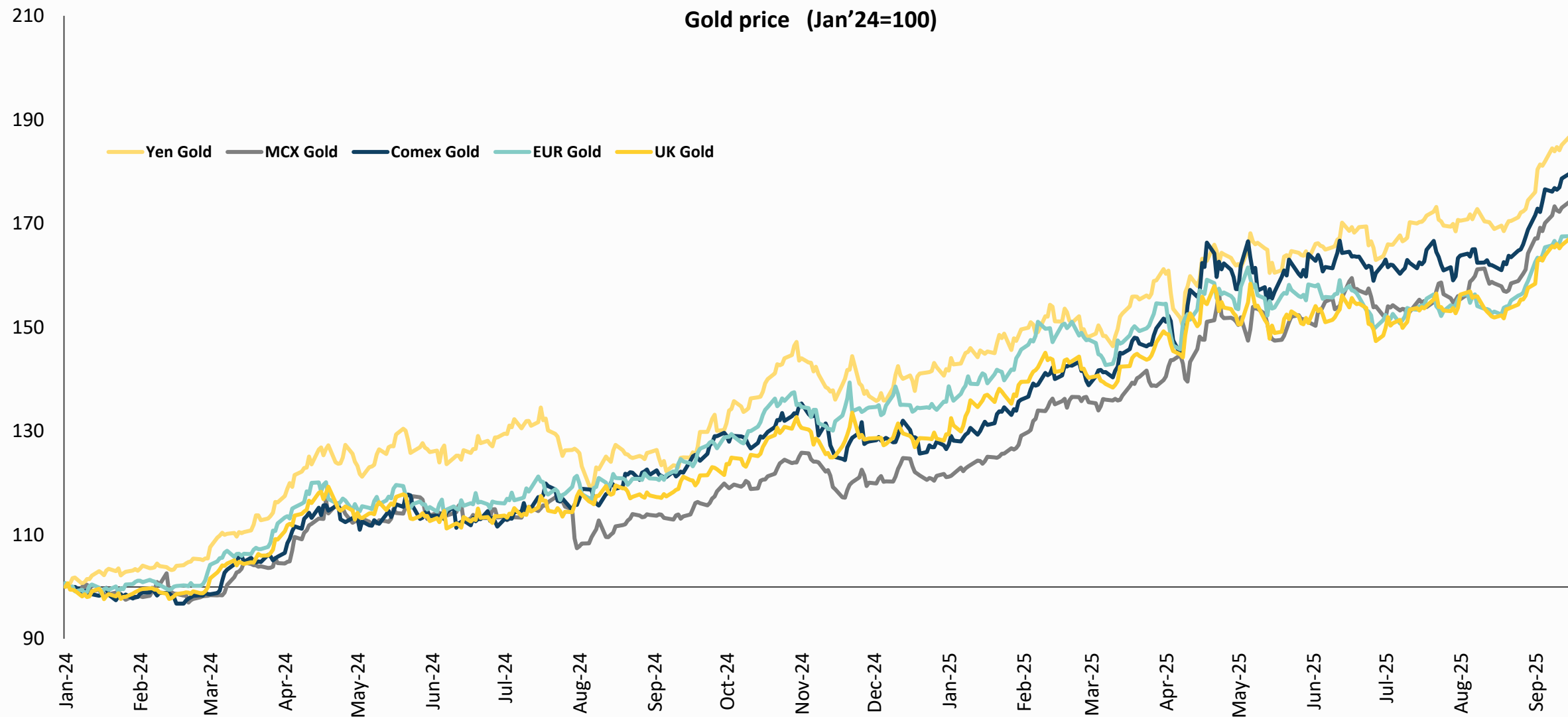


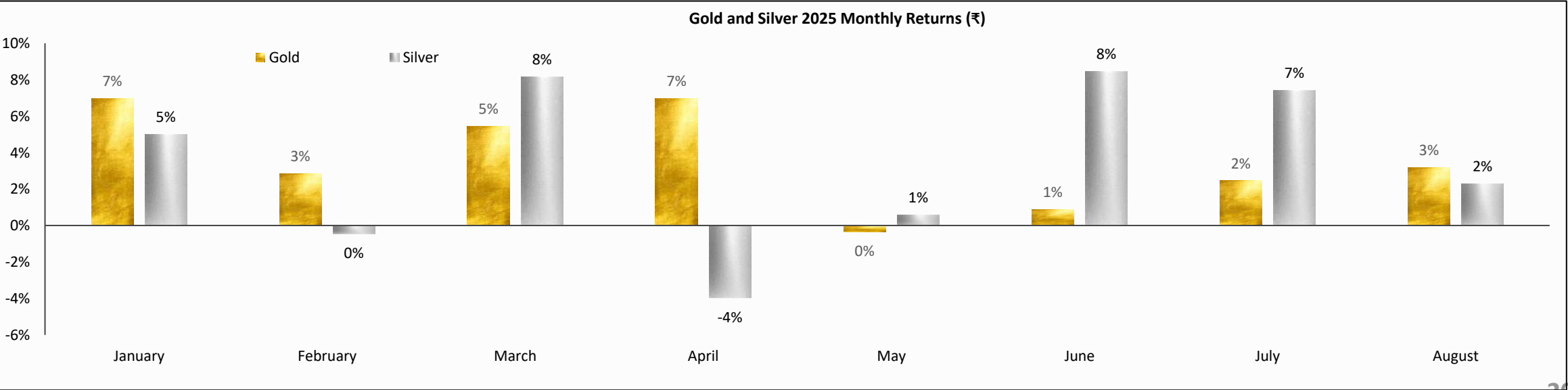
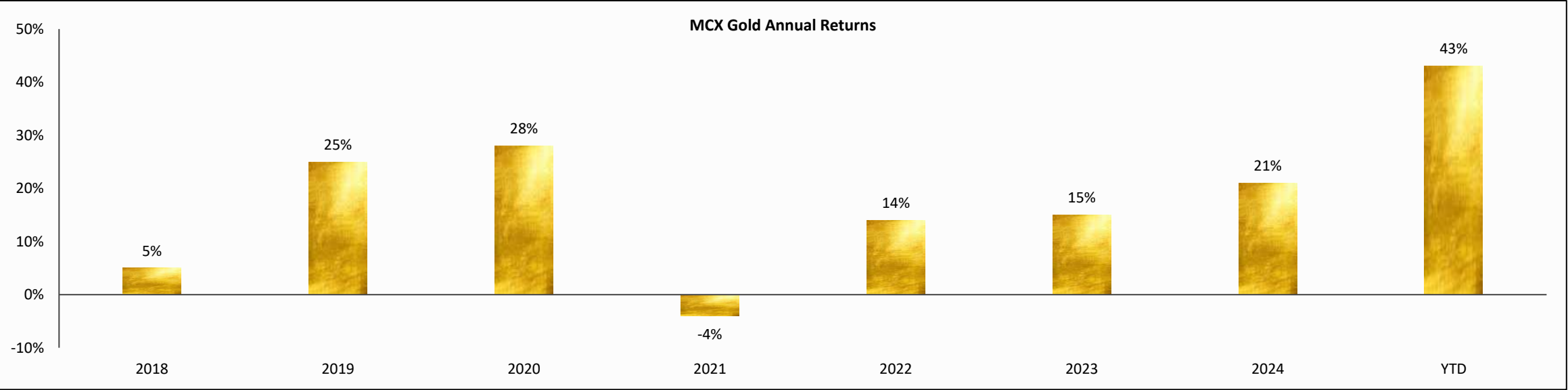
## Gold Quarterly Review

