

by
DAVE WANG

PROMPT 1: CRAFTING THE DEEP RESEARCH PROMPT

I need to craft together a deep research prompt on Silver. Specifically, I am an institutional investor and I want to understand what the drivers have been for Silver's recent price run and how much legs are left in this trade. What has been driving demand? What are the bear and bull drivers over the short mid and long term? There may be many other deep research questions and topics that are relevant that I am not thinking about. Please ask me clarifying questions you may have in order for us to do a 10/10 job.

PROMPT 2: RUN THE DEEP RESEARCH PROMPT

ROLE

You are my institutional commodities strategist and market microstructure analyst. I am underwriting SPOT SILVER (XAG) in USD as a standalone, directional trade. Produce a numbers-first, citation-backed IC memo that explains:

1) what drove silver’s price action over the last 12 months,

2) whether the move was retail-driven vs institutional-driven,

3) how much “legs” are left across tactical (1 to 4 weeks) and swing (1 to 6 months) horizons,

4) what would break the trade.

KEY PRINCIPLE (DO NOT VIOLATE)

This is a bottoms-up, first-principles investigation. Do NOT start from a single narrative (inflation or otherwise). Start from measurable mechanisms and systematically rank drivers by evidence. You must still evaluate inflation and official-sector narratives, but only as components inside a broader driver discovery framework.

TIME WINDOW AND HORIZON

- Analysis window: last 12 months ending on the most recent market close available.

- Tactical horizon: 1 to 4 weeks.

- Swing horizon: 1 to 6 months.

- Risk tolerance: moderate drawdown tolerance. Focus on liquid, monitorable signposts.



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NON-NEGOTIABLE RULES

- Use public, verifiable, high-trust sources only. Prioritize: LBMA, CME Group/COMEX, CFTC, FRED/NY Fed, IMF/central bank publications, The Silver Institute (World Silver Survey), Metals Focus (if used via Silver Institute), major exchanges and regulators, and reputable financial press for event timestamps only.

- Every key claim must be supported by a citation that includes source + date + where possible table/figure/page or dataset series name.

- Provide hard numbers and time series. No hand-waving.

- Do not guess. If a number cannot be verified, label it “Unavailable” and specify what dataset would be required.

- Separate FACTS vs INFERENCE in every major section.

- When sources disagree, quantify the difference and explain why.

MUST-EVALUATE TOPICS (do not omit, but do not anchor on them)

A) Inflation and monetary conditions: evaluate as one potential driver among others using data.

B) Institutional positioning and flows: quantify via futures positioning, ETFs, and options/vol.

C) Central banks and governments: verify whether official-sector silver activity is real, material, and time-aligned with price action; if not, explicitly debunk with evidence.

D) Retail vs institutional: triangulate with multiple measurable proxies and state confidence.

START BY (Required)

A) Driver Universe Map (first principles)

- List the full universe of plausible driver categories BEFORE analyzing any single one:

1) Macro and monetary conditions

2) Cross-asset linkages and relative value

3) Physical fundamentals (supply, demand, balances)

4) Inventories, spreads, and tightness (microstructure)

5) Flow and positioning (futures, ETFs, options, systematic)

6) Policy and geopolitical frictions affecting flows or demand

- For each category: state the causal mechanism (how it could move price) and the measurable proxies you will use.

B) Datasets (hard requirement)

- List the exact datasets and time series you will use, including:

  - series name, provider, frequency, date coverage, and direct link reference (citation).

C) Key unknowns

- List key unknowns and data limitations that could change conclusions.

D) Charts (8 to 12)

- List the 8 to 12 charts you will produce (describe each precisely).

IC MEMO OUTPUT (Structure and Requirements)

1) Executive Summary (max 1 page)

- Evidence-ranked driver decomposition: 5 to 7 drivers ranked by estimated importance with contribution ranges to the 12-month move.

- “Legs left” assessment:

  - Base, bull, bear for tactical and swing horizons.

  - Probabilities for each scenario (must be justified with evidence).

- 5 highest-signal indicators to monitor, with explicit trigger levels and update frequency.



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2) Market Overview and Price Action (Hard numbers)

- Provide a table: daily (or weekly) spot silver returns over the last 12 months.

- Identify top 10 up days and top 10 down days:

  - percent move,

  - concurrent moves in DXY, real yields, gold, and a broad risk proxy,

  - and any major catalyst headline (cite sources for headlines).

- Regime identification:

  - rolling correlations and betas (30D/90D) of silver vs:

    DXY, US real yields (TIPS), nominal yields, breakevens, gold, copper, and broad risk.

  - explicitly identify regime breaks and when they occurred.

3) Evidence-Based Driver Ranking (Discovery Step)

This section must come BEFORE any deep dive.

FACTS:

- Quantify, for each driver category in the Driver Universe Map:

  - simple relationships (correlations, rolling betas),

  - event alignment (did changes coincide with big moves),

  - and explanatory power (basic regression or attribution methods), clearly labeled as inference where appropriate.

INFERENCE:

- Produce a ranked list of drivers with:

  - why each ranks where it does,

  - what evidence is strongest,

  - what evidence is missing,

  - and the confidence level.



