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GOLD & SILVER CRASH CYCLES · 19 NOV 2026

When Safe Havens Boil

Gold, Silver and the Great Unwinding

Gold is down 33.1% from $5,599 and silver 63.0% from $121.65. This is the story of how the water heated up one degree at a time – crowded positioning, liquidation, an energy shock, tighter money – what forty-six years of crash-and-rally cycles say about what comes next – and why five entry tests now say it is time to start buying.



The boiling-frog story

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The water did not feel dangerous at first – each degree was small enough to tolerate, until the pot was boiling



COMFORTABLE

2024–2025: the rally had foundations

Gold +26% then +67%. Central banks bought 863 t, ETFs 801 t. Every dip was bought – and leverage grew with the confidence.



WARM

January–March 2026: small explanations

Index rebalancing, a Fed nominee, higher margins – each looked like profit-booking. Then the war lifted oil and rate expectations.



BOILING

November 2026: the great unwinding

Gold −33.1%, silver −63.0%. Several separate pressures had accumulated into one large decline while expectations still belonged to the bull market.

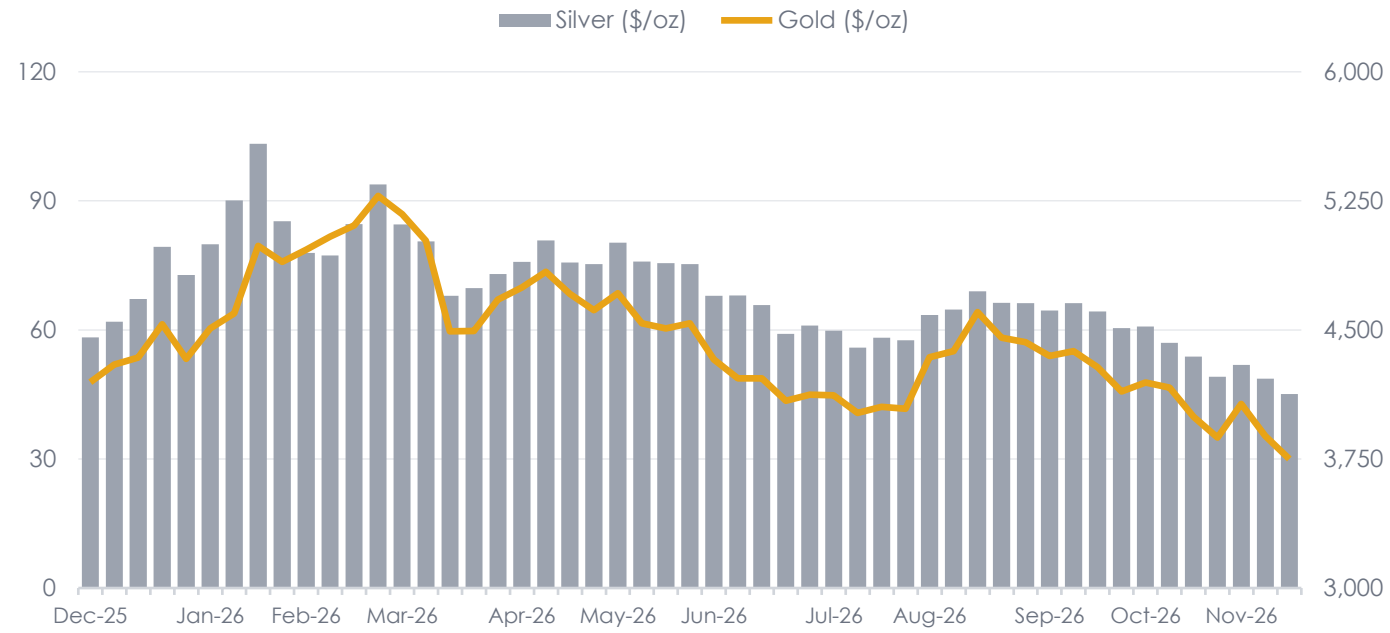
KEY INSIGHT

The boiling-frog story is a metaphor, not biology – its lesson is about us: we adjust our explanation of events instead of adjusting our exposure to them.

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The thermometer, week by week: gold peaked at $5,599, silver at $121.65 – and the flame was raised four times

Weekly close – gold (US$/oz, line) and silver (US$/oz, bars), Dec 2025 – 18 Nov 2026



1 · 30 Jan · Liquidation

Gold −9.5%, silver −27.7% in a day on the Warsh nomination; CME margins raised

2 · Mar · Energy shock

Iran war: oil to $136, inflation fears, higher yields – gold's rebound to $5,279 fails

3 · Sep–Oct · Tighter money

Fed hikes 25 bp, pauses at 3.75–4.00%; December hike priced at 96.7%

4 · Nov · Capitulation

Gold $3,743 low, silver $44.99 – a 33.1% and 63.0% drawdown in 9.7 months

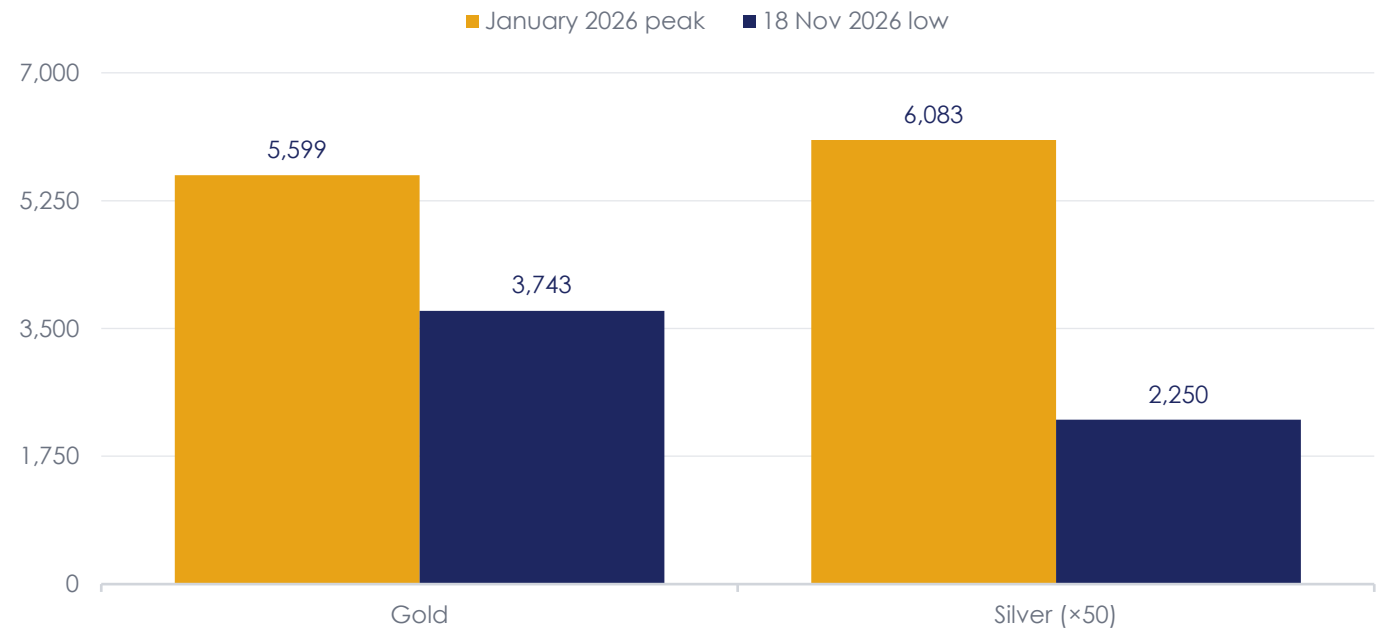
KEY INSIGHT

The frog story describes delayed recognition, not a market that fell gently every day – the 30 January crash was the first unmistakable warning, and it was explained away.

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Gold −33.1% from $5,599 to $3,743, silver −63.0% from $121.65 to $44.99 – the deepest falls since 2011–15

Peak to trough, Jan 2026 – 18 Nov 2026 (US$/oz)



Silver scaled ×50 for visual comparison: $121.65 → $44.99

−33.1%

Gold, $5,599 (Jan) → $3,743 low in 9.7 months; spot $3,748 on 18 Nov (TradingView)

−63.0%

Silver, $121.65 (Jan) → $44.99 low; $45.01 on 18 Nov – twice gold's fall, as in every cycle

9.7 months

Duration so far – against a median finished fall of 20.9 months (gold) and 3.3 years (silver) in our cycle study

