
asset 360 ONE
panorama
November 2025

Key Insights:

Rising economic uncertainty, elevated geopolitical risk, and falling real yields favour gold

- Global economic uncertainty has intensified on account of trade and tariff measures
- Geopolitical risks also remain elevated, with ongoing conflicts and tensions spanning multiple regions
- Meanwhile, high US fiscal deficit and rising debt are eroding the US Treasury’s safe-haven appeal
- Elevated inflation, rate cuts, and the end of the Fed’s balance-sheet reduction could push real yields lower
- Investment demand for gold should pick up as real yields decline

Central banks are buying gold to diversify their reserves away from the US dollar

- The freezing of Russia’s reserves has driven central banks to gold as a sanction-resistant asset
- China, Poland, Türkiye, and India have notably boosted gold reserves
- USD’s share in global central bank reserves has fallen from 62% in 2000 to 44% by June 2025
- Gold accounts for 22% of central bank reserves, or 14% excluding the G7 countries
- Gold’s share of RBI’s Fx reserves has risen to 14% in 2025 from 6% in 2020

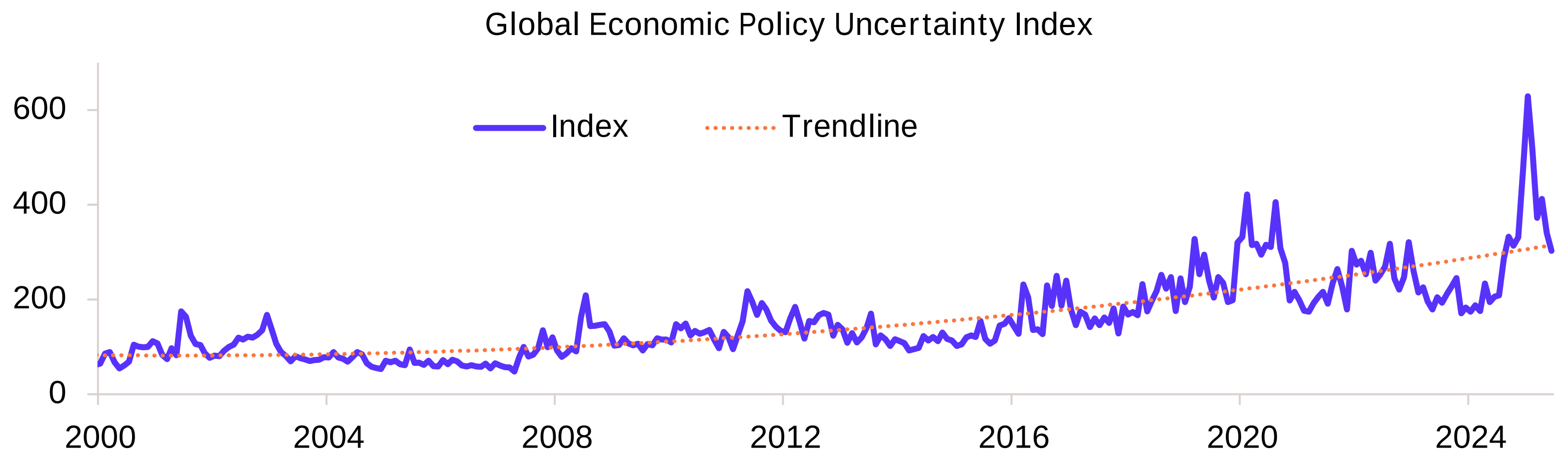
Macro factors favour gold over silver, and gold also provides better diversification

- Silver’s heavy industrial use makes it fundamentally different from gold
- There is no fundamental basis for the gold–silver ratio to converge to any specific value
- Factors like central bank purchases, safe-haven demand and USD debasement favour gold over silver
- Gold offers better diversification than silver due to its lower correlation with equities and lower volatility

Precious Metals

Economic uncertainty and geopolitical risk remain high

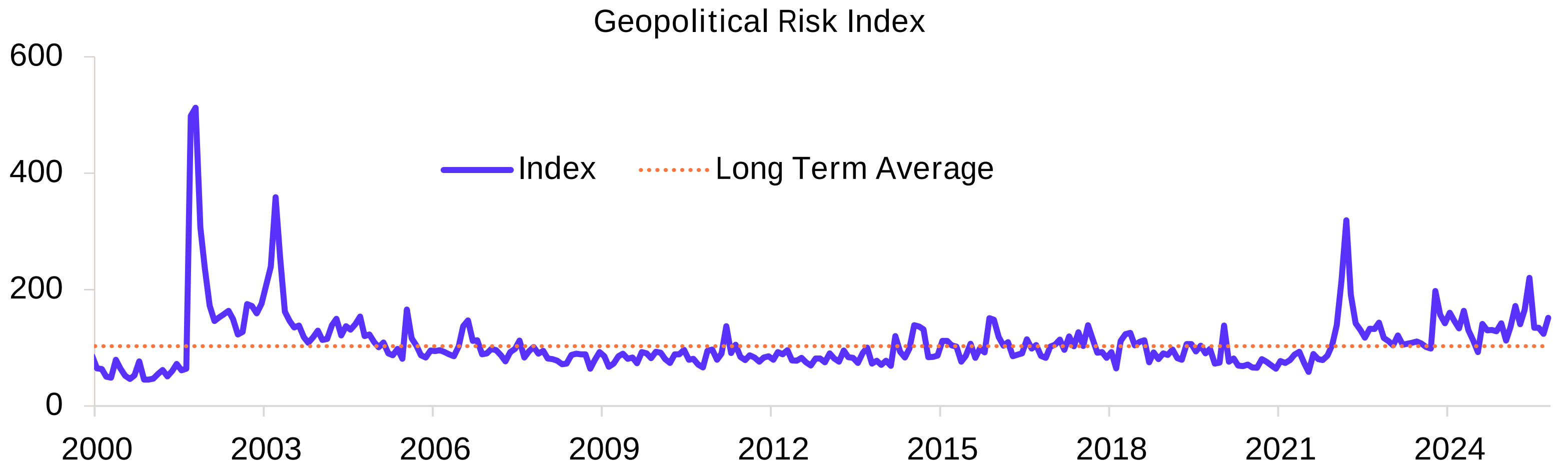
These factors are likely to strengthen safe-haven demand for gold



Global economic uncertainty has intensified steadily over the last ten years

Recent shifts in US trade policy and tariff measures have accelerated this trend, while the broader retreat from global integration continues to add instability