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**Manav Modi: Bullion Analyst**  
manav.modi@motilaloswal.com

# Gold's performance in different currencies

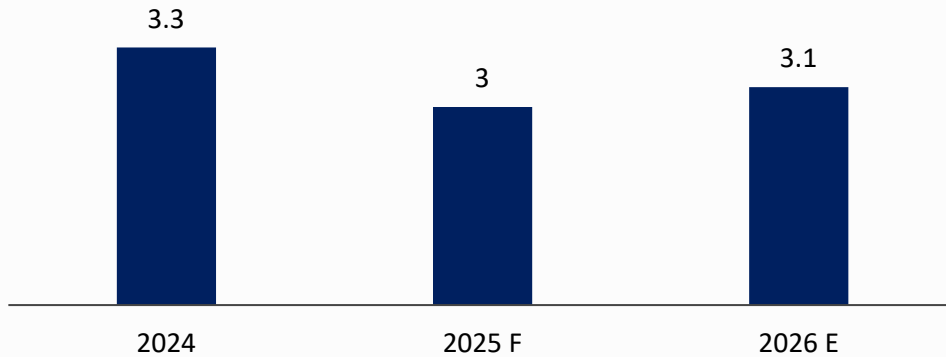




SWOT Analysis	
Strength	Weakness
· Geo-Political Tensions	
· Global trade war/emergence of protectionism	· Dollar and Yields Strengthening
· Slower global growth	· Higher Real Rates
· Hedge against inflation	· Resilient Global economic growth
· Rupee Depreciation	· Change in ETF flows
· Continued central bank gold buying	· Strong US labour market
· Increasing domestic demand	· Higher prices leading to weaker demand
· Increase in Net speculative positions	
Opportunities	Threats
· Hard Landing of some economies	· Increase in risk appetite
· Festive and wedding season demand	· Continued pause or rate hike expectations
· Escalation and impact of tariffs on economy	· Expectation of continued surplus in market
· Black Swans impacting global growth	· Liquidation in Speculative positions
· Accumulating debt borrowing on the US economy	· Ease off in Global tensions

## IMF revised growth forecasts higher despite debt and other qualms

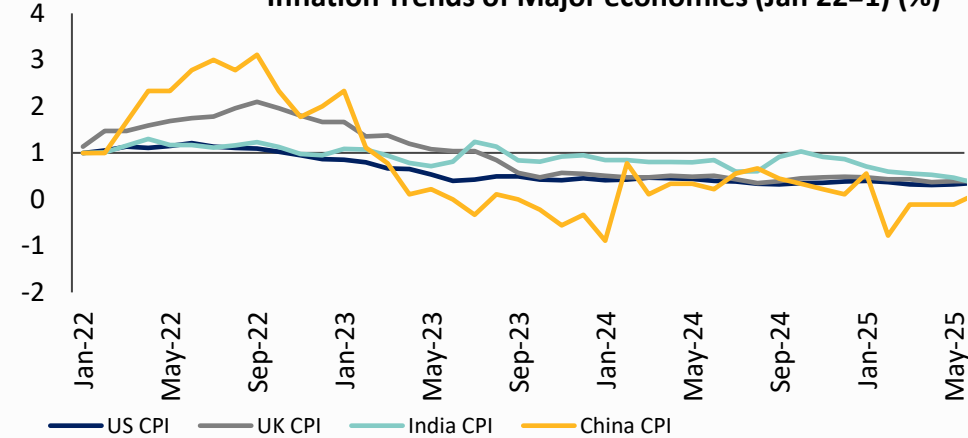
IMF Global Growth Forecast(%)



Source : IMF

## Inflation hovering near central banks target levels

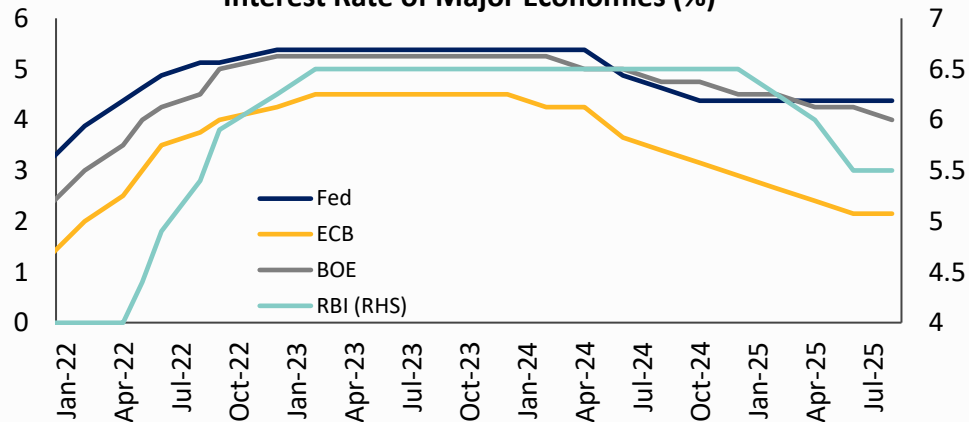
Inflation Trends of Major economies (Jan'22=1) (%)



