



CIO continues to recommend gold's hedging qualities as being attractive for the long term from a portfolio perspective. (UBS)

CIO remains Most Preferred on gold; upgrades targets

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Gold reached another all-time high on 24 September, rising to USD 2,670/oz amid persisting growth and geopolitical concerns and a falling US dollar and 10-year US bond yields. While some price consolidation seems likely in the short term given the speed and magnitude of the rally, pullbacks this year have been shallow and brief in nature. Effectively, investors have had to chase the market higher this year.

CIO remains Most Preferred on gold in our global asset allocation and upgraded our targets to USD 2,750/oz (from USD 2,600/oz) by the year-end and to USD 2,850/oz (from USD 2,700/oz) by mid-2025.

According to the World Gold Council, gold has historically rallied by as much as 10% in the six months after the first Fed cut. As the metal's starting point is higher than we expected it to be at the start of the Fed's easing cycle, we see increased scope for gains to the year-end target, particularly as the US election is fast approaching (meaning more uncertainty) and ETF demand is picking up momentum. Meanwhile, although the Swiss gold export data signals slowing Chinese demand, we believe this relates more to the exhaustion of the country's quota rather than a weakening of underlying demand by local investors.

Overall, we continue to recommend gold's hedging qualities as being attractive for the long term from a portfolio perspective. We reiterate our recommendation for a diversified USD-denominated portfolio to include a 5% allocation to gold as a broad portfolio hedge. We also like select gold miners (although this remains a more tactical call).

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Original report - [Gold Raising the forecasts, 26 September 2024.](#)

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