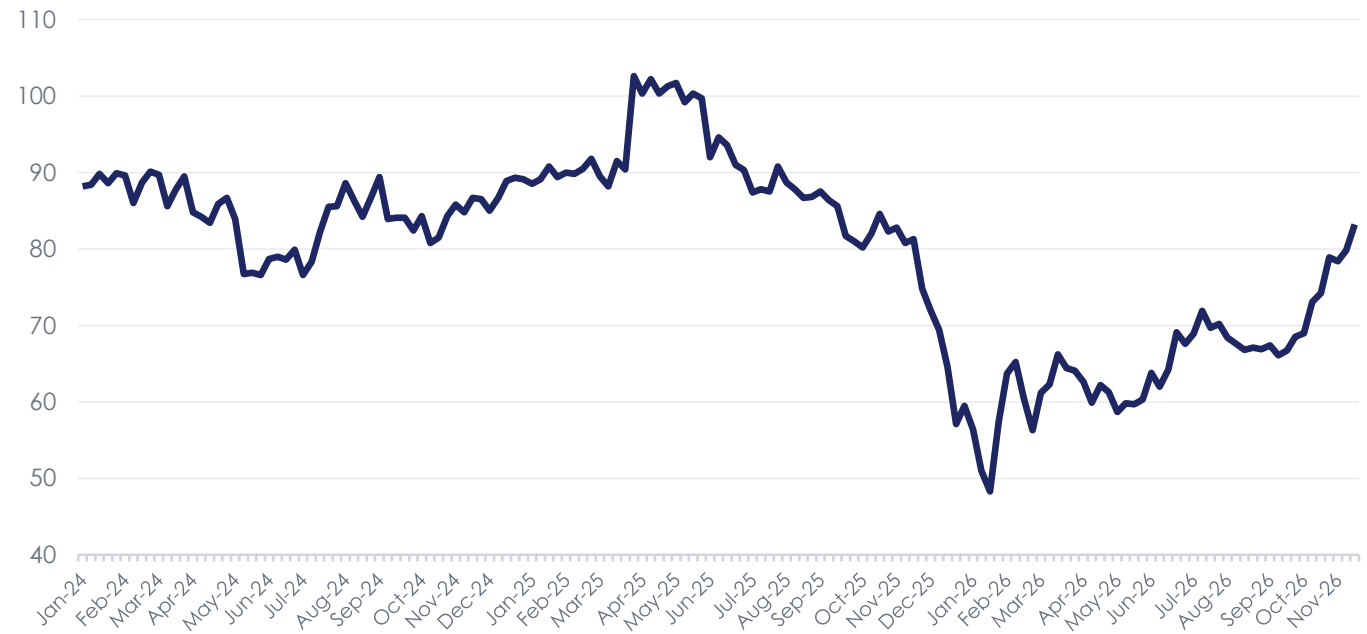
KEY INSIGHT

This was already much more than routine consolidation – but in cycle terms it is young: the median gold bear since 1980 ran 21 months, the median silver bear over three years.

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Gold/silver ratio from 48 at the January peak back to 83 – silver has given back its 2024–25 outperformance

Gold ÷ silver (weekly closes), Jan 2024 – 18 Nov 2026



48 → 83

Ratio at the 19 Jan 2026 peak week vs 18 Nov – silver fell twice as fast as gold, as in every cycle since 1980

103

Ratio high in early 2024, before silver's run – today's 83 is the mid-point of the two-year range

1.9×

Silver's drawdown ÷ gold's drawdown (63.0 ÷ 33.1) – the historical beta of silver to gold in a bear phase

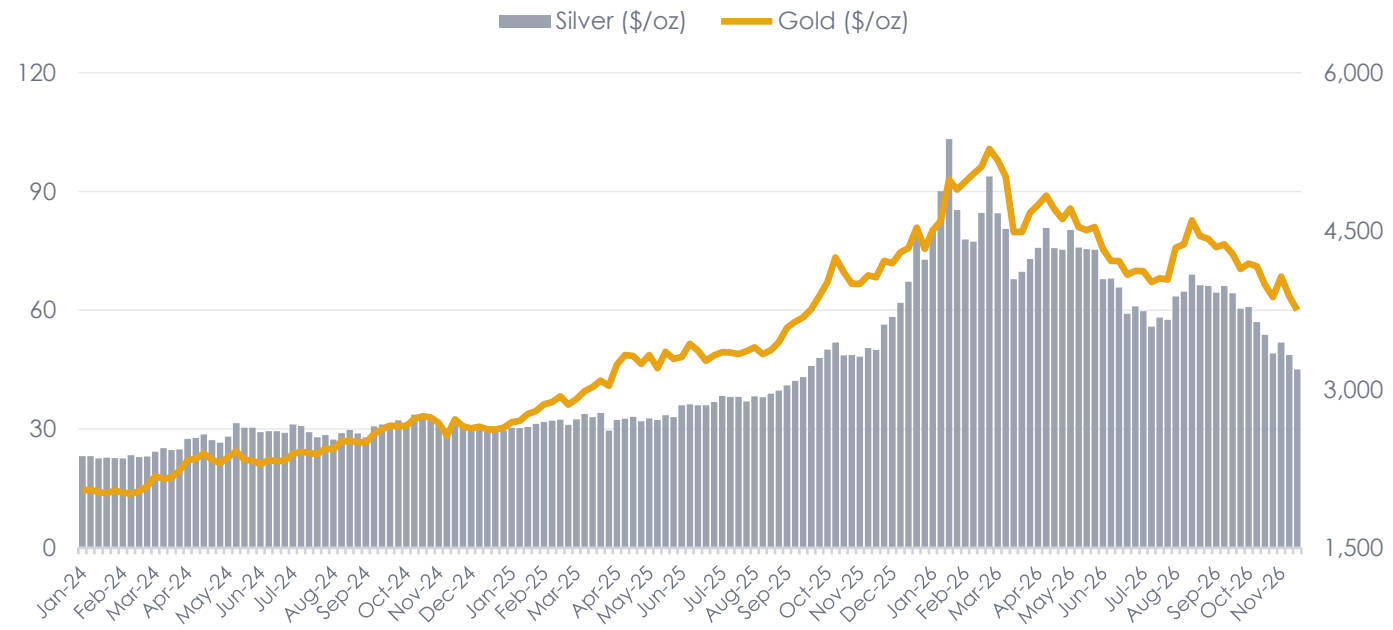
KEY INSIGHT

A ratio above 80 has historically marked silver's capitulation zone, not its peak – when the pot cools, silver's rebound is a multiple of gold's.

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The optimism had foundations: gold +26% in 2024, +67% in 2025; central banks 863 t, ETFs 801 t

Weekly close – gold (US$/oz, line) and silver (US$/oz, bars), Jan 2024 – Nov 2026



+26% / +67%

Gold in 2024 and 2025 (World Gold Council) – debt, trade friction, easing and reserve diversification

863 t + 801 t

Central-bank purchases and global gold-ETF inflows in 2025 – two price-insensitive buyers

680.5 moz

Record industrial silver demand in 2024 – electrification, grids, electronics, solar

KEY INSIGHT

A sound long-term argument had gradually become a crowded short-term trade – the distinction mattered once investors needed cash rather than another reason to hold on.

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Comfortable water: three habits that turned conviction into a crowded trade



Dip-buying that always worked

Repeated corrections gave way to fresh highs; each success justified a larger position on the next dip – until January's dip did not recover.

Leverage magnified the exposure

Futures and margin lifted notional exposure far above cash committed; a 10% move became a funding event, not a drawdown.

Explanations replaced adjustment

January looked like profit-booking, February weakness temporary, March a war premium – the exposure never changed, only the story did.

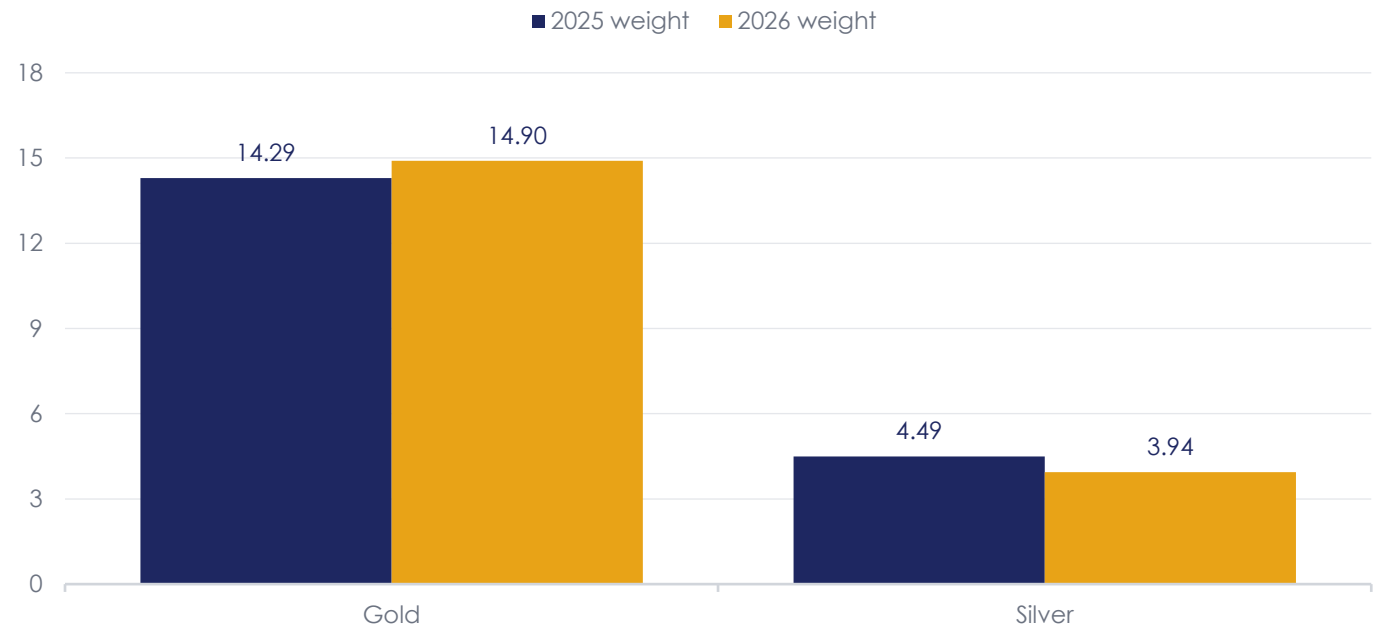
KEY INSIGHT

Nothing about the fundamentals was wrong – the error was believing fundamentals set the timing. Crowding sets the timing.

