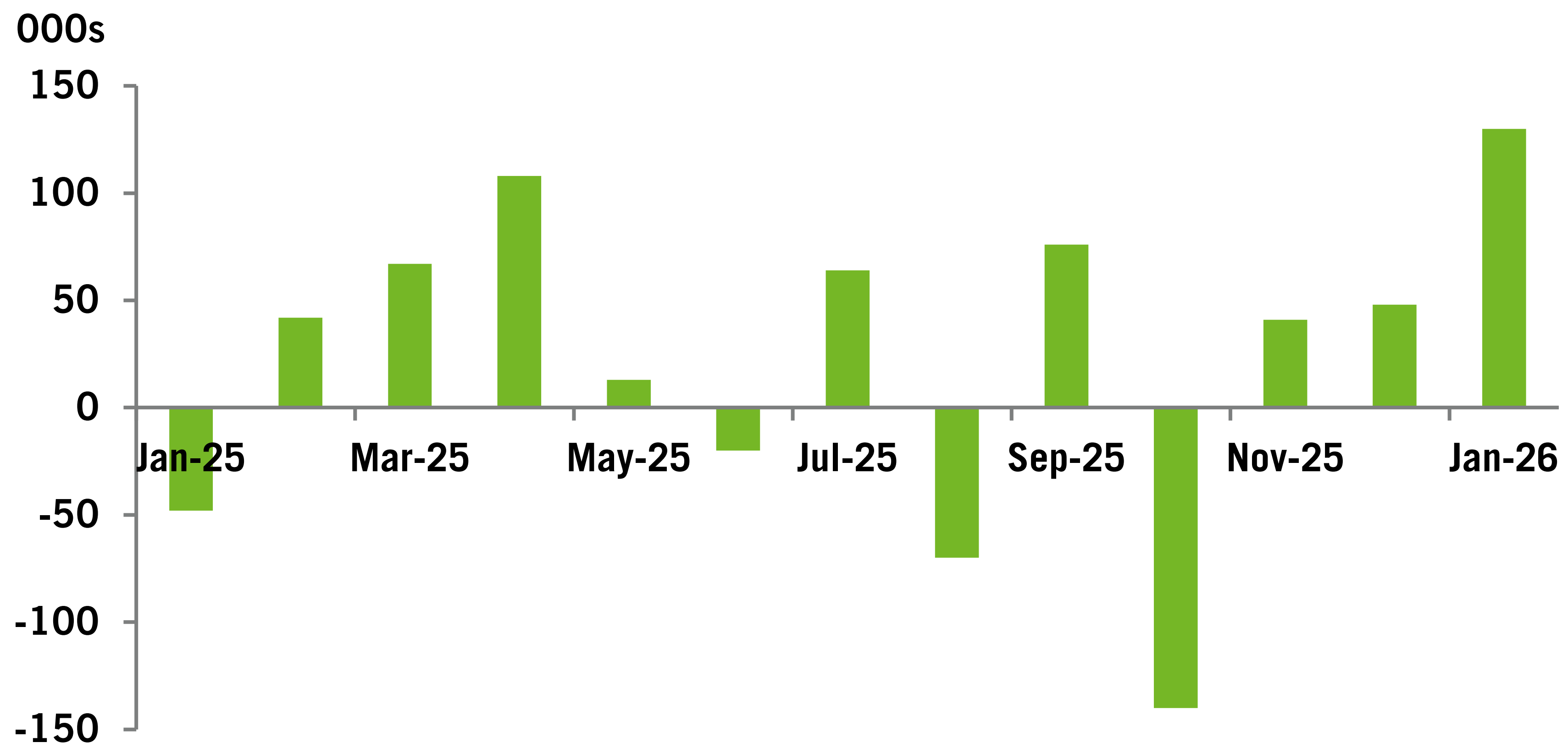
	RHODIUM	RUTHENIUM	IRIDIUM
Reporting Week	$11,050/oz	$1,470/oz	$7,200/oz
Previous Edition	$10,950/oz	$1,520/oz	$7,400/oz

Data centres are increasingly being discussed as a potential new demand area for hydrogen-linked power solutions. The data centre build-out has a number of potential bottlenecks around the availability of sufficient power supply and grid connectivity. Fuel cells are being proposed as a power supply option where grid interconnection is the bottleneck and for back-up power where a diesel option is unsuitable, as they could benefit from a faster start-up than from other power sources. Where the hydrogen supply might come from is less clear, so whether this might also extend to demand for electrolysers for green hydrogen is uncertain.

