GOLD PRICE TRENDS

CANARA BANK | ECONOMIC RESEARCH VERTICAL | HEAD OFFICE

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How Gold Has Behaved in Last 100 Years ?

Annual Average Price gives us the Clear Indication about How has gold evolved over multiple economic and monetary regimes !

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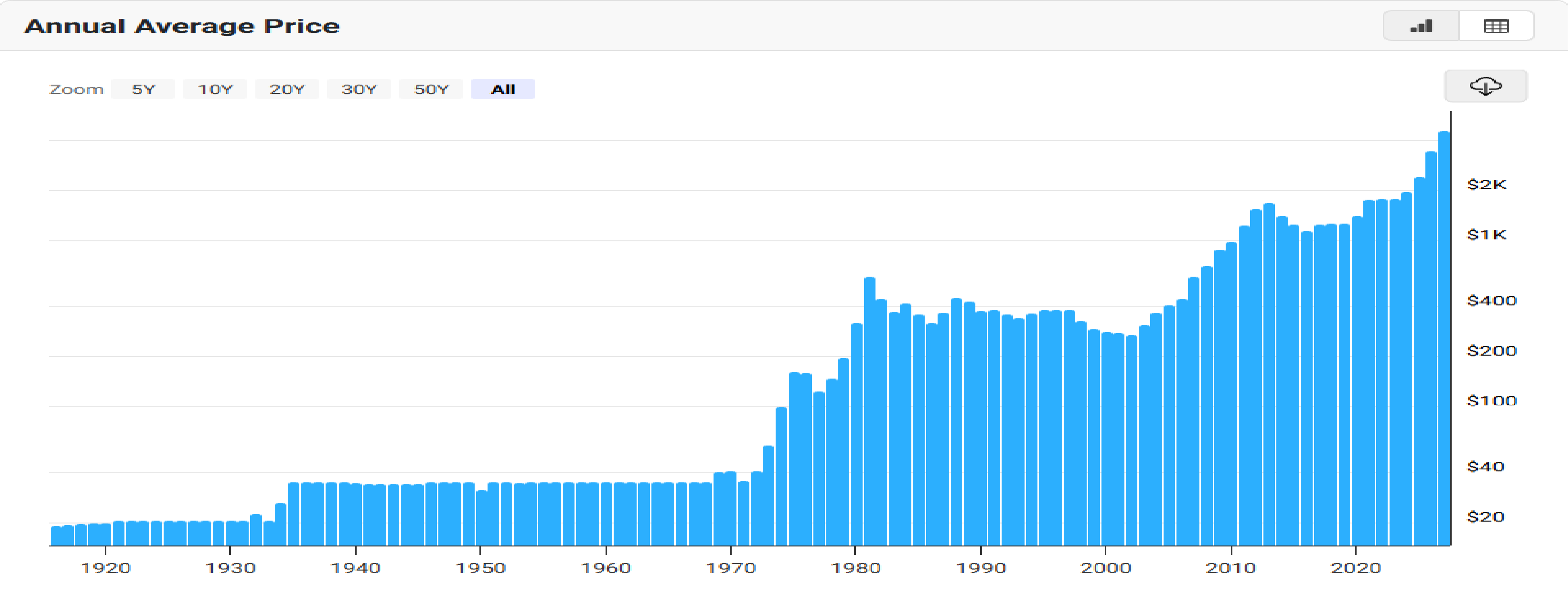
भारत सरकार का उपक्रम
A Government of India Undertaking
सिंडिकेट Syndicate



Quick Fact : The sustained increase in annual average prices reflects structural shifts in the global financial system, making gold an increasingly important asset class for central banks, investors, and banks with significant gold loan portfolios

Gold's Long-Term Wealth Preservation: Inflation-Adjusted Performance (1915–2026)

