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What investors need to know about gold

Trending Conversations

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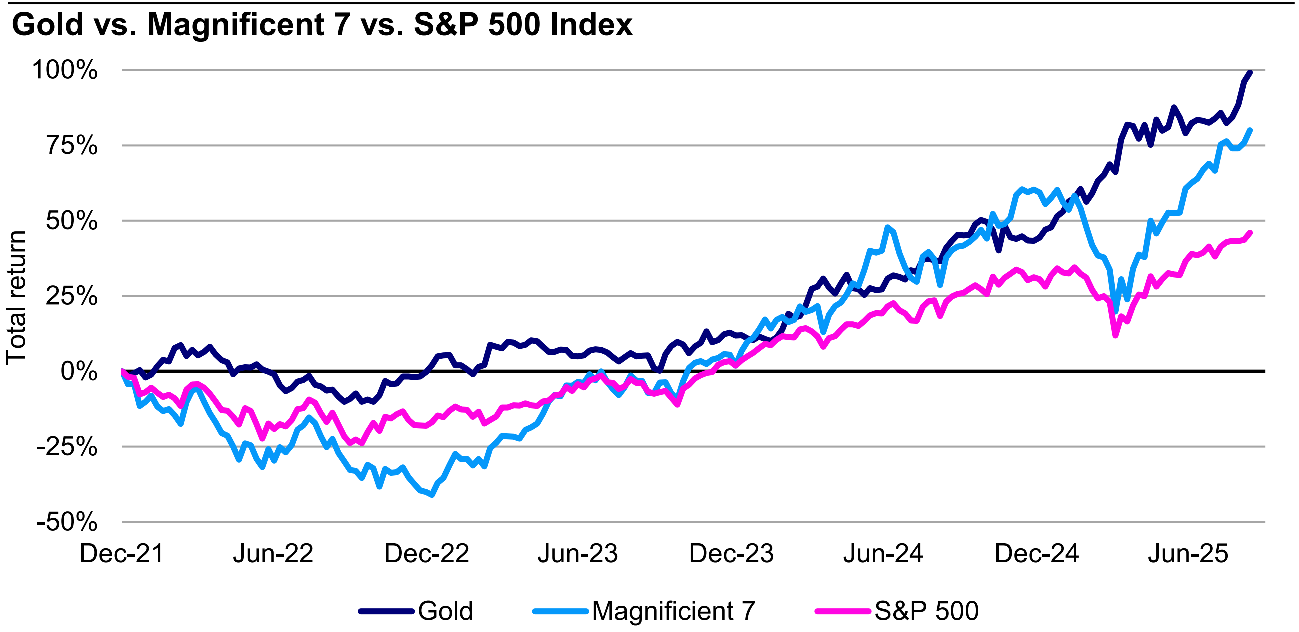
Strong performance has piqued investor interest

