

Executive summary

April was the month that didn't happen — at least not in the way anyone expected.

After March's historic 12.2% collapse, the consensus view going into April was a binary: either the ceasefire held and gold recovered, or talks collapsed and the market fell further. What actually occurred was something in between that ultimately satisfied neither camp. Gold opened at \$4,679, rallied to \$4,831 by mid-month as dip-buyers arrived and the April 7 ceasefire extension was confirmed, then drifted back to close at approximately \$4,590 — a net monthly decline of just 1.9%.

For context: March was -12.2%. February was -0.9% after a catastrophic intra-month crash and recovery. April's -1.9% is the quietest month gold has had in 2026. After eight consecutive months of war-era volatility, that near-stability is itself a signal.

Our GSHPS v2 indicator recovered from its March low of 21.5 (deep Buy territory) to approximately 40 by month-end — neutral, not yet a sell signal, and not yet a new buy trigger. The model says: consolidation, not direction.

The critical variable entering May is unchanged: the Strait of Hormuz.

Market performance

The month in numbers

Metric	April 2026	vs. Prior Month	vs. Prior Year
Open (Apr 1)	\$4,679	-	-
Monthly High	\$4,831 (Apr 17)	-	-
Monthly Low	\$4,562 (Apr 28)	-	-
Close (Apr 29)	~\$4,590	-1.9%	+40.7%
Average Price	~\$4,730	-	-

Trump indefinitely extended the ceasefire — gold surged \$137.82 (+2.96%) in a single session to \$4,798, its largest single-day gain in six weeks. The next day it gave back \$90 as markets reassessed whether the ceasefire actually changed anything about the Strait.

The second act was the mid-April rally. Between April 13 and 17, gold climbed from \$4,770 to \$4,831 as institutional buyers — many of whom had been waiting for exactly this setup — re-entered the market. The \$4,831 print on April 17 was the highest level since late March and confirmed that the model's Buy signal had not been wrong: there was indeed a recovery in progress.

The third act was the fade. Gold drifted lower throughout the final two weeks of April, from \$4,831 to \$4,562, as two realities set in. First, the FOMC held rates for the third consecutive time and Powell's tone at his potentially final press conference signalled no urgency on cuts. Second, Iran negotiations were going nowhere — Kushner's Islamabad trip was cancelled, and while Iran offered to reopen the Strait without resolving its nuclear programme, Rubio rejected it outright.

Gold closes April where it began — having gone nowhere net, having briefly given hope and then taken it away. At \$4,590, the metal is 16% below January's all-time high of \$5,608 and 3.8% above March's crisis low of \$4,424. That is the honest state of play.

Regional context

- **UK:** Gold in sterling fell approximately 1.4% in April, from roughly £3,680/oz to £3,625/oz. Year-to-date in GBP terms, gold remains up approximately 6%. The pound strengthened slightly against the dollar through April, which amplified the sterling-denominated decline
- **China:** SGE premiums eased to \$8–12 above spot in April — still elevated, but narrowing as Chinese buyers took profit on earlier dip-buying. Mainland China gold ETF inflows hit \$8.1 billion year-to-date, versus over \$2 billion in outflows from US gold ETFs — the East-West divergence that defines the 2026 market
- **India:** Import volumes remained subdued at elevated prices. The Modi government's emergency duty reduction in Q4 2025 has not been extended, keeping the retail gold market price-sensitive

What drove the market

Geopolitics: ceasefire holds, Strait does not open

The April 7 ceasefire extension — Trump calling it "indefinite" — was the positive catalyst that our March report had flagged as likely. But the market discovered quickly that an indefinite ceasefire is not the same as a deal.

As of April 29, the Strait of Hormuz remains effectively closed. Only approximately 7 ships transit daily.

turned back by the US naval blockade in late April. The US has diverted or redirected 38 vessels since imposing the blockade on April 13.

