



Flash Insights

2026 Outlook: Will Gold Continue Its Glitter?

“Will Gold Continue to Glitter in 2026, or will Shifting Macro data test the Strength of Its Recent Rally?”

- The year 2025 turned out to be a historical year for the yellow metal. It posted gains of more than 60% percent till data, its best yearly gain since 1979.
- President Trump’s policies and tweets acted as a catalyst behind the Bullion parabolic move this year. The US President openly calling out the Fed governor to cut the interest rate boosted the appeal for safe-haven assets. At the same time, the U.S.-driven tariff war created a highly uncertain global economic environment, prompting investors to shift aggressively toward gold.
- On the domestic front, Gold also delivered exceptional returns, supported by strong central bank buying, rising geopolitical tensions, economic uncertainty, and heavy ETF inflows. On 17th September, the Federal Reserve implemented its first rate cut of 2025, lowering interest rates by 25 bps, in line with market expectations, followed by another cut in Oct’25. As per the latest comment from a Fed official, one more rate cut is expected in the month of Dec’25. If this materializes, it would provide additional bullish momentum for gold.

■ Gold Returns in the Last 5 Years:

Year	2021	2022	2023	2024	2025
Return (%)	(-5%)	14%	14%	21%	60%

Let’s Discuss the Key Factors that could Influence Gold Prices Over the Next Year for Investors Considering Adding it to their Portfolio:

- A hyperinflation scenario due to excessive money printing by the Central bank, particularly the US, to service its debt, may devalue the currency, which may lead investors to park their funds in Bullion, particularly Gold.
- The **de-dollarisation trend initiated by several central banks globally** has supported the rise in gold prices. If this trend accelerates next year, gold is likely to continue reaching new highs.
- The Rising ETF demand is pushing prices to a record high. If ETF inflows remain strong, gold prices are likely to continue their upward trajectory into next year.
- **Central banks have been accumulating gold at every price dip.** Last year, they added over 1,180 tonnes to their reserves. Although the pace of buying has slowed this year due to gold trading at record highs, central banks are still on track to reach around 1,000 tonnes by year-end. If this buying trend continues into next year, gold prices could see a significant rally.
- **President Trump's irrational tariff policies** have already spooked the global market, which has benefited precious metals. Global uncertainty, combined with expectations of rate cuts, will benefit Gold prices next year.

The Crucial Factors that may Derail the Gold Rally

- **A Shift Back to Hawkish Monetary Policy:** If inflation proves stickier than expected, major central banks—especially the Fed—may pause rate cuts or even signal renewed tightening. Higher real yields raise the opportunity cost of holding gold and can trigger long liquidation.
- **Strong & Sustained Dollar Recovery:** A rebound in the U.S. dollar driven by better-than-expected economic growth, capital flows into U.S. assets, or safe-haven demand for the dollar instead of gold could cap upside.
- **Softening Central Bank Demand:** Central banks have been major buyers. Any slowdown—due to reserve diversification reaching maturity, improved FX stability, or political realignments—would remove a structural pillar of support.
- **Easing Geopolitical Tensions:** If major flashpoints (Middle East, Russia–Ukraine, U.S.–China trade relations) stabilise, safe-haven demand could taper. Gold thrives on uncertainty; calm conditions generally reduce flows.
- **Strong Equity and Risk-Asset Performance:** A powerful rally in equities, tech, crypto, or other higher-yielding asset classes may draw capital away from gold. Risk-on sentiment often suppresses safe-haven inflows.
- **Revival in Global Bond Yields & Weak Physical Demand from China & India:** A rebound in nominal or real yields—whether due to higher growth, lower recession odds, or increased government borrowing—could pressure bullion, as investors shift toward income-generating instruments. Meanwhile, weak physical demand from China and India could also pressure bullion. Factors such as high local premiums, slower income growth, import restrictions, or currency depreciation could dampen physical offtake.

MCX Gold Monthly Chart Analysis

- Gold continues to display a strong structural uptrend on the monthly timeframe. The breakout above the multi-month resistance zone near Rs 1,01,500–Rs 1,06,000 has been decisive, supported by expanding bullish candles and healthy volume follow-through.
- The price is trading well above both the 9 and 60-month SMA, confirming long-term trend strength and sustained institutional buying. Post-breakout, gold has shown strong momentum, recently hitting a fresh lifetime high near Rs 1,32,000.
- The candlestick formation indicates aggressive dip-buying, with no clear signs of trend exhaustion. However, the steep vertical rise may warrant a short-term consolidation or a healthy pullback.

