

What is happening with gold?

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As the [Guardian reported](#) last night:

The price of gold has jumped above \$5,000 an ounce for the first time as Donald Trump's chaotic policies and proclamations drive more investors to seek safe harbour in the precious metal.

Gold reached a record high of \$5,100 (£3,723) on Monday morning, before easing back to settle up 2.2% at \$5,091.

This marks a historic milestone driven by political volatility and economic fundamentals. So what is going on?

First, there is the Trump factor. The fact is that the gold rally follows a cascade of destabilising policy moves from Trump. The multiple moves, prevarications and (so far) retreats over Greenland, the military operation targeting Venezuelan President Nicolás Maduro, threats to the Federal Reserve, and more have all destabilised market sentiment. Mark Carney's description of Trump's moves as creating a geopolitical rupture has been noticed, not least because it was one thing that could be believed.

Second, there is the resulting flight to safety. The reality is that investors are, as a consequence, abandoning US and other government bonds, currencies, and maybe shares, and are currently viewing gold as a refuge from market chaos. This classic flight-to-safety pattern reflects deep uncertainty about global trade relationships and, in particular, the stability of US foreign policy.

Third, there are serious economic underpinnings to all this. Three issues amplify the gold rally. They are:

- * A weakening dollar
- * Inflation that might be running above expectations, and
- * Potential Federal Reserve rate cuts.

In addition, speculation yesterday about US intervention to support the Japanese yen, which is showing signs of real volatility amid an election with unpredictable consequences, only added to the uncertainty, creating a febrile situation.

Fourth, the gold boom has been historic in scale, creating its own subnarrative. To contextualise this, what has been surprising is the speed and magnitude of what is happening. Gold has increased by 15% so far in 2026, following a 65% gain in 2025. Silver has also increased in value, surpassing \$100 per ounce, underscoring broad-based demand for precious metals. This is unprecedented, as this chart from the [Royal Mint](#) on the gold price, expressed in sterling, shows:



So what is happening? It's almost certainly fair to conclude that this is not merely a market fluctuation, but a confidence crisis. Investors are pricing in profound uncertainty about American policy coherence and global economic stability. This need not be a sign that the global recession is beginning, but the signs are not good. I have talked about a forthcoming crash for a long time. The financial markets seem to be sharing that sentiment now. The discomfort might very soon get much worse.