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Gold's rare buying opportunity

The recent decline in the gold price offers a useful reminder of the difference between temporary market pressure and underlying structural demand.

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The metal has pulled back meaningfully over the last weeks and recently dipped below the psychologically important $4,000 level.

Nevertheless, such moves understandably attract attention and generate a certain amount of unease, particularly among those who only notice the metal when it is rising. In the past few days the US dollar index has broken out against virtually all major currencies, exerting fresh pressure on commodities and precious metals alike. However, even under these short-term moves we should never forget that gold is money and remains the strongest currency.



Source: AlphaReset Fund Weekly Report

A closer look at the actual flows suggests that the selling pressure is more cyclical and liquidity-driven than a fundamental reassessment of gold's role, which has not changed. If anything, the flows confirm that gold is once again serving the purpose it is supposed to for those who need it.

According to analysis from Goldman Sachs, a meaningful part of the recent selling pressure came from investors and sovereign entities selling gold to meet liquidity needs amid higher oil prices and the ongoing conflict in the Middle East. These price-insensitive sellers temporarily outpaced the steady demand from central banks. In other words, the massive economic fallout from the Iran war has forced their hand. This is reminiscent of the situation we saw unfold in Turkey not that long ago, where the state had to turn to its gold reserves when its economic and monetary woes became too heavy to bear in any other way. Put simply, what we are seeing is a confirmation of the fact that gold, for individuals and for states too, is the one thing they can rely on when all else fails.

Crucially, however, this selling does not signal a broader retreat from gold among central banks. To the contrary, the longer-term accumulation trend remains firmly in place. According to the World Gold Council's latest Gold Demand Trends report, central banks purchased a net 321 tonnes in the third quarter of 2026. That was the strongest quarterly total since the end of 2024 and represented a 42% increase compared with the same period a year earlier. Year-to-date purchases have reached 675 tonnes, already running ahead of the corresponding figure for 2025. China remained among the most consistent buyers, with the People's Bank continuing its multi-month accumulation streak. Other official institutions have also remained

active, driven by the same motivations that have underpinned central-bank demand for years: portfolio diversification, reduced reliance on any single reserve currency, and a desire for an asset that carries no counterparty risk.

This divergence is instructive. Short-term sellers under financial pressure are meeting longer-term buyers who are less concerned with the next few weeks' price action. The result is a temporary softness in the market that does not reflect any deterioration in the fundamental case for gold. To the contrary, the conditions that have supported official-sector demand, i.e. fiscal strain in major economies, persistent geopolitical risk, and the gradual erosion of confidence in purely paper claims, have not improved. In fact, they continue to intensify.

For private investors the implication is straightforward. Seasoned precious metals holders will recognize this moment for what it is: A rare buying opportunity. Waiting until the price is already advancing and the narrative has turned uniformly bullish is the more common, and much more expensive, approach.

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