



Market performance and macro factors

Gold report
Q3 2025

Introduction

In our quarterly Gold Report, we review the performance of the gold price, including flows into gold-backed exchange-traded products, and touch upon the performance other asset classes. We also explore significant macro factors, including interest rates, bond yields, the US Dollar and inflation expectations.

Key facts

from Q3 2025



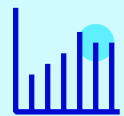
Gold price return
in Q3

16.8%



YTD gold
price return

47.0%



US 10yr TIPS yield

1.78%

at end of Q3



Fed's inflation forecast

3.0%

at end of 2025

Data: Bloomberg, as at 30 September 2025.



Market performance

Pages 03 – 08

The gold price finally broke out of the range it had been trading in since April and ended Q3 at a new record high and with a quarterly gain of 16.8%. Gold outperformed equity and bond markets in Q3, while also registering stronger year-to-date gains. One of the most significant drivers has been a surge in gold investment through exchange-traded products.

- [Quarterly price performance](#)
- [Quarterly price returns](#)
- [Annual price returns](#)
- [Asset class returns](#)
- [Relative strength of the gold price](#)
- [G10 currencies](#)



Macro factors

Pages 09 – 14

The Fed cut interest rates in September for the first time in 2025 and is expected to make two more reductions in the coming months, as the Fed acknowledges the downside risks to employment are beginning to outweigh the risks of inflation. Consumer sentiment and spending have weakened with more uncertainty around jobs and near-term inflation.

- [Gold price and real bond yields](#)
- [Gold price and Fed balance sheet](#)
- [Gold price and US interest rates](#)
- [Gold price and inflation expectations](#)
- [Gold price and the US Dollar](#)
- [Gold price and economic risks](#)



Market performance

Quarterly price performance

Quarterly price returns

Annual price returns

Asset class returns

Relative strength of the gold price

G10 currencies



Macro factors

Gold price and real bond yields

Gold price and Fed balance sheet

Gold price and US interest rates

Gold price and inflation expectations

Gold price and the US Dollar

Gold price and economic risks

Quarterly price performance

After being stuck in a relatively narrow range since mid-April, consolidating around US\$3,350 per ounce, the gold price finally broke out to the upside at the end of August. The yellow metal never looked back, ending the period at a new all-time high of US\$3,859 per ounce and a quarterly gain of 16.8%. The US\$4,000 price level is now firmly in sight.

This report focuses mainly on macro events, including the Fed's interest rate cut in September. However, it's worth highlighting that a surge in investment demand was also a key factor in the rise of the gold price this quarter. New investments in gold via exchange-traded products were muted in 2024 but have since picked up, with the 220 tonnes of gold purchased in Q3 taking the year-to-date total to 619 tonnes, according to data from the World Gold Council. Demand has been broad-based, with net inflows from North America, Europe and Asia.



Gold price return in Q3

16.8%

■ Gold price 3,858.96

USD per Fine Troy ounce



Past performance is not a reliable indicator of future returns. Source: Bloomberg, in USD, from 30 June to 30 September 2025.



