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Market Intelligence

Gold Commodity Briefing Service

US tariff threats send prices above $2,900/oz

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Gold CBS February 2025 – US tariff threats send prices above $2,900/oz

By Aude Marjolin | February 14, 2025

In its monthly "Gold Commodity Briefing Service" report, S&P Global Commodity Insights discusses the gold market within the broader macroeconomic environment and provides rolling 10-year supply and price forecasts.

Key Findings

➤ The London Bullion Market Association (LBMA) gold price cleared two significant resistance levels in a week in early February, propelled first above $2,800 per ounce and then $2,900/oz. Escalating trade tensions, triggered by recent US tariff hikes on imports, and concerns about the impact on global economic growth have driven up gold demand and prices.

Gold forecast at a glance

	2024e	2025f	2026f	2027f	2028f	2029f	2030f	2031f	2032f	2033f	2034f	2035f
Mined supply (Moz)	112.2	116.1	118.6	121.3	122.0	117.2	114.9	108.6	103.2	97.1	90.4	86.2
Price ($/oz)	2,386	2,846	2,823	2,790	2,830	2,925	2,850	2,750	2,700	2,700	2,700	2,700

As of Feb. 13, 2025.
Moz = million ounces; e = estimate; f = forecast.
Sources: S&P Global Market Intelligence; London Bullion Market Association.

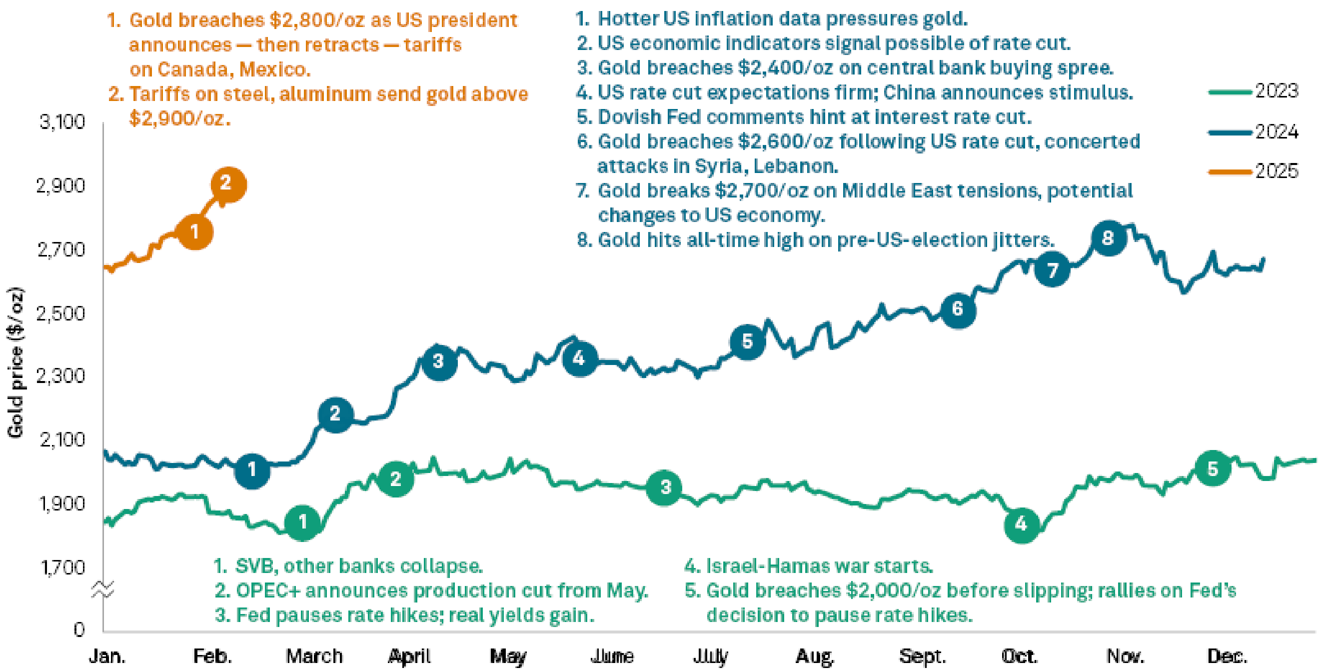
➤ Prospects of blanket tariffs over commodities also boosted bullion movements to New York from London, reducing liquidity at the Bank of England and providing support to prices.

➤ Hot inflation and a tight labor market in January, coupled with the potential for inflationary pressures from trade competition between the US and other economies, are supporting views that the US Federal Reserve will maintain a higher-for-longer interest rate environment in 2025.

➤ Physically backed gold exchange-traded funds (ETFs) rebounded in January, with strong inflows from European funds spurred by safe-haven demand amid domestic political uncertainty in Germany and France.

