Metals As Macroeconomic Movers

(All that Glitters is ‘often’ Gold & Silver)

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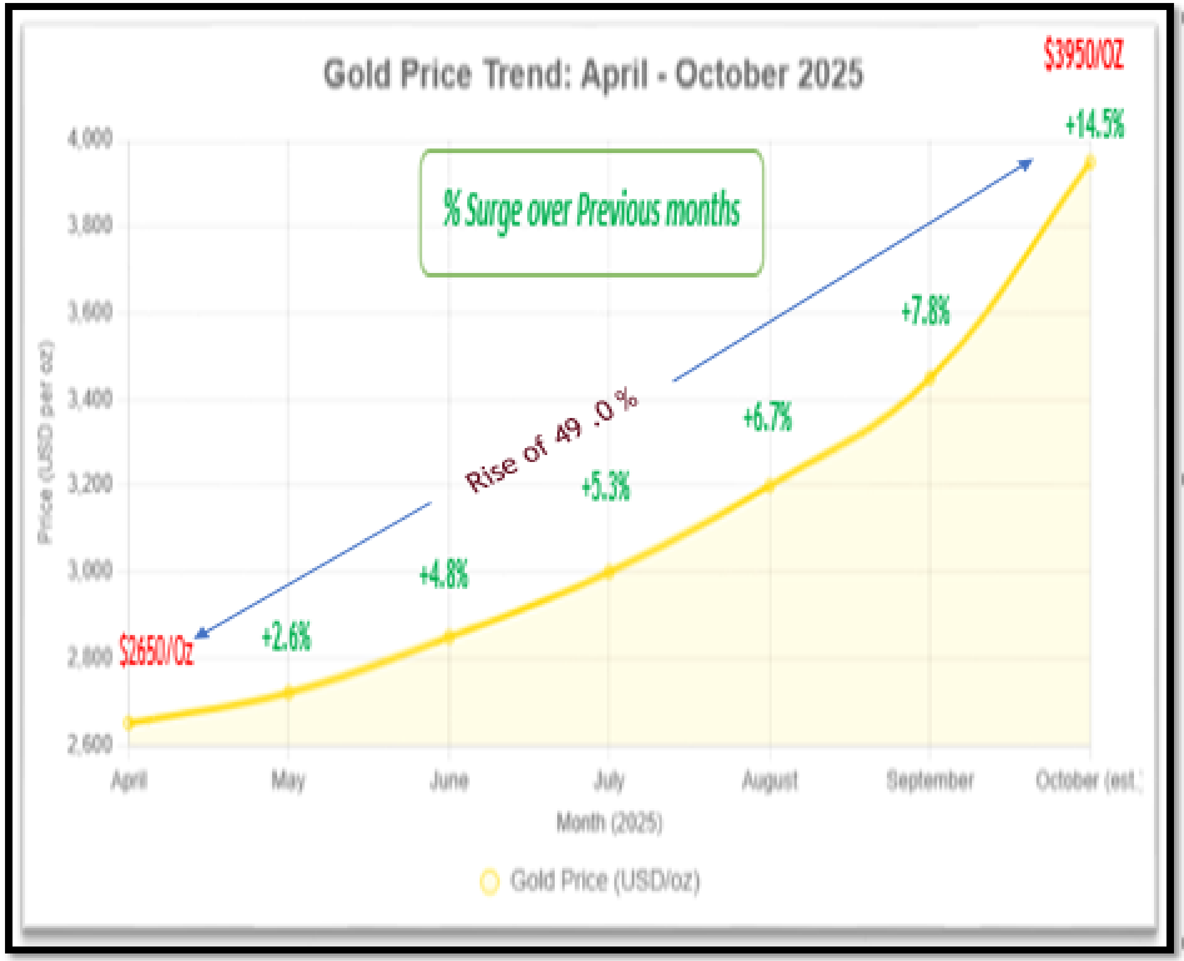
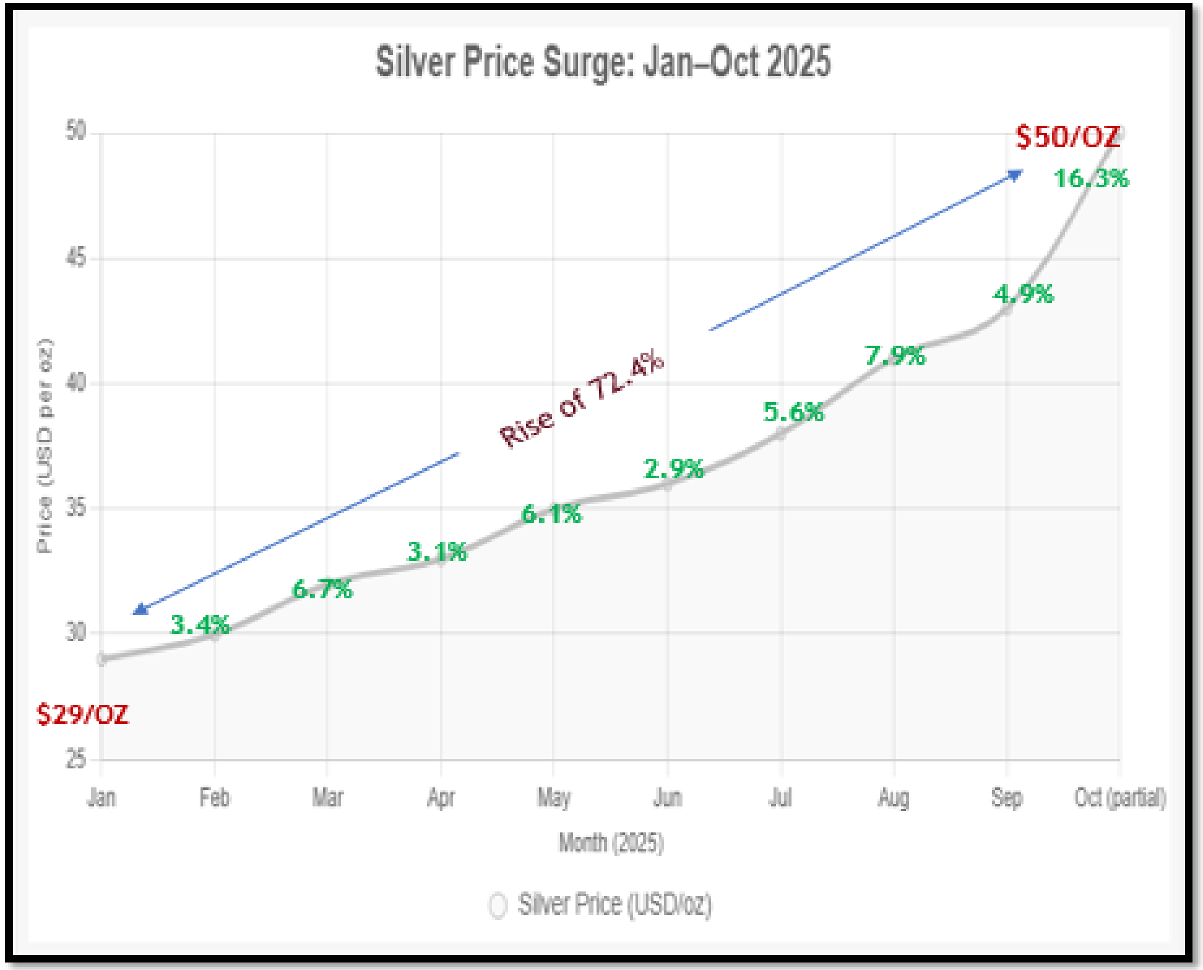
Upward Price Trajectory of Gold & Silver ....