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4) Macro and Monetary Conditions (one driver bucket, not the thesis)

Cover, with time series and summary stats:

- real yields, nominal yields, breakevens, USD (DXY), liquidity proxies, and major Fed path shifts.

- CPI and FOMC event studies if feasible (explicit methodology).

Conclude:

- whether the macro bucket is primary, secondary, or incidental for the 12-month run, with confidence and alternatives.

5) Cross-Asset Linkages and Relative Value

- gold linkage and gold-silver ratio history and regime context.

- industrial linkage proxies: copper, PMIs, global manufacturing indicators (where credible).

- explain whether silver is trading as monetary metal, industrial metal, or hybrid and how that changed over the 12 months.

6) Flow and Positioning: Retail vs Institutional (Triangulation)

You must quantify each bucket with time series and explain limitations.

A) Futures positioning (institutional/speculative proxy)

- CFTC COT (Disaggregated and/or TFF where relevant):

  - net positions for Managed Money, Swap Dealers, Producer/Merchant/Processor/User, Other Reportables.

- Provide:

  - current percentile vs 5-year history,

  - positioning changes during the 3 biggest price accelerations in the past 12 months,

  - evidence of crowdedness and unwind risk.



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B) ETF flows and holdings (institutional proxy, discuss overlap)

- Use major silver ETFs (SLV and others if relevant) holdings and flows.

- Provide:

  - holdings time series over 12 months,

  - flow-price lead/lag analysis and interpretation.

C) Options and volatility (explain “why” even if cash-only)

- Use silver options if accessible; otherwise SLV options as proxy with caveats.

- Provide:

  - implied vol level and percentile vs history,

  - skew changes during rallies and selloffs,

  - whether the structure suggests upside chasing, hedging, or dealer-gamma effects.

D) Retail physical demand (retail proxy)

- Use measurable proxies (mint sales, coin/bar demand, credible retail premium indicators).

- Provide time series and whether demand accelerated during the run.

E) Central banks and governments (hard requirement)

- Verify and quantify:

  - whether central banks hold silver as reserves in meaningful size,

  - whether sovereigns are accumulating silver via stockpiles or policy,

  - whether taxes, import duties, or trade restrictions materially affected demand.

- If evidence indicates “little to no official-sector buying,” state it explicitly with citations and re-rank the driver stack.



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Output requirement:

- Conclude with a Retail vs Institutional scorecard:

  - each proxy, what it indicates, directionality, and confidence (High/Med/Low).

7) Physical Fundamentals: Supply, Demand, Tightness

A) Demand decomposition (numbers required)

- Use best available annual/quarterly breakdown:

  - industrial (including solar PV and electronics),

  - jewelry/silverware,

  - investment bars/coins,

  - ETF demand component if included in accounting.

- Show multi-year trend and what changed in the last 12 months (use partial-year proxies if necessary, clearly labeled).

B) Supply decomposition (numbers required)

- Mine supply: primary vs byproduct, key geographies, disruptions.

- Recycling: responsiveness to price with lags.

C) Inventories and market tightness (microstructure)

- COMEX inventories (registered vs eligible) time series.

- Term structure and spreads: contango/backwardation, key spreads.

- Lease/borrow tightness proxies if credible.

- Explain what these signals imply about physical tightness vs paper-driven pricing.

8) “Legs Left” Assessment (Tactical and Swing)

- Crowdedness dashboard:
  - positioning percentiles,
  - ETF flow momentum,
  - vol/skew extremes,
  - inventory tightness signals,
  - gold-silver ratio extremes.
- Historical analogs:
  - choose 2 to 3 prior silver rallies with similar conditions,
  - quantify forward returns and drawdowns at 1M/3M/6M horizons.

9) Scenarios and Signposts (Actionable)

For each horizon (1 to 4 weeks, 1 to 6 months):

- Bull/Base/Bear:
  - catalyst path,
  - expected behavior of key indicators,
  - price implications framed as ranges with assumptions.
- Change-my-mind triggers:
  - explicit levels/conditions that invalidate the scenario.

10) Risk Register (IC style)

- Top 10 risks ranked by Probability x Impact.
- Include: positioning unwind, sudden USD reversal, growth shock vs reflation, policy surprise, liquidity gaps, data quality limits.
- For each: monitoring metric and mitigation (even if cash-only).

11) Appendix: Data Tables (Excel-ready)



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- Provide tables:
  - daily/weekly series values for last 12 months for core drivers,
  - summary stats and model outputs (clearly labeled as inference),
  - event study tables around CPI and FOMC if feasible.

FORMATTING

- Headings, bullets, and tables suitable for an IC memo.
- Every section must have FACTS then INFERENCE subsections.
- Assign confidence (High/Medium/Low) for each major conclusion.
- No filler. No generic explanations.
- Do not include ESG content.

FINAL OUTPUT

End with:

- Recommended stance (Long/Neutral/Short) for tactical and swing horizons, each with:
  - top 3 supporting facts,
  - top 3 risks,
  - and the single most important indicator to monitor.