Monday, December 29, 2025

Overview

Gold and silver extended their historic rally through the week, breaking fresh all-time highs on COMEX as well as on domestic front as a powerful combination of monetary easing expectations, a weakening U.S. dollar, geopolitical risk and tightening physical supply pushed precious metals into uncharted territory. Gold surged above $4,500 while silver accelerated beyond $80, making this one of the strongest and most structurally supported bull runs in decades.

Key driver remains expectations of further U.S. Federal Reserve rate cuts. Following last week's 25 basis-point reduction, markets are increasingly pricing in more than one rate cut in the coming year. This belief was reinforced by weaker-than-expected U.S. labor market data, with job growth undershooting forecasts and unemployment rising to 4.6%. Inflation data also surprised on the downside as CPI eased to 2.7%, reviving hopes that the disinflation trend is gaining traction. While some Fed officials warned that components such as shelter inflation could have delayed effects.

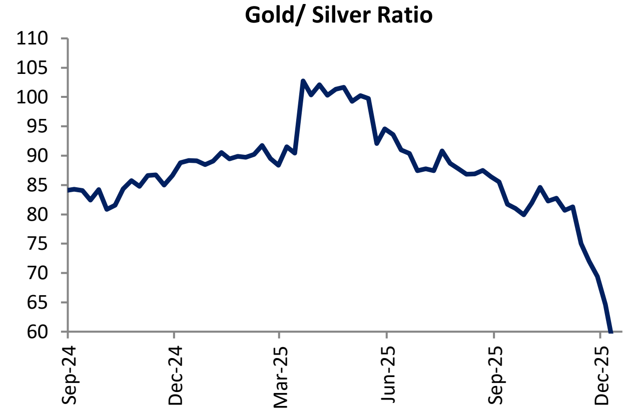
These are expectations are building despite a strong U.S. growth number, GDP surprised with a strong 4.3% growth reading, while consumer confidence disappointed and industrial production modestly beat expectations.

Silver's rally has been even more explosive, with prices up over 180% year-to-date. What makes silver's surge particularly notable is the structural stress emerging in physical markets. China is preparing to introduce export controls on silver from January 1, 2026 — not as sanctions, but as a strategic move to

Exchange	Gold	COMEX	MCX
Contract	**Spot**	Sep	Sep
Open	4283	4276	132442
Close	4302	4300	133622
Change	19	87	3160
% Change	2.52%	2.07%	2.42%
Pivot	4304	4305	133720
Resistance	4351	4350	135165
Support	4255	4255	132177

Silver- Weekly Market Data			
Exchange	Silver	COMEX	MCX
Open	63.57	63.07	196958
Close	62.01	61.36	192851
Change	-1.56	-1.71	9443
% Change	6.40%	5.03%	5.15%
Pivot	62.48	61.86	194848
Resistance	64.18	63.06	199618
Support	60.31	60.17	188080

Gold/ Silver Ratio



Source: Reuters

retain metal domestically. This has intensified supply fears across global markets.

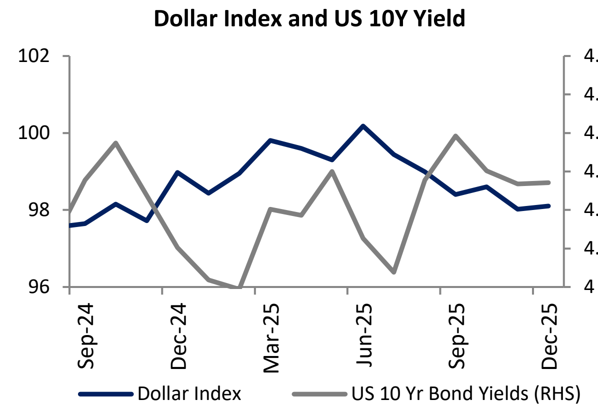
Bullion banks are increasingly being forced to cover paper silver positions with physical metal that is rapidly disappearing from inventories. COMEX warehouse stocks continue to decline, and the price spread between COMEX and Shanghai has widened to over $5 — far above the historical norm of $1–2. This divergence is a clear signal that price discovery is shifting from paper markets toward physical demand hubs in Asia.

