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### Haven demand, trade war concerns boost gold

Gold just topped \$3,000/oz for the first time ever. Tariff concerns that risk higher inflation and slower economic growth are spurring demand for safe-haven assets like gold.

Yesterday, US President Donald 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 this week. 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 continue.

Gold is one of the best-performing major commodities this year, up more than 14% year-to-date. It has hit a series of consecutive record highs along the way, driven by trade frictions, central bank buying, and inflows into ETF holdings. Total known gold exchange-trade fund holdings have grown by around 3.5moz so far this year to almost 86.4moz. Central banks bought 1,045 tonnes last year, accounting for about a fifth of overall demand (according to the World Gold Council) and more purchases are likely to continue this year. If we see more additions, this will give bullion prices a further tailwind. We believe more gains for gold are in sight.

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