Economic uncertainty is expected to remain elevated for the foreseeable future



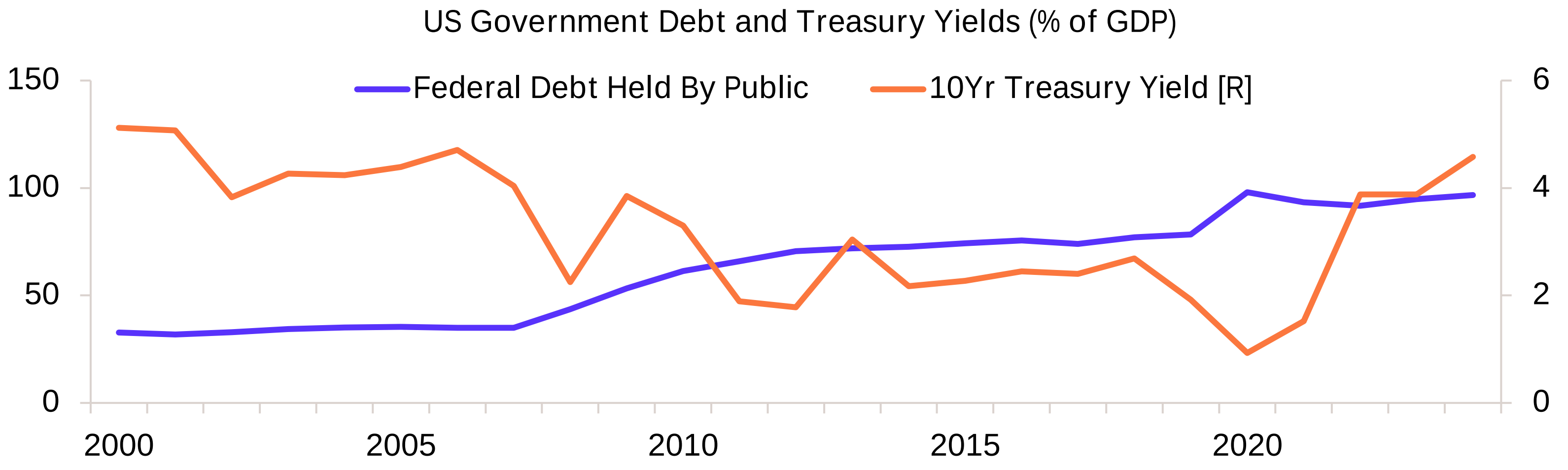
Geopolitical risks also remain elevated, with ongoing conflicts and tensions spanning multiple regions

Both these factors, rising economic uncertainty and high geopolitical risk, are likely to keep safe-haven demand for gold supported

Source: Caldara, D. & Iacoviello, M. (2021), Measuring Geopolitical Risk; Baker, Scott R., Bloom, Nick and Davis, Steven J., Global Economic Policy Uncertainty Index; 360 ONE Asset Research

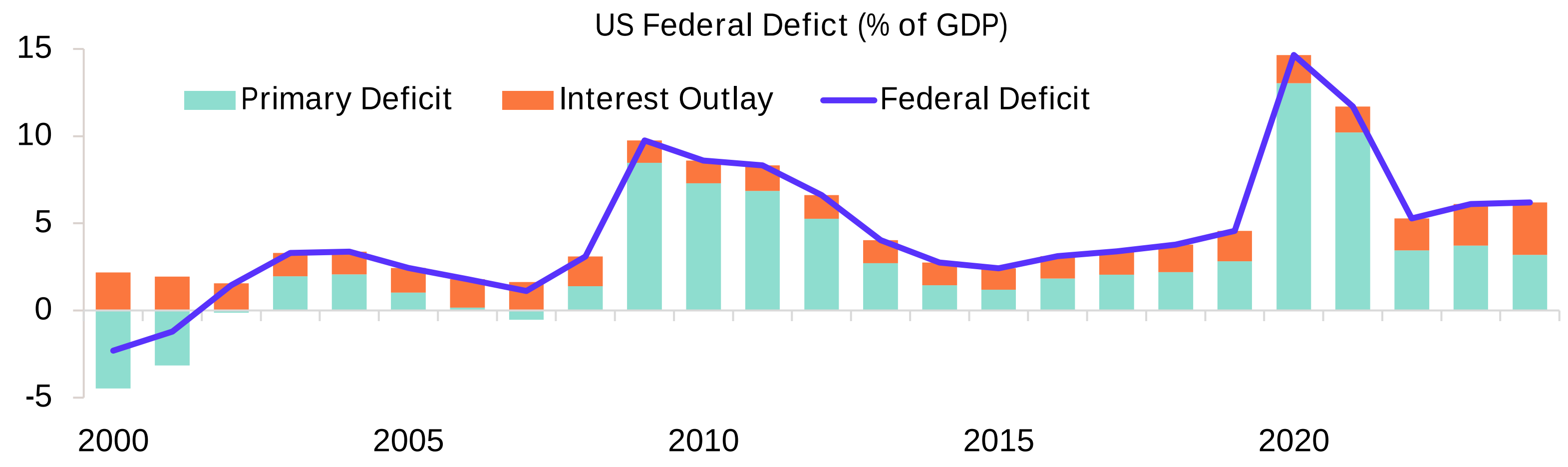
High US deficit and debt are eroding the Treasury's safe-haven appeal

Federal debt has surged from 35% of GDP pre-GFC to nearly 97%, with the fiscal deficit elevated at ~6% of GDP



US federal debt held by the public has climbed from 35% of GDP pre-GFC to around 80% before COVID, and to about 97% in 2024

The Congressional Budget Office's (CBO) March 2025 outlook projects it will rise further to roughly 118% of GDP over the next decade



Rising federal debt and higher interest rates have sharply increased interest outlays

With no credible plan for deficit reduction, the CBO projects the deficit will remain elevated at around 6% of GDP by 2035

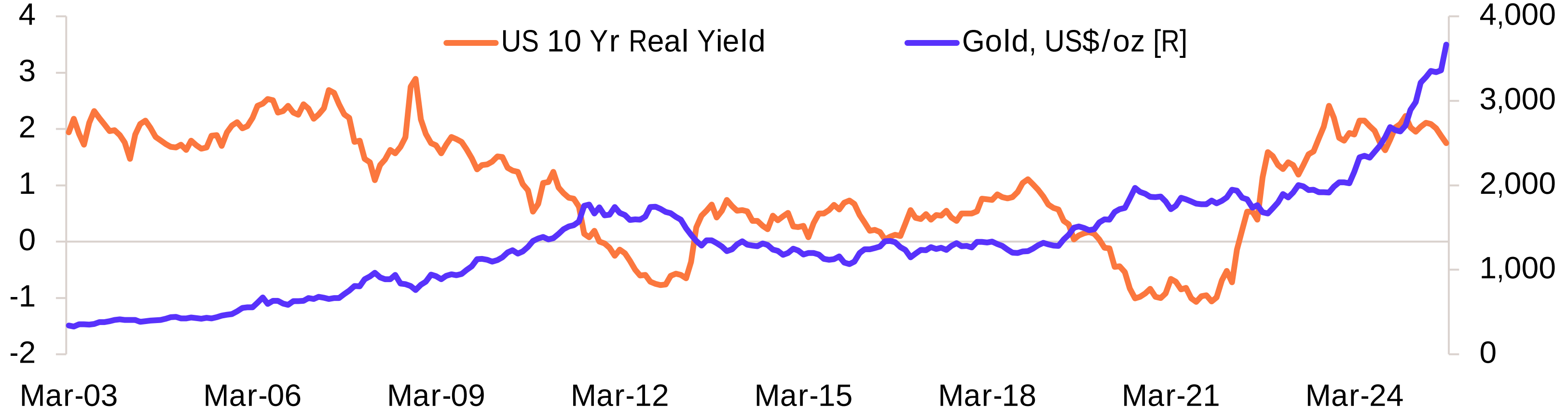
Weak fiscal discipline is undermining confidence in the US dollar as a safe-haven asset