The rhodium, ruthenium and iridium prices were all softer at the start of last week but rhodium rallied later in the week to end the week $100/oz higher.

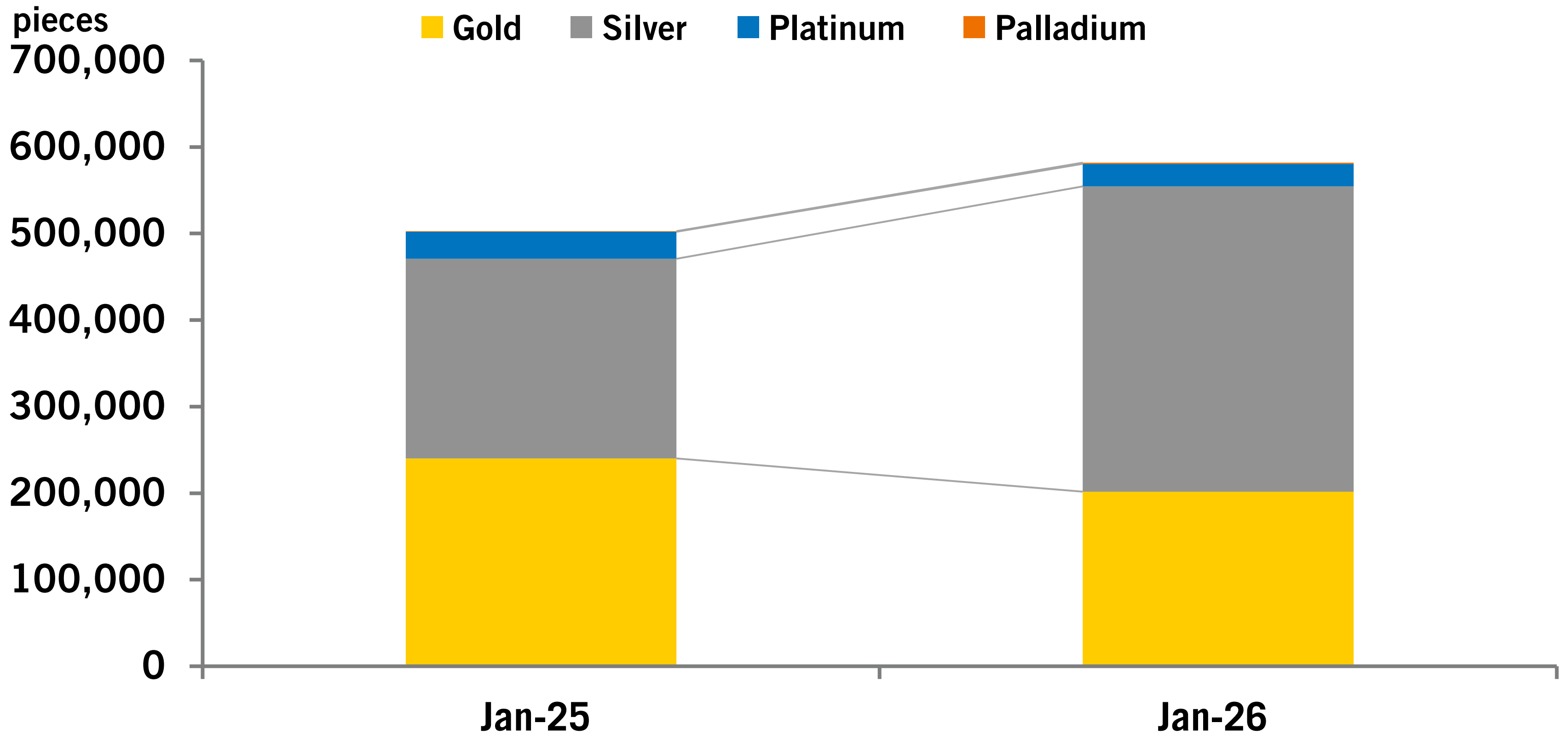
