



CIO continues to see gold as an effective portfolio hedge and diversifier, and believes an allocation of around 5% within a USD balanced portfolio is optimal. (UBS)

CIO continues to see gold as an effective portfolio hedge and diversifier

06 February 2025, 2:08 pm CET, written by UBS Editorial Team US Editorial Team

Markets have breathed a temporary sigh of relief as US tariffs against Canada and Mexico have been put on hold for now, and China's initial retaliatory response has been considered restrained. The rally in gold prices, however, suggests investors remain on edge.

Gold has made fresh all-time highs this week amid tariff concerns and more evidence of heavy central bank buying, trading above our long-held forecast of USD 2,850/oz. This marks a climb of more than 10% since mid-December, when the Federal Reserve signaled a more hawkish stance around its pace of monetary policy easing. While we acknowledge the current spot price of USD 2,870/oz is above our fair-value estimate, gold's enduring appeal as a store of value and hedge against uncertainty has again proven itself. We have therefore raised our gold forecasts to USD 3,000/oz over the next 12 months.

Our base case remains that significant tariffs against Canada and Mexico are unlikely to be sustained for a prolonged period, and that the ratcheting up of the US's effective tariff rate on China to 30% will be gradual. But, we also believe gold will continue to be supported throughout the year by elevated uncertainty, an extension of the global rate-cutting cycle, and strong investor and central bank demand.

We continue to see gold as an effective portfolio hedge and diversifier, and believe an allocation of around 5% within a USD balanced portfolio is optimal. Direct exposure to the metal may dampen risk in portfolios. Structured strategies linked

to gold may be able to sell volatility to generate yield while potentially offering the opportunity to buy gold at prices lower than current levels. Equities linked to gold (such as gold miners) may offer greater capital gains potential but are likely to be more volatile and act like equities in times of risk aversion. We believe gold and the means to invest in it (directly or indirectly) should form part of a well-diversified portfolio.

Original report: [Gold can shine even brighter, 6 February 2025.](#)

Disclaimer

This document is prepared and published by the Global Wealth Management business of UBS Switzerland AG (regulated by FINMA in Switzerland), its subsidiaries or its affiliates ("UBS"), part of UBS Group AG ("UBS Group"). UBS Group includes former Credit Suisse AG, its subsidiaries, branches and affiliates. In the USA, UBS Financial Services Inc. is a subsidiary of UBS AG and a member of FINRA/SIPC. Additional Disclaimer relevant to Credit Suisse Wealth Management follows at the end of this section.

This document and the information contained herein are provided solely for your information and UBS marketing purposes. Nothing in this document constitutes investment research, investment advice, a sales prospectus, or an offer or solicitation to engage in any investment activities. This document is not a recommendation to buy or sell any security, investment instrument, or product, and does not recommend any specific investment program or service.

Information contained in this document has not been tailored to the specific investment objectives, personal and financial circumstances, or particular needs of any individual client. Certain investments referred to in this document may not be suitable or appropriate for all investors. In addition, certain services and products referred to in the document may be subject to legal restrictions and/or license or permission requirements and cannot therefore be offered worldwide on an unrestricted basis. No offer of any product will be made in any jurisdiction in which the offer, solicitation, or sale is not permitted, or to any person to whom it is unlawful to make such offer, solicitation, or sale.

Although all information and opinions expressed in this document were obtained in good faith from sources believed to be reliable, no representation or warranty, express or implied, is made as to the document's accuracy, sufficiency, completeness or reliability. All information and opinions expressed in this document are subject to change without notice and may differ from opinions expressed by other business areas or divisions of UBS Group. UBS is under no obligation to update or keep current the information contained herein. **The views and opinions expressed in this material by third parties are not those of UBS.** Accordingly, UBS does not accept any liability over the content shared by third parties or any claims, losses or damages arising from the use or reliance of all or any part thereof.

All pictures or images ("images") herein are for illustrative, informative or documentary purposes only and may depict objects or elements which are protected by third party copyright, trademarks and other intellectual property rights. Unless expressly stated, no relationship, association, sponsorship or endorsement is suggested or implied between UBS and these third parties.

Any charts and scenarios contained in the document are for illustrative purposes only. Some charts and/or performance figures may not be based on complete 12-month periods which may reduce their comparability and significance. Historical performance is no guarantee for, and is not an indication of future performance.

Nothing in this document constitutes legal or tax advice. UBS and its employees do not provide legal or tax advice. This document may not be redistributed or reproduced in whole or in part without the prior written permission of UBS. To the extent permitted by the law, neither UBS, nor any of its directors, officers, employees or agents accepts or assumes any liability, responsibility or duty of care for any consequences, including any loss or damage, of you or anyone else acting, or refraining to act, in reliance on the information contained in this document or for any decision based on it.

Additional Disclaimer relevant to Credit Suisse Wealth Management: Except as otherwise specified herein and/or depending on the local entity from which you are receiving this document, this document is distributed by UBS Switzerland AG, authorised and regulated by the Swiss Financial Market Supervisory Authority (FINMA). Your personal data will be processed in accordance with the Credit Suisse privacy statement accessible at your domicile through the official Credit Suisse website <https://www.credit-suisse.com>. In order to provide you with marketing materials concerning our products and services, UBS Group AG and its subsidiaries may process your basic personal data (i.e. contact details such as name, e-mail address) until you notify us that you no longer wish to receive them. You can optout from receiving these materials at any time by informing your Relationship Manager.

Please visit <https://www.ubs.com/global/en/wealth-management/insights/chief-investment-office/marketing-material-disclaimer.html> to read the full legal disclaimer applicable to this document.

© UBS 2025. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.