

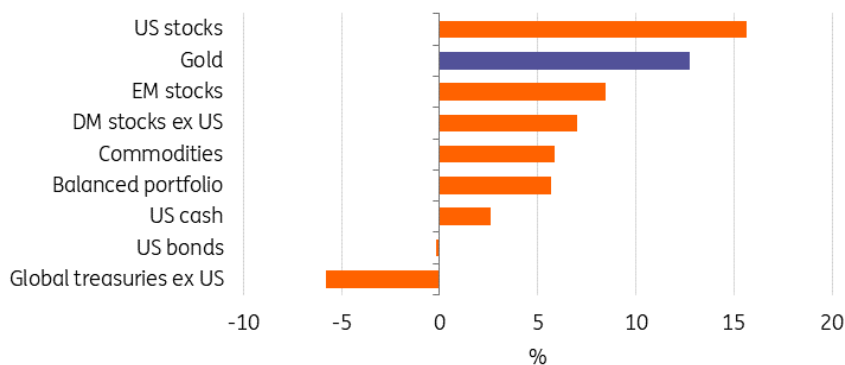
Gold Monthly: The bull run is not over yet

Gold has surged more than 15% so far this year and remains at historically high levels. We believe this record-breaking rally is likely to continue through the end of 2024 with the current global geopolitical and macroeconomic landscape supporting the precious metal



Gold is one of the best performing assets of 2024

Ytd returns for gold and key asset classes in USD



Source: World Gold Council, ING Research

Gold breaks records in the first half

Gold has surged more than 15% year-to-date, mostly on safe-haven demand amid the conflicts in Ukraine and the Middle East, as well as buying by central banks.

Gold traded above \$2,300/oz for most of the second quarter and recorded its third-straight quarterly gain, marking its best run since the Covid pandemic.

The precious metal set record after record in the first half of the year despite the US Federal Reserve keeping interest rates high, strength in the US dollar and divergence in US Treasury 10-year yields and ETF holdings and gold prices.

We believe gold is poised to keep its positive momentum going in the second half amid the current global geopolitical and macroeconomic landscape while central bank demand is expected to grow.

US rate cut hopes boost gold

Optimism about US interest rate cuts as more economic data supports the case for a Federal Reserve pivot has also supported the outlook for gold this year. Lower borrowing costs are generally supportive of non-interest-bearing gold.

The Fed has held its key policy rate in a target range of 5.25% to 5.5% - the highest level in more than two decades – since last July. However, last week's poor economic data has bolstered the prospect of the Fed pivoting to monetary easing as soon as September. Data from the US Bureau of Labour Statistics showed US hiring and wage growth cooling in June while the jobless rate edged up. Swap traders are now pricing in a 75% chance of a rate cut in two months.

[Our US economist believes](#) September is in play for a first Fed rate cut and looks for three cuts this year versus the two cuts currently priced by markets with the Fed funds down at 4% by next summer.

Central banks keep buying gold

Central bank buying continued in May, with 10 tonnes of net buying during the month, however demand moderated during the month. May's purchases were led by emerging market central banks with the National Bank of Poland the largest gold purchaser, followed by the Central Bank of Turkey and the Reserve Bank of India, according to data from the World Gold Council (WGC).

However, China has seen a slowdown in gold purchases over recent months. The People's Bank of China didn't add gold to its reserves for a second consecutive month in June. In May, China's central bank didn't add gold to its reserves ending an 18-month buying spree that had driven gold prices to record highs, with high gold prices likely to have deterred further purchases for now. Bullion held by the PBoC was unchanged at 72.8 million troy ounces at the end of last month.

Meanwhile, the Reserve Bank of India added more than nine tonnes in June – the most since July 2022. India's reserves have expanded by 37 tonnes this year to 841 tonnes.

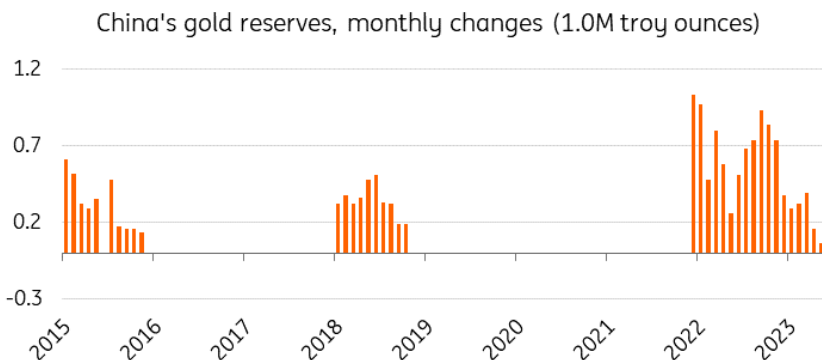
We still expect central bank demand to remain strong looking ahead amid the current economic climate and geopolitical tensions.

[The recent WGC survey](#) indicates that central bank purchasing will remain strong, with 29% of

central bank respondents intending to increase their gold reserves in the next 12 months – the most since the WCG started a gold reserve survey in 2018.