Outlook

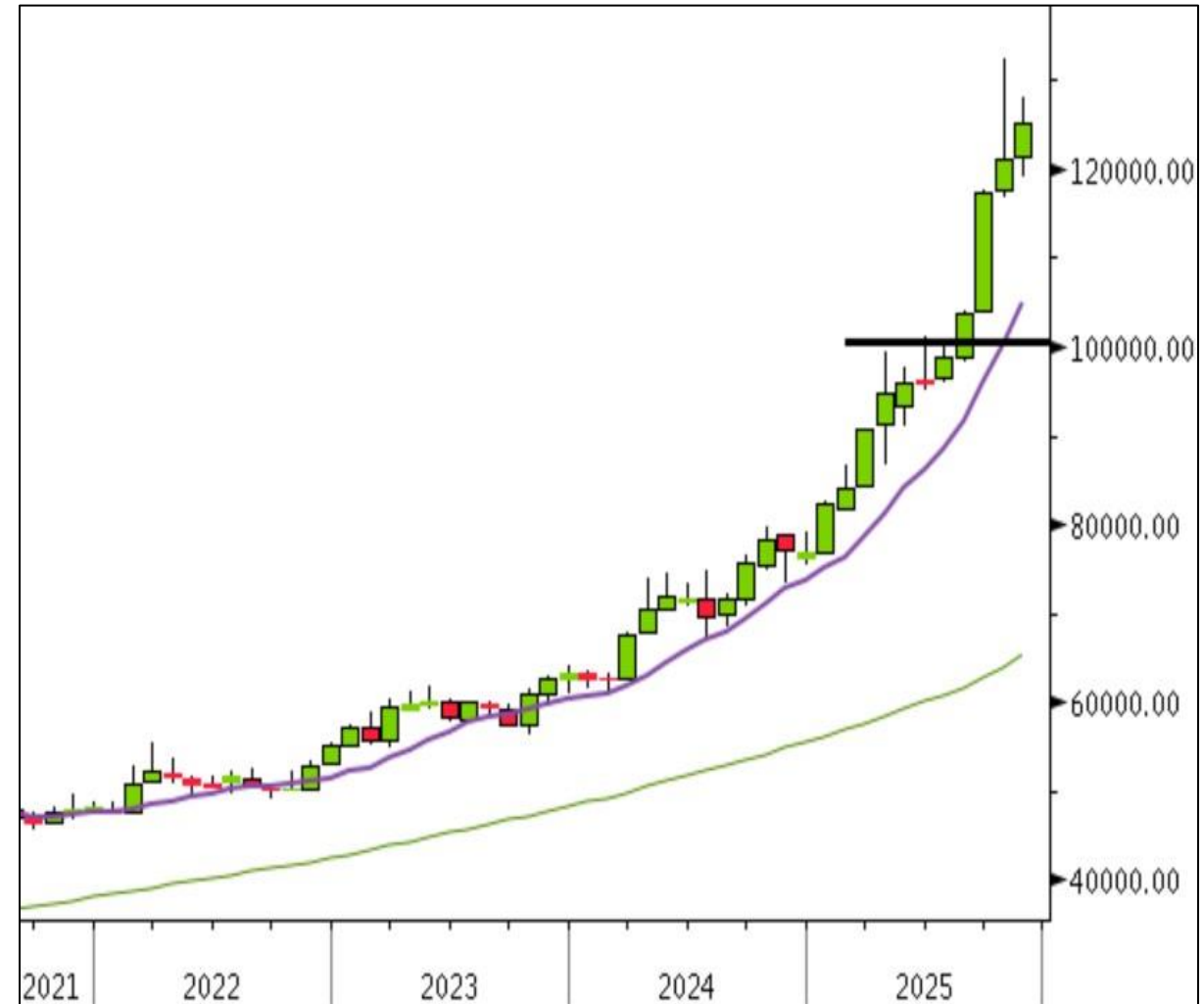
Key Levels to Watch:

- **Immediate Support:** Rs 1,02,000 (prior breakout zone)
- **Secondary Support:** Rs 95,000 (trend support near rising 9-EMA zone)
- **Upside structure:** As long as price holds above Rs 1,02,000, the trend remains firmly bullish with potential for further highs in 2026.

Strategy:

- Traders may consider accumulating Gold on dips in the range of Rs 1,17,000 - 1,08,000, with a potential upside target of Rs 1,40,000/1,45,000 by the end of 2026.

MCX Gold Monthly Chart



Source: Bloomberg

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