

Market Insight

Gold Outlook to Q3 2027: A firmer foundation, renewed potential

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Gold's earlier valuation premium has largely unwound, leaving prices closer to those implied by our model and providing a firmer foundation for renewed gains. Consensus expectations for a softer US dollar and lower Treasury yields, combined with our conservative positioning assumption, imply a gold price of approximately US$4,800/oz by Q3 2027. Institutional and central bank demand remain supportive, while the risk of fiscal dominance could reinforce gold's appeal as a store of value if government financing pressures undermine confidence in monetary policy.

A firmer foundation after the correction

Gold enters the final quarter of 2026 on a firmer footing after the sharp reversal of its earlier rally. At the beginning of the year, gold was rising strongly and outperforming most other assets. Prices have since returned to around December 2025 levels, largely unwinding the exceptional gains that our model struggled to explain during much of 2025 and early 2026.

With prices now much closer to those implied by our model, the earlier valuation headwind has diminished. We believe much of the correction is behind us, although further setbacks remain possible. Gold's relative resilience over the past month strengthens our confidence that positive catalysts could now gain traction.

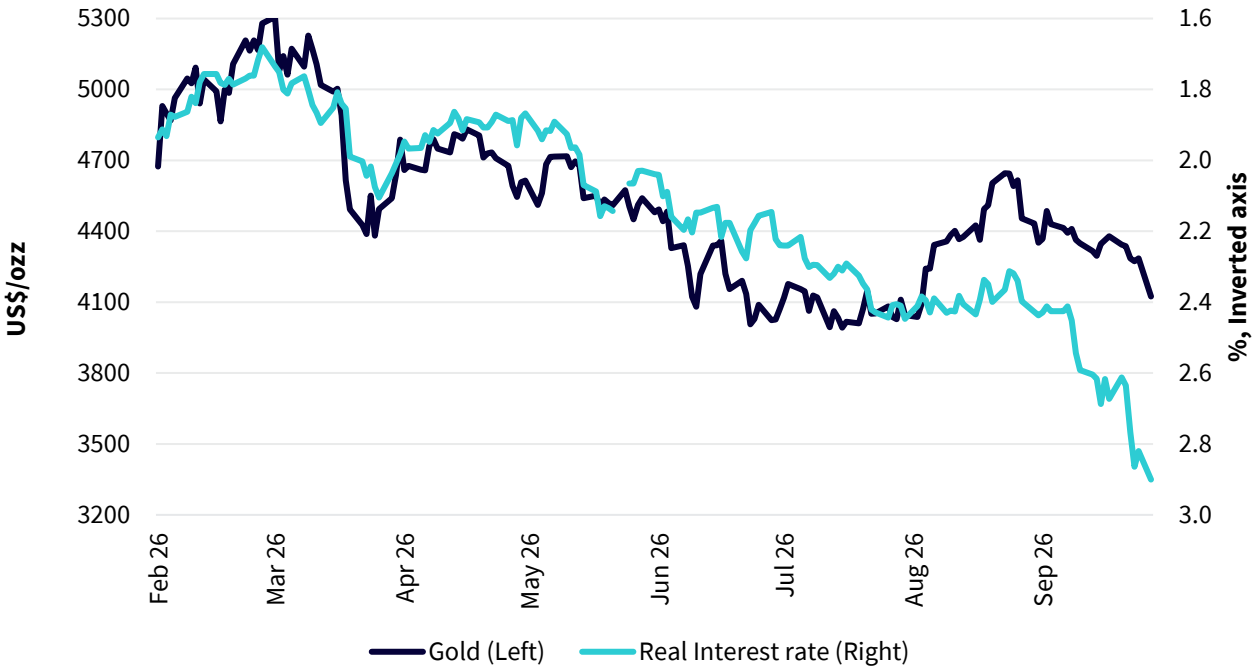
Resilience amid bond and dollar headwinds

Attention has increasingly shifted towards the bond market. Elevated government debt and substantial refinancing requirements have raised questions about fiscal sustainability, and the compensation investors require to hold sovereign debt. Alongside this, significant borrowing to finance artificial intelligence (AI) and other technology investment adds to the supply of debt that markets must absorb.

These pressures create a challenging environment for bonds. Gold, by comparison, has been relatively steady in recent months. Its resilience suggests that investors are weighing its role as a store of value alongside the opportunity cost associated with higher yields.

The relationship between gold and US inflation-protected Treasuries has become less reliable in recent years. Nevertheless, recent gold performance has been stronger than that historical relationship alone would suggest.

