Gold and Midterms
Is this time different?

Highlights

- Prediction markets are pricing in a high chance of Democrats regaining at least some control of Congress
- Regardless of the midterm results, historically, the gold price has reacted to the economic, fiscal and monetary policies that ensue, rather than to the outcome of election day itself
- But in the current heightened geoeconomic environment, the market could be more reactive than usual
- Overall, changes to AI regulation and war funding, as well as wider use of executive power by the Trump administration if Democrats gain control, will likely provide support for gold, even if some headwinds prevail
- An upset by Republicans may have mixed effects but will likely strengthen the resolve of global investors – especially those outside the US – to continue supporting gold demand.

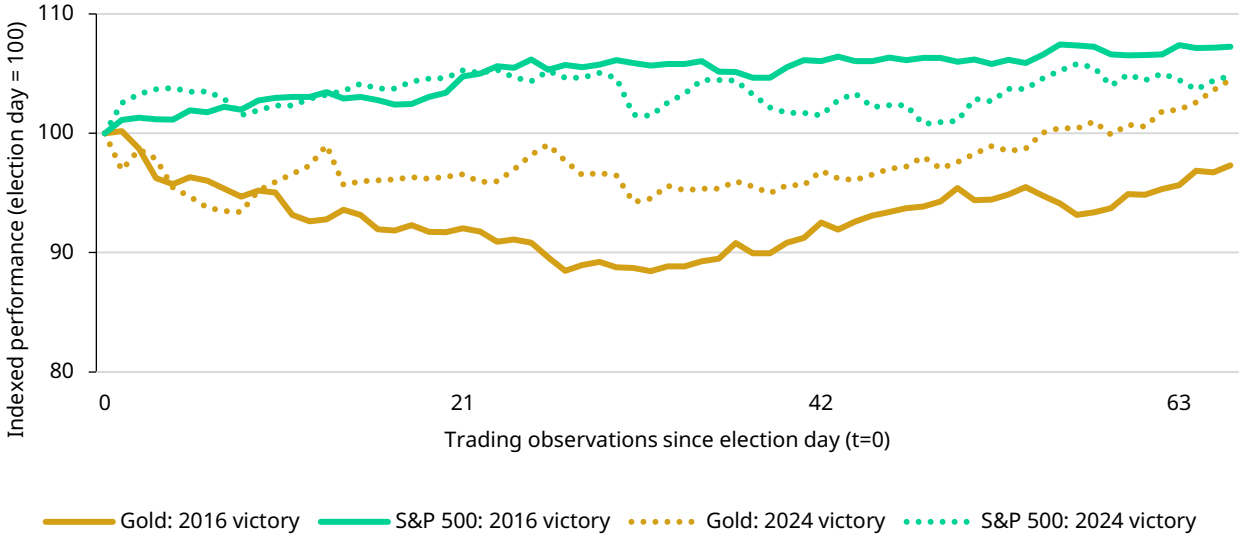
Same story, new story?

We hear a recurring question from investors: do US elections meaningfully impact the gold price? The simple answer is that while domestic bar and coin demand tends to increase under Democratic administrations,[1] historically, the outcome of **US elections has not had a consistent or significant effect on gold's performance**. This is not surprising. Given the geographic diversity of demand, what matters is whether the resulting policy changes are sufficiently consequential for the global gold market, and whether they can offset other global forces that drive the price.

The market reaction to Trump's victories in 2016 and 2024 illustrates this point. Gold initially fell and US equities rose as investors anticipated a pro-growth, reflationary agenda. Yet much of the initial move in gold, and to a lesser extent equities, was subsequently unwound as attention shifted from the election result to the policies likely to follow (**Chart 1**).

Chart 1: The Republican 'effect' faded quickly

Gold and S&P 500 equity index performance following Trump election wins in 2016 and 2024*

