

# Iran Conflict Update: Impact on Gold

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# IRAN CONFLICT UPDATE: IMPACT ON GOLD

## WHAT IS HAPPENING

Attacks on energy infrastructure and a halt to shipping through the Strait of Hormuz, which normally handles a fifth of the world's oil, have driven up prices of crude and natural gas. War is into the second week and oil surged above USD100 a barrel with no signs of resolution. The new supreme leader is the son of the assassinated hardline Ayatollah Ali Khamenei, who may continue the current stance.

It was reported that gold stuck in Dubai is being sold at a discount of around USD30 per ounce, which translates to approximately 0.6% as conflict widens, as of 7 March 2026. This was attributed to buyers withdrawing due to much higher transport and insurance costs without assurance of delivery. Suppliers are also facing challenges in moving bullion out of the region.

## IMPLICATIONS ON GOLD

Gold prices have been choppy after gaining more than 15% this year (Refer to Figure 1).



**Figure 1: Gold prices in beginning 2026**

Source: Goldprice.org, 9 March 2026

The outlook for gold prices will be influenced, to a certain degree, by these factors:

- 1) Higher oil prices could push inflation higher, reducing the likelihood of U.S. interest rate cuts or even prompting rate hikes.
- 2) Stronger US dollar, and higher US Treasury yields could erode demand for gold.
- 3) Disruption to global gold supply as transportation routes are affected by the conflict.
- 4) Increase in borrowing costs, cost of transportation and insurance etc. have also negatively impacted prices.
- 5) Source of liquidity given the price performance, and correction in other risk assets.

## SUMMARY

Looking ahead, there are a few developments to look out for:

- Donald Trump is considering ground raid as intelligence confirm Iran can access buried Uranium in Isfahan.
- Australia has been asked for assistance from Gulf nations for defensive military support.
- The United States ordered non-Emergency United States government employees and family to leave Saudi Arabia.

During this period, elevated central-bank buying has underpinned gold growth. People's Bank of China bought more gold in February, extending its purchasing streak to 16 months. We believe that a relatively swift end to the conflict would likely see the dollar weaken and gold rally.

All data are sourced from Lion Global Investors and Bloomberg as at 11 March 2026 unless otherwise stated.

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