

Talking Gold — April 2024

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Gold Market Recap

March was a banner month for gold as the spot price rose 9.08% and set new all-time highs. Gold began March at US\$2,044/oz and continued to rise throughout the month, averaging US\$2,157/oz and closing out March at US\$2,230/oz, a new all-time high for the yellow metal.¹ Gold also saw significant gains in other currency terms including the Swiss franc and Japanese yen which saw increases of 9.31% and 10.02%, respectively, in March as safe-haven buying of gold in key regional reserve currencies continued in 2024.² With gold's current momentum, strong demand among key demand sectors among consumers and central banks, on-going global geopolitical tensions, and anticipation for US rate cuts, further strength may be on the horizon throughout 2024.

Gold Performance Drivers

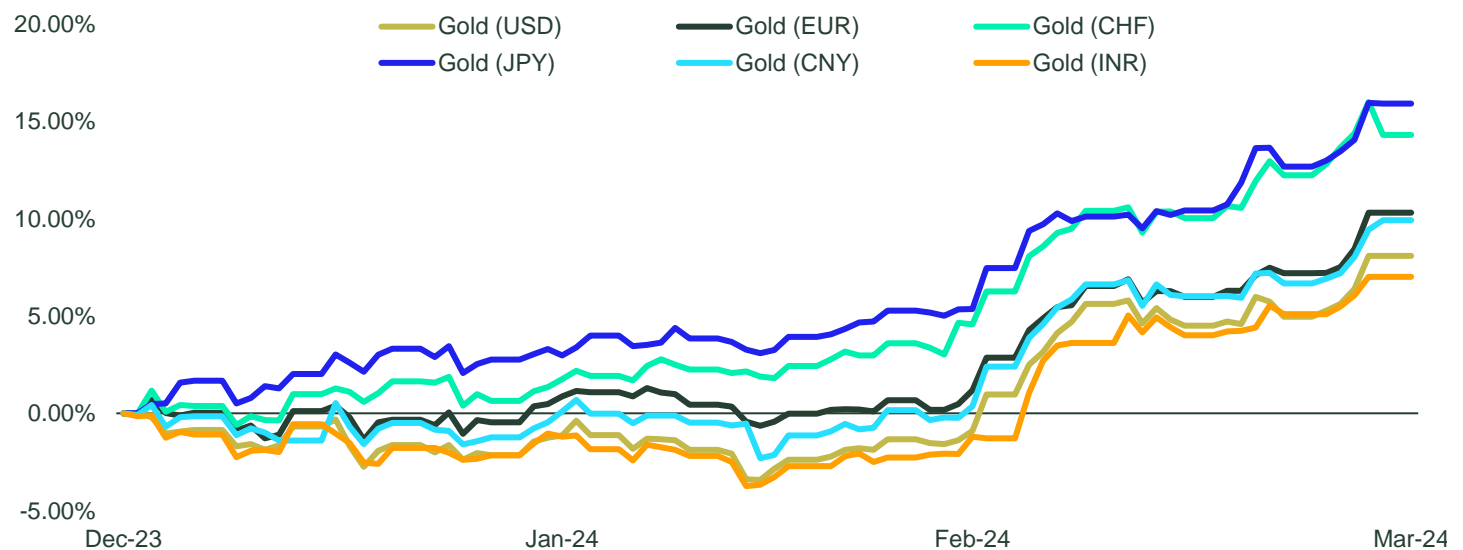
Flows: Global gold-backed ETFs registered outflows in March for the tenth consecutive month. But the pace was much slower, with just a 0.3% reduction in gold ETF holdings compared to the 1.8% drop the prior month.³ COMEX managed money net speculative gold positions remained bullish, rising 242% compared to the prior month, to 135,795 contracts.⁴

Factors: The US Consumer Price Index (CPI) saw an incremental rise to 3.2% year over year, as of February 2024, compared to 3.1% the month prior.⁵ The Federal Reserve's preferred gauge of underlying inflation, Personal Consumption Expenditure (PCE), cooled last month with the core PCE price index rising 0.3% month over month in February, down from 0.5% in January.⁶ Meanwhile, US 10-year Treasury yields closed March at 4.20%, slightly down from 4.25% at the end of February, with US 10-year TIPS implied real yields remaining below 2% at 1.87% as of March.⁷

