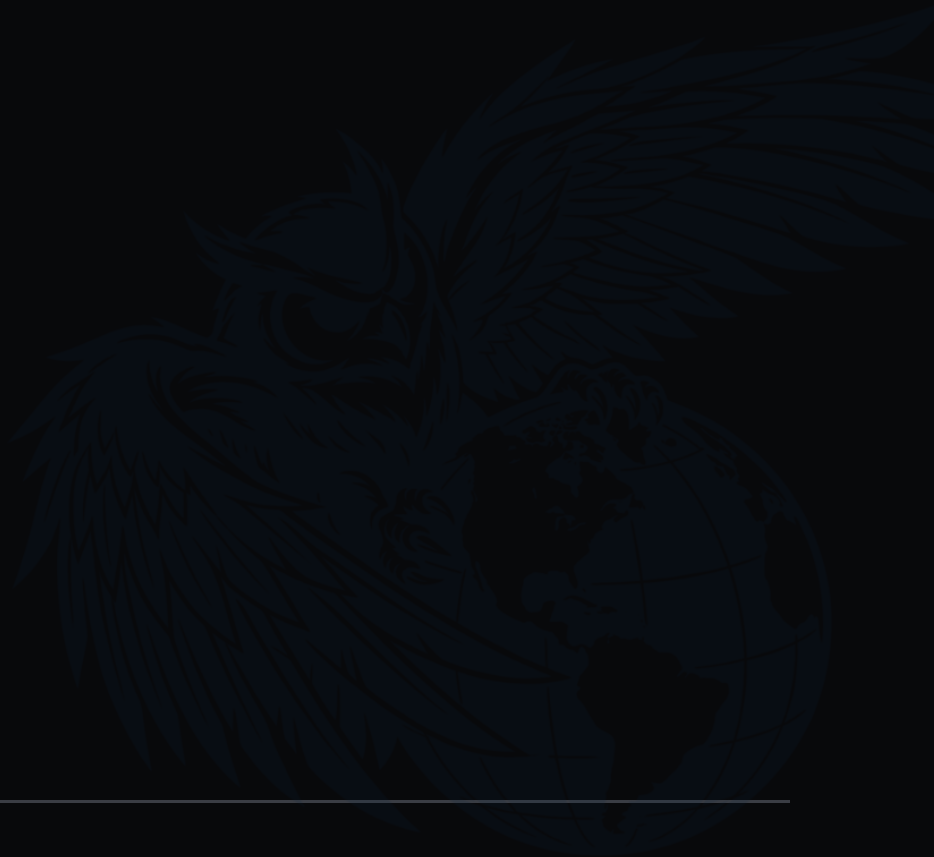

PUBLISHED MARKET RESEARCH

Gold Under a Hiking Fed: the Price Path to April 2027

Real yields cap the rally into the year end; official buying sets the floor

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Gold Under a Hiking Fed: the Price Path to April 2027

Real yields cap the rally into the year end; official buying sets the floor

Gold has fallen from its January record as the Fed turned to hiking, and the December hike the market now expects is largely in the price. We expect a range-bound metal into the year end, below the street's year-end targets, with official buying holding the floor and the recovery deferred to the first half of next year, when the hiking cycle is likely to have peaked.

Gold is more likely to finish 2026 near its current level than at the USD 4,650 per ounce year-end fair value Goldman Sachs set after the September hike. The Fed raised its target range on 16 September 2026, most officials expect one more increase by the year end, and futures now place that move in December rather than on 28 October. Real yields near 2.9 percent and a firm dollar are the ceiling on the price, while central bank and ETF buying through the September fall are the floor. Our central case for the February 2027 COMEX contract at the year end is about USD 4,280 per ounce, with an 80 percent range of USD 3,750 to 4,800. The case for a higher price by April 2027 rests on the Fed signalling a peak, not on any new demand source.