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Rebalancing, a Fed nominee and higher margins: on 30 January gold fell 9.5% and silver 27.7% in a day

Bloomberg Commodity Index target weights, 2025 vs 2026 (%)



−9.5% / −27.7%

Gold / silver on 30 January after the Warsh nomination – a stronger dollar and a rethink of Fed policy

6% → 8% · 11% → 15%

CME margin rates on gold and silver, end-January – more collateral for unchanged exposure

4.49% → 3.94%

Silver's BCOM target weight cut as gold's rose to 14.90% – index money had to sell silver that had run above target

KEY INSIGHT

Margin hikes are volatility management, not a bearish view – but a trader selling to meet them pushes prices down, which triggers the next round of funding demands.

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The Iran-war energy shock turned a safe haven into an inflation problem – dear oil meant tighter money



Two competing channels

Fear supports demand for protection – but expensive oil raises costs, complicates inflation control and encourages tighter policy. In 2026 the second channel won.

Yields and the dollar

Gold pays no interest: a higher inflation-adjusted bond return raises the cost of holding it, and a firmer dollar makes dollar metals dearer abroad – both shared a policy driver.

North Sea Dated: $136 → ~$93

IEA: crude peaked in early October and fell as Gulf exports recovered – the energy shock is fading, but shipping attacks remain a risk.

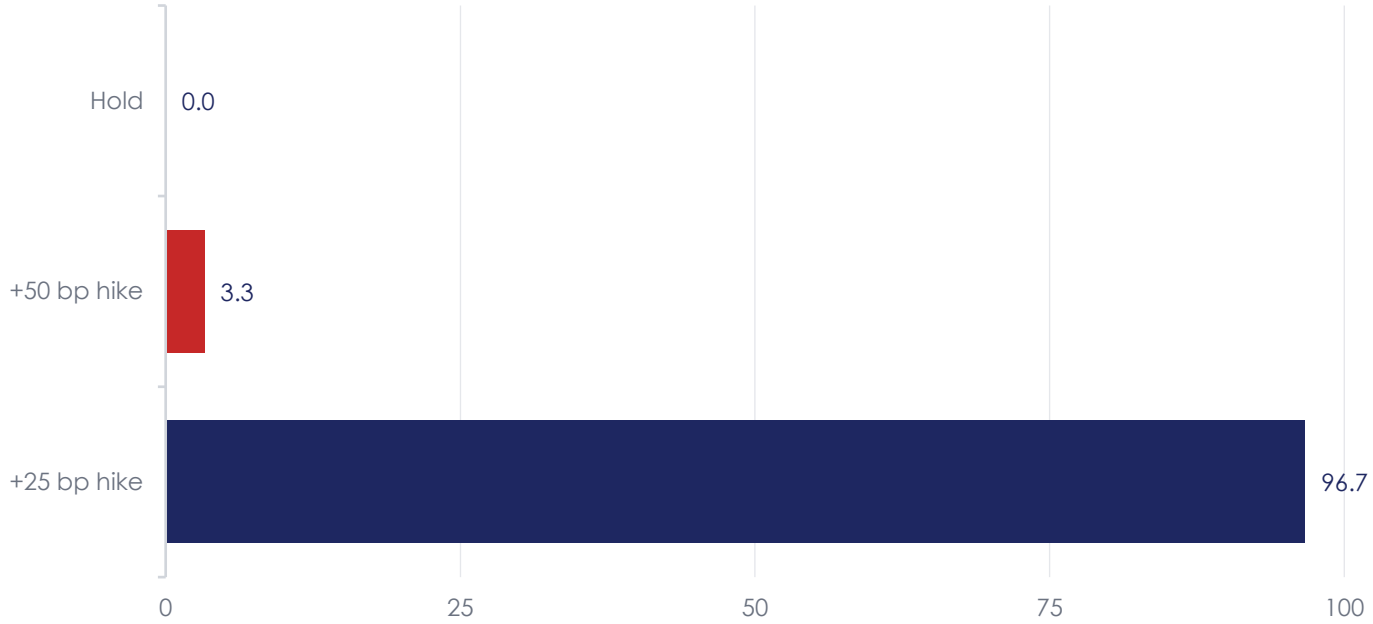
KEY INSIGHT

Investors associate conflict with safe-haven buying – but a war that lifts oil to $136 feeds the inflation that forces the Fed's hand, and that is bearish for bullion.

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September's 25 bp hike and October's pause left the range at 3.75–4.00% – and markets price a December hike at 96.7%

Market-implied probability of the December FOMC outcome, 18 Nov 2026 (%)



3.75–4.00%

Fed funds range after the September +25 bp and the October pause

96.7% / 3.3%

December probabilities for +25 bp / +50 bp – the larger move is a tail, not the base case

2027 easing

A December hike followed by 2027 cuts is a conditional thesis, not a Fed promise – the recovery case leans on it

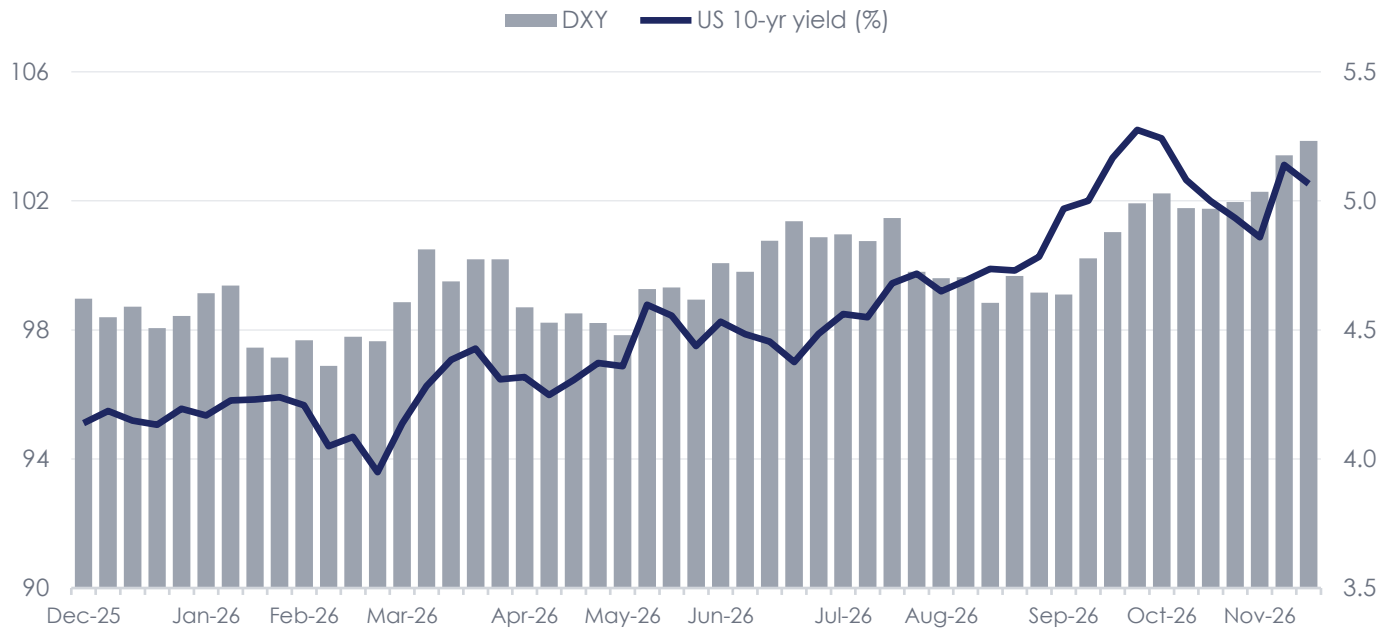
KEY INSIGHT

Gold's opportunity cost is set by real yields – until the Fed is done, every rally is sold into; the bull case needs the December hike to be the last.

