



## Market Insight

# Gold Outlook to Q1 2026: Gold's safe-haven status to propel it to significant new highs

April 2025

Gold reached a fresh all-time high in April, continuing its strong upward trajectory over the past six months. This rally has been supported by US dollar depreciation and, for some time, falling bond yields, marking a shift from the headwinds these factors posed for previous years. However, a sharp bond sell-off at the time of writing (11/04/2025) has failed to drag gold down with it, with gold extending gains to the highest on record.

Gold is likely to continue rising as erratic US trade policy continues to unnerve investors, driving them to the safe haven of gold. Trump's so-called 'Liberation Day'<sup>1</sup> tariffs will see the imposition of near-unprecedented tariffs on most of the US' trading partners. Gold initially pulled back on the news on 02 April 2025. This is typical during episodes of financial market stress: when equities and other risk assets decline, gold is often sold initially as investors seek liquidity. Margin calls on equity futures and other risk management protocols frequently lead to such short-term selling. However, gold prices generally rebound quickly after this initial pressure. We are currently witnessing a robust rebound.

We enter this forecasting period amid unusually high levels of uncertainty. It is important to note that the consensus forecasts used here were made prior to the recent bout of market turmoil. Market-based indicators now point to rising risks of both recession and inflation—a stagflation scenario that could significantly boost gold prices, as outlined in our bull scenario.

In this forecast round, we also explore a vastly different scenario based on a hypothetical policy of US dollar debasement—the "Mar-A-Logo Accord"<sup>2</sup> (see our recent blog for a detailed description). While parameter estimation is challenging, we would expect potential turbulence in the Treasury market and the US dollar to collapse. Tariffs implemented to achieve this goal would be highly inflationary. This cocktail of policies would be extremely bullish for gold. Gold, which currently competes with bonds but lacks yield, would benefit in a world where many bonds are refinanced to zero-coupon instruments. In such a scenario, gold's status as a zero-credit-risk asset becomes even more attractive, especially if the US government's willingness to honour debt obligations is questioned. While we do not expect this scenario to materialise, the recent surprise policy shifts suggest that such thought experiments are valuable.

### **Gold attribution**

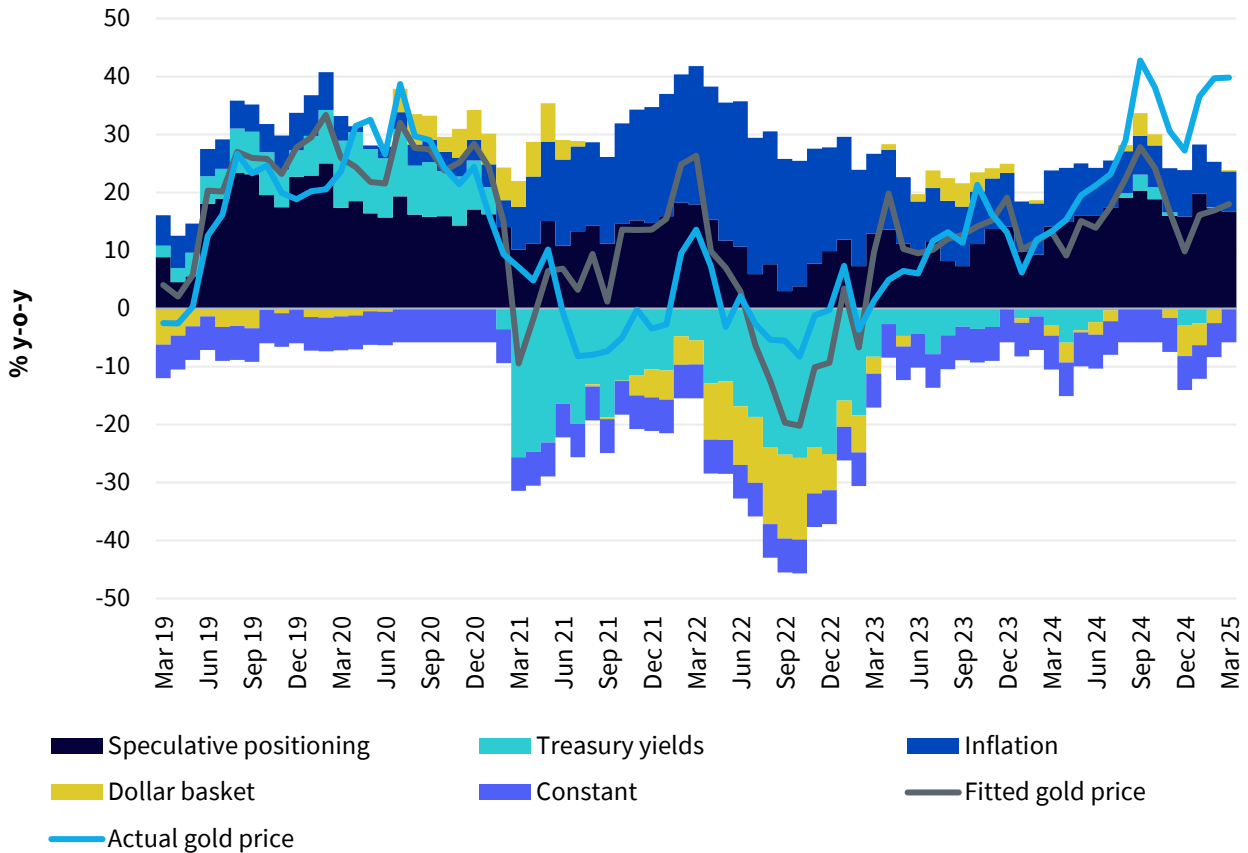
Gold's ascent in recent months has been difficult to fully capture with our model<sup>3</sup> but, in retrospect, the shock delivered in April provides strong justification in terms of a major policy misstep.