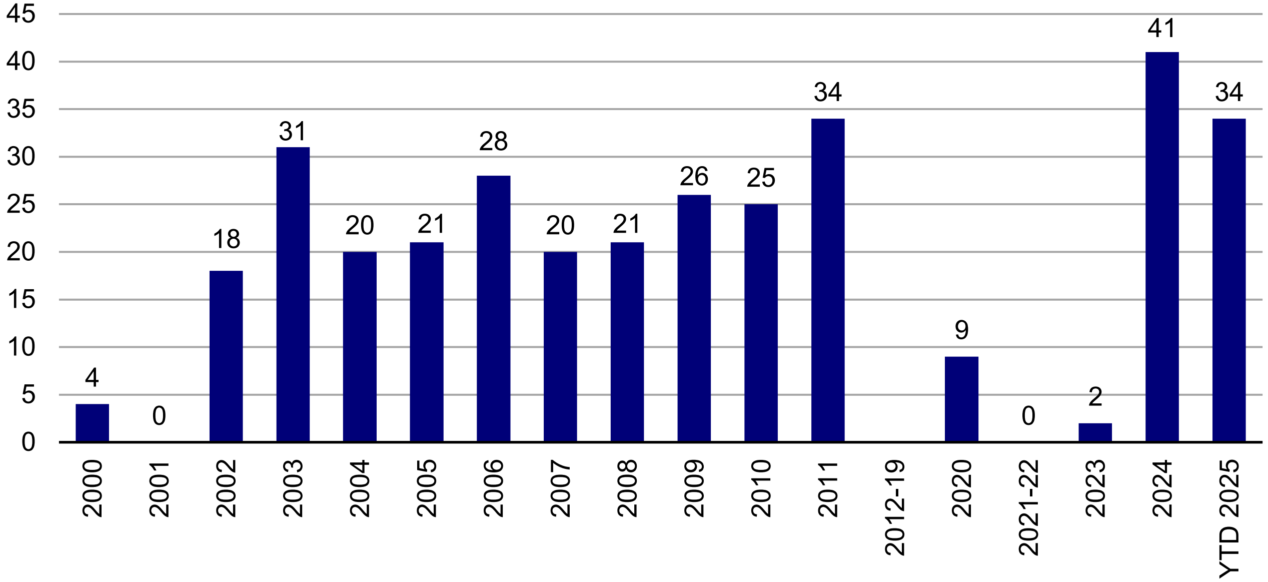


- Gold has been among the top-performing asset classes since the start of 2022, even outperforming US mega-cap stocks.
- The precious metal has likely benefited from a rise in inflation, escalating geopolitical tensions, and increasing policy uncertainty over the past few years.

Source: Bloomberg L.P., Sept. 12, 2025. Gold is based on the gold spot price in US dollars per troy ounce. The gold spot price refers to the current market price at which gold can be bought or sold for immediate delivery. A troy ounce is heavier than a regular ounce and is the standard unit for weighing and pricing precious metals. The S&P 500® Index is an unmanaged index considered representative of the US stock market. The Magnificent 7 (Mag 7) refers to Microsoft, Apple, NVIDIA, Amazon, Meta, Tesla, and Alphabet. An investment cannot be made directly into an index. **Past performance does not guarantee future results**.

The past two years have seen a record number of new all-time highs

Annual number of new record highs in the price of gold since 2000

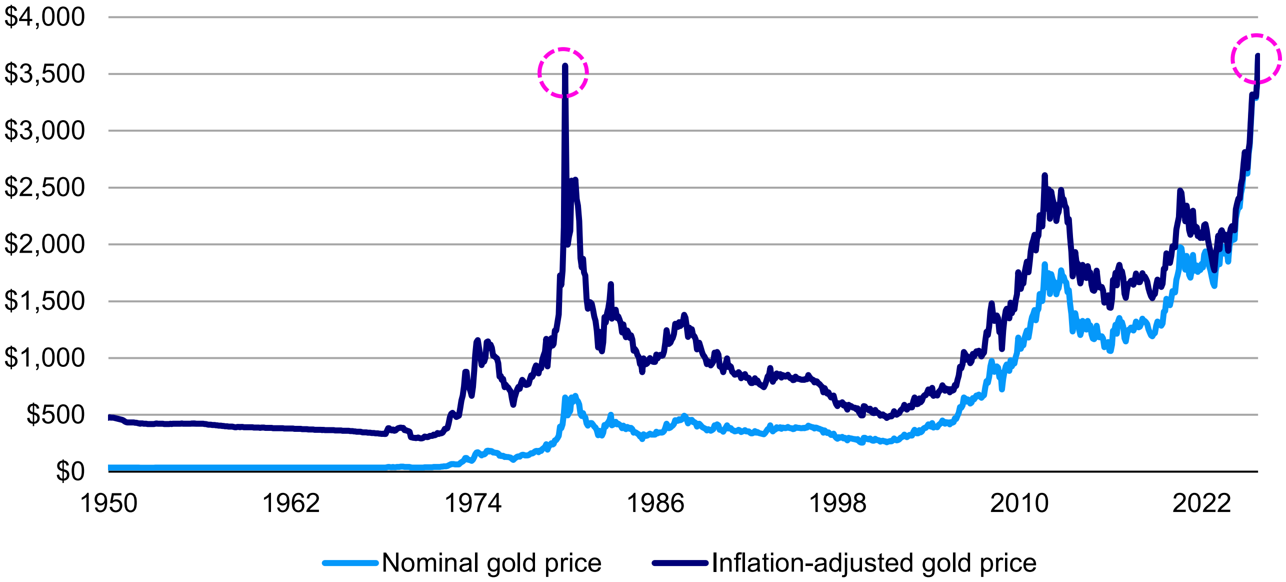


- Gold has notched 34 new highs through mid-September 2025, putting it on pace to exceed the 41 record highs set in 2024.
- Assuming prices continue to rise through year-end, 2025 could see the most new highs for gold in a single calendar year this century.

Source: Bloomberg L.P., Sept. 19, 2025. Gold is based on the gold spot price in US dollars per troy ounce. An investment cannot be made directly into an index. **Past performance does not guarantee future results**.