➤ We expect global geopolitics, trade tensions and domestic economic policies to feed volatility in the gold market and provide support to prices. With a strong start to the year but factoring in a slight pullback from the $2,900/oz resistance level, we see prices averaging $2,846/oz in 2025.

Trade tensions, economic growth concerns drive gold to new highs

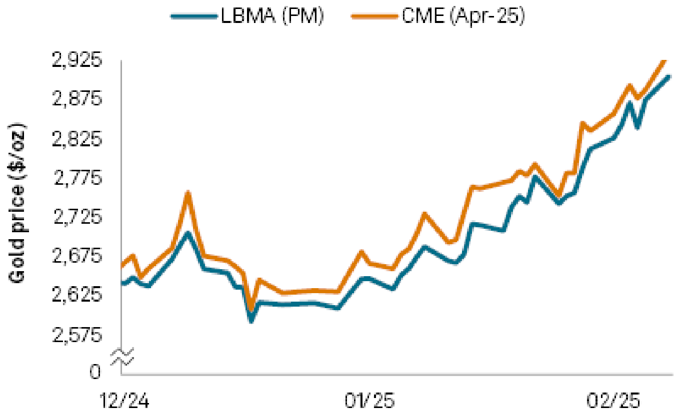


As of Feb. 13, 2025.
SVB = Silicon Valley Bank.
Gold price is LMBA PM.
Sources: S&P Global Market Intelligence; London Bullion Market Association.

Analyst comment

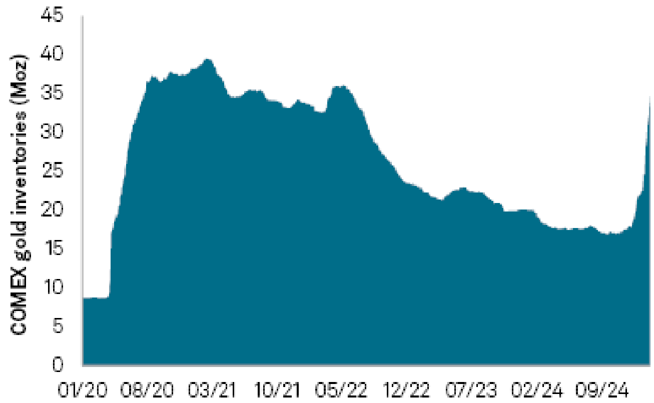
The LBMA gold price cleared $2,900/oz Feb. 10 after US President Donald Trump announced plans to introduce 25% tariffs on all steel and aluminum imports into the US. This followed the price breaching $2,800/oz on the last trading day of January on threats of the US imposing tariffs as of Feb. 1 on neighbors and main trade partners Canada and Mexico. The prospect of widespread trade actions and potential retaliation have raised concerns of inflationary pressures. Moreover, fears of tariffs have permeated the gold market since November 2024. Traders and financial institutions have been moving bullion into COMEX vaults from London, resulting in a record premium on the CME futures price over the LBMA cash price. This has reduced liquidity at the Bank of England, with the wait to withdraw bullion rising sharply in the last week of January, providing more support to gold prices.

US (COMEX) gold premium surges



As of Feb. 7, 2025.
* London Bullion Market Association cash to Chicago Mercantile Exchange futures differential.
Sources: London Bullion Market Association; LSEG.

Gold inventories on US exchange doubled since 2024 presidential election, ahead of potential tariff on metals

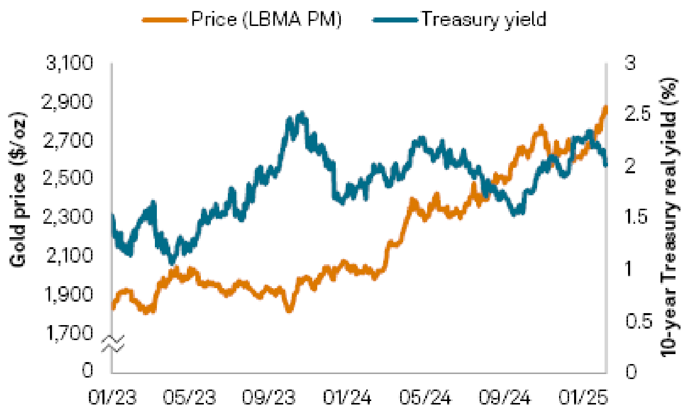


As of Feb. 7, 2025.
Moz = million ounces.
Source: LSEG.

The gold price has been climbing steadily since the previous issue of this report, spending the latter half of January firmly above $2,700/oz before breaking two significant resistance levels within the span of just a week. The upward trend was broken twice. The gold price dipped Jan. 20 as newly inaugurated US President Donald Trump issued a barrage of executive orders that upended the economic landscape. It fell again one week later when tech stocks plunged, rattled by the sudden rise of China-based AI startup DeepSeek, which led some market participants to liquidate their gold positions for cash.