Source: FRED, 360 ONE Asset Research

Gold prices and real yields generally exhibit an inverse correlation

Investment demand for gold should further pick up as real yields decline

Real Yields Vs Gold

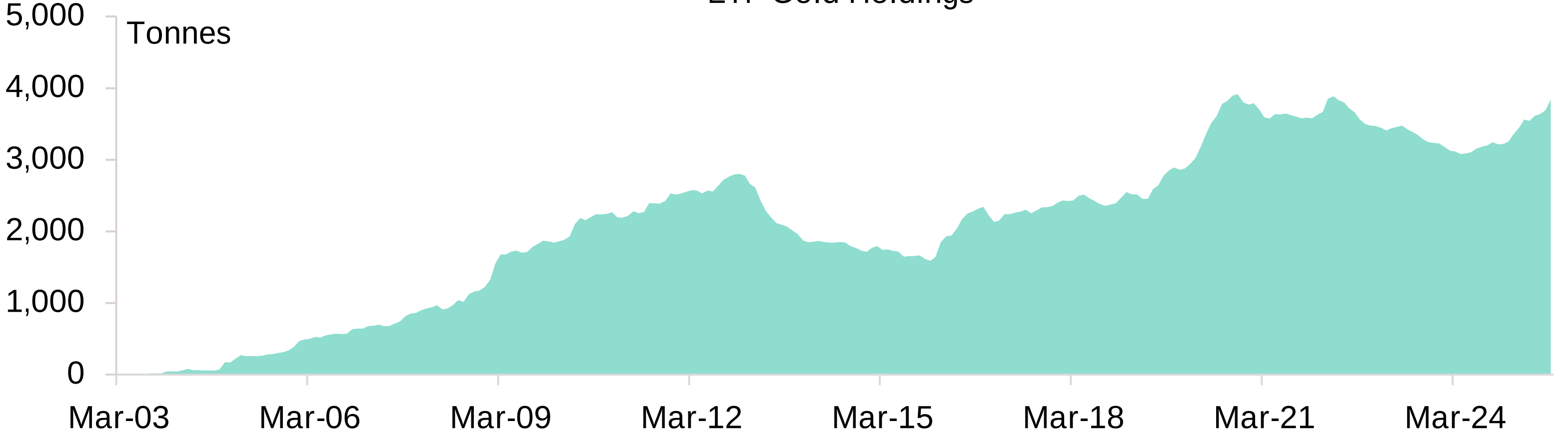


Gold prices and real yields typically exhibit an inverse relationship — when real yields decline, gold prices tend to rise, and vice versa

This relationship weakened after 2021, as rising real yields did not lead to a correction in gold prices due to strong central bank demand

However, if real yields were to fall going forward, it could offer an additional boost to gold prices

ETF Gold Holdings



Investment demand for gold has been improving, reflected in ETF holdings that are now close to their earlier peak

A drop in real yields could provide an additional tailwind for investment flows into gold

Source: World Gold Council, 360 ONE Asset Research

Real yields could decline due to interest rate cuts and elevated inflation

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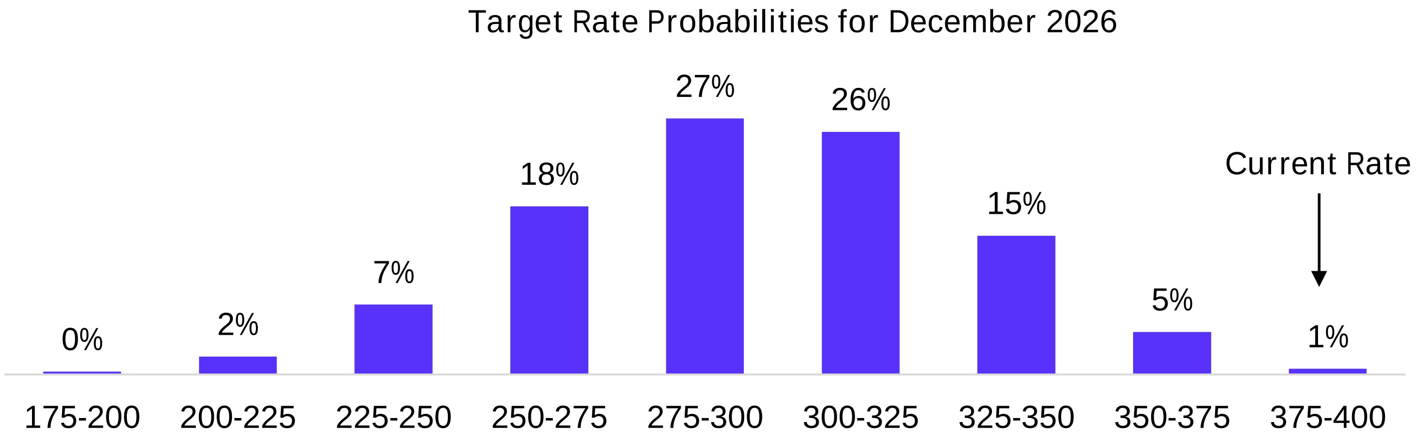
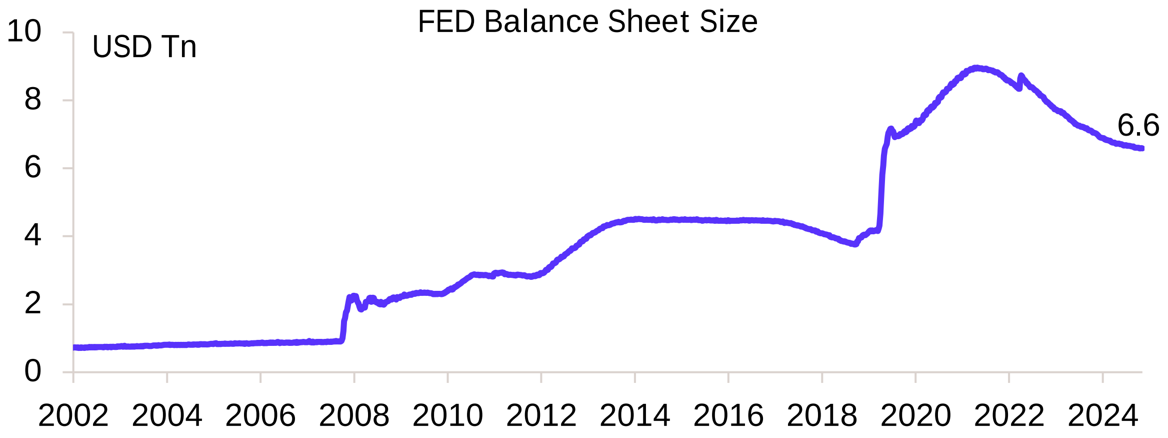
The Fed's decision to end balance sheet reduction from December 2025 eases upward pressure on yields

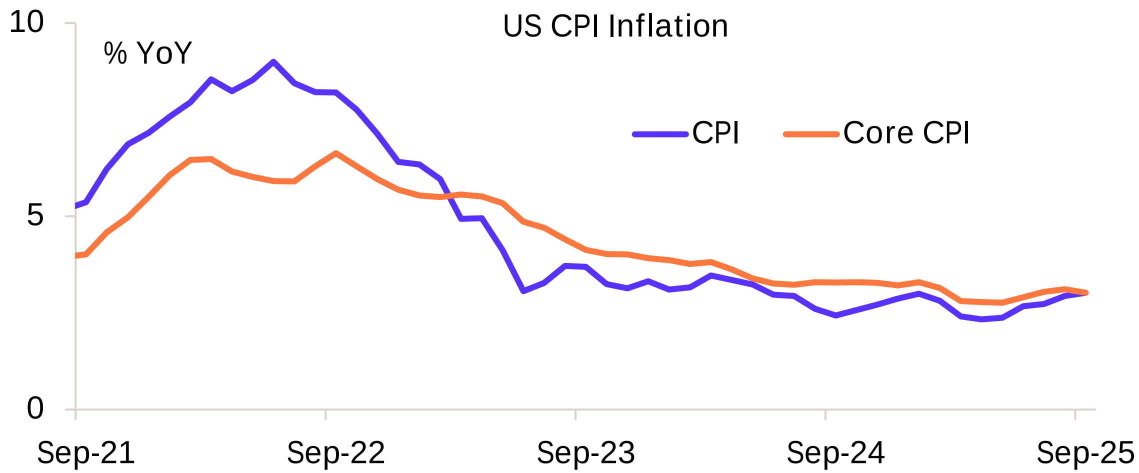


Real yields (nominal yields minus inflation) are expected to decline as the Fed is likely to cut interest rates by another 75–100 bps by the end of 2026

