CIO is now raising its base case forecast to upside case and lifting all forecast tenors to USD 3,500/oz. (UBS)

CIO raises gold price target to USD 3,500/oz

11 April 2025, 3:24 pm CEST, written by UBS Editorial Team US Editorial Team

Gold has surged to unprecedented levels, breaking above USD 3,200/oz on 11 April—its 23rd record closing high of this year and our old base case target. This historic rally is being fueled by a perfect storm of factors like escalating geopolitical tensions, fears of inflation, and a shifting interest rate outlook—the combination of which has driven stronger-than-expected demand from ETFs and speculators.

CIO acknowledges that certain developments could cap gold's rise: easing geopolitical tensions, a return to more cooperative trade relations, or a significant improvement in the US macro and fiscal backdrop.

Aside from safe-haven demand and tactical speculators' positioning, we see signs of a more structural shift in gold allocations—for example, Beijing allowing insurance funds to invest in gold and central banks systematically raising gold's share of total reserves. This significantly supports demand, while supply is unlikely to respond much to higher prices. We forecast central banks will buy around 1,000 metric tons in 2025 (up from 950 metric tons) after purchases of more than this level over the last three consecutive years. For ETFs, the reversal of the multi-year net-selling trend in mid-2024 will likely continue over 2025. We have lifted our expectation for ETF net buying in 2025 to 450 metric tons (from 300 metric tons), alongside strong retail coin/bar demand.

Amid ongoing tariff-related and geopolitical risks, which have negatively impacted US and global economic prospects, we are raising our gold price target to USD 3,500/oz across our forecast horizon and remain long the metal in our global and Asia asset allocation. We are also lifting our upside and downside targets by USD 300/oz to be USD 3,800/oz and USD 3,200/oz, respectively. Over the longer term, our analysis shows that an around 5% allocation to gold within a USD balanced portfolio is optimal from a diversification standpoint.

Original report: **Taking the gloves off – raising our forecast, 11 April 2025.**

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