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The evidence in two lines: the 10-year yield rose from 3.9% to 5.3% and the dollar index from 97 to 104 while gold fell

US 10-year Treasury yield (%, line) and US dollar index DXY (bars), weekly, Dec 2025 – Nov 2026



3.95% → 5.28%

US 10-year yield, March low to October high (+133 bp) – the opportunity cost of holding gold rose by a third

96.9 → 103.9

DXY, February low to 18 Nov (+7%) – a stronger dollar makes dollar-priced metals dearer in every other currency

5.07% / 103.9

Where they stand today – yields have eased 20 bp from the peak; the dollar has not yet turned

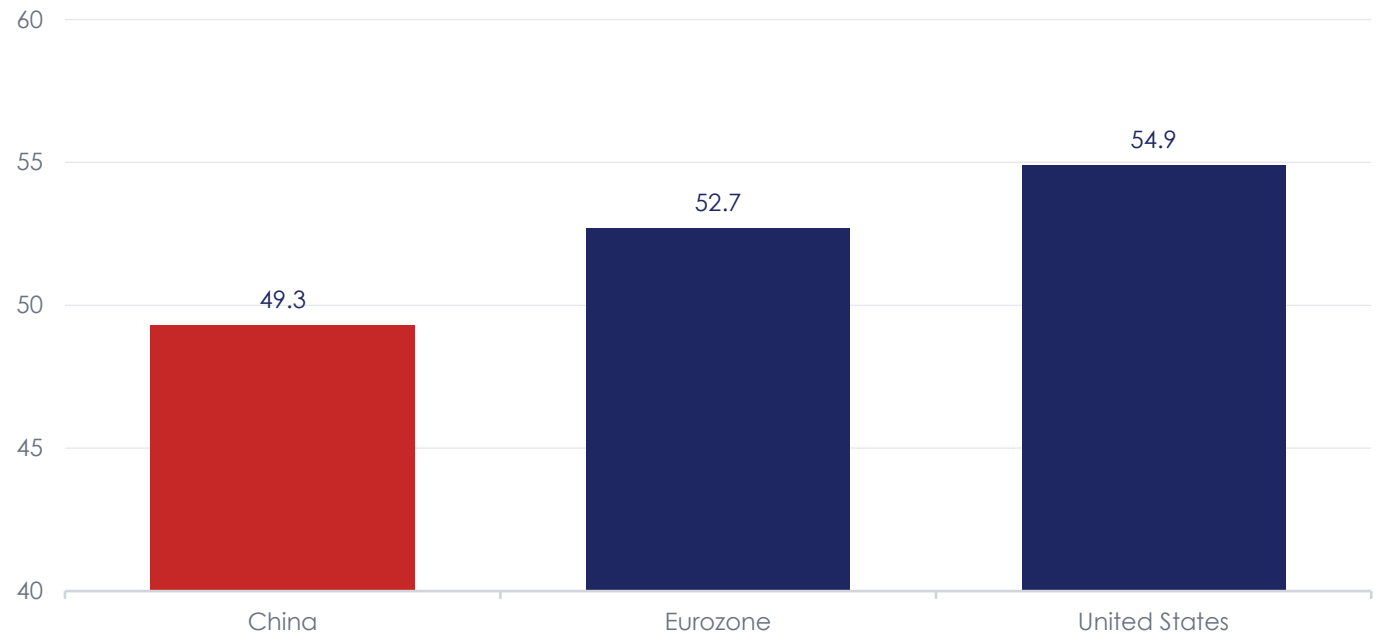
KEY INSIGHT

Dollar strength and rising yields share one policy driver – neither mechanically causes the other, but together they are the heat under the pot, and only one of them has started to cool.

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Silver carried gold's monetary headwinds and an industrial slowdown – but the 2026 deficit is still 35 million ounces

October 2026 manufacturing PMI (50 = expansion threshold)



640 moz (−3%)

2026 industrial demand – solar makers thrifting and substituting; non-solar industrial still +4.5%

834 moz (−0.5%)

Mine supply – no flood of new metal; the sixth consecutive annual deficit, 35 moz

+10,559 / −1,887

CFTC non-commercial net longs, 10 Nov: gold added, silver cut – the speculative retreat is a silver story

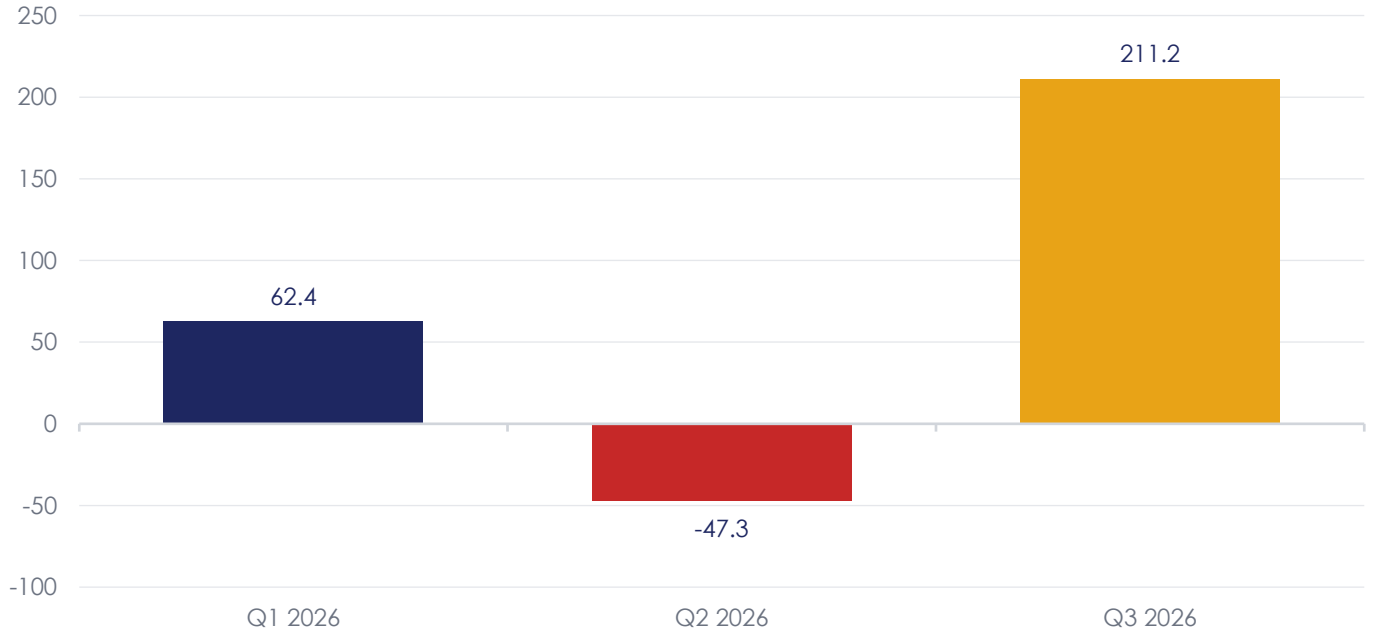
KEY INSIGHT

Demand weakened at the margin and speculators left silver first – but a market in its sixth straight deficit does not stay 62% below its high on fundamentals alone.

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Central banks bought 675 t in Jan–Sep and gold ETFs swung from −47 t in Q2 to +211 t in Q3

Global gold ETF flows by quarter, 2026 (tonnes)



675 t

Central-bank gold purchases, January–September 2026 – 321 t in Q3 alone

2,435 t

PBoC reserves after +26 t in October – the 24th consecutive month of buying

94 t

Chinese wholesale gold withdrawals in October, +2% m/m but −24% y/y – investment resilient, jewellery weak

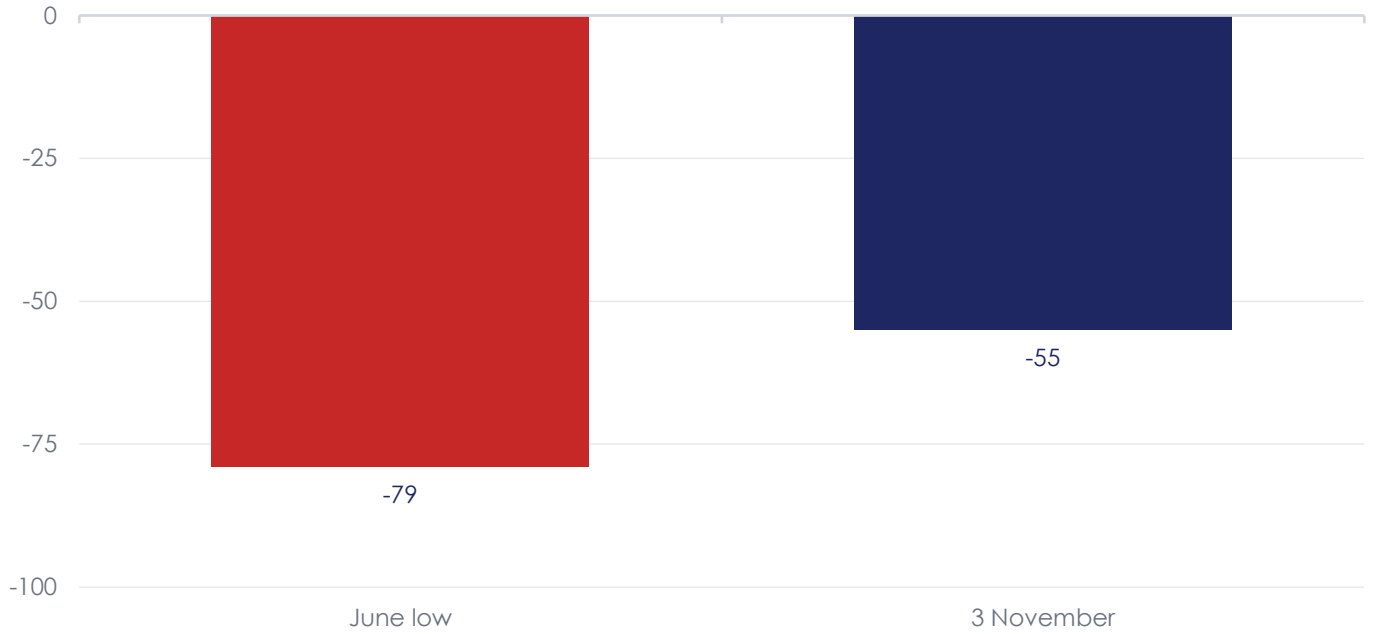
KEY INSIGHT

Reserve diversification does not stop because the dollar has a cyclical rebound – the strategic buyer kept buying through the crash, which is why bottoms form.