At the same time, tariff pass-through could keep inflation elevated

Additionally, the Fed's decision to end balance sheet reduction from December 2025 removes another source of upward pressure on yields





Source: FedWatch, FRED, 360 ONE Asset Research

Note: Target rate probabilities as of 24th November 2025

Central banks are buying gold to diversify reserves away from the USD

Central banks have ramped up gold purchases since 2022

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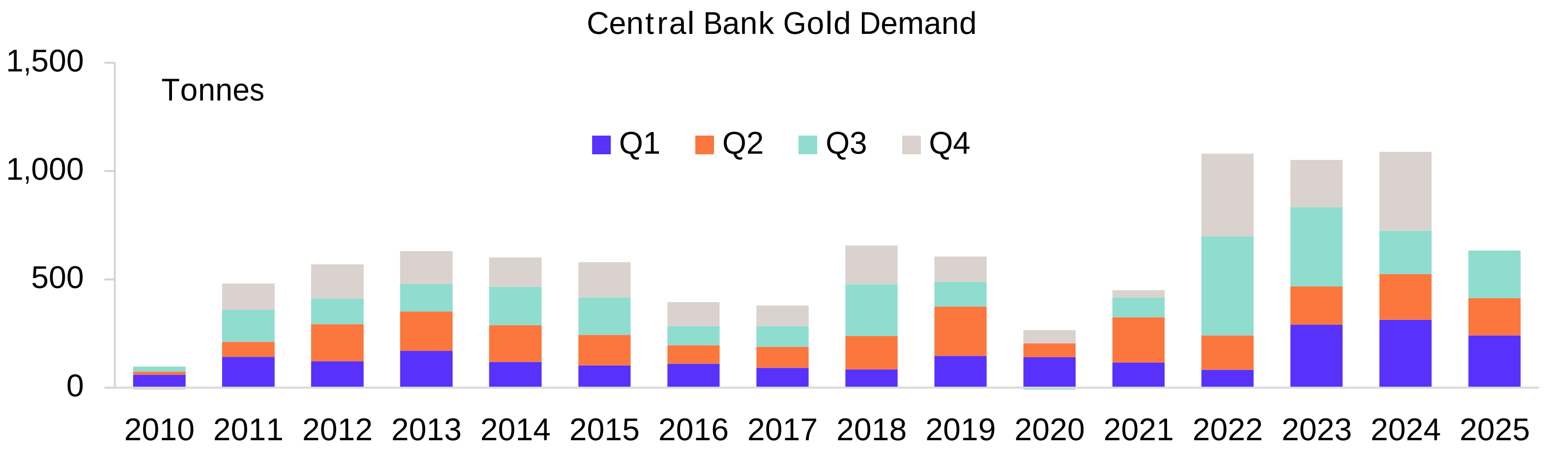
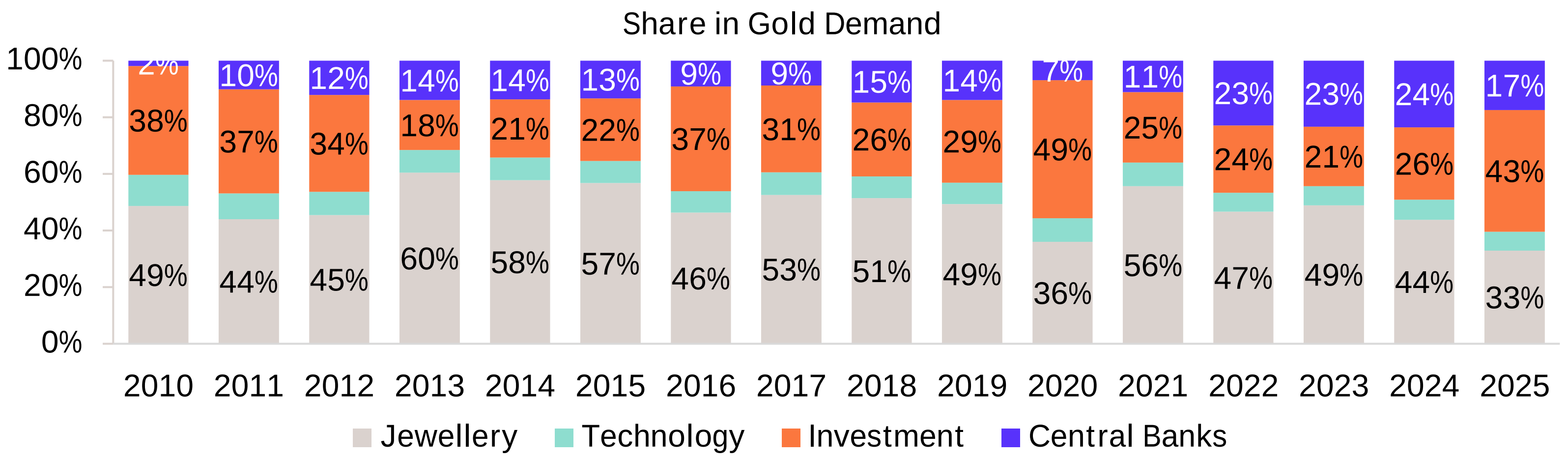




Central banks have sharply increased their gold purchases since 2022

The freezing of roughly USD 300 billion of Russia's foreign currency reserves has prompted many central banks to ring-fence their assets by shifting toward gold, which is viewed as more resistant to sanctions

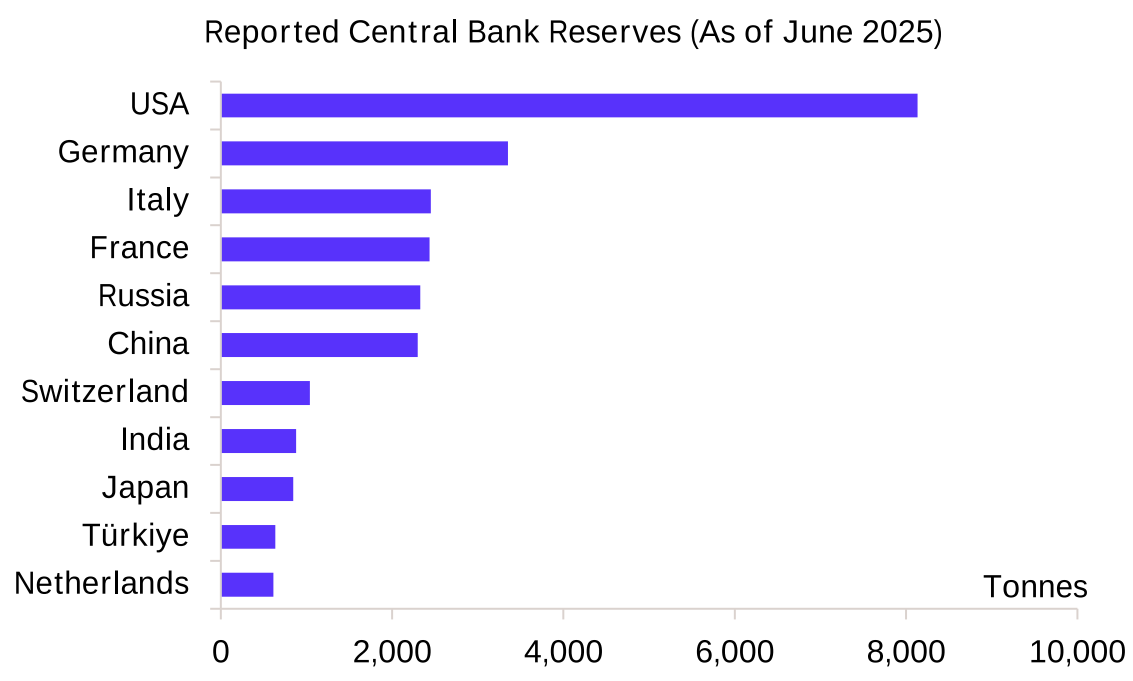
Central banks accounted for about 23–24% of total gold demand during 2022–24, up from an average of 12% in the previous decade