Global central bank actions added further volatility to currency and bond markets. BOE delivered an additional 25 bps rate cut, while ECB stayed on hold. The BOJ raised rates by 25 bps to 0.75%, but failed to provide clarity on its forward path. This uncertainty pushed USDJPY sharply higher to above 157, even as Japanese bond yields hit record highs, triggering risk aversion and reinforcing safe-haven demand for gold. Dollar index slipped below 98, and is cards to post its worst annual performance in eight years.

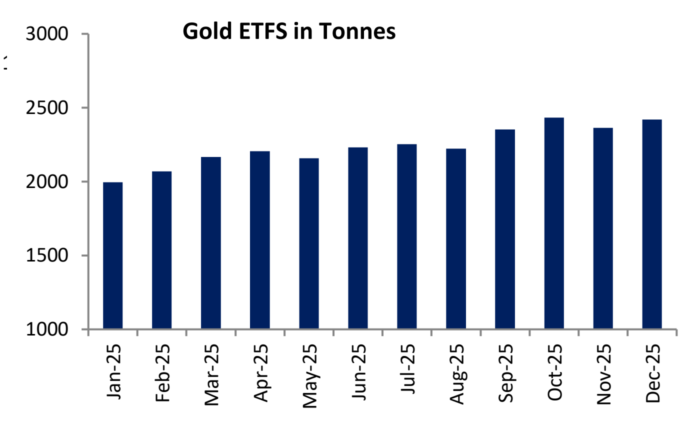
Geopolitical risk continues to be a powerful secondary driver. Tensions across the Middle East, unresolved uncertainty around the Russia-Ukraine conflict and recent U.S. actions against Venezuelan tankers have sustained demand for safe haven assets. Potential progress toward a peace agreement have once again being side-lined adding to the risk premium in the market.

Gold has gained more than 80% this year, supported not only by macro trends but also by extraordinary central-bank and investment demand. Central banks have now been net buyers for more than a decade as reserve diversification away from the U.S. dollar accelerates. ETF flows underscore this shift: physically backed gold ETFs are on track for their biggest annual inflows since 2020, with more than $82 billion added so far — equivalent to more than 500 tonnes. In physical markets, soaring prices are beginning to suppress retail demand. In India, gold discounts widened to their highest level in more than six months, touching $61 as buyers turned cautious.

This is not a seasonal rally, it is a structural repricing of precious metals driven by falling real yields, de-dollarization, central banks accumulation, geo-political risk and increasingly, a genuine shortage of physical metal. With these forces unlikely to face in the near term, Gold and silver appear to set to remain in a powerful long-term uptrend.



Source: Reuters



Source: Reuters

Outlook:

Looking ahead, with a holiday-shortened trading week ahead, focus will shift to housing data, industrial production and the release of FOMC meeting minutes for further clues on the Fed's policy trajectory. Once short liquidations and margin pressure in Silver eases we will have to wait and see how prices settle and react. Overall both metal could trade in a broad range for this week.

Technical Levels:

Gold: MCX Gold continued its strong upward momentum in the previous week, gaining more than ₹5,500, or around 4.2%, and extending the rally to the fifth consecutive week. The sustained series of higher highs and higher lows highlights a firmly positive medium-term trend. However, after such a consistent advance, some degree of profit booking cannot be ruled out at higher levels. Volatility is also likely to increase as prices approach important resistance zones. In the near term, we recommend a cautious stance, as the market may witness sharper intraday swings while digesting recent gains. For the current week, gold is expected to trade in a broader and volatile range of ₹1,33,000 to ₹1,42,000, and participants should avoid chasing prices, focusing instead on disciplined positioning and prudent risk management.

Silver: MCX Silver witnessed an exceptionally strong move in the previous week, gaining more than ₹30,000, or nearly 15%, and extending its winning streak to the fifth consecutive week. Over these last five weeks, prices have rallied by around 1 lakh rupees, reflecting strong momentum and aggressive participation. However, at current levels, we advise shifting to a more cautious stance. Volatility has expanded sharply, and price levels that earlier took months to unfold are now being achieved within days, indicating an overheated short-term structure. The sharp vertical rise has increased the risk of deeper intraday swings and sudden profit booking. For the current week, the market is expected to remain risky and highly volatile, with prices likely to oscillate in a broader range of ₹2,60,000 on the upside and ₹2,20,000 on the downside. Traders and investors should remain alert, avoid aggressive positioning at higher levels, and adopt a disciplined, risk-managed approach until volatility cools off and the trend stabilizes.

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