

## Gold Monthly: Gold breaks through \$3,000/oz amid Trump's trade wars

Gold topped \$3,000/oz [for the first time last Friday](#) as escalating trade actions continue to bolster safe-haven buying



Tariff fears and a profitable arbitrage have caused a rush of gold to fly into New York

- Gold is one of the best-performing major commodities this year, up more than 14% year-to-date.
- President Trump's unpredictable trade policy has been the key driver for gold so far in 2025.
- We see uncertainty over trade and tariffs continuing to buoy gold prices.
- Central banks keep purchasing gold, with emerging market central banks leading the buying spree.

## Gold shines as a safe haven asset



Source: Macrobond, ING Research

Gold's rise has been impressive. Its rally has continued despite higher interest rates, a rising dollar and higher real yields. Gold is one of the best-performing major commodities this year, up more than 14% year-to-date, extending its momentum from 2024. It has hit a series of consecutive record highs along the way, driven by trade frictions, economic uncertainty, central bank buying, and inflows into ETF holdings.

## Trump spurs flight to safety

US President Donald Trump's unpredictable trade policy has been the key driver for gold so far in 2025.

There has been a lot of back and forth on tariffs and this volatility and uncertainty has provided support for gold prices.

Last week, Trump threatened to impose a 200% tariff on wine, champagne and other alcoholic beverages from France and elsewhere in the EU. This followed immediate retaliations from the EU and Canada after the White House implemented 25% tariffs on steel and aluminium imports earlier that week. Trump also plans to impose additional broad and sector-specific reciprocal tariffs on 2 April.

We see uncertainty over trade and tariffs continuing to buoy gold prices – and if trade tensions intensify and we see more retaliatory measures, safe-haven demand for gold will only continue.

Despite this relentless rally, gold is still a long way from its all-time inflation-adjusted peak, which it hit in 1980 and equates to about \$3,800/oz, driven by weak economic growth, rising inflation and geopolitical uncertainty and instability.

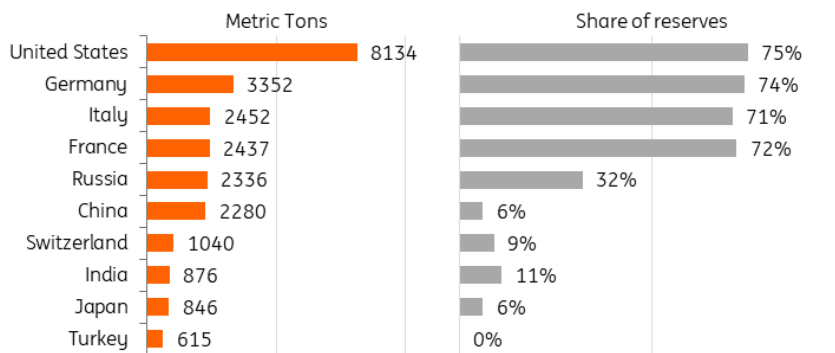
## Central banks keep buying

Central banks buying picked up pace in January, with net purchases of 18 metric tonnes. Emerging market central banks led the buying spree, with Uzbekistan, China, and Kazakhstan being the top

purchasers. Emerging economies are buying gold at a faster pace, however, developed economies still hold more gold in their official reserves.

China’s central bank expanded its gold reserves for a third consecutive month, adding five tonnes in January, despite the record high prices, and more additions are likely. In Trump’s first term as US president, China’s central bank added gold for about 10 consecutive months.

### Top 10 reported official gold holdings (2024)

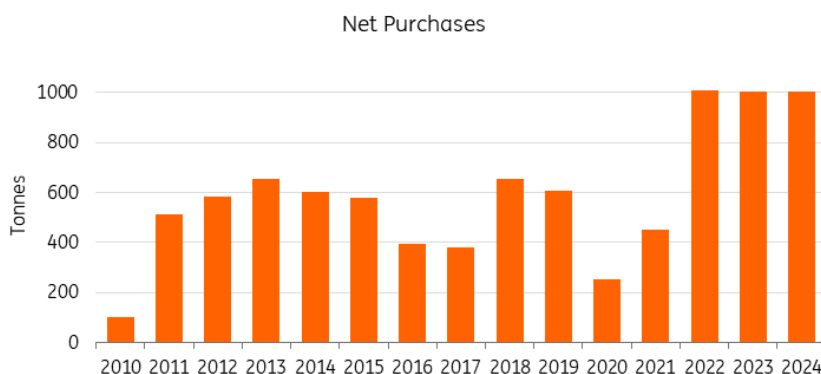


Source: IMF, World Gold Council, ING Research

The pace of annual purchases by central banks has doubled since the outbreak of the Russia-Ukraine war in 2022, from about 500 metric tonnes a year to more than 1,000. Central banks’ appetite for gold is also 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.

Last year, central banks bought a combined 1,045 tonnes, accounting for about a fifth of overall demand (according to the World Gold Council). Poland, India and Turkey were the largest buyers in 2024.

### Central banks buying accelerated after 2022

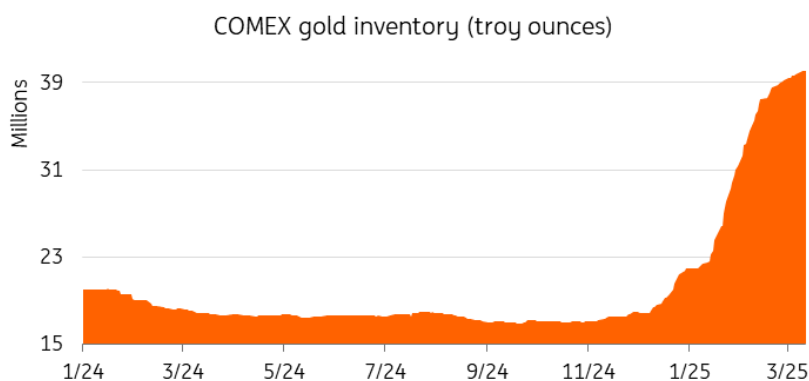


World Gold Council, ING Research

The US is now buying too. Following Trump’s election win in November, Comex gold inventories

surged to record highs. Tariff fears and a profitable arbitrage – after gold prices on Comex moved to a premium over international prices in December – have caused a rush of gold to fly into New York. Comex gold inventories have surged more than 120% since the end of November and are currently at around 40 million ounces, the highest on record in data going back to 1992. However, the rate of increase of gold into Comex warehouses has now eased.

## COMEX gold inventories at all-time high amid tariffs fears



Source: COMEX, ING Research

## ETF inflows continue

Total known gold exchange-trade fund holdings have grown by around 3.88moz so far this year to almost 86.7moz, the highest level since October 2023. February’s jump in ETF holdings was the largest since March 2022.

If this trend is sustained it will help support prices. There is still room for further additions given the current total remains shy of the peak hit in 2020.

Investor holdings in gold ETFs generally rise when gold prices gain, and vice versa.

## Rally not over yet

Given Trump-related uncertainties on trade and geopolitics, central banks’ appetite, and surging ETF buying, we expect the gold rally to continue. We believe more gains for gold are in sight.

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