

Beyond the Sparkle: Geopolitical Uncertainty and Gold's Enduring Role as a Safe Haven

This year's Akshaya Tritiya arrives not as an isolated festival tradition, but as a strategic inflection point in a complex macroeconomic environment. Understanding this requires examining not just where gold stands today, but the structural forces that have propelled it, and why the medium-term outlook remains constructive despite near-term volatility.

The Pattern That Repeats: Gold's Performance Across Akshaya Tritiya's

The historical record makes a compelling case. Investors who purchased gold on Akshaya Tritiya 2023 saw their holdings appreciate by approximately 12.7% over the following year¹. Those who repeated the decision in 2024, recorded gains in the range of 22.7% over a comparable period. Investments made in 2025 witnessed much stronger performance than 2024, wherein returns reached 39.2%, bringing the cumulative CAGR from 2023 to 2026 to a notable 24.5%¹. What makes these figures meaningful is not just their magnitude, but their consistency. These returns were generated by an asset that has, across decades, through market crashes, currency crises, and geopolitical upheaval have repeatedly demonstrated its ability to act as an effective diversifier when systemic certainty breaks down.

Year after year, those who chose to honour the spirit of Akshaya Tritiya with a disciplined investment in gold were not merely observing a tradition. They were making a sound financial decision. What explains this consistency? The answer lies in understanding gold's role not as a growth asset, but as a stabilizing force. Gold offering to portfolio construction is a distinct pattern of price movement that often diverges from other assets precisely when portfolios face the most stress.

The Current Macroeconomic Backdrop: Three Forces Reshaping Global Markets

1. The Decline of Dollar Hegemony

For nearly eighty years, the United States dollar served as the undisputed anchor of the global financial system. Yet recent years have witnessed a quiet but accelerating shift. The freezing of Russian sovereign assets in 2022 sent a powerful signal to emerging-market central banks and alternative reserve managers: dollars held in Western institutions could, under political pressure, become inaccessible. This moment catalysed a structural change in reserve asset allocation. Central banks have responded decisively. According to World Gold Council data, official-sector gold purchases have exceeded 1,000 tonnes annually for three consecutive years, with momentum moderating in 2025 at 863 tons but still quite stronger as compared to period before 2022 where collective buying by central banks were around 500 – 600 tons². This is not cyclical buying; it is structural diversification. When the traditional financial anchor comes under question and shows weakness, the world has sought the historical natural alternative which has been gold. This dynamic is likely to persist as long as geopolitical tensions; policy uncertainty remains elevated and more so as the structural fiscal imbalances prevail.

2. Geopolitical Fragmentation and the Supply Chain Shock

The Russia-Ukraine conflict, the Israel-Hamas war, escalating US-China trade tensions, and disruptions in critical chokepoints like the Strait of Hormuz have created a state of supply chain anxiety. When energy flows are threatened, oil prices spike. When oil prices spike, inflation fears resurface. When inflation fears resurface, investors seek assets that have historically retained purchasing power. Gold's role in this equation is unambiguous. Across the 1970s stagflation crisis, the 2008 financial crisis, and the recent energy shocks, gold has acted as a store of value and as a lender of last resort. This is why its appeal enhances when geopolitical risks flare as it gives support to the portfolio when monetary policy is constrained and fiscal space is limited.

3. Policy Autonomy Under Pressure: The Interest Rate Dilemma

Central banks globally face an unenviable choice. If they keep rates elevated to combat inflation, they risk pushing high debt economies into recession. If they cut rates to support growth, inflation could accelerate, and currency instability could follow. This policy dilemma creates an asymmetric opportunity for gold. In either scenario, recession or inflation, gold has historically provided a stabilizing influence on portfolios. Moreover, many central banks are themselves constrained. With sovereign debt levels at historic highs relative to GDP, particularly in developed economies, the approach of aggressively raising rates to control inflation seems no longer a viable policy as that would cripple the government under high interest burden which will eventually pile into already unsustainable debt. This limits the tools available to support economies and thereby creates structural support for alternative store-of-value assets like gold.

Akshaya Tritiya 2026: Balancing Near-Term Volatility with a Long-Term Perspective

Recent months have seen gold prices pull back, shaped by a confluence of liquidity events, rising interest rate expectations, and a broad flight to cash. These corrections are neither unusual nor alarming; they are a normal feature of any long-term bull market and should be understood as such. They reflect gold's ability to provide liquidity when needed. They also reflect gold's financial linkages that can cause temporary dislocations in sentiment, not a structural reversal of the forces that underpin gold's enduring appeal. History is instructive. During the 2008 financial crisis, gold suffered a near 30%+ correction, and yet that drawdown sat within a 272% rally from 2006 to 2011¹. Investors who exited during the drawdown or remained on the sideline did not participate in the subsequent market recovery, thus missing out on an opportunistic entry point. The pattern has repeated across crises: short-term selloffs have often given way to the longer-term uptrend, if fundamentals are supportive. The lesson endures, pullbacks in gold during uncertain times are opportunities, not warnings.

The convergence of factors present in 2026 makes this alignment particularly notable. Central bank demand remains near historic highs. Geopolitical tensions continue. Policy divergence across major economies suggests that monetary accommodation, is likely to return at some point in the cycle, which has historically impacted gold prices. From a portfolio construction standpoint, gold's role as a diversifier is still structurally strong, it being impacted by a different set of factors as compared to other assets.

For an investor, how you own gold matters as much as owning it. Gold ETFs are an efficient vehicle for the purpose, exchange-traded, transparently priced, backed by physical gold, and free of the making charges and storage hassles that physical gold carries. A target allocation of 15 to 20% can be considered; gold ETFs can help maintain such allocation. This Akshaya Tritiya, the traditional and the financial case converge. Akshaya, that which never diminishes, has always captured what long-term investors understand: that gold endures through cycles of uncertainty. The recent correction has only improved the entry point. A gold ETF this Akshaya Tritiya would not imply a departure from tradition, it is tradition, expressed in a modern form; portfolio warfare of the current times.

Source: ¹Bloomberg, ²World Gold Council.

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