Iran's late-April proposal — to reopen the Strait in exchange for the US lifting its blockade and ending the war, with nuclear negotiations deferred — was described by Trump as a "much better" offer but was effectively rejected by Rubio, who refused to accept any arrangement that gave Iran operational control over an international waterway.

The result: oil stays elevated, inflation stays elevated, the Fed stays on hold. The mechanism that broke gold in March has not been resolved.

Federal Reserve: on hold again, Powell's final bow

The April 28–29 FOMC meeting produced the expected hold at 3.50–3.75% — the third consecutive pause in 2026. The Fed last cut rates in December 2025.

The statement language was modestly more hawkish at the margin. Headline CPI at 3.3% in March (the highest since May 2024) gave the committee no room to pivot. Core CPI at 2.6% offered mild comfort, but with oil above \$100 and a closed Strait, the forward inflation picture remains opaque.

This meeting was notable for another reason: it was likely Jerome Powell's last as Fed Chair. Kevin Warsh's Senate confirmation — already delayed by a Banking Committee dispute over Fed headquarters renovations — remains unresolved. Powell has pledged to serve until a successor is confirmed. Markets are pricing approximately 36% odds of a 25 basis point cut at the June 17 meeting, and consensus expects one cut total in 2026.

For gold, the message is clear: real rates are not going lower any time soon, and the tailwind of falling rates that powered much of 2025's rally has been replaced by a sustained pause at elevated levels.

ETF flows: stabilisation after March's record selloff

March saw a record \$12.8 billion in gold ETF outflows — the largest monthly outflow in history, according to the World Gold Council. April was, by comparison, subdued. Early April saw a further weekly GLD outflow of approximately \$4.58 billion (in the first week), but flows subsequently stabilised as the mid-month rally drew back some institutional capital.

The East-West divergence that defined Q1 continued. Mainland Chinese gold ETFs have seen \$8.1 billion in year-to-date inflows versus over \$2 billion in US outflows. Asian retail and institutional investors are buying what Western institutional investors are selling. This dynamic provides a structural floor but not a catalyst for a new Western-led rally.

World Gold Council Q1 data: record demand by value

The World Gold Council's Q1 2026 Demand Trends report, published April 29, confirmed several important structural dynamics:

Demand Category	Q1 2026	y/y Change
Total demand	1,195.9t	-9% (volume)
Bar and coin demand	474t	+42%
ETF flows	+62t	-73%
Central bank buying	244t	+3%
Technology demand	82t	+1%
Jewellery fabrication	335t	-23%

Despite the 9% decline in volume, the record average price of \$4,873/oz in Q1 generated a 74% year-on-year increase in the *value* of quarterly demand to a record \$193 billion. This is not a market where demand is collapsing — it is a market where buyers are paying higher prices for less metal, with bar and coin investors running counter to institutional ETF sellers.

Central banks bought 244t in Q1 — up 3% year-on-year and consistent with the structural central bank accumulation cycle that has run continuously since 2022.

The GSHPS signal: recovering from extreme

Our Gold Safe-Haven Premium Score (GSHPS v2) entered April at 21.5 — deep in Buy territory, as reported in the March report. The signal proved directionally correct: gold recovered from \$4,670 at March's close to a high of \$4,831 (+3.4%) before fading.

By month-end, GSHPS has recovered to approximately **40** — neutral territory. The model components that drove the March extreme (elevated VIX, compressed real rates, maximum ETF outflow pressure) have partially normalised. What has not normalised is the geopolitical risk component, which keeps the score below the 50 neutral midpoint.

This is an important distinction: the model is not flashing a new Buy at 40. Nor is it flashing a Sell. It is reflecting a market in balance between legitimate structural support (central bank buying, bar/coin demand, the East-West flow shift) and legitimate macro headwinds (no rate cuts, elevated inflation, continued Strait closure).