Market performance

Quarterly price performance

Quarterly price returns

Annual price returns

Asset class returns

Relative strength of the gold price

G10 currencies



Macro factors

Gold price and real bond yields

Gold price and Fed balance sheet

Gold price and US interest rates

Gold price and inflation expectations

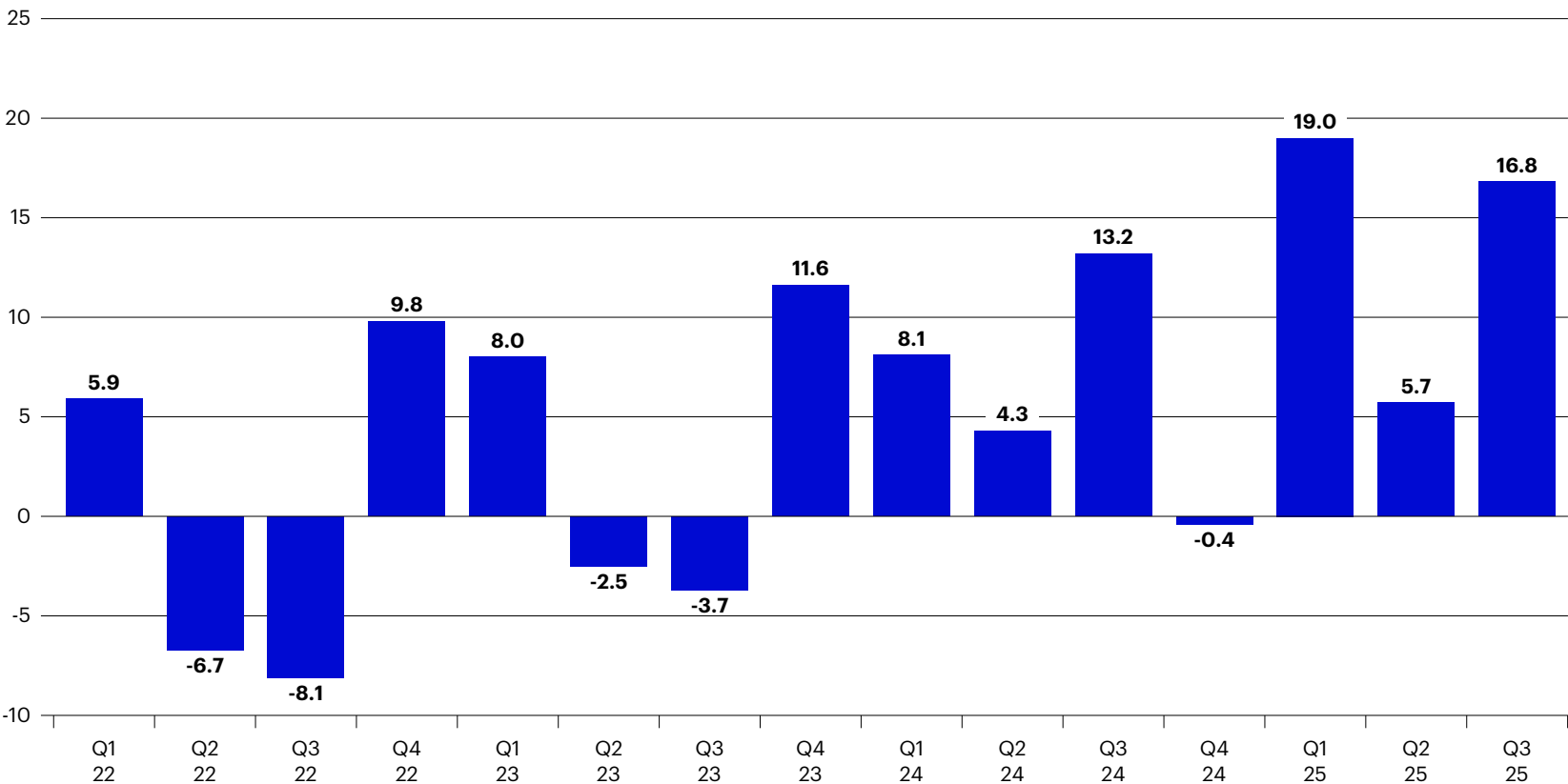
Gold price and the US Dollar

Gold price and economic risks

Quarterly price returns

While the 16.8% return in Q3 was striking, it wasn't even gold's best quarter this year. The 19.0% return in Q1 was followed by a "mere" 5.7% gain in Q2 when investors took a relative pause in search of direction, which would come abruptly in the latter part of Q3. Most of the quarter's return was captured in September, when the gold price rose 11.9% and recorded 14 new record closing highs.

Quarterly price change (%)



Past performance is not a reliable indicator of future returns. Source: Bloomberg, in USD, as at 30 September 2025.



Market performance

- Quarterly price performance
- Quarterly price returns
- Annual price returns
- Asset class returns
- Relative strength of the gold price
- G10 currencies

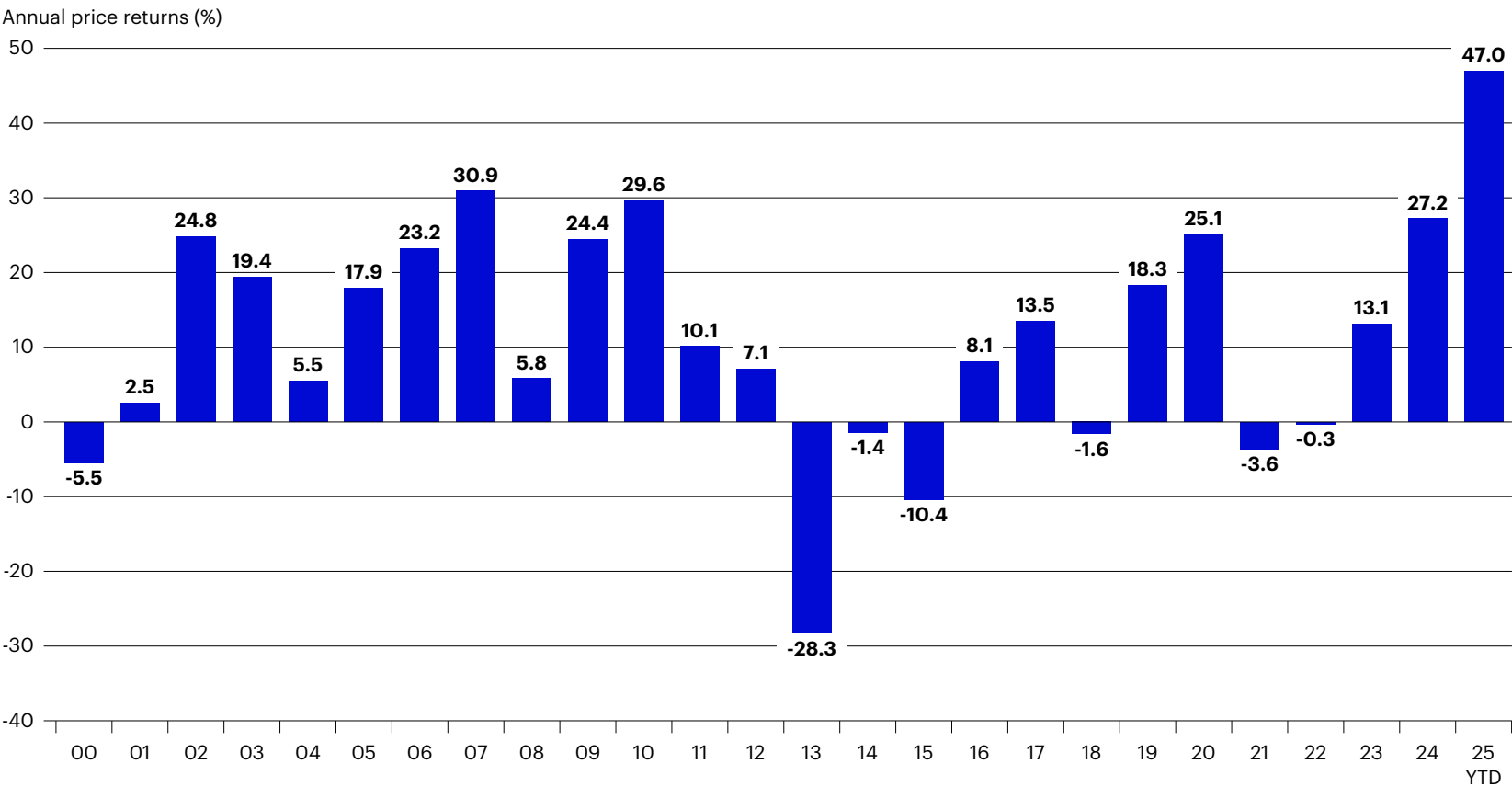


Macro factors

- Gold price and real bond yields
- Gold price and Fed balance sheet
- Gold price and US interest rates
- Gold price and inflation expectations
- Gold price and the US Dollar
- Gold price and economic risks

