



Market Insight

# Gold Outlook to Q4 2025: As good as gold

January 2025



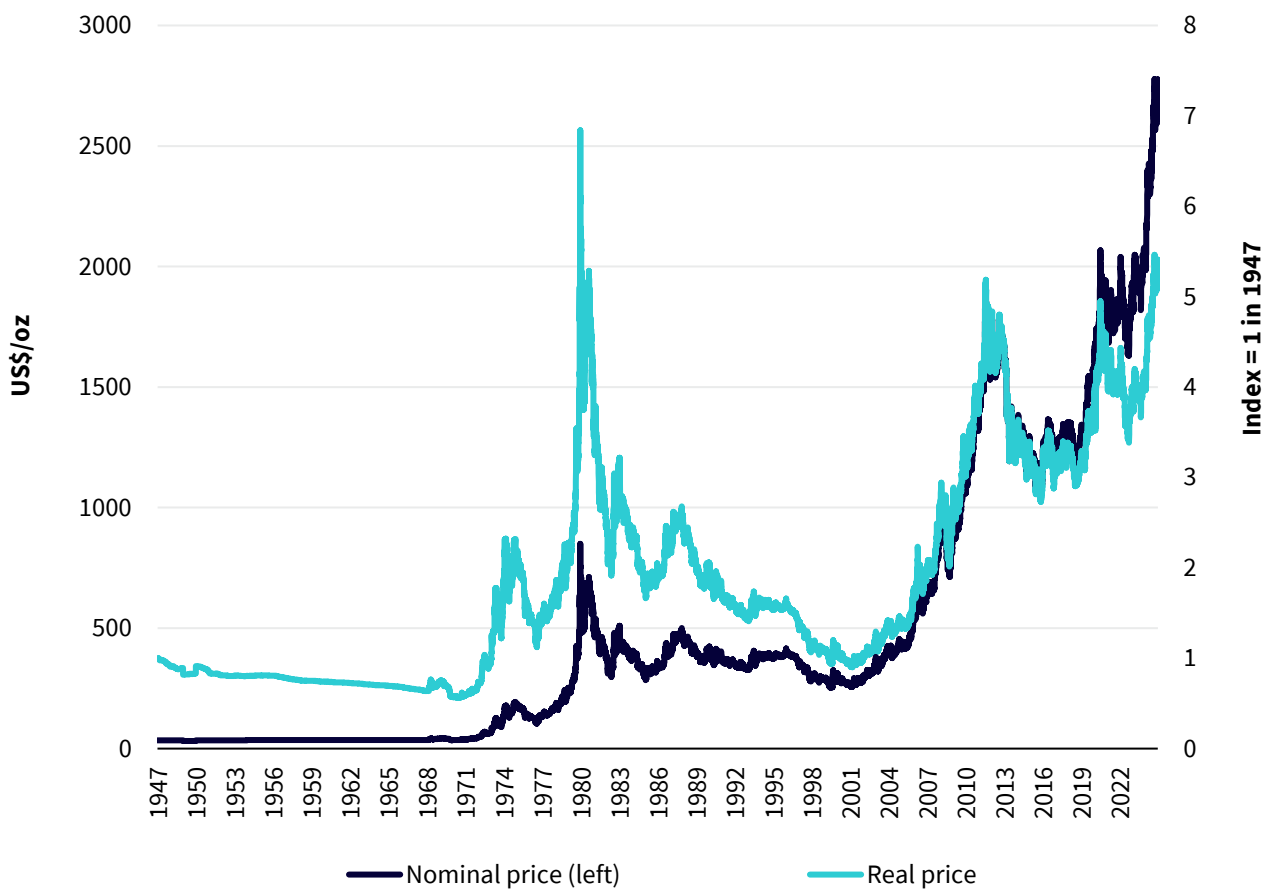
WisdomTree.eu  
+44 (0) 207 448 4330

Gold is synonymous with the best. Think about a gold medal at the Olympics or the phrase “as good as gold”. This reputation for excellence extends to its market performance, as demonstrated by its stellar run in recent years. In 2024, it was the best-performing metal, outpacing all other precious and base metals with a remarkable gain of 27%. Now, in 2025, gold is already off to a strong start.

