

Gold Rally Gains Momentum Amid Trade Uncertainty and Market Volatility

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Gold bull run intact

Spot Gold prices after having made a low of \$ 2541 per oz (November 14, 2024, coinciding with the election of Mr Trump as US president), since then moved higher dramatically and made a historic high of \$ 3496 per oz on April 22, 2025. In about five months, gold prices spurted up by 37 per cent, in absolute terms, it has moved higher by \$ 955 per oz.

Prices moved higher in anticipation of reciprocal tariff measures by the Trump-led US administration on other countries, notably China, the EU, the UK, India and others to rectify the trade practices that contribute to large and persistent annual United States goods trade deficits.



Nevertheless, the Trump administration, which initially announced a base tariff of 10 per cent on all imports coming into the US and subsequently announced reciprocal tariffs on almost all countries except a few, which was deferred for 90 days for the countries which has retaliated against the tariff measures.

Central banks' buying of gold continues, and they purchased a total of 244 tons in Q1 of 2025 (source: World Gold Council), driven by the uncertain global economic environment and a desire to diversify reserves.

Gold prices, after having made the historic high of \$ 3496 per oz since then have been in a correction phase and so far, have made a low of \$ 3127 per oz on May 15. Now, the prices are within the broadening channel formation, facing resistance at higher levels of \$3400 and above per oz. Technically, on the higher side, resistance is seen in the region of \$ 3400 and 3430 per oz and if these levels are breached for two consecutive days then it may signal continuation of the current bullish phase will probably reach new historic highs in the region of \$3600 and \$3700 per oz in the medium term. At the same strong support is seen initially around the \$3190-3200 zone and then towards \$3123-3070-3030 per oz.

From what has happened so far on the tariff front by the Trump-led US administration, it is widely believed as a tactic to bring the countries to negotiate with them to resolve the trade-related issues amicably. A classic example is the recent tariff threat to the EU bloc, which was swiftly reversed.

Risk factors: Watch out for geopolitical tensions, which may spiral out of control at any given point in time. Also, stay focused on the US Fed meetings in the coming few months, which may give a hint on the prospects of the US economy, inflation, and interest rates scenario going forward.

One has to wait and watch out for the ongoing trade negotiations between the US and China/EU/India, and whether the same will be resolved amicably, for the reciprocal tariff period is extended further post July 09, when the deferred tariff time lapses.

The US and the UK trade deal is a motivating factor that the trade deal may be resolved mostly amicably, or a broader agreement reached on further talks during the remaining intermediary period.

Silver remains in the broader range

Silver prices continued to trade in the broad range since March 2024. During this period, it has taken support in the region of \$26 and \$27, with upside capped in the region of \$34.25 and \$35 levels

Silver price has not moved up in tandem with gold prices even though the Silver industrial demand rose by four per cent in 2024 to 680.5 million ounces (Moz), yet another record high for the fourth consecutive year, according to the World Silver Survey 2025, published by the Silver Institute in April 2025. However, silver physical demand in 2024 fell by three per cent to 1.6 million ounces.

Silver industrial demand is likely to be muted in 2025, considering the global economic uncertainties arising from the US reciprocal tariff measures on other countries.

Technically, one can foresee the prices to stay in the region of \$31 and \$35 per oz and breadth of those levels decisively on a two-day closing basis to signal further direction of the trend. On the higher side, it has the potential to go as high as \$38-40 in the short to medium term (3 to 6 months). At the same time downside is capped at around \$28.75-\$27.50 per oz.

Conclusion:

Gold continues to shine as a safe-haven asset amid heightened trade tensions and global economic uncertainties, bolstered by strong central bank demand and investor sentiment. While prices have entered a corrective phase after reaching historic highs, technical indicators suggest further upside potential if key resistance levels are breached. However, ongoing geopolitical developments and U.S. monetary policy signals will play a crucial role in shaping the medium-term outlook. Meanwhile, silver lags behind gold in price momentum despite robust industrial demand, trading within a defined range. A breakout on either side will dictate its next directional move, but muted demand projections and macroeconomic headwinds may limit near-term gains. Overall, the precious metals market remains highly sensitive to policy actions, global negotiations, and macroeconomic cues.