1. On 02 April 2025, President Trump announced a range of tariffs on many countries. The scale of the tariffs took the market by surprise and resulted in considerable market volatility.

2. The "Mar-A-Logo Accord" is a hypothetical policy designed to depreciate the US dollar. To be clear, no policymakers have officially endorsed this as a strategic goal, and we remain sceptical about the feasibility of such a system. However, discussion of such a policy move has gained traction among analysts. Its name is derived from the Plaza Accord of 1985, where the US achieved dollar depreciation with the coordinated help of Japan, Germany, France and the UK.

3. See our model described in [Gold: how we value the precious metal](#).

Figure 1: Gold price attribution



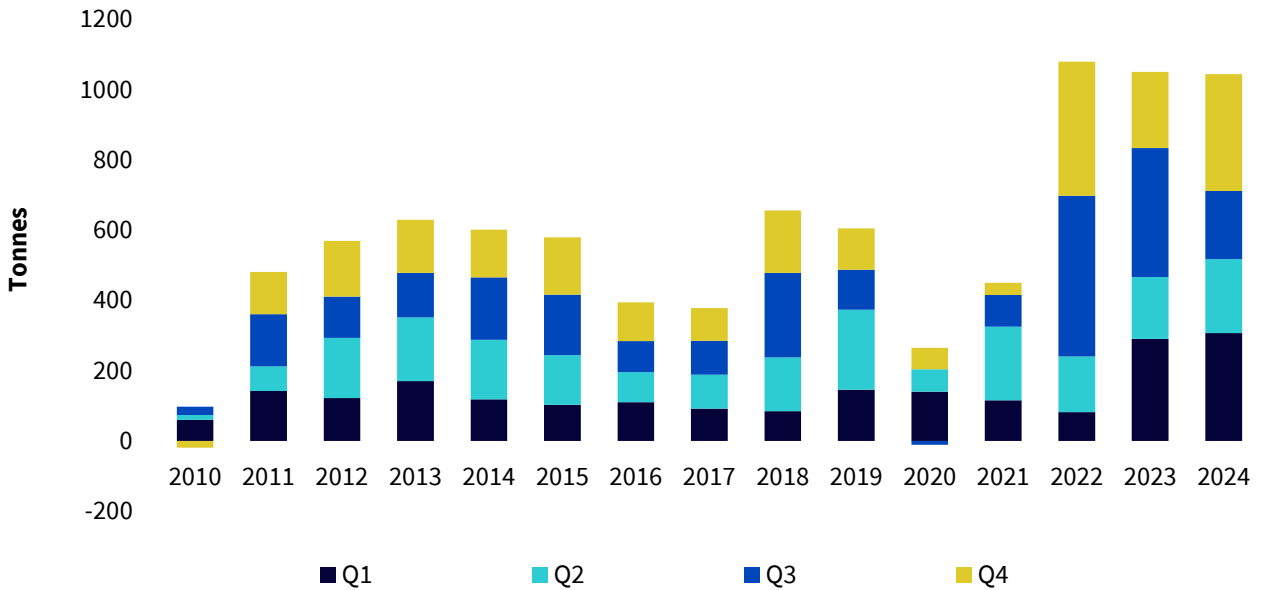
Source: Bloomberg, WisdomTree price model, data as of March 2025. Speculative positioning is net non-commercial positioning in gold futures markets (that is, netting shorts away from long positions as reported by the Commodity Futures Trading Commission). Treasury yields is the nominal yield to maturity on a 10-year US Treasury Bond. Inflation is the annual growth of the US Consumer Price Index. Dollar Basket (DXY) is a measure of the value of the US dollar against a basket of currencies (Euro, Swiss franc, Japanese Yen, Canadian Dollar, British Pound and Swedish krona). Actual gold price is the annual growth in spot gold prices.

