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THE RISE AND FALL OF GOLD AND SILVER PRICES

A Study of Global Price Movements, 2023 - 2026 (data up to October 2026)

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Abstract
This paper examines the movement of international gold and silver prices from 2023 to October 2026, focusing on the forces behind the strong upward trend and the sharp corrections witnessed during the said period. Gold and silver are both precious metals, but their market behavior differs: gold is primarily a monetary and safe-haven asset, while silver combines investment demand with substantial industrial use. The study adopts a descriptive and analytical approach based on secondary information published by the World Gold Council, the Silver Institute, the World Bank and the International Energy Agency. The evidence indicates that prices strengthened through 2023–2025 amid geopolitical uncertainty, central-bank gold purchases, expectations of lower interest rates, investment flows and tight physical markets. The rally accelerated in early 2026, but was followed by a material correction as higher interest-rate expectations, a stronger US dollar, profit-taking and easing safe-haven demand weighed on prices. Silver displayed greater volatility because industrial demand, supply deficits and investor activity operate simultaneously. The paper concludes that precious-metal prices are shaped by the interaction of monetary conditions, geopolitical risk, physical supply and demand, and investor sentiment; a rising long-term trend does not eliminate the possibility of abrupt short-term declines.

Keywords: Gold; Silver; Precious Metals; Bullion Market; Safe-Haven Investment; Inflation; Interest Rates; Industrial Demand; Price Volatility; 2023–2026.

Introduction

Gold and silver have historically served as stores of value, media of exchange and inputs for jewelry and industry. In modern financial markets, they are traded through physical bullion, exchange-traded products, futures and other investment instruments. Their prices are quoted internationally in US dollars per troy ounce, while domestic prices such as those in India are reflected in the rupee–dollar exchange rate, import duties, taxes, local premiums and market costs. The period 2023–2026 is particularly relevant because it includes a sustained precious-metals rally followed by a pronounced reversal. Gold benefited from official-sector reserve diversification and demand for protection against geopolitical and financial uncertainty. Silver was supported by investment interest and demand from electronics, solar photovoltaic systems and other industrial applications. However, both metals remained sensitive to real yields, currency movements and changes in expectations about central-bank policy.

The expression “rise and fall” in this paper refers to the broad advance through 2025 and the early-2026 surge, followed by the correction observed in the second quarter of 2026 and subsequent consolidation. Since the study period ends during 2026, the figures for that year are provisional and are not comparable to full-year averages.

Objectives of the Study

1. To examine the trend in international gold and silver prices between 2023 and October 2026.
2. To identify the major economic, monetary, geopolitical and industrial factors influencing price movements.

3. To compare the behaviour and volatility of gold and silver.
4. To analyse the reasons for the 2026 correction after the strong rally.
5. To draw conclusions about the role and limitations of precious metals as investment assets.

Literature Review

The World Gold Council's Gold Demand Trends publications provide a structured account of gold demand across jewelry, technology, investment and central-bank sectors. Its research highlights the importance of official-sector purchases and investment flows in explaining recent price strength. The Council's 2026 market research also emphasizes that gold has a distinctive role as a globally traded monetary asset, with price discovery occurring across interconnected physical and financial markets (World Gold Council, 2026).

The Silver Institute's annual market outlook explains silver's dual character as both a precious metal and an industrial commodity. Its February 2026 outlook reported that silver had reached multiple record levels in January, including a move above US$100 per ounce, before falling below US$80. It also forecast a sixth consecutive annual market deficit in 2026, while noting that photovoltaic-sector thrifting and substitution could restrain some industrial demand (Silver Institute, 2026).

The World Bank's June 2026 analysis of precious metals provides a particularly useful account of the correction. It reported that gold and silver prices declined in the second quarter after a long period of gains. Gold was around 15% below its February peak by June, while silver was approximately 25% below its January record. The Bank attributed the pullback partly to stronger US-dollar conditions, expectations of higher interest rates, reduced safe-haven demand and profit-taking (World Bank, 2026).

