BearBull
Global Investments Group

ECONOMIC RESEARCH – MARKET FLASH

CROSS-ASSET RESEARCH *Fixed income*

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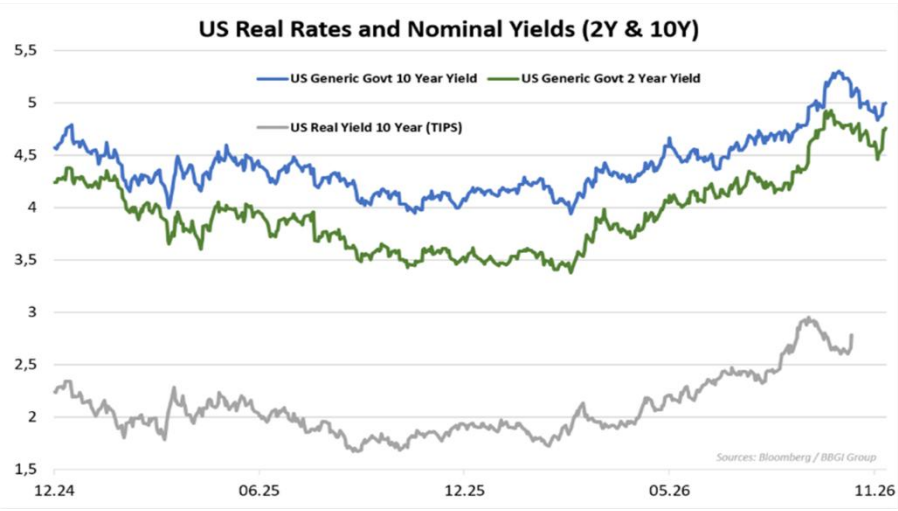
THE $4,000 LEVEL IS NOT AN ABSOLUTE PIVOT POINT FOR THE OUNCE OF GOLD

Key factors will ultimately support an upcoming rally



Macro Alignment & Real Rate Tailwinds

In 2026, gold underwent a healthy, multi-month consolidation phase that effectively purged the speculative excesses seen earlier in the year. As the market attempts to stabilize around the key $4,000-per-ounce threshold, potentially marking the conclusion of a ten-month corrective cycle, this technical pause represents a major long-term accumulation opportunity rather than a loss of structural momentum. Within the broader context of an enduring secular bull market, strategic price targets continue to point decisively above $5,000 per ounce.



Macroeconomic fundamentals are once again aligning in favor of bullion, supported by core structural drivers alongside shorter-term tactical catalysts. Persistent inflation across major global economies, coupled with an unmistakable deceleration in broader economic growth, is expected to eventually force the Federal Reserve to cap its tightening cycle and tolerate a gradual decline in real interest rates toward 2.25%. This pivot in real yields is poised to unlock substantial new institutional investment flows into physical gold-backed exchange-traded funds (ETFs), restoring a vital pillar of Western demand.

