

Gold: WisdomTree's price forecasts to Q1 2020

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Since the beginning of 2019 much has changed in terms of the outlook for gold. For a start, the US Federal Reserve has done a complete U-turn on its interest rate guidance for 2019, announcing recently that it no longer plans to hike rates this year. Moreover, 10-year Treasury yields have fallen substantially on the back of concerns over US growth. Meanwhile, market positioning in the gold futures market has recovered strongly since the depressed levels we saw in Q4 2018.

As for gold itself, the first quarter of 2019 was a bit of a rollercoaster, with the gold price shooting up to US\$1,350/oz in mid-February from US\$1,280/oz at the end of 2018, before falling back down again in late February and ending the quarter near US\$1,290/oz.

At WisdomTree we use a multivariate model to generate gold price forecasts. Recognising that a number of different factors affect the price of gold, we have developed a proprietary model that uses four key explanatory variables to help us generate price forecasts for the future. These variables include (direction in parenthesis):

- Changes in the US Dollar basket (-)
- Consumer Price Index (CPI) inflation (+)
- Changes in nominal yields on 10-year US Treasuries (-)
- Investor sentiment – measured by speculative positioning in the futures market (+)

A full explanation of our Gold Model can be is available on our recent blog [Gold: how we value the precious metal](#).

Depending on the direction of these underlying variables our gold price forecasts may be positive, negative, or neutral. With that in mind, the attached WisdomTree Market Insight takes a closer look at each of these variables and use the model to generate a gold price forecast for Q1 2020. You can access the material on the link below.

+ [WisdomTree Market Insight – Gold Outlook to Q1 2020](#)

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