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Silver ETPs have recovered 24 million ounces since June but remain 55 million ounces below the start of the year

Silver ETP holdings – change from 1 January 2026 (million ounces, as reported)



June low derived: −55 moz on 3 Nov minus the +24 moz recovered after June

+24 moz

Silver ETP holdings recovered after June – investors repairing part of the damage

−55 moz

Still below year-start levels on 3 November – the repair is partial, not complete

Open interest ↑

CFTC, 10 Nov: open interest rose in both metals – positions are being rebuilt, not abandoned

KEY INSIGHT

These flows support the recovery argument without proving a bottom has formed – investment returned while the price was still falling, which is the normal sequence.

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A rupee at 96.96 cushioned the fall; its 2% November rebound turned a 5% global drop into 6.9% at home



₹96.96

Record rupee low in May 2026 – depreciation masked part of the international decline for Indian holders

₹93.43 (+3.6%)

Rupee recovery from the May low to 18 Nov – RBI intervention, FCNR(B) measures, cheaper oil and returning FII flows

−5% × −2% ≈ −6.9%

International metal fall combined with a stronger rupee: the local decline is larger than either alone (derived)

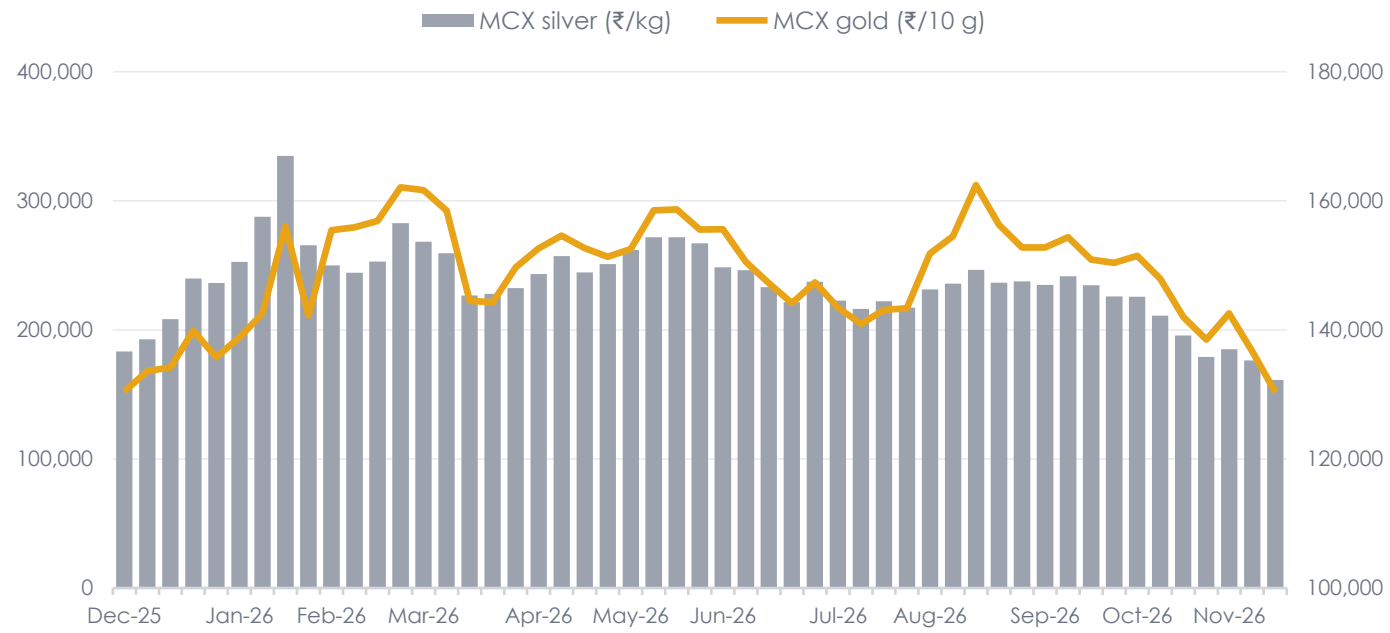
KEY INSIGHT

Indian investors felt the crash through a second filter – when the rupee fell they were protected, and when it recovered the protection reversed at the worst moment.

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In rupees: MCX gold −28% from ₹1,80,779 and silver −62% from ₹4,20,048 – the weak rupee cushioned gold, not silver

MCX gold (₹/10 g, line) and MCX silver (₹/kg, bars) – weekly close, Dec 2025 – Nov 2026



₹1,30,328 (−27.9%)

MCX gold, 18 Nov vs the ₹1,80,779 January high – milder than the 33.1% dollar fall thanks to the weaker rupee

₹1,61,078 (−61.7%)

MCX silver vs its ₹4,20,048 January high – almost identical to the dollar fall; no cushion at all

₹1,62,438

MCX gold's weekly-close high came in August, not January – the rupee at 97 masked seven months of dollar weakness

KEY INSIGHT

Indian gold holders are 5 points better off than dollar holders – but every rupee of that cushion came from a currency that is now recovering.

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Eleven falls of 25%+ in 46 years – median finished fall 37.4%, and every one was followed by a 25%+ rally

11	-37.4%	+76.4%	+33.0%	-31.5%
falls of 25% or more since 1980	median fall, top to bottom (finished falls)	median jump after the bottom	median best gain within 1 year of bottom	current fall from $5,599 (Jan-2026)



KEY INSIGHT

The current 33.1% fall is the eleventh since 1980 and the deepest since 2011–15 – severe, but not yet at the median; large drawdowns have precedents, and so do the rebounds.

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The cycle table: ten finished falls, ten rallies – but gold regained its old top in only four of ten cycles

#	THE FALL						THE JUMP AFTER				
	Top date	Top price	Bottom date	Bottom price	Fall %	Fall time	Next top date	Next top price	Jump %	Rally time	Best gain in 1 yr
1	Jan-1980	$875	Mar-1980	$453	-48.2%	2.2 mo	Sep-1980	$727	+60.5%	5.9 mo	+60.5%
2	Sep-1980	$727	Jun-1982	$295	-59.4%	20.9 mo	Feb-1983	$514	+74.2%	7.9 mo	+74.2%
3	Feb-1983	$514	Feb-1985	$281	-45.3%	2.0 yrs	Dec-1987	$502	+78.6%	2.8 yrs	+29.4%
4	Dec-1987	$502	Mar-1993	$326	-35.1%	5.2 yrs	Feb-1996	$418	+28.1%	2.9 yrs	+25.5%
5	Feb-1996	$418	Aug-1999	$252	-39.6%	3.6 yrs	Oct-1999	$339	+34.5%	1.3 mo	+34.5%
6	Oct-1999	$339	Feb-2001	$254	-25.0%	16.4 mo	May-2006	$730	+187.4%	5.2 yrs	+21.1%
7	May-2006	$730	Jun-2006	$543	-25.7%	1.1 mo	Mar-2008	$1,032	+90.2%	21.1 mo	+27.8%
8	Mar-2008	$1,032	Sep-2008	$737	-28.6%	5.8 mo	Oct-2008	$931	+26.4%	1.0 mo	+37.4%
9	Oct-2008	$931	Oct-2008	$682	-26.8%	15 days	Sep-2011	$1,921	+181.8%	2.9 yrs	+57.0%
10	Sep-2011	$1,921	Dec-2015	$1,047	-45.5%	4.2 yrs	Jan-2026	$5,599	+435.0%	10.2 yrs	+31.4%
11	Jan-2026	$5,599	Nov-2026 *	$3,833	-31.5%	9.6 mo	—	—	—	—	—

* still running (low so far) · yellow = cycle not finished · tops = intraday high, bottoms = intraday low · Jump = bottom to the next top

Gold highlights

- Gold has fallen 25% or more **11 times** since 1980; **4** of these were falls of 40% or more.
- Every finished fall was followed by a rally of at least 25%. Median jump from the bottom: **+76.4%**.
- Median best gain within 1 year of the bottom: **+33.0%**; within 2 years: **+59.0%**.
- Biggest jump: **+435.0%** from $1,047 (Dec-2015) to $5,599 (Jan-2026).
- Rallies took gold back above the old top in only **4 of 10** cycles — after the 1980, 1983 and 1987 tops it took 18 to 28 years.
- **Now:** gold is down **-31.5%** from $5,599 in 9.6 mo (low so far $3,833, last close $3,878) — the deepest fall since the 2011-15 fall (-45.5%).

KEY INSIGHT

Recovery was a process, not an immediate reward for being early: after the 1980, 1983 and 1987 tops it took 18 to 28 years to see the old high again.

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Seven falls of 50% or more – six of them 60%+ – with a median finished fall of 69.8% and a median rebound of 346%

7	-69.8%	+345.9%	+111.7%	-61.7%
falls of 50% or more since 1980	median fall, top to bottom (finished falls)	median jump after the bottom	median best gain within 1 year of bottom	current fall from $121.65 (Jan-2026)



KEY INSIGHT

Silver's 63.0% fall is deep but still short of its own median – silver does not correct, it collapses, and then it rallies by multiples.