Source : Reuters

## Few cuts; Few pauses by major central banks

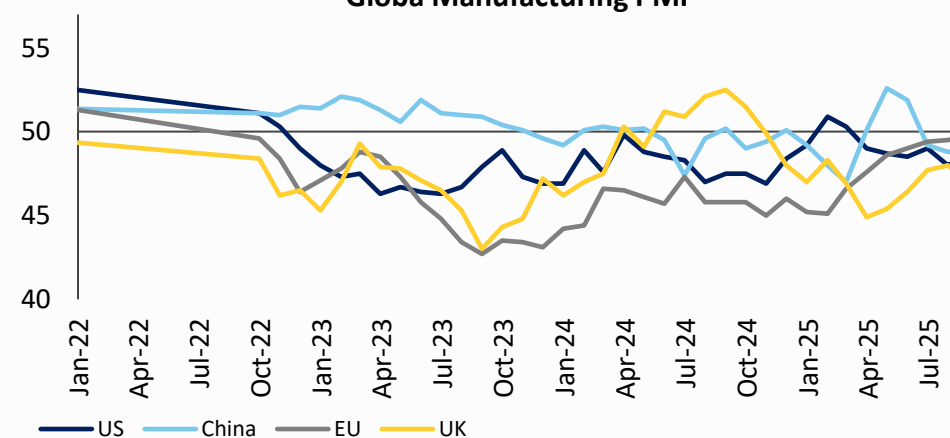
Interest Rate of Major Economies (%)



