GOLD AND SILVER: SHINING BRIGHT AMIDST MARKET UNCERTAINTY!

Gold and silver shimmer like stars in the night sky during the vibrant festival seasons in India, captivating the hearts of many. Beyond their cultural significance, these precious metals have emerged as a compelling global investment opportunity, attracting the attention of individual investors and central banks in numerous developing nations.

Recently, both gold and silver soared to new record highs on Monday, and this upward trend continued into Tuesday, October 14, 2025. The surge in demand for safe-haven assets was sparked by renewed tariff threats from US President Donald Trump against China and growing anticipations of interest rate cuts by the Federal Reserve, both of which enhance the allure of these valuable metals. This year has witnessed a remarkable rally in precious metals, with the four primary members of this elite group—gold, silver, platinum, and palladium—experiencing astonishing gains ranging from 50% to 80%, leading the charge across commodity markets.

During Diwali, it is customary to celebrate by wearing new clothes and jewellery. Additionally, silver is often purchased for use during Puja ceremonies, alongside gold. As the festival approaches, demand for gold tends to increase significantly as festive buyers enter the market.

Many individuals are eager to embellish themselves and their loved ones with sparkling jewellery during this celebratory season.

Recently, gold and silver prices have risen sharply ahead of Diwali, prompting heightened investor interest in these precious metals. Many investors are opting to sell their stock holdings in favor of accumulating Gold and Silver ETFs. This shift in strategy is primarily influenced by current market conditions, which are expected to remain volatile for an extended period due to ongoing trade tensions stemming from Trump's policies and the decline in the US dollar's value.

Gold prices often rise due to a variety of factors, including:

1.Economic Uncertainty: During times of economic instability or geopolitical tensions, investors tend to flock to gold as a safe-haven asset. This increased demand drives prices higher.

2. Inflation Concerns: When inflation rises, the purchasing power of currency decreases. Gold is traditionally seen as a hedge against inflation, leading to a surge in its demand and price.

3. Central Bank Purchases: Many central banks hold significant reserves of gold. When these institutions increase their gold purchases, it signals confidence in the asset. It can lead to higher prices in the market.

Business Today published on October 18, 2025, that "RBI data shows that gold holdings climbed by $3.6 billion to $102.36 billion in the week ending October 10, even as total foreign exchange reserves inched down to $697.78 billion.

Gold now accounts for 14.7% of India's total reserves — the highest share since the late 1990s, news agency Reuters reported.

The data shows that the Reserve Bank's gold reserves crossed 880 metric tonnes in the first half of 2025-26 with the central bank adding 0.2 metric tonnes in the last week of September'2025.

The total value of the gold was USD 95 billion as of September 26, 2025, according to the latest data from RBI.

The demand for gold, considered a safe haven, has been on the rise in recent months amid escalating global uncertainties.

In the six months ended September, the RBI bought 0.6 metric tonnes of gold.

A total of 0.2 metric tonnes and 0.4 metric tonnes of the yellow metal were bought in September and June, respectively, as per the latest RBI Bulletin. Source: Financial Express 23.10.25

The rise in gold prices can primarily be attributed to the Reserve Bank of India (RBI)'s consistent gold purchases. This ongoing accumulation by the central bank has a significant impact on gold market dynamics.

4. Market Trends and Speculation: Traders and investors often speculate on gold prices based on market trends, leading to price fluctuations. Bullish sentiment in the market usually boosts demand.

5. Currency Strength: The strength of the US dollar is inversely related to gold prices. When the dollar weakens, gold becomes cheaper for holders of other currencies, increasing its demand and subsequently its price.

6. Jewellery and Industrial Demand: The demand for gold jewellery, particularly during festive seasons and in emerging markets like India and China, can significantly impact prices. Additionally, industrial applications for gold, though more minor, also contribute to overall demand.

7. Supply Constraints: Mining production levels and supply disruptions can affect the availability of gold in the market. Limited supply with steady or increasing demand can drive prices higher.

8. China -US Trade Tension: As of 10:33 GMT on October 13, 2025, spot gold has risen by 1.4 percent to $4,075.24 per ounce. This increase follows a recent peak of $4,079.70 per ounce, which marks an all-time high for the commodity. Additionally, US Gold futures for December delivery have surged by 2.4 percent, now trading at $4,094.70 per ounce.

On the other hand, Gold has reached a new all-time high of Rs. 1.27 lakhs per 10 grams as of Monday, October 13, 2025, in India. This increase is primarily driven by ongoing trade tensions between the US and China, heightened demand in Asia, and expectations of potential interest rate cuts in the US.