Recent rally has resulted in new inflation-adjusted high

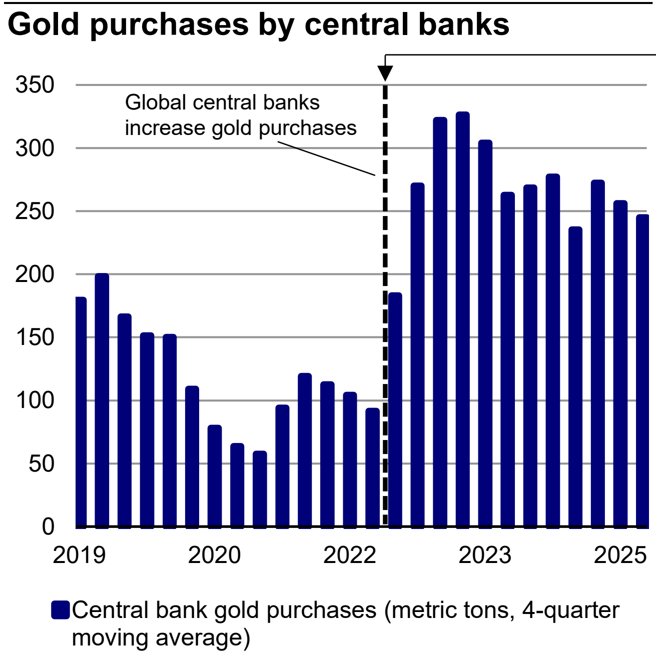
Nominal vs. inflation-adjusted gold price



- Gold recently hit a new inflation-adjusted high after nearly 45 years, retouching levels last seen in 1981.
- Both nominal and inflation-adjusted gold prices are now at record levels.

Source: Bloomberg L.P., Sept. 15, 2025. Gold is based on the gold spot price in US dollars per troy ounce. The nominal gold price is the market price of gold at a given time, not adjusted for inflation. It reflects the actual dollar amount paid to purchase it. The inflation-adjusted gold price is the price of gold expressed in constant dollars, adjusted for inflation to reflect real purchasing power over time. An investment cannot be made directly into an index. **Past performance does not guarantee future results**.

Central bank demand has driven prices higher, distorting traditional macro drivers of performance

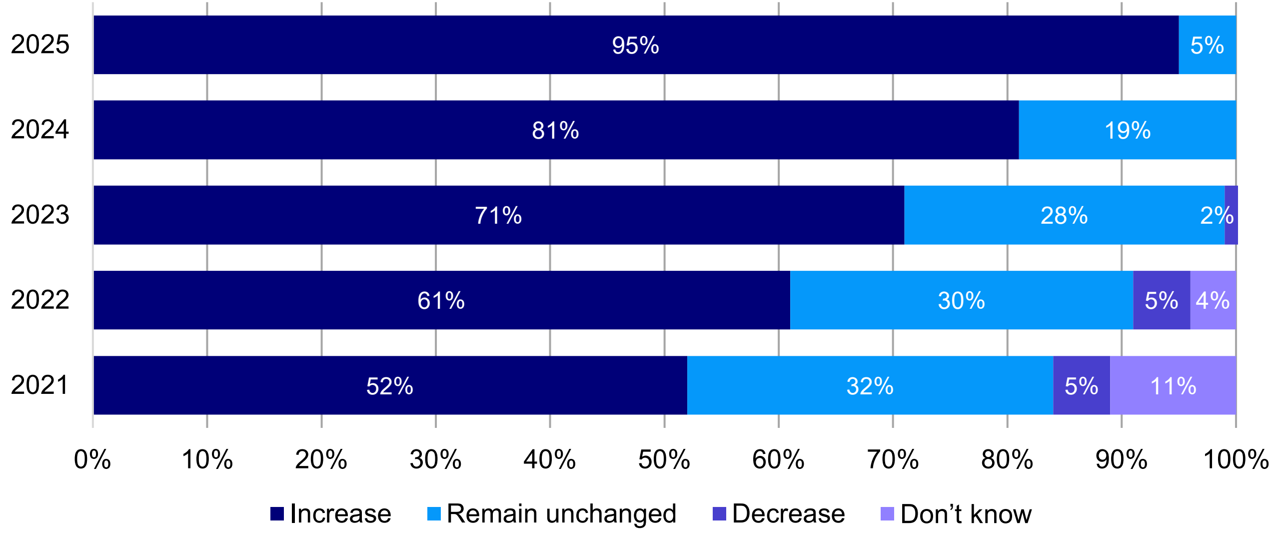


- Gold prices have historically been inversely correlated with the direction of real interest rates. Yet despite a significant increase in real rates the past few years, the price of gold has still moved sharply higher. Why?
- Central banks have been purchasing gold at record levels, causing the relationship between gold prices and real yields to break down.
- The increase in purchases has been a major catalyst driving gold prices higher, and is likely the result of a rise in geopolitical and economic policy uncertainty since 2022.

