

Gold rangebound as weaker dollar offsets rate-hike and inflation risks

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Gold traders - and the algorithmic programmes that account for a significant share of day-to-day activity - are currently struggling to determine which of several competing themes will ultimately set the tone, overall keeping prices rangebound around USD 4,400. As the charts below illustrate, the clearest headwind has come from rising rate-hike expectations and higher bond yields, increasing the opportunity cost of holding a non-yielding asset such as gold. Against this backdrop, a softer dollar has provided support, while underlying investment demand through ETFs and futures has so far remained relatively resilient. Geopolitical uncertainty also remains elevated, with the latest flare-up in the Middle East helping to sustain gold's appeal as a portfolio diversifier and limiting downside despite renewed pressure from yields. Over the past month, the Bloomberg Dollar Index has fallen 1.25%, led by strength in Asian currencies, most notably the KRW, JPY and AUD. With next week's FOMC decision currently viewed as close to a coin toss between unchanged rates and a hike, the August CPI and PPI releases later this week could prove decisive. A hotter inflation print would likely reinforce rate-hike expectations and keep yields elevated, while softer data could quickly unwind some of the recent hawkish repricing as the window for a hike in my opinion then shuts until after the November Midterms. Either way, the inflation data may provide the catalyst that breaks gold out of its current tug-of-war and sets the direction ahead of the September meeting.

From a technical perspective, gold has settled into a roughly USD 200-wide range around USD 4,400 following its August rebound. To the upside, the 200-day moving average, currently around USD 4,537, provides key resistance, while the area around USD 4,350 has repeatedly provided support over the past month.

Source: <https://www.home.saxo/content/articles/commodities/gold-rangebound-as-weaker-dollar-offsets-rate-hike-and-inflation-risks-09092026>