



(UBS)

Gold hits record high

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Gold climbed to another record high driven by a softening dollar and expectations of a Fed rate cut. Rising Middle East tensions have enhanced the appeal of the asset considered a safe haven; investors now turn their attention to Fed Chair Powell's upcoming Jackson Hole speech.

Gold rallied 2.1% to a record high of USD 2,508 per ounce on Friday, 16 August, driven by a weaker US dollar and growing expectations of a September rate cut by the Federal Reserve. Rising tensions in the Middle East further boosted demand for the asset. Additionally, the dollar index dropped 0.6%, marking its fourth consecutive week of losses, enhancing gold's appeal to global investors. The next major focus for investors will be Fed Chair Jerome Powell's upcoming speech at Jackson Hole, as markets look for signals on whether the central bank is likely to cut by 25 basis points or 50 basis points at its September meeting.

Our view: Friday's rally reinforces our most preferred positioning on gold. We see gold prices rising to USD 2,600/oz by the end of 2024 amid firm demand from central banks and a likely rise in activity from exchange traded funds. For investors considering portfolio-level exposure, we view gold as an effective hedge for geopolitical polarization and conflict, inflation, and excessive fiscal deficits. Alongside modest allocations to gold, we recommend that investors can further diversify their portfolios through exposure to less-correlated alternative assets, such as private markets and hedge funds.

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For more, see the US Daily - [Tech rally could have further to go, 19 August 2024.](#)

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