Over the weekend, US President Donald Trump shifted to a more conciliatory tone after previously threatening a 100% tariff on Chinese goods. Investors are now closely watching the implications of Trump's announcement on these tariffs, set to take effect on November 1. This decision is anticipated to significantly impact gold prices.

Furthermore, the ongoing US government shutdown, which has yet to be resolved, remains a concern for market observers.

To sum up, numerous factors contribute to the changes in gold prices within the global market, either individually or in combination.

The increase in gold prices can largely be attributed to the growing trade tensions between China and the United States. These tensions contribute to market uncertainty, prompting investors to turn to gold as a safe-haven asset.

Expert opinion on precious metal:

Let's dive into the insights offered by experts and media reports on precious metals. Their perspectives provide a fascinating look into the current trends and dynamics shaping this market.

1. Chris Wood's report titled "GREED & FEAR" outlines a well-reasoned prediction for a notable rise in gold prices. This forecast is supported by several factors, including a historical analysis showing a correlation between gold price trends and growth in US disposable income per capita. Additionally, the report highlights the decline of the US dollar, persistent inflation, increasing market uncertainty, and strong demand from central banks as significant contributors to the anticipated surge in gold prices.

"The current gold price is 5.6 per cent of US disposable income per capita of $66,100. To reach 9.9 per cent of US disposable income per capita means gold should rise to $6,571. This means that a price of $6,600/oz is now a reasonable target for gold at the peak of the current secular bull market," Wood wrote in his weekly note to investors, GREED & FEAR, published in Business Standard dated September 23, 2025.

2. According to a Reuters report, gold could extend its upward trajectory, with prices potentially surpassing $5,000 by the end of 2026, said Phillip Streible, chief market strategist at Blue Line Futures. He noted that steady central bank buying, robust ETF inflows, lingering U.S.-China trade tensions, and the prospect of lower US interest rates are providing strong structural support for the precious metal.

3. Analysts at Bank of America and Société Générale also forecast gold to hit $5,000 in 2026, while Standard Chartered has raised its average projection to $4,488 for next year, Reuters said.

Source: Moneycontrol.com dated 14.10.25.

To sum up, despite the strong run thus far in CY25, Christopher Wood, global head of equity strategy at Jefferies, sees more headroom in the months ahead and expects gold prices to hit $6,600/oz mark, up over 76 per cent from the current levels of $3,745/oz.

However, as of 14th October, 2025, the gold price has already increased by more than 10 per cent after Christopher Wood, global head of equity strategy at Jefferies, reported, "GREED & FERA".

Strategy for existing gold holders:

For investors with existing gold holdings, record-high prices offer an opportunity to reassess their portfolios and book some profits.

- **Rebalance your portfolio:** If the sharp rise in gold prices has pushed your gold allocation above your desired limit (typically 5–15%), consider selling some of your gold. You can then reinvest the proceeds into other assets, like equities or bonds, to bring your portfolio back to your target allocation.
- **Hold for long-term goals:** For long-term investors who use gold as a hedge against inflation and market uncertainty, holding existing positions is a valid approach. Many experts forecast that gold prices could continue to rise amid ongoing global uncertainty and central bank purchases.

Strategy for new gold investors:

For individuals seeking to invest in gold, it is essential to recognize that purchasing at a peak can involve significant risks. Instead, adopting a more disciplined investment strategy is typically advised. This approach allows for better management of market fluctuations and can help enhance long-term gain.

- **Use systematic investing:** Rather than making a large, lump-sum purchase at a high price, consider investing in gold through a Systematic Investment Plan (SIP). It allows you to "average in" over time, reducing the risk of buying at a market peak.

- **Buy on dips:** Waiting for a correction or a dip in the market is a cautious approach for new investors. A cooling of geopolitical tensions or stronger economic data could temporarily ease prices.

Gold investment options beyond physical gold:

Investing through digital formats eliminates the security risks and costs associated with physical bullion and jewellery, such as storage, insurance, and handling charges.

- **Gold Exchange-Traded Funds (ETFs):** These funds trade on stock exchanges, and each unit represents a specified quantity of high-purity gold. They offer high liquidity and are a cost-effective way to get exposure to gold prices.

- **Sovereign Gold Bonds (SGBs):** Issued by the government, these bonds are an ultra-safe investment in digital gold. SGBs also offer an additional 2.5% per annum on the initial investment and are exempt from capital gains tax upon maturity.

- **Gold Mutual Funds:** These funds invest in Gold ETFs and offer investors without a demat account an option. While their expense ratios can be higher than those of ETFs, they allow SIPs and are managed by professionals.

