

Executive summary

February 2026 began with the most violent day gold has seen in a generation and ended with the most significant geopolitical shock since the Gulf War.

On January 30, gold fell 9.5% in a single session - the steepest daily drop since 1983. By February 28, every penny of that loss had been recovered. The metal closed the month at \$5,274, up 7.5%, extending its streak of consecutive monthly gains to seven.

Then, as markets closed on the last day of the month, US and Israeli forces launched "major combat operations" against Iran. By March 1, Iran had retaliated, closed the Strait of Hormuz, and the world had changed.

This report covers what happened in February, why gold proved so resilient, and what the conflict in the Persian Gulf means for the months ahead.

Market performance

The January 30 crash

Understanding February requires understanding what happened on the final day of January. Gold peaked at **\$5,594** on January 29 - a record. Within 24 hours, it was trading at \$4,883.

Two triggers fired simultaneously:

1. **Trump nominated Kevin Warsh as incoming Federal Reserve chair.** Warsh is a known advocate of monetary restraint and aggressive balance sheet reduction. The market had been pricing in a loose-money Fed indefinitely. That thesis died on the announcement.
2. **CME raised margin requirements.** With gold at record highs, COMEX increased initial margins - gold from 6% to 8% of contract value, silver from 11% to 15%. Many leveraged holders faced immediate margin calls they could not meet.

The combination was devastating. The fall accelerated into a self-reinforcing cascade. By the close,

February recovery

Metric	February 2026	vs. Prior Month	vs. Prior Year
Open (Feb 1)	\$4,680	-	-
Monthly High	\$5,269 (Feb 24)	-	-
Monthly Low	\$4,680 (Feb 1)	-	-
Close (Feb 28)	\$5,274	+7.5%	+38.6%
Average Price	~\$5,010	-	-

The recovery was methodical rather than explosive. Gold stabilised above \$5,000 by mid-month, tested it once more on dollar strength in the week of February 17, and then advanced decisively as tariff chaos returned and Iran talks collapsed.

The seventh consecutive monthly gain confirms a pattern: gold is not in a speculative blow-off. It is in a sustained re-rating, absorbing periodic shocks and recovering to new ground.

Regional context

- **India:** Premium demand normalised after the Union Budget (February 1) kept import duties unchanged, removing months of uncertainty. Buyers who had delayed purchases returned
- **China:** SGE premiums remained elevated; physical demand continues to absorb the pullback
- **UK:** Gold peaked at **£3,924/oz** in sterling on January 28 before the crash. By late February it had recovered to over **£3,600/oz** - up approximately 12% in GBP terms year-to-date

The Warsh question

The Warsh nomination dominated gold's February narrative and deserves a clear-eyed assessment.

Kevin Warsh (incoming Fed Chair from May 2026) has historically:

- Argued against excessive monetary expansion
- Advocated for an active reduction of the Fed's balance sheet (currently ~\$7 trillion)
- Favoured a treasury-only portfolio, with MBS sold rather than simply rolling off

This is unambiguously more hawkish than Jerome Powell's approach. The initial market reading - that

But the picture is more nuanced than that. By mid-February, analysts had concluded that Warsh's "sound money" approach does not require dramatically higher rates. The Fed held at 3.5–3.75% in January. Markets now price approximately 42–50 basis points of cuts through 2026, with expectations for a first cut shifting from June to July. Warsh appears likely to cut gradually while tightening the balance sheet separately.

For gold, the key question is real yields. If Warsh cuts rates even modestly while the balance sheet winds down, real yields may not rise meaningfully - maintaining gold's competitiveness. The January CPI reading (2.4%, an eight-month low) reinforced this case.

The Warsh shock was severe. Whether it proves lasting for gold depends on whether his tenure actually delivers the positive real yields that the initial panic assumed.

Demand analysis

ETF flows: a record that changes the conversation

The World Gold Council's January 2026 data, published in early February, was remarkable:

- **\$19 billion in global ETF inflows** - the strongest single month ever recorded
- **120 tonnes added** to global gold-backed ETF holdings
- Total holdings reached **4,145 tonnes** - a new all-time high
- Global gold ETF AUM hit **\$669 billion**, up 20% in a month
- North America posted its second-highest monthly inflow ever
- Asia achieved its largest monthly inflow ever

This is not retail speculation. These are institutional positions. The scale of January's ETF accumulation suggests that large investors were using the January rally to build structural gold positions - and the February crash, for many, was a buying opportunity rather than a reason to exit.

February ETF data is not yet published (due early March), but the trajectory heading into the crash was one of the strongest on record.

Central bank buying: no sign of slowing

- **China:** 15th consecutive month of purchases in January, now holding **2,308 tonnes** (9.6% of total reserves). The global central bank average is approximately 15%, suggesting significant further accumulation capacity

- **Broader trend:** Net central bank buying reached 24 tonnes in February, up 6 tonnes from January. No major sellers

The structural bid from central banks - averaging 80–90 tonnes monthly over recent years - provides a demand floor that speculative selling cannot permanently overwhelm.

