



**Market Insight**

# Gold Outlook to Q2 2026: Loading the spring

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### Market context and forecast

Following its intra-day peak of \$3,500/oz on 22 April 2025, gold has been range-bound between \$3,180 and \$3,400/oz. The lower end aligns with the 76.4% Fibonacci retracement level, and although our forecasts suggest a potential breach below this level in the short term, we anticipate strong support near the 61.8% level (\$3,024/oz), paving the way for a rebound. By Q2 2026, we project gold could reach \$3,850/oz, based on consensus macroeconomic inputs. We see the current period as a “loading the spring” phase, setting the stage for a powerful upward movement in gold prices.

Figure 1: Gold price with Fibonacci retracement lines



Source: WisdomTree, Bloomberg. 10 July 2024 – 10 July 2025. Fibonacci retracement is a technical analysis tool used to identify potential support and resistance levels on price charts. It uses horizontal lines drawn at key Fibonacci ratios (23.6%, 38.2%, 61.8%, and 76.4%) after identifying a significant price swing. These levels are believed to be areas where price may stall or reverse direction. Labels on the chart represent the gold price of the support levels. Legend indicates the standard Fibonacci ratios. **Historical performance is not an indication of future performance and any investments may go down in value.**

There are multiple macro risks that are supportive for gold prices:

1. Trade uncertainty
2. Debt trajectory
3. Institutional quality
4. Geopolitical risks
5. Ambiguous dollar policy

### **Trade uncertainty**

As of 8 July 2025, President Trump extended the 'trade truce' deadline from 9 July to 1 August 2025. Although deals with China and the UK are in place, negotiations with Canada, Mexico, and the EU27 remain ongoing. These preliminary deals fall short of market expectations and introduce substantial tariff increases. While the finalised tariffs are lower than initial headline figures, they still present a notable shift from the status quo. Gold remains a hedge against adverse trade developments.

### **Debt trajectory**

The newly passed One Big Beautiful Bill Act provides unfunded tax cuts projected to expand US deficits by \$2.4 trillion between 2025 and 2034 (excluding debt-service effects)<sup>1</sup>. Including interest payments, the cumulative deficit exceeds \$3.0 trillion. Debt as a share of GDP is expected to rise from 117.1% in 2025 to 123.8% by 2034. The US is not alone in facing unsustainable increases in government debt. Historically, rising government indebtedness has correlated with higher gold prices, particularly as concerns mount over debt sustainability and potential policy interventions.

### **Institutional quality**

Pressure on the Federal Reserve is intensifying. President Trump's repeated criticisms of Chair Jerome Powell<sup>2</sup>, whose term expires in May 2026, have heightened concerns over central bank independence. With mounting debt-service obligations, there is a growing risk of political influence over monetary policy. A scenario reminiscent of the 1978–1979 G. William Miller era, marked by institutional weakening and high inflation, could unfold. During that time, gold posted historic gains.

It took the might of Chairman Paul Volcker to reverse the damage to the Fed, but his bold efforts induced recessions. Yes – two recessions – a so-called double-dip (January – July 1980 and July 1981 – November 1982). Gold as a defensive asset does well in times of recession.

### **Geopolitical risks**

The geopolitical landscape remains tense:

- + Iran has suspended cooperation with the International Atomic Energy Agency (IAEA), following US and Israeli strikes. No diplomatic talks are currently scheduled (with a firm date), and US-Israeli coordination appears fragmented.
- + Russia-Ukraine conflict: Trump's failed attempt to broker a peace deal within 24 hours of taking office has backfired. Deteriorating personal dynamics with both Putin and Zelenskyy reduce hope for a near-term resolution.

1. [Estimated Budgetary Effects of H.R. 1, the One Big Beautiful Bill Act](#), Congressional Budget Office, June 4th 2025

2. Trump quotes: "Powell's termination cannot come fast enough!" (April 2025) and "If I want him out, he'll be outta there real fast." (April 2025)

## Ambiguous dollar policy

Although no official dollar-debasement policy exists, actions taken by the administration suggest a soft-dollar approach. We have commented on a hypothetical “Mar-a-Lago Accord” (see [The Mar-a-Lago Accord: a hypothetical strategy for dollar depreciation](#)), which we believe will shock the global economic system. While not our base case, such a policy would be significantly bullish for gold, especially if US debt credibility is questioned and bond yields become volatile.