HEADLINE INDICATORS

USD 4,163 per ounce

GOLD PRICE AT 8:55 A.M. ET
ON 12 OCTOBER 2026

USD 4,650 per ounce

GOLDMAN SACHS END-2026
FAIR VALUE, CUT FROM USD
4,900 IN SEPTEMBER 2026

21.8 percent

FUTURES-IMPLIED ODDS OF A
HIKE ON 28 OCTOBER 2026,
READ 13 OCTOBER 2026

2.87 percent

10-YEAR TIPS REAL YIELD ON 8
OCTOBER 2026

39 tonnes

REPORTED NET CENTRAL BANK
GOLD PURCHASES IN AUGUST
2026

DOCUMENT CONTROL

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CENTRAL JUDGMENT

The hiking Fed has turned gold's main financial driver against it: real yields near their highest in years and a firm dollar explain most of the fall from the January record, and they will not ease until the market believes the December hike is the last. Against that, the official sector and ETF investors kept buying through the September fall, so the downside is shallower than the rate story alone implies. The path to April 2027 is a range into the year end, then a recovery that depends on the Fed signalling a peak; Goldman's year-end fair value needs that signal to arrive early, and we think it arrives late.

KEY JUDGMENTS

KJ-1	Gold is more likely to end the year below Goldman's year-end fair value than above it, trading in a range set by real yields rather than trending higher. A December hike is largely priced, but real yields will not fall far until the Fed signals that the cycle has peaked, and that signal is unlikely before the year end.	MODERATE
KJ-2	The Fed is more likely to hike in December than at the October meeting, and a December move would cap rallies rather than trigger a new leg down. The minutes, the weak September payrolls and futures pricing all point to December as the meeting.	MODERATE
KJ-3	Central bank buying sets a floor under the price on dips but is smaller in the reported data than in the street's estimates. Reported monthly purchases run well below the estimates that include unreported buying, though the People's Bank of China accelerated in September.	MODERATE
KJ-4	The September fall was driven by rate-sensitive and leveraged selling rather than by long-term holders, which leaves the market better held than before. ETF holdings rose while the price fell, but positioning data were not read and the flow figures come from one unverified publisher.	LOW
KJ-5	By April 2027 gold is more likely to trade above its current level than below it, as the market looks through the last hike toward the cuts the street expects in late 2027. The recovery depends on a Fed peak that the minutes do not yet signal, so the timing is uncertain.	LOW

KEY STATISTICS

4163 USD/oz Gold price at 8:55 a.m. ET, 2026-10-12⁶	5405 USD/oz Record gold price, reached 2026-01-29⁸	8.5 percent Fall in the gold price over September to USD 4,176 per ounce, 2026-09-30⁸	3.75-4.00 percent Federal funds target range after the hike, 2026-09-16¹
21.8 percent Futures-implied probability of a hike at the meeting of 28 October, 2026-10-13¹¹	5.22 percent 10-year Treasury constant maturity yield, 2026-10-08³	2.87 percent 10-year TIPS real yield, 2026-10-08⁴	39 tonnes Reported net central bank gold purchases for August, 2026-10-06⁹
67 tonnes Global gold ETF inflow in September, 2026-10-07⁸	29 thousand Nonfarm payroll gain for September, 2026-10-02²		

Scope and method

METHOD

This text reads the September FOMC minutes, the September employment release, the Federal Reserve's daily yield and dollar series, futures-implied policy probabilities, daily gold price reports, the World Gold Council's September market commentary and August central bank statistics, the People's Bank of China's September reserve figures as reported, and press coverage of Goldman Sachs's September gold note, all read on 13 October 2026. Goldman's note itself was not read; its figures are taken from press coverage and labelled as such. Claims are priced on the COMEX February 2027 gold contract, the most liquid contract at the year end, and the probabilities are the author's own judgment. No client-attributable material is used.

SECTION 01 • ASSESSMENT

The Fed has turned from tailwind to headwind

The FOMC raised the target range for the federal funds rate by a quarter point to 3.75 to 4.00 percent at its meeting of 15 to 16 September 2026, by a 12 to 0 vote, and the minutes released on 7 October 2026 say most participants judged that another increase would likely be appropriate by year end.¹

Nonfarm payrolls rose 29,000 in September 2026, July and August were revised down by a combined 60,000, and the unemployment rate was 4.2 percent, in the release of 2 October 2026.²

On 13 October 2026, futures-implied probabilities put a hike at the meeting of 28 October 2026 at 21.8 percent and at least one hike by the meeting of 9 December 2026 at 88.4 percent.¹¹

UNKNOWN: the September consumer price report was not yet published at this writing, and a hot reading could revive the October hike.

