



(UBS)

# Gold declines on waning December rate cut estimates

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**Spot gold prices fell 1.5% in early Monday trade, effectively giving back Friday's rally. The pullback comes amid profit-taking after the metal's five-day winning streak and on President-elect Trump's pick of Scott Bessent for Treasury secretary.**

Gold prices are now around USD 2,670/oz, or up nearly 30% year to date. Bessent is viewed as a “fiscal hawk,” so his choice may temper federal deficit and execution concerns over the incoming president's plans. December rate-cut expectations have continued to slide, with the CME Fedwatch tool showing money markets are pricing a 56% chance of a December rate cut, down from 62% last week.

*Our view:* Gold volatility is to be expected amid competing signals on inflation, rates, geopolitics, and upcoming US trade policy. We see room for more gains in gold prices, with a target of USD 2,900/oz by end-2025. Gold remains a useful hedge against geopolitical tensions and fiscal concerns, in our view.

Read more in the Caught our attention section of the US Daily—[US yields should fall amid policy constraints and Fed cuts](#), 25 November, 2024

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