What’s Hot: Precious metals rally with room to run

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Mobeen Tahir
Director, Macroeconomics and Thematic Research

Key Takeaways

- Gold and silver are rallying on improving Iran sentiment, lower oil prices, and fading rate hike expectations, but prices remain well below January's record highs and appear fundamentally rather than speculatively driven.
- Net speculative positioning in gold futures is broadly in line with the five-year average and below it for silver, leaving room for further gains without the froth that preceded January's correction.
- Our Q2 2027 forecasts point to gold at around $4,563/oz and silver approaching $70/oz, while the broader PGM complex is supported by supply constraints and an emerging AI-related demand opportunity.

Gold and silver are having a strong August. As of 13 August, gold is up over 7% month to date while silver has gained nearly 12%1. That said, prices remain well below the record highs hit in late January, and this time around the moves look more grounded in fundamentals than in speculative excitement.

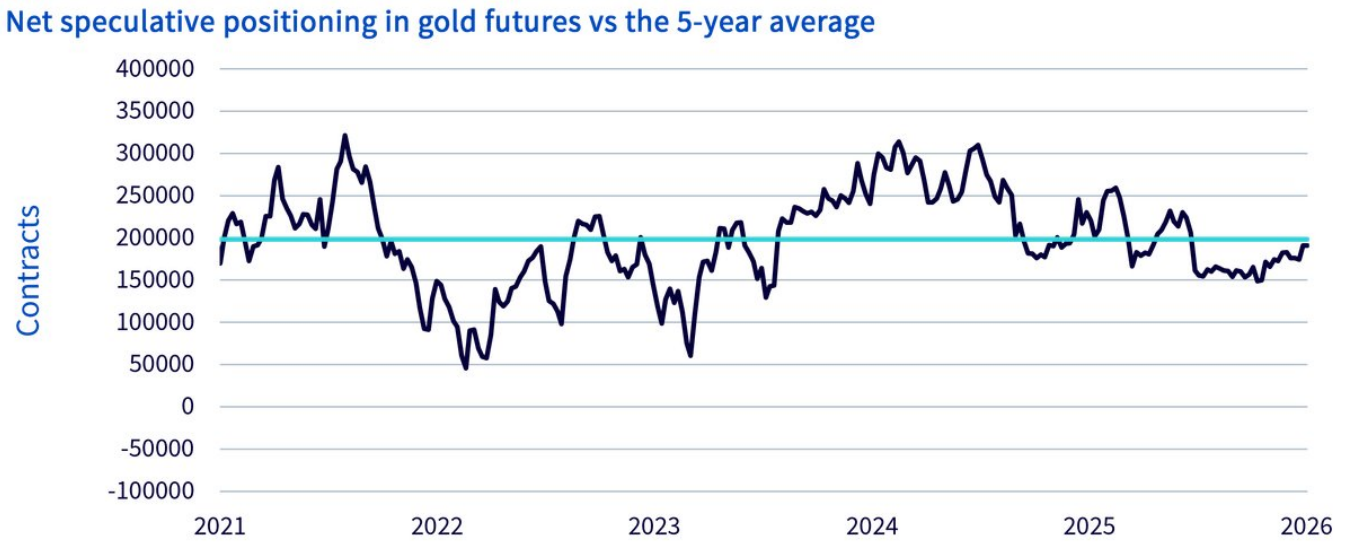
What sparked the rally

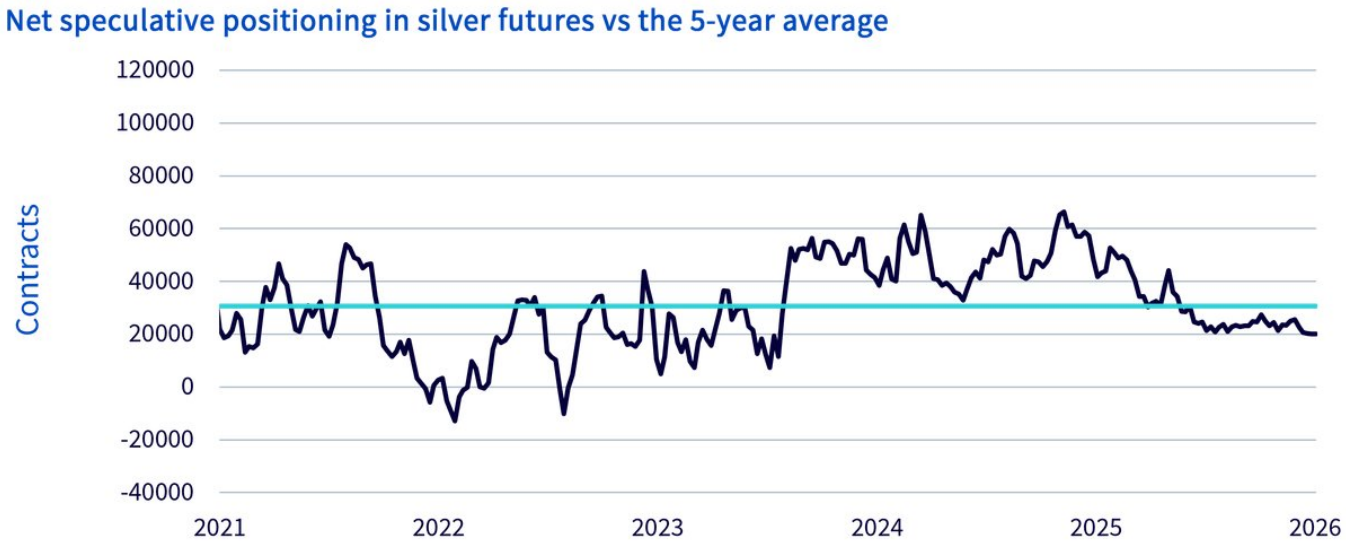
The main trigger was a shift in sentiment around Iran. Peace talks between the US and Iran have resumed, and while the situation can still move in either direction on any given day, markets are increasingly pricing in a path towards de-escalation, however bumpy that path might be. Despite the high oil prices in July, the annual US inflation rate slowed to 3.4% in July 2026, down from 3.5% in June, in line with expectations2. Markets have been comforted further by the retreat in oil prices at the start of August.

At the same time, the US labour market has also sent warning signs. The economy unexpectedly shed 23,000 jobs in July, against forecasts of an 80,000 gain, and figures for May and June were revised lower by a combined 103,0003. That paints a picture of a softening economy rather than one at risk of overheating. Markets have taken note of this data point. According to CME FedWatch data as of 13 August, the probability of a September rate hike from the Federal Reserve has fallen to 36.1%, down from 51.2% just a month ago. For gold and silver, both of which are sensitive to rate expectations, this is a supportive backdrop.

Positioning shows no sign of froth

One reassuring feature of this rally is where futures positioning sits. Current net speculative positioning in gold is broadly in line with the five-year average, while silver positioning is actually below it. And while January's rally was not driven by futures speculation in the first place, positioning is still lower now compared to then. Right now, there is no evidence of speculative excess in either market, which suggests the recent gains have more legs.