TRENDS AND INVESTMENTS

US nonfarm payroll employment monthly change



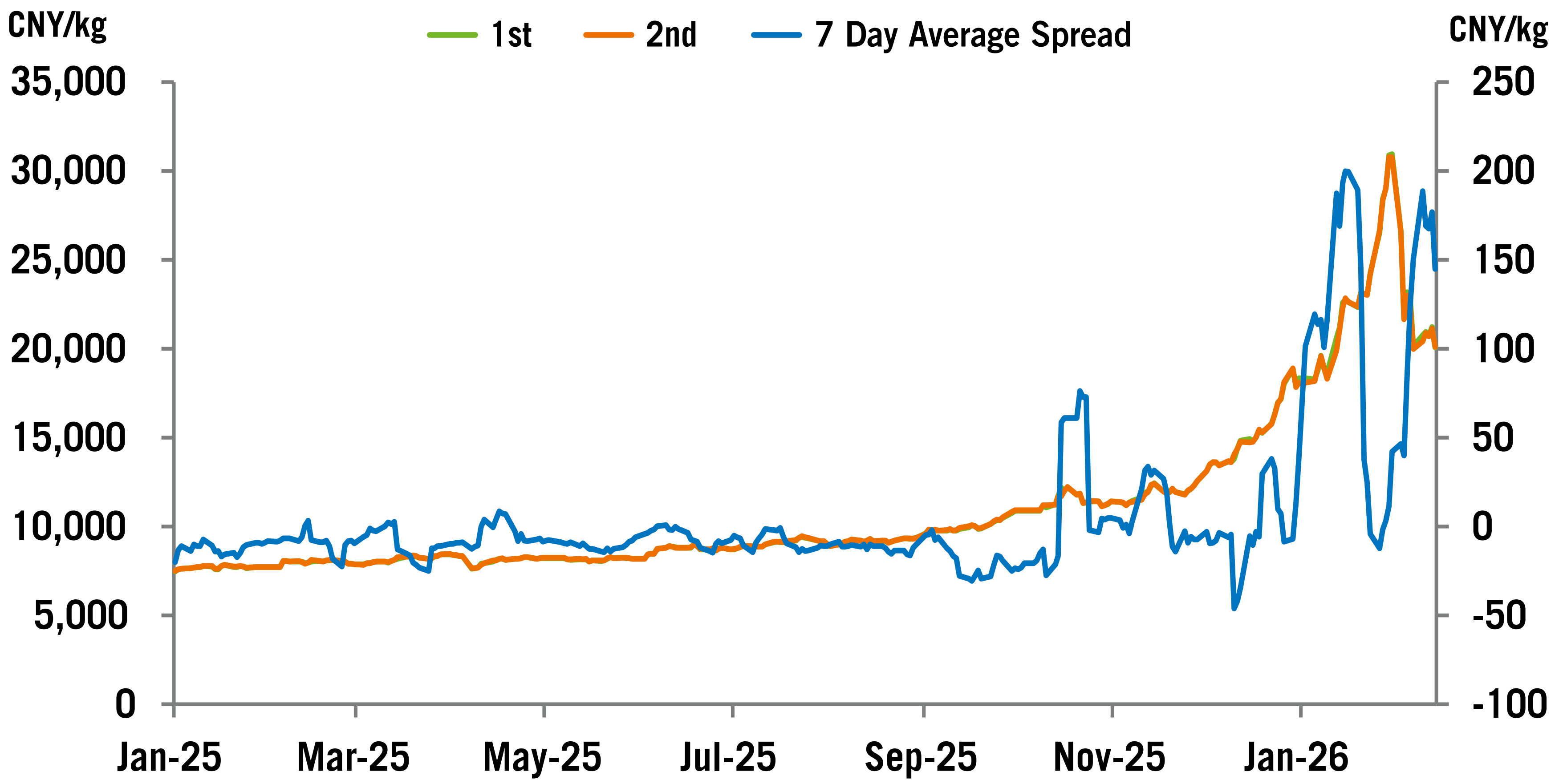
Source: SFA (Oxford), US Bureau of Labour Statistics