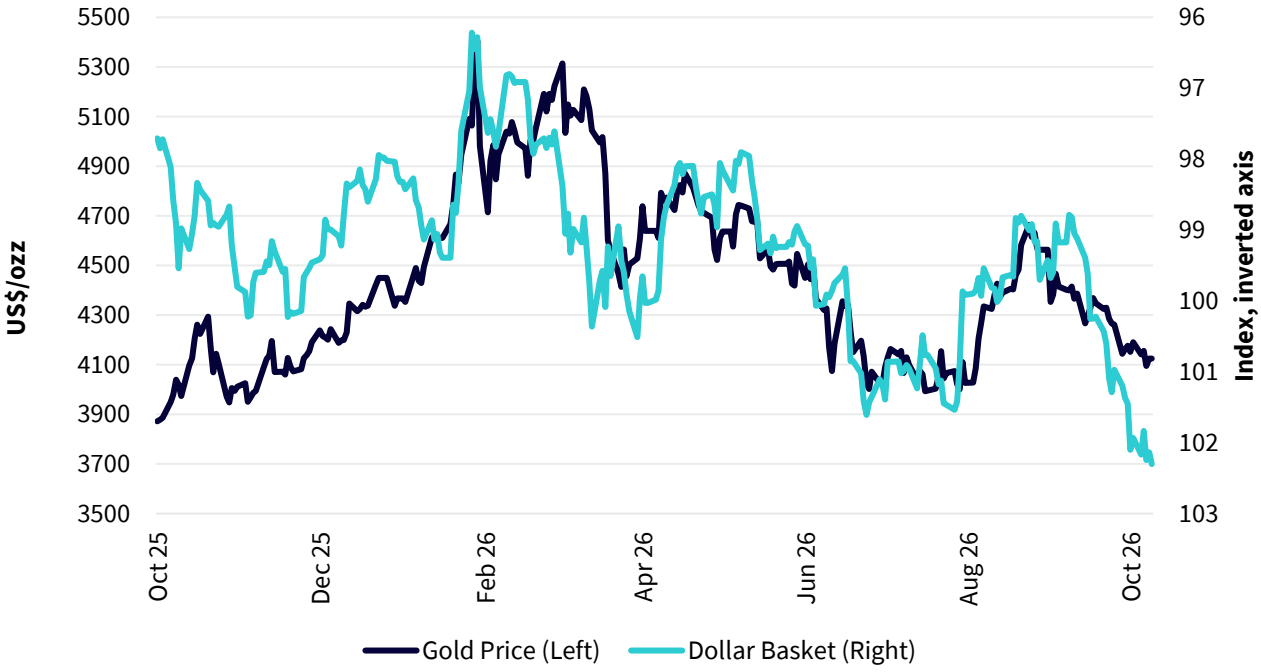
Figure 1: Gold versus real rates (Treasury Inflation-Protected Securities yield)



Source: Bloomberg Finance L.P. WisdomTree, February 2026—October 2026. **Historical performance is not an indication of future performance, and any investments may go down in value.**

A similar pattern is evident in the relationship between gold and the US dollar. Despite dollar strength, gold has held up better than its traditional inverse relationship with the currency would imply.

Figure 2: Gold and US dollar basket



Source: Bloomberg Finance L.P. WisdomTree, October 2025—October 2026. **Historical performance is not an indication of future performance, and any investments may go down in value.**

Further increases in bond yields and a stronger dollar would still place downward pressure on gold. Recent experience, however, suggests that the effect may be less pronounced than historical relationships imply, particularly when rising yields reflect concerns about fiscal credibility.

Consensus forecasts point to a softer dollar and lower nominal Treasury yields over the coming year. If those expectations prove correct, two recent headwinds would become tailwinds within our traditional modelling framework.

An alternative outcome could also reinforce gold's investment appeal. If bond -market pressures reflect deeper concerns about debt sustainability, a failure to address those concerns could undermine confidence in sovereign assets and increase demand for gold. The distinction matters: higher yields driven by stronger growth and tighter monetary policy can weigh on gold, while higher yields associated with deteriorating fiscal confidence may also strengthen demand for it.

Gold's defensive role across the economic cycle

Our historical analysis offers another perspective on gold's defensive characteristics. Using Organisation for Economic Co-operation and Development (OECD) Composite Leading Indicator (CLI), we divide the economic cycle into four stages: recession, slowdown, expansion and boom. Under our classification, recession and boom each account for 10% of monthly observations, while slowdown and expansion each account for 40%.

Mapping monthly equity and gold returns to these phases shows that gold's strongest average performance occurred in the recession category. A moderate slowdown was less supportive. This suggests that gold's defensive characteristics have been particularly valuable during more severe cyclical weakness, although historical averages do not guarantee protection in every downturn.

