



What Happens if the US Slaps Tariffs on Gold and Silver?

By Monetary Metals

Suggested Meta Text: If tariffs are imposed on gold and silver will their prices rise, fall, or stay the same? We explain facts and myths when it comes to gold prices and tariffs.

The gold market is known for deep liquidity and relative efficiency, especially in the United States. But what if that changed overnight? What if, for example, President Trump held a press conference at 4pm ET on a Tuesday-- I know it's crazy but bear with me-- and announced a new tariff on imported gold and silver of 25%?

We wrote in our [Gold Outlook Report](#) that, unfortunately, Tariffs are synonymous with "Trump" and he's already made quite the splash. But what about metals? How would a tariff impact precious metals? To answer that question, we look to countries that have imposed gold tariffs, like India and Vietnam, to see the likely effects.

The Chaos of Gold Tariffs

Tariffs create artificial price distortions, making markets more chaotic and inefficient. In India, where gold import duties have fluctuated between 7.5% and 15%, a direct result has

been high premiums, smuggling, and difficulty for domestic jewelers and bullion dealers to hedge their risks.

The same thing would happen in the US:

- The futures market, which relies on stable pricing, would be thrown into complete disarray.
- Volatility would spike, with the US gold price potentially bouncing between the global price and the global price plus the tariff.
- Bullion dealers and retail investors would face wider bid-ask spreads, making transactions more expensive.

Imagine if the US gold price swung between **\$2,950 and \$3,700** on a regular basis!

One of the most profound impacts would be on the US futures market.

If a 25% tariff were imposed, the COMEX would no longer be a viable hub for gold price discovery. This would be a significant loss. You can be sure that lobbyists in DC are working overtime to ensure this doesn't happen.

The US market would likely cede its pricing influence to exchanges in London, Shanghai, Dubai, or elsewhere. The ability to move gold freely between the spot and futures markets would be severely restricted, driving trading activity offshore.

But what would this actually do to the price of gold?

Will Gold Prices Skyrocket? Not Exactly.

Contrary to what some gold promoters might believe, tariffs alone won't "wake up the market" or force an overnight revaluation of gold. [The price of gold doesn't move because of a magic factoid](#) that suddenly makes people realize something they didn't before.

A tariff won't change the fundamental supply-demand dynamics that determine the price (and what we use to make [price predictions](#)). It will simply introduce greater volatility inside the US and globally.

While some investors might be discouraged by higher premiums and volatility, others will find ways to bypass the restrictions, just as they do in other tariff-heavy nations.

Something Abnormal Is Already Happening

Already the gold market is showing signs of stress.

Credible reports are out ([here is one from Ross Norman at Metals Daily](#)) about skyrocketing gold and silver lease rates. According to Norman, the gold lease rate hit 12%!

Historically, lease rates tend to move in predictable ways, but something is different this time. Interest rates have **not** spiked, yet the lease rate is surging.

In extraordinary moments, those who lease gold in the institutional market ([not to be confused with the gold leases we offer](#)) can charge a different rate, which is what they have been doing.

At the same time, the normally quiet Exchange for Physical (EFP) market—where gold futures can be exchanged for physical metal—has blown up. In normal times, EFP spreads track the basis closely.

But recently we're seeing an unusual divergence. Gold imports into the US are rising sharply, not because of rising prices, but because traders are scrambling to avoid potential tariffs by moving metal into US vaults before any restrictions take effect.

This scramble of gold into the US is a rational way to mitigate tariff risk, by taking delivery of metal bars in London, putting that gold on a plane to New York, and depositing it in a US vault. But, as always, sensationalist narratives abound.

For a deeper dive into these market mechanics and what they mean for gold in 2025, download our [2025 Gold Outlook Report](#).

Gold Market Myths vs Realities

Some claim the US government is secretly preparing for a new gold standard and is “repatriating” gold. Others argue that Basel III regulations are forcing banks to hoard gold as a Tier 1 asset. But let's be clear:

- Basel III makes it **more expensive** for banks to hold gold, not more attractive.
- It is gold traders, not the US Treasury, who are behind the surge in gold shipments to the US.
- The idea that the US Treasury must buy 8,000 tons of gold to cover an “audit” is pure fantasy.

The real story is more pragmatic: gold is being moved into the US due to shifting arbitrage conditions, logistical challenges, and the mounting fear of tariffs.

Tariff noise cannot hurt the fundamental trend

If the US imposes tariffs on gold and silver, it won't spark a massive revaluation, nor will it trigger a gold standard revival. What it will do is create price distortions, hurt US liquidity, and potentially shift price discovery away from the US.

Yet despite a lot of noise being created by tariffs, we believe the fundamental bullish drivers of gold and silver prices would remain unchanged.

The key is to understand the trends that matter, which we outline in our 2025 Gold Outlook Report and not chasing market myths or waiting for a sudden global epiphany.

For our full economic analysis, price forecasts, and insights into gold's role in 2025, make sure to download our [2025 Gold Outlook Report](#).

Monetary Metals 2025 ©