



Gold prices cross Rs 1 lakh-mark for first time: What is driving surge in price of the yellow metal?

Prices in India generally follows the international prices. Global gold prices continued to surge with prices crossing \$ 3400 an ounce even as the US dollar tumbled.

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The surge in gold prices is also driven by escalating geopolitical risks, strong central bank demand, and persistent inflation concerns. (File photo)

Gold prices are glittering above the Rs 1 lakh-level per 10 gm for the first time as the international prices surged after US President Donald Trump unveiled plans to overhaul the Federal Reserve. Gold consolidated its position as the best safe haven asset in the volatile global financial markets.

The price of 24-karat gold (999 fineness) was quoted at Rs 101,350 per 10 gm in the [Mumbai](#) bullion market on Tuesday. The price of 22 karat gold was quoted at Rs 92,900 per 10 gm on Tuesday as global markets continued to remain jittery over Trump's tariff plans and his threat to revamp the US Fed that could lead to a spike in [inflation](#) and interest rates.

Why gold prices crossed Rs 1 lakh-mark

Gold prices in India generally follow international prices. Global gold prices continued to surge with rates crossing \$3,400 an ounce even as the US dollar tumbled. Gold has gained nearly 59 per cent since March 2024. A weaker dollar boosts demand for gold, since it makes the metal more affordable to investors holding foreign currencies.

[Gold price today](#) in New York is around \$3,486.85 per troy ounce. The gold price rally is largely driven by renewed uncertainty surrounding US monetary policy, after Trump unveiled plans to overhaul the Federal Reserve. The US President intensified his attack on Federal Reserve chief Jerome Powell for not cutting interest rates even as the US dollar sinks in the currency market.

Meanwhile, the US Fed issued a warning that tariffs could threaten its dual mandate of maintaining stable prices and full employment, which further strengthened gold's safe-haven appeal.

The surge in gold prices is also driven by escalating geopolitical risks, strong central bank demand, and persistent inflation concerns. There are heightened tensions on the Russia-Ukraine front too. This new layer of uncertainty is complicating the path ahead for the US Fed decision on the interest rates.

Jateen Trivedi, research analyst, LKP Securities, said the rally is being supported by escalating tariff tensions, concerns over the US economic outlook and the looming US debt crisis. Continued buying from China, global central banks and institutional investors has added momentum to the bullish sentiment, he said.

How Trump's move to overhaul Fed is driving up gold prices

The criticism of the US Federal Reserve by President [Donald Trump](#) has shaken the investor confidence pushing the dollar sharply lower and catapulting safe-haven gold to a record high. “These are stoking concerns about the independence of the Fed, sending ripples through financial markets. US Dollar (three-year low) and the risk-on equity markets takes a beating while gold stands to benefit,” said N S Ramaswamy, head of commodities at Ventura.

Trump recently said that he can’t wait to sack Powell for not cutting dollar interest rates even as the US-China trade war risks are crushing the dollar and spiking inflation.

On Monday, the US dollar continued its slide, falling to its lowest level since 2022, as global investors retreat from US assets in the face of tension between Trump and the Federal Reserve. The ICE US dollar Index which measures the greenback against a basket of foreign currencies, fell as low as 97.92 on Monday.

How big is the Indian gold market?

India is the second largest gold market in the world after China. Gold demand in the country in 2024 stood at 802.8 tonnes, as against 761 tonnes in 2023. China’s demand was 985 tonnes. The total gold demand value in India went up by 31 per cent at Rs 5.15 lakh crore in 2024, compared to Rs 3.92 lakh crore in 2023, according to a World Gold Council (WGC) report,

Gold holds a significant place in Indian culture, often being accumulated over generations. During times of financial need such as hospital expenses and college fees, individuals are more willing to pledge their gold holdings like jewellery to secure loans.

“The slowdown in the economy in the last few months would have prompted consumers to pledge gold to meet the financial requirements. During periods of economic uncertainty like trade wars or inflation, gold is perceived as a stable asset, prompting individuals to opt for gold loans to meet immediate financial needs,” said an analyst. The growth of digital platforms, apps and fintech solutions has also made gold loans more accessible and attractive, even in remote areas, contributing to their rising popularity.

As gold prices continue to glitter, gold loans are likely to remain a popular financing option for individuals across the country.

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