Figure 3A: Average performance in different economic regimes

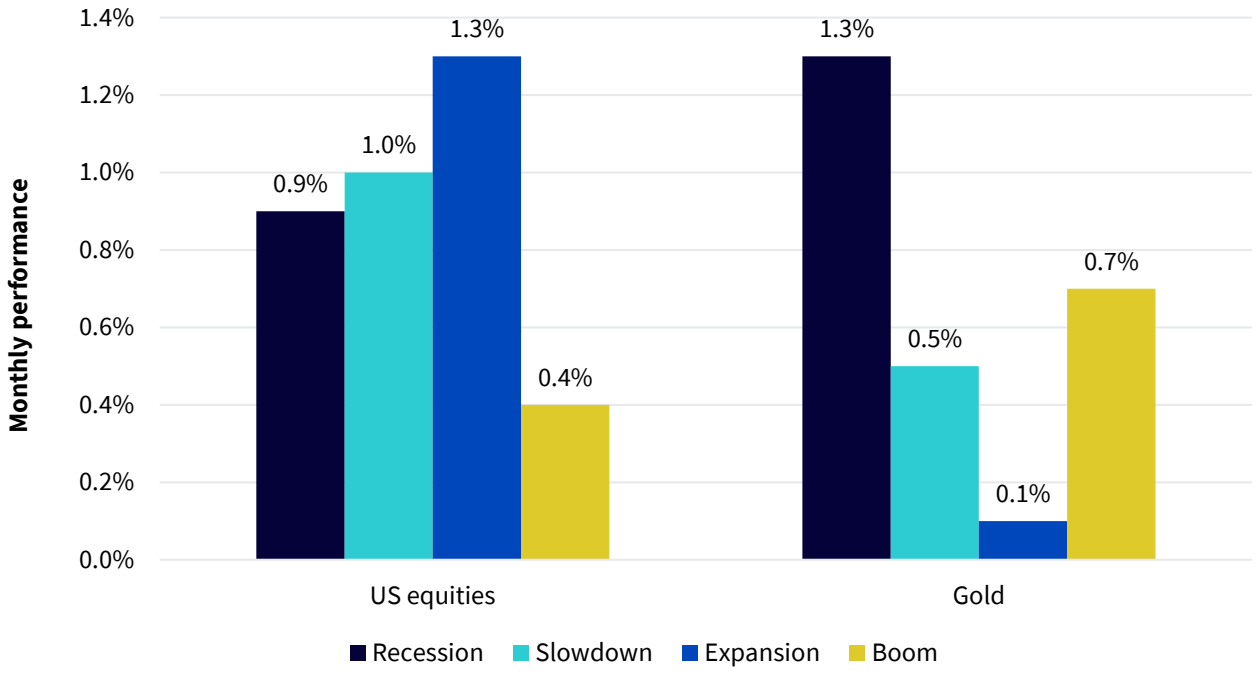
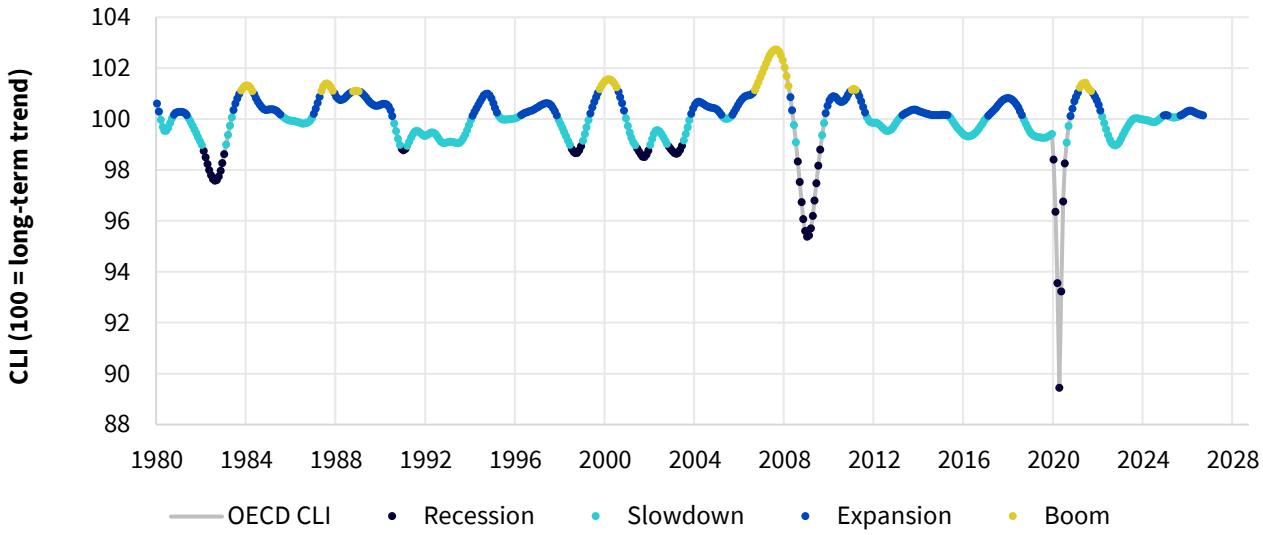