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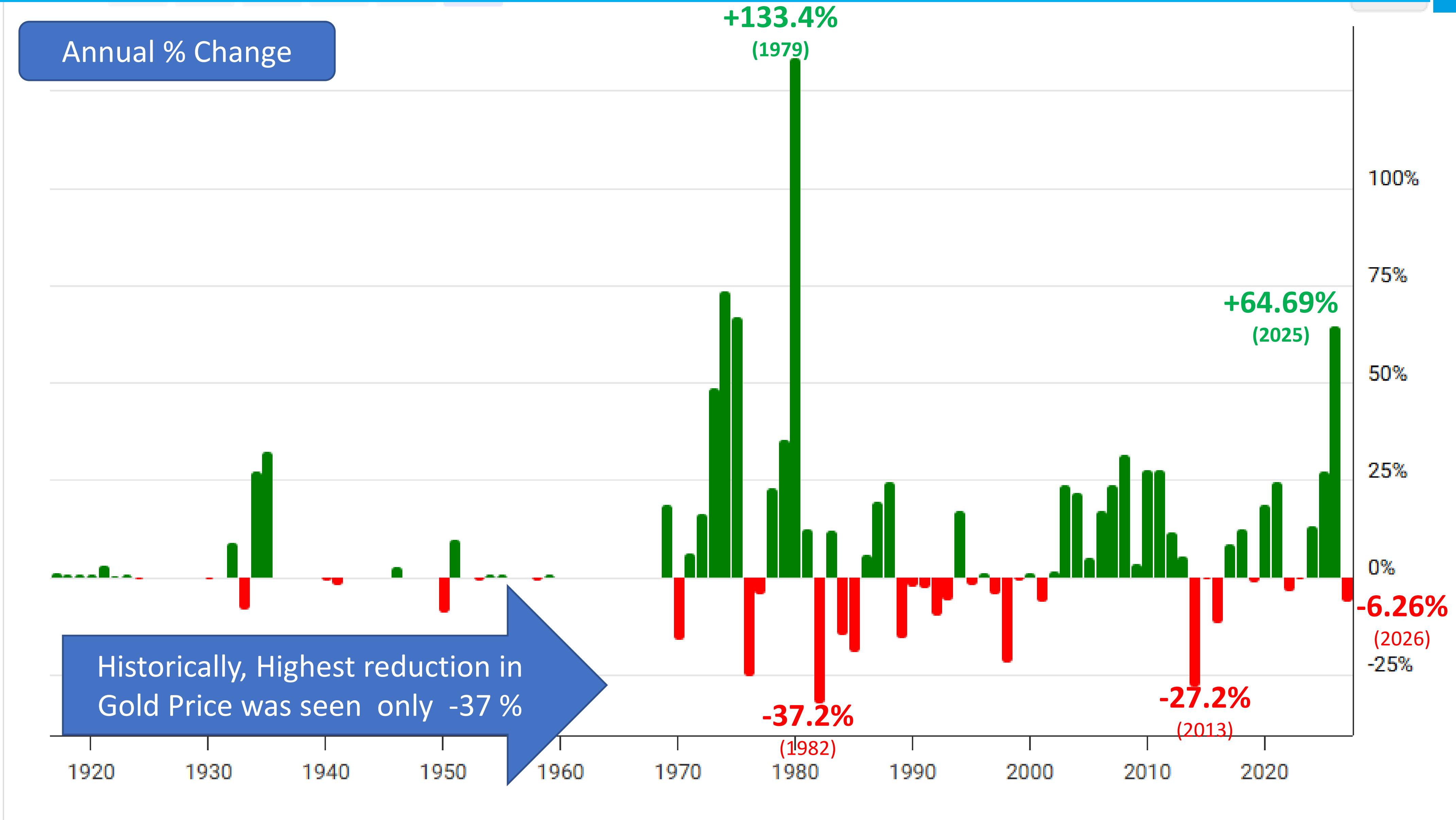
What is the Annual % Change in the Price in Last 100 Years : Highs & Lows



Source : https://www.macrotrends.net/1333/historical-gold-prices-100-year-chart

Gold Still Continues to be a Strategic Reserve Assets for Major Central Banks ..

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YEAR	CHINA (People's Bank of China)	INDIA (Reserve Bank of India)	TURKEY (Central Bank of Turkey)	BRAZIL (Central Bank of Brazil)	RUSSIA (Bank of Russia)	USA (Federal Reserve)
2021	63	77	61	62	— 0	— 0
2022	≈62	33	148	— 0	— 0	— 0
2023	225	16	160	— 0	— 0	— 0
2024	44	73	75	— 0	— 0	— 0
2025*	27	≈3	27	43	−6	— 0

***2025 data is up to latest available** (Full year 2025 for most, or latest reported)

CHINA
Consistent buyer every year, with exceptionally strong purchases in 2023 (225 tonnes).

INDIA
Consistent buyer over the past five years, especially strong in 2024 (73 tonnes).

TURKEY
One of the largest buyers globally in 2022–2024, before slowing in 2025.

BRAZIL
Returned to buying in 2025 (43 tonnes) after several years of little activity.

RUSSIA
Minimal activity recently; reported a small net sale in 2025.

