

---

## NAVIGATING THE SURGE: THE IMPACT OF FLUCTUATING GOLD PRICES ON GLOBAL TRADE EDGE

---

<sup>\*1</sup>Dr M. Saravanan, <sup>2</sup>Ms Varshini M.

<sup>1</sup>Associate Professor & Head i/c Department of International Business PSG College of Arts & Science, Coimbatore – 641 014.

<sup>2</sup>II M. Com (IB) Student Department of International Business PSG College of Arts & Science Coimbatore – 641 014.

---

Article Received: 05 March 2026

Article Revised: 25 March 2026

Published on: 15 April 2026

\*Corresponding Author: Dr M. Saravanan

Associate Professor & Head i/c Department of International Business PSG College of Arts & Science, Coimbatore – 641 014.

DOI: <https://doi-doi.org/101555/ijrpa.1370>

---

### ABSTRACT

*This study examines the impact of global gold price volatility on export competitiveness, with a specific focus on the Indian gold industry. Gold, being a significant commodity in international trade, is highly sensitive to fluctuations in global markets, which in turn affects export performance and market stability. The research aims to analyse the relationship between price volatility and the competitiveness of gold exports using appropriate statistical and analytical tools. Furthermore, the study highlights key challenges faced by exporters, such as exchange rate fluctuations, global competition, and changing demand patterns. It also emphasizes the need for effective risk management strategies and policy support to enhance stability and competitiveness in the gold export market. The research contributes to a better understanding of how global economic factors impact the gold industry and provides insights for policymakers, traders, and stakeholders in improving export performance.*

**KEYWORDS:** *Gold Price Volatility, Export Competitiveness, Global Gold Market, International Trade, Price Fluctuations.*

### INTRODUCTION

Gold has long held a significant position in the global economy, serving not only as a valuable commodity but also as a symbol of wealth, security, and financial stability. In the context of international trade, gold plays a crucial role, particularly for countries like India, where it is deeply embedded in cultural, economic, and investment practices. The Indian gold

industry contributes substantially to export earnings, employment generation, and overall economic development. However, the performance of this sector is increasingly influenced by fluctuations in global gold prices. Gold price volatility has emerged as a critical concern in recent years due to its direct impact on export competitiveness. These variations create uncertainty for exporters, affecting pricing strategies, profit margins, and long-term trade planning. As a result, maintaining competitiveness in the international market becomes a complex challenge for gold-exporting nations. This study aims to analyze the relationship between global gold price volatility and export competitiveness, with a focus on identifying key challenges and opportunities for improvement. By applying appropriate statistical and analytical tools, the research seeks to provide meaningful insights that can support policymakers, exporters, and stakeholders in developing effective strategies to mitigate risks and enhance the global positioning of the gold industry.

### STATEMENT OF THE PROBLEM

The gold industry plays a significant role in the export performance of India, but it is highly affected by global price fluctuations. Gold price volatility creates uncertainty in international markets, making it difficult for exporters to maintain stable pricing and profits. Frequent changes in prices, influenced by economic and geopolitical factors, disrupt trade planning and decision-making. Additionally, strong competition from hubs like Dubai and Hong Kong further intensifies the challenge. Exporters face risks such as fluctuating demand, exchange rate variations, and reduced market share.

### REVIEW OF LITERATURE

A study by **Dirk G. Baur and Kristoffer Glover (2017)** analysed the dynamics of gold price volatility and its relationship with global economic uncertainty. **Natural Resource Price Volatility Study (2021)** This research examined the long-term economic consequences of natural resource price volatility. **Mishra (2019)**: Mishra examined volatility spillovers among gold prices, foreign exchange markets, and real estate markets in India using econometric models such as GARCH. **Sarker (2024)**: Sarker analysed the long-term relationship between gold prices and stock market volatility in India. **Gold and BSE Sectoral Indices Study (2020)**: This study examined the relationship between gold price volatility and sectoral stock indices on the Bombay Stock Exchange (BSE). **Post-Pandemic Gold Volatility Persistence Study (2025)**: This study analysed whether gold price volatility persists after major global crises such as COVID-19.

## OBJECTIVES

- To analyses the level of awareness among respondents about global gold price fluctuations.
- To examine how volatility in global gold prices affects export pricing and profit margins.