The International Energy Agency provides a historical price chart based on LBMA gold and silver benchmarks, enabling comparison of long-term price movements. Taken together, these sources suggest that price changes cannot be explained by a single factor: monetary and investment forces are especially important for gold, while industrial fundamentals add another layer to silver's price formation (IEA, 2026).

Research Methodology

The study is descriptive and analytical in nature and relies exclusively on secondary data. Information has been collected from institutional publications and market research available up to 30th October 2026. The principal unit of comparison is US dollars per troy ounce. A troy ounce is approximately 31.1035 grams.

The analysis uses annual average price observations for 2023–2025 as indicative reference points, together with selected 2026 market milestones and the World Bank's quarterly assessment. The annual figures are rounded and intended to show the direction and approximate scale of movement; they are not a substitute for a complete daily London Bullion Market Association (LBMA) benchmark series. For 2026, full-year averages are unavailable at the study cut-off, so first-half and dated observations are treated separately.

The method involves: (i) arranging the available price observations chronologically; (ii) comparing percentage changes and relative volatility; (iii) reviewing institutional explanations of demand and supply; and (iv) interpreting the effect of macroeconomic and geopolitical developments. No primary survey, econometric model or causal regression has been undertaken. Consequently, the findings

identify plausible market relationships rather than proving that any one factor independently caused a price change.

For Indian readers, international dollar prices should not be read as exact domestic retail prices. Indian prices are additionally affected by USD/INR movements, import policy, customs duties, GST, local premiums and making charges.

Price History 2023 to 2026

The following table summarizes broad reference levels and major turning points. Gold annual averages are rounded market reference estimates; silver annual averages are rounded annual observations. The 2026 entries are partial-year indicators, not annual averages.

Period	Gold (US$/oz)	Silver (US$/oz)	Market movement
2023 annual avg.	~1,940	~23.40	Recovery; inflation and rate uncertainty.
2024 annual avg.	~2,386	~28.25	Strong advance; central-bank and investor demand.
2025 annual avg.	~3,430	~40.16	Acceleration; gold safe-haven demand and silver's strong rally.
Jan–Feb 2026	Record region; gold peak at ~5,589	Silver briefly above 100 in Jan	Sharp speculative/investment surge.
Q2 2026	~15% below Feb peak by June	~25% below Jan peak by June	Correction amid stronger dollar/rate expectations.
To Oct. 2026	Consolidation after correction	Elevated but volatile	Structural support remains, but sentiment is unstable.

Source: World Bank Commodity Price Data (March 2025) and S&P Global.

Global Factors Affecting Gold and Silver Prices

Interest Rates and Monetary Policy

Gold and silver do not generate interest or dividends. When policy rates and real bond yields rise, interest-bearing assets may become more attractive and the opportunity cost of holding bullion increases. Conversely, expectations of rate cuts or declining real yields can support precious metals. Changes in Federal Reserve policy expectations therefore influence both metals, often through the US dollar and bond markets.

US Dollar and Currency Movements

Because international bullion is generally priced in US dollars, a stronger dollar can make gold and silver more expensive for buyers using other currencies and may restrain demand. A weaker dollar can have the opposite effect. For India, rupee depreciation can partly offset a fall in international prices, while rupee appreciation can reduce domestic price gains.

Geopolitical Risk and Safe-Haven Demand

Wars, trade tensions, sanctions, political uncertainty and concerns about financial stability can increase demand for assets perceived as stores of value. Gold is particularly responsive to this channel because central banks, institutional investors and households hold it as a reserve or defensive asset. Silver can benefit as well, although its industrial exposure may amplify declines during periods of weak economic growth.

Central-Bank Purchases and Investment Flows

Central-bank reserve diversification has been an important structural support for gold. Purchases by official institutions can strengthen demand independently of jewelry consumption. Exchange-traded funds, bars, coins and futures positions also affect prices. Rapid inflows can accelerate rallies, while liquidation and profit-taking can deepen corrections. Silver's smaller market size can make investment flows especially influential.