USA
No significant purchases; already holds the world's largest official gold reserves (~8,133 t).

SOURCE: World Gold Council – Gold Demand Trends 2021–2025 (Central Banks) | GOLD: A TIMELESS RESERVE OF VALUE

Gold Price Behavior in Last One Year (July 2025...July 2026)

Gold and alternative asset classes

Sensitivity of gold prices to other asset classes/financial metrics

Variable	Relationship	Gold p[rice sensitivity
Enteral bank purchase/sale	Directly proportional	20-30t equates to a 1% increase/decrease
Indian import duty	Inversely proportional	10% duty implies a 2% decrease
Interest rates	Inversely proportional	25 bps decrease in US 10 yr yields lead to a 1.75% increase
Inflation	Directly proportional	1% increase in CPI leads to 0.%% increase
Geo political risk	Directly proportional	Increase in prices

Factors contributing to gold price movements

Particulars	Contribution %
Economic expansion	12%
Risk and uncertainty	17%
FX rates and interest rates	14%, 3%
Momentum	24%
Total	70%

Correlation Matrix (Approximate, based on recent 1-year daily returns)

Asset	Gold Spot	Gold ETFs (GLD/IAU)	Silver	S&P 500	DXY (USD)	10Y Yield	Nifty 50	Bitcoin
Gold Spot	1.00	0.98	0.78	-0.12	-0.78	-0.72	0.08	0.48
Gold ETFs	0.98	1.00	0.76	-0.10	-0.76	-0.70	0.10	0.45
Silver	0.78	0.76	1.00	0.15	-0.55	-0.48	0.22	0.52
S&P 500	-0.12	-0.10	0.15	1.00	-0.35	0.25	0.65	0.55
DXY	-0.78	-0.76	-0.55	-0.35	1.00	0.60	-0.25	-0.40
10Y US Yield	-0.72	-0.70	-0.48	0.25	0.60	1.00	0.18	-0.15
Nifty 50	0.08	0.10	0.22	0.65	-0.25	0.18	1.00	0.35
Bitcoin	0.48	0.45	0.52	0.55	-0.40	-0.15	0.35	1.00

Observations

- **Gold ETFs** track physical gold extremely closely (0.98 correlation) — excellent proxy.
- **Strong safe-haven properties:** High negative correlation with USD and bond yields.
- **Diversification benefit**: Near-zero or negative correlation with equities (S&P 500 / Nifty), making gold ETFs valuable in balanced portfolios.
- **Silver linkage:** High but more volatile — silver amplifies gold moves.
- **Bitcoin**: Moderate positive correlation — “digital gold” narrative is strengthening but still distinct.

Gold vs other asset classes returns

	H2 2025	H1 2026
EM stocks	16.25	22.78
Gold	32.66	-6.77
DM stocks	12.50	12.95
Commodities	9.71	14.13
US stocks	10.74	7.86
Global bonds ex US	-2.26	-1.64
US bonds	3.15	0.98

Gold Outlook: Base, Bull and Bear Scenarios…

Scenario	Dec 2026 Price (USD/oz)	Key Assumption
Bear	$3,700 – $4,100	Strong USD + faster US growth + de-escalation
Base	$4,350 – $4,550	Moderate Fed easing + steady demand
Bull	$4,700 – $5,200+	Persistent geopolitics + aggressive rate cuts