## METHODOLOGY

This study adopts a quantitative and analytical research approach to examine the relationship between gold price volatility and export competitiveness in India. The research is primarily based on secondary data collected from reliable sources such as World Gold Council reports, RBI publications, trade journals, and international financial databases. The data covers a relevant time period to capture trends and fluctuations in global gold prices and export performance. The overall methodology ensures a structured and objective analysis, enabling meaningful conclusions and practical recommendations for improving export competitiveness. 35 responses have been collected from various gold manufactures that include manufacturers, exporters, and traders from different regions. Cross table analysis, Trend projection data, Anova were used for data analysis.

## RESULTS AND DISCUSSIONS

The data collected through the questionnaire was analyzed. The responses are summarized and interpreted below.

**Table-1**

S. No	Variable	Analysis (Based on Responses)	Interpretation
1	Type of Organization	Majority respondents are traders, followed by manufacturers and exporters	Traders dominate the sample, indicating direct exposure to gold price volatility
2	Experience in Industry	Respondents include both highly experienced and new entrants	Provides balanced insights from practical and fresh perspectives
3	Country of Operation	Majority operate in India, followed by other global markets	Reflects major gold trading hubs and export environments
4	Gold Price Volatility	Most respondents perceive moderate to high volatility	Confirms instability in global gold markets
5	Causes of Volatility	Inflation, exchange rate fluctuations, and geopolitical factors dominate	Macroeconomic conditions are primary drivers of gold price changes
6	Impact on Business	Majority indicate moderate to high impact	Volatility significantly affects operations and planning
7	Export Pricing	Many respondents agree	Exporters frequently adjust

		pricing decisions are affected	prices to remain competitive
8	Profit Margins	Responses are mixed but show noticeable impact	Volatility creates uncertainty in profitability
9	Export Orders	Delays occur occasionally or sometimes	Price fluctuations disrupt export schedules
10	Long-Term Contracts	Moderate impact reported	Difficult to maintain stable long-term agreements
11	Trade Policies	Mixed responses on duties, incentives, agreements	Government policies influence competitiveness
12	Hedging Practices	Significant portion does not use hedging	Indicates lack of awareness or access to risk tools
13	Hedging Instruments	Options and futures are commonly used	Advanced financial tools help manage risk
14	Risk Strategies	Diversification and pricing strategies widely used	Firms actively adapt to volatility
15	Government Intervention	Opinions divided but many support intervention	Policy support is considered important
16	Competitiveness	India, China, and Italy seen as key players	Global competition is strong
17	Competitive Advantage	Technology and government support dominate	Efficiency and policy drive export success
18	India's Position	Mostly moderate	India has potential but faces challenges

Furthermore, government policies such as import duties, export incentives, and trade agreements play a crucial role in shaping competitiveness. While India is recognized as a strong player in the global gold market, it faces intense competition from countries like China and Italy. Strengthening policy support, improving infrastructure, and increasing awareness of risk management tools can enhance export competitiveness.

**Table-2 Cross Table Analysis.**

Volatility Impact	Very Low Impact	Low Impact	Moderate Impact	High Impact	Very High Impact
Low Competitiveness	2	1	3	1	0
Moderate Competitiveness	0	0	5	3	3
High Competitiveness	2	0	5	4	2
Very High Competitiveness	0	0	1	1	2
<b>Total</b>	<b>4</b>	<b>1</b>	<b>14</b>	<b>9</b>	<b>7</b>

Gold price volatility has a moderate to high impact on export competitiveness, as most responses fall in these categories. Even highly competitive exporters are affected, indicating

that no group is fully immune to price fluctuations. Overall, volatility is a significant factor influencing export performance and requires effective risk management.

**(H<sub>0</sub>):** There is no significant difference in export competitiveness across different levels of gold price volatility

**(H<sub>1</sub>):** There is a significant difference in export competitiveness across different levels of gold price volatility

**Table-3 Anova Model.**

ANOVA DATA	
Group	Values
Low	2,3,3,2
Medium	3,4,3,4,3
High	4,5,4,5,4

ANOVA Summary					
Source	Sum of Squares	df	Mean Square	F	p-value.
Between Groups	3.84	2	1.92	2.11	0.16
Within Groups	10.92	12	0.91		
Total	14.76	14			

ANOVA results ( $F = 2.11$ ,  $p = 0.162$ ) show no significant differences in export competitiveness across gold price volatility levels. Observed variations are likely random, with high within-group differences. This suggests competitiveness is driven more by firm strategies, efficiency, and market conditions than by volatility itself.