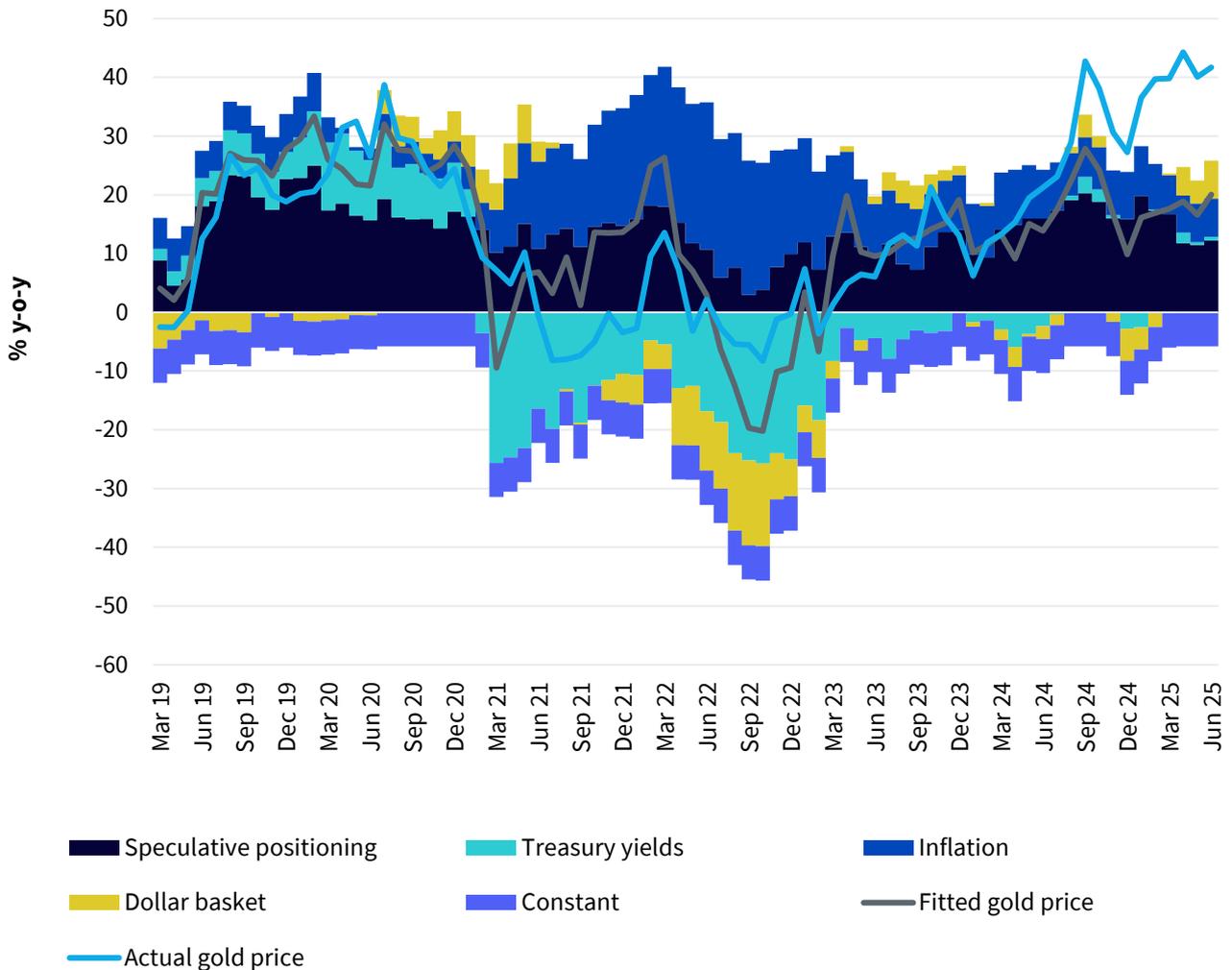
## Gold attribution

The gap between our model<sup>3</sup> estimates for gold price and actual outcomes has been relatively wide for the last six months. Several factors could explain some of this gap. Firstly, we don’t include central bank gold buying in our model approach. As we discussed in our last Gold Outlook<sup>4</sup>, inclusion of central bank gold purchase would improve the model, but unfortunately, the data for this is unreliable. Secondly, our measure of investor sentiment towards gold – net speculative positioning in gold futures – has been subdued recently. However, investors in physical bullion – including those investing via exchange-traded commodities (ETCs) – appear more optimistic. The expression of bullishness has shifted from one investable market to another, and we are not fully capturing this nuance. Thirdly, the centre of gravity for the gold market appears to be shifting to the East. While physical demand for gold jewellery and small bars has always been dominated by India and China, professional investment volumes are increasingly being driven by China. Our focus on Commodity Futures Trading Commission (CFTC) positioning data and London Bullion Market Association Over-the-Counter (OTC) gold trading may not be capturing the sheer excitement behind gold in China.

