

# Gold Monthly: All that glitters is gold

We have revised our gold forecast higher. Again



## Gold hits historic \$4,000/oz

Gold surged past \$4,000/oz for the first time ever on 8 October, as concerns over the US economy and a government shutdown have added fresh momentum to its record-breaking rally. Prices have now jumped more than 50% this year.

The US shutdown has delayed key payroll data, further clouding an already uncertain economic outlook. With official data delayed, traders are depending on private reports for economic insight, while the central bank faces challenges in making monetary policy decisions. Still, markets are pricing in a quarter-point cut this month, which would benefit gold further as it doesn't pay interest. Policy uncertainty and growing bets on US Federal Reserve easing, as well as concerns over the Fed's independence are keeping safe-haven demand strong.

\$4,000 is a historic breakthrough for gold. The precious metal has staged a record-breaking rally, doubling in less than two years, spurred by central bank buying as they diversify away from the US dollar, Donald Trump's aggressive trade policy, and conflicts in the Middle East and Ukraine.

## Gold keeps breaking records



Source: Refinitiv, ING Research

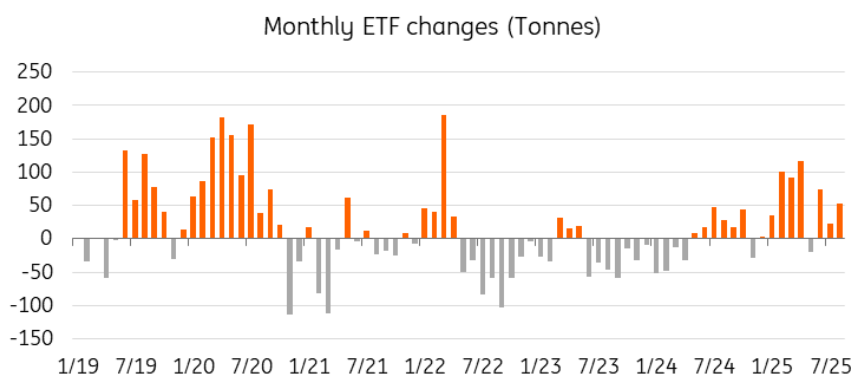
Gold has long reflected global economic and political stress, with its price typically rising during periods of heightened uncertainty. In the wake of the global financial crisis, gold surged past \$1,000. During the Covid-19 pandemic, it climbed to \$2,000. Most recently, amid the announcement of tariffs by Donald Trump, it surpassed the \$3,000 mark.

## Inflows into gold ETFs continue

Investors have been adding gold ETFs at a rapid pace. Total gold held by ETFs rose 17% this year, the highest level since September 2022. Investor holdings in gold ETFs generally rise when gold prices rise, and vice versa.

There is still room for further additions, given the current total remains shy of the peak hit in 2020. More inflows could push gold even higher.

## Investors pile into gold-backed ETFs



Source: World Gold Council, ING Research

## Central banks buy more gold in August

Central banks have also been a key driver of gold's rally. In August, central banks added a net 15 tonnes to global gold reserves, in a return to buying after global reserves were unchanged in July, according to data from the World Gold Council.

The pace of buying by central banks doubled following Russia's invasion of Ukraine in 2022. Central banks' appetite for gold is driven by concerns from countries about Russian-style sanctions on their foreign assets in the wake of decisions made by the US and Europe to freeze Russian assets, as well as shifting strategies on currency reserves.

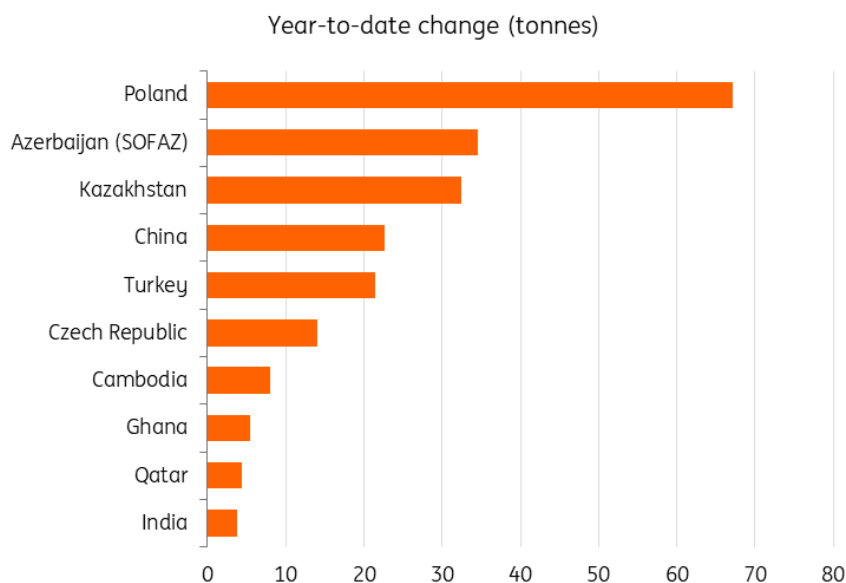
In 2024, central banks bought more than 1,000 tonnes of gold for the third year in a row.

The top year-to-date buyer has been the National Bank of Poland, and it announced last month that it aims to go from 20% of reserves to 30%. The central bank has added 67 tonnes to its gold reserves year-to-date. Total gold holdings stood at 515 tonnes at the end of August. The National Bank of Kazakhstan was the largest gold buyer in the month, while the National Bank of Bulgaria and the Central Reserve Bank of El Salvador also joined the list of buyers.

China's central bank, another top buyer, also added to its gold holdings in September for an eleventh consecutive month. The People's Bank of China added 40,000 troy ounces (1.24 tonnes) of gold to its reserves, taking the total to 74.06 million troy ounces (2,303.5 tonnes). China has purchased a total of 1.26 million troy ounces (39.2 tonnes) since restarting its purchases in November 2024.

Looking ahead, we believe central banks will continue to add gold to their reserves given the still-uncertain economic environment and the drive to diversify away from the US dollar.

## NBP remains largest buyer so far this year



Source: World Gold Council, ING Research

## We have revised our gold forecast higher

Looking ahead, central banks are still buying, Trump's trade war is still going on, geopolitical risks remain elevated, and ETF holdings continue to expand while expectations of more Fed rate cuts intensify, suggesting this bull run still has further room to run.

We have revised our gold forecast higher. We now expect prices to average \$4,000/oz in 4Q, bringing this year's average to \$3,402/oz. In 2026, we expect prices to average \$4,150/oz.

## What could go wrong for gold?

World peace. A major market sell-off could force investors to dump gold to raise cash. And if prices stay high for too long, physical demand could weaken, leading to demand destruction.

### ING forecast

	4Q25	1Q26	2Q26	3Q26	4Q26	2025	2026
Gold (\$/oz)	4,000	4,100	4,200	4,200	4,100	3,402	4,150

### Author

**Ewa Manthey**

Commodities Strategist

[ewa.manthey@ing.com](mailto:ewa.manthey@ing.com)

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