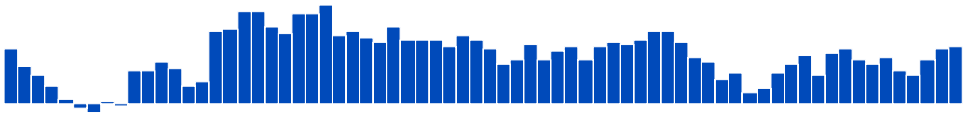
GOLD OUTLOOK TO Q4 2024:
From One High to the Next

Despite the lack of institutional investor interest in the metal, gold had a fantastic year in 2023, reaching a new high of $2078/oz on the London Bullion Market Association (LBMA) a□ernoon fixing on December 28, 2023, and in terms of intra-day prices reached an even higher $2135/oz on December 4, 2023. Spot gold prices closed the year up 14.6% (LBMA

GOLD LOOK-BACK

We can use WisdomTree's quantitative gold model to find out what had driven gold prices in 2023. In contrast to previous years, while bond yields were still rising for most of the year and indeed hit the highest levels since 2007 in October 2023, the incremental change was not as large as in previous years. By the end of 2023, bond yields were about the same level as at the end of 2022. Thus, the headwind against gold was dulled. That allowed the relatively elevated levels of inflation to boost gold prices. Also, while the U.S. dollar was firm, the USD basket depreciated over the previous year, once again providing gold some relief. Lastly, sentiment towards gold, based on speculative positioning in gold futures, while appearing somewhat depressed in October 2023, improved markedly by the end of the year. In December 2023, gold posted a fresh new high because of these factors coming together. Our model indicates that gold could have risen even further in December 2023, a□er a few months of actual gold prices outpacing the model. However, the model and actual prices ended the year a lot closer than in April 2023, when the discrepancy was a notable.

Figure 4: Gold Price Attribution



Source: Bloomberg, WisdomTree price model, data as of December 2023. The fitted gold price is the price the model would have forecast. The constant does not have economic meaning but is used in econometric modeling to capture other terms. It can be thought of as how much gold prices would change if all other variables were 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.**

	Bull Q1 2024	Bull Q2 2024	Bull Q3 2024	Bull Q4 2024
Inflation forecast	2.0%	2.0%	1.0%	1.0%
Nominal 10-year yields forecast	3.70%	3.50%	3.10%	3.00%
US$ exchange rate forecast (DXY)	100	98	96	94
Speculative positioning forecast	200,000	200,000	200,000	200,000
Gold price forecast	US$2,235/oz	US$2,265/oz	US$2,265/oz	US$2,455/oz

Source: WisdomTree. January 2024. **Forecasts are not an indicator of future performance and any investments are subject to risks and uncertainties.**

	Bear Q1 2024	Bear Q2 2024	Bear Q3 2024	Bear Q4 2024
Inflation forecast	2.0%	2.0%	1.0%	1.0%
Nominal 10-year yields forecast	4.60%	4.35%	4.25%	4.15%
US$ exchange rate forecast (DXY)	104	105	106	107
Speculative positioning forecast	50,000	50,000	50,000	50,000
Gold price forecast	US$1,900/oz	US$1,900/oz	US$1,875/oz	US$1,830/oz

Source: WisdomTree. January 2024. **Forecasts are not an indicator of future performance and any investments are subject to risks and uncertainties.**