

Gold and Silver Face a Defining Test as Markets Favour the Dollar

Dubai, 14 July 2026- Conventional market wisdom suggests that heightened geopolitical uncertainty should lift precious metals. Yet the opposite has unfolded. Despite renewed global tensions, both gold and silver remain under sustained bearish pressure, with gold trading around 29% below its yearly high and silver down by nearly 50%.

The disconnect reflects the dominance of macroeconomic forces over traditional safe-haven demand. A resilient US dollar, holding above the 100 level, together with US Treasury yields returning toward their yearly highs, has reinforced expectations that interest rates will remain higher for longer. In such an environment, non-yielding assets such as gold and silver continue to struggle for investor attention.

Market positioning tells a similar story. According to FOREX.com client data, approximately 70% of traders remain long gold, while only 30% are positioned short, suggesting retail investors continue to anticipate a recovery despite prices remaining technically capped below key resistance levels. Meanwhile, overall trading activity has gradually eased since April, reflecting the seasonal slowdown typically seen during the summer months alongside signs of market fatigue following the prolonged decline. Yet, beneath the near-term weakness, a more consequential picture is emerging.

From a long-term technical perspective, both metals are approaching price zones that have historically marked major shifts in market direction rather than ordinary support levels. Gold is testing a 10-year ascending trendline dating back to 2016, while silver is nearing a technical area that acted as multi-decade resistance between 1980 and 2024.

"Markets are entering a phase where long-term structural signals deserve as much attention as short-term macroeconomic drivers," said Razan Hilal, Market Analyst, CMT at FOREX.com. "While dollar strength and elevated Treasury yields continue to pressure precious metals in the near term, the technical levels currently being tested have historically coincided with periods of accumulation and major trend reversals. Investors should therefore remain prepared for continued volatility while recognising that these areas could shape the next long-term cycle."

Even so, the downside risks have not yet disappeared. A decisive break below \$3,930 in gold could expose the \$3,500–\$3,400 range, where the 38.2% Fibonacci retracement of the 1920–2026 advance converges with the five-month consolidation formed throughout 2025. In silver, a move below \$54 would bring the \$50–\$46 multi-decade support zone into focus, potentially marking the next major area where buyers could re-emerge.

Conversely, a softer US dollar, easing Treasury yields, a more accommodative monetary policy outlook and a lasting resolution to tensions around the Strait of Hormuz could provide the macroeconomic backdrop for a renewed rally. Technically, sustained moves above \$4,400 for gold and \$71 for silver would strengthen the case for a return toward record highs.

For now, the outlook remains finely balanced. The coming months are likely to determine whether these historic support levels become the foundation of the next precious metals bull market or merely another stop on the way to a deeper correction.

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