Comparative Investment Returns (October 2015–October 2025)…

Asset	Starting Value (Oct 2015)	Ending Value (Oct 2025)	Nominal Total Gain	Nominal CAGR	Inflation-Adjusted CAGR (In Descending Order)
Silver	₹33.55/gram	₹190.10/gram	467%	18.90%	12.70%
Gold	₹2,449/gram	₹12,945/gram	429%	18.10%	12.00%
Sensex	27,215 points	83,061 points	205%	11.80%	6.00%
Nifty	8,238 points	25,450 points	209%	11.90%	6.10%
Fixed Deposit (FD)	Avg. rate ~7.25% p.a.	Avg. rate ~6.75% p.a.	86%	6.35%	0.80%
10-Year G-Sec	Yield 7.6%	Yield ~6.5%	79%	5.90%	0.40%

Assumptions:

- ✓ *FD: Assumes rolling 1-year deposits at average rates (7.25% to 6.75%)*
- ✓ *Inflation Adjustment: Uses -5.5% average CPI inflation (2015–2025). Real CAGR ≈ Nominal CAGR - Inflation.*
- ✓ *G-Sec: Total return (coupon 7% + 7.7% capital gain from yield drop)*
- ✓ *Nominal CAGR: [(Ending Value / Starting Value)^(1/10) - 1] * 100.*
- ✓ Metals/Indices: Price-only (no dividends/income). Gold/silver prices from market data; Sensex/Nifty from BSE/NSE

--Key Insights—

Metals Outperform:

Gold (12.0%) and silver (12.7%) lead in real returns due to global rallies (gold +258% in USD, silver +234%) and INR depreciation (~20% vs. USD).