Gold hit a fresh high at the end of October 2024, reaching \$2,777.8/oz (LBMA<sup>1</sup> PM price on 30 October 2024), and came within a whisker of that level again in January 2025. Although gold hasn't yet reached its all-time inflation-adjusted high from 1980 (Figure 1), the gap has narrowed significantly to just 22%—the closest it has been in 40 years.

This impressive performance reflects a combination of factors, including economic uncertainty, inflation concerns, and central bank policies, which have driven demand for gold as a safe-haven asset. With such momentum, will 2025 be another record-setting year for gold?

Figure 1: Gold in nominal and real terms



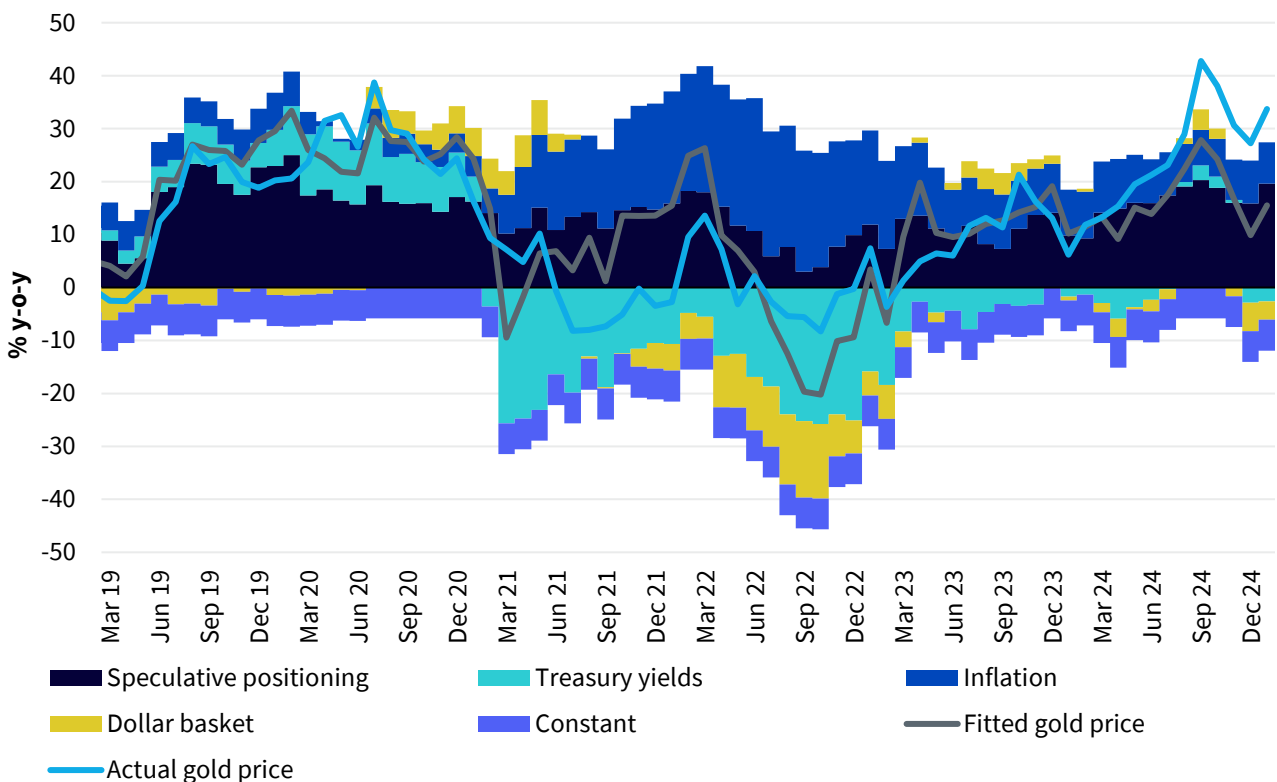
Source: WisdomTree, Bloomberg. Nominal is LBMA PM fixing. Real deflated by US CPI index. January 1947 to January 2025. Gold data daily. CPI data monthly. **Historical performance is not an indication of future performance and any investments may go down in value.**

1. 'LBMA' stands for London Bullion Market Association.