Source: Bloomberg L.P., Sept. 19, 2025. Gold is based on the gold spot price in US dollars per troy ounce ($/toz). Left-hand side (lhs) and right-hand side (rhs). An investment cannot be made directly into an index. **Past performance does not guarantee future results**.

Central bank purchases show few signs of letting up

Central Bank Gold Reserves Survey: How do you expect global central bank gold reserves to change over the next 12 months?

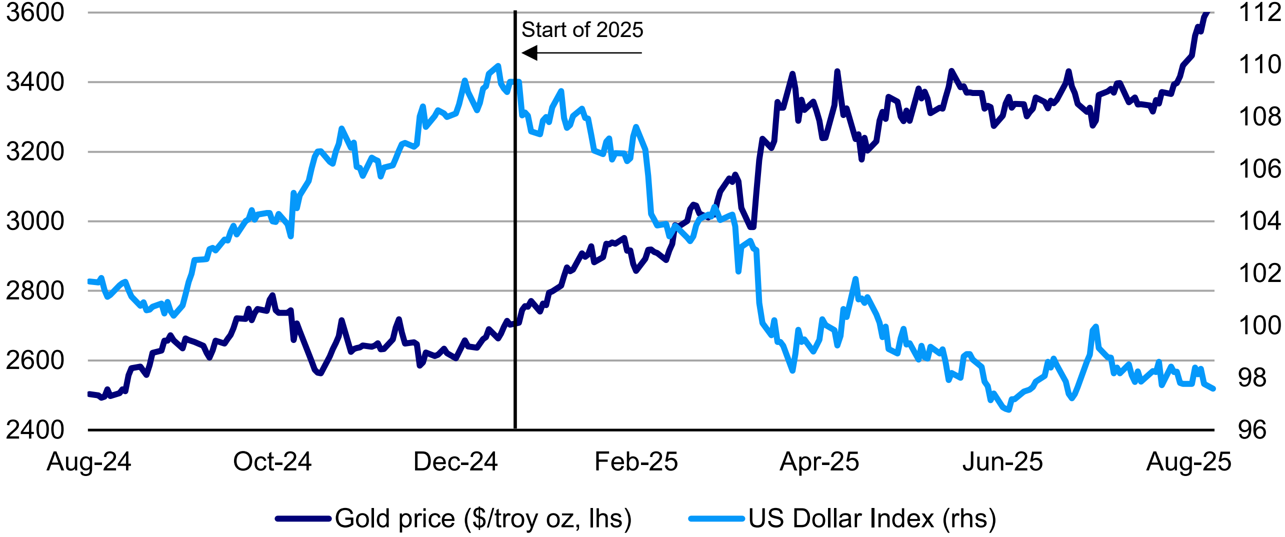


- 95% of central banks expect global gold reserves to increase over the next 12 months, up from 52% in 2021.
- This reflects growing conviction in gold’s role as a strategic reserve asset for central banks.

Source: World Gold Council, June 17, 2025, based on the Central Bank Gold Reserves Survey 2025, an annual research initiative that provides insights into how central banks globally view and manage their gold reserves.

Weakening US dollar has helped push prices higher

Gold price vs. US Dollar Index

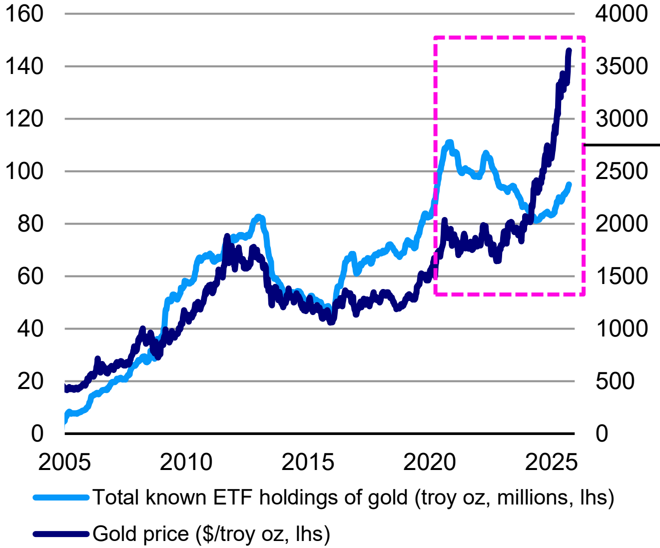


- Gold is widely priced in US dollars, which means that as the dollar weakens, gold becomes more affordable to investors holding foreign currencies.
- A weakening dollar has tended to result in greater gold demand and therefore higher gold prices.

