Precious Comment: Central Bank Gold Purchasing Trend Remains Strong Through July

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- Our GS nowcast estimates central bank purchases of 44 tonnes in July (vs. a pre-2022 average of 17 tonnes), with a large contribution from China. On a 3-month seasonally adjusted basis, the trend stands at 91 tonnes/month.
- We continue to see net upside risk to our $4,900/oz end-2026 gold forecast, but also greater two-sided volatility along the path. Our fair-value forecast of $4,900/toz by end-2026 assumes continued strong central bank demand — with average purchases of 50 tonnes/month in 2026 and 40 tonnes/month in 2027 — alongside a recovery in private investor ETF demand as the Fed remains on hold in 2026. It does *not* incorporate elevated demand for global macro-policy hedges through gold call options. If ETF investor inflows recover and the current elevated call option positioning persists, dealer hedging could mechanically amplify the rally and drive gold prices well above our forecast.
- Conversely, a renewed increase in Fed-hike expectations could likewise trigger dealer hedge unwinds and produce a sharper-than-usual correction. If the Fed were to hike, demand for gold as a macro policy hedge might (partially)[1] unwind as market concerns about DM central bank independence ease. Combined with rate-sensitive ETF holders net selling into higher rates, gold prices could then reach $4,440/toz by end-2026 — materially below our base-case of $4,900, but slightly above today's levels, as continued central bank buying eventually more than offsets.

*The authors would like to thank **Samuel Jönsson** — an intern on our commodities research team — for his contributions to this report.*

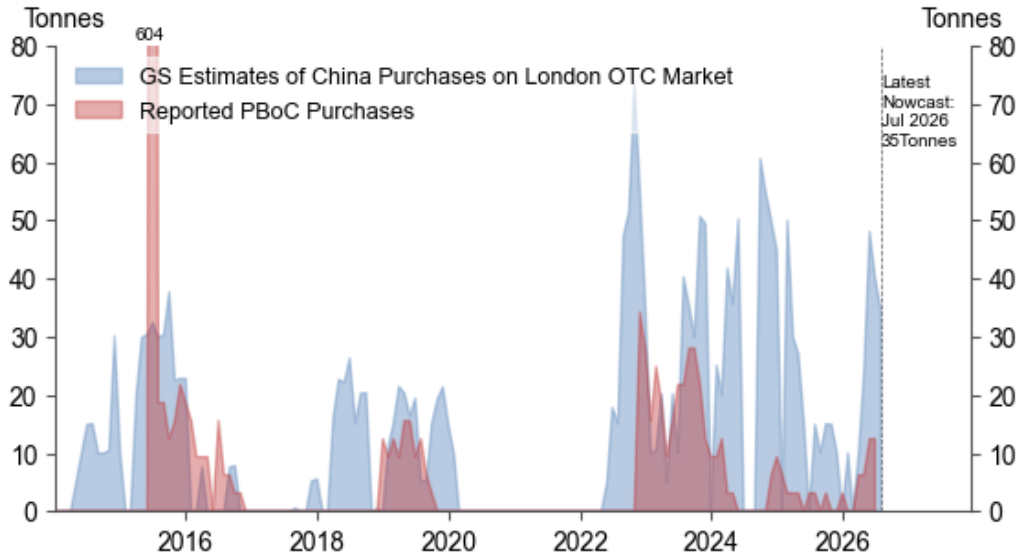
[1] Market worries about the G10 fiscal outlook might support demand for gold as macro policy hedge even if the Fed hikes.

Investors should consider this report as only a single factor in making their investment decision. For Reg AC certification and other important disclosures, see the Disclosure Appendix, or go to www.gs.com/research/hedge.html.