3. See our model described in [Gold: how we value the precious metal](#),

4. See [Gold’s safe-haven status to propel it to significant new highs](#), April 2025

Figure 2: Gold price attribution

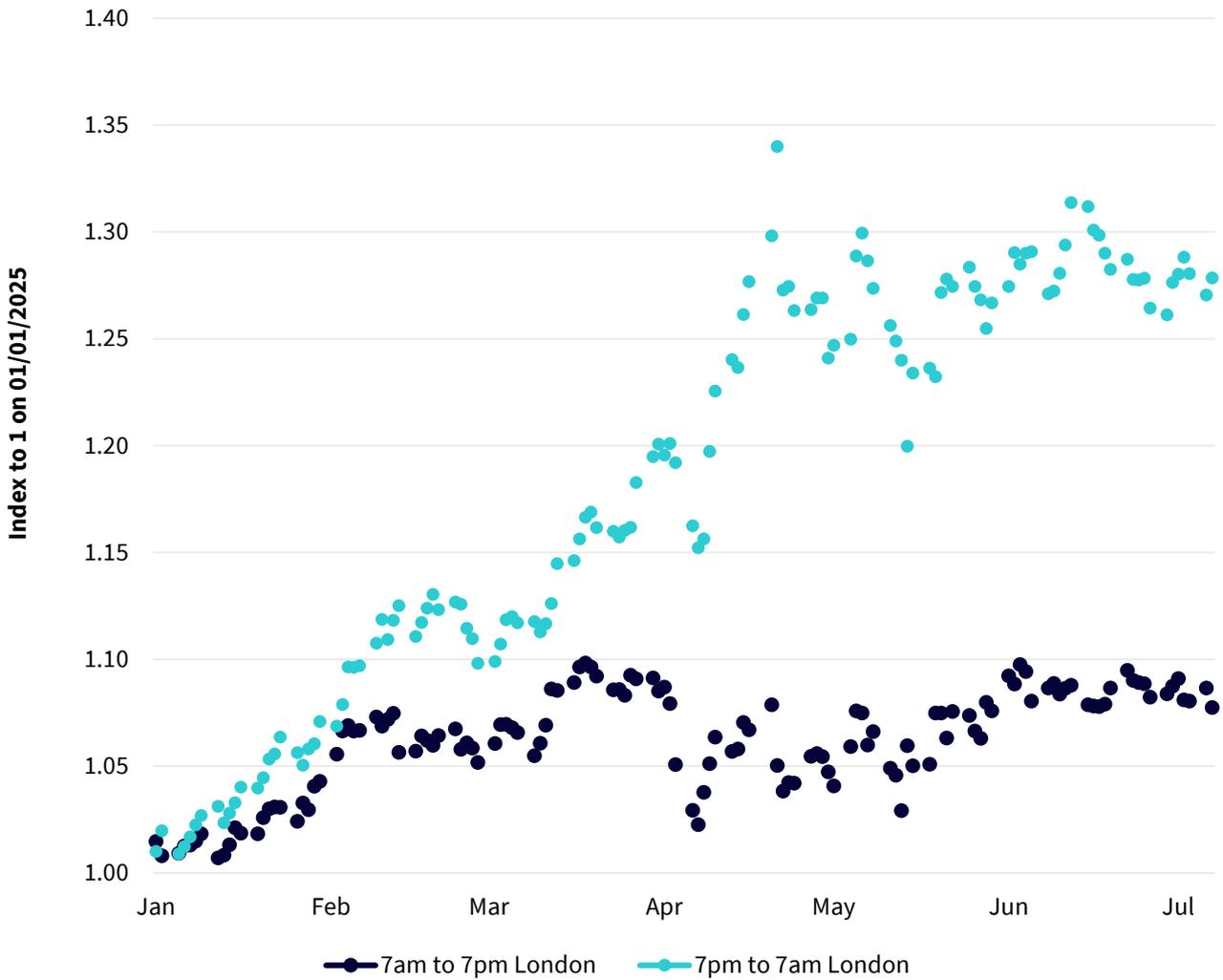


Source: Bloomberg, WisdomTree price model, data as of June 2025. Speculative positioning is net non-commercial positioning in gold futures markets (that is, netting shorts away from long positions as reported by the Commodity Futures Trading Commission). Treasury yields is the nominal yield to maturity on a 10-year US Treasury Bond. Inflation is the annual growth of the US Consumer Price Index. Dollar Basket (DXY) is a measure of the value of the US dollar against a basket of currencies (Euro, Swiss franc, Japanese Yen, Canadian Dollar, British Pound and Swedish krona). Actual gold price is the annual growth in spot gold prices.