Fundamentals: According to the World Gold Council, the recent gold price surge has added further pressure to gold jewelry demand in India, the world's second largest gold consumer.⁸ Anecdotal evidence and media reports suggest that both rural and urban centers have experienced a broad-based drop in demand despite the ongoing wedding season, with jewelers and consumers waiting for a price correction before they add to their stock or buy more jewelry.⁹

Gold Chart of the Month

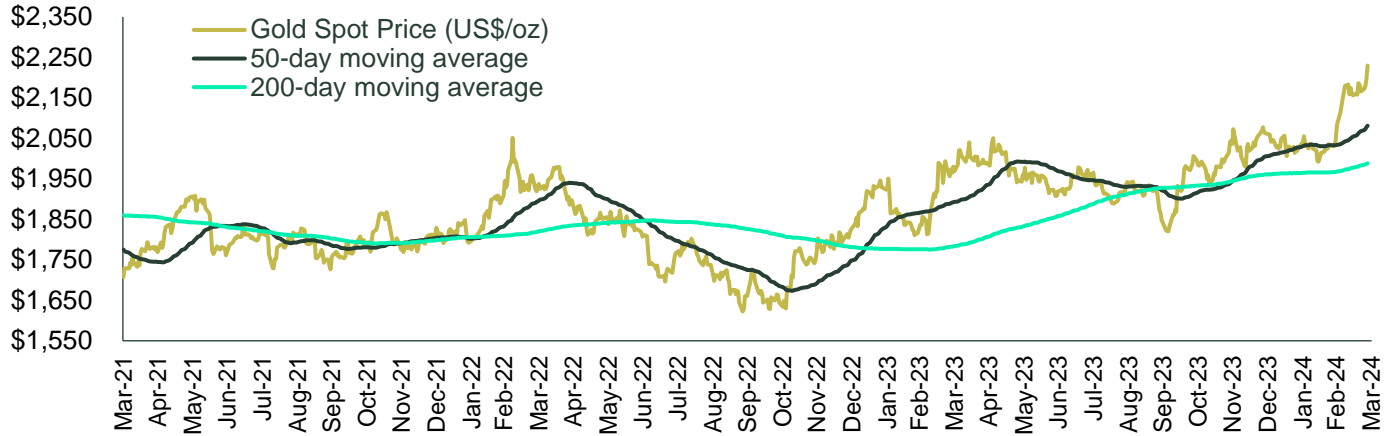
Figure 1: Gold's Global Rally Continued in March Across Key Currencies



Source: Bloomberg Finance, L.P., State Street Global Advisors. Data from December 31, 2023 to March 31, 2024. **Past performance is not a reliable indicator of future performance.**

Gold Price Trends

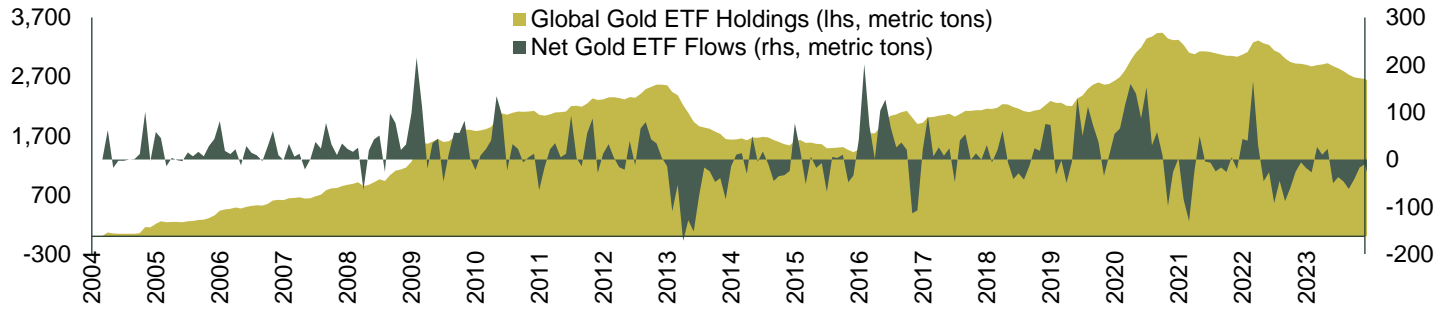
Figure 2: Trailing 3-year Gold Spot Price (US\$/oz) and Moving Averages



Source: Bloomberg Finance, L.P., State Street Global Advisors. Data from March 31, 2021– March 31, 2024. **Past performance is not a reliable indicator of future performance.**