Source : Reuters

## Global Manufacturing PMI struggling to pick up pace

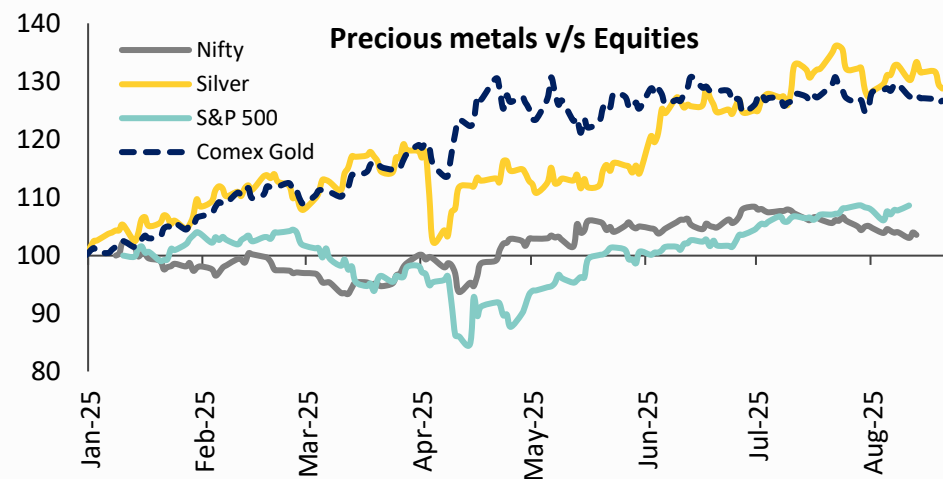
Globa Manufacturing PMI



Source : Reuters

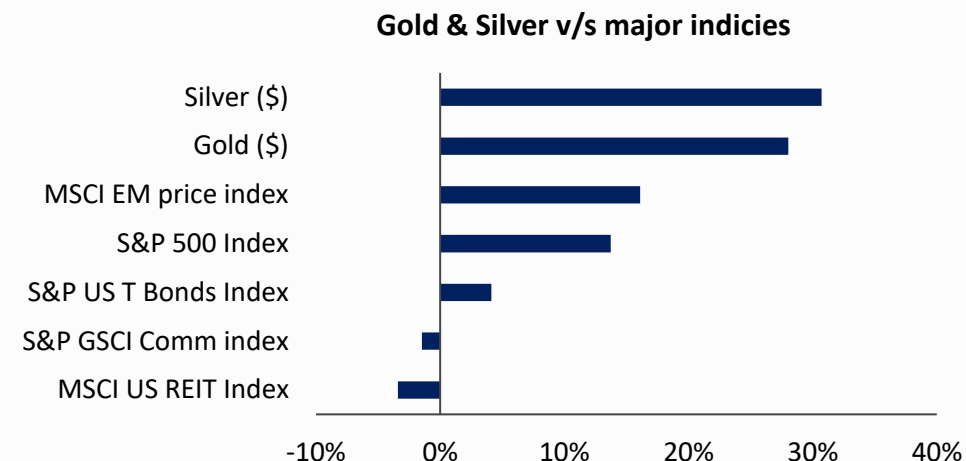
# Gold against other asset classes

## Gold and silver outshining equities in 2025



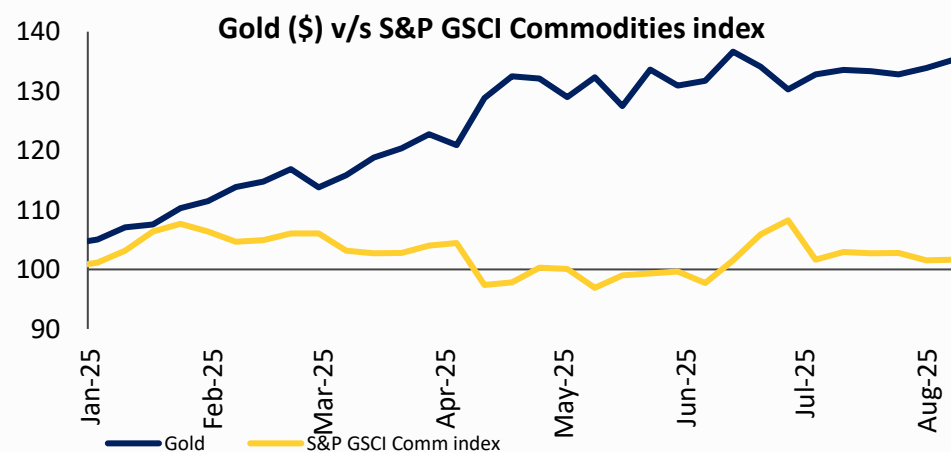
Source : Reuters

## Tough fight between Gold and Silver for the first place



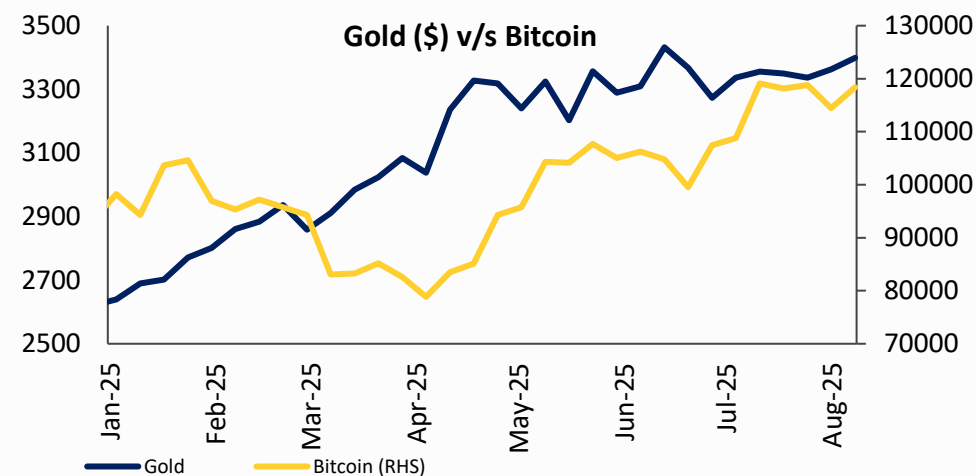
Source : Reuters

## Yellow metal showcasing strength against other commodities



Source : Reuters

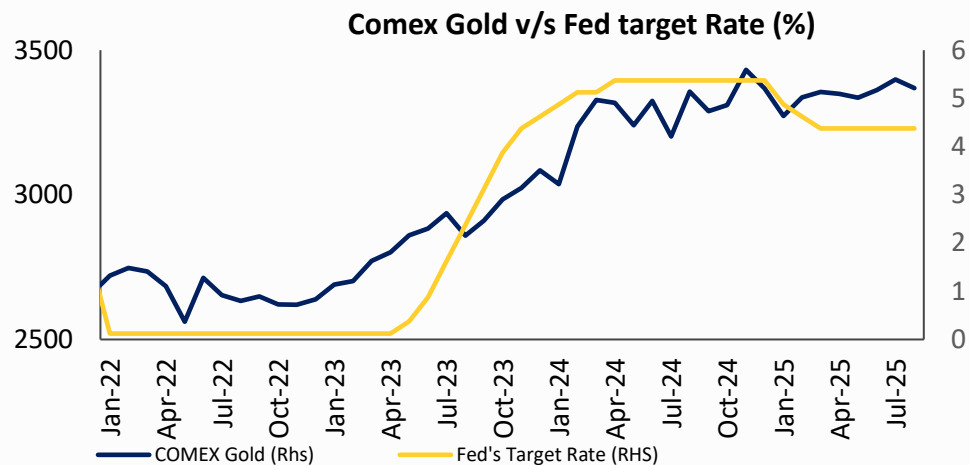
## Gold and Bitcoin rising in tandem



Source : Reuters

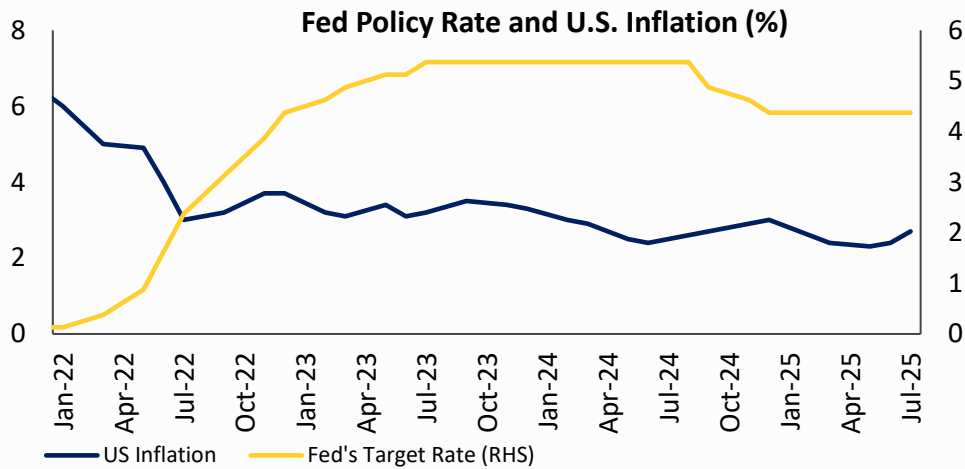
# Inflation, Interest and Geo-politics!!!