Key Factors Influencing Next Few Months

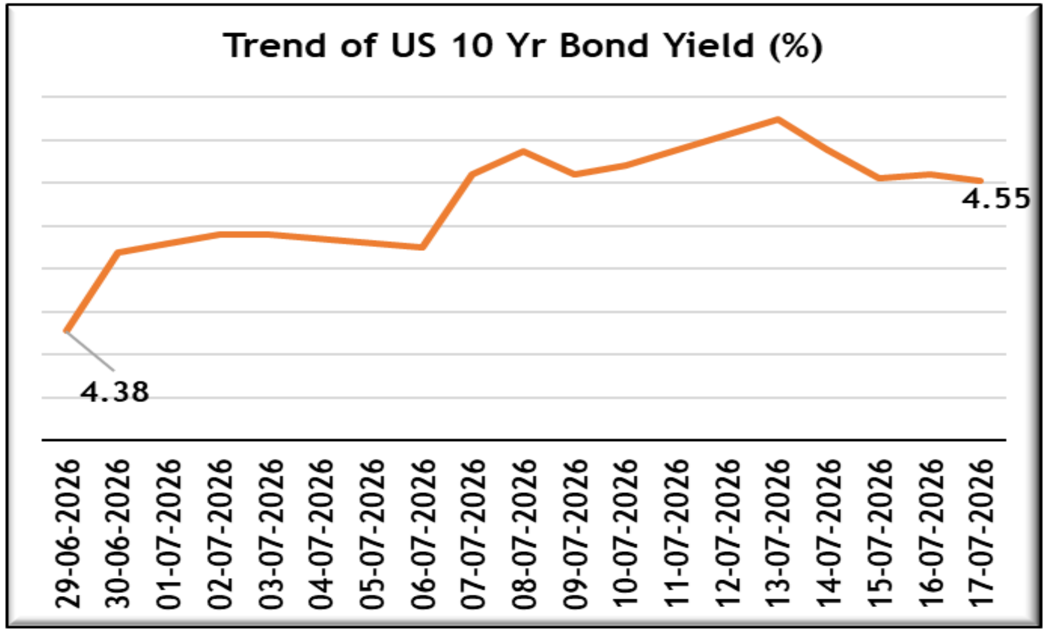
1. **US Dollar Index (DXY)** — Strong negative correlation (weaker USD = higher gold).
2. **Fed Policy** — Rate cut expectations are supportive.
3. **Indian Demand** — Festival season (Aug–Nov) usually provides strong floor.
4. **Central Banks** — Ongoing reserve diversification remains a major tailwind.
5. **Geopolitics** — Any escalation supports safe-haven buying.

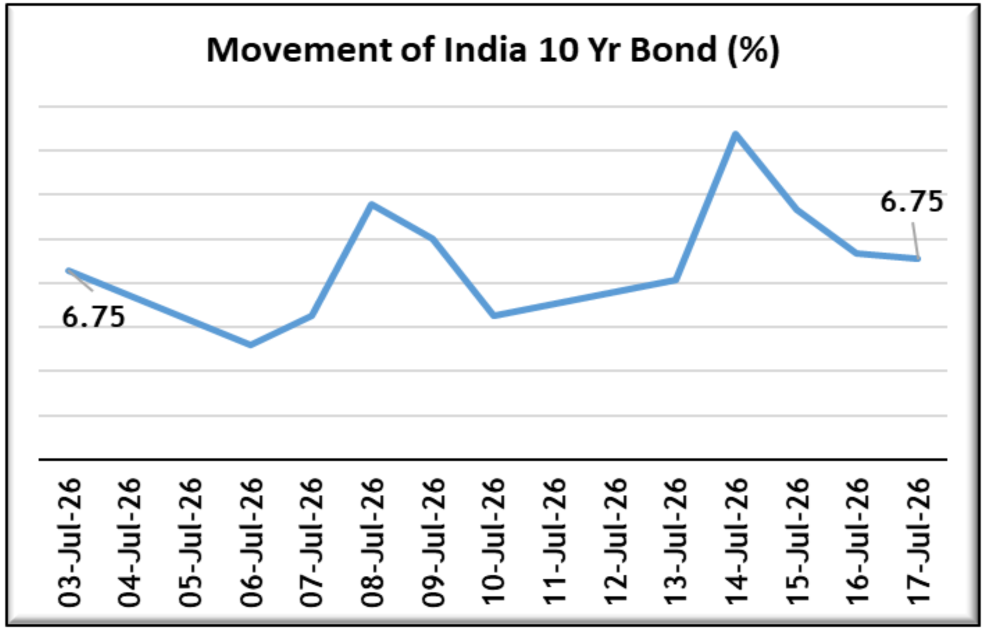
How much we can Expect Gold Prices to Go Down ?

