



WisdomTree Gold Monthly

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Nitesh Shah is a seasoned financial professional with over 24 years of experience in research and investment strategy. As Head of Commodities & Macroeconomic Research at WisdomTree Europe, he leads market analysis and insights across asset classes, with a focus on commodities and exchange-traded products. Previously, he held roles at Moody's, HSBC Investment Bank, The Pension Protection Fund, and Decision Economics, building expertise in market analysis and strategy.

Nitesh earned a master's degree in International Economics and Finance from Brandeis University and a bachelor's in Economics from the London School of Economics. His insights are frequently featured in financial media, and he is a sought-after speaker at

industry events. He also hosts the ‘Commodity Exchange’ podcast, where he discusses trends shaping global markets. Passionate about guiding investors, Nitesh provides actionable insights to help them navigate complex financial landscapes.

Iran war is a new catalyst for gold

Geopolitics in the driving seat

New geopolitical events have unfolded rapidly over the past year. We had Liberation Day in April 2025; regime change in Venezuela in January 2026; Trump’s attempt to acquire Greenland in January 2026; and then the start of the US/Israel-Iran war at the end of February 2026.

The table below provides a reminder of how much gold has risen following past geopolitical shock events. In most cases, gold tends to outperform equities by a significant margin.

Figure 1: Gold performance after geopolitical crises

Performance 1-year after risk event	Event Date	Gold	Equities	Relative
Yom Kippur War	06/10/1973	61%	-43%	105%
Nixon's Resignation	09/08/1974	7%	6%	0%
Black Monday	19/10/1987	-15%	23%	-38%
Junk bond crash	13/10/1989	7%	-10%	17%
Desert Storm (First Gulf War)	02/08/1990	-6%	10%	-16%
Dotcom bubble	11/03/2000	-7%	-12%	5%
9/11 Terrorist Attack	11/09/2001	10%	-17%	27%
Global financial crisis	15/09/2008	29%	-12%	40%
Greece government deficit announcement	20/10/2009	26%	8%	18%
Russia invasion of Ukraine	24/02/2022	-6%	-7%	1%
Israel-Hamas War	07/10/2023	45%	32%	13%
Liberation Day *	02/04/2025	62%	17%	45%
Average		18%	0%	18%

*Not a full year since event, so latest data taken (13/03/2026). Source: Bloomberg, WisdomTree, 1973-2026. **Historical performance is not an indication of future performance, and any investments may go down in value.**

Down before up pattern looks familiar

We are currently over two weeks into the current war, yet gold prices remain below where they were when the conflict began. Is this unusual? Not really. Looking back at historical geopolitical shock events, this pattern is fairly common.

The figure below is a subset of the table above, focusing on cases where prices initially came under pressure. The 9/11 terrorist attacks, the dot-com bubble, Black Monday, Nixon’s resignation, the Russia-Ukraine war and the Greek sovereign crisis all saw some degree of negative gold price pressure before prices subsequently surged.

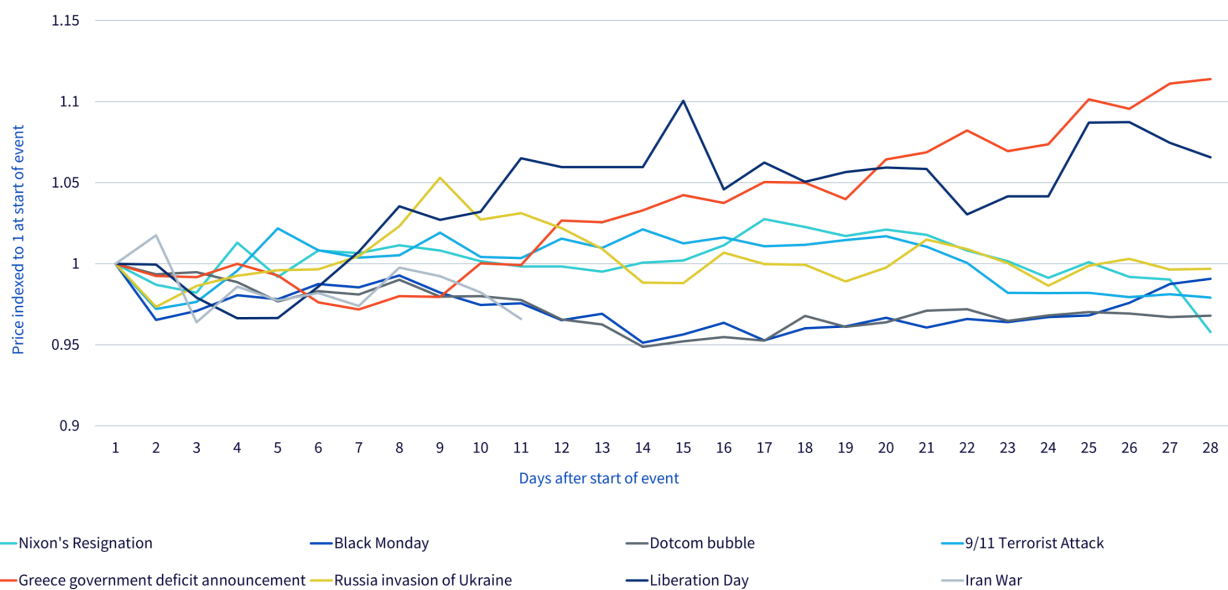
The duration of this initial downside pressure has varied across episodes, but the mechanics are broadly similar:

1. The geopolitical shock creates downside pressure on cyclical assets such as equities.
2. Margin calls on equity futures require access to liquid resources.
3. Gold, as a cash-like and highly liquid instrument, is sold to meet margin payments.