"Gold and silver extended their red-hot streak during Samvat 2081, even as equity-market returns moderated. This was in contrast with the previous Samvat, when almost all asset classes delivered stellar returns. Gold and silver jumped more than 60 per cent and 68 per cent, respectively, after rising over 30 per cent in Samvat 2080.

GOLD RETURN FROM SAMVAT 2078 TO 2082

Year	Gold rate per 10 Gram	Return (%)
2021	49,610	
2022	52,120	5.06%
2023	62,842	20.57%
2024	79,775	26.95%
2025	128,680	61.30%

The yellow metal sprinted from ₹79,238 per 10 gram to ₹1.28 lakh during Samvat 2081, while silver jumped from ₹96,670 to ₹1.63 lakh per kg, outrunning every major asset class.

Meanwhile, the benchmark indices took a breather, with the Nifty and Sensex posting single-digit gains of 6.8 per cent and 5.8 per cent, respectively." Business Standard published 22.10.25.

Alternative investments to gold:

As gold trades at historically high levels, investors may consider exploring alternative asset classes.

Diversifying their portfolios can help manage risk effectively and take advantage of different market opportunities.

- **Silver:** An affordable alternative to gold, with both precious-metal and industrial uses. Historically, silver has seen larger price swings than gold, offering potentially greater returns during bullish periods.

- **Equities and REITs:** Equity investments, particularly through mutual fund SIPs, offer a way to build wealth over the long term.

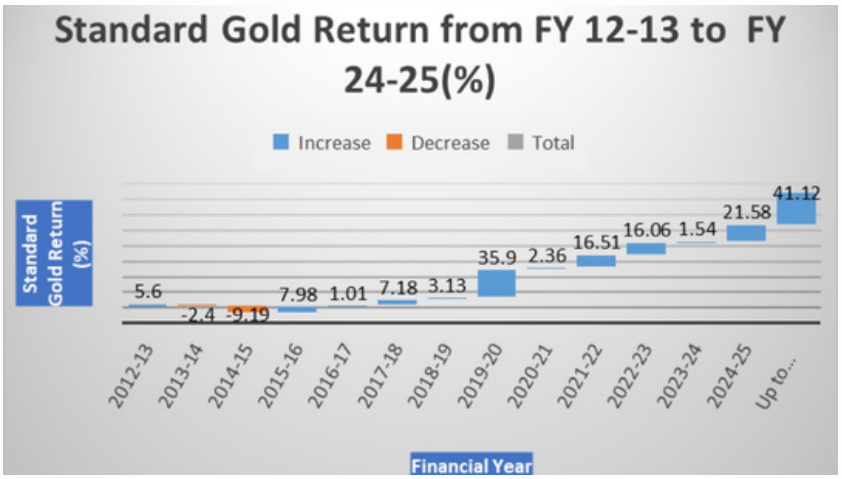
Real Estate Investment Trusts (REITs) are another option for investing in income-generating commercial real estate without the complexities of direct property ownership.

- **Fixed Deposits (FDs):** For investors prioritising stability and guaranteed returns over potentially higher but volatile gains, FDs are a reliable option. Reputable institutions offer competitive interest rates with top-tier safety ratings.

When considering a financial decision, it's essential to assess your financial needs, investment timeline, and risk tolerance capacity. Seeking the advice of a qualified financial advisor can offer you tailored guidance that aligns with your unique circumstances.

Conclusion:

Given the exciting surge in gold prices, now is the perfect time for investors to embrace a well-rounded approach. Instead of simply chasing the current rally, it's wise to focus on rebalancing your portfolio, carefully managing risks, and exploring alternative gold investments to fortify your strategy for the long haul.



A rise in gold prices often prompts a global reallocation of assets, primarily because gold's seen as a safe-haven asset. It has an inverse correlation with conventional assets like stocks & equity-related instruments, and it serves as a hedge against inflation. When gold's value increases, investors must make a crucial choice:

either return their portfolios to their original distribution or adjust their approaches to reflect the evolving market landscape.

On October 28, gold dipped below $4,000 an ounce, partly due to positive developments surrounding the anticipated US-China trade deal, set for early November.

Silver also fell, dropping below $46.62 per ounce. Meanwhile, global stocks soared on October 27, driven by optimism over the potential trade agreement, as the US dollar softened.

In summary, while precious metal prices fluctuate in response to global trade dynamics, savvy investors can capitalize on these opportunities.

Historically, gold has delivered a promising return of approximately 10% per year, even amid challenges such as wars, recessions, changing trade policies, and pandemics.

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