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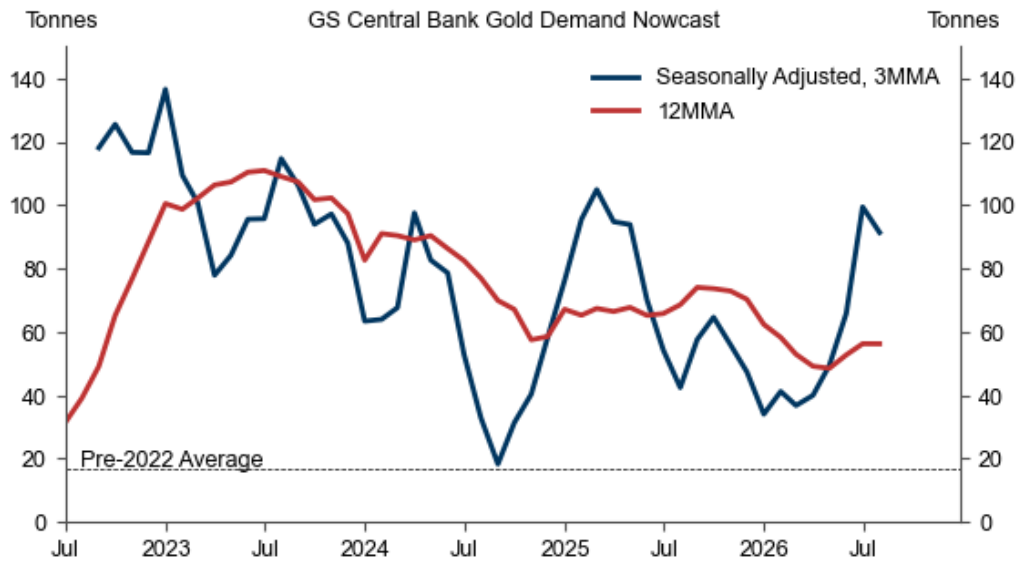
Our GS nowcast estimates central bank purchases of 44 tonnes in July (vs. a pre-2022 average of 17 tonnes), with a large contribution from China (Exhibit 1). On a 3-month seasonally adjusted basis, the trend stands at 91 tonnes/month (Exhibit 2).

Exhibit 1: China Was the Largest Identifiable Buyer in July at 35 Tonnes



Source: Goldman Sachs Global Investment Research

Exhibit 2: Our GS Nowcast Estimates Central Bank Gold Purchases of 44 Tonnes in July (91 Tonnes/Month On a 3-Month Seasonally Adjusted Basis vs. a Pre-2022 Average of 17 Tonnes)



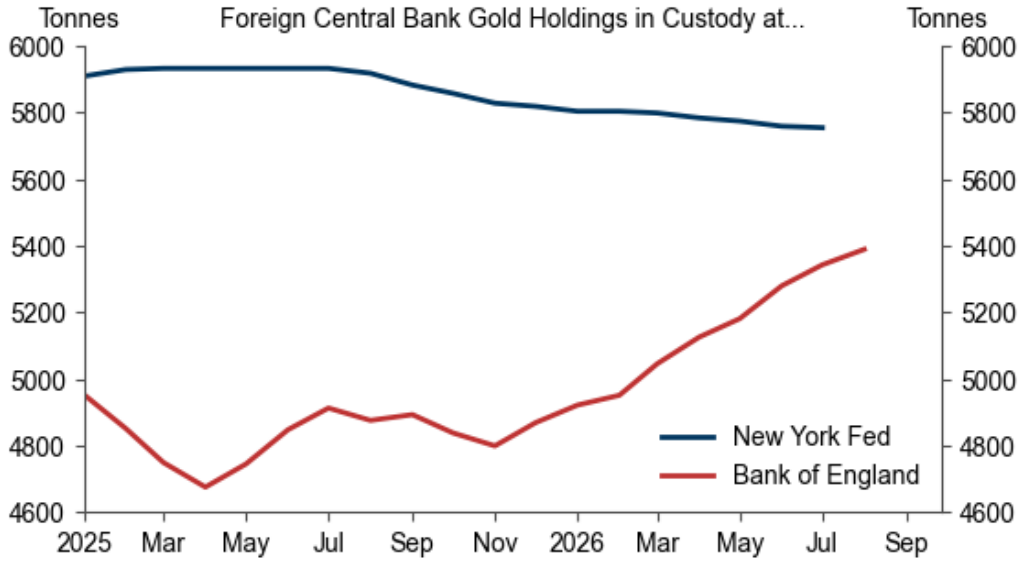
Source: Goldman Sachs Global Investment Research

Our GS nowcast of central bank purchases on the London OTC tracks go
domestic storage or third-party custodians such as the BIS in Switzerlar
include changes in foreign central bank gold held in custody at the Bank
Bank of England custody holdings increased by 63 tonnes in July. While
buildup likely reflects transfers from the New York Fed, the increase in E

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holdings more than offset the decline at the New York Fed, suggesting that additional recent central bank purchases are not captured in our July nowcast estimate of 44 tonnes (Exhibit 3).