Annual price returns

We head into Q4 with gold having already ratcheting up a 47% gain over the first three quarters of the year. This puts the YTD return ahead of every full calendar year return since 1979, when gold had its best-ever year. Barring an alien invasion, it seems unlikely that the record 126% gain posted that year will be challenged, but a Q4 performance matching that of Q3 would put gold on course for its second-best year in history (72.2% in 1973). For those keeping score, gold would need to finish the year at US\$4,520 for that to happen.



Past performance is not a reliable indicator of future returns. Source: Bloomberg, in USD. "2025" is YTD as at 30 September 2025.



Market performance

- Quarterly price performance
- Quarterly price returns
- Annual price returns
- Asset class returns**
- Relative strength of the gold price
- G10 currencies



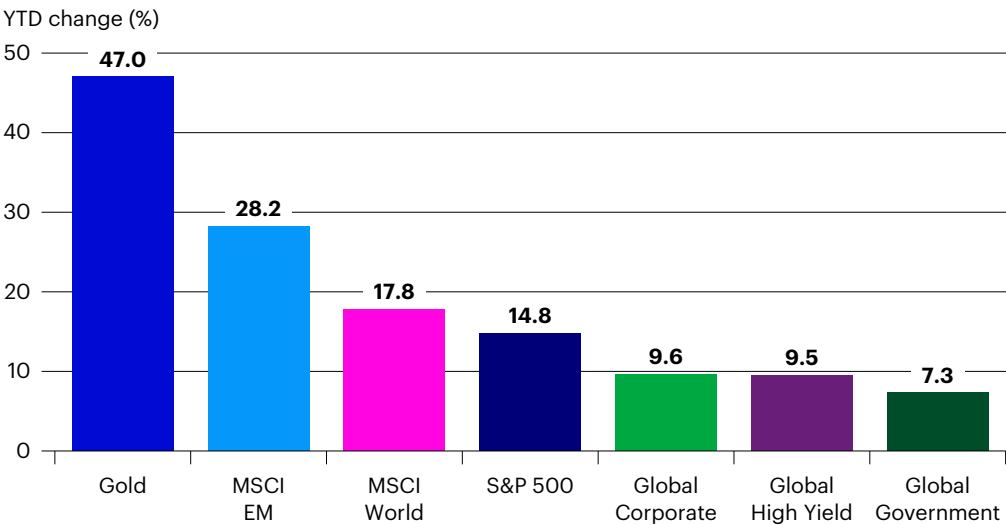
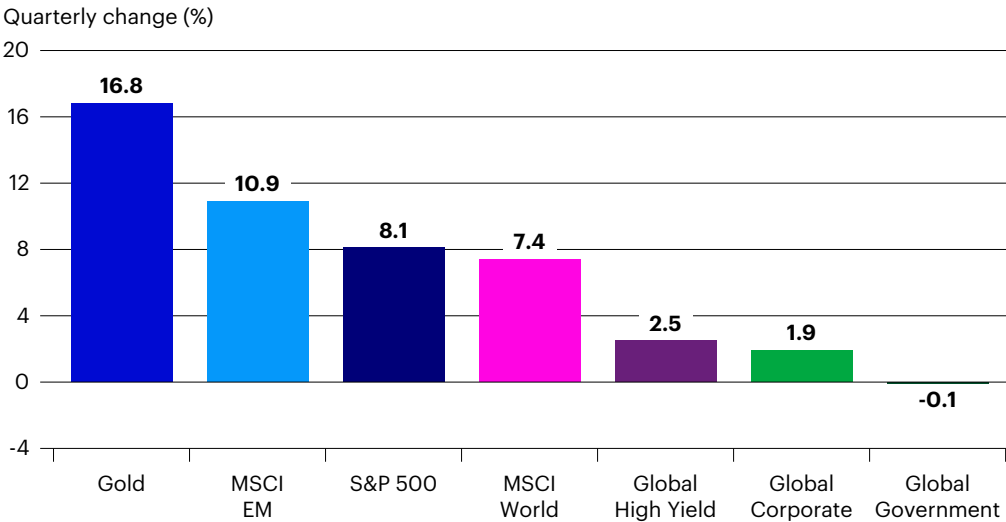
Macro factors

- Gold price and real bond yields
- Gold price and Fed balance sheet
- Gold price and US interest rates
- Gold price and inflation expectations
- Gold price and the US Dollar
- Gold price and economic risks

Asset class returns

The 16.8% increase in the gold price in Q3 was against a background of strong performance by risk assets, with the haven asset gaining nearly 6% more than emerging market equities and over twice that of global developed market equities. A key driver in recent gold demand can be attributed to the record high equity markets, especially but not limited to US mega-caps. It's likely that many investors are holding gold in their portfolios to cushion the impact of any pullback in equities, when gold could perform the role of an uncorrelated diversifier. It's worth noting that, historically, some of the largest market corrections have been in October.

For the year, gold has also outperformed all major equity and bond markets year to date, with the gap to the next-best performer increasing in the quarter. Emerging market equities have gathered momentum while global bond markets have also performed well by historical norms.



Past performance is not a reliable indicator of future returns. Source: Bloomberg, in USD, as at 30 September 2025.