Gold ETF Flows

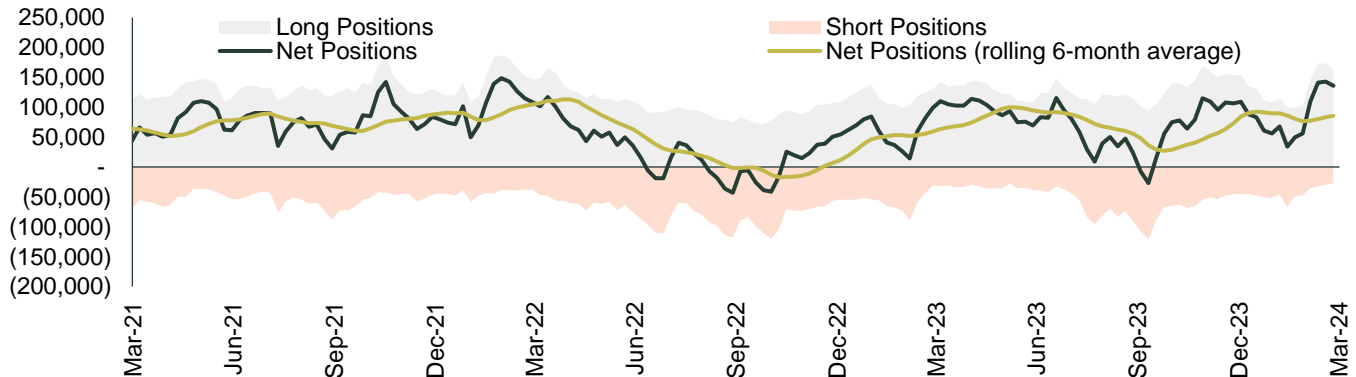
Figure 3: Global Gold ETF Holdings in Metric Tons



Source: Bloomberg Finance, L.P., State Street Global Advisors. Data from January 1, 2004 – March 31, 2024. **Past performance is not a reliable indicator of future performance.**

Gold Futures

Figure 4: Trailing 5-year COMEX Gold Futures Positioning — Managed Money (# of Contracts)



Source: Bloomberg Finance, L.P., State Street Global Advisors. Data from March 31, 2019 – March 31, 2024. **Past performance is not a reliable indicator of future performance.**

Footnotes

- 1 Bloomberg Finance L.P., State Street Global Advisors. Data as of March 31, 2024.
- 2 Bloomberg Finance L.P., State Street Global Advisors. Data as of March 31, 2024.
- 3 Bloomberg Finance L.P., State Street Global Advisors. Data as of March 31, 2024.
- 4 Bloomberg Finance L.P., State Street Global Advisors. Data as of March 26, 2024.
- 5 Bloomberg Finance L.P., State Street Global Advisors. Data as of March 31, 2024.
- 6 Bloomberg Finance L.P., State Street Global Advisors. Data as of March 31, 2024.
- 7 Bloomberg Finance L.P., State Street Global Advisors. Data as of March 31, 2024.
- 8 World Gold Council, "India's gold market update: high prices dent consumer demand," as of March 19, 2024.
- 9 World Gold Council, "India's gold market update: high prices dent consumer demand," as of March 19, 2024.

Glossary

Consumer Price Inflation (CPI) Index

This CPI represents changes in prices of all goods and services purchased for consumption by urban households on a year-over-year basis.

Gold Spot Price

The price in spot markets for gold. In US dollar terms, spot gold is referred to with the symbol "XAU," which refers to the price of one troy ounce of gold in USD terms.

LBMA Gold Price PM Index

Provides the price platform and methodology as well as the overall administration and governance for the LBMA Gold Price.

Personal Consumption Expenditures (PCE) Price Index

A measure of the prices that people living in the United States, or those buying on their behalf, pay for goods and services. The PCE price index is known for capturing inflation (or deflation) across a wide range of consumer expenses and reflecting changes in consumer behavior.

Troy ounce (ozt)

Standard unit of measurement for weighing precious metals such as gold, silver, platinum, and palladium.

US Dollar Spot (DXY) Index

The DXY Dollar Index tracks the performance of a basket of foreign currencies issued by US major trade partners, including Eurozone, Japan, UK, Canada, Sweden and Switzerland, versus the US Dollar.

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