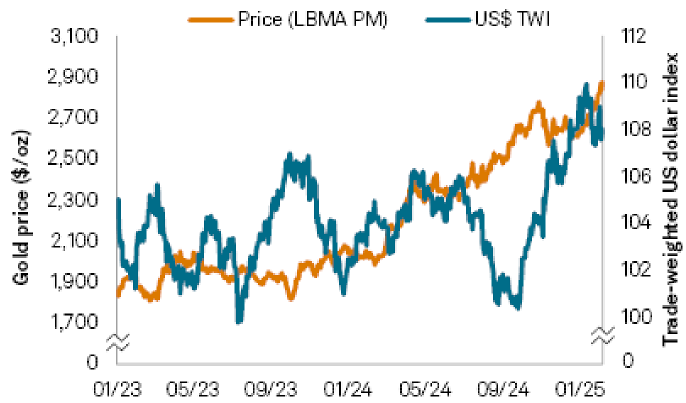
The US Federal Reserve held its first meeting of the year Jan. 28–29, and the outcome — or lack thereof, as the benchmark interest rate remained unchanged — had seemingly little bearing on the gold price. Hotter inflation month over month in January and a still-tight labor market are further lowering market expectations of interest rate cuts, with just one cut now anticipated versus the two penciled in at the Federal Open Market Committee's December 2024 meeting. A slower pace of monetary loosening was all but confirmed by Fed Chairman Jerome Powell in his Feb. 11 testimony to Congress. Over the past four weeks, the 10-year Treasury yield fell 1% and the US dollar fell 2%, although the typical inverse correlation with the gold price has not held for months.

Despite recent pressure, T-yield up 20% since 1st Fed rate cut in September 2024 on low future rate cut chances



As of Feb. 12, 2025.
LBMA = London Bullion Market Association; T-yield = Treasury yield.
Sources: London Bullion Market Association; US Department of the Treasury.

US dollar still strong despite fluctuations amid tariff threats



As of Feb. 12, 2025.
TWI = trade-weighted index; LBMA = London Bullion Market Association.
Sources: London Bullion Market Association; Board of Governors of the Federal Reserve System.

Investor interest in gold was steadfast in January, though it was very much localized. While physically backed exchange-traded fund flows were overall positive, it was mostly due to inflows into European funds that totaled over $3 billion, while activity in other markets was subdued. Investor flight to safe haven in the face of political instability in Germany and France made for strong demand, while a Feb. 6 interest rate cut by the Bank of England helped lower the opportunity cost of holding bullion for UK investors. India — the major Asia buyer — and Switzerland rounded out the top five countries in demand terms. Meanwhile, China and the US saw significant net outflows, the latter for a second consecutive month.

However, the People's Bank of China was a net buyer of physical gold in December 2024, adding 10 metric tons — about double its November 2024 purchases. Overall, central bank buying ended the year on a low note, with net sales of 3 metric tons as the National Bank of Kazakhstan divested 11 metric tons of gold from its reserves. Nevertheless, in 2024, central banks added 1,045 metric tons to global gold reserves, a mere 6 metric tons lower than the record set in 2023. The major buyer was the National Bank of Poland, which added 90 metric tons of gold throughout the year, while Turkey and India purchased about 75 metric tons each. China had been a keen buyer in the early months of 2024, triggering the price rally toward the end of the March quarter, before taking a step back until the final two months of the year.

Outlook

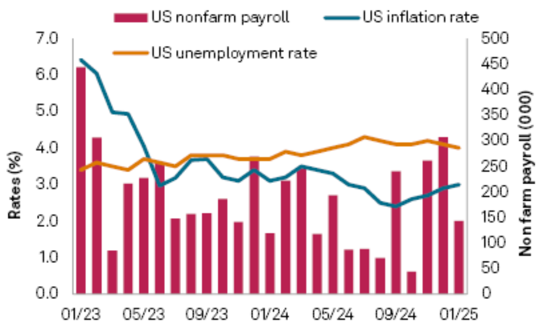
We expect the gold market to remain dynamic in 2025, with volatility stemming from several sources that may compound each other. Global geopolitics, trade tensions and domestic economic policies could each have an impact, more likely than not supporting elevated prices.

The ceasefire in Gaza is tenuous, as Hamas is stalling a hostage release and troops are gathering around the territory at the time of writing. Israeli Prime Minister Benjamin Netanyahu has threatened to resume fighting if the hostages were not released by Feb. 15, backed by Trump in a similar warning. Further, the Russia-Ukraine war is nearing its three-year anniversary, without a clear end in sight.