Gold has rallied significantly at the start of 2025, despite facing headwinds from bond markets and a strong dollar. The precious metal appears to be gaining strength from heightened geopolitical and economic uncertainty. With a new White House administration in the US, the global status quo has shifted, reinforcing gold's role as a haven in times of instability.

In WisdomTree’s model framework, speculative positioning (our measure of sentiment towards gold) has emerged as the biggest driver of gold prices over the past year (Figure 2). Between August and October 2024, easing bond yields and a depreciating dollar provided support for gold. However, by November 2024, these tailwinds turned into headwinds, further complicating gold's trajectory.

Figure 2: Gold price attribution

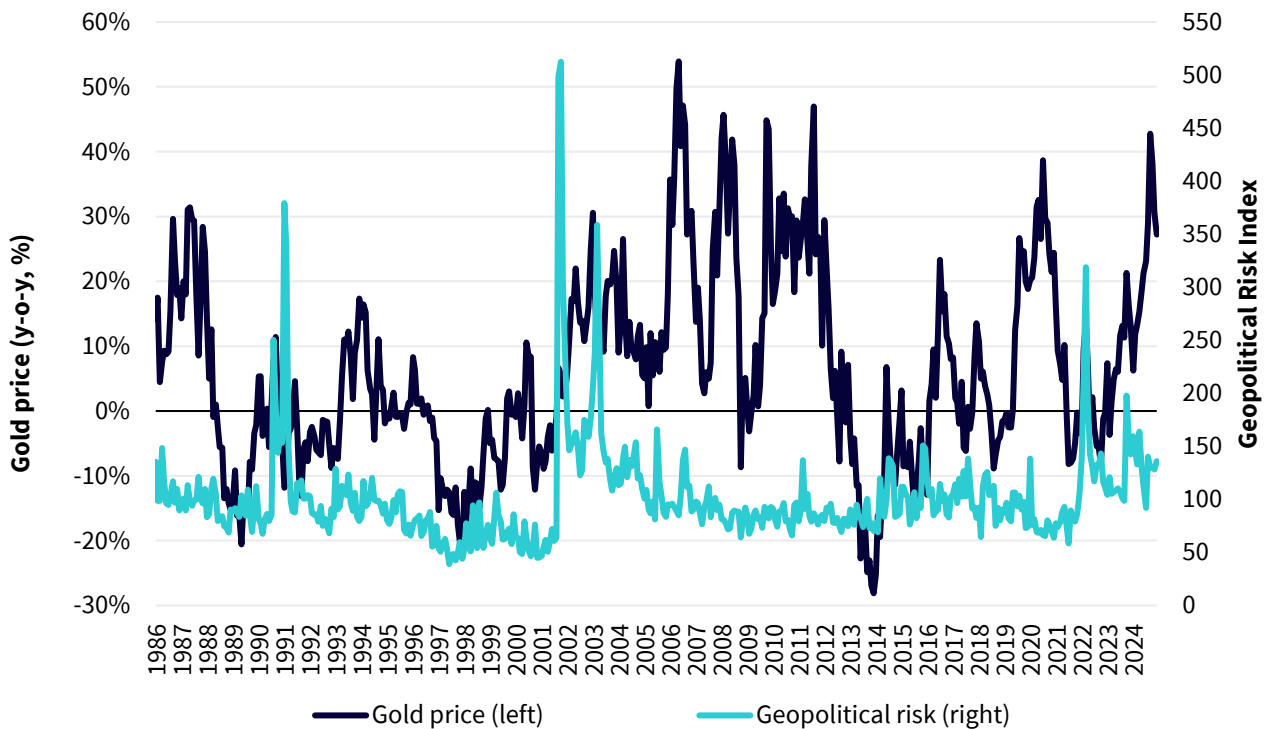


Source: Bloomberg, WisdomTree price model, data as of January 2025. Speculative positioning is net non-commercial positioning in gold futures markets (i.e. netting shorts away from long positions as reported by the Commodity Futures Trading Commission). Treasury yields is the nominal yield to maturity 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.**

Our model indicates a fair value for gold at the end of January 2025 of approximately \$2,370/oz, representing a 15% year-on-year gain. However, gold prices rose nearly 33% year-on-year to \$2,740/oz by the end of January, significantly exceeding this fair value. This suggests potential for a pullback. The additional strength in gold may reflect strong sentiment towards the asset, which is not fully captured by the speculative positioning indicator.