Equities Solid:

Sensex/Nifty (6% real CAGR) beat fixed-income but lag metals, driven by India's economic growth (6-7% GDP CAGR).

Fixed-Income Lags:

FD (0.8%) and G-Sec (0.4%) barely outpace inflation, reflecting low real yields in a declining-rate environment.

Top Economies Are Buying Gold & Silver…

Gold Purchase by Major Central Banks (Oct,2024-Oct2025)				
Ranking	Country/ (Central Bank)	Total (12 Months)	Current Reserves (in Tonnes as of Oct 2025)	% of Total Reserves/ Assest
1	National Bank of Poland (NBP)	109	515	21%
2	Japan (BOJ)	81	846	5%
3	State Oil Fund of Azerbaijan (SOFAZ)	52.8	185	30%
4	Central Bank of Turkey (CBRT)	51	635	53%
5	India (RBI)	45	876	12%
6	China (PBoC)	34	2,300	5%
7	National Bank of Kazakhstan	24	316	39%
8	Germany (Bundesbank)	0	3,352	72%
9	United States (Fed)	0	8,133	68%

Top 3 Countries by Import/Consumption of Silver (2024-25)		
Country/ Region	Import Value (USD Bn)	Consumption Share(%)
United States	$4.39	22%
India	$1.83	15-20%
China	$1.1	20%

Top 3 Banks : Gold Share in Total Reserve	
Country /Banks	Gold Share (%)
Germany (Bundesbank)	72%
United States (Fed)	68%
Central Bank of Turkey (CBRT)	53%

Approach of Global Central Banks Towards Gold Buying …

Country (Central Bank)	YTD (Oct-2024-Oct,2025 Net Purchases (Tonnes)	Approach	Key Motivations/Strategy
India (RBI)	3.8 (modest; only 3 months of buys)	Selective and Price-Sensitive	Cautious diversification from USD; inflation/geopolitical hedge; slowed by high prices; repatriated 100t for sovereignty.
China (PBoC)	23 (11-month streak; likely higher unreported)	Consistent and Geopolitical	Systematic de-dollarization; RMB internationalization via Shanghai Exchange; consistent monthly buys despite pauses.
Russia (CBR)	0 (unchanged; minor tactical sales)	Defensive and Production-Reliant	Defensive sanctions resistance; domestic production focus; high share reduces need for buys; de-dollarization complete.
Poland (NBP)	67 (largest global buyer YTD)	Target-Driven and Security-Focused	Aggressive crisis hedging; explicit targets (raised to 30% in Sept 2025); geopolitical security near Ukraine.
US (Fed)	0 (no changes)	Passive and Dollar-Centric	No active strategy; holdings unchanged since 1971; relies on USD dominance; gold as historical hedge.
Germany (Bundesbank)	0 (minor sales possible)	Stable and Conservative	Conservative stability; no buys since 2017; repatriated for sovereignty; high share reflects risk aversion.
Turkey (CBRT)	21 (26-month streak)	Persistent and Inflation-Hedging	Aggressive de-dollarization; lira volatility hedge; consistent buys amid inflation; high share for stability.

Gold Price Forecast: 2025–2026 and Beyond

Source/Institution	End-2025 Forecast (USD/oz)	2026 Average/Peak Forecast (USD/oz)	Key Rationale
Bank of America	$4,400 (average)	$5,000 (peak); $4,400 (average)	14% rise in investment demand; central bank buys; first major bank to hit $5,000 milestone.
Goldman Sachs	$4,000 (mid-year)	$4,900 (end-2026)	Structural central bank demand (80t/month); ETF inflows from Fed cuts; 6% rise from Sept 2025 levels.
J.P. Morgan	$3,675 (Q4 average)	$4,000 (mid-2026)	710t/quarter demand; trade uncertainty; +30% YTD rally to continue.
UBS	$3,800	$3,900 (mid-2026)	Fed easing; ETF holdings to exceed 3,900t; mid-single-digit allocation recommended.
ING	$4,000 (Q4 average)	$4,150 (average)	Safe-haven flows; overbought but bullish medium-term; central bank support.
CoinCodex/ Lite Finance	$4,848 (average)	$5,792 (start); $7,223 (end)	Supply Driven inflation +2,500–3,500t/year; optimistic rally to $6,577 mid-year.
Long Forecast	$5,106	$5,500+ (early)	Monthly highs to $5,361 by Dec 2025; continued upward trend.
Coin Price Forecast	$5,204	$5,544 (end)	+97% YOY for 2025; +33% from current.
Investing Haven	$3,800	$4,200	Bullish with pullbacks; peak $5,155 by 2030.
StoneX Bullion	$3,150	$3,300; $3,800 (max)	CPI/M2 alignment; cup-and-handle pattern for multi-year bull (Based on Technical Analysis)
Consensus Average	~$4,100	~$4,500	Blended from above; upside skewed by emerging market demand.