The fitted gold price is the price the model would have forecast. The constant does not have economic meaning but is used in econometric modelling to capture other terms. It can be thought of as how much gold prices would change if all other variables are set to zero (although that would be unrealistic). **Historical performance is not an indication of future performance and any investments may go down in value.**

Trading data indicates that price movements are increasingly occurring outside core London hours, suggesting a growing Asian influence.

Figure 3: Gold price moves in different trading time windows

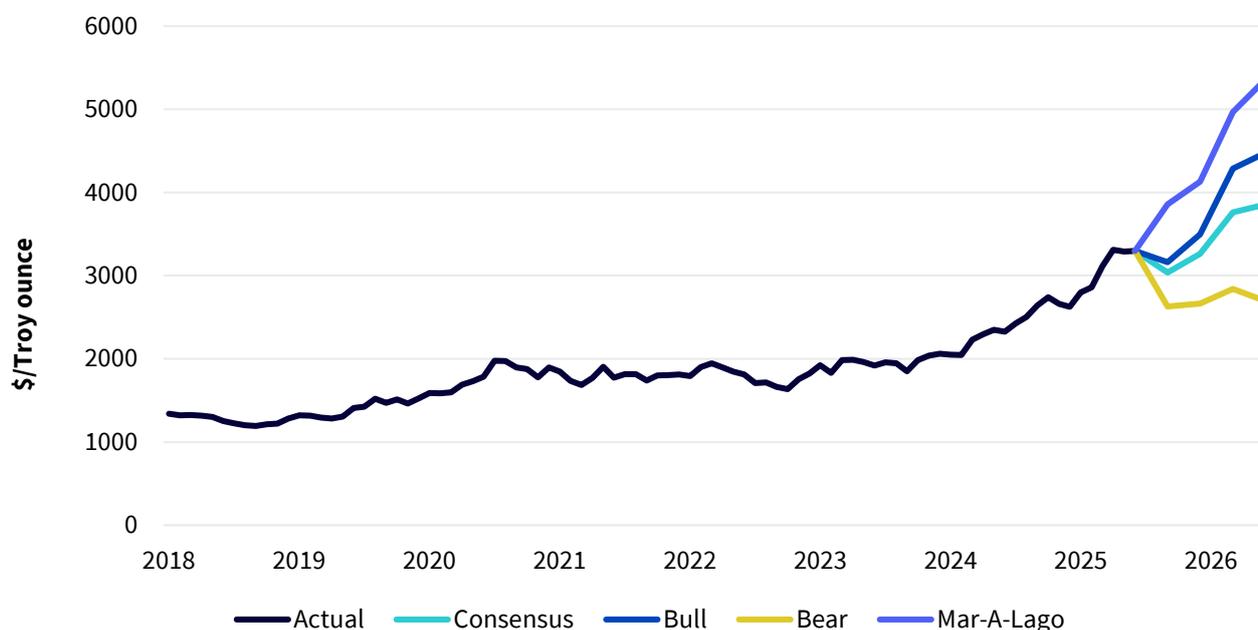


Source: WisdomTree, Bloomberg, 31/12/2024 – 08/07/2025. **Historical performance is not an indication of future performance and any investments may go down in value.**

### Gold price forecasts

We present various gold price scenarios using WisdomTree's quantitative model. We note that the consensus macro forecasts were taken before the 'trade truce' extension was offered.

Figure 4: Gold price forecast



Source: WisdomTree Model Forecasts, Bloomberg Historical Data, data available as of June 2025. **Forecasts are not an indicator of future performance and any investments are subject to risks and uncertainties.**

### Consensus

Consensus forecasts suggest that inflation will remain persistently above the Federal Reserve's target, largely due to the mechanical impact of elevated tariff levels on prices. Expectations for 10-year bond yields remain relatively stable, as the projected 75 basis points of policy rate cuts over the next year are offset by rising concerns about fiscal indebtedness. The US Dollar is expected to experience a modest depreciation, as strong near-term economic performance in the US limits the potential for widening interest rate differentials relative to other countries. Under the consensus scenario, gold prices are anticipated to moderate over the next six months, before accelerating to a new all-time high in Q1 2026 and advancing further thereafter to reach US\$3,850/oz.