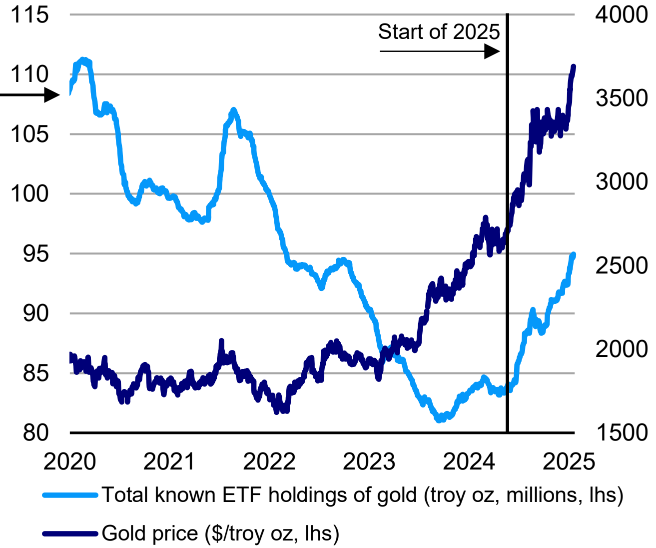
Source: Bloomberg L.P., Sept. 12, 2025. Gold is based on the gold spot price in US dollars per troy ounce ($/toz). The US Dollar Index measures the value of the US dollar relative to the majority of its most significant trading partners. Left-hand side (lhs) and right-hand side (rhs). An investment cannot be made directly into an index. **Past performance does not guarantee future results**.

Exchange-traded fund (ETF) investors are increasingly participating in the rally, potentially providing another tailwind for prices

ETF holdings of gold vs. gold price
(2005-2025)



ETF holdings of gold vs. gold price
(2020-2025)

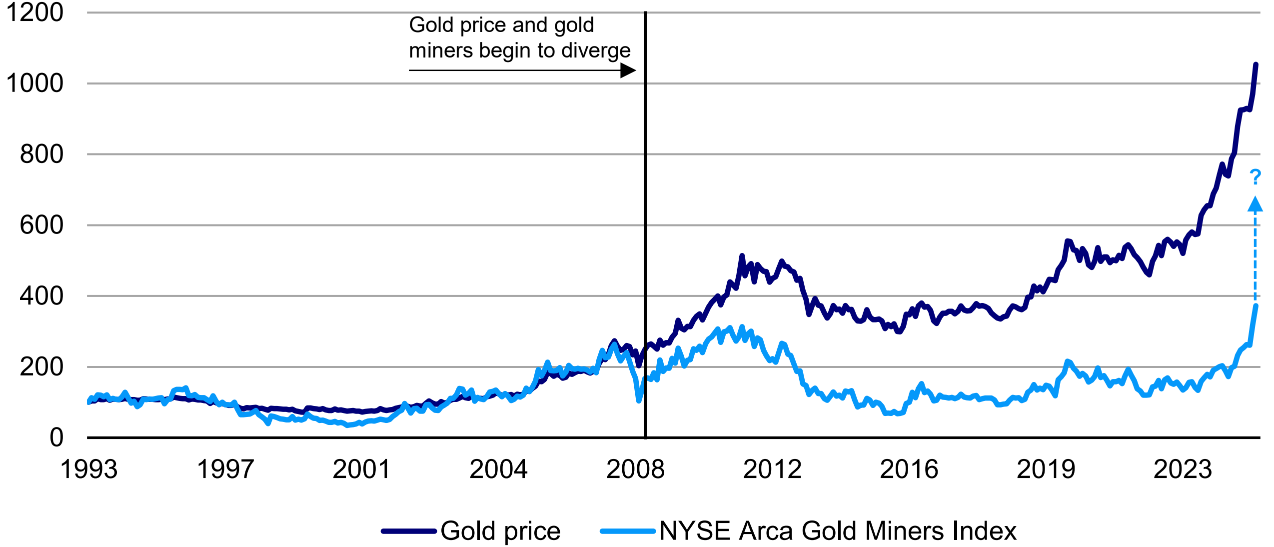


- Despite strong gold returns in 2023 and 2024, ETF holdings of gold actually declined over that period. In 2025, it appears ETF investors are increasingly participating in the rally.
- Growing demand for gold ETFs could provide an additional tailwind for gold prices, and higher gold prices may draw greater investor interest, further supporting performance potential.