ASSESSMENT • MODERATE CONFIDENCE

The Fed is more likely to hike in December than in October, and that move is largely in the gold price already, so the Fed now caps rallies rather than drives fresh selling. The minutes, the weak payrolls and futures pricing point the same way.

SECTION 02 • ASSESSMENT

Real yields and the dollar set the ceiling

The 10-year Treasury constant maturity yield was 5.22 percent on 8 October 2026, down from 5.31 percent on 5 October 2026.³

The 10-year TIPS real yield was 2.87 percent on 8 October 2026, down from 2.95 percent on 5 October 2026.⁴

The nominal broad dollar index stood at 121.38 (January 2006 equal to 100) on 2 October 2026, up from 120.70 on 28 September 2026.⁵

In September 2026 the gold price fell 8.5 percent to USD 4,176 per ounce while the 10-year Treasury yield rose 53 basis points and the DXY dollar index rose 2 percent.⁸

ASSESSMENT • MODERATE CONFIDENCE

Real yields and the dollar, not a loss of demand, explain most of gold's fall from its record, and they are likely to stay high until the market prices the end of the hiking cycle. The September fall coincided with the sharpest rise in yields and the dollar, and the early October easing in both has lifted the price only modestly.

SECTION 03 • ASSESSMENT

The official sector bid is real but smaller than the headlines

Central banks reported net purchases of 39 tonnes of gold in August 2026 and 170 tonnes in the year to date; China added 20 tonnes, Poland and Uzbekistan 8 tonnes each, while Russia sold 6 tonnes and Jordan 3 tonnes.⁹

The People's Bank of China reported gold reserves of about 77.47 million ounces at the end of September 2026, up 740,000 ounces in the month, its 23rd straight monthly increase.¹²

Goldman Sachs puts central bank buying at about 90 tonnes a month, against a pre-2022 average of 17 tonnes, and credits it with nearly all of its expected gain through 2027.¹⁰

UNKNOWN: the gap between reported purchases and the street's estimate is unreported buying, which no public series measures; the World Gold Council's third-quarter demand report, which estimates it, was not yet published at this writing.

ASSESSMENT • MODERATE CONFIDENCE

Official buying is the floor under the price: it continued through the September fall and China accelerated, so dips toward the bottom of the range are likely to be bought. The floor is lower than the street's estimates imply, because the reported purchases are less than half of them.

SECTION 04 • ASSESSMENT

Investors bought the fall

Global gold ETFs took in USD 10 billion, or 67 tonnes, in September 2026, despite the price decline, led by North American funds.⁸

Gold traded at USD 4,163 per ounce at 8:55 a.m. ET on 12 October 2026, down 5.15 percent from USD 4,389 a month earlier and up 2.08 percent from USD 4,078 a year earlier.⁶

Spot gold stood at USD 4,164.85 per ounce at 9:00 a.m. ET on 12 October 2026, against USD 4,174.78 at the same time on 9 October 2026.⁷

UNKNOWN: who sold gold in September is not established; futures positioning data from the CFTC Commitments of Traders report were not read for this draft.

ASSESSMENT • LOW CONFIDENCE

The September fall looks like rate-sensitive and leveraged selling against steady ETF and official buying, which leaves the market better held and less prone to a further sharp fall. The flow figures come from one unverified publisher and the positioning data were not read.

SECTION 05 • ASSESSMENT

The street's targets and the path to April 2027

Goldman Sachs cut its end-2026 gold fair value to USD 4,650 per ounce from USD 4,900 in a note after the hike of 16 September 2026, kept its end-2027 target at USD 5,400, and expects three Fed cuts between September 2027 and March 2028.¹⁰

Gold reached its record of USD 5,405 per ounce on 29 January 2026.⁸

UNKNOWN: the Fed's own path after December, and whether the street's late-2027 cuts are brought forward, cannot be read from the September minutes.

ASSESSMENT • LOW CONFIDENCE

Goldman's end-2027 target is plausible but its year-end fair value needs real yields to fall before the Fed has signalled a peak, so we expect the year-end price below it and the recovery to come in the first half of next year. The destination depends on official buying, which is steady, while the timing depends on the Fed, which has not yet signalled a peak.