## Long pause and cut expectations supporting bullions



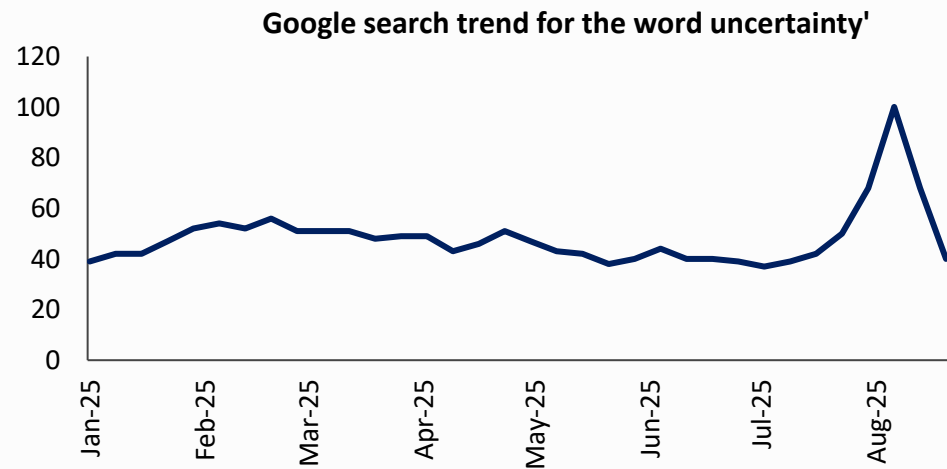
Source : Reuters

## Higher interest rates keeping inflation in check



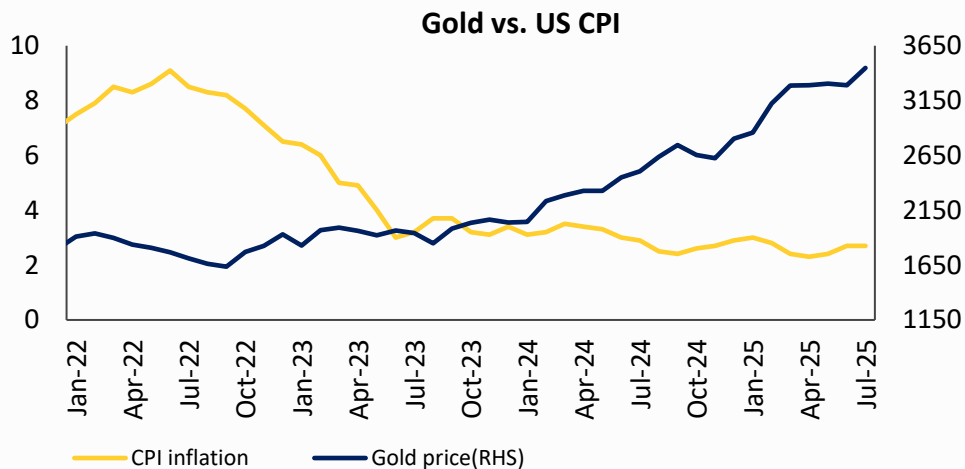
Source : Reuters

## Risk sentiment witnessing a cool off



Source : googletrends

## Falling inflation + rate cut expectations = Higher Gold price



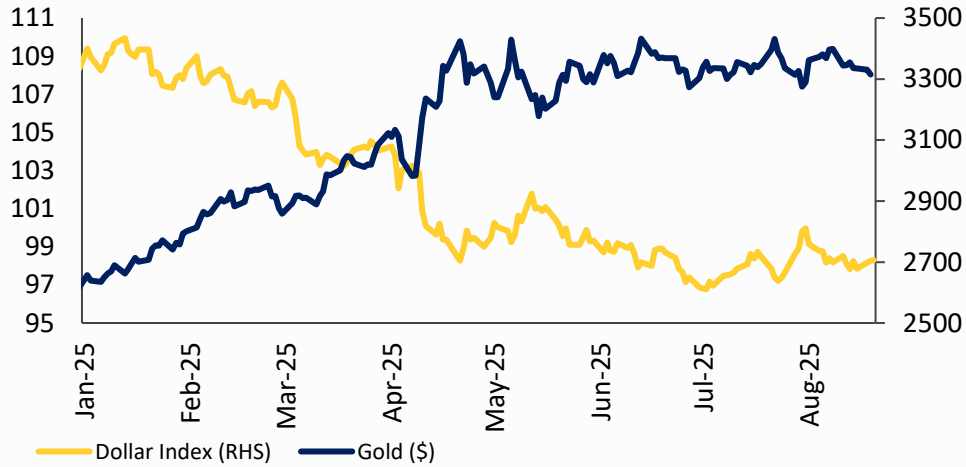
Source : Reuters

# Gold's returns in different economic scenarios and monetary policy

Year	Comex Gold	MCX Gold	USDINR	Disruptive/ Supportive factors for Gold	Fed's decision	Net yearly change in interest rate
2000	-5.4%		7.0%	Dot com bubble	Rate hike	1.00%
2001	0.7%		3.0%	9/11 terrorist attack	Rate cut	-4.75%
2002	25.6%		-1.0%	SARS	Rate cut	-0.50%
2003	19.9%		-5.0%	Iraq 2003-2011	Rate cut	-0.25%
2004	4.6%		-5.0%		Rate Hike	1.25%
2005	17.8%		4.0%	Launch of SPDR Gold Trust	Rate Hike	2.00%
2006	23.2%	21.3%	-2.0%		Rate Hike	1.00%
2007	31.9%	14.4%	-11.0%		Rate cut	-1.00%
2008	4.3%	28.6%	23.0%	Global Financial Crisis	Rate cut	-4.00%
2009	25.0%	22.4%	-4.0%		-	0.00%
2010	29.2%	24.2%	-4.0%	Europe sovereign debt crisis	-	0.00%
2011	8.9%	31.8%	19.0%	US fiscal cliff	-	0.00%
2012	8.3%	12.9%	3.0%		-	0.00%
2013	-27.3%	-8.0%	13.0%	Political risk in Greece/ Taper tantrum	-	0.00%
2014	0.1%	-6.0%	3.0%		-	0.00%
2015	-12.1%	-7.0%	4.0%		Rate hike	0.25%
2016	8.1%	10.0%	3.0%	Brexit	Rate hike	0.25%
2017	12.7%	6.0%	-6.0%		Rate hike	0.75%
2018	-0.9%	5.0%	10.0%	US-China trade tensions	Rate hike	1.00%
2019	18.4%	25.0%	2.0%	Emergency Rate Cuts	Rate cut	-0.75%
2020	24.8%	28.0%	3.0%	Covid-19 Pandemic	Rate cut	-1.50%
2021	-3.0%	-4.0%	1.0%		-	0.00%
2022	0.0%	14.0%	11.0%	Russia-Ukraine war *	Rate hike	4.25%
2023	13.0%	15.0%	0.5%	Israel- Palestine*	Rate hike	1.00%
2024	27.0%	21.5%	2.8%	Continued Geo-political war	Long Pause and a cut	-1.00%
2025*	47.8%	43.6%	2.7%	Geo-political and Tariff uncertainties	Started year with a pause	0.00%
* Active Year						