Heightened geopolitical risks arise from a shifting world order, where policy dynamics may change abruptly following the inauguration of Donald Trump as President. Trump has threatened Russian President Putin with another round of sanctions, and it is widely expected that sanctions on Iran will be strictly enforced. In his first week in office, Trump has adopted a confrontational stance towards several countries, including Denmark (Greenland)<sup>2</sup>, Colombia<sup>3</sup>, Canada, Mexico and China<sup>4</sup>. While many view his actions as strategic bargaining, the risk of sabre-rattling escalating into an actual trade war cannot be ignored.

Figure 3: Gold and geopolitics

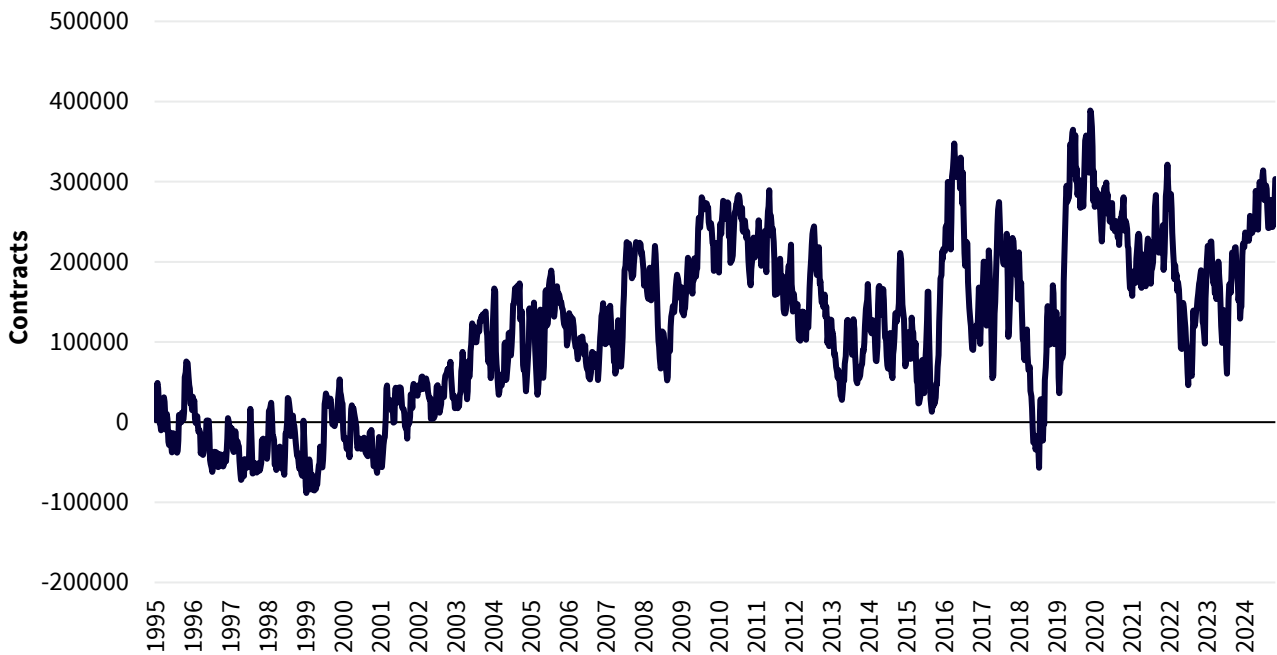


Source: Dario Caldara and Matteo Iacoviello’s Geopolitical Risk Index based on a tally of newspaper articles covering geopolitical (war) tensions, Bloomberg, WisdomTree. January 1985 – January 2025. **Historical performance is not an indication of future performance and any investments may go down in value.**

Net speculative positioning in gold futures clearly reflects this strength in gold sentiment. Positioning in gold futures is back to the levels we saw in October 2024 (Figure 4).

