



CIO believes the rally in gold has more room to run over the next six to 12 months, as investment demand continues to pick up amid elevated central bank purchases. (UBS)

Does the rally in gold have more room to run?

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Gold prices steadied just below USD 2,500/oz amid a broad risk-off mood triggered by US growth concerns. The precious metal has gained 20.5% since the start of this year, and is sitting just 1.8% below its record high at the end of August.

Separately, central bank gold demand picked up in July, with the latest data from the International Monetary Fund and the World Gold Council showing 37 metric tons of gold added to foreign reserves.

Our view: We believe the rally in gold has more room to run over the next six to 12 months, as investment demand continues to pick up amid elevated central bank purchases. We expect a step-up in exchange-traded fund (ETF) inflows as the Fed starts to cut interest rates in September, forecasting gold to reach USD 2,700/oz by June next year. Against the backdrop of heightened macro and geopolitical uncertainties, we continue to recommend an allocation of around 5% to gold in a well-diversified US dollar-based portfolio as a hedge.

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Original report: [Weak data and tech worries drive equity selloff, 4 September 2024.](#)

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