In 2023, central banks added 1,037 tonnes of gold – the second-highest annual purchase in history – following a record high of 1,082 tonnes in 2022.

China did not add gold to reserves for a second consecutive month in June



Source: The People's Bank of China, ING Research

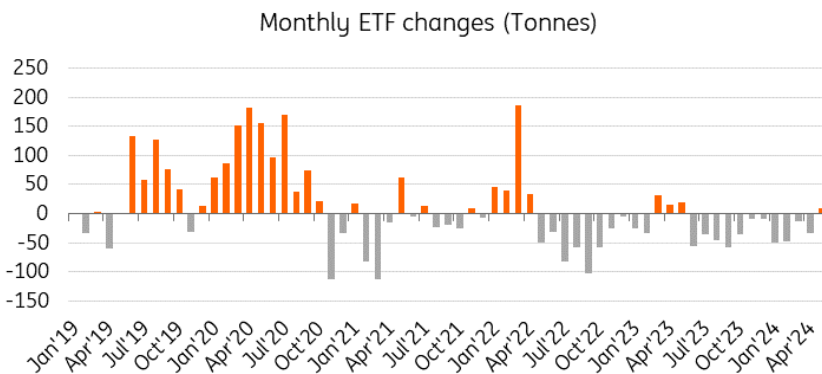
Gold ETFs turn positive in May

Global gold ETF flows turned positive in May after a year, with Europe and Asia leading global inflows, while North America turned negative.

Investor holdings in gold ETFs generally rise when gold prices gain, and vice versa. However, gold ETF holdings have been in decline for much of 2024, while spot gold prices have hit new highs. ETF flows finally turned positive in May.

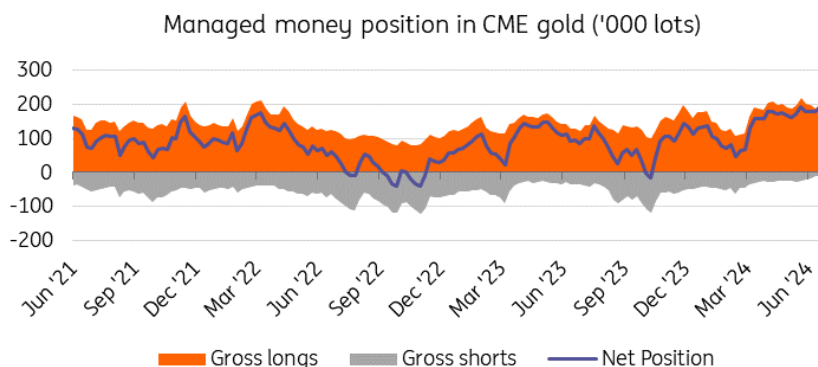
Meanwhile, net-long positions on the COMEX moved higher month-over-month in May, adding to the positive market sentiment in gold.

ETF flows turn positive in May after 12-month losing streak



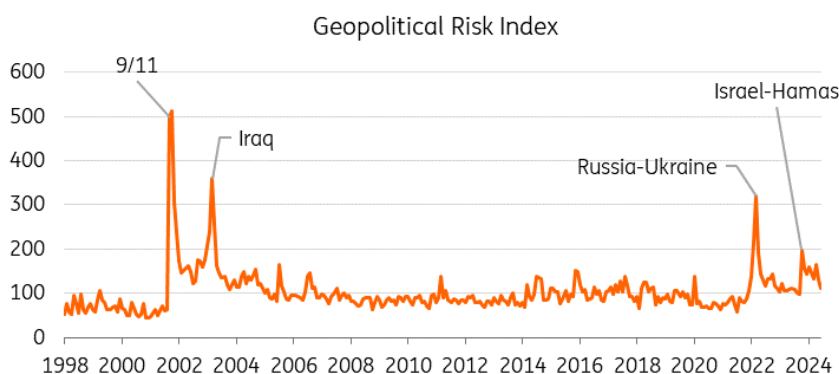
Source: WGC, ING Research

Net positions on COMEX hit over 4-year high



Source: COMEX, ING Research

Gold shines as an economic hedge



Source: Economic Policy Uncertainty Index, ING Research

Safe-haven demand will support

We believe that geopolitics will remain one of the key factors driving gold prices. The war in Ukraine and the Middle East and tensions between the US and China suggest that safe-haven demand will continue to support gold prices in the short to medium term. The US presidential election in November and the long-awaited US Fed rate cut will also continue to add to gold's upward momentum through to the end of the year, in our view. Central banks are also expected to keep adding to their holdings, which should offer support.

We see gold averaging \$2,300 in the third quarter and prices peaking in the fourth at \$2,350/oz making for an annual average of \$2,255/oz.

ING forecast

	3Q24	4Q24	2024	1Q25	2025
Spot gold (US\$/oz)	2,300	2,350	2,255	2,350	2,300

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