2. <https://www.ft.com/content/ace02a6f-3307-43f8-aac3-16b6646b60f6>  
 3. <https://www.reuters.com/world/americas/colombias-petro-will-not-allow-us-planes-return-migrants-2025-01-26/>  
 4. <https://www.ft.com/content/77b2bd4f-4b2e-4b03-9668-5e3bb5c9c37f>

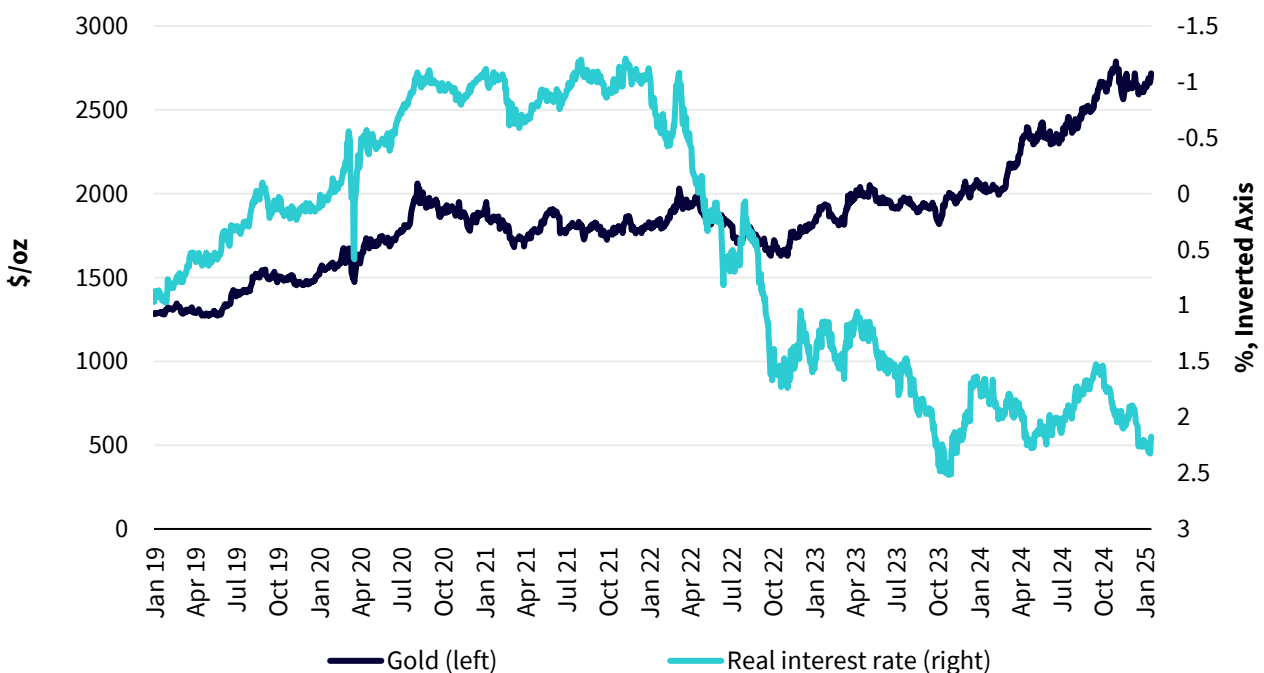
Figure 4: Net speculative positioning in gold futures



Source: WisdomTree, Bloomberg. Weekly data from March 1995 to January 2025. **Historical performance is not an indication of future performance and any investments may go down in value.**