Industrial Demand and Technological Change

Silver is used in electrical contacts, electronics, photovoltaic, vehicles and other industrial applications. Expansion in renewable energy, electrification, data centers and advanced electronics can support consumption. However, high prices encourage manufacturers to reduce the amount of silver used per unit (thrifting), redesign products or substitute other materials. The Silver Institute expected photovoltaic thrifting and substitution to weigh on part of silver industrial demand in 2026, even as other technology sectors remained supportive (Silver Institute, 2026).

Supply, Recycling and Market Deficits

Mine production, by-product output, recycling and above-ground inventories determine the physical availability of metal. Silver supply is partly dependent on mines primarily producing lead, zinc, copper and gold, so higher silver prices do not always lead quickly to a proportionate increase in output. The Silver Institute forecasts a sixth consecutive annual silver-market deficit in 2026, with the deficit expected to be met partly through above-ground stocks. Gold supply also responds gradually because developing new mines requires substantial time and capital.

Inflation, Growth and Investor Psychology

Bullion is often purchased as an inflation hedge, but the relationship is not automatic. If inflation prompts central banks to keep rates high, real yields and the dollar may rise, putting pressure on prices. In addition, momentum trading, leverage, technical levels and crowded positions can cause sharp movements unrelated to immediate physical demand.

Findings and Discussion

Both metals experienced a substantial upward trend from 2023 through 2025, with the increase becoming particularly pronounced in 2025. The rise of Gold was supported by safe-haven demand, official-sector purchases and investor interest; it was not driven solely by jewelry demand. Further, the Silver's performance reflected both precious-metal investment demand and industrial fundamentals. Its smaller and more cyclical market contributed to greater price volatility. The early-2026 rally was followed by a meaningful correction thereafter. The World Bank reported that by June 2026 gold was about 15% below its February peak and silver about 25% below its January record. The correction demonstrates that long-term supportive factors do not prevent short-term declines. Higher expected interest rates, a stronger dollar, profit-taking and easing geopolitical risk appetite can outweigh bullish supply-demand narratives. For Indian investors, currency movements and import-related costs can cause domestic prices to diverge from international dollar prices.

Conclusion

The period 2023 to October 2026 demonstrates that gold and silver can experience powerful advances as well as sudden corrections. Gold benefited from its role as a reserve asset and safe haven, supported by central-bank buying, geopolitical uncertainty and investment demand. Silver shared some of these drivers but was also influenced by industrial consumption, particularly in electronics and renewable-energy technologies, and by recurring concerns about physical market tightness.

The correction during the second quarter of 2026 is an important part of the study. It shows that precious metals are not risk-free assets and that prices can fall even when long-term demand arguments remain favorable. Interest-rate expectations, real yields, the US dollar and investor positioning can change rapidly. Silver's industrial sensitivity and comparatively smaller market can make its price swings larger than those of gold.

The study therefore concludes that gold and silver should be analyzed through a combination of monetary, geopolitical, industrial and supply-demand factors. Investors and policymakers should distinguish between structural trends and short-term market momentum. In India, domestic price analysis must additionally account for exchange rates, duties, taxes and local premiums. Since 2026 is incomplete at the cut-off date, any full-year conclusion should remain provisional and should be updated when final annual data become available.

Limitations of the Study

The paper uses secondary sources of data and rounded off prices rather than daily price series. The 2026 observations are partial-year data, and different providers may report spot, fixing, futures or annual-average prices that are not directly interchangeable or precisely comparable. The paper is descriptive and does not estimate the independent statistical effect of each factor. These limitations should be considered when using the findings for investment or academic purposes.

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Note: Price figures are rounded, indicative international reference levels in US dollars per troy ounce. The 2026 discussion is based on information available up to October 2026 and does not represent a completed-year average. This paper is for academic study and is not an investment advice.