The fitted gold price is the price the model would have forecast. The constant does not have economic meaning but is used in econometric modelling to capture other terms. It can be thought of as how much gold prices would change if all other variables are set to zero (although that would be unrealistic). **Forecasts are not an indicator of future performance and any investments are subject to risks and uncertainties.**

### Central banks

Central banks continue to buy gold at a strong pace. Every year since 2022, central bank buying has been more than double the average rate in the decade prior to 2022. Given the scale and potential importance of central bank buying many ask why central bank purchasing is not part of our model framework. The answer lies in data availability. Our models use monthly data frequency. There is no reliable central bank gold purchasing data available on a monthly basis. The numbers that central banks report to the International Monetary Fund International Financial Statistics on a monthly basis, barely capture a quarter of their actual purchases.

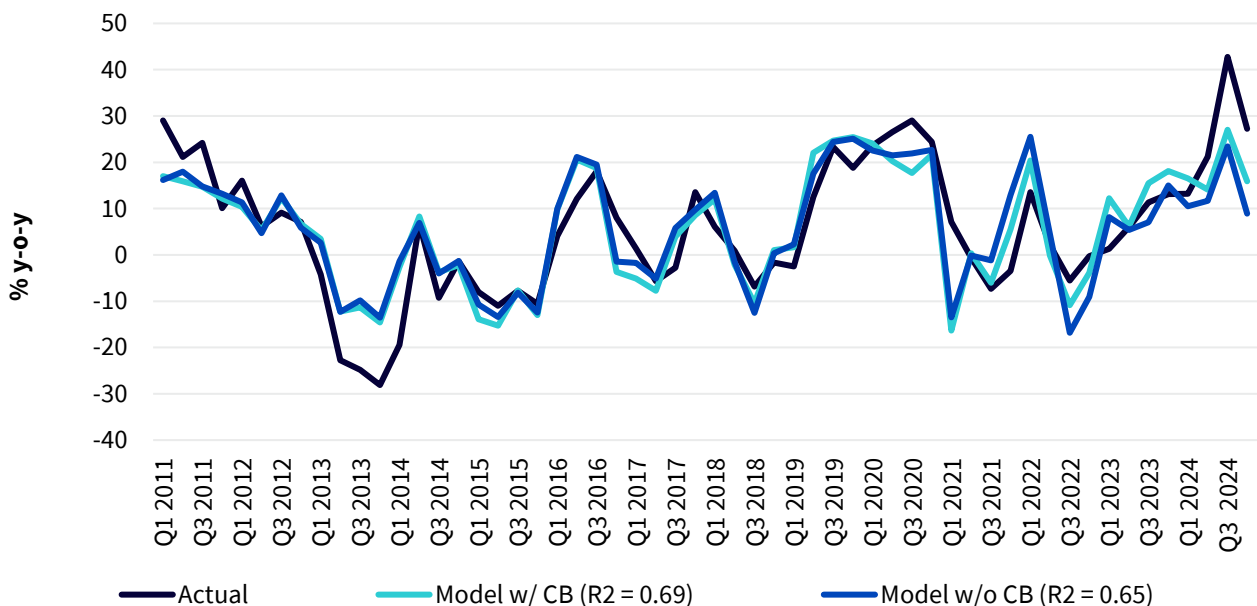
Figure 2: Central bank demand for gold



Source: WisdomTree, World Gold Council, Q1 2010 to Q4 2024. **Historical performance is not an indication of future performance and any investments may go down in value.**