Market performance

- Quarterly price performance
- Quarterly price returns
- Annual price returns
- Asset class returns
- Relative strength of the gold price**
- G10 currencies



Macro factors

- Gold price and real bond yields
- Gold price and Fed balance sheet
- Gold price and US interest rates
- Gold price and inflation expectations
- Gold price and the US Dollar
- Gold price and economic risks

Relative strength of the gold price

The gold price re-entered overbought territory at the start of September and remained there for the rest of the month, according to the 14-day Relative Strength Index.



Past performance is not a reliable indicator of future returns. Source: Bloomberg, in USD, to 30 September 2025.



Market performance

- Quarterly price performance
- Quarterly price returns
- Annual price returns
- Asset class returns
- Relative strength of the gold price
- G10 currencies



Macro factors

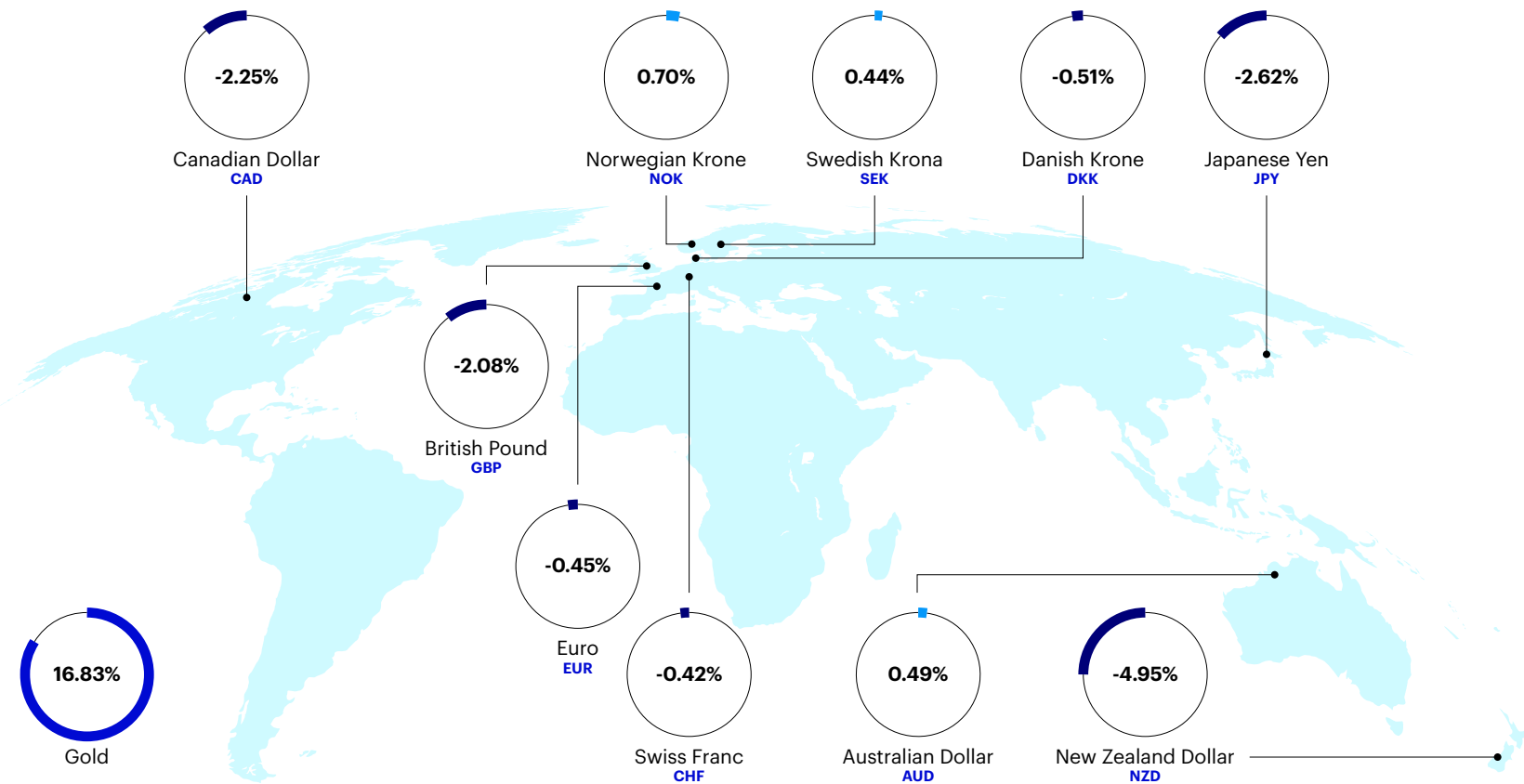
- Gold price and real bond yields
- Gold price and Fed balance sheet
- Gold price and US interest rates
- Gold price and inflation expectations
- Gold price and the US Dollar
- Gold price and economic risks

G10 currencies

Currencies were mixed in the quarter, with the weakening in the JPY possibly the most noteworthy, as the market anticipates the next government to be more dovish after Prime Minister Ishiba’s resignation in September. Sterling was also lower on weaker economic data. Despite a modest strengthening in the USD in Q3, we still expect the greenback to continue weakening.

Q3 returns of gold and G10 currencies in USD (%)

- Gold return
- Positive returns
- Negative returns



Past performance is not a reliable indicator of future returns. Source: Bloomberg, in USD, to 30 September 2025.



