



(UBS)

Gold remains an attractive source of diversification

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A survey of 75 central banks managing a combined USD 5 trillion of reserves showed that one in three intended to buy more gold over the next two years after stripping out those planning to decrease, the highest in at least five years.

The report by the Official Monetary and Financial Institutions Forum (OMFIF) was carried out between March and May, a period of heightened uncertainty over the outlook for US tariffs. "After years of record-high central bank gold purchases, reserve managers are doubling down on the precious metal," OMFIF said. The dollar, the most popular currency in last year's survey, fell to seventh place this year, with 70% of those surveyed saying the US political environment was discouraging them from investing in the dollar—more than twice the share a year ago, according to reporting by Reuters.

Chief Investment Office view: The OMFIF survey underlines our view that demand for gold among central banks is likely to remain robust. Although gold has retreated from record highs in recent weeks, we continue to see gold as an attractive source of diversification. Our base case is for the metal to end the year trading around USD 3,500 an ounce, compared to USD 3,325 an ounce at present. Regarding the US dollar, we expect sustained US policy uncertainty to erode the belief in US exceptionalism. We recommend using near-term dollar strength to reduce excess US dollar cash by investing or diversifying into other currencies such as the yen, euro, pound, and Australian dollar. International investors should also review their strategic currency allocations and consider hedging US dollar exposure in US assets back into their home currencies.

For more, see the US Daily - [Market fundamentals remain supportive amid Middle East developments](#), 24 June, 2025.

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