CIO continues to recommend an allocation of around 5% to gold in a USD-based balanced portfolio from a longer-term diversification standpoint. (UBS)

Gold reaches fresh record on tariff concerns

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Gold prices reached another record high as investors headed for defensive assets after US President Donald Trump's announcement of 25% auto tariffs on Wednesday and ahead of details on the reciprocal tariffs expected next week.

Trading at above USD 3,070/oz on Friday, bullion has risen 17% year-to-date following a rally of over 27% in 2024.

Our view: We think gold has further to run, expecting the metal to reach USD 3,200/oz in the coming months. Inflows to gold exchange-traded funds (ETFs) have accelerated in recent weeks, but total holdings remain well below the 2020 peak. We see scope for further buying as investors seek diversification amid escalating uncertainties. A structural shift in central bank behavior also underpins a trend of strong demand from reserve managers—we forecast around 950 metric tons of purchases this year, following three years of over 1,000 metric tons. We continue to recommend an allocation of around 5% to gold in a USD-based balanced portfolio from a longer-term diversification standpoint.

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