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The cycle table: the 1980 bottom rallied 124% but never saw $48 again for 31 years – size and timing must be read together

#	THE FALL						THE JUMP AFTER				
	Top date	Top price	Bottom date	Bottom price	Fall %	Fall time	Next top date	Next top price	Jump %	Rally time	Best gain in 1 yr
1	Jan-1980	$48.00	May-1980	$10.80	-77.5%	4.0 mo	Sep-1980	$24.25	+124.5%	4.0 mo	+124.5%
2	Sep-1980	$24.25	Jun-1982	$4.88	-79.9%	20.9 mo	Feb-1983	$14.75	+202.3%	7.9 mo	+202.3%
3	Feb-1983	$14.75	May-1986	$4.87	-67.0%	3.3 yrs	Apr-1987	$10.20	+109.4%	11.2 mo	+109.4%
4	Apr-1987	$10.20	Feb-1991	$3.46	-66.1%	3.8 yrs	Mar-2008	$21.31	+515.9%	17.1 yrs	+33.5%
5	Mar-2008	$21.31	Oct-2008	$8.45	-60.3%	7.4 mo	Apr-2011	$49.83	+489.5%	2.5 yrs	+114.0%
6	Apr-2011	$49.83	Dec-2015	$13.65	-72.6%	4.6 yrs	Jan-2026	$121.65	+791.0%	10.1 yrs	+52.2%
7	Jan-2026	$121.65	Nov-2026 *	$46.55	-61.7%	9.6 mo	—	—	—	—	—

* still running (low so far) · yellow = cycle not finished · tops = intraday high, bottoms = intraday low · Jump = bottom to the next top

Silver highlights

- Silver has fallen 50% or more **7 times** since 1980; **6** of these were falls of 60% or more.
- Every finished fall was followed by a rally of at least 50%. Median jump from the bottom: **+345.9%**.
- Median best gain within 1 year of the bottom: **+111.7%**; within 2 years: **+117.0%**.
- Biggest jump: **+791.0%** from $13.65 (Dec-2015) to $121.65 (Jan-2026).
- Rallies took silver back above the old top in only **3 of 6** cycles — after the 1980, 1983, 1987 and 2011 tops it took 14 to 31 years.
- **Now:** silver is down **-61.7%** from $121.65 in 9.6 mo (low so far $46.55, last close $47.56) — the deepest fall since the 2011-15 fall (-72.6%).

KEY INSIGHT

Silver regained its old top in only three of six cycles – the 2008 bottom took 2.5 years to a new high; the 1987 bottom took 17 years to its next top.

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1980, 2008 and 2011–15: tightening, liquidity panics and investor withdrawals – each ended in its own time

1980 · The Volcker squeeze

Restrictive policy beat entrenched inflation; the Hunt-era silver crisis brought emergency position limits. Silver $48 → $10.80, then +124.5% – but the next peak, $24.25, was half the old high.

2008 · The liquidity panic

Gold was sold for cash even as confidence in banks collapsed. Silver fell 60.3%, then rose 489.5% to its 2011 peak – once forced selling stopped and policy turned.

2011–15 · The slow bleed

Gold −45.5%, silver −72.6% over four years; ETFs alone shed 880.8 t in 2013 as investment withdrawals overpowered physical buying. The next tops took a decade.

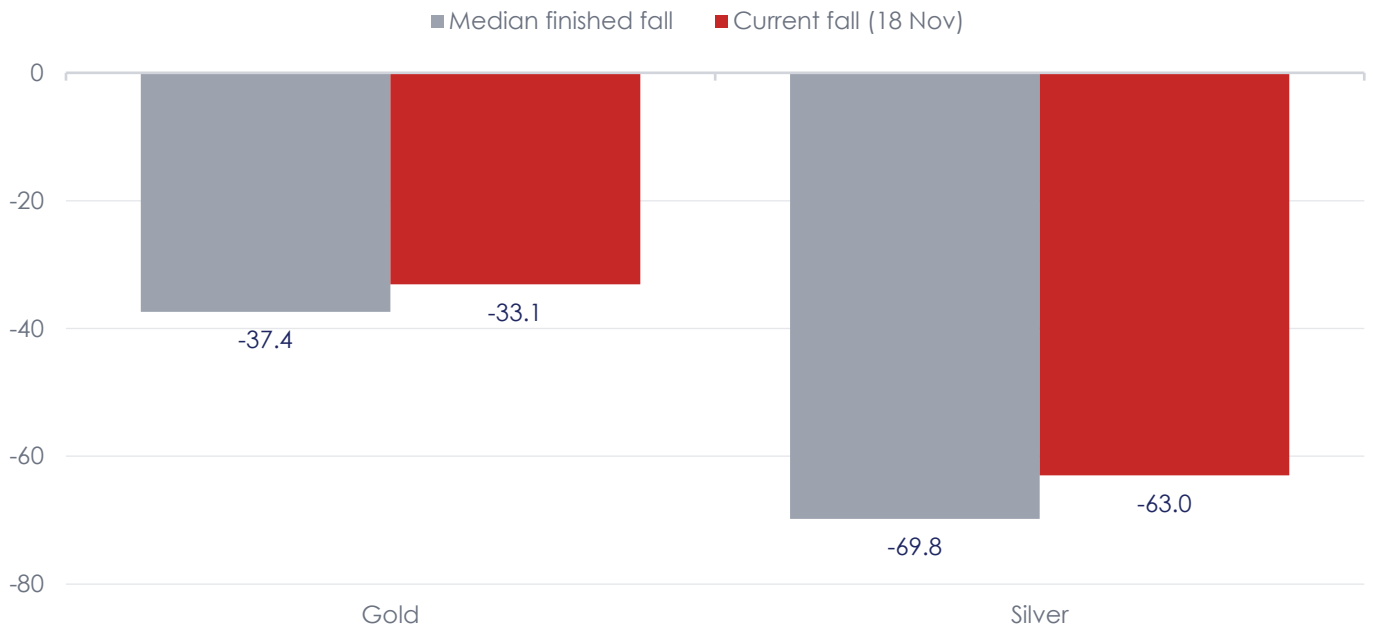
KEY INSIGHT

The turning point depends on liquidity and policy, not on the size of the preceding loss – 2008 recovered in months once the Fed moved; 2011–15 needed four years of ETF selling to exhaust.

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Today's falls against history: gold −33.1% vs a −37.4% median, silver −63.0% vs −69.8% – deep, not yet median

Current drawdown vs median finished fall since 1980 (%)



Historical measure	Gold	Silver
Completed qualifying episodes	10	6
Median decline	−37.4%	−69.8%
Median bottom-to-next-top rally	+76.4%	+345.9%
Median best gain within 1 yr of bottom	+33.0%	+111.7%
Ongoing decline (18 Nov 2026)	−33.1%	−63.0%

Descriptive statistics from the cycle study – selected completed cycles of very different durations, not next-year expected returns.

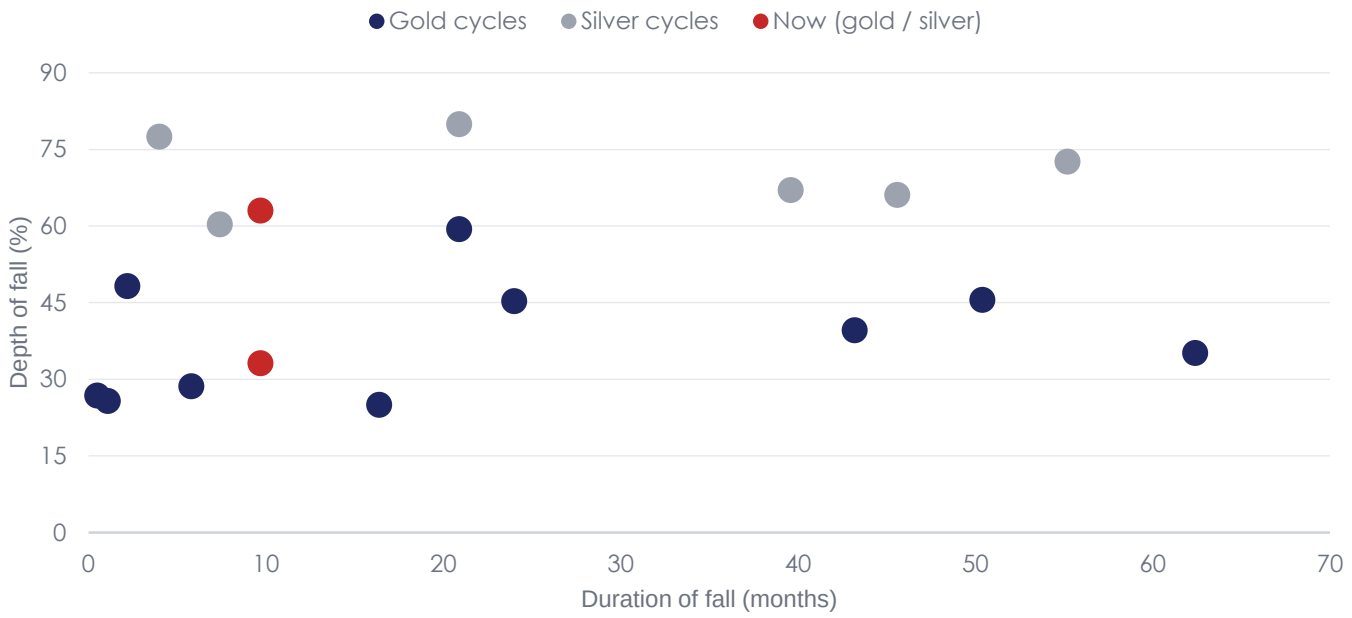
KEY INSIGHT

The medians say severe declines need not destroy the asset's long-term role – and they warn that recovering the old high can take years; both halves are true.