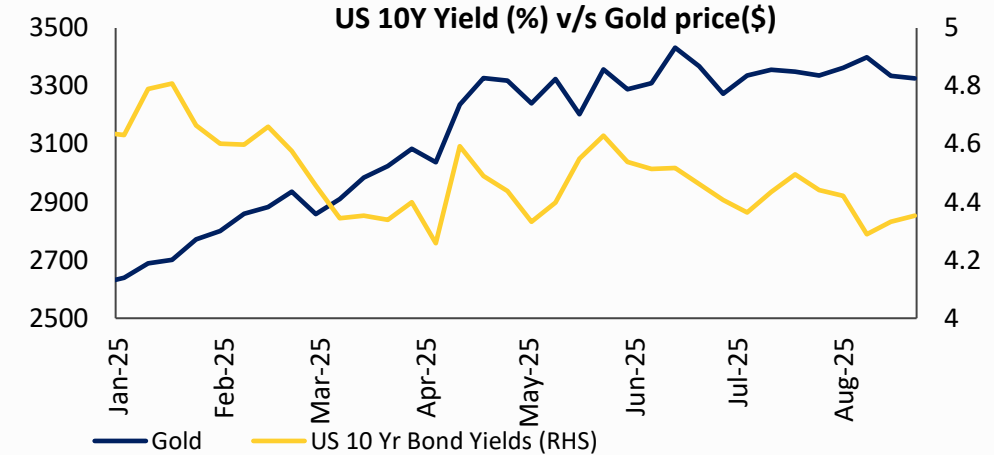
# Inverse correlation with Gold ?