Figure 3B: OECD CLI by regime

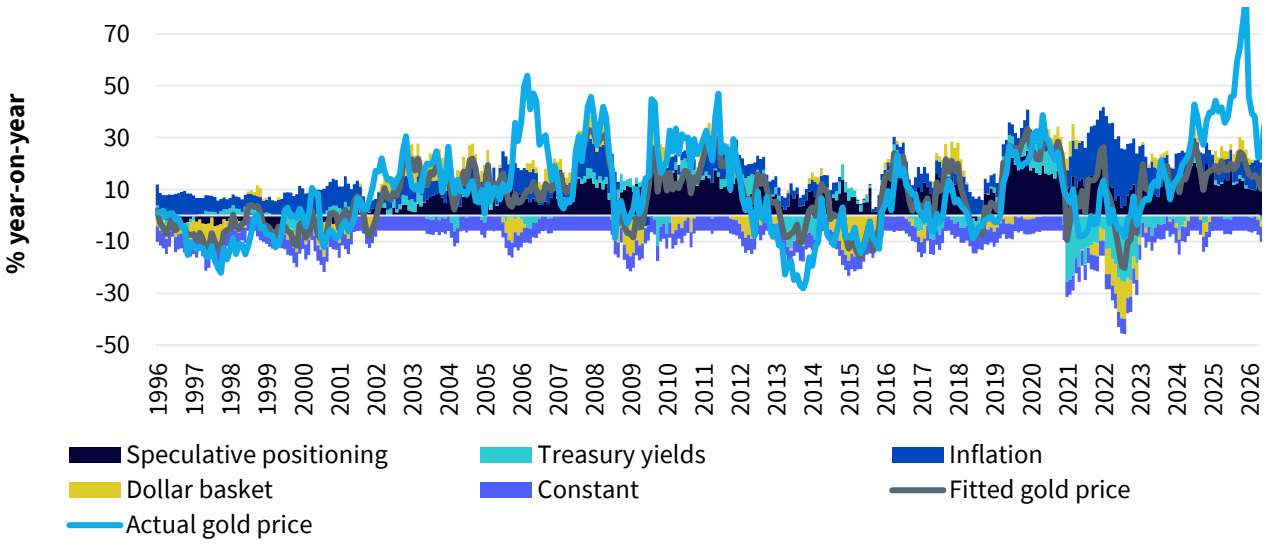


Source: WisdomTree, OECD and Bloomberg. The OECD composite leading indicator provides early, qualitative signals of turning points in economic activity relative to its long-term trend. We use the amplitude-adjusted series. Economic-cycle stages follow WisdomTree's classification and do not necessarily correspond to official recession definitions. US equities are represented by the S&P 500 Total Return Index; gold uses LBMA afternoon prices. Monthly data from January 1980 to September 2026. **Historical performance is not an indication of future performance, and any investments may go down in value.**

The model premium has largely unwound

Gold's premium relative to our model has substantially narrowed since 2025 and early 2026. Actual and fitted prices are now broadly aligned, suggesting that a renewed rally would start with less of the model premium that characterised the earlier surge.

Figure 4: Gold price attribution



Source Bloomberg and WisdomTree Gold Price Model. Data as of September 2026. The fitted gold price is the value implied by the model using the explanatory variables for each period; it is not necessarily an out-of-sample forecast. The constant is the regression intercept and should not be interpreted as a separate economic driver. **Historical performance is not an indication of future performance, and any investments may go down in value.**