Source: Bloomberg L.P., Sept. 16, 2025. Gold is based on the gold spot price in US dollars per troy ounce ($/toz). Left-hand side (lhs) and right-hand side (rhs). An investment cannot be made directly into an index. **Past performance does not guarantee future returns.**

Gold mining stocks have finally rallied along with gold prices

Gold price vs. gold miners (Index values rebased to 100 in Sept. 1993)

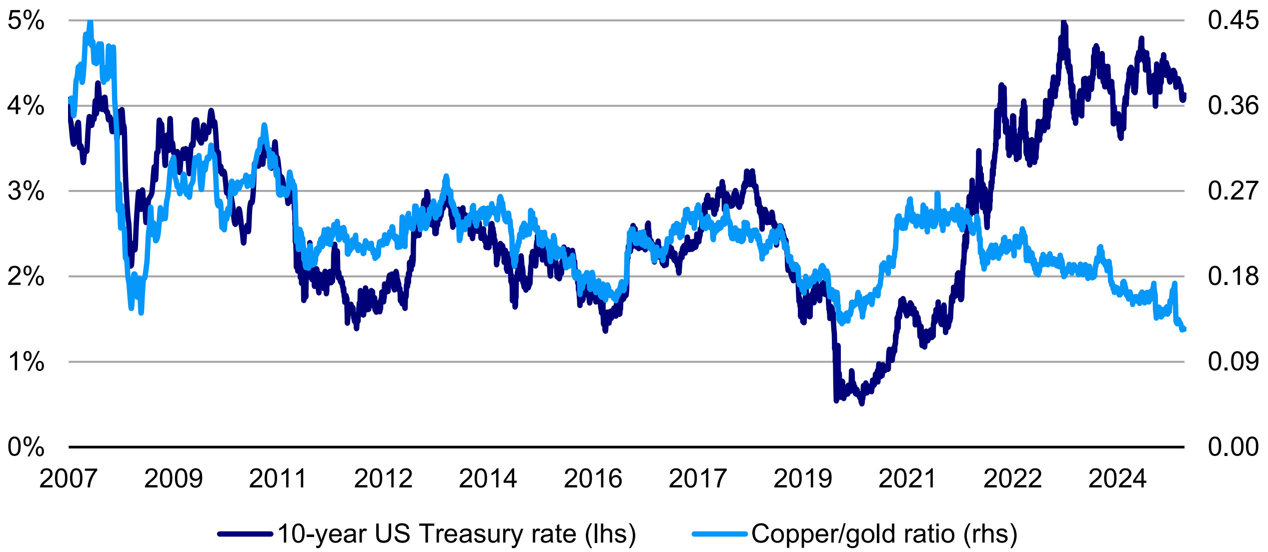


- Gold and gold mining stocks have historically moved in tandem. But following the 2008 Global Financial Crisis, while gold continued to rally, mining stocks began to lag behind.
- The recent rise in gold prices, however, along with renewed interest in gold funds, has once again led to strong returns for gold mining stocks.
- The NYSE Arca Gold Miners Index is up an astounding 119% year-to-date, with further gains possible if gold continues to rise and operating costs for miners remain contained.

Source: Bloomberg L.P., Sept. 22, 2025. Gold is based on the gold spot price in US dollars per troy ounce. The NYSE Arca Gold Miners Index is a market capitalization-weighted index designed to track the performance of publicly traded companies primarily engaged in the mining of gold and silver. Index values were rebased to 100 at the earliest common date that data was available on both indexes (Sept. 1993). An investment cannot be made directly into an index. **Past performance does not guarantee future returns.**

Copper-to-gold ratio suggests gold prices, or 10-year US Treasury rates, are too high