Source: WisdomTree, Bloomberg using CFTC non-commercial net positioning. **Historical performance is not an indication of future performance, and any investments may go down in value.**

Our gold outlook to Q2 2027

In our latest gold outlook, published in July, we describe the first-half correction as a healthy reset. After reaching an intraday record above $5,500/oz in January, gold pulled back sharply as the valuation premium that built up during the 2025-26 rally unwound. With prices now much closer to our model's estimate of

fair value, the next move is likely to be driven by macro fundamentals rather than investor exuberance. Applying consensus forecasts for inflation, Treasury yields, and the US dollar, our model points to a gold price of around $4,563/oz by Q2 2027, representing a further recovery from current levels.

Our silver outlook to Q2 2027

Silver's story follows a similar arc. After briefly spiking above $120/oz in January, the metal fell to around $55/oz in July. Our Q2 2027 forecast is for silver to rise towards $70/oz, with higher gold prices doing most of the heavy lifting. The upside is capped by a few factors including softer Chinese solar demand following front-loaded installations in 2025, India's decision to raise silver import duties from 6% to 15%, easing inventory tightness in the US, and some expected growth in mine supply. The move we anticipate is fundamentally supported, not a repeat of January's speculative spike.

Platinum and palladium

Platinum has benefited from the same drivers as gold and silver this month, with lower oil prices adding support as markets weighed the prospects of a deal to reopen the Strait of Hormuz. Looking further ahead, AI and data centre expansion are emerging as a new potential demand source for platinum-group metals. Valterra Platinum estimates AI-related PGM4 demand at 200,000 to 400,000 ounces annually, with the potential to grow fivefold by 2030. The platinum market is expected to remain in deficit given constrained mine output, particularly in South Africa, though higher prices may eventually bring more recycling supply online.

Similarly, palladium has been supported owing to its correlation with gold. Supply concerns add to the picture, with extended maintenance at South African processing facilities reducing refined output, while the outlook for Russian exports remains uncertain.

Both metals look well-placed in a softer-rate, lower-energy-price environment.

1 Bloomberg
2 US Bureau of Labor Statistics
3 US Bureau of Labor Statistics
4 Platinum group metals

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