GSHPS Component	March 18	April 29	Change
Overall Score	21.5	~40	Recovering
Real Rates Sub-score	15	32	Higher rates priced out further cuts
ETF Flow Sub-score	12	38	Post-March flow stabilisation

GSHPS Component	March 18	April 29	Change
Central Bank/Physical	72	75	Structurally firm

The model will approach 50–60 if Iran reaches a deal that credibly reopens the Strait and rate cut expectations recover. A score of 60+ would represent a new accumulation signal.

May 2026 outlook

The one variable

The May outlook is unusual in its clarity: there is essentially one variable, and it is geopolitical.

If the Strait of Hormuz reopens in May — whether through a deal or a collapse in Iran’s negotiating position — oil prices will fall sharply, inflation expectations will ease, the probability of a June Fed cut will surge from 36% toward 70–80%, real yields will drop, and gold will likely run toward \$5,000–5,200. This was always the bull case.

If the Strait stays closed through May — which is the base case at current run-rate — the macro headwinds remain unchanged, the Fed stays on hold, and gold treads water in the \$4,400–4,800 range. The 36% June cut probability embedded in markets is a partial bet on a Strait deal, and if that probability reprices lower, gold will face renewed pressure.

Scenario framework

Scenario	Probability	Trigger	Price Range
Base Case: Stalemate	45%	Talks continue but no deal	\$4,400–\$4,800
Bull Case: Deal	30%	Strait reopens, oil falls	\$4,900–\$5,300
Bear Case: Breakdown	25%	Talks collapse, oil spike	\$4,000–\$4,500

What to watch in May

1. **Iran negotiations:** Any credible signal that the nuclear-exclusion deal is being considered by the US administration would send gold sharply higher. Watch for Witkoff/Kushner travel resuming
2. **Oil price:** Brent above \$115 would reignite inflation concerns and pressure gold. A fall below \$90 (still far off current levels) would represent the early signal of a Strait reopening being priced in
3. **June Fed pricing:** CME FedWatch’s June cut probability is the real-time read on how markets

4. **Powell succession:** If Warsh is confirmed as Fed Chair, markets will assess whether the new chair signals a different reaction function. Warsh has historically been more hawkish — any dovish signal from him would be a meaningful surprise
5. **WGC monthly ETF data:** If Western outflows have stabilised and Asian inflows continue, that structural shift becomes more visible and supportive

UK investor perspective

For UK-based investors, April's near-flat performance in dollar terms translated to a similarly flat outcome in sterling. The question for May is whether the pound continues to benefit from a broadly weaker dollar (which cushions sterling-denominated gold losses) or whether a deal-driven dollar rally changes that dynamic.

The structural case for holding gold in a UK portfolio — high inflation, elevated real rates, geopolitical risk, pension reform uncertainty — has not changed in April. The opportunity cost of holding gold remains low in a world where the Fed is frozen and real rates are not rising from here.

Conclusion

April gave gold investors what they needed but not what they wanted: stability.

After two months of extraordinary volatility — February's twin crashes and March's 17-year worst performance — April's near-flat result is a reset. The GSHPS Buy signal fired and produced a partial recovery to \$4,831. But the underlying macro conditions — a frozen Fed, an unclosed Strait, elevated oil — mean the recovery stalled well short of the \$5,000 level that would signal a genuine reversal.

Gold at \$4,590 is 16% below its January all-time high. The structural case (central bank buying, record bar/coin demand, the East-West institutional shift) is stronger than ever. The cyclical headwinds (no rate cuts, oil above \$100) are real but event-dependent — they could reverse quickly if the Strait reopens.

May is a month that waits on a phone call between Witkoff and an Iranian counterpart in Islamabad. That is an uncomfortable place for a model to be.

Our best advice: maintain existing positions, avoid adding leverage, and watch the oil price as the leading indicator for what the Iran deal probability market is actually pricing.

Gold Monitor; Morningstar ETF flow data; Trading Economics; pricegold.net historical data.