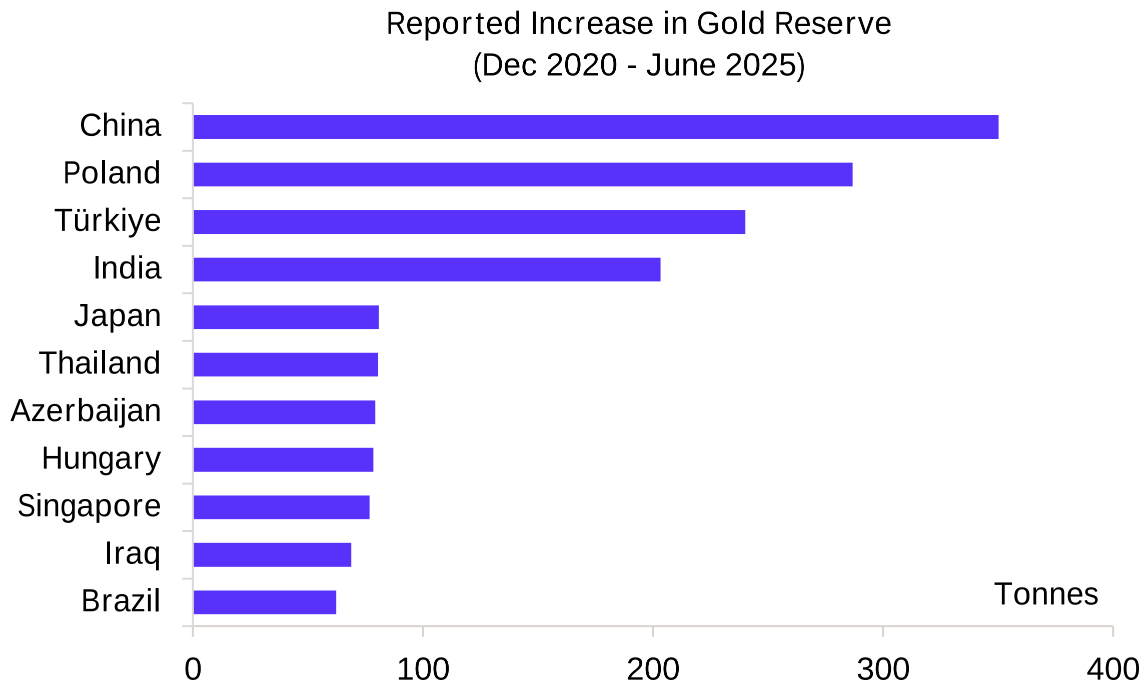
In 2025 (through September), their share stood at 17%, while investment demand rose sharply to 43%, compared with 26% in 2024

Source: World Gold Council, 360 ONE Asset Research

China, Poland, Türkiye, and India have notably boosted gold reserves

Several central banks might possess more gold reserves than their published numbers reflect





G7 countries such as the US, Germany, Italy, France and Japan hold some of the largest reported gold reserves

Other major holders include Russia, China, Switzerland and India

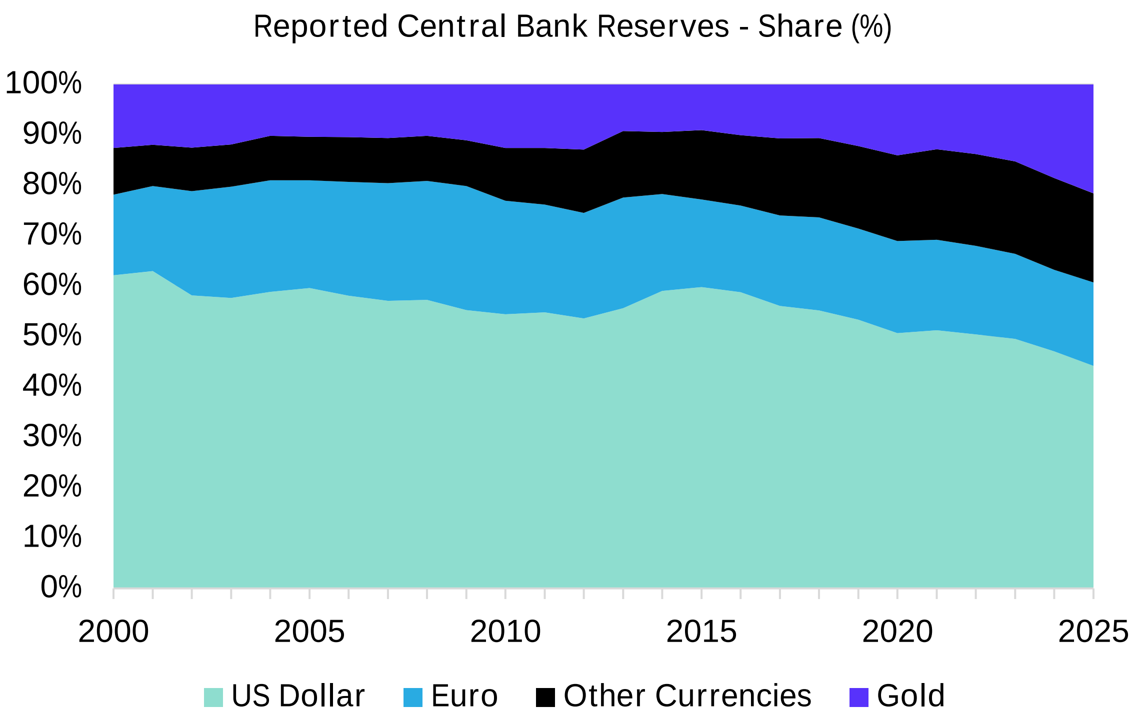
China, Poland, Türkiye, and India have significantly boosted gold reserves