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Depth versus duration: today's falls are as deep as the fast crashes of 1980 and 2008, but far shorter

Every cycle since 1980 – depth of fall (%) vs duration (months); current cycles in red



9.7 months

Current duration – only the 1980, 2006 and 2008 crashes were shorter, and those were liquidity shocks that reversed fast

21 – 62 months

The 1980–82, 1983–85, 1987–93 and 2011–15 bears – policy-driven declines that ground on for years

Two paths

Fast and deep (2008-type) resolves on a policy turn within months; slow and grinding (2011-type) needs years of flows to exhaust

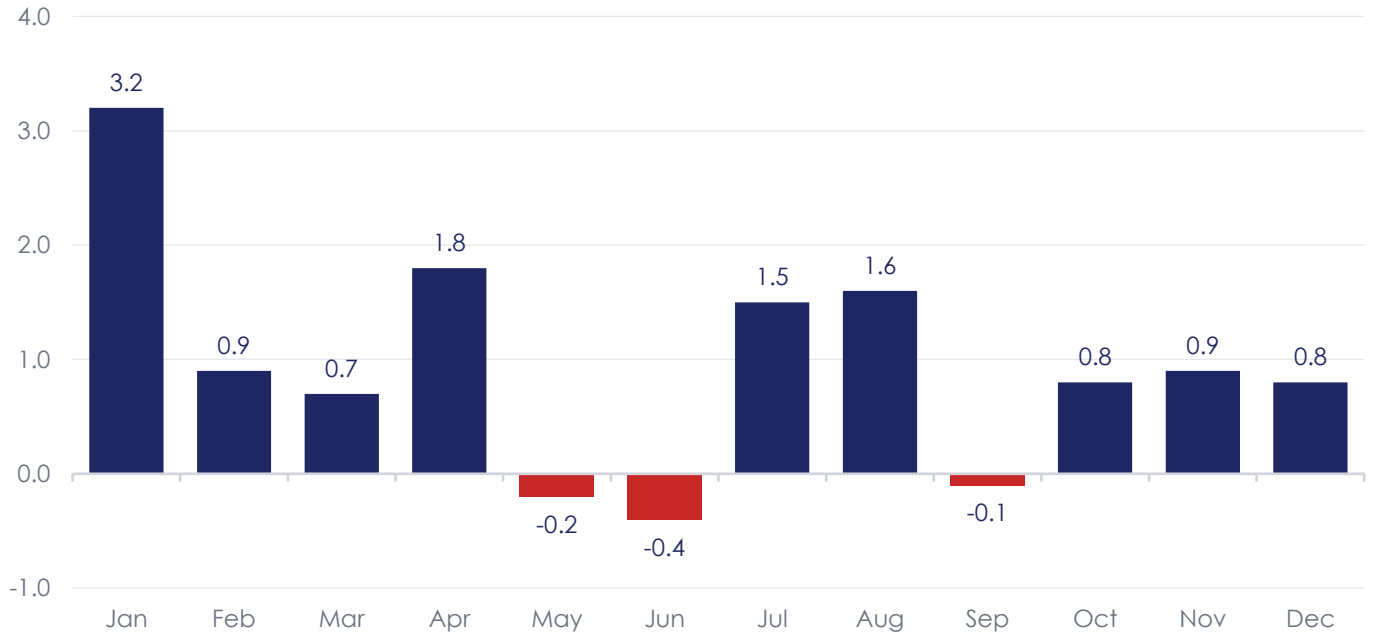
KEY INSIGHT

The current cycle sits in the fast-and-deep cluster – which is why the Fed's December decision matters more than any chart: it decides which of the two paths this becomes.

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Twenty years of seasonality: January is gold's strongest month – up 13 of 20 years, averaging +3.2%

Gold – average monthly return by calendar month, 2006–2025 (%)



+3.2% · 13/20 up

January – Chinese New Year buying, Indian wedding season and new-year allocations

+1.8% · 13/20

April and July–August (+1.5–1.6%) are the other reliable months; May, June and September are the weak ones

+0.8% / +0.9%

December / November averages – positive but modest; the seasonal tailwind arrives with the new year, not before

KEY INSIGHT

Seasonality cannot end a bear market – but it decides when a cooling pot is noticed: a December Fed pivot would land in gold's strongest calendar window.

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The temperature has to fall: politics, rebalancing and a fading energy shock are the three things to watch

Midterms change the fiscal debate

The Democrats' midterm sweep reshapes the fiscal and political argument – but the Fed keeps its own inflation mandate; politics does not cut rates.

Rebalancing into discounted bullion

Investors reassessing concentrated equity and crypto exposure could rotate into metals – bonds compete for the same money; weakness elsewhere is not a guarantee.

The energy shock must fade sustainably

IEA: Dated Brent $136 → ~$93, a Q4 surplus and a larger 2027 build – lower oil eases inflation expectations and makes room for a less restrictive Fed.

$136 → $93

North Sea Dated crude, early Oct → mid-Nov (IEA)

Q4 surplus

IEA expects a return to surplus in Q4 and a bigger build in 2027

96.7%

December hike priced – the bull case needs it to be the last

+211 t

Q3 gold-ETF inflows – the rotation has already started at the margin

KEY INSIGHT

Lower oil → lower inflation expectations → a less restrictive Fed → lower real yields → a softer dollar: that is the chain that cools the pot, and it has to run in that order.

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Anchors of $3,750 gold and $45 silver: downside references $3,450 / $40, conditional recoveries to $5,100 / $96

Scenario	Gold (US$/oz)	Silver (US$/oz)	What it needs
Planning anchor (today)	$3,750	$45	Spot 18 Nov: $3,748 / $45.01 (TradingView)
Downside reference support	$3,450	$40	Persistent high real yields, renewed disruption or continued investment selling
Conservative recovery	$4,640	$72	December hike is the last; oil stays near $90; ETF inflows continue
Base case	$5,100	$84	2027 easing begins; dollar softens; central banks keep buying ~600 t+
Strong recovery	$5,640	$96.40	Fed cuts plus a new rotation into metals; a retest of the January high as the silver deficit bites

Implied moves from the $3,750 / $45 anchors: conservative +24% / +60%, base +36% / +87%, strong +50% / +114%. All scenarios are analytical, conditional and not guaranteed destinations; they assume the December hike is the last and that oil stays below $100.

KEY INSIGHT

From the $3,750 / $45 anchors the base case implies +36% for gold and +87% for silver – in line with the historical one-year medians of +33% and +112%; the strong case ($5,640 / $96.40) is a retest of the old highs, not a new regime.

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A staggered framework, not a forecast: where the levels sit, what confirms them, and what invalidates them

Strong case	**$5,640 · $96.40**	Retest of the old highs – needs Fed cuts, a weaker dollar and a second rotation into metals
Base case	**$5,100 · $84**	2027 easing under way, oil below $90, central banks still buying
Conservative	**$4,640 · $72**	December hike confirmed as the last; ETF inflows continue for a second quarter
Planning anchor	**$3,750 · $45**	Where we are: first tranche zone for staggered accumulation once two cooling signals appear
Downside reference	**$3,450 · $40**	Second tranche zone – but a weekly close below it means the slow-bear path, and the framework pauses



Stagger, do not catch

Two or three tranches at the anchor and the downside reference, each conditional on a cooling signal – not one bet on the bottom.



Gold before silver

Gold bottoms first in every cycle; silver's bigger rebound is bought after the ratio turns down from 80+, not before.



Jewellers and importers

Inventory and forward purchases carry both dollar and rupee risk – hedge the rupee leg separately; the Kedia Hedging Indicator (KHI) covers this.

KEY INSIGHT

The framework spends conviction in instalments: the levels say where, the cooling signals say when, and the downside reference says when to stop.