UK hallmarked jewellery



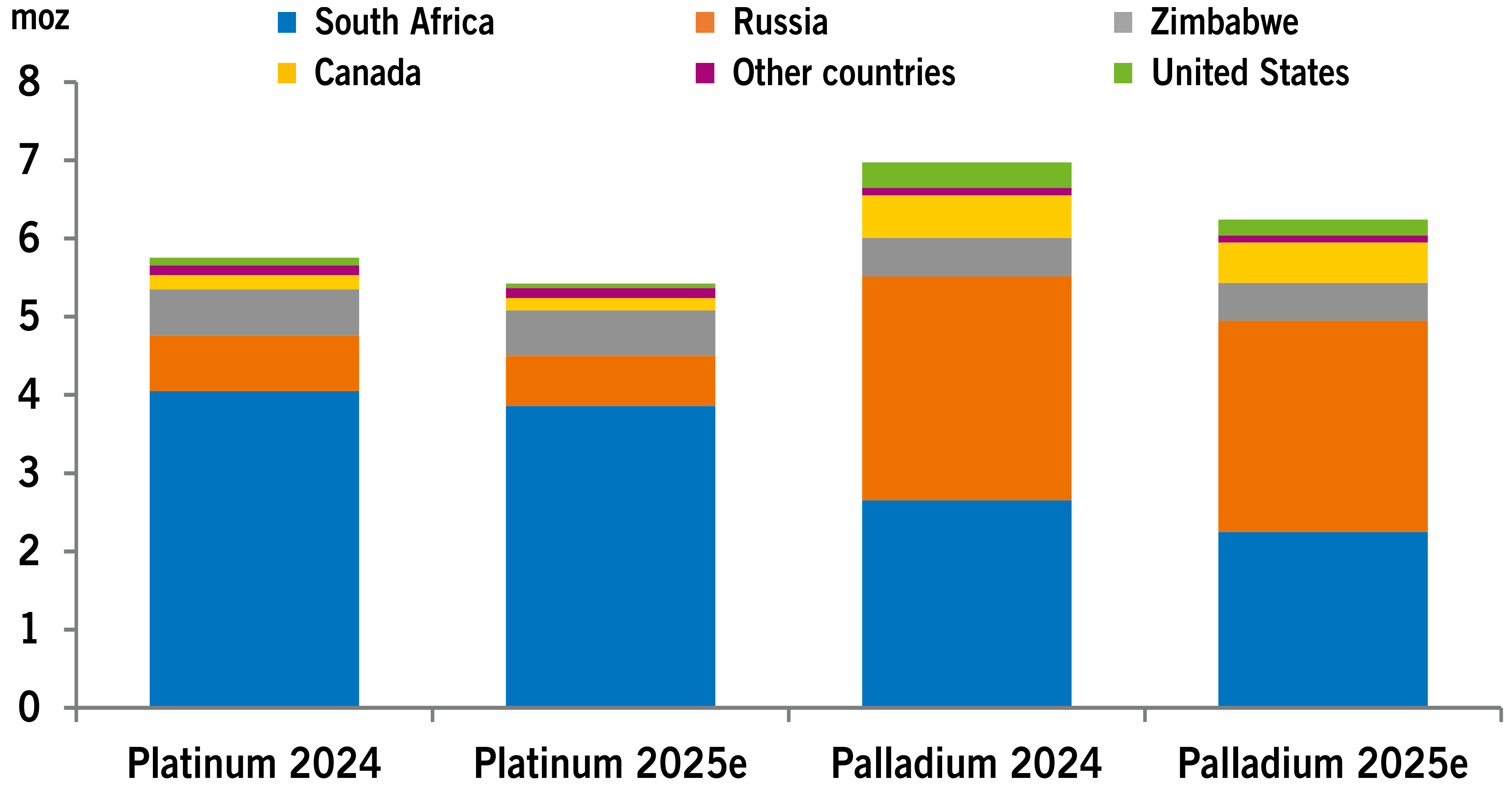
Source: SFA (Oxford), Birmingham Assay Office

Shanghai futures exchange prices



Source: SFA (Oxford), Bloomberg Finance LP

USGS world mine production



Source: SFA (Oxford), USGS

ABOUT HERAEUS

Learn more about important trends in the precious metals markets on a weekly basis with our Heraeus Precious Appraisal. **Please subscribe: www.herae.us/trading-market-report.**

Heraeus Precious Metals

Europe, Middle East, Africa & other regions
Phone: +49 6181 35 2750
tradinghu@heraeus.com

South East Asia
Phone: +852 2773 1733
tradinghk@heraeus.com

USA
Phone: +1 212 752 2180
tradingny@heraeus.com

China
Phone: +86 21 3357 5658
tradingsh@heraeus.com

Heraeus is a family-owned global technology group headquartered in Hanau, Germany. The company's roots go back to a family pharmacy started in 1660. With its expertise and resources, Heraeus has been making meaningful contributions over generations and is committed to do so in the future. Today, the group bundles diverse activities in four Business Platforms: Metals and Recycling, Healthcare, Semiconductor and Electronics, as well as Industrials. Customers benefit from innovative technologies and solutions based on broad materials knowledge and technological leadership.

Heraeus Precious Metals is globally leading in the precious metals industry. The company is part of the Heraeus Group and covers the value chain from trading to precious metals products to refining and recycling. It has extensive expertise in all platinum group metals as well as gold and silver.

The Heraeus Precious Appraisal is produced in collaboration with:

SFA (Oxford) Ltd
United Kingdom
Phone: +44 1865 784366
www.sfa-oxford.com
The Oxford Science Park,
Oxford, United Kingdom, OX4 4GA

consulting analysts in tomorrow's commodities and technologies