Exhibit 3: Rising Bank of England Custody Holdings More Than Offset Declines at the New York Fed Since 2025



Source: Bank of England, IMF, Federal Reserve Bank of New York, Goldman Sachs Global Investment Research

We continue to see net upside risk to our $4,900/oz end-2026 gold forecast, but also greater two-sided volatility along the path. Our fair-value forecast of $4,900/toz by end-2026 assumes continued strong central bank demand — with average purchases of 50 tonnes/month in 2026 and 40 tonnes/month in 2027 — alongside a recovery in private investor ETF demand as the Fed remains on hold in 2026. It does *not* incorporate elevated demand for global macro-policy hedges through gold call options (Exhibit 4). If ETF investor inflows recover and the current elevated call option positioning persists, dealer hedging could mechanically amplify the rally and drive gold prices well above our forecast (blue shaded range in Exhibit 5).

Conversely, a renewed increase in Fed-hike expectations could likewise trigger dealer hedge unwinds and produce a sharper-than-usual correction. If the Fed were to hike, demand for gold as a macro policy hedge might (partially)[2] unwind as market concerns about DM central bank independence ease. Combined with rate-sensitive ETF holders net selling into higher rates, gold prices could then reach $4,440/toz by end-2026 — materially below our base-case of $4,900, but slightly above today's levels, as continued central bank buying eventually more than offsets (red dashed line in Exhibit 5).

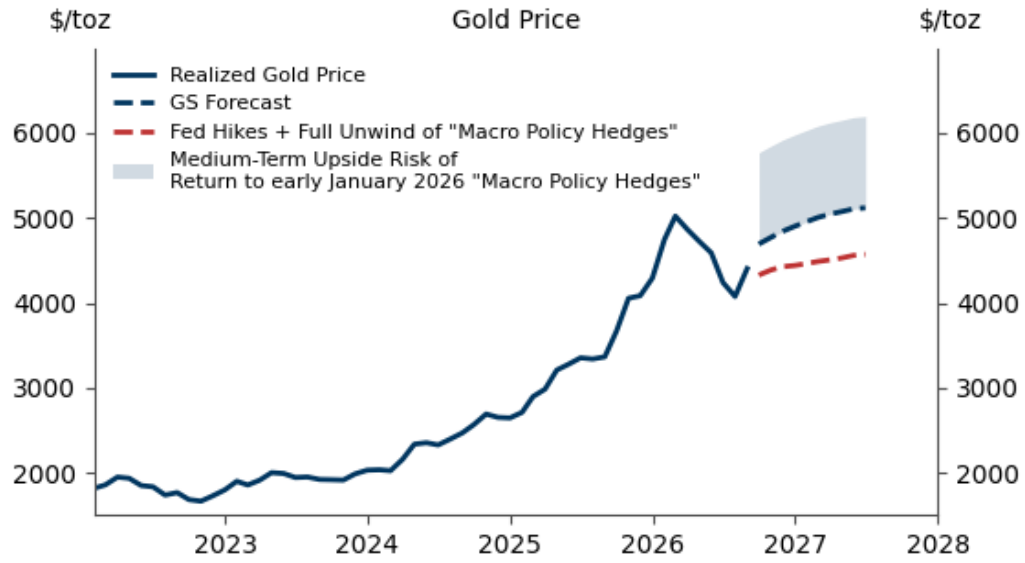
[2] Market worries about the G10 fiscal outlook might support demand for gold as macro policy hedge even if the Fed hikes.

Exhibit 4: Gold Call Option Demand Has Recovered Sharply



Source: Bloomberg, Goldman Sachs Global Investment Research

Exhibit 5: The Associated Dealer Hedging Could Mechanically Amplify the Rally and Drive Gold Prices Well Above Our Forecast



Source: Goldman Sachs Global Investment Research

While not part of our baseline path to $4,900/toz by year-end, speculative positioning could continue to build ahead of the US midterm elections before sharply reversing upon election result clarity. Speculative positioning often rises ahead of major events with wide-outcome uncertainty — a "waiting room" allocation to gold until clarity emerges. This was evident before the 2016 Brexit referendum, and the 2024 US presidential election. Once outcomes are known, positioning often falls and gold can sell off sharply as capital is redeployed (Exhibit 6).

Exhibit 6: Positioning Often Rises Ahead of Major Events With Wide-Outcome Uncertainty; Once Outcomes Are Known, Gold Can Sell Off Sharply



Source: CFTC, Goldman Sachs Global Investment Research

Over the medium term, risks to our price forecast remain skewed to the upside. Gold's share in private portfolios remains low, and recent geopolitical developments — including Iran and broader tensions — may accelerate diversification beyond central banks to private investors, including by weighing on perceptions of G10 fiscal sustainability.