## Resilient economy & uncertainties, sustain inverse Gold-DXY correlation



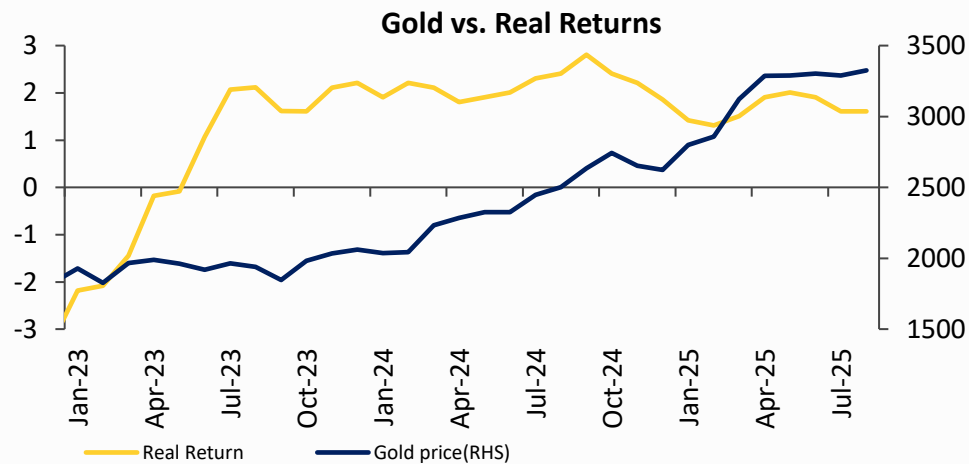
Source: Reuters

## US Yields remain stable keeping Gold prices in check



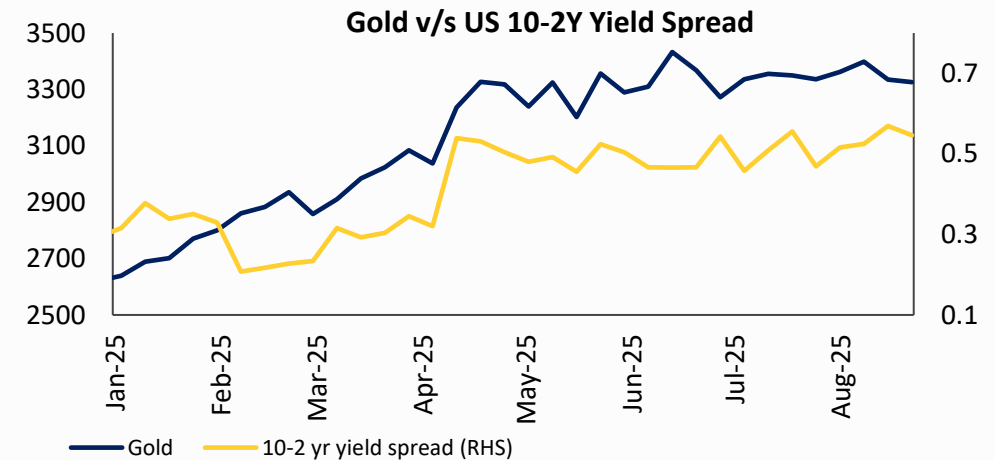
Source: Reuters

## Real Rates and Gold surprisingly on the same side



Source: Reuters

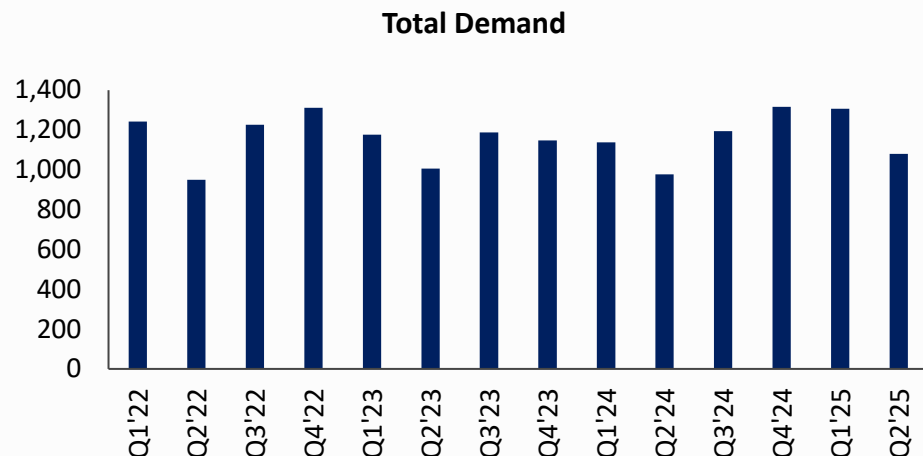
## Gold rises as inflation fears outweigh rising yield expectations



Source : Reuters

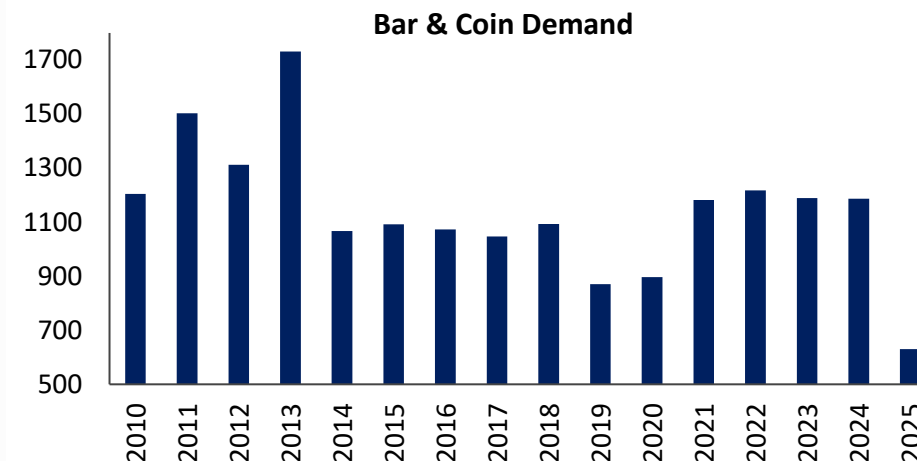
# Gold Demand Trends

## Total Global Demand marginally higher from Q2'24



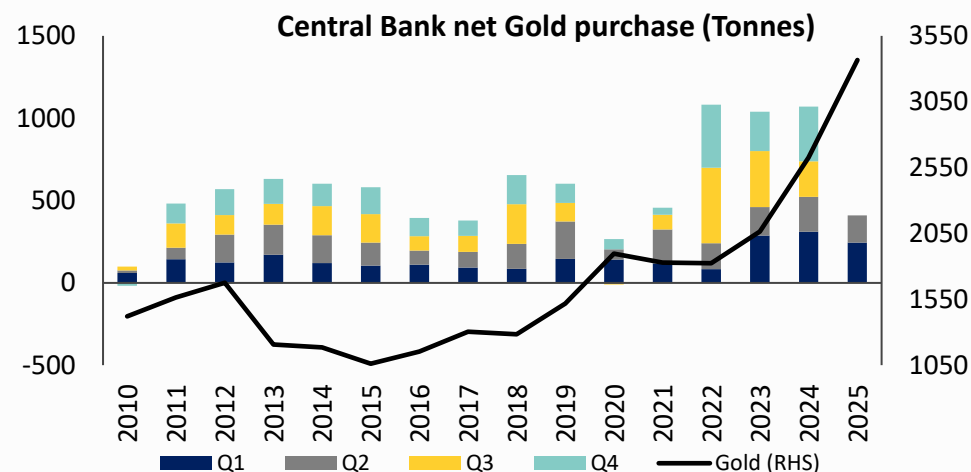
Source : WGC

## Bar and Coin demand falls significantly in 2025



Source : WGC

## Central banks pace of gold buying slows



Source : WGC

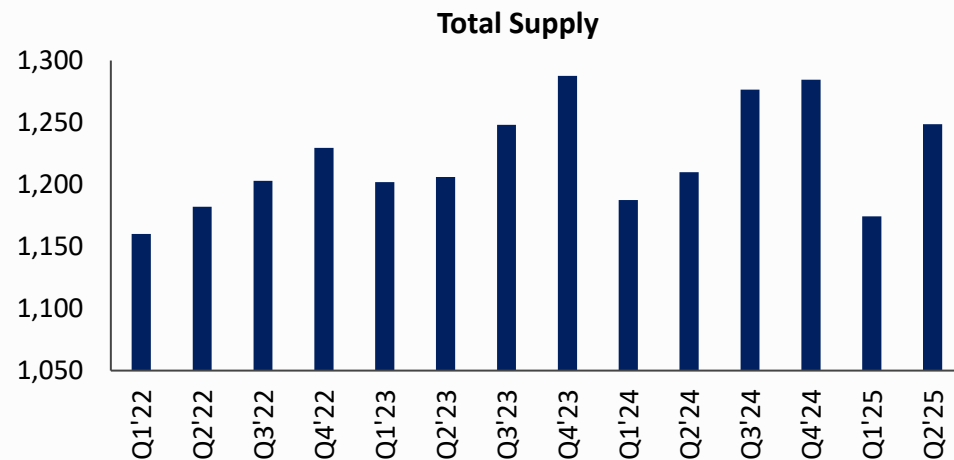
## Annual India Gold imports witnessing a slowdown