Investment demand

Physical retail demand in the UK and Europe remained solid through February, with dealers reporting firm order books despite the price volatility. The ISA season (April 5 deadline) is prompting renewed interest in gold ETCs as a tax-efficient vehicle - see our [guide to gold in ISAs](#) for options.

Supply dynamics

Mine production

Global mine supply remains constrained at approximately 3,600 tonnes annually. There has been no step-change in new discoveries or project development. AISC (all-in sustaining costs) continue rising - now averaging approximately \$1,350–1,400/oz, still well below current prices but eroding margins at the rate required to attract the scale of capital investment that would significantly expand supply.

Recycling

Higher prices stimulated scrap supply in February, as expected. Scrap is price-elastic in ways mine production is not. However, the volumes - while elevated - are not structurally significant relative to demand.

Macro environment

The tariff shock, again

On February 23, the Supreme Court struck down Trump's original tariffs as exceeding executive authority. Trump responded the same day by announcing a **15% global import tariff** under Section 122 of the Trade Act of 1974 - a different legal mechanism, producing a lower average effective rate

The S&P 500 dipped negative for the year. The Dow fell 700 points. Capital rotated into gold, US Treasuries, the Swiss franc, and the yen. US stocks have significantly underperformed international markets in 2026 - the MSCI ACWI ex-US is up approximately 10% while the S&P 500 trades sideways.

Real yields and the dollar

The DXY dollar index spiked to a 24-month high of 106.5 in early February following the Warsh nomination, then weakened through the rest of the month to approximately 97 - near six-year lows. The 10-year Treasury yield declined to a 2.75-month low. Markets are pricing cuts.

Measure	Late February 2026	12 Months Ago
Fed Funds Rate	3.5–3.75%	4.25–4.50%
10-Year Treasury	~4.3%	~4.6%
CPI (Jan 2026)	2.4%	3.1%
Core CPI	2.5%	3.3%
DXY	~97	~104

The benign January CPI reading matters. Markets priced an 83% probability of a June rate cut immediately after the data. Warsh's incoming tenure complicates this - but the direction of travel for rates remains down, which is broadly supportive for gold.

Geopolitical backdrop

February saw three distinct geopolitical threads:

1. **Russia-Ukraine:** Talks resumed in Geneva (February 17) but remain deadlocked on territory and security guarantees. No deal is imminent. Safe-haven floor from this conflict persists
2. **US-Iran nuclear talks:** Three rounds in Geneva through February, all inconclusive. Trump publicly stated he was "not happy" with Iran's refusal to renounce uranium enrichment. Two US aircraft carriers (USS Gerald R. Ford and USS Abraham Lincoln) were already deployed to the region
3. **US-China trade:** New 15% tariffs keep geopolitical tension elevated in markets

And then, on February 28, the situation escalated decisively - see the conclusion.

Technical outlook

Key Levels:

- **Support:** \$5,000 (psychological, tested and held mid-month), \$4,880 (February low), \$4,680 (month open)
- **Resistance:** \$5,274 (February close / near-term resistance), \$5,594 (January record)

The recovery from \$4,680 to \$5,274 in a single month, absorbing multiple headwinds (dollar spike, margin hikes, Iran-talk optimism), is structurally bullish. The pattern mirrors behaviour seen at every prior psychological level during this rally: consolidation followed by advance.

RSI on weekly charts remains below the overbought readings of January, providing room for the next leg. The January record at \$5,594 is the obvious near-term target. Whether it is reached depends significantly on the Iran situation as we go to press.

Mining equities

For the second consecutive report, the news here is genuinely positive - and more so than in January.

On February 23, Q4 2025 earnings releases confirmed what the gold price had been signalling for months: miners are enormously profitable.

Index	February Return	Single-Day High	Gold Beta
GDX (Major Miners)	+8.1%	+4.12% (Feb 23)	~0.55
GDXJ (Junior Miners)	+11.8% MTD through Feb 11	+5.81% (Feb 23)	~0.68
Gold Spot	+7.5%	-	1.00

For the first time in this cycle, institutional capital began rotating into junior miners specifically. GDXJ's 167% one-year return reflects both the gold price move and the partial closing of the NAV discount that has persisted throughout the rally.

At current gold prices, major producers still trade at approximately 0.85x NAV against a historical average of 1.2x. The discount is narrowing, but has not closed. For investors who believe gold holds above \$5,000, miners continue to offer asymmetric exposure.

The reasons for the historic scepticism - capital allocation failures, cost inflation, permitting delays - have not disappeared. But the scale of Q4 2025 earnings appears to have finally forced a reassessment.