SECTION 06 • DECISION

Decision

Decision	Owner	Trigger	Pre-authorized action
Add to a strategic gold allocation	Reader's investment committee	February 2027 gold futures settle below USD 3,900 per ounce	Add in tranches, with official buying as the floor case
Defer tactical gold exposure	Reader's investment committee	Futures price a hike at the meeting of 28 October above 50 percent	Hold current exposure until the Fed signals a peak
Review the year-end target	Reader's investment committee	10-year TIPS real yield below 2.50 percent	Raise the year-end range and revisit the April 2027 path

SECTION 07 • OUTLOOK

Outlook

Baseline • Capped range. The Fed holds in October and hikes in December, real yields stay high, and gold trades in a range around its current level into the year end, held up by official and ETF buying. It recovers in the first half of next year as the market prices the end of the cycle.

Deterioration • Second hike priced. A hot inflation reading revives an October hike and the market prices a further move in early 2027, lifting real yields and the dollar. Gold breaks the bottom of the range before official buyers absorb the selling.

Stabilization • Early peak. Weak labour data lead the Fed to signal that the December move, or the September one, is the last. Real yields fall, the dollar eases and gold climbs toward the street's year-end targets ahead of time.

Claim C-1. The settlement price of the COMEX February 2027 gold futures contract on 31 December 2026 is about USD 4280 per troy ounce. Point and interval: lo 3750, central 4280, hi 4800, unit USD per troy ounce, level 80. Resolves on 2027-01-04 from CME Group market data:

the daily settlement price of the COMEX gold futures contract for February 2027 delivery on 31 December 2026, in USD per troy ounce, as first published by CME Group, is scored against the interval. Horizon 90 days. The central case adds a modest recovery and the contract's carry to the current spot price, with real yields capping the upside. The width reflects gold's recent volatility of about a fifth a year.

Claim C-2. The settlement price of the COMEX February 2027 gold futures contract on 31 December 2026 is at or above USD 4650 per troy ounce. Probability 0.20. Resolves on 2027-01-04 from CME Group market data: YES if the daily settlement price of the COMEX gold futures contract for February 2027 delivery on 31 December 2026, as first published by CME Group, is at or above 4650.0 USD per troy ounce; NO otherwise. Horizon 90 days. Reaching the street's year-end fair value needs a fall in real yields that the Fed is unlikely to allow before the year end. The threshold sits about one standard deviation above our central case.

Claim C-3. The People's Bank of China reports gold reserves at the end of November 2026 higher than at the end of October 2026. Probability 0.85. Resolves on 2026-12-09 from People's Bank of China: YES if the gold line of the official reserve assets table for the end of November 2026, in fine troy ounces, as first published, is higher than the end of October 2026 figure as first published; NO otherwise. Horizon 60 days. The bank has added gold for many straight months and accelerated in September as the price fell. A pause would be the clearest sign that the official floor is weakening.

Claim C-4. The 10-year TIPS real yield for 31 December 2026 is at or above 2.60 percent. Probability 0.70. Resolves on 2027-01-05 from Federal Reserve Economic Data: YES if the DFII10 observation for 2026-12-31, as first published, whatever the method, is at or above 2.60 percent; NO otherwise. Horizon 90 days. The real yield is the ceiling on gold in this report, and a December hike keeps it high. A fall below the threshold would point to the stabilization path.

Indicators.

- The September consumer price report and the futures-implied odds for the October and December meetings
- The 10-year TIPS real yield and the broad dollar index
- The People's Bank of China's monthly gold reserve figure
- The World Gold Council's monthly central bank and ETF flow statistics
- CFTC Commitments of Traders positioning in COMEX gold

SECTION 08 • SCORECARD

Scorecard

- CLM-2026-309: advanced; futures put a hike at the meeting of 28 October at 21.8 percent on 13 October 2026, below the claim's 0.35, and this draft's gold path assumes a hold.
- CLM-2026-310: advanced; futures put at least one hike by the meeting of 9 December at 88.4 percent on 13 October 2026, consistent with the claim, and C-4 rests on it.

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