Market performance

- Quarterly price performance
- Quarterly price returns
- Annual price returns
- Asset class returns
- Relative strength of the gold price
- G10 currencies

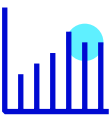


Macro factors

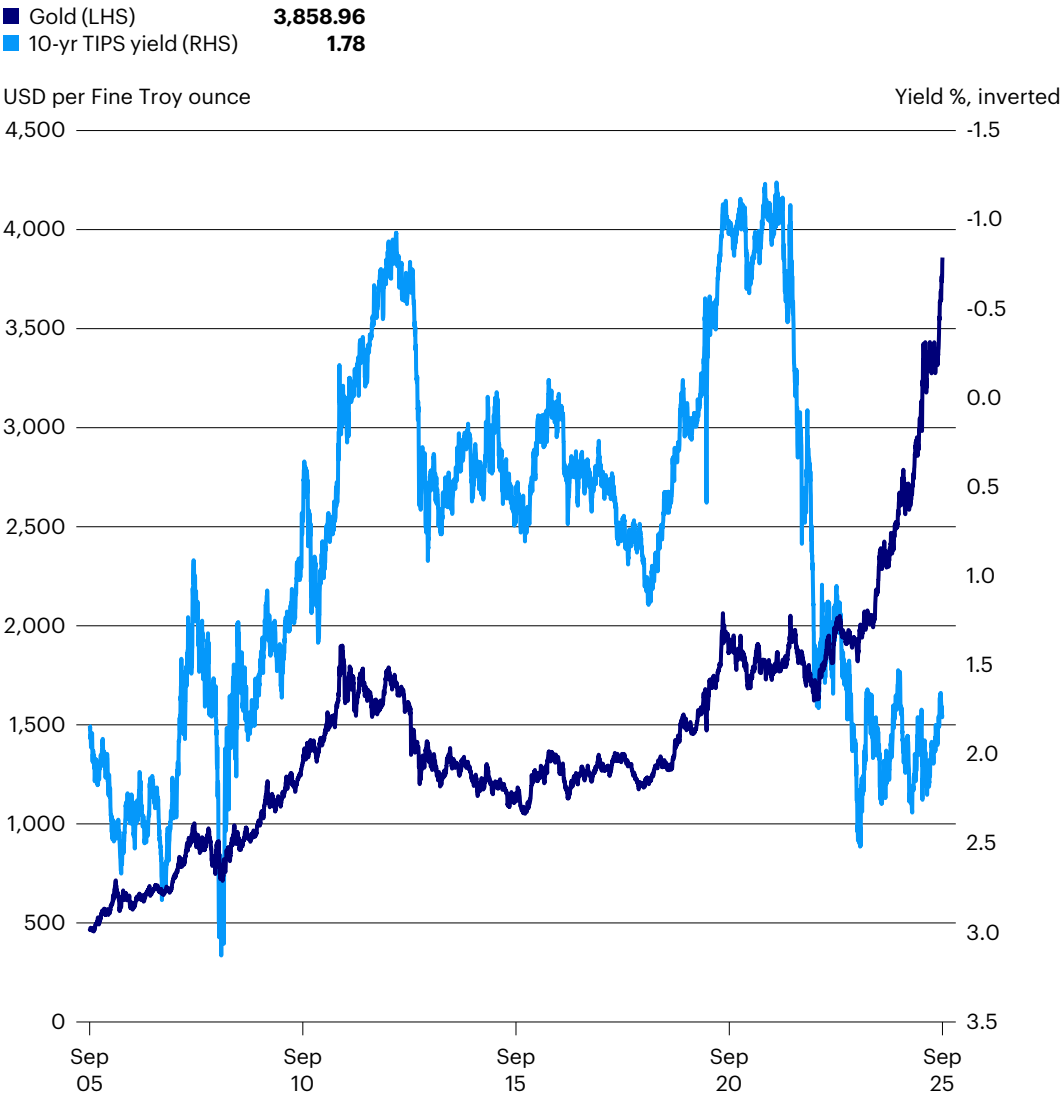
- Gold price and real bond yields
- Gold price and Fed balance sheet
- Gold price and US interest rates
- Gold price and inflation expectations
- Gold price and the US Dollar
- Gold price and economic risks

Gold price and real bond yields

The US 10-yr TIPS yield ended Q3 at 1.78%, down by 14bps compared to the end of Q2. Real yields reached as high as 2.07% in mid-July before falling steadily to a 12-month low of 1.65% heading into the Fed's September rate meeting. While the 25bp rate cut was widely expected throughout the market, real yields took a small knock from the slight increase in inflation. Lower bond yields, especially when adjusted for inflation, are generally positive for gold.



US 10yr TIPS yield
1.78%
at end of Q3



Past performance is not a reliable indicator of future returns. Source: Bloomberg, in USD, to 30 September 2025.



Market performance

- Quarterly price performance
- Quarterly price returns
- Annual price returns
- Asset class returns
- Relative strength of the gold price
- G10 currencies



Macro factors

- Gold price and real bond yields
- Gold price and Fed balance sheet**
- Gold price and US interest rates
- Gold price and inflation expectations
- Gold price and the US Dollar
- Gold price and economic risks

Gold price and Fed balance sheet

The Fed continued to reduce the size of its balance sheet, albeit only marginally in the latest quarter. The Fed’s balance sheet ended Q3 at just under US\$6.61 trillion, still a notable reduction from its peak in June 2022. According to the Fed, the balance sheet as a percentage of GDP is now nearing pre-pandemic levels, and the run-off programme (allowing securities to mature without being replaced on the balance sheet) will continue until reserves are closer to what the Fed perceives as an “ample” level.



Past performance is not a reliable indicator of future returns. Source: Bloomberg, in USD, to 30 September 2025.



