

Gold's record-breaking rush and the US election impact

With the US presidential election less than a week away, we look back over past US presidents and the key events that shaped gold's performance under each term



We believe that declining interest rates and foreign-reserve diversification are set to create the perfect storm for sustaining gold's current momentum

Gold has been one of the best performers among major commodities this year. It has surged more than 35% year-to-date, hitting a series of records on the way. It's been supported by rate-cut optimism, strong central bank buying and robust Asian purchases. Safe-haven demand amid heightened geopolitical risks as well as uncertainty ahead of the tight US election have also supported gold's record-breaking rally this year.

Gold is likely to perform well regardless of next week's outcome

With the US presidential election now less than a week away, we've taken a look back over previous US presidents and the key events that have shaped gold's performance under each term.

We believe gold is likely to perform well regardless of the US election outcome, with near-term

geopolitical risks remaining high. Gold has long been a safe haven asset during times of elevated geopolitical risk. The 9/11 attacks, Covid-19 pandemic and Russia's invasion of Ukraine have driven significant increases in gold prices as investors flock to gold in periods of instability. Gold's price increased by 55% during Donald Trump's term and by another 45% (as of 30 October) during Joe Biden's time in the White House.

We believe gold's positive momentum will continue in the short to medium term. The macro backdrop will likely be favourable for the precious metal as interest rates decline and foreign-reserve diversification continues amid geopolitical tensions, creating a perfect storm for gold.

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. A World Gold Council survey conducted in April 2024 found that 29% of central bank respondents intend to increase their gold reserves in the next 12 months.

These drivers are likely to continue regardless of who wins the presidential election next week. They could, however, be heightened with Trump in the White House – at least in the short to medium term.

In the longer term, Trump's proposed policies, including tariffs and stricter immigration controls which are inflationary in nature, will limit interest rate cuts from the Federal Reserve. A stronger USD and tighter monetary policy could eventually provide some headwinds to gold. However, increased trade friction could add to gold's safe haven appeal.

Under Kamala Harris, relatively less inflationary pressure due to lower growth, the absence of an escalation in trade tensions and relatively looser immigration policy means the Fed may feel more comfortable with looser monetary policy, which would eventually provide support to gold prices. However, less uncertainty over trade could decrease demand for the precious metal as a safe-haven asset.

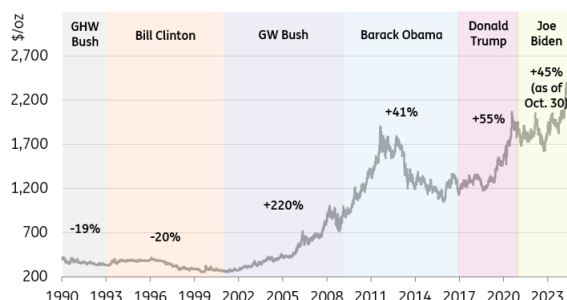
You can find more detail on our three US election scenarios and what they could bring for markets [here](#).

We should see more volatility for gold right before the election

We believe gold is likely to see more volatility right before the election amid uncertainty regarding future US policies, resulting in a further flight into safe haven assets. Haven demand combined with bullish bets from hedge funds – hovering around four-year highs, with gold-backed ETF holdings set to post a fifth consecutive month of gains in October – could mean gold's rally is not over just yet.

We forecast a fourth-quarter gold average of \$2,700/oz, bringing our 2024 price average to \$2,400/oz. In 2025, we see prices averaging \$2,760/oz.

US presidential terms and key events that shaped gold prices (1989-2024)



Early 1990s recession, high interest rates End of Cold War Gulf War	Global financial crisis US debt ceiling crisis Quantitative easing Afghanistan war War on ISIS in Syria and Iraq
Economic boom Dot-com bubble	US-China trade war Covid 19 pandemic Tensions with North Korea and Iran
Dot-com bubble burst 9/11 attacks 2008 Financial Crisis Housing market crash Iraq war China WTO accession	Covid 19 pandemic Russia-Ukraine war Israel-Hamas war Rising inflation

Source: Refinitiv Eikon, ING Research

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