



Monday, May 18, 2026

Overview

Gold traded in a broad range in the previous week as rising global bond yields, a firmer U.S. dollar, and persistent geopolitical tensions reduced investor appetite for bullion. COMEX gold slipped to a one-and-a-half month low during early trade as U.S. 10-year Treasury yields climbed to their highest level in nearly a month, while Japanese 10-year yields surged to a 29-year high. Markets increasingly priced in the risk of energy-driven inflation following renewed tensions between the U.S. and Iran, pushing investors toward yield-bearing assets and limiting the appeal of non-interest-bearing assets like gold. Crude oil prices also remained elevated amid fears of supply disruptions around the Strait of Hormuz, increasing the inflation fears.

Geopolitical developments remained one of the biggest drivers for bullion markets. President Trump warned that the “clock was ticking” for Iran to accept a peace proposal, while reports suggested the U.S. and Israel were considering renewed military action after negotiations failed to make meaningful progress. Sentiment turned cautious after Trump rejected Tehran’s latest response to a U.S.-backed peace deal, describing it as “totally unacceptable.” Earlier optimism over a possible ceasefire and normalization of shipping routes in the Gulf had supported bullion prices, but the latest impasse revived concerns that tensions could remain elevated for a prolonged period. Investors feared that continued disruptions in the Strait of Hormuz could keep energy prices high, feeding into global inflation and complicating the policy outlook for central banks.

Inflation data from the United States further added pressure on precious metals. U.S. consumer inflation accelerated to 3.8% in April, above expectations of 3.7% and the highest reading since May 2023, largely due to rising energy prices linked to Middle East tensions. Producer inflation also rose at its fastest pace

Exchange	Gold	COMEX	MCX
Open	4650	4655	160790
Close	4538	4562	158547
Change	16	-135	-1910
% Change	-2.48%	-2.79%	-1.24%
Pivot	4571	4582	159230
Resistance	4632	4650	160309
Support	4478	4494	157467

Silver- Weekly Market Data			
Exchange	Silver	COMEX	MCX
Open	83.71	80.61	280000
Close	75.95	77.16	271886
Change	-7.75	-3.45	-12506
% Change	-6.33%	-6.63%	-4.86%
Pivot	78.50	77.93	274536
Resistance	81.31	79.85	280569
Support	73.14	75.24	265854



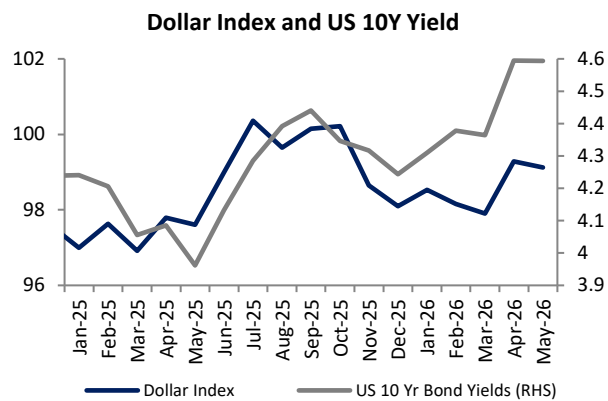
Source: Reuters

since 2022, reinforcing concerns that inflationary pressures were broadening across the economy. The stronger inflation readings strengthened expectations that the Federal Reserve could maintain a higher-for-longer interest rate stance, delaying hopes for aggressive rate cuts later this year. Probability for a rate hike was also seen briefly, supporting U.S. Dollar and US Treasury yields.