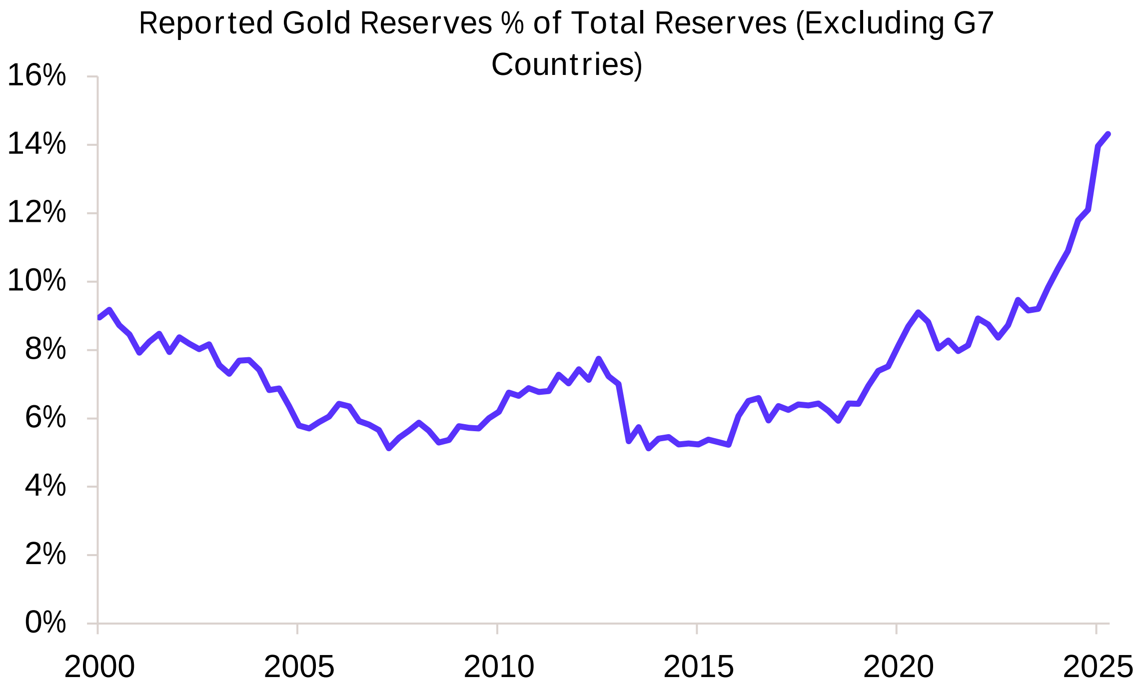
While these figures represent officially reported gold reserves and purchases, the true holdings of some countries may be higher than publicly reported

Source: World Gold Council, 360 ONE Asset Research

Gold accounts for 22% of central bank reserves, or 14% excluding the G7

USD's share in global central bank reserves has fallen from 62% in 2000 to 44% by June 2025





As of June 2025, the USD accounts for 44% of central bank reserves (down from 62% in 2000), followed by gold at 22% and the euro at 17%

Other major reserve currencies include the yen, pound, and renminbi (yuan), along with the Swiss franc, Canadian dollar, and Australian dollar

Excluding the G7, gold accounts for 14% of total central bank reserves

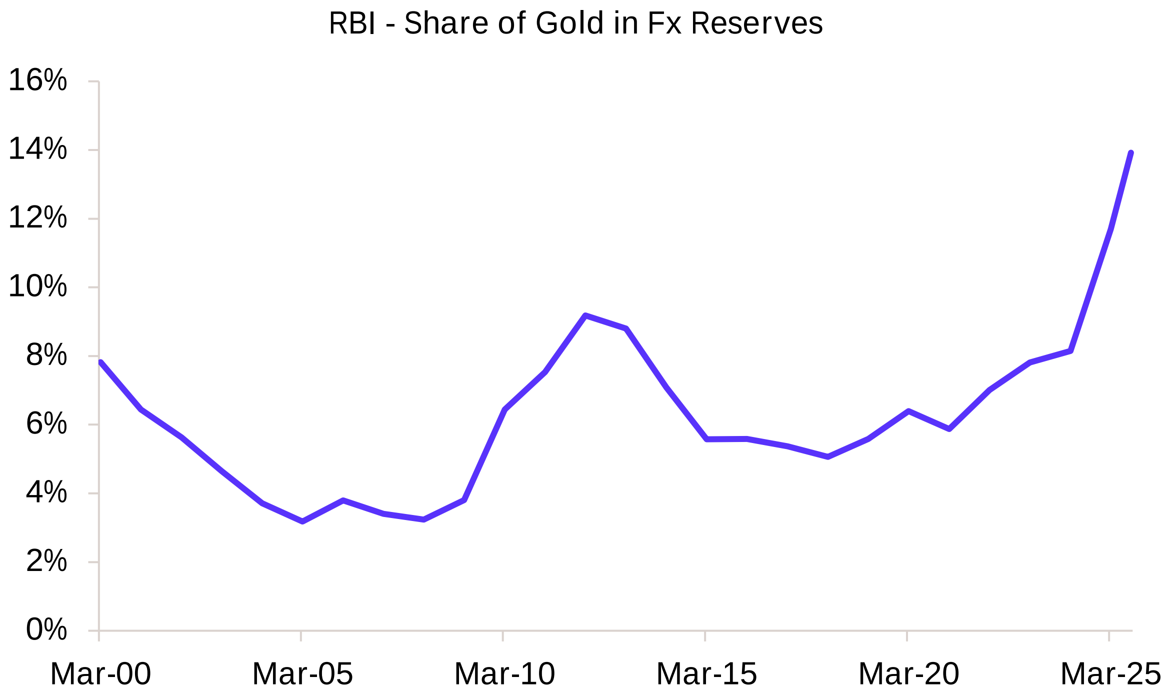
While it is hard to determine the eventual equilibrium level or the specific targets central banks may have, it is reasonable to assume that gold's share will settle well above current levels

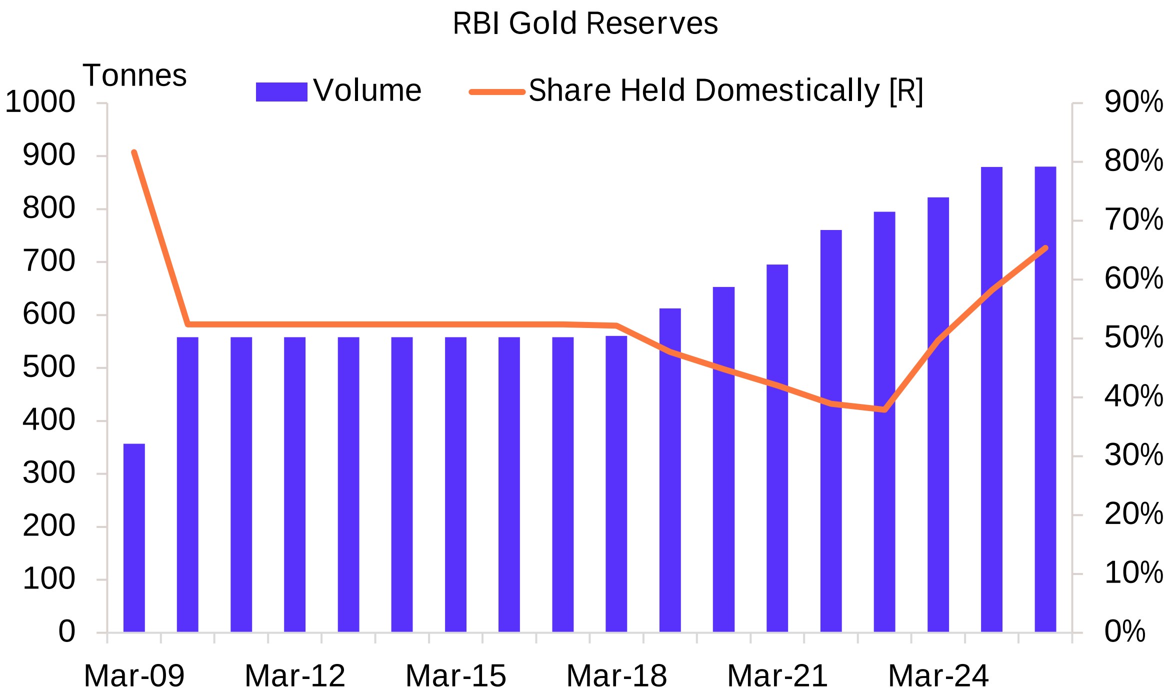
Source: World Gold Council, IMF COFER, 360 ONE Asset Research