While it is uncertain whether or what tariffs will ultimately be imposed by — or on — the US, news of tariff announcements, tit-for-tat responses and/or retractions will certainly infuse volatility in markets and blur the short- to midterm view of the individual economies involved and the overall global economic outlook. With that in mind, and with some possible influence of the Basel III framework for banks coming into effect this year amid ballooning fiscal debts, we expect safe-haven demand to drive gold buying and prices. With a strong start to the year but factoring in a slight pullback from the $2,900/oz resistance level, we expect prices averaging $2,846/oz in 2025.

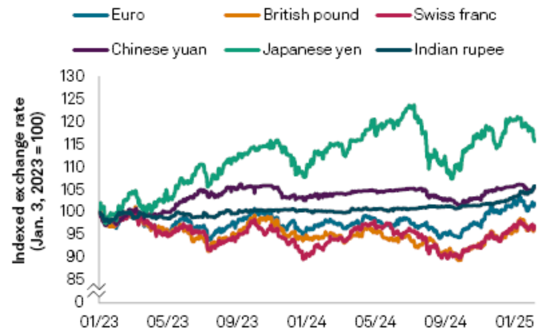
Key indicators

Hot US inflation, labor market in January further temper interest rate cut expectations



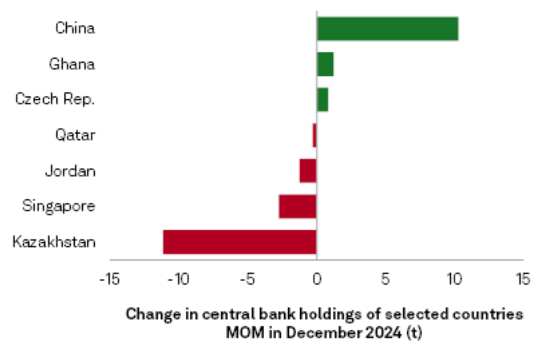
As of Feb. 12, 2025.
Source: US Bureau of Labor Statistics.

US dollar maintains strength against most major currencies



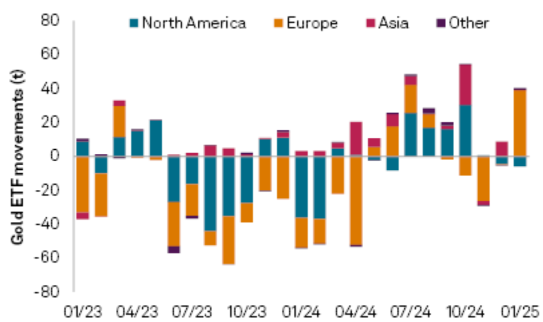
As of Feb. 12, 2025.
Currencies are indexed against the US dollar.
Sources: S&P Global Market intelligence; London Bullion Market Association; LSEG.

Central banks report net sales in December



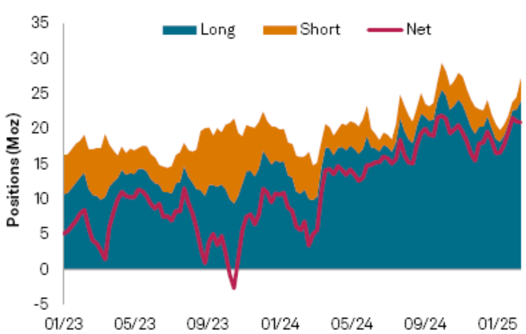
As of Feb. 12, 2025.
PBoC = People's Bank of China; t = metric ton.
Source: International Financial Statistics (IFS).

ETF flows start the year positive, with impressive European rebound



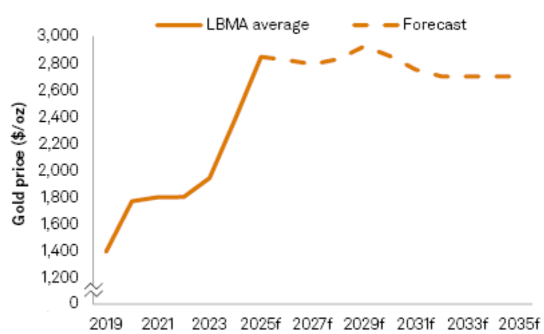
As of Feb. 12, 2025.
ETF = exchange-traded funds; t = metric ton.
Source: World Gold Council.

Gold market bullish in February after recent sell-off



As of Feb. 12, 2025.
Moz = million ounces.
Source: Commodities Futures Trading Commission.

Prices to average $2,846/oz in 2025 on strong start to the year



As of Feb. 12, 2025.
LBMA = London Bullion Market Association; f = forecast.
Sources: S&P Global Commodity Insights; LBMA.

About S&P Global Market Intelligence

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