However, using the quarterly data produced by Metals Focus for the World Gold Council, we do have some better information. Unfortunately, the time series is much shorter than what we use in our model and therefore does not capture many economic cycles. So, we choose not to use the data for our main model, but for the purpose of illustration we use this data to demonstrate that central banks do indeed have a significant impact on gold prices.

Figure 3: Gold model including central bank data

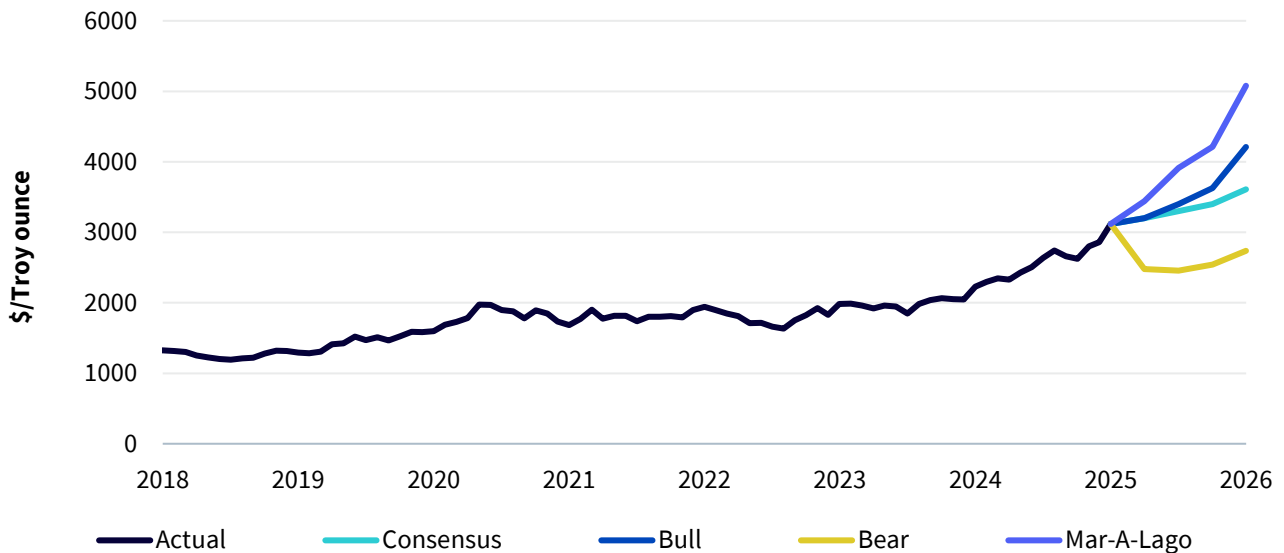


Source: WisdomTree, Q1 2011 – Q4 2024. Model w/CB = model with central banks, Model w/o CB = model without central banks. R2 = proportion of variation in gold prices explained by the model (scales of 0 to 1). **Historical performance is not an indication of future performance and any investments may go down in value.**

## Gold price forecasts

We are writing at a period of heightened uncertainty. As usual, we present a gold forecast using a consensus view on dollar, inflation, and nominal Treasury yields. Unfortunately, we do not have a consensus forecast cut after Liberation Day, so this forecast may be quite conservative.

Figure 4: Gold price forecast



Source: WisdomTree Model Forecasts, Bloomberg Historical Data, data available as of April 2025. **Forecasts are not an indicator of future performance and any investments are subject to risks and uncertainties.**

## Consensus

Consensus views were for inflation to remain stubbornly above the Federal Reserve’s (Fed) target even before the tariff shock came into effect. Consensus at the time expected very little movement in bond yields and some dollar depreciation. Presenting a conservative view, we reduce speculative positioning to 200,000. This conservative view would take gold prices to \$3,610/oz.

