

# Bullion Boom: The Case for Gold and Silver in Uncertain Times

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GOLD FOR ALL

Gold has regained its shine among investors, emerging as one of the best-performing assets in recent years. In 2024, it surged nearly 27%, and by August 2025, it had already risen another 35%. Silver has outperformed gold by climbing more than 40% in the first eight months of 2025. Despite these strong gains, history suggests that bullish phases in precious metals often last for years. Their enduring appeal lies in diversification benefits, safe-haven status, inflation protection, and growing structural demand from both central banks and investors.

## Top 5 Reasons Behind the 2025 Bullion Rally

### 1. Monetary Policy & Rate Cuts

Weak U.S. employment data has fuelled expectations of Federal Reserve rate cuts. Lower interest rates reduce the opportunity cost of holding gold, while a softer U.S. dollar further boosts demand.

### 2. Central Bank Buying & Investment Inflows

Countries such as China, India, Turkey, and Russia have accelerated gold purchases to reduce dependence on the dollar. Alongside, investor inflows into Gold ETFs are amplifying upward momentum.

### 3. Geopolitical & Policy Uncertainty

From tariff threats to regional conflicts, rising risks are driving investors toward safe-haven assets like gold and silver.

### 4. Inflation & Fiscal Worries

Stubborn inflation, large U.S. fiscal deficits, and debt-to-GDP ratios exceeding 120% are sparking concerns of monetary debasement. This strengthens the case for long-term gold allocations.

### 5. Silver's Industrial Demand

Silver's surge is not purely investor-driven; industrial usage in solar panels, EVs, and electronics is providing fundamental support. Persistent supply deficits have helped silver touch repeated record highs.



## A Rubicon Moment for Gold

The freezing of \$300 billion in Russian reserves in 2022 permanently altered central bank reserve management strategies. Many realised foreign assets could be politically weaponised, accelerating the move toward gold. After foreign exchange, gold has emerged as the second most significant reserve asset in the modern system.

Developing nations—particularly China, India, and Turkey—are leading this shift, diversifying away from dollar reserves to insulate against sanctions, currency volatility, and geopolitical instability. At the same time, private investors see gold as an essential hedge against inflation, rising U.S. debt, and depreciating currencies.

### Comparing the Current Rally with the Past

Since September 27, 2022, gold prices have risen 109%. While this outpaces developed market equities—the MSCI World Index gained 78% over the same period—it still lags earlier rallies.

- During the 1970s stagflation, gold soared 721%.
- After Nixon ended dollar-gold convertibility in 1971, prices rose 352%.
- Post-Dot Com Bubble, gold rallied 292%.
- After the Global Financial Crisis, it climbed 167%.

Given that previous bull markets lasted over 1,500 days on average, the current rally—just 1,046 days old—may still have considerable room to run. Importantly, institutional and retail participation remains relatively muted, suggesting the rally is far from euphoric stages.

## Strategic Portfolio Allocation

Gold and silver's low correlation with equities and bonds makes them an essential hedge. Suggested allocations include:

- Aggressive equity investors: 10–15%
- Conservative investors: 15–20%
- Retirees/risk-averse investors: 20–25%

In India, ETFs and Digital Gold/Silver SIPs are emerging as efficient, storage-free ways to gain exposure.

## Rise of Digital Gold and Silver

The new generation of investors—millennials and Gen Z—are increasingly choosing digital platforms to invest in bullion. Platforms such as Augmont allow investments from as little as ₹1, making gold and silver accessible to everyone. These products combine affordability, instant liquidity, and storage-free safety.

Digital bullion is fully backed by physical 24K gold or pure silver, securely stored and insured. With seamless UPI integration and SIP options, it is transforming into a mainstream asset class. For a generation accustomed to mobile banking, 24/7 pricing, and instant redemptions, digital gold offers the perfect blend of tradition and technology.

## Outlook Ahead

- **With a U.S. slowdown, sticky inflation, and persistent fiscal deficits, gold and silver bullish case remains strong. Central bank buying, structural demand from digital gold, and ongoing geopolitical risks suggest precious metals will remain elevated.**
- **If macroeconomic risks remain elevated, gold prices could feasibly target \$3700 (~Rs 1.10 lakh) in the next few weeks in September and \$4000 (~Rs 1.20 lakh) in the next few months before 2025 ends.**
- **Silver, after breaking \$40 resistance, can continue its northward journey towards \$43 (~Rs 1.30 lakh) in the next few weeks in September and \$45 (~Rs 1.35 lakh) in the coming few months before 2025 ends.**