

Quote by Shravan Shetty, Managing Director, Primus Partners.

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Gold, silver hit fresh lifetime highs: Should you invest in precious metals this Dhanteras?

'Around Diwali, most people will purchase emotion-driven jewellery, but intelligent investors are moving towards digital gold and silver bars,' said one analyst.



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Article Content:

Gold and silver prices extended their record rally, hitting fresh lifetime highs on October 16. This comes as the precious metals remain in focus amid expectations of heightened demand ahead of Dhanteras.

Gold futures on the Multi Commodity Exchange of India (**MCX**) rose around 1 percent (Rs 1,185 per 10 grams) to hit a new lifetime high of Rs 1,28,395 per 10 grams. Gold futures

with February and April expiries also hit fresh lifetime highs of Rs 1,29,380 per 10 grams and Rs 1,30,877 per 10 grams respectively.

Silver futures on MCX with December expiry hit lifetime high of Rs 1,64,660 per kilogram. The future contracts with March and May quarter meanwhile hit new all-time highs of Rs 1,64,958 per kg and Rs 1,66,338 per kg respectively.

Why are gold prices jumping?

Gold has seen a steady increase, primarily due to risk off sentiment and dollar weakness, which have led funds to move into the yellow metal as a safe haven asset, said Shravan Shetty, Managing Director at Primus Partners. The strong rise in gold prices has also been amplified with central banks storing surplus in golds instead of US Treasuries.

"We believe gold will remain a key commodity and see flows as geopolitical risk is high and alternatives are very limited," Shetty added.

The surge in gold prices reflects deep-rooted structural shifts in global finance — a slowing US economy, expectations of multiple Federal Reserve rate cuts, and relentless central bank accumulation amid rising fiscal deficits, said Harshal Dasani, Business Head at INVasset PMS.

According to the World Gold Council, global demand reached 1,249 tonnes in Q2 2025, marking a rise of 3 percent year-on-year, while mine output stayed steady at 915 tonnes, Dasani noted, highlighting the supply rigidity despite record prices.

Why are silver prices rising?

Silver has seen higher prices due to a demand supply mismatch, Shetty said. "Demand has increased as we electrify the economy but supply increase is limited given the metal is normally mined together with other metals. The falling rupee against the dollar and build up of shorts in the markets against silver is also amplifying gains in rupee terms," he added.

What lies ahead?

Analysts at Goldman Sachs and UBS now see gold prices stabilizing between \$4,000–\$4,300 through 2026 as global real yields stay negative and investors seek monetary stability, Dasani said. "In an era of deficits, gold's safe-haven status has become less of a trade — and more of a policy hedge," he added.

Should you invest?

Despite the record rally, analysts advise caution. Siddharth Maurya, Founder & Managing Director at Vibhavangal Anukulakara, explained that precious metals are not designed to provide explosive returns — they are designed to hedge disorder. "A 10–15% weighting is still reasonable, but this year's big story is silver's industrial tailwind from EVs and solar. Around Diwali, most people will purchase emotion-driven jewellery, but intelligent investors are moving towards digital gold and silver bars where purity, liquidity, and taxation are more transparent," he added.

Amidst geopolitical uncertainty and volatile equity markets, a 10–15 percent portfolio allocation to precious metals can be taken as insurance and not speculation, the analyst said.

Puneet Singhania, Director at Master Trust Group, however remained optimistic. He explained that central banks all over the world are likely to continue the strategic gold reserves buying, which may offer consistent demand in the coming period. Silver is an essential metal in today's world which finds extensive application in electronics, solar panels, batteries, and semiconductors. With technology evolving and the need for electronics, green energy infrastructure, and semiconductors rising, the silver price upmove is likely to remain strong, he added.

"For those investors who wish to get exposure this Diwali to these metals, taking a staggered investment route through gold/silver ETFs or mutual fund will be an efficient means of dealing with volatility and possible corrections following such a dramatic rally while still capturing long-term trend," Singhania noted.