Market performance

- Quarterly price performance
- Quarterly price returns
- Annual price returns
- Asset class returns
- Relative strength of the gold price
- G10 currencies



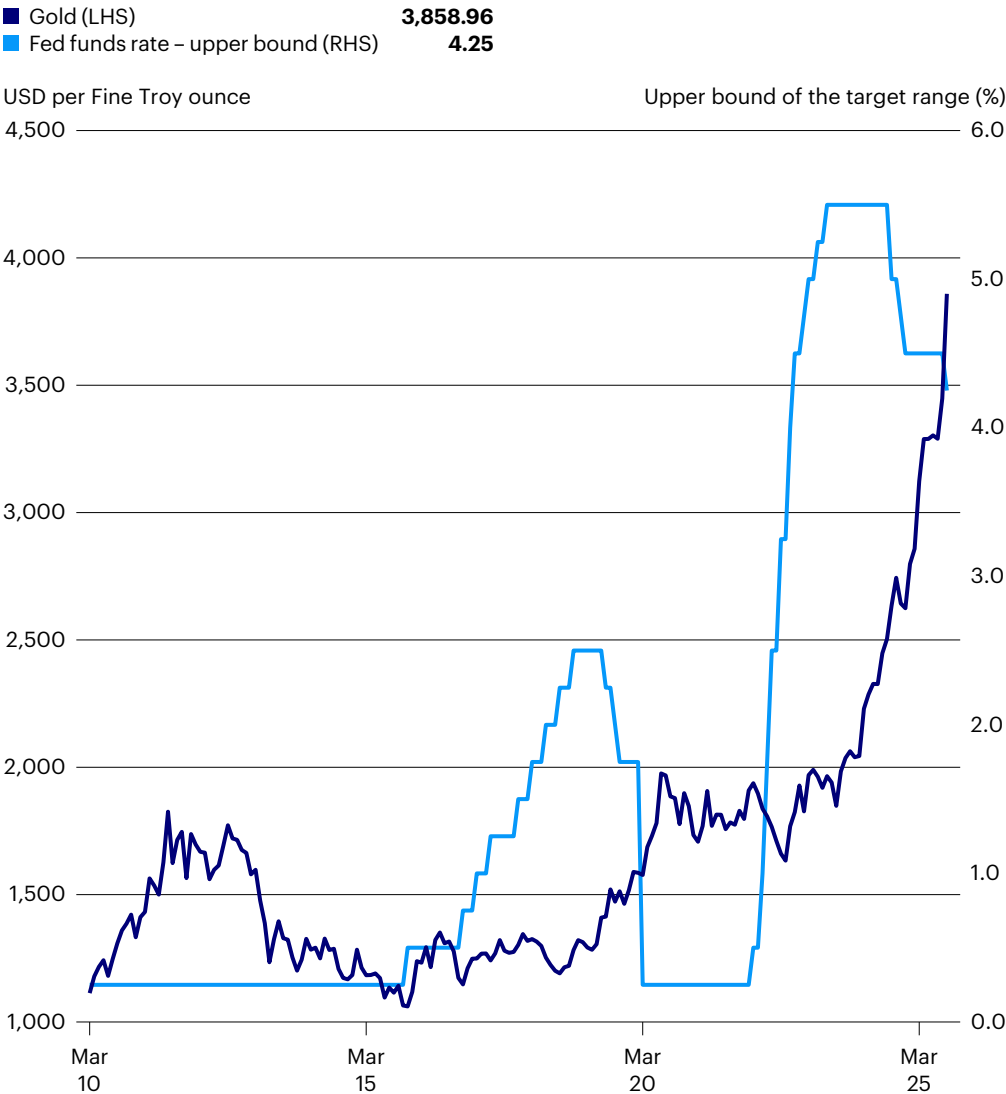
Macro factors

- Gold price and real bond yields
- Gold price and Fed balance sheet
- Gold price and US interest rates**
- Gold price and inflation expectations
- Gold price and the US Dollar
- Gold price and economic risks

Gold price and US interest rates

After months of tension between Chair Powell and the US President, and disagreements between individual Fed officials, the Federal Open Market Committee (FOMC) finally voted at its September meeting to cut interest rates by 25 basis points (bps). Powell pointed to the downside risks to employment having risen and now being the main concern, with inflation remaining somewhat elevated but posing less of a risk. The decision among the 12 voting members was unanimous, although the newest member, Stephen Miran, wanted a larger cut.

The first reduction in 2025 brings the target range to 4.00-4.25%, which is 125 bps below the recent high in 2024 but arguably still elevated relative to other western developed economies. The September dot plot showed that a slim majority of the committee expect a further 50bps of reductions by the end of 2025 and just one 25bp cut in each of the next two years, which would mean rates at 3.00-3.25% at the end of 2027. According to the CME FedWatch, the futures market believes a 25bp cut at the end of October is a foregone conclusion, so the bigger question seems to be what happens at the year's final meeting in December.



Past performance is not a reliable indicator of future returns. Source: Bloomberg, in USD, to 30 September 2025.



- Quarterly price performance
- Quarterly price returns
- Annual price returns
- Asset class returns
- Relative strength of the gold price
- G10 currencies



- Gold price and real bond yields
- Gold price and Fed balance sheet
- Gold price and US interest rates
- Gold price and inflation expectations**
- Gold price and the US Dollar
- Gold price and economic risks