5500*73% =4000

ASSET MARKET – BOND YIELD MOVEMENT

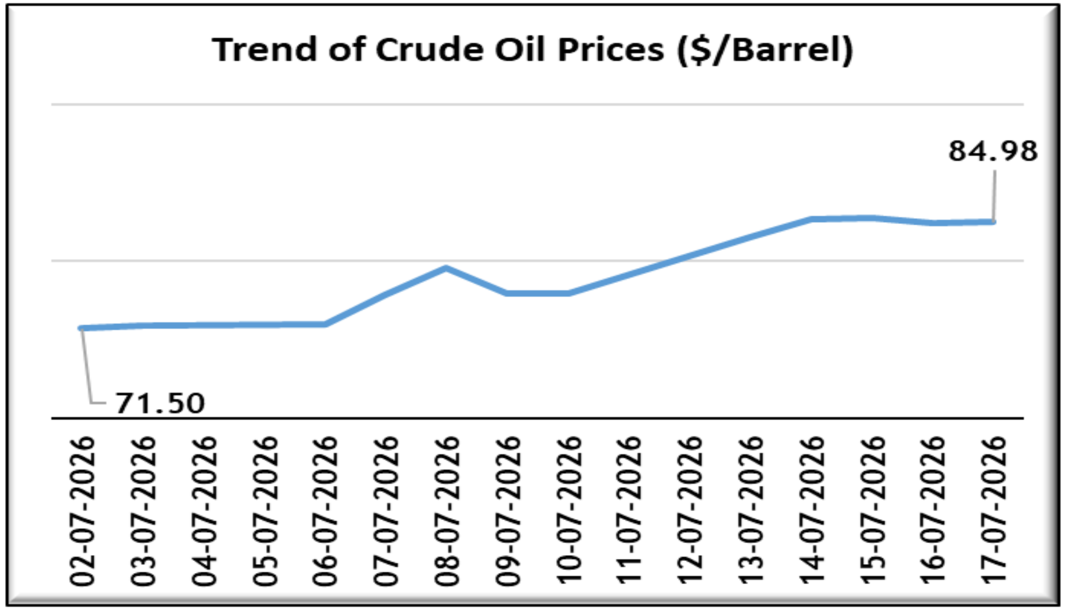
- **Last day (16th July):** Indian government bonds yield rose as steady oil prices eased macroeconomic concerns and fading U.S. rate-hike bets supported sentiment, while investors waited for news on India's possible inclusion in Bloomberg's flagship bond index.
- Today 10 yr benchmark bond yield is trading at 6.75%.

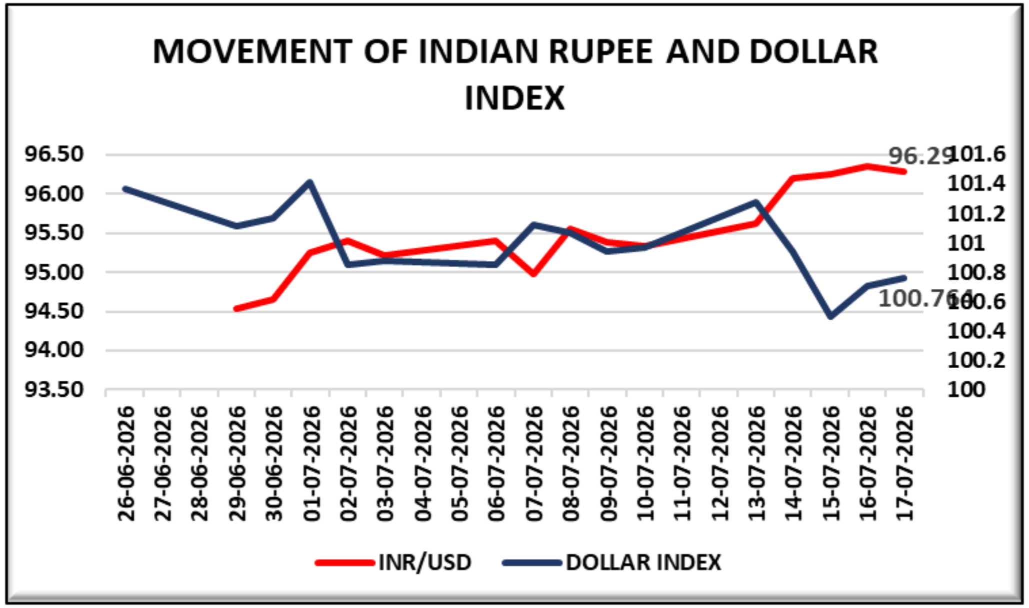




- Today Gold per Troy Ounce (USD)- 3989.43
- Today Silver per Troy Ounce (USD)- 55.34

