

Silver ETFs see first outflows in 26 months. Profit booking or a cautious approach?

By Surbhi Khanna, Published on: March 12, 2026.



Silver exchange-traded funds (ETFs) witnessed their first monthly outflows in more than two years. Data by the Association of Mutual Funds in India (AMFI) shows that silver ETFs saw an outflow of around Rs 826 crore in February, reversing the highest ever inflows recorded in January. This has raised questions about whether investors are booking profits after the recent rally or turning cautious amid evolving global market conditions.

Market experts believe that this is due to profit booking and also as a cautious approach after the prices of these precious metals corrected starting from January-end.

Vishal Dhawan, Founder & CEO, Plan Ahead Wealth Advisors, shared with ETMutualFunds that this likely reflects profit booking and portfolio rebalancing following the sharp rally in silver prices and the unusually strong inflows recorded in January, as commodity ETFs typically experience cyclical flows, where investors increase exposure during price momentum and reduce positions after significant gains.

Dhawan further said that at the same time, when silver prices rise sharply, industries often try to reduce consumption or partially substitute it with cheaper metals such as copper or aluminium, and this combination of high prices and potential demand adjustments may have prompted some investors to take a cautious short-term view. However, the recent outflows appear largely tactical in nature rather than signalling a structural decline in investor interest in silver.

Another expert, Pallav Agarwal, Certified Financial Planner, Bhava Services LLP, told ETMutualFunds that investors tend to chase returns and momentum. They bought heavily in January due to FOMO induced by the steep rise in silver prices, and this up move was more because of sentiments rather than fundamentals.

However, silver prices corrected very sharply at the end of January which might have driven the investors to book profits and hence February month recorded a net outflow figure and also the investors who were sitting on a profit would have booked profit, at the same time due to this big fall, investors would have taken a cautious stand by not investing in Silver ETFs significantly.

Silver ETFs recorded an outflow of Rs 826 crore in February after witnessing record inflows of around Rs 9,463 crore in January. These ETFs saw the last outflow in November 2023 of Rs 19.98 crore.

In February, the gross inflows in silver ETFs were recorded at Rs 4,628 crore, whereas the repurchase or redemption stood at Rs 5,455 crore.

The net inflow in silver ETFs in January jumped by 139% to Rs 9,463 crore compared to an inflow of Rs 3,962 crore in December 2025.

Continue SIP or allocate more?

Silver is mainly used as a diversification asset and often performs well during periods of inflation, currency fluctuations, or geopolitical uncertainty. However, it is generally nearly twice as volatile as gold, which means investors should approach allocations carefully and maintain prudent exposure.

Agarwal said that allocation to Silver ETFs should be continued strictly in line with one's asset allocation, and investors need to understand that they need to take a fundamental view on silver as an industrial and precious metal, rather than speculating on short-term price movements.

Dhawan said that investors who hold silver as part of a long-term asset allocation strategy may continue their SIPs or staggered investments rather than reacting to short-term fund flow movements, and investors should treat silver as a complementary allocation within a diversified portfolio rather than a primary return driver.

What happened in January

In January 2026, precious metals rose sharply due to global uncertainty, changing currency trends, and growing demand for safe assets, which led to investors buying precious metals as protection against market risks, pushing prices to very high levels.

Despite a hefty correction in the last two trading sessions of the month, silver surged nearly 19%. Silver reached very high levels, close to record prices, in January. On January 29, silver futures scaled fresh lifetime highs on the Multi-Commodity Exchange (MCX), and silver surged past the Rs 4 lakh mark for the first time.

Silver emerged better than gold in the starting month of the current calendar year because it benefits both as a precious metal and from industrial demand, which added to the buying pressure.

However, towards the end of the month, things changed quickly. Once prices became very high, many investors started selling to book profits. This caused a sudden fall in prices. On January 30, silver delivered a stunning reversal on the MCX, plunging up to 27% — or Rs 1,07,968 — in a single day, marking its worst-ever crash and dragging prices back below the Rs 3 lakh mark, just a day after the metal had surged to a record high of Rs 4 lakh.

The fall on January 31, silver delivered a stunning reversal on MCX, plunging up to 25% — or Rs 92,000 — in a single day, marking its worst crash in 15 years and dragging prices back below the Rs 3 lakh mark, just a day after the metal had soared to a record high of Rs 4 lakh.

So does this decline mean investors are moving to other categories, as gold and silver-backed multi-asset allocation funds saw a decline in monthly inflows by 19%.

Dhawan said that part of the outflows may reflect a temporary rotation of investor capital toward other asset classes, particularly equities or index funds, especially after the recent corrections in Indian equity markets, and investors often rebalance portfolios following strong gains in commodities and reallocate toward growth-oriented assets when valuations become more attractive.

He further said that the moderation in inflows to multi-asset funds, which typically hold both gold and silver, may also suggest that investors are trimming exposure to precious metals after their recent rally, and such portfolio rotations are fairly common and do not necessarily signal a long-term shift away from commodities.

In response to this, Agarwal said I don't think that this outflow will shift into any other mutual funds category in the current market scenario, where none of the non-debt MF categories is performing. Also, I see more flows coming into Gold ETFs as compared to Silver ETFs as gold prices have shown much lesser volatility as compared to silver, he further said.

In February, silver ETFs lost upto 26%. Tata Silver ETF lost the most, around 25.46%, in February, followed by ICICI Pru Silver ETF, which went down 20.39%. The other nine funds lost between 18% to 20.33%, and five funds posted returns between 0.04% to 012%.

In 2026 so far, these ETFs have posted returns upto 20%. UTI Silver ETF gained the most of around 19.61% in 2026 so far, followed by 360 ONE Silver ETF, which gained 17.93% in the same period. Tata Silver ETF posted the lowest return of 14.73%.

Commenting on the outlook, Agarwal said that Silver, because of its huge industrial demand, will remain in a long-term structural bull run with bouts of high volatility and any exposure in silver ETFs should strictly be taken as per the asset allocation and any kind of speculative activities should be avoided by the investors.

Dhawan said that the near-term outlook for silver may remain volatile due to global macro developments and supply disruptions. However, the structural outlook remains supportive as the silver market has been running a supply deficit for the last four years, which can keep upward pressure on prices when demand remains strong.

“Silver also benefits from rising industrial demand from sectors such as solar energy, electronics, and electric vehicles. At the same time, ongoing geopolitical tensions have increased the importance of precious metals like gold as safe-haven assets, and silver often moves alongside gold during such periods. Overall, silver ETFs continue to serve as a diversification tool, though investors should expect higher volatility compared to gold and other traditional asset classes,” Dhawan further added.