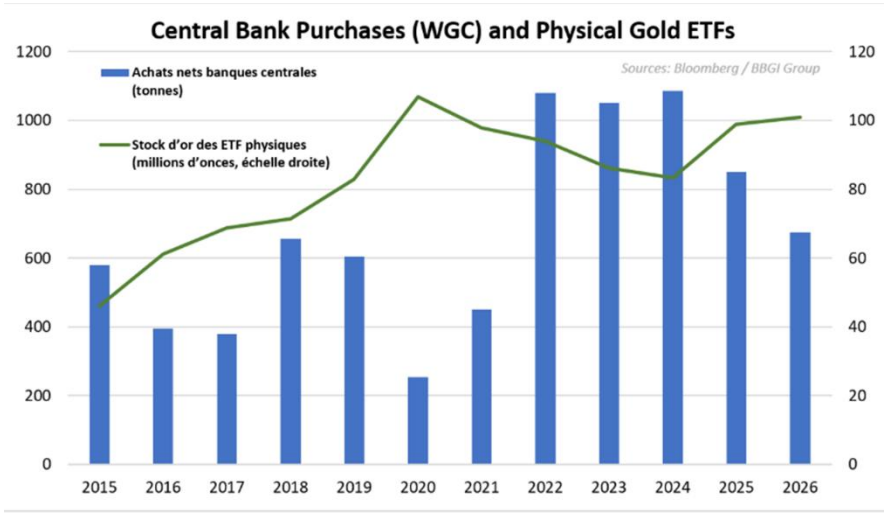


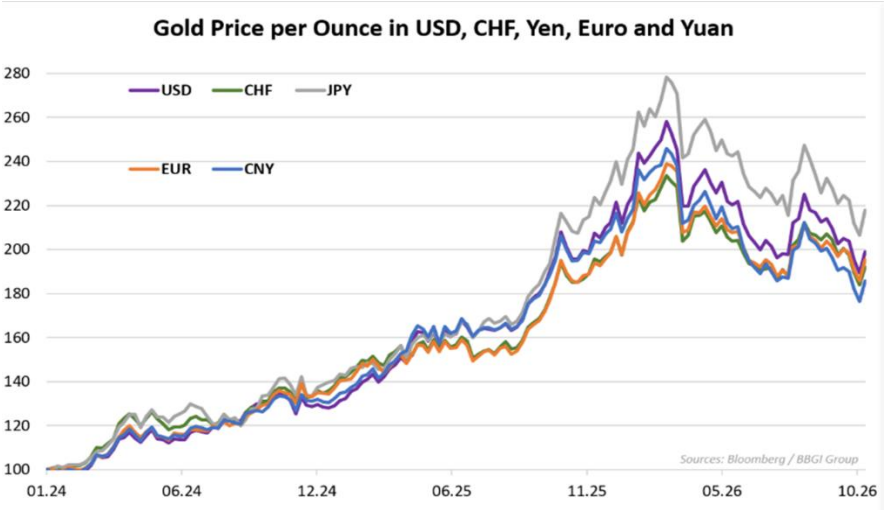
The Central Bank Put & The Debasement Trade

Beyond monetary policy tailwinds, global gold demand has undergone a profound structural transformation anchored by an institutionalized "Central Bank Put." Emerging market central banks, led prominently by institutions such as the People's Bank of China (PBoC) and the Reserve Bank of India (RBI), continue to execute massive accumulation programs regularly exceeding 1,000 metric tons annually as part of a deliberate strategy to de-dollarize and insulate sovereign reserves outside the Western financial system. This persistent sovereign buying establishes a firm valuation floor during temporary market pullbacks, with institutional demand anticipated to accelerate strongly around current price levels.

Simultaneously, against a backdrop of chronically widening fiscal deficits and the exponential expansion of U.S. sovereign debt, the "Debasement Trade" has become a core conviction for institutional asset managers seeking reliable protection against long-term currency depreciation and debt monetization. Adding further support, global jewelry demand, which contracted in volume earlier in the year due to initial price shock, is poised to rebound as retail buyers adjust to current pricing levels and re-enter the physical market.

Ultimately, while high-volume institutional buyers actively defend the $4,000 psychological support zone, any short-term price volatility or market overreaction tied to Federal Reserve policy expectations offers an ideal tactical entry point ahead of gold's next major upward leg. Patience during this base-building phase allows investors to secure favorable positioning before Western ETF inflows converge with persistent sovereign accumulation. Historically, multi-month consolidation periods following strong secular breakouts have consistently served as springboards for the largest percentage gains in precious metals cycles. As macro conditions shift from headwinds to tailwinds, gold remains uniquely positioned to deliver superior risk-adjusted returns across diversified institutional portfolios.





Factor	Historical Explanatory Power	Influence in 2026	Outlook
Primary Factors			
1. US Real Interest Rates (10-year TIPS)	Correlation -0.75 to -0.85	Negative (1.95% → 2.8%)	Positive (return toward 2.25%)
2. US Dollar Index (DXY)	Correlation -0.45 to -0.65; $R^2 \approx 40\%$	Moderate (consolidation)	Positive (gradual weakening)
3. Central Bank Purchases	>50% of the 2022–2026 rally	Pauses in certain programs	Positive (resumption on price weakness)
4. Expected Inflation (CPI / breakeven)	$R^2 \approx 25\%$	Marginal (offset by interest rates)	Positive (central bank restraint)
Secondary Factors			
5. Geopolitical Risks (GPR Index)	$R^2 < 15\%$; "spike and decay" effect	No notable impact	Neutral
6. Nominal Rates (Fed Funds / US10Y)	Subordinate to real rates	Negative (US10Y 4.2% → 5.4%)	Positive if rates fall
7. Jewelry Demand	$R^2 < 10\%$; elasticity -0.6 to -0.8	Volumes -15% to -18%	Passive stabilizer
8. Industrial / Tech Demand	<5%	Resilient	Neutral

Sources: Bloomberg / BBGI Group

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