Note: 2025 figures as of June

Gold’s share of the RBI’s reserves has risen to 14% in 2025

The share of RBI’s gold held domestically has risen to 65% in September 2025 from 38% in March 2023





The share of gold in the Reserve Bank of India’s foreign exchange reserves has risen from 6% in 2020 to 14% as of September 2025, driven by both increased purchases and higher gold prices

RBI started ramping up gold purchases from 2018-19 onwards

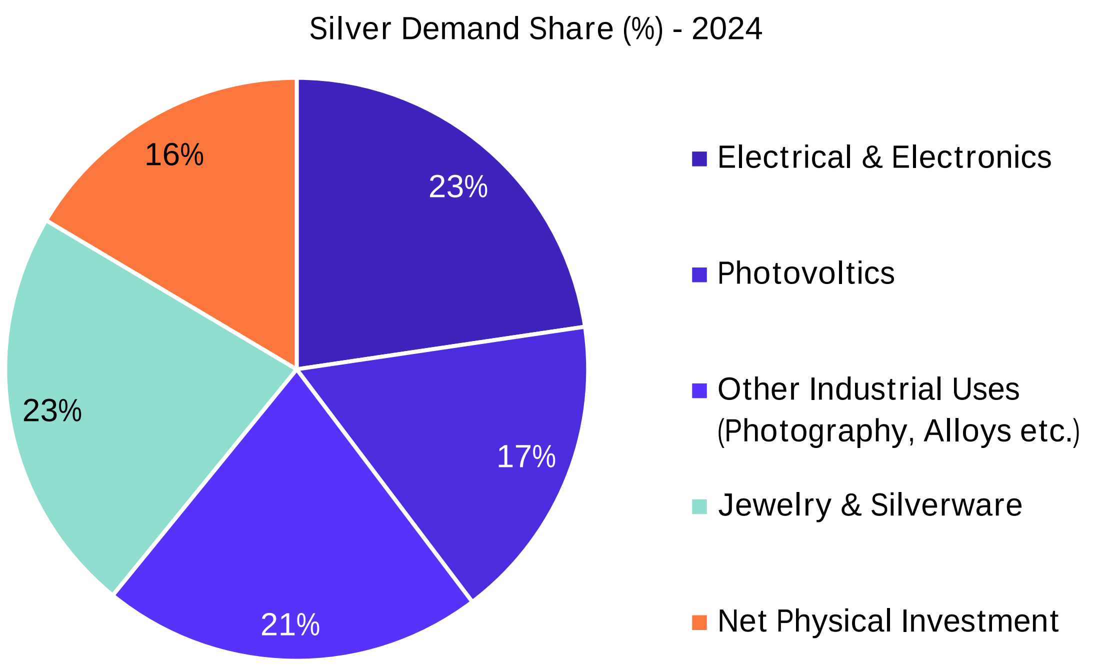
RBI has also begun onshoring its gold, with 65% of reserves (as of September 2025) held domestically, up from 38% in March 2023

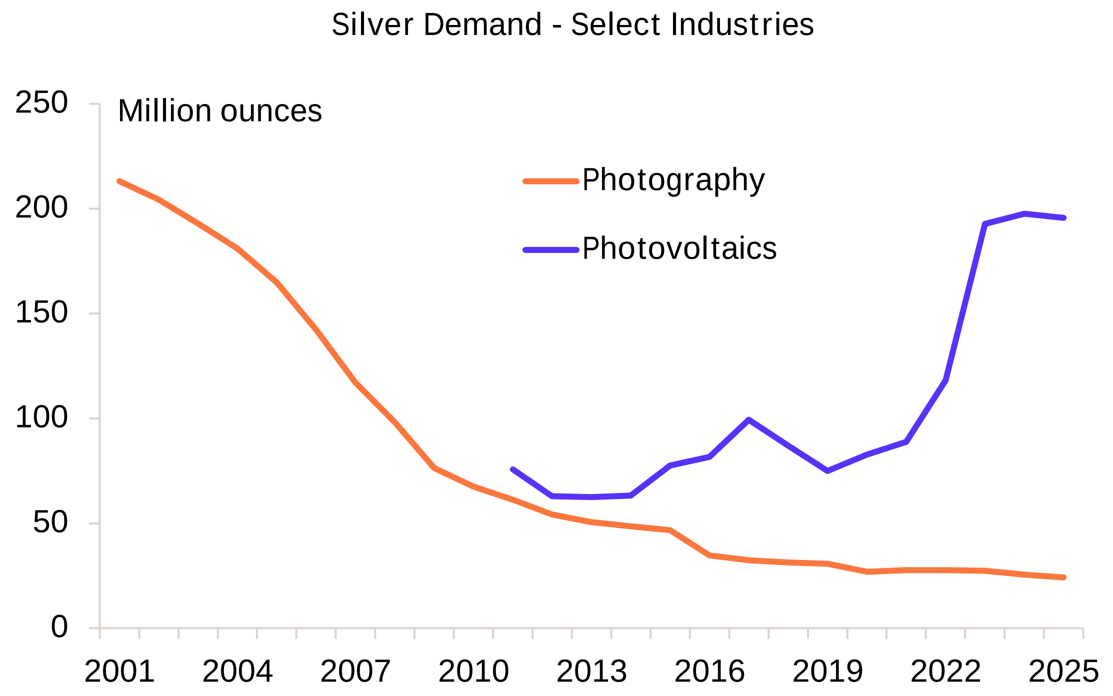
Source: RBI, 360 ONE Asset Research

Note 2025 data till June 2025

Industrial use accounts for 61% of total silver demand

Photovoltaic cells have emerged as the key application for silver, even as its use in photographic films has declined





Industrial use in electrical equipment, electronics, photovoltaics, photography, alloys and other applications accounted for about 61% of total silver demand in 2024

Over the last two and a half decades, industrial use has broadly averaged close to 60% of overall demand

Industrial use of silver has evolved, declining in photography while expanding significantly in photovoltaics