Source : WGC

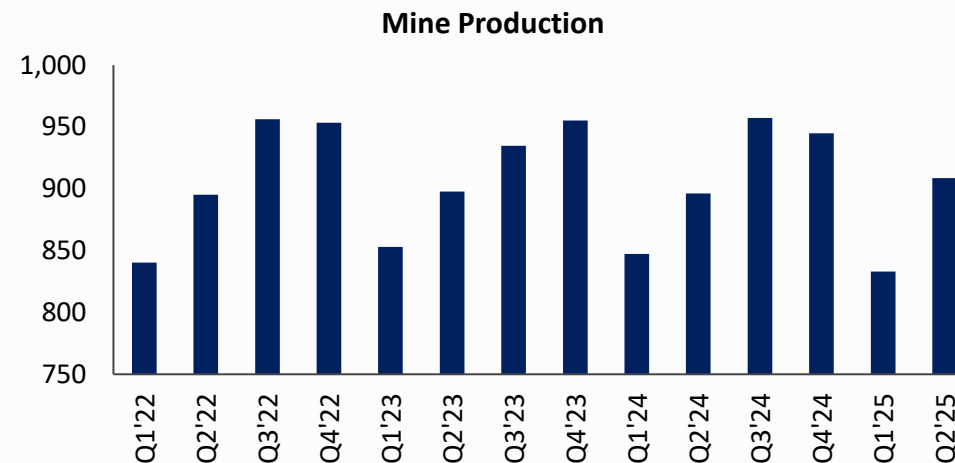
# Gold Supply Trends

*Supply seen improving after a sluggish first quarter*



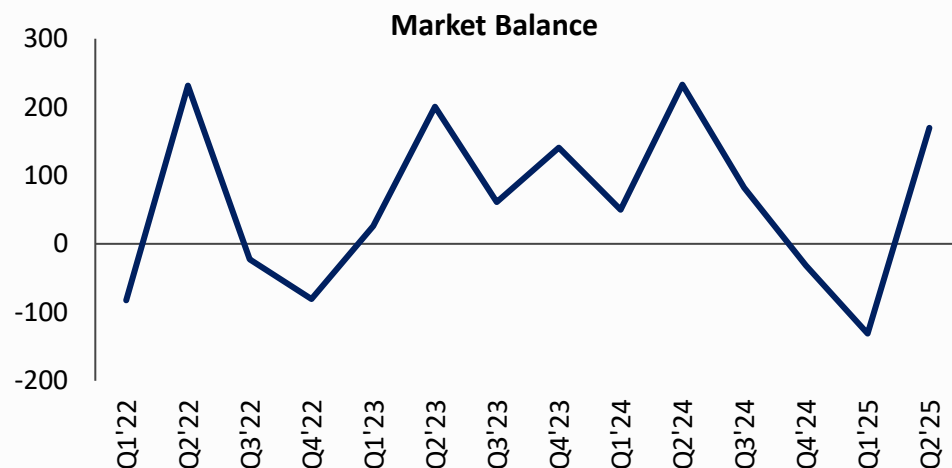
Source : WGC

*Gold Mine production adding to total supply*



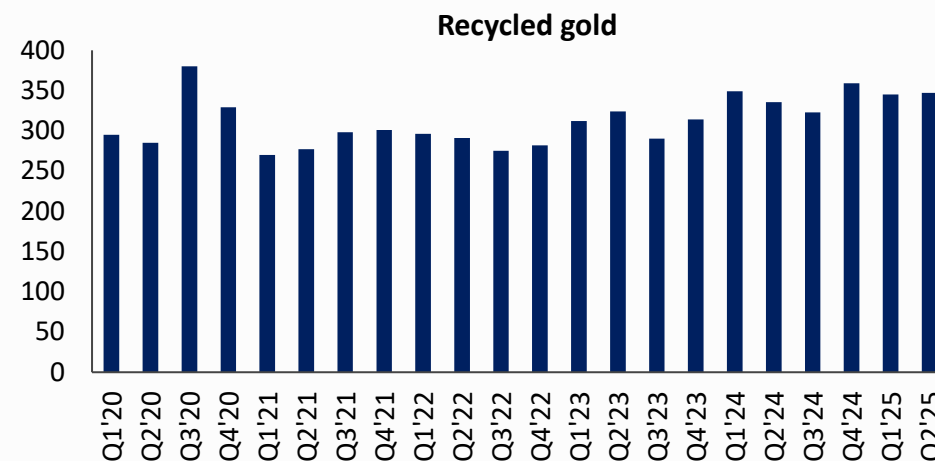
Source : WGC

*Gold Market balance jumps back from a brief deficit*



Source : WGC

*Recycled Gold matches Q1'25 levels amidst higher prices*



Source : WGC

- Gold kicked started the year with impressive momentum, delivering over 30% returns YTD
- Geopolitical tensions, tariff wars, and investment demand are a few factors driving gold's bull run
- Risk premium eased as US-China trade tiff gets a 90-day breather, and ceasefire talks parallelly continue
- President Trump's pressure on the Fed hasn't changed rates so far, but there are increasing chances for a 25bps rate cut in Sept. policy meeting
- Physical demand and central bank buying slowed thru the year amid higher prices
- Strong ETF flows continue to lend support to gold prices
- Geopolitical tensions have been intermittent, not continuous
- Economic data points continue to demonstrate resilience
- Real interest rates will be key from current levels; as higher inflation is a good hedge, but also increases long pause scenario
- Dollar index is trading steady after falling below 100 while, volatility in Rupee is significantly impacting domestic prices
- **Buy on dips stance can be maintained from a medium to long term perspective**
- **Long term support is near ₹99,500-1,00,000**
- **After a sharp rally some profit booking is warranted, a staggered approach of investment is advised with a possibility of 5-7% dips from current level; for targets of ₹1,12,000 and ₹1,20,000 on domestic front, and assuming USDINR at 88, corresponding targets on COMEX are \$3,800 and \$4,000.**

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