Consensus	Q3 2025	Q4 2025	Q1 2026	Q2 2026
Inflation forecast	3.1%	3.3%	3.1%	3.1%
Nominal 10-year yields forecast	4.36%	4.29%	4.22%	4.20%
US\$ exchange rate forecast (DXY)	97.6	96.8	95.8	95.6
Speculative positioning forecast	190,000	200,000	200,000	200,000
Gold price forecast	US\$3,040/oz	US\$3,260/oz	US\$3,760/oz	US\$3,850/oz

Source: WisdomTree. Bloomberg Survey of Professional Economists. June 2025. **Forecasts are not an indicator of future performance and any investments are subject to risks and uncertainties.**

## Bull

If the economic fallout from the tariff shock proves severe, the Federal Reserve may be compelled to cut interest rates to support the labour market. Such rate cuts would amplify inflationary pressures—compounding the direct price effects of higher tariffs—and pave the way for a more pronounced depreciation of the US Dollar. Heightened fears of economic damage could spur increased speculative positioning in gold futures, as investors seek a hedge against uncertainty. In this scenario, gold prices may experience a slight dip in the first quarter, but are expected to accelerate thereafter, reaching US\$4,475/oz by the end of the forecast period.

Bull	Q3 2025	Q4 2025	Q1 2026	Q2 2026
Inflation forecast	3.5%	4.0%	5.0%	5.0%
Nominal 10-year yields forecast	3.95%	3.75%	3.55%	3.50%
US\$ exchange rate forecast (DXY)	96	95	92	90
Speculative positioning forecast	200,000	250,000	300,000	300,000
Gold price forecast	US\$3,160/oz	US\$3,500/oz	US\$4,290/oz	US\$4,475/oz

Source: WisdomTree. June 2025. **Forecasts are not an indicator of future performance and any investments are subject to risks and uncertainties.**

## Bear

In a bear case scenario, where inflation collapses to the target (2.0%), bond yields rise to 6.0%, and the dollar appreciates, gold prices could fall to \$2,700/oz. But that will still be above the level we started at in 2025.

Bear	Q3 2025	Q4 2025	Q1 2026	Q2 2026
Inflation forecast	2.0%	2.0%	2.0%	2.0%
Nominal 10-year yields forecast	5.00%	5.50%	6.00%	6.50%
US\$ exchange rate forecast (DXY)	107	109	110	113
Speculative positioning forecast	150,000	100,000	50,000	50,000
Gold price forecast	US\$2,630/oz	US\$2,665/oz	US\$2,840/oz	US\$2,700/oz

Source: WisdomTree. June 2025. **Forecasts are not an indicator of future performance and any investments are subject to risks and uncertainties.**

## Mar-A-Lago accord

We once again present a Mar-A-Lago Accord scenario, which we first introduced in our last quarterly gold forecast. In this scenario, the US pursues a policy objective to depreciate the US dollar. While we don't believe that there is an explicit policy objective in place, there are many things that have taken us by surprise in the current US Administration, and so modelling the outcomes could be a worthy task. Following the Plaza Accord<sup>5</sup>, the US dollar depreciated 48% between 1985 and 1987. In the Mar-A-Lago Accord, we model a 23% depreciation over a one-year period. Inflation would rise more than our bull case. We remove an explicit bond yield assumption for this scenario, as we believe yields could swing wildly in either direction. While the supposed intention of the policy move would be to reduce US debt funding costs (and hence, policy makers would like to see a decline in yields), refinancing debts would likely raise concerns about the US's reliability and potentially drive bond yields higher. As we saw in April 2025, a sharp rise in bond yields could be coupled with a sharp rise in gold price. Acknowledging these complications, we remove explicit assumptions on bond markets but assume gold will benefit from turbulence in the debt markets (as gold is a defensive alternative). We believe sentiment towards gold will strengthen substantially. As this scenario is far out of sample, we expect our forecast of \$5,355/oz would be on the conservative side.

Mar-A-Logo accord	Q3 2025	Q4 2025	Q1 2026	Q2 2026
Inflation forecast	6.0%	6.0%	6.0%	6.0%
US\$ exchange rate forecast (DXY)	90	85	80	75
Speculative positioning forecast	400,000	400,000	400,000	400,000
Gold price forecast	US\$3,860/oz	US\$4,130/oz	US\$4,965/oz	US\$5,355/oz

Source: WisdomTree. June 2025. **Forecasts are not an indicator of future performance and any investments are subject to risks and uncertainties.**

5. The Plaza Accord was a joint agreement signed on September 22, 1985, at the Plaza Hotel in New York City, between France, West Germany, Japan, the UK, and the US to depreciate the US dollar

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