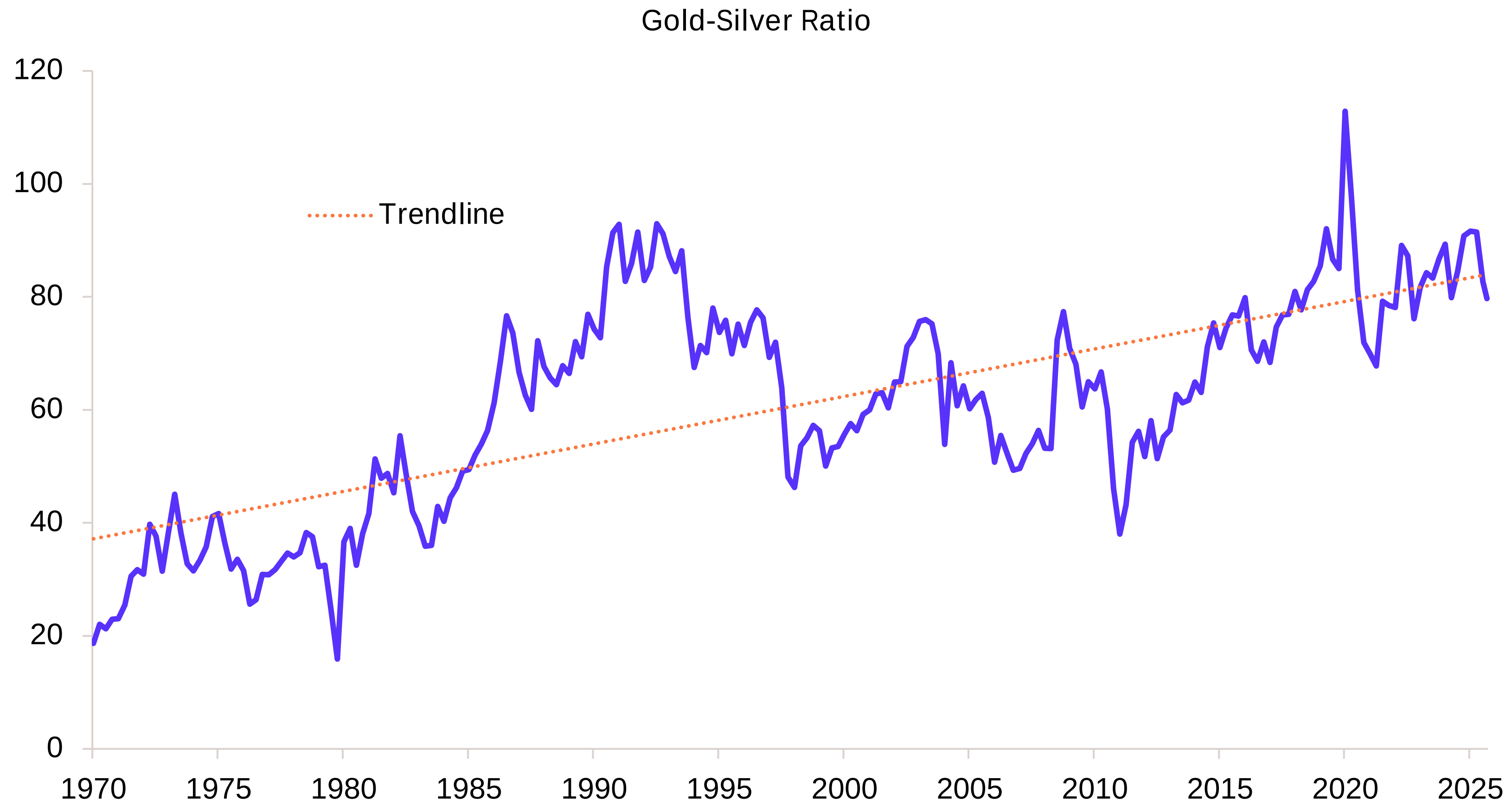
Silver demand for photovoltaic applications grew rapidly from 2019 to 2023, although it has flattened since then

Source: The Silver Institute, 360 ONE Asset Research

Note: 2025 figure is The Silver Institute estimate

Silver's industrial use makes it more exposed to economic cycles than gold

Earlier discussed factors like central bank buying, safe-haven demand, and USD debasement risks favour gold over silver



There is no compelling theoretical reason to expect the gold–silver ratio to converge to a specific number

The gold–silver ratio can be a useful tool for assessing relative value and making tactical decisions, given the partial complementarity between the two metals, but it lacks strong fundamental backing

Silver's extensive industrial use makes it fundamentally different from gold

While gold functions primarily as a safe-haven asset, silver is more sensitive to the health of the global economy and the resulting industrial demand

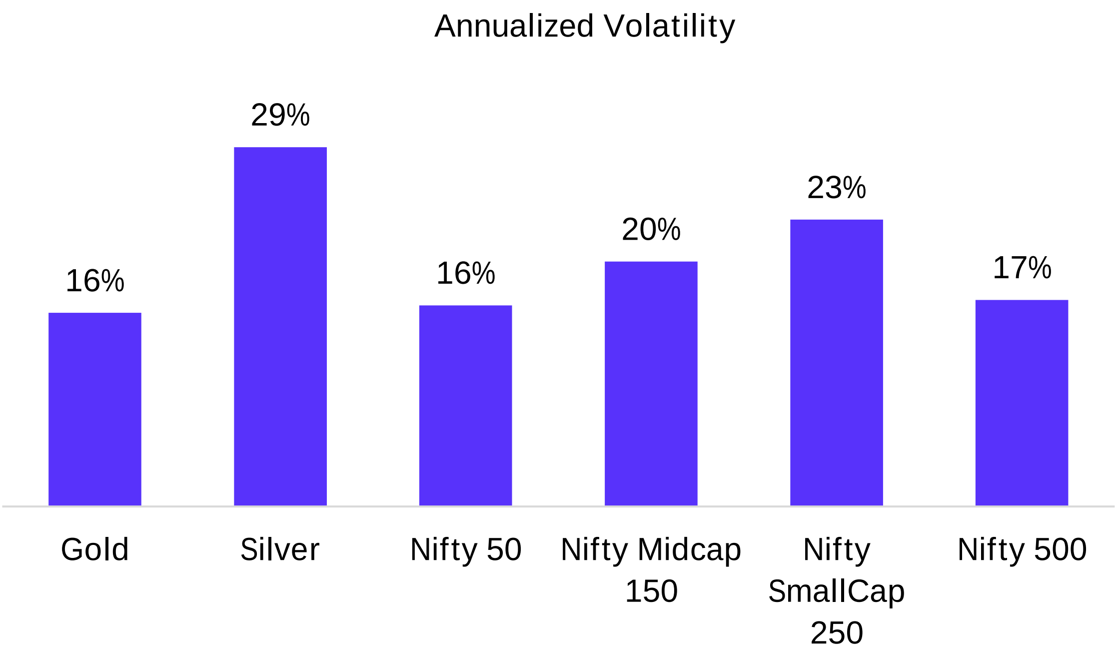
We believe factors like central bank purchases, an increase in safe-haven demand and potential USD debasement favour gold over silver

Source: Bloomberg, 360 ONE Asset Research

Gold also provides better diversification than silver

Gold's volatility is similar to that of the Nifty 50, whereas silver's volatility is nearly twice as high

	Gold	Silver	Nifty 50	Nifty Midcap 150	Nifty Small-Cap 250	Nifty 500
Gold	1.00					
Silver	0.72	1.00				
Nifty 50	-0.18	0.10	1.00			
Nifty Midcap 150	-0.21	0.06	0.86	1.00		
Nifty SmallCap 250	-0.18	0.09	0.80	0.97	1.00	
Nifty 500	-0.19	0.09	0.98	0.94	0.89	1.00



Gold offers marginally better diversification than silver because it has a weak negative correlation with equities

Silver, by comparison, shows a weak positive to no correlation with equities

Gold also has significantly lower volatility at 16% compared with silver at 29%

Gold's volatility is broadly in line with the benchmark Nifty 50 index and is lower than that of other broader equity market indices

Source: Bloomberg, 360 ONE Asset Research

Note: Analysis covers the period from January 2010 to October 2025

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