10-year US Treasury rate vs. the copper/gold ratio

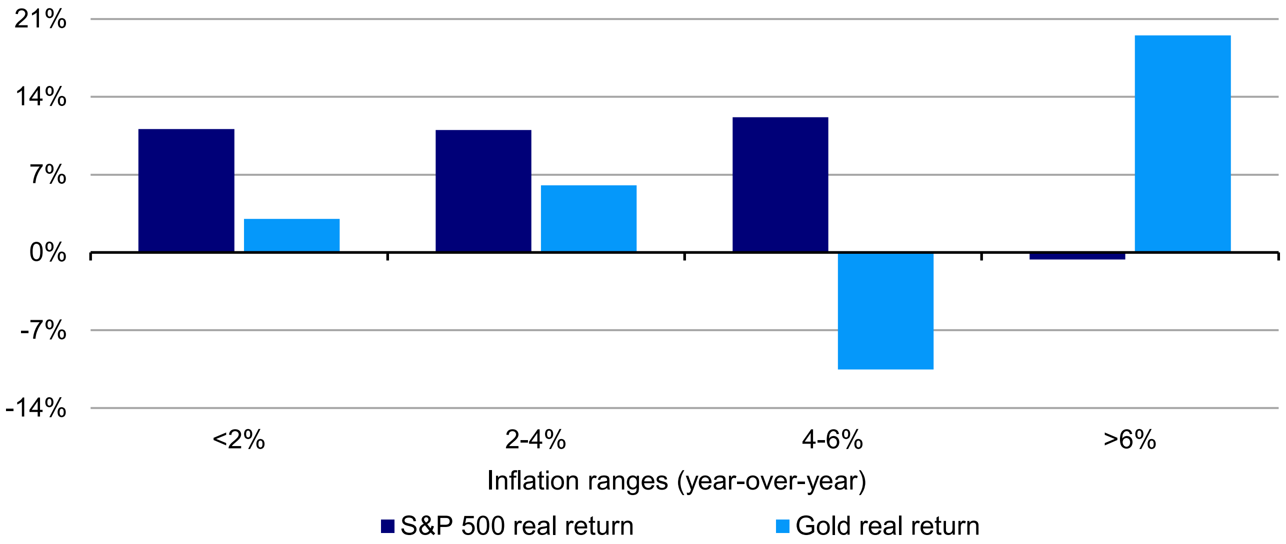


- The copper/gold ratio typically signals economic growth expectations. A falling ratio often implies slower growth and is accompanied by declining 10-year US Treasury yields.
- Since 2022, however, although the copper/gold ratio has fallen (gold prices up relative to copper), the 10-year Treasury yield has also climbed, defying the historical pattern.
- This divergence may suggest that Treasury yields are too high relative to growth expectations or that gold prices are elevated beyond what fundamentals imply.

Source: Bloomberg L.P., Sept. 19, 2025. Gold and copper based on the price of the nearest term futures contract, continuously rolled to provide a constant price series. Left-hand side (lhs) and right-hand side (rhs). An investment cannot be made directly into an index. **Past performance does not guarantee future returns.**

Gold hasn’t historically had the real return potential of stocks

Average 1-year real return of S&P 500 Index vs. gold by inflation regime

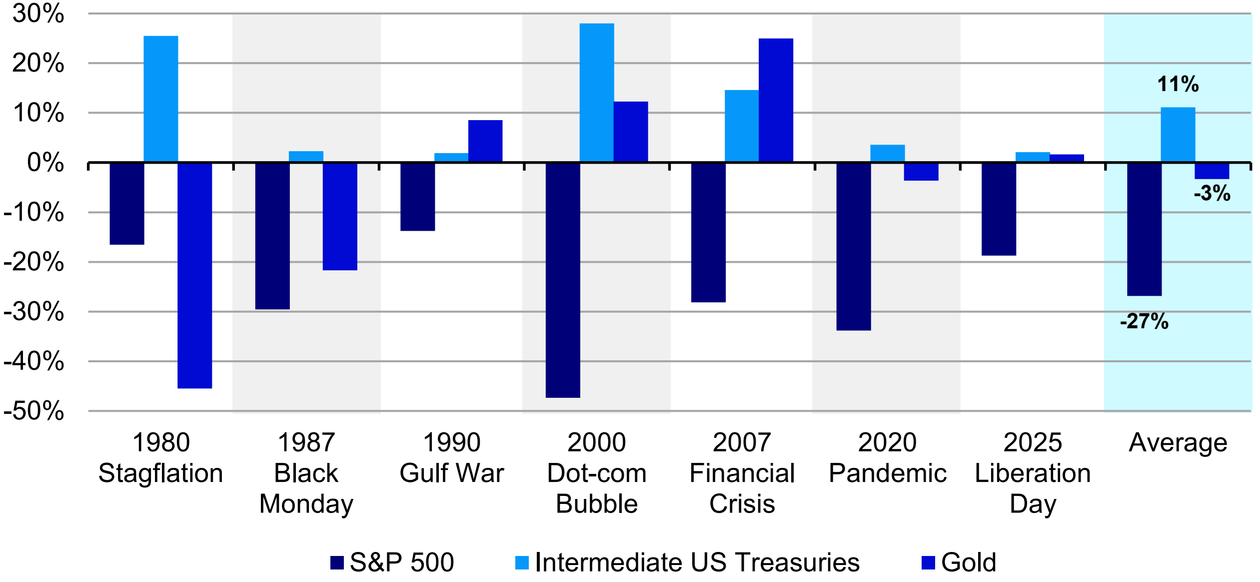


- Contrary to popular belief, gold hasn’t consistently outperformed during inflationary periods.
- In fact, gold has only outperformed US stocks when inflation exceeded 6% — a historically rare occurrence.
- US stocks have outpaced gold in periods when inflation was less than 2% and between 2%–4% and 4%–6%.
- This suggests gold may be more of a hedge against extreme — rather than modest — inflation.