4. This selling pressure temporarily pushes gold prices lower.

One factor that may be somewhat unique this time is additional selling pressure from households in the Middle East, who are seeking liquid resources to meet unexpected expenditures, such as purchasing expensive plane tickets to evacuate the region. Bloomberg has reported heavy discounts on gold sold in local markets during the first week of the conflict¹.

Figure 2: Gold price performance after geopolitical events



Source: Bloomberg, WisdomTree, 1974-2026. **Historical performance is not an indication of future performance, and any investments may go down in value.**

Geopolitical pressure likely to remain

At around \$5,000/oz at the time of writing, gold appears severely underpriced. We believe many investors will view this period of consolidation as an attractive entry point to increase gold exposure.

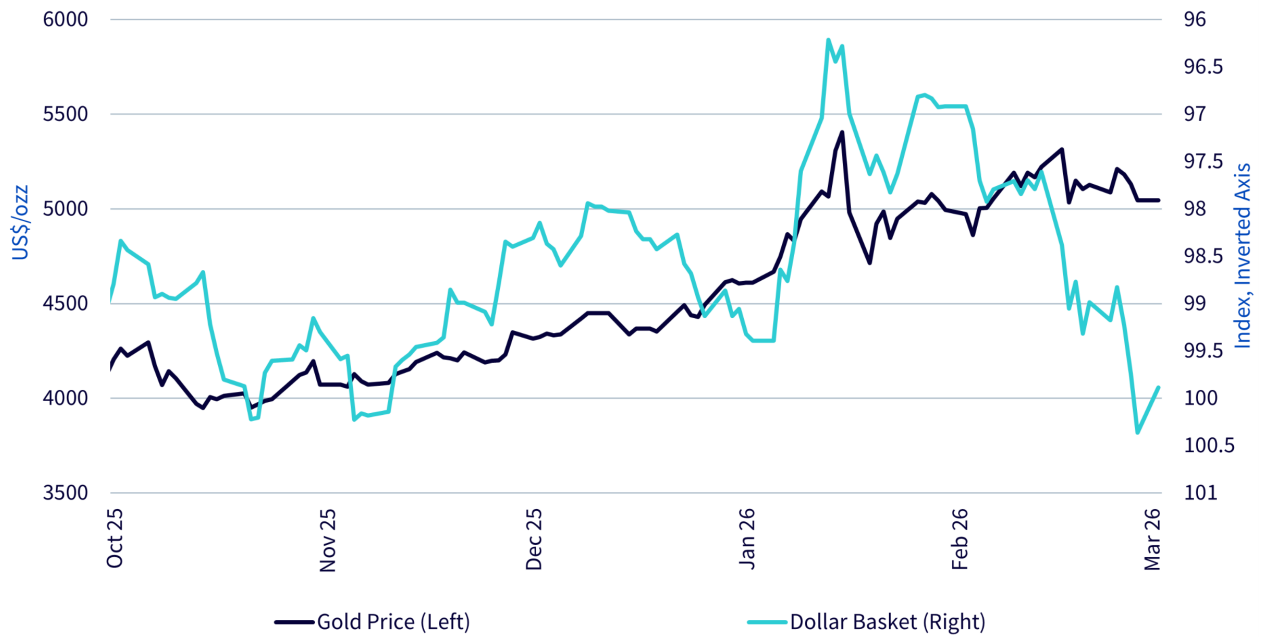
Trump has not articulated a clear objective for the war, and given that this is a mid-term election year, he will be under pressure to deliver some form of closure. However, Iran is unlikely to accept a ceasefire quickly. Trump may decide to declare victory before Iran’s military capability is fully neutralised, leaving significant geopolitical risks lingering for some time. In such an environment, gold is likely to remain well supported.

Dollar headwinds

One of the reasons gold has not risen as much in US dollar terms is that the US dollar itself has strengthened, reflecting its status as a haven currency. The dollar has appreciated more than other traditional haven currencies during this conflict. Other haven currencies such as the Swiss franc and the yen face additional challenges, as Switzerland and Japan are net energy importers, in contrast to the United States, which is largely energy independent.

If the current strength in the US dollar subsides, gold is likely to move higher. Structural downside pressures on the dollar remain in place, including a widening twin deficit and heightened uncertainty around Trump’s acceptance of Federal Reserve (Fed) independence.