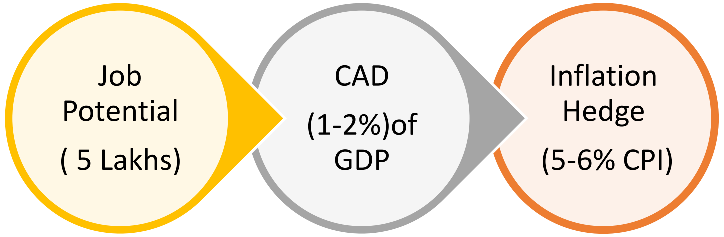
Gold Economics of India....

Historical Gold Consumption In India

Year	Annual Consumption (tonnes)	Key Drivers	Avg. Gold Price (₹/10g, 24K)
2010	~800	Post-reform growth, weddings	18,500
2011	1,145 (peak)	Festival/wedding surge, global uncertainty	26,400
2013	1,067	High volumes pre-duty hikes	29,600
2020	700 (dip)	COVID lockdowns curb jewellery	48,650
2021-2023	750-840 (stable)	Recovery, ETF rise	47,000-61,000
2024	802.8	Duty cut to 6%, festivals	64,070
2025 (proj.)	600-800	Price sensitivity dents jewellery; investment up	93,000-106,000 (as of Sep)

Gold Demand by Sectors in India (Year 2024)

Sector	Volume (Tonnes)	% of Total Demand	Key Trends/Drivers
Jewelry	563.4	70%	Weddings and festivals dominated. India led global jewelry consumption at ₹3.6 lakh crore (~$43 billion).
Investment (Bars & Coins)	166.4	21%	Up significantly (part of 41% Q3 surge); resilient amid volatility, with anecdotal uptick in bars/coins.
Exchange-Traded Funds (ETFs) & Other	~20 (est.)	2-3%	Holdings grew to 64.5 tonnes by Q1 2025; Q1 inflows hit record 6.7 tonnes, fueled by diversification needs.
Central Bank (RBI Purchases)	73	9%	Up 4x from 16 tonnes in 2023; strategic diversification continued into 2025 at ~6.6 tonnes/month (with pauses).
Technology/Industrial	Minimal (~5-10 est.)	<2%	Negligible in consumption patterns; mainly electronics/medical uses, not a major driver.



Gold Loan Portfolio in Indian Financial Institutions

Canara Bank

Historical Trends (Bank Gold Loans Against jewallery as % of Total Advances)			
Financial Year/Period	**Gold Loans Outstanding (₹ lakh crore)**	**Total Bank Advances (₹ lakh crore)**	**Share (%)**
FY23 (Mar 2023)	0.70	160.0	0.44
FY24 (Mar 2024)	1.03	170.0	0.61
H1 FY25 (Sep 2024)	1.54	172.0	0.90
FY25 (Mar 2025)	2.10	172.4	1.22
Est. Oct 2025	2.30-2.50	175.0-178.0	1.3-1.5

Market Share : Banks vs. NBFCs in India (2025 Overview)		
Banks	**NBFCs**	**Trends**
Dominate (60-70% est.), especially PSBs via PSL for agri loans; widespread rural branches.	30-40% est.; focused on urban/semi-urban via digital products.	Banks growing at 12.3% CAGR; NBFCs face competition from fintech.

Emerging Digital Gold Lending Trends/Players

- ✓ Rupeek: Bengaluru-based uses co-lending with banks like HDFC for doorstep gold loans; raised $100M+ in funding; focuses on AI valuation.
- ✓ India gold: Noida-based; partners with NBFCs for funding secured $50M in

Economic Implications of Gold Price Rise

Gold price surge amplifies India's economic vulnerabilities as a major importer (consuming ~800-900 tonnes annually).

While it enhances RBI's reserve value (India's gold reserves benefit from price appreciation), it strains the trade balance and contributes to rupee depreciation,

Volatility and Margin Call Risks for Banks : A sudden price drop could breach LTV thresholds, forcing borrowers to add collateral, repay partially, or face defaults/auctions

Escalated gold prices are a net positive for Indian banks in the short term by expanding secured lending and profitability, but sustained volatility and macroeconomic spillovers pose notable risks.

THANK YOU !

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