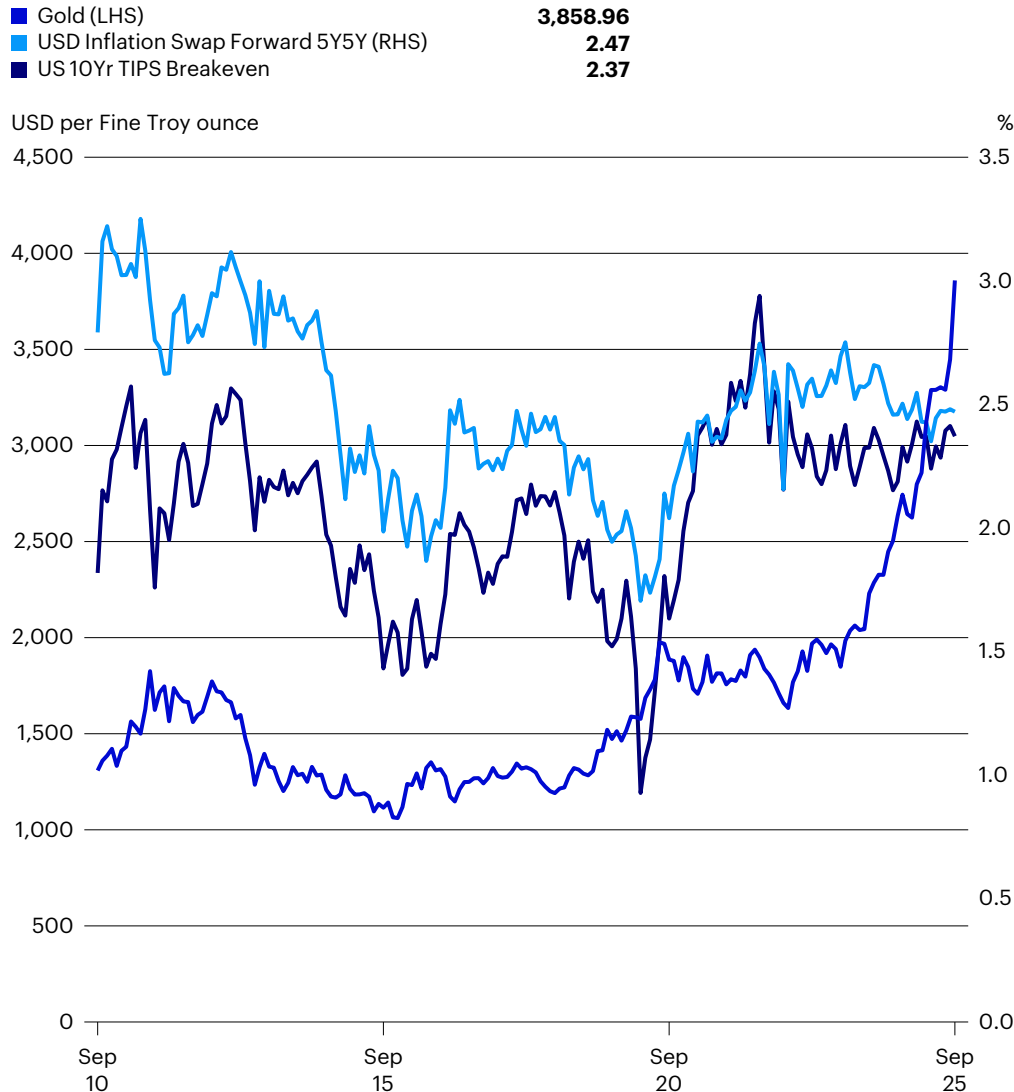
3.0%

at end of 2025

Gold price and inflation expectations

Following the Fed meeting in September, Chair Powell gave an encouraging assessment of the medium-term outlook for inflation while suggesting tariffs are impacting inflation by 30-40bps. He believes the inflationary effect of tariffs will be relatively short-lived but acknowledges risks to this base-case scenario. The Fed's Summary of Economic Projections indicates the Personal Consumption Expenditures (PCE) index coming down to 2.6% in 2026 and near the 2% target in 2027.

Meanwhile, inflation expectations have edged up amongst consumers but primarily related to their lack of confidence in prices over the next 12 months. Inflation appears less of a concern in the medium term, aligning with the Fed's forecast.



Past performance is not a reliable indicator of future returns. Source: Bloomberg, in USD, to 30 September 2025.



Market performance

- Quarterly price performance
- Quarterly price returns
- Annual price returns
- Asset class returns
- Relative strength of the gold price
- G10 currencies



Macro factors

- Gold price and real bond yields
- Gold price and Fed balance sheet
- Gold price and US interest rates
- Gold price and inflation expectations
- Gold price and the US Dollar**
- Gold price and economic risks

Gold price and the US Dollar

The USD firmed modestly over the course of Q3, with the Dollar index (DXY) ending the quarter at 97.8. The DXY had risen to just shy of 100 in July, but the greenback found little support beyond this, softening once again into the quarter-end.



Past performance is not a reliable indicator of future returns. Source: Bloomberg, in USD, to 30 September 2025.



Market performance

- Quarterly price performance
- Quarterly price returns
- Annual price returns
- Asset class returns
- Relative strength of the gold price
- G10 currencies