Figure 3: Gold and US dollar basket

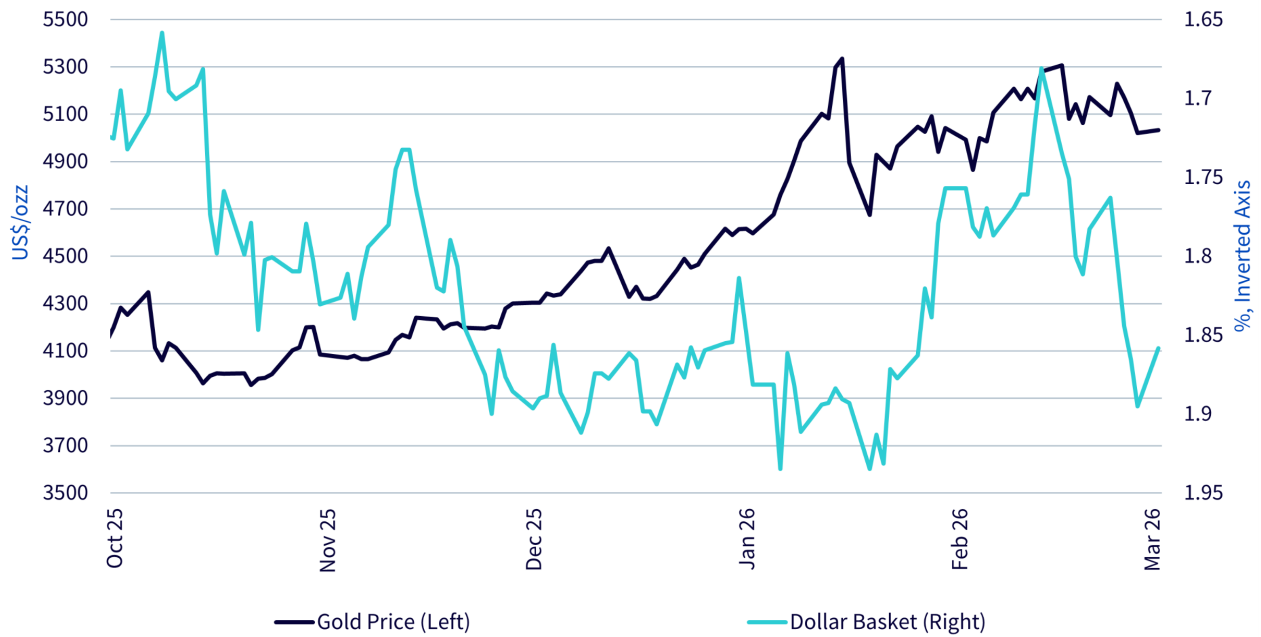


Source: Bloomberg, WisdomTree, October 2025-March 2026. **Historical performance is not an indication of future performance, and any investments may go down in value.**

Bond headwinds

Rising bond yields have also been a headwind for gold. Many traders are reducing their expectations for near-term interest rate cuts as inflationary pressures rise. As a result, longer-term bond yields have increased. Higher bond yields typically exert downward pressure on gold prices.

Figure 4: Gold versus real rates



Source: Bloomberg, WisdomTree, October 2025-March 2026. **Historical performance is not an indication of future performance, and any investments may go down in value**

Investor sentiment

Net speculative positioning in gold futures also appears relatively subdued given the geopolitical backdrop. For some time, we have observed that futures market positioning has not fully reflected the strength of global positive sentiment towards gold.

Figure 5: Net speculative positioning in gold futures



Source: Bloomberg, WisdomTree, 2009-2026. **Historical performance is not an indication of future performance, and any investments may go down in value.**

Exchange-traded product (ETP) flows have also shifted abruptly since the start of the war. In January and February 2026, North America saw very strong inflows totalling \$11.5 billion. During that period, European flows were relatively muted, while Asian flows were even higher than those in North America.

However, since the start of the conflict, more than \$7 billion has flowed out of North American products, while inflows into European products have accelerated. Asian flows remain strong. With consistent inflows, Asia remains by far the largest ETP market by flows this year.

Figure 6: Gold ETP flows

US\$m	January & February 2026	Week ending 06/03/2026	Week ending 13/03/2026
North America	11,495	-5,499	-1,659
Europe	181	926	389
Asia	12,038	1,765	750
Other	313	30	1

Source: World Gold Council, 01 January 2026 - 13 March 2026. **Historical performance is not an indication of future performance, and any investments may go down in value.**

Conclusion

Taken together, the recent consolidation in gold prices appears to reflect short-term liquidity pressures rather than a deterioration in fundamentals. Geopolitical risks remain elevated, structural pressures on the US dollar persist, and investor positioning remains relatively light given the backdrop. As these temporary headwinds fade, gold’s role as both a geopolitical hedge and a portfolio diversifier is likely to reassert itself. In this context, the current price environment may ultimately be remembered as a compelling opportunity to increase exposure to gold.

¹ Gold Stuck in Dubai Is Being Sold at Discount as War Widens, Bloomberg, 7 March 2026.

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