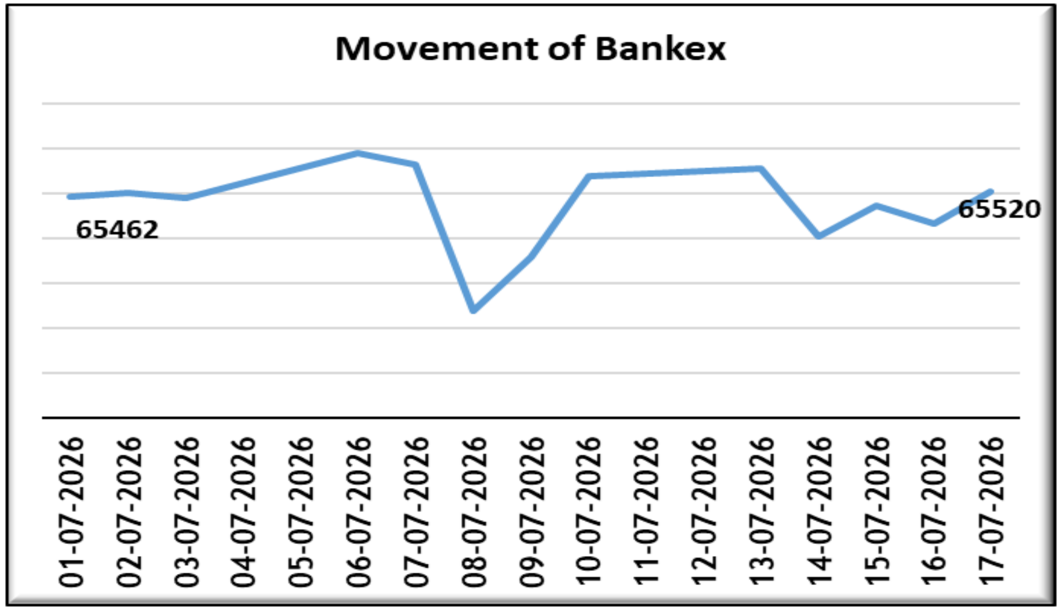
- ❑ **Last day (16th July) :** The Indian rupee depreciated against the dollar amid volatility in global crude oil prices and a stronger greenback as the West Asia crisis intensified. Foreign Institutional Investor outflows put further pressure on the local unit.
- ❑ Today rupee is trading at **96.29$.**

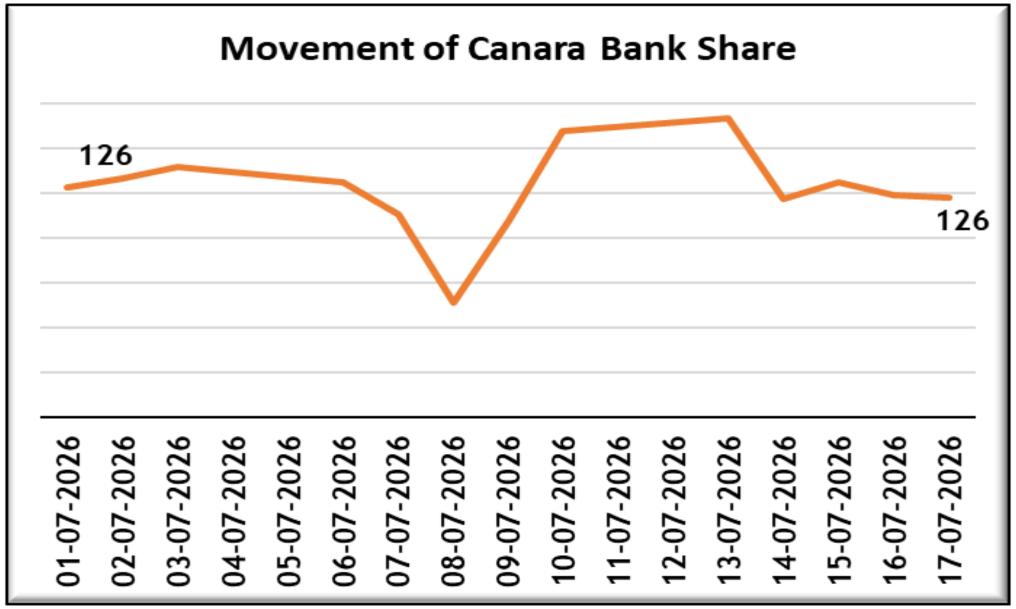




- Depreciation bias for INR expected and INR outlook depends on
  - ❑ US rates and dollar Index, India's GDP outlook, RBI intervention, Year end dollar demand by importers

ASSET MARKET - EQUITY





- **Last day (16th July):** Indian equity market closed nearly flat as investors remained cautious amid geopolitical uncertainties, fluctuating oil prices and weak Asian market trends. While inflation concerns weighed on financials and realty, the chemicals space emerged as a bright spot, supported by the reinstatement of import duties on select petrochemicals, alongside strong earnings traction.
- Bankex closed at 65,168 Canara Bank closed at 125.90.
- Today Bankex is trading at 65,520 and Canara Bank share is trading at 125.79.

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