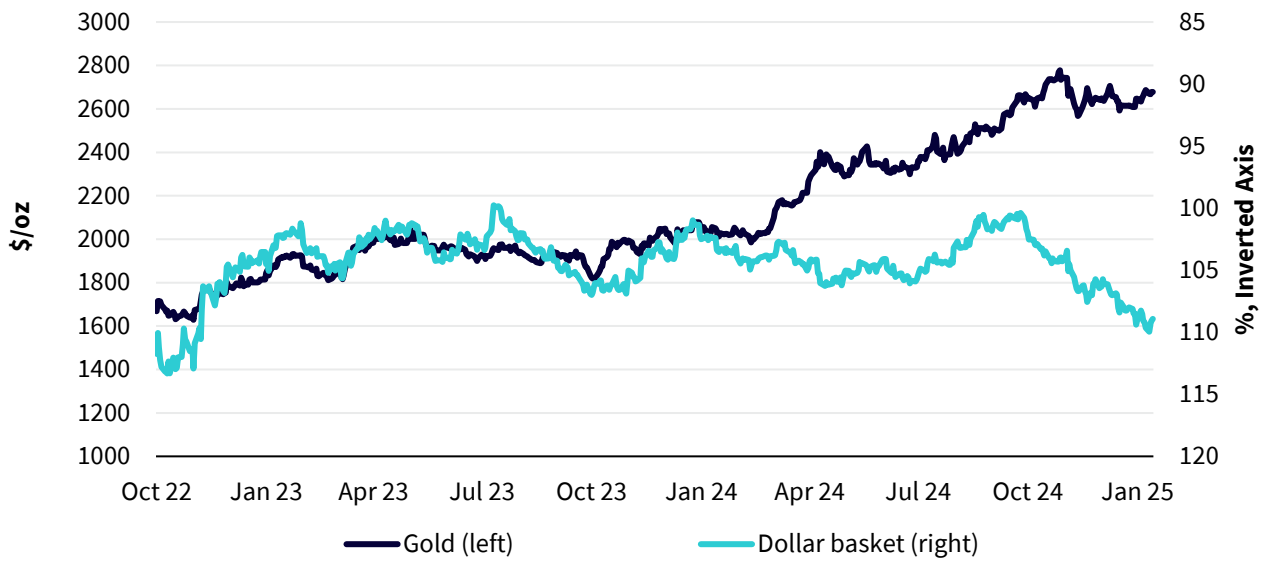
A repricing of US interest rate expectations for 2025 has seen bond yields rise (Figure 5) and the US dollar appreciate (Figure 6). We would normally think of these as big headwinds for gold but, as we saw in 2023 and 2024, the yellow metal has been able to defy those pressures.

Figure 5: Gold and US Treasury Inflation Protected Securities



Source: WisdomTree, Bloomberg. January 2019 to January 2025. Daily data. **Historical performance is not an indication of future performance and any investments may go down in value.**

Figure 6: Gold and US dollar basket

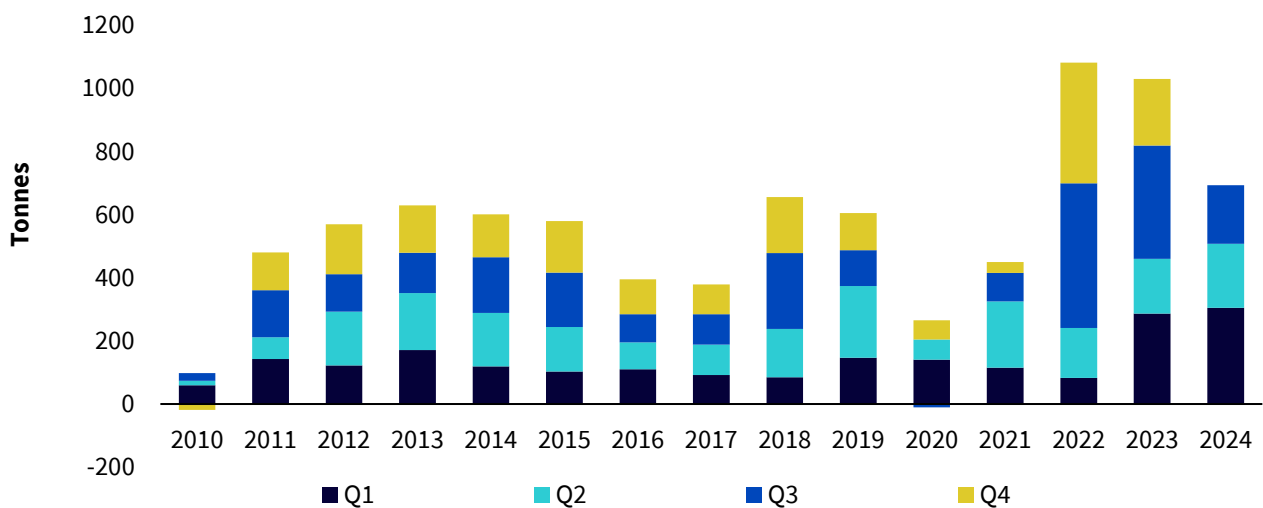


Source: WisdomTree, Bloomberg. October 2022 to January 2025. Daily data. **Historical performance is not an indication of future performance and any investments may go down in value.**

Many analysts have attributed this year’s gold rallies to significant central bank buying activity. According to the World Gold Council and Metals Focus, gold purchases in the first half of 2024 reached a record high for H1. However, buying notably slowed in Q3 2024 and may have decelerated further in Q4 2024 (we await forecasts from the World Gold Council and Metals Focus, but IMF IFS data indicates a slowdown).