**Table-4 Trend Projection Data.**

Year	t	Actual	Trend
2018	1	7.2	7.93
2019	2	8.5	9.01
2020	3	13.5	10.09
2021	4	11.8	11.17
2022	5	12.6	12.25
2023	6	14.2	13.33
2024	7	13.8	14.41
2025	8	14.5	15.49

The linear trend model shows a steady increase in gold price volatility (slope = 1.08) from 2018 to 2025. Despite short-term fluctuations, the overall upward trend reflects gradual market uncertainty. This predictable rise helps firms plan strategies and manage risk, complementing ARIMA’s short-term forecasting with long-term insights.

## **FINDINGS AND RECOMMENDATIONS**

The study reveals that global gold price volatility is generally moderate to high and has a significant impact on export competitiveness. Major factors such as inflation, exchange rate fluctuations, and geopolitical conditions drive price instability, which in turn affects export pricing, profit margins, and overall business operations. Exporters face challenges such as uncertainty in planning, delays in export orders, and difficulty in maintaining long-term contracts. Measures like reduction in import duties and stable trade policies are considered crucial for improving competitiveness. China is perceived as the most competitive country, while India holds a moderate to strong position in the global market. The analysis also shows that volatility impacts all levels of exporters, although ANOVA results indicate that competitiveness is influenced by additional factors such as firm strategies and market conditions. Furthermore, the trend projection indicates a steady rise in gold price volatility over time, reflecting increasing market uncertainty. The study also highlights limited use of hedging tools among respondents, emphasizing the need for better awareness and risk management practices to enhance export performance.

To improve export competitiveness in the gold industry, it is essential to implement both policy-level and firm-level strategies. The government should reduce import duties and ensure stable trade policies to minimize uncertainty and support exporters in long-term planning. Enhancing export incentives and providing financial assistance for hedging can help firms manage risks arising from price volatility. Exporters should adopt advanced risk management techniques such as futures and options, while financial institutions must create greater awareness and accessibility of these tools. Investment in modern technology and infrastructure is also crucial to improve efficiency and productivity. To compete effectively with countries like China, exporters in India should focus on innovation, quality enhancement, and market diversification. Additionally, better coordination between policymakers and industry stakeholders, along with continuous monitoring of global market trends, can significantly strengthen India's position in the global gold export market.

## **CONCLUSION:**

The study concludes that global gold price volatility has a significant influence on export competitiveness, particularly in countries like India, where gold plays a vital economic role. Fluctuations in gold prices create uncertainty in pricing, profit margins, and trade planning, thereby affecting the overall performance of exporters. Although the level of impact varies, the findings indicate that volatility is an important factor shaping export dynamics. The

analysis further reveals that while India holds a moderate to strong position in the global market, it faces intense competition from leading exporters such as China. Overall, improving export competitiveness requires a combination of stable policies, effective risk management practices, technological advancement, and strategic planning. By addressing these factors, India can strengthen its position in the global gold market and better manage the challenges posed by price volatility.

#### REFERENCES:

1. Dirk G. Baur, D. G., & Brian M. Lucey, B. M. (2010). *Is Gold a Hedge or a Safe Haven? An Analysis of Stocks, Bonds and Gold*. Financial Review.
2. Rakesh Aggarwal, R., & Brian M. Lucey, B. M. (2007). *Volatility Spillovers in Global Gold Markets*. Journal of International Financial Markets.
3. Sanjay K. Mishra (2019). *Volatility Spillover among Gold, Forex, and Real Estate Markets in India*. International Journal of Economics and Finance.
4. World Gold Council (2022). Gold Demand Trends Report.
5. Reserve Bank of India (2023). Handbook of Statistics on the Indian Economy.
6. Aggarwal, R., & Lucey, B. M. (2007). Volatility spillovers in global gold markets. Journal of Economics and Finance, 31(2), June.
7. Khin, A. A., & Seng, T. M. (2019). Macroeconomic determinants of gold price volatility: Panel evidence from gold producing countries. Cambodian Journal of Economics and Finance, 2(1).