



Despite record-high prices, CIO expects gold ETF holdings to increase once the Federal Reserve starts cutting rates around mid-year, as these buyers tend to move more in sync with interest rate adjustments. (UBS)

Gold: Retaining a positive long-term outlook

08 April 2024, 3:39 pm CEST, written by UBS Editorial Team

CIO previously expected gold to rise, forecasting it to end the year at USD 2,250/oz. But it has rallied faster and more forcefully than our already bullish expectations.

The rally thus far has been driven by buyers who haven't traditionally made material purchases, while the usual ETF buyers have remained net sellers. In fact, ETF holdings stand at a 4-year low. A combination of market concerns—including the sanctioning of USD-based assets, CNY devaluation fears, and renewed inflation risks—have supported solid demand from central banks and Asian investors. In January and February, preliminary data indicates central banks bought around 64 metric tons of gold and China imported 132 metric tons from Switzerland, a key gold refinery hub. We expect these buyers, who are less price sensitive, to continue accumulating gold in the months ahead.

Furthermore, despite record-high prices, we expect gold ETF holdings to increase once the Federal Reserve starts cutting rates around mid-year, as these buyers tend to move more in sync with interest rate adjustments. This event could trigger another step-up in demand via ETFs. So, with this catalyst still ahead, we lift all our forecasts by USD 250/oz, expecting gold to trade at USD 2,300/oz in June and at USD 2,500/oz at end-2024 and end-March 2025. Renewed price setbacks in the short term remain possible if US economic data delays Fed rate cuts, but so far these setbacks have been shallower than we had expected.

Main contributors - Giovanni Staunovo, Wayne Gordon, Dominic Schnider

Original report - [Gold Retaining a positive long-term outlook, 8 April 2024.](#)



As a firm providing wealth management services to clients, UBS Financial Services, Inc is registered with the U.S. Securities and Exchange Commission (SEC) as an investment adviser and a broker-dealer, offering both investment advisory and brokerage services. Advisory services and brokerage services are separate and distinct, differ in material ways and are governed by different laws and separate contracts. It is important that you carefully read the agreements and disclosures UBS provides to you about the products or services offered. For more information, please visit our website at www.ubs.com/workingwithus.

© UBS 2023. All rights reserved. UBS Financial Services Inc. is a subsidiary of UBS AG. Member FINRA/SIPC.

There are two sources of UBS research. Reports from the first source, UBS CIO Global Wealth Management, are designed for individual investors and are produced by UBS Global Wealth Management (which includes UBS Financial Services Inc. and UBS International Inc.). The second research source is UBS Group Research, whose primary business focus is institutional investors. The two sources operate independently and may therefore have different recommendations. The various research content provided does not take into account the unique investment objectives, financial situation or particular needs of any specific individual investor. If you have any questions, please consult your Financial Advisor. UBS Financial Services Inc. is a subsidiary of UBS AG and an affiliate of UBS International Inc.