

Monday, October 12, 2026

Overview

Gold enters the new week on a steady note, even as the market continues to digest an unusually volatile September. Last monthly witnessed first rate hike by the Fed in more than 2 years, mixed economic data and no major development in the US and Iran war increasing supply chain concerns. The most striking development in bullion, has been the divergence between physical/investment demand and futures positioning. Recent report by WGC suggest, gold fell more than 8% in September, placing the decline in the 93rd percentile of monthly price falls since 2004. Yet global gold ETFs simultaneously recorded inflows exceeding 70 tonnes, ranking in 77th percentile of monthly ETF accumulation. The WGC notes that a combination of price weakness and ETF buying of these magnitudes has not previously occurred in its dataset. This suggests September's correction was not accompanied by broad investor abandonment of gold, but rather reflected significant differences between longer-term investment flows and leveraged futures positioning.

U.S. macroeconomic data played a major role in September's volatility. The August employment report released in early September showed job creation accelerating sharply while unemployment remained unchanged at 4.1%, reinforcing the view that the labour market remained resilient. The stronger report initially pushed the probability of a September Fed hike to around 65%, from ~ 55% before the release, triggering a sharp rise in rate expectations and weighing on gold. Strong business activity and labour-market indicators reinforced this narrative during the first half of September, while inflation also remained sticky.

The Fed subsequently delivered its first rate increase since 2023, but expectations for another immediate hike have since moderated substantially. Softer September employment growth

Exchange	Gold	COMEX	MCX
Open	4133	4177	150851
Close	4194	4191	151499
Change	61	18	1109
% Change	0.38%	0.43%	0.74%
Pivot	4177	4187	151284
Resistance	4224	4198	151915
Support	4146	4180	150869

Silver- Weekly Market Data			
Exchange	Silver	COMEX	MCX
Open	59.39	60.76	224096
Close	60.81	60.67	225755
Change	1.41	-0.09	-122
% Change	-0.07%	-0.09%	-0.05%
Pivot	60.32	60.73	225325
Resistance	61.69	60.70	227010
Support	59.43	60.70	224069

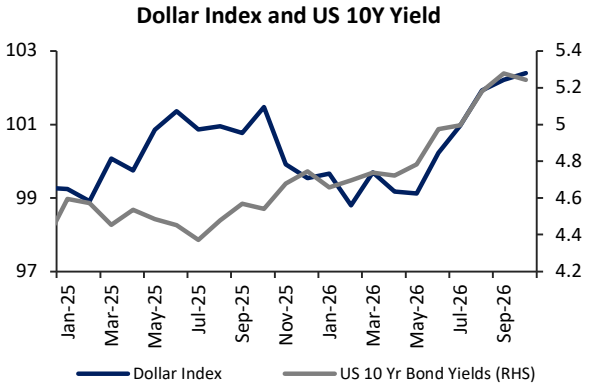
Gold/ Silver Ratio



Source: LSEG

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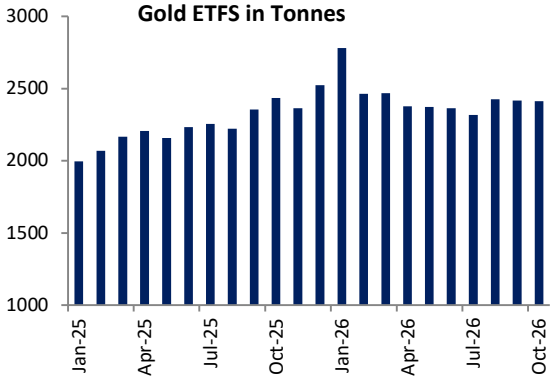
and relatively stable PCE inflation reduced the urgency for further near-term tightening. As of early October, markets assigned only ~ 20% probability of another increase, while the probability of a December hike remained ~80%. The latest pricing has moved further towards an October hold, with roughly an 80% probability of unchanged rates—or only around a 19% probability of another hike. This shift is supportive for gold at the margin, although this week's U.S. inflation data remains critical. A hotter CPI print could quickly revive October or December tightening expectations, lifting real yields and challenging bullion.



Source: LSEG

Treasury markets remain another crucial driver. Gold finished September at near $4,200, down 8.5% MoM, as U.S. 10-year Treasury yield surged by around 53 basis points to 5.3% and the Dollar Index gained ~ 2%. Combination of higher nominal and real yields and a stronger dollar was a major contributor to gold's correction. It is important to note that dollar's relationship with shorter-term two-year yields remains relatively strong, whereas its correlation with 30-year yields has weakened. Markets appear to interpret higher short-term yields as reflecting tighter monetary policy, while increases in longer-term yields increasingly incorporate fiscal, inflation and sovereign-risk premiums. This distinction is important because higher long-term yields driven by deteriorating fiscal confidence may eventually support rather than undermine gold's investment case.

Investor positioning further illustrates this unusual backdrop. Despite more than 70t of ETF accumulation during September, COMEX Managed Money positions declined by the equivalent of ~ 84t, while total Spreading positions fell by around 156t equivalent. Separately, the WGC's broader monthly assessment put September global ETF inflows at ~ US$10bn, or 67t. The contrast suggests that much of September's weakness came from futures liquidation and macro-driven positioning rather than a broad withdrawal of strategic investment demand. This could become important if Treasury yields stabilise, as reduced speculative positioning combined with continued ETF demand may leave gold better positioned to respond to an improvement in the rates backdrop.



Source: LSEG

Central-bank demand also remains an important structural pillar. Reported net purchases reached 39t in August, taking year-to-date buying to around 170t. China remained a major buyer, while Poland continued accumulating towards its longer-term reserve target. China is net buyer of Gold for consistent 23 months. The persistence of official-sector purchases despite historically elevated gold prices suggests that reserve diversification, geopolitical risk and concerns surrounding the long-term stability of sovereign assets remain important motivations rather than purely price-sensitive demand.

Outlook:

Overall, gold's medium-term fundamental structure remains constructive despite September's correction. The key near-term battle is between still-elevated Treasury yields and inflation risks versus moderating expectations for an immediate Fed hike. Strong ETF accumulation, continued central-bank buying, fiscal and sovereign-debt concerns and geopolitical uncertainty provide structural support. This week's U.S. CPI, followed by PPI and retail sales, will therefore be particularly important: softer inflation could further reduce October tightening expectations and pressure yields, while another upside inflation surprise could revive Fed hike bets and temporarily challenge gold's recovery. Both Gold and Silver could continue to trade in a broad range.

Technical Levels:



MCX Gold on daily chart has been trading in a broad range since past two weeks and has been failing to give any trend direction for short-term. Immediate support is placed at ₹1,48,000 whereas resistance is capped at ₹1,52,000. Price sustained break on either side will give further trend direction. Sustained break above resistance will confirm positive move towards ₹1,54,775 – 1,56,200 levels whereas break below support will signify weakness towards ₹1,46,000 mark. So, trading on extreme i.e., buying above resistance or selling below support is recommended



MCX Silver has recovered from its recent lows but is still struggling to continue its positive momentum. Short-term resistance is capped at ₹2,29,200 whereas support is placed at ₹2,19,800. Price is likely to remain in a broad range within the given levels and price sustained break on either side will give further trend direction. Sustained break above resistance will confirm positive move targeting ₹241,500 mark whereas sustained break below the support will signify further weakness towards ₹214,500 levels. So, trading on extreme i.e., buying above resistance or selling below support is recommended.

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