Sources: Bloomberg L.P., and Federal Reserve Economic Database, Sept. 22, 2025. Gold returns based on gold spot US dollar price. S&P 500 returns based on the S&P 500 Index. Both are adjusted by headline personal consumption expenditures inflation, calculated on a rolling year-over-year basis using monthly data from Sept. 30, 1973–July. 31, 2025. Personal consumption expenditures (PCE), or the PCE Index, measures price changes in consumer goods and services. Expenditures included in the index are actual US household expenditures. An investment cannot be made directly into an index. **Past performance does not guarantee future returns.**

Gold hasn't historically provided the downside mitigation of bonds

S&P 500 Index vs. intermediate Treasuries vs. gold during major market selloffs



- During periods of market stress, intermediate US Treasury bonds have historically provided better downside mitigation than gold.
- Gold's performance in periods of market stress has been inconsistent and negative, on average, across major selloffs.

Source: Bloomberg L.P., Sept. 22, 2025. S&P 500 returns based on the S&P 500 Index. Gold returns based on gold spot US dollar price. Intermediate US Treasury returns based on the Bloomberg US Treasury Intermediate Index, which measures the performance of USD-denominated, fixed-rate, nominal debt issued by the US Treasury. Asset performance for "1980 Stagflation" is from Nov. 28, 1980-Jul. 30, 1982, "1987 Black Monday" from Aug. 31, 1987-Nov. 30, 1987, "1990 Gulf War" from Jun. 30, 1990-Oct. 11, 1990, "2000 Dot-com Bubble" from Mar. 24, 2000-Oct. 9, 2002, "2007 Financial Crisis" from Oct. 7, 2007-Mar. 9, 2009, "2020 Pandemic" from Feb. 19, 2020-Mar. 23, 2020, and "2025 Liberation Day" from Feb. 19, 2025-Apr.8, 2025. An investment cannot be made directly into an index. **Past performance does not guarantee future returns.**

Gold's low correlation with other assets still suggests potential portfolio benefits

Correlation of quarterly asset class returns

Asset class	Gold	US stocks	Non-US stocks	US bonds	Bitcoin	US dollar
Gold	1.00					
US stocks	0.01	1.00				
Non-US stocks	0.21	0.77	1.00			
US bonds	0.29	0.13	0.18	1.00		
Bitcoin	0.00	0.10	0.11	0.06	1.00	
US dollar	-0.48	-0.12	-0.44	-0.28	-0.11	1.00

- Perfect correlation
- Weak correlation
- Strong correlation

- Gold hasn't historically exhibited the positive characteristics of either stocks or bonds.
- Its low correlation with major asset classes, however, suggests investors may still benefit from an allocation to gold, though positions should be sized appropriately.

Source: Bloomberg L.P., Sept. 19, 2025. Correlation is the degree to which two investments have historically moved in relation to each other. Correlation figures are based on quarterly returns from Jan. 1980–Sept. 2025, except for bitcoin, which has an inception date of Q3 2010. Perfect correlation is equal to 1.00. Weak correlation is any correlation with an absolute value between 0.00 and 0.40. Strong correlation is any correlation with an absolute value between 0.40 and 0.99. Gold is based on the gold spot price in US dollars per troy ounce. US stocks are based on the S&P 500 Index. Non-US stocks are based on the MSCI EAFE Index, which is a free-float weighted equity index comprised of stocks across developed market countries in Europe, the Middle East, Australasia, and the Far East. US bonds are based on the Bloomberg US Aggregate Bond Index, which is an unmanaged index considered representative of the US investment grade, fixed-rate bond market. Bitcoin is based on the bitcoin spot price. Bitcoins are considered a highly speculative investment due to their lack of guaranteed value and limited track record. US dollar is based on the US Dollar Index. An investment cannot be made directly into an index. **Past performance does not guarantee future returns.**

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Interest rate risk refers to the risk that bond prices generally fall as interest rates rise and vice versa. An issuer may be unable to meet interest and/or principal payments, thereby causing its instruments to decrease in value and lowering the issuer’s credit rating

Bitcoins and other cryptocurrencies are considered a highly speculative investment due to their lack of guaranteed value and limited track record. Because of their digital nature, they pose risk from hackers, malware, fraud, and operational glitches. Bitcoins and other cryptocurrencies aren't legal tender and are operated by a decentralized authority, unlike government-issued currencies. Cryptocurrency exchanges and cryptocurrency accounts aren't backed or insured by any type of federal or government program or bank.

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Diversification does not guarantee a profit or eliminate the risk of loss.

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