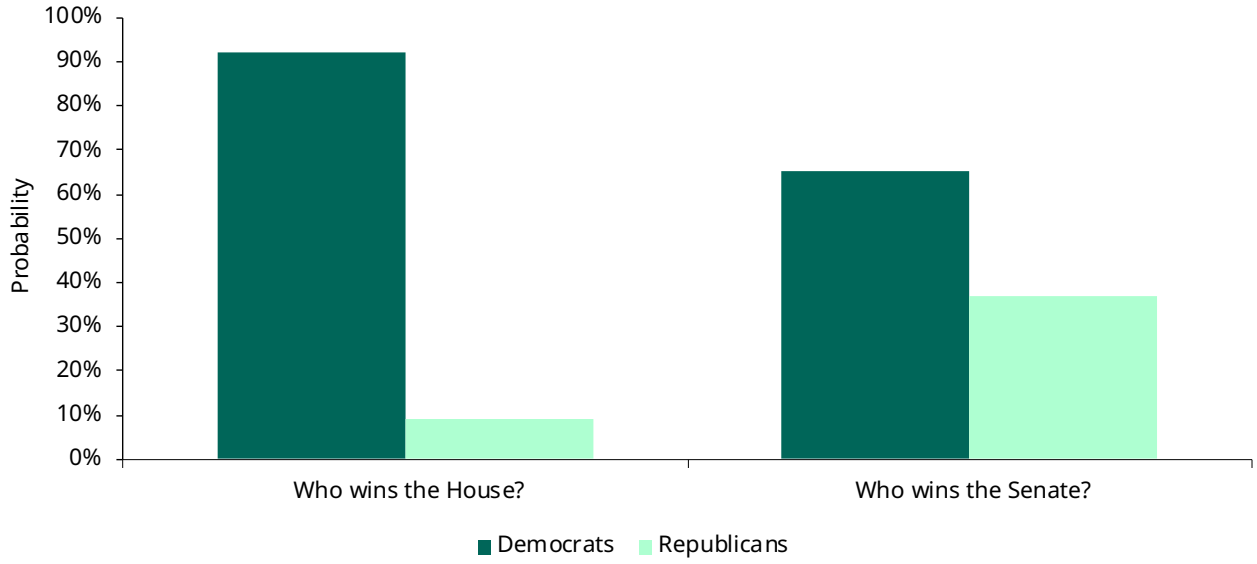


*Data from 2016 and 2024.
Source: Bloomberg, World Gold Council

1. Market analysis suggests that this may be linked to purchases by Republican buyers who tend to make up a larger share of bar and coin buyers in the US. See: From Ballots to Bullion,

Chart 2: Prediction markets favour Democrats to win back control

Polymarket odds of party control of each chamber of Congress*



*Data as of 20 October 2026. Probabilities are implied by Polymarket and do not represent predictions by the World Gold Council.
Source: Polymarket, World Gold Council

As we approach the 2026 US midterm elections, prediction markets currently favour Democratic control of both chambers (**Chart 2**). Democratic control of the House would likely constrain the administration's legislative agenda and spending plans. Taking the Senate would broaden and strengthen that constraint. The implications for gold would depend on how this alters fiscal policy, market uncertainty and the use of executive power.

We believe that, holding all else equal, gridlock could have varying consequences on US policy, which, in turn, influence gold's performance in various ways:

- Fiscal policy: Democratic control could limit the administration's ability to pass deficit-expanding legislation; this could ease concerns that large deficits at near-full employment will sustain inflation and reignite Treasuries' safe-haven appeal on, and support for, the US dollar. And if tariffs come under pressure, that could also increase the deficit. A contracting deficit could put pressure on gold but an expanding one would further support it.
- War funding: Democratic control could limit war funding, potentially encouraging de-escalation of the Iran conflict. In turn, this could ease energy prices, reduce inflation expectations, and soften bond yields and the dollar, providing some tailwinds for gold. De-escalation of the conflict could also reduce the perceived need for some central banks and sovereign wealth funds to mobilise their gold, as occurred in March 2026. On balance, we believe this could generally be supportive of gold, even though its geopolitical premium might subside.
- AI: Democratic control could constrain support for AI or bring tighter regulation. Against a backdrop in which investors are questioning whether hyperscale spending will deliver promised returns, pressure on technology equities could deepen while confidence and spending weaken due to negative wealth effects. Stronger household balance sheets may help contain financial distress, although greater equity exposure leaves consumption vulnerable to falling valuations. A wealth-driven slowdown would possibly offer a more supportive backdrop for gold, with less pressure to sell liquid assets to raise cash. Weaker equities, softer growth expectations, lower yields, and potentially a weaker dollar, would likely support gold.
- Executive and emergency powers: Greater Congressional constraints could push the Trump administration towards wider use of executive orders and emergency powers. The resulting institutional conflict, legal challenges and less predictable policymaking could raise both political and geopolitical risk premia, potentially supporting gold. Equally, recurring conflict between Congress and the administration could make US foreign policy even less predictable, reinforcing geopolitical risk and longer-term incentives for reserve diversification into gold.

But…what would happen if Republicans were to exceed expectations and maintain control across the board? We can only wait to see and analyse the nuances should this be the result. Overall, we would expect gold investors, especially those outside the US, to continue supporting gold demand as they have done over the past 18 months.

World Gold Council

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We drive industry progress, shaping policy and setting the standards for a perpetual and sustainable gold market.

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