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Five tests for adding gold and silver: three are met, a fourth is within $160 – only the dollar is still against us

Test	Threshold	Reading on 18 Nov 2026	Gold	Silver
1 · **Discount to money-supply value**	More than 20% below theoretical price	Gold $3,748 vs $4,484 = −16.4%; silver $45.01 vs $64 = −29.7%	CLOSE	MET
2 · **An incremental buyer turns bigger**	Jewellery, central banks or ETFs step up	Central banks 321 t in Q3 (+42% y/y); ETFs +211 t in Q3, +246 t Jan–Oct	MET	MET
3 · **Dollar index bias**	Flat or depreciating DXY	DXY 103.9 – up 5.7% in 2026 and 1.8% in the last month	NOT MET	NOT MET
4 · **Gold/silver ratio**	Above 80–85 for a silver overweight	83.2 today, from 48 at the January peak	–	MET
5 · **Cycle position**	Fall near the historical median; fast-crash cluster	Gold −33% vs −37% median; silver −63% vs −70%; 9.7 months, fast-and-deep cluster	CLOSE	CLOSE

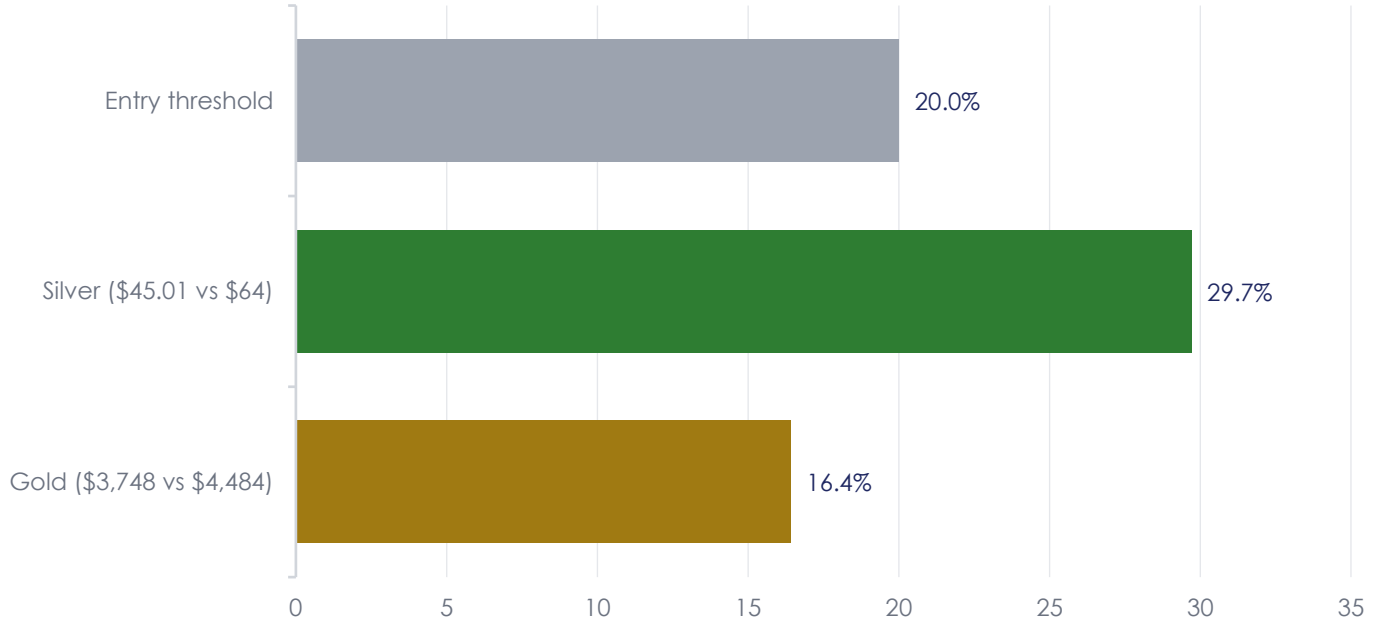
KEY INSIGHT

Silver passes four of five tests and gold three – the dollar is the only test still failing, and dollar strength is exactly what delivers the discount the framework waits for.

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Test 1 – the money-supply yardstick: gold's theoretical value is $4,484 and silver's $64; prices sit 16% and 30% below

Discount of the 18 Nov 2026 price below theoretical value (%) – the framework asks for more than 20%



$4,484

Gold: US M2 $23,414 bn ÷ 7.24 bn oz ever mined (= $3,233) plus half of euro-area M2 ÷ the same ounces (= $1,251)

$54 – 75 → $64

Silver: the gold values divided by a 60:1 ratio (the 21st-century average is 69:1; the 1792 Coinage Act set 15:1) – midpoint $64

$3,587 / $51.2

The 20%-discount levels – silver is already $6 through its level; gold needs another $160, or more money growth (M2 +5.6% y/y)

KEY INSIGHT

Gold traded above its theoretical value from October 2025 to January 2026 for the first time since 1980 – the crash has rebuilt the margin of safety: all of it in silver, most of it in gold.

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Test 2 – the incremental buyer has arrived: central banks bought 321 t in Q3, 42% more than a year ago

The three big buyers – Q3 2025 vs Q3 2026 (tonnes)



675 t (+6% y/y)

Central-bank buying, Jan–Sep 2026 – Q3 was ~100 t above the five-year quarterly average of 227 t; WGC expects 2026 to at least match 2025

+246 t / +$2.7 bn

Global gold-ETF holdings, Jan–Oct 2026 / October inflow – Europe and the UK leading, North America in outflow

313 t (−17%)

Q3 jewellery – the weakest third quarter on record (China −22%, India −20%), yet spending still rose to $43 bn

KEY INSIGHT

The test asks for one of three buyers to turn bigger – central banks have, ETFs are holding, and jewellery is the leg where the price correction is now doing its work.

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Test 2 in India: Q3 jewellery +33% q/q to 100 t, October imports at a 31-month high and dealers back at a premium

India – jewellery demand (bars) and gold-ETF demand (line), tonnes, Q1 2025 – Q3 2026



162 t · ₹2,419 bn

India's total Q3 demand, +25% q/q; the rupee value of demand still rose 3% y/y even though tonnage fell

+60% y/y · $7.23 bn

October gold imports at a 31-month high as jewellers restocked into the price fall; November seen near 80 t vs 67 t last year

Up to $7/oz premium

Mid-October: first domestic premium in three months, after $5–6 discounts – lower prices lifted jewellery buying into Dhanteras and weddings

KEY INSIGHT

The Indian consumer is doing what the test wants – buying volume into lower prices – and a premium in the domestic market means imports are being absorbed, not stockpiled.

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Putting the tests to work: three instalments, silver ahead of gold, and the dollar – not the calendar – releases the last

Tranche 1 · now	**Silver $45 · Gold $3,750**	Four of five tests met for silver, three for gold – start, do not finish: one-third of the planned allocation
Tranche 2 · $3,587 gold	**or any weekly close with DXY below 100**	Gold passes the 20%-discount test, or the dollar test turns – whichever comes first releases the second third
Tranche 3 · after the Fed	**December FOMC = last hike**	Real yields turning down and ETF inflows for a second quarter – the final third, into gold's strongest seasonal window (January)
Pause	**Gold weekly close < $3,450 · silver < $40**	Below the downside references the slow-bear path is in play – stop adding until two cooling signals return



Silver ahead of gold, by the ratio

An overweight makes sense at a ratio of 80–100, not 45–60 (DSP). At 83 the silver tranche is the larger one; it shrinks as the ratio falls back through 70.



Size for a 20% further fall

Gold's median finished fall is −37% and silver's −70% – tranche sizes must survive another 10% in gold and 20% in silver without forced selling.



In rupees, hedge the rupee leg

A rupee at 93.4 that keeps recovering erodes MCX prices even if dollar gold stabilises – jewellers and importers use the Kedia Hedging Indicator (KHI) for the currency leg.

KEY INSIGHT

This is the time to start buying, not to finish: the discount, the buyers and the ratio are already in place – the dollar decides the size of the last tranche, and the downside references decide when to stop.

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The recovery becomes convincing when oil, yields, the currency and flows all tell the same improving story

COOLING SIGNALS

Oil below $90 and staying there

Fading energy shock lowers inflation expectations – the first link in the chain

December hike confirmed as the last

Fed language on 2027 easing; real yields turning down

ETF and ETP inflows for a second quarter

Q3's +211 t and silver's +24 moz must continue, not reverse

Central banks above 200 t a quarter

Reserve diversification continuing through the dollar rebound

STILL BOILING

Renewed shipping attacks, oil back above $110

Re-ignites the inflation channel that forced the Fed's hand

A 50 bp December hike or 2027 hikes priced

The tail becomes the base case – real yields rise again

CFTC net longs cut in gold as well as silver

Capitulation spreading from silver to gold – the final flush

Rupee strength without lower local premiums

Indian holders face a third leg down as the currency cushion reverses

KEY INSIGHT

Optimism needs discipline: the next bull phase requires the temperature to fall – not merely for investors to become accustomed to the heat.

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Six things to remember when safe havens boil

1	**Small explanations hid a large change**	Rebalancing, a nominee, margins, a war, a hike – each explained away; together, −33.1% in gold and −63.0% in silver.
2	**The fundamentals were never the problem**	Central banks bought 675 t through the crash, ETFs returned in Q3, silver is in its sixth deficit – crowding set the timing, not fundamentals.
3	**History offers precedent, and patience**	Median falls of −37.4% and −69.8%; median rebounds of +76% and +346% – but regaining the old high took years in most cycles.
4	**India pays twice**	A weaker rupee cushioned the fall; its November rebound reversed the cushion – a 5% global drop became 6.9% at home.
5	**The temperature must fall first**	Oil → inflation expectations → Fed → real yields → dollar: only when that chain runs do $5,100 gold and $84 silver become base cases – and $5,640 / $96.40 the stretch.
6	**The tests say start, not finish**	Silver passes 4 of 5 entry tests (30% below its $64 value, ratio 83), gold 3 of 5 (16% below $4,484) – buy in three tranches; the dollar releases the last one.

PUNCH LINE

The boiling-frog lesson is not that prices can fall further than you expect – it is that you must adjust your exposure, not your explanation, when the water warms.

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