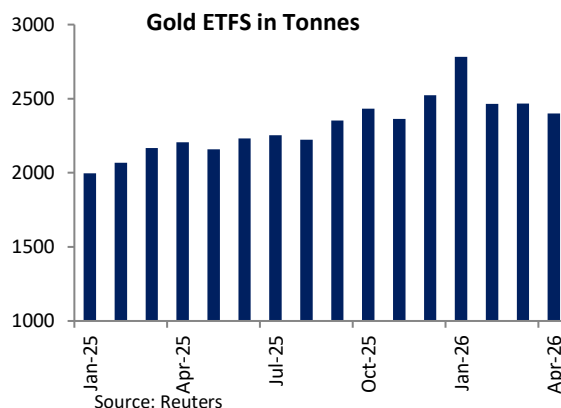
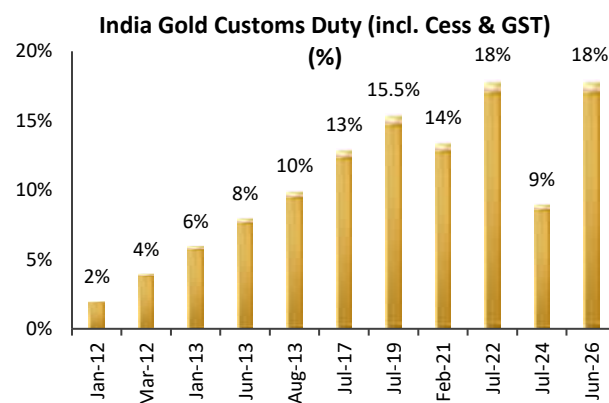
In India, the bullion market witnessed a major policy shift after the government sharply increased gold and silver import duties from 6% to 15%, comprising a 10% Basic Customs Duty (BCD) and a 5% Agriculture Infrastructure and Development Cess (AIDC). The move was aimed at curbing precious metal imports, reducing pressure on foreign exchange reserves and CAD, supporting the rupee amid elevated crude oil prices and ongoing currency weakness. Silver imports were moved from the “Free” category to “Restricted,”; while Gold imports were capped at 100 kg per license, also tightening domestic supply conditions and creating sharp volatility in domestic prices. The higher duties are expected to reduce physical demand, particularly from the jewellery sector, while increasing premiums in the domestic market and widening the disparity between spot and MCX prices.

The government’s policy changes came alongside broader efforts to reduce non-essential imports and stabilize external balances. Prime Minister Narendra Modi reportedly urged citizens to limit gold purchases for a year to help conserve foreign exchange reserves. Since India relies heavily on imports to meet domestic bullion demand, higher import taxes could help narrow the trade deficit and provide some support to the rupee. However, the immediate impact on bullion markets has been mixed, with higher MCX prices amidst higher duty and USDINR while the macro events and data create a cap.

Meanwhile, markets also closely tracked developments from the meeting between President Trump and Chinese President Xi Jinping in Beijing. While the summit delivered limited progress overall, both sides agreed to lower tariffs on select products and improve trade cooperation in certain sectors. Discussions reportedly focused on trade relations, artificial intelligence, and broader supply chain risks linked to geopolitical tensions. Although the meeting helped stabilize broader market sentiment temporarily, investors remained cautious as no major breakthrough emerged on key structural issues between the two economies.



Source: Reuters



Source: Reuters

Outlook:

Looking ahead, markets are expected to remain highly sensitive to geopolitical developments, crude oil prices, and incoming macroeconomic data. Preliminary PMI readings from major economies, U.S. housing market data, and China’s loan prime rate decision will be closely watched for fresh clues on global growth and inflation trends. Any escalation in Middle East tensions or further disruption around the Strait of Hormuz could continue supporting energy prices and inflation expectations, while stronger economic data may reinforce expectations of tighter monetary policy globally. Focus will also be on the FOMC meeting minutes. In domestic market, traders will also monitor the impact of higher import duties and silver import restrictions on MCX premiums, physical demand, and overall bullion market liquidity. Both Gold and Silver could trade in a broad range.

Technical Levels:



MCX Gold has given a breakout of its consolidation range and has been sustaining well above the key area of ₹1,55,500 which acts as strong support. As long as price holds above the same, we could see sideways-to-higher range however upside too will be capped at ₹1,63,575 as it will act as strong resistance area. Major trend confirmation will only be seen if price breaks and sustains below the recommended range. Break above resistance will lead the prices higher towards ₹1,70,000 whereas break below support will test ₹1,49,050 area



MCX Silver has formed a bearish island reversal formation on the daily chart and is signifying weakness in prices for short-term. However, we have already seen weakness from its recent peak of ₹3,04,891 so further downside will be limited for the metal. Support is placed at ₹2,58,500 whereas resistance is capped at ₹2,79,000. Price sustained trade & daily close above resistance will resume positive move and could target ₹2,89,500. So, sideways consolidation within the given range will be seen and positive move will be confirmed only if price break and sustains above resistance area

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