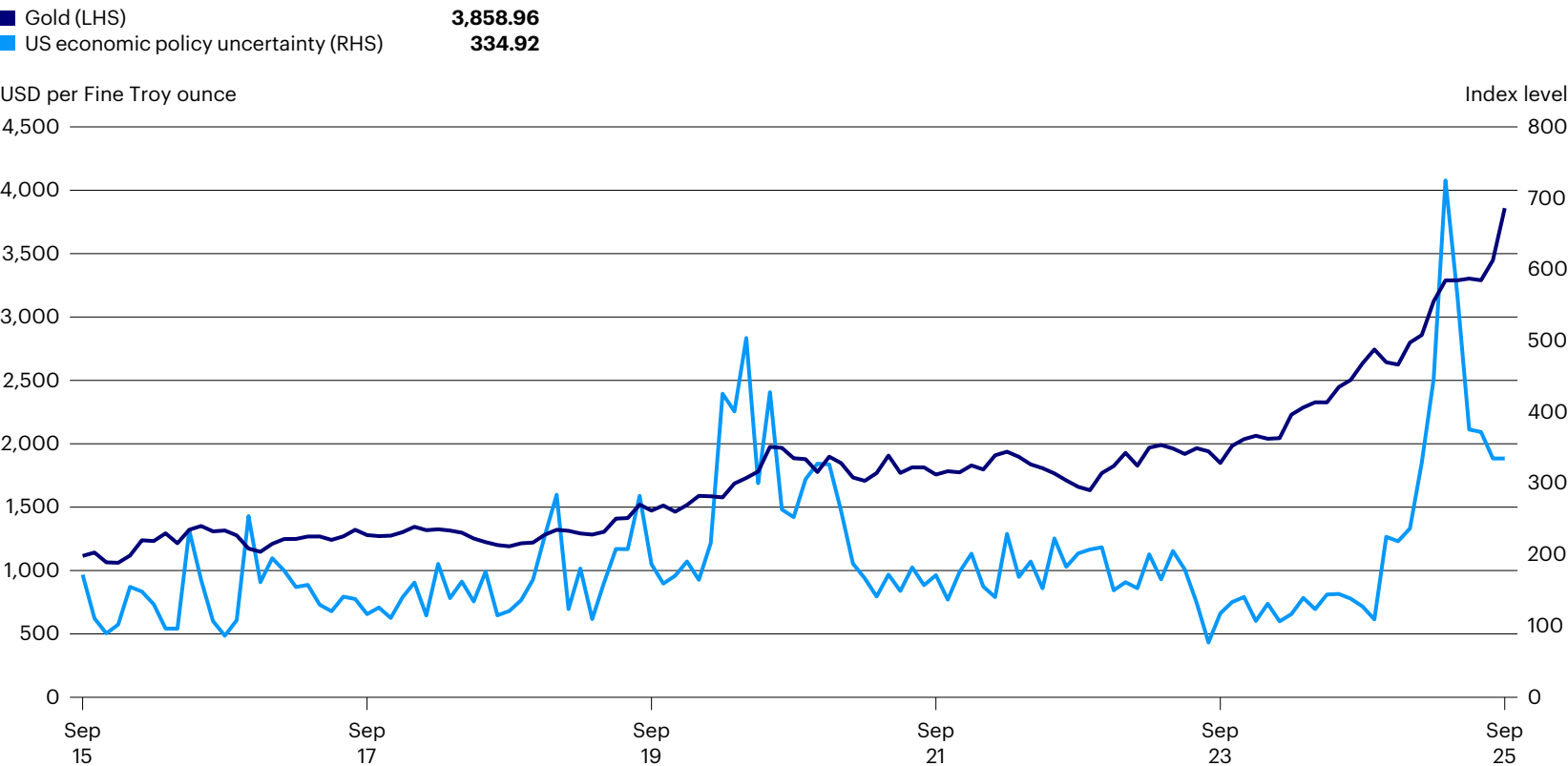


Macro factors

- Gold price and real bond yields
- Gold price and Fed balance sheet
- Gold price and US interest rates
- Gold price and inflation expectations
- Gold price and the US Dollar
- Gold price and economic risks**

Gold price and economic risks

The US Economic Policy Uncertainty index shows a further reduction in the perceived economic risks being covered by media outlets, which had been focused heavily on the potential impact of tariffs, immigration and other policy from the new US Administration. This index is measured by the count of the word 'uncertain' or 'uncertainty' with 'economy' and words related to the federal government.



Past performance is not a reliable indicator of future returns. Source: Bloomberg, in USD, to 30 September 2025.

Contributors

David Scales
Senior ETF Investment Editor
david.scales@invesco.com

Paul Syms
Head of EMEA ETF Fixed Income &
Commodity Product Management
paul.syms@invesco.com

Investment Risks

The value of investments and any income will fluctuate (this may partly be the result of exchange rate fluctuations) and investors may not get back the full amount invested.

Important Information

Data as at 1 October 2025, unless otherwise stated.

This document is intended only for professional investors in Hong Kong, for Institutional Investors and/or Accredited Investors in Singapore, for certain specific sovereign wealth funds and/or Qualified Domestic Institutional Investors approved by local regulators only in the People’s Republic of China, for certain specific Qualified Institutions and/or Sophisticated Investors only in Taiwan, for Qualified Professional Investors in Korea, for certain specific institutional investors in Brunei, for Qualified Institutional Investors and/or certain specific institutional investors in Thailand, for certain specific institutional investors in Malaysia upon request, for certain specific institutional investors in Indonesia and for qualified buyers in Philippines for informational purposes only. This document is not an offering of a financial product and should not be distributed to retail clients who are resident in jurisdiction where its distribution is not authorized or is unlawful. Circulation, disclosure, or dissemination of all or any part of this document to any unauthorized person is prohibited.

This document may contain statements that are not purely historical in nature but are “forward-looking statements,” which are based on certain assumptions of future events. Forward-looking statements are based on information available on the date hereof, and Invesco does not assume any duty to update any forward-looking statement. Actual events may differ from those assumed. There can be no assurance that forward-looking statements, including any projected returns, will materialize or that actual market conditions and/or performance results will not be materially different or worse than those presented.

All material presented is compiled from sources believed to be reliable and current, but accuracy cannot be guaranteed. Investment involves risk.ri Please review all financial material carefully before investing. The opinions expressed are based on current market conditions and are subject to change without notice. These opinions may differ from those of other Invesco investment professionals.

The distribution and offering of this document in certain jurisdictions may be restricted by law. Persons into whose possession this marketing material may come are required to inform themselves about and to comply with any relevant restrictions. This does not constitute an offer or solicitation by anyone in any jurisdiction in which such an offer is not authorised or to any person to whom it is unlawful to make such an offer or solicitation.

This document is issued in the following countries:

- in Hong Kong by Invesco Hong Kong Limited 景順投資管理有限公司, 45/F, Jardine House, 1 Connaught Place, Central, Hong Kong.
- in Singapore by Invesco Asset Management Singapore Ltd, 9 Raffles Place, #18-01 Republic Plaza, Singapore 048619.
- in Taiwan by Invesco Taiwan Limited, 22F, No.1, Songzhi Road, Taipei 11047, Taiwan (0800-045-066). **Invesco Taiwan Limited is operated and managed independently.**