WEEKLY ANALYSIS

IS THE GOLD CORRECTION OVER?

The main fundamental drivers weighed on gold in 2026. A reversal in their influence now looks likely, with expectations of lower real interest rates, a weaker dollar, and a return of central bank buying.

Key points

- A disappointing 2026 for the yellow metal
- Historical econometric analysis of the key drivers
- Main factors influencing gold prices
- Historical analytical results by factor
- Conclusion and summary of the econometric results
- Forward-looking analysis of the gold market in 2027
- Favorable setup for the 4 main drivers
- Mixed short-term technicals, bullish long term

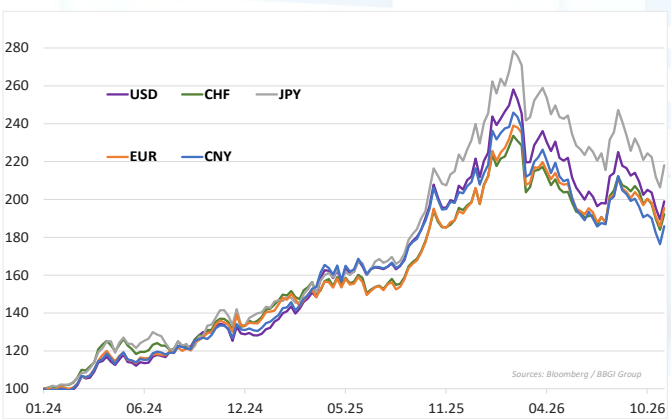
A disappointing 2026 for the yellow metal

After an extraordinary year for gold in 2025 (+64.58%), which followed two already exceptional years in 2024 (+27.22%) and 2023 (+13.1%), 2026 is likely to be a disappointment. A particularly explosive January had propelled gold prices beyond $5,595 per ounce amid a historic speculative surge of nearly +30% in just a few weeks, before enthusiasm gave way to growing skepticism and a sustained decline in prices. Gold prices are currently down -8% since the start of the year. The war in the Middle East, which could have triggered a rise in safe-haven demand that would have benefited gold, had no notable impact, quite the contrary. On the central bank front, purchase programs were paused following the excessive price increases in 2025 and January 2026. The rise in inflation, though clearly visible, was not enough to support prices, which were instead negatively affected by the strengthening dollar, logically bolstered by expectations of rising inflation and an anticipated tightening of the Fed's monetary policy. Finally, the rise in real interest rates also proved to be a particularly significant negative factor. Today, following the Fed's rate hike to 4% in September, inflation approaching 4%, and a gold price of $4,000 per ounce, it is time to consider the likelihood of a possible end to gold's correction phase or a continuation of the downtrend.

Historical econometric analysis of the key drivers

As gold prices still seem to be searching for a point of equilibrium following the prolonged downtrend that began in January, a 10-month period marked by a decline of nearly 30%, we believe it is worthwhile to take stock of the specific situation regarding several factors that have often, either collectively or independently, influenced gold prices for more than half a century, in order to assess their potential role in shaping the current trend. Indeed, these factors do not exert a systematic or consistent influence over time, as their impact varies depending on financial market conditions and investor sentiment. Since the end of the Bretton Woods agreements and President Nixon's decision to suspend the dollar's convertibility into gold in August 1971, the gold market has been the subject of numerous econometric studies and quantitative analyses conducted notably by the Federal Reserve and the World Gold Council, which have sought to measure the coefficients of determination for price movements, temporal stability, and the causality of the various fundamental factors influencing gold prices. We begin our analysis with a review of the overall results of these studies.

Gold price per ounce: USD, CHF, JPY, EUR, CNY



Sources: Bloomberg, BBGI Group SA