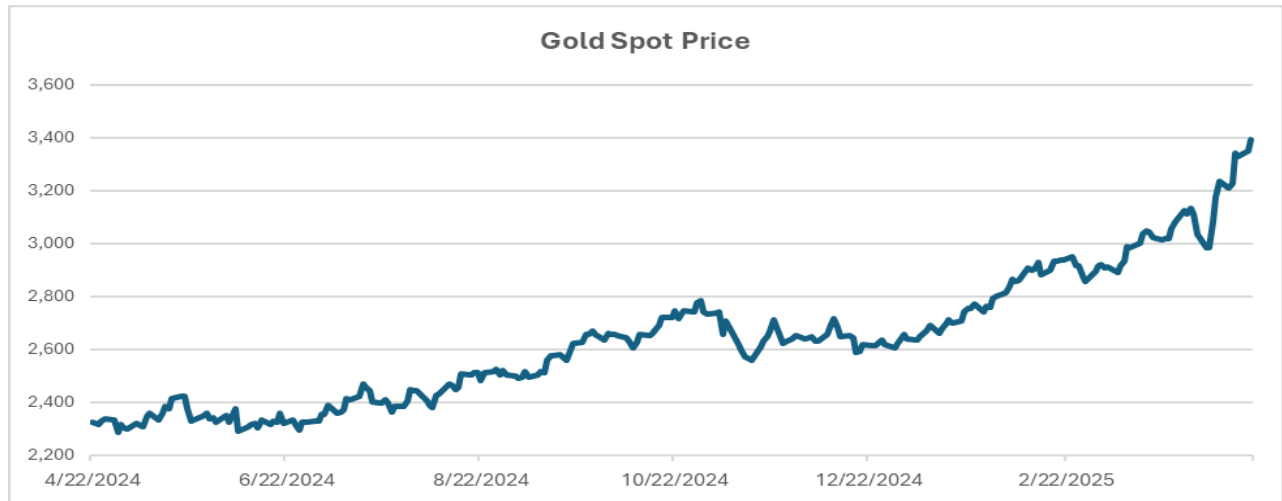


THE MIDAS TOUCH IN MARKETS



- Gold has been on a tear lately, rising by 46% over the past 12 months.
- Its price was boosted by a cocktail of global issues which prompted a flight to safety:
 - The Israel-Palestine conflict
 - Pre-election jitters in Europe and the US
 - Concerns around interest rates
 - Central Bank buying, especially from China
 - Tariffs announcements
 - USD Depreciation
 - Recession concerns
- 2022 was a key year for gold. Prior to Russia's assets being frozen by the West, central banks averaged 17 Tons of gold purchases per month. Post 2022, this number increased significantly to 86T/month.
- Goldman Sachs estimates that central banks bought an average of 109T/month, with China accounting for 50T, since President Trump's election in November 2024.
- Their analysts forecast that central banks will buy an average of 80T/month, higher than their prior forecast of 70T/month.
- On the ETF side, increased recession risk is likely to drive inflows into gold as a safe haven. Goldman Sachs estimates the probability of a recession at 45%, while JP Morgan's stood at 60%.
- On the basis of the above, Goldman Sachs forecasts Gold would reach \$3,700.
- However, recent developments in the bond market provides even higher upside for Gold. Unlike in prior

growth scares, prices of US treasury bonds declined over the last 2 weeks, putting into question its role as a hedge to recession risk.

- Over the weekend, President Trump launched an attack on Fed Chair Jerome Powell and said that his "termination cannot come fast enough". Should President Trump find a way to terminate Jerome Powell's chairmanship and replace him with a nominee who is not independent, it could lead to distrust in US Treasuries and US markets in general.
- In this scenario, investors would flock to the other safe haven asset, gold. Goldman Sachs estimates that the price of gold could even reach \$4,500, although they assign a low probability to that event.
- Given the growing uncertainties around the impact of tariffs, some allocation to gold in portfolios could boost returns.

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