China, the largest gold buyer in 2023, paused its purchases between May and October 2024. It is possible that China scaled back its activity to avoid driving prices even higher. Despite this reduction in buying from the People’s Bank of China (PBoC), gold still hit multiple new highs throughout the year. With less than 6% of its foreign exchange reserves held in gold, China’s allocation remains relatively low compared to other economic superpowers. Consequently, it is expected that China will continue purchasing gold in significant volumes for years to come.

Figure 7: Central Bank demand for gold



Source: WisdomTree, World Gold Council, Q1 2010 to Q3 2024. **Historical performance is not an indication of future performance and any investments may go down in value.**

## Gold outlook using WisdomTree's forecasts model

Using WisdomTree's internal gold model<sup>5</sup>, we can produce gold forecasts that are consistent with several macroeconomic scenarios. We note that assessments of the economy are especially varied at the moment and market consensus is shifting quickly. Markets appear to be repricing the pace and extent of Federal Reserve (Fed) rate cuts (that is, less of them and more distant).

### Consensus

Our consensus scenario takes the Bloomberg Survey of Professional Economists average views on inflation, US dollar and Treasury yield forecasts. Consensus is looking for inflation to initially decline but rise again with yearend values above target, the dollar to depreciate slightly, and bond yields to decline marginally. Consensus is based on Fed fund rates falling to 4.00% by the end of the year from 4.50% in January 2025.

Without a consensus forecast on gold sentiment, we reduce speculative positioning to 200k, from over 300k at the time of writing the outlook (January 2025). Given the geopolitical risks mentioned earlier, the higher-than-average positioning seems appropriate. Gold is a highly sought after asset in times of economic, financial, and geopolitical stress, and these triggers could drive sentiment towards the metal even higher.

In the consensus case scenario, gold reaches US\$3,070/oz by Q4 2025, clearly above the October 2024 high, although prices may moderate a little in coming months before we get there.

### Bull case

In this scenario, inflation remains stuck at a higher setting, possibly due to trade or specific commodity shocks. The Federal Reserve nevertheless continues its cutting cycle, possibly under the pressure of a new Administration in the US. Meanwhile, a combination of elevated geopolitical risks and fears of policy errors keeps sentiment towards gold higher (expressed in speculative positioning).

In this scenario, gold could reach US\$3,450/oz by Q4 2025.

