Gold Under Pressure: Will the Downtrend Continue?

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Fundamental point of view:

Gold prices are primarily influenced by global geopolitical tensions, central bank policy, and macroeconomic data. Despite geopolitical tensions such as an escalation in the Iran–U.S. conflict and disruptions to key oil shipping routes, rising inflation in the United States can exert downward pressure on gold prices if markets expect the Federal Reserve to respond with higher interest rates. Persistent inflation increases the likelihood of Fed rate hikes, which strengthen the U.S. dollar and raise Treasury yields. As gold is a non-yielding asset priced in U.S. dollars, higher interest rates and a stronger dollar reduce its attractiveness, often outweighing its safe-haven appeal. Consequently, while geopolitical risks are typically supportive for gold, expectations of tighter monetary policy may dominate, leading to bearish pressure on gold prices.

Technical point of view:

Gold has remained in a well-established bearish trend since the beginning of March, consistently forming lower highs and lower lows across the higher time frames, indicating sustained selling pressure. The prevailing market structure continues to favor sellers, with rallies being viewed as opportunities for fresh short positions rather than trend reversals. The key weekly support lies in the 3900–4000 zone. A decisive break below this level could accelerate the decline toward the 3500–3700 support region. Unless gold breaks above key resistance levels, the overall technical outlook remains bearish.

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