Sister metals

Silver

Silver's February was, if anything, even more dramatic than gold's - covered in detail in our [February silver report](#). The key cross-asset context for gold investors: the gold-silver ratio, which compressed to a historic 43:1 in late January, blew back out to approximately 57:1 through February. This ratio expansion told the story of silver's double crash, driven by leverage and forced selling rather than fundamentals. As of month-end, with silver at approximately \$92-94 and gold at \$5,274, the ratio sits at roughly 56-57:1 - still below the long-run average of 70:1.

Platinum

Platinum gained 8.4% in February, one of the better performances in the metals complex. Supply constraints in South Africa and Russia continue to tighten the market. The platinum-gold discount (approximately 72%) remains near historic wides - a long-run anomaly that has not yet resolved.

Risk factors

Near-term

1. **Iran escalation:** The most acute current risk. If Strait of Hormuz closures persist, oil could reach \$100+/barrel - which raises inflation expectations, complicates Fed cuts, and creates mixed signals for gold. The net effect is probably gold-positive (safe haven + inflation), but elevated oil also strengthens the dollar under certain scenarios
2. **Dollar strength:** A sharp move higher in DXY on risk-off flight-to-safety would pressure gold's nominal price despite supporting its role as a safe haven
3. **Margin requirement increases:** CME raised margins three times in a month. Further increases cannot be ruled out if volatility persists

Structural risks

1. **Warsh balance sheet reduction:** If active MBS sales begin as planned in mid-2026, the net tightening effect could lift real yields, reducing gold's attractiveness relative to alternatives
2. **Geopolitical resolution:** A genuine Iran ceasefire, or Russia-Ukraine peace deal, would remove significant safe-haven premium - though central bank demand would persist regardless
3. **China slowdown:** A material deterioration in Chinese demand could reduce both jewellery and

Price forecast

We revise our outlook upward from January, reflecting both the technical recovery and the material escalation of geopolitical risk.

Scenario	Probability	Price Range
Base Case	50%	\$5,400–\$5,800
Bull Case	30%	\$5,800–\$6,500
Bear Case	20%	\$4,800–\$5,200

Revised Target: \$5,500–\$6,200 by June 2026

The base case assumes a contained Iran conflict (ceasefire within 4–6 weeks), continued central bank buying, and one Fed rate cut by June. The bull case incorporates a prolonged Hormuz disruption, record ETF inflows for February and March, and the January record being broken. The bear case requires a swift Iran de-escalation combined with unexpectedly hawkish Fed communication or a sharp dollar rally.

Major bank targets as of late February: JP Morgan revised to **\$6,300**, Goldman Sachs at **\$5,400**, UBS and Deutsche Bank at **\$6,200** by summer.

What to watch

- Iran conflict trajectory:** The duration and intensity of the Strait of Hormuz closure is the single most important variable for gold in March. Every week of sustained closure adds to inflation expectations and safe-haven demand
- Fed March 17–18 meeting:** First FOMC meeting with Iran as a live geopolitical factor. Does the Fed pause cuts indefinitely given oil-driven inflation risk, or does it see through it?
- February ETF flow data (due early March):** If institutional buying accelerated through the crash-and-recovery, it confirms the structural thesis
- China central bank February report:** Whether the 15th-month buying streak extended to 16
- Warsh Senate confirmation hearings:** His commentary on the balance sheet timeline will set the tone for monetary expectations through H1 2026

Conclusion

February tested gold harder than any month in recent memory. The combination of the worst single-day crash since 1983, three CME margin hikes, a dollar surge, and diplomatic signals of US-Iran progress would have broken a speculative bubble. Instead, gold recovered everything within the month and closed at a new February record.

That resilience is meaningful. It says the structural buyers - central banks, institutional allocators, sovereign funds - are not momentum traders who panic at the first setback. They are accumulating. Record January ETF inflows and Poland's 29-tonne February purchase tell a consistent story: the world's serious money is moving into gold.

The Iran situation, as we go to press, is the most acute variable in years. The Strait of Hormuz carries roughly 20% of global oil supply and one-third of seaborne oil. Iran's Revolutionary Guards closed it on March 1. That is not a safe-haven story - it is a structural inflation shock that happens to benefit gold for multiple simultaneous reasons.

We do not know how long the conflict lasts or how much further it escalates. What we know is this: gold has spent a month proving it can absorb severe headwinds. It is now entering a period where every major tailwind - geopolitical risk, inflation, rate cuts, dollar weakness, institutional accumulation - may be present simultaneously.

The path to \$6,000 remains intact. The January record at \$5,594 is the immediate target. The question for investors is not whether to hold gold. It is how much.

This report reflects market conditions and data available as of March 1, 2026. The Iran military situation remains active and rapidly evolving - investors should monitor developments closely. Past performance does not guarantee future results. This is not financial advice.