Consensus	Q2 2025	Q3 2025	Q4 2025	Q1 2026
Inflation forecast	3.2%	2.6%	2.7%	2.8%
Nominal 10-year yields forecast	4.33%	4.31%	4.29%	4.26%
US\$ exchange rate forecast (DXY)	105.9	104.4	103.3	102.8
Speculative positioning forecast	250,000	240,000	230,000	200,000
Gold price forecast	US\$3,200/oz	US\$3,300/oz	US\$3,400/oz	US\$3,610/oz

Source: WisdomTree. Bloomberg Survey of Professional Economists. March 2025. **Forecasts are not an indicator of future performance and any investments are subject to risks and uncertainties.**

## Bull

Given the events at the start of April, we could be migrating closer to a Bull scenario, with large upside risk to inflation, dollar depreciation and potential for bond yield compression (depending on the reaction function of the Fed). We certainly think that speculative demand for gold should remain high with rising risks of recession and inflation. In this scenario, gold prices could reach \$4,210/oz. It took 14 years for gold to rise from \$1000/oz to \$2,000/oz. And just over a year to get from \$2,000/oz to \$3,000/oz. It does not feel like a stretch of the imagination to see a further \$1000/oz added to today's price to get u to over \$4,000/oz.

Bull	Q2 2025	Q3 2025	Q4 2025	Q1 2026
Inflation forecast	3.5%	4.0%	5.0%	5.0%
Nominal 10-year yields forecast	3.68%	3.66%	3.65%	3.62%
US\$ exchange rate forecast (DXY)	100	99	98	97
Speculative positioning forecast	300,000	300,000	300,000	300,000
Gold price forecast	US\$3,200/oz	US\$3,400/oz	US\$3,625/oz	US\$4,210/oz

Source: WisdomTree. April 2025. **Forecasts are not an indicator of future performance and any investments are subject to risks and uncertainties.**

## Bear

In a bear case scenario, where inflation collapses to target (2.0%), bond yields rise to 6.0% and the dollar appreciates, gold prices could fall to \$2,700/oz. But that will still be above the level we started in 2025.

Bear	Q2 2025	Q3 2025	Q4 2025	Q1 2026
Inflation forecast	2.0%	2.0%	2.0%	2.0%
Nominal 10-year yields forecast	5.00%	5.50%	6.00%	6.50%
US\$ exchange rate forecast (DXY)	107	109	110	113
Speculative positioning forecast	150,000	100,000	50,000	50,000
Gold price forecast	US\$2,500/oz	US\$2,450/oz	US\$2,500/oz	US\$2,700/oz

Source: WisdomTree. April 2025. **Forecasts are not an indicator of future performance and any investments are subject to risks and uncertainties.**

## Mar-A-Logo Accord

We recently published a blog commenting on a hypothetical policy objective to depreciate the US dollar. While we don't believe that there is an explicit policy objective in place, there are many things that have taken us by surprise in the current US Administration and so modelling the outcomes could be a worthy task. Following the Plaza Accord, the US dollar depreciated 48% between 1985 and 1987. In the Mar-A-Logo Accord, we model a 20% depreciation. Inflation would rise more than our bull case. For this scenario, we remove an explicit bond yield assumption, as we believe yields could swing wildly in either direction. While the supposed intention of the policy move would be to reduce US debt funding costs (and hence policy makers would like to see a decline in yields), refinancing debts would likely raise concerns about the US' reliability and potentially drive bond yields higher. As we saw in the second week of April 2025, a sharp rise in bond yields could be coupled with a sharp rise in gold price. Acknowledging these complications, we remove explicit assumptions on bond markets but assume gold will benefit from turbulence in the debt markets (as gold is a defensive alternative). We believe sentiment towards gold will strengthen substantially. As this scenario is far out of sample, we expect our forecast of \$5,080/oz would be on the conservative side.

Mar-A-Logo Accord	Q2 2025	Q3 2025	Q4 2025	Q1 2026
Inflation forecast	6.0%	6.0%	6.0%	6.0%
US\$ exchange rate forecast (DXY)	95	90	85	80
Speculative positioning forecast	400,000	400,000	400,000	400,000
Gold price forecast	US\$3,440/oz	US\$3,900/oz	US\$4,200/oz	US\$5,080/oz

Source: WisdomTree. April 2025. **Forecasts are not an indicator of future performance and any investments are subject to risks and uncertainties.**

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