

Gold Prediction: Will Gold prices fall further? Experts reveal key levels for investors to watch

Gold prices fell 0.7% today as positive US jobs data increased rate hike expectations. While geopolitical tensions and high oil prices provide counterbalance, upcoming inflation readings are crucial in determining the market's trend for precious metals amid rising interest rates.



Gold Price Prediction (AI-generated image for representational purposes)

Gold prices has been under pressure as stronger-than-expected US jobs data revived expectations of higher interest rates, while investors turned their attention to a crucial set of inflation readings due from the world's largest economy this week.

The latest labour market data has complicated expectations around the [Federal Reserve's](#) policy path, with the improvement in US employment keeping the possibility of a rate increase this month on the table. At the same time, geopolitical tensions and elevated crude oil prices continue to provide an opposing force for bullion by supporting safe-haven and inflation-hedge demand.

On Monday, Spot gold was down 0.7% at \$4,398.13 per ounce as of 0710 GMT, after falling 1% on Friday. US gold futures for December delivery were also down 0.7% at \$4,443.60. Spot silver eased 1% to \$65.53 per ounce.

Back home, [MCX gold](#) was trading below ₹1,52,500 per 10 grams, while international spot gold had slipped nearly 1% to around \$4,400 an ounce. MCX silver had also moved below ₹2,37,500 per kg, tracking a similar decline in international spot silver to around \$66 an ounce.

The US labour market data showed that nonfarm payrolls increased by 162,000 in August, nearly three times the Street's forecast of around 53,000. This represented the strongest monthly gain since March. The unemployment rate remained at 4.1%, exactly as expected, while average hourly earnings increased 3.1% year-on-year.

The Bureau of Labor Statistics also revised June and July payrolls higher by a combined 55,000, further reinforcing the picture of a resilient US labour market.

Gold Outlook

The near-term direction of precious metals is likely to depend on how investors balance expectations for interest rates against geopolitical and inflationary risks. US economic data, particularly inflation figures, could therefore determine whether the recent decline develops into a deeper correction or remains a temporary pause.

Ashish Rajodiya, Commodity Research Analyst at PL Capital, noted that the stronger employment reading pushed market-implied odds of a September Fed [rate hike](#) to around 59-60%, compared with about 50% before the report. It also gave the dollar a brief bounce from its recent two-week low, although the broader dollar trend for 2026 has remained on the softer side.

Higher expectations of a rate hike and a firmer near-term dollar increased the opportunity cost of holding non-yielding assets such as gold and silver, added to the pressure on both metals, added the expert.

Despite the latest pullback, both gold and silver remain well above last week's lows in today's deals. According to Rajodiya, this points towards a pause in the broader uptrend rather than a genuine reversal. Physical and investment demand for [gold](#) has remained resilient through the correction, while silver continues to outperform gold on a relative basis, supported by steady industrial offtake.

Meanwhile, Rajeev Sharan, Head of Research at Brickwork Ratings, expects gold prices to remain under pressure over the next two weeks. He pointed to healthy FCNR(B) deposit inflows as one factor that has helped the rupee remain strong, with a stronger rupee generally keeping domestic gold prices in check even when global gold prices remain stable.

The bigger trigger, according to Sharan, is the Federal Reserve's September 16 rate decision. Following Chair Kevin Warsh's hawkish tone at Jackson Hole, the market is now almost evenly divided on whether the Fed will increase rates by a quarter point or keep them at the current 3.50% to 3.75%.

“Gold prices are likely to stay under pressure over the next two weeks, with the September 16 Fed decision a key trigger. Any hike, or even a hawkish hold, could lift Treasury yields and make non-yielding gold less attractive.” — Rajeev Sharan, Head of Research, Brickwork Ratings

Sharan said either a rate hike or a hawkish hold could push US Treasury yields higher and attract money towards safer, higher-paying bonds. Since gold does not pay interest, higher [yields](#) could make the precious metal comparatively less attractive. However, he also indicated that a softer signal from the Federal Reserve could quickly change the outlook.