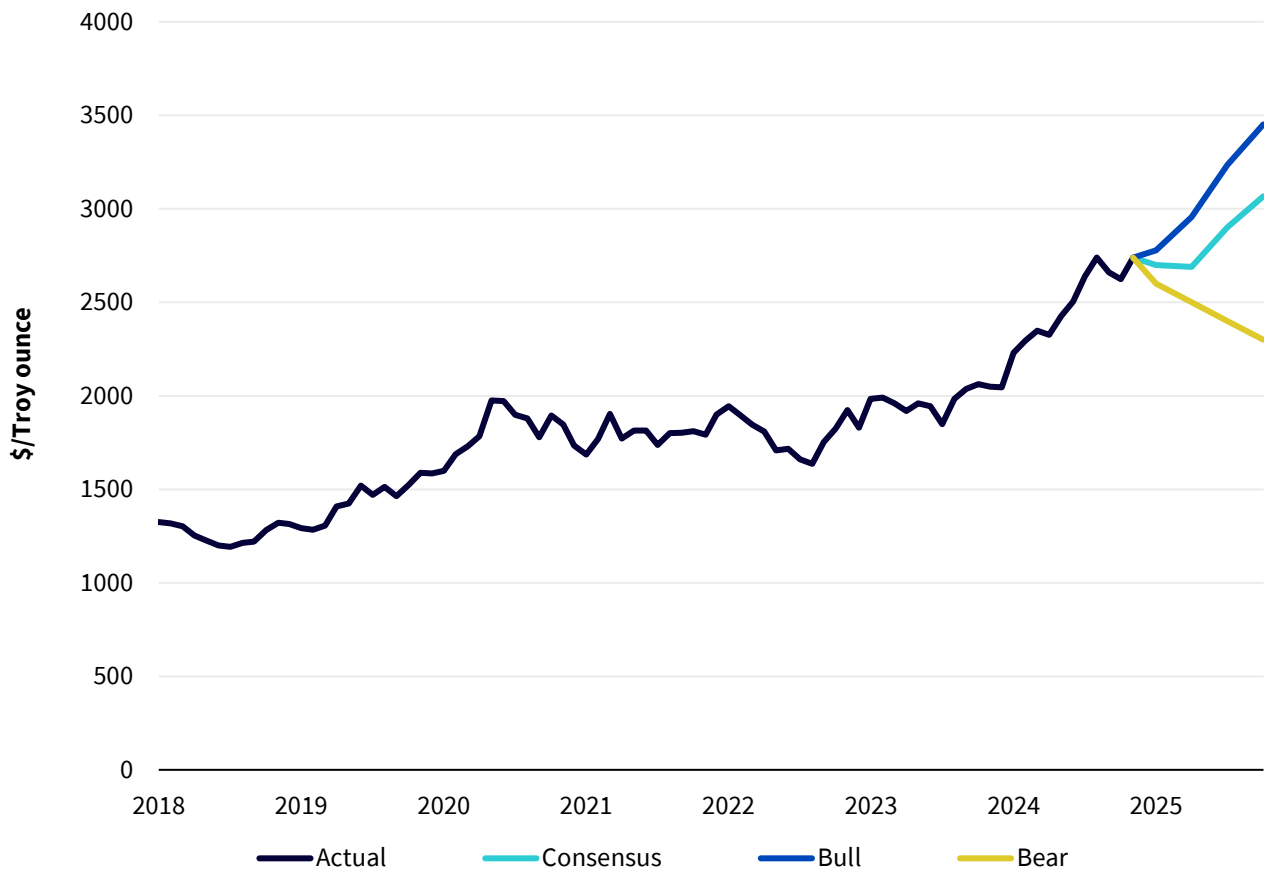
### Bear case

This scenario represents further reassessment of Fed policy, with the central bank not delivering any more rate cuts. Policies adopted by the new Administration in the US may be seen as inflationary by the Fed (but ultimately end up being disinflationary). In the bear scenario, bond yields rise further to 5.60%. With other central banks around the world still cutting, the US dollar appreciates. New tariffs implemented also strengthen the dollar. We also reduce net speculative positioning in this scenario, with the assumption that some wars may end (although geopolitical risks from trade policies may simmer in the background).

In this scenario, gold falls to \$2,300/oz at the end of Q4 2025.

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

Figure 8: WisdomTree gold price forecast



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

Consensus	Q1 2025	Q2 2025	Q3 2025	Q4 2025
Inflation forecast	2.5%	2.4%	2.7%	2.6%
Nominal 10-year yields forecast	4.27%	4.20%	4.18%	4.16%
US\$ exchange rate forecast (DXY)	108.5	108.0	107.4	107.0
Speculative positioning forecast	250,000	240,000	230,000	200,000
Gold price forecast	US\$2,700/oz	US\$2,690/oz	US\$2,900/oz	US\$3,070/oz

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

Bull	Q1 2025	Q2 2025	Q3 2025	Q4 2025
Inflation forecast	2.8%	2.9%	3.2%	3.4%
Nominal 10-year yields forecast	3.63%	3.57%	3.55%	3.54%
US\$ exchange rate forecast (DXY)	103	103	102	101
Speculative positioning forecast	250,000	240,000	230,000	200,000
Gold price forecast	US\$2,780/oz	US\$3,000/oz	US\$3,200/oz	US\$3,450/oz

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

Bear	Q1 2025	Q2 2025	Q3 2025	Q4 2025
Inflation forecast	2.1%	1.8%	1.7%	1.6%
Nominal 10-year yields forecast	4.60%	4.90%	5.20%	5.60%
US\$ exchange rate forecast (DXY)	113	112	112	113
Speculative positioning forecast	150,000	100,000	50,000	50,000
Gold price forecast	US\$2,600/oz	US\$2,500/oz	US\$2,400/oz	US\$2,300/oz

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

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