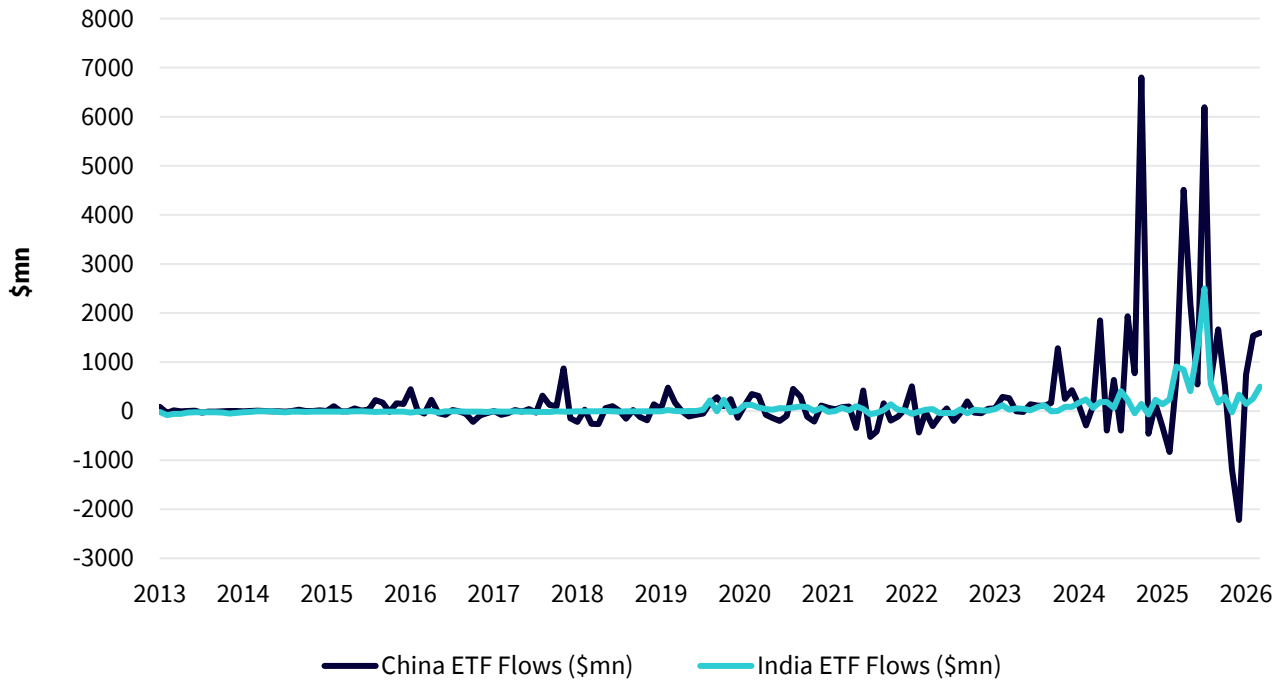
New institutional buyers broaden demand

Three developments deserve particular attention: the opening of gold investment to selected Chinese insurers, the eligibility of Indian pension funds to invest in gold and silver exchange-traded funds (ETFs), and the expansion of gold holdings by Tether, the issuer of the USDT stablecoin.

China introduced its insurance pilot in February 2025, while India broadened pension fund eligibility towards the end of 2025. These changes expanded the potential institutional investor base for gold. Chinese and Indian gold exchange-traded product (ETP) flows strengthened around these periods, although those aggregate flows don't establish how much insurers or pension funds bought. They capture a broader range of investors, while some institutional activity may occur through other channels.

Our interpretation is that initial allocations by newly eligible investors may have contributed to the earlier demand surge. If that buying represented the establishment of strategic holdings, its initial price impact could be larger than that of subsequent allocations. More moderate purchases would still support demand but would not necessarily generate the same pace of price appreciation. Further growth in participating institutions or portfolio allocations could extend that support.

Figure 5: China versus India ETF flows (US$mn, monthly)



Source: World Gold Council, WisdomTree. September 2013 to September 2026. **Historical performance is not an indication of future performance, and any investments may go down in value.**

Tether remains a significant buyer

Tether has also become a significant source of institutional gold demand. Its reserve purchases are distinct from the gold backing its separate gold token, XAU₮. The scale of its buying has made it relevant alongside some of the larger individual central bank buyers.

Our estimates suggest that purchases moderated in the first half of 2026 compared with the second half of 2025, while remaining substantial. Higher gold prices could partly explain lower tonnage if purchases followed a broadly stable dollar allocation, although the available disclosures don't establish a fixed allocation policy. Future buying will depend on reserve growth and portfolio decisions as well as the gold price.

Figure 6: Estimated Tether quarterly gold purchases (2025 and 2026)

Quarter	Estimated Tether gold purchases (tonnes)
Q1 2025	11t
Q2 2025	12t
Q3 2025	26t
Q4 2025	27t
Q1 2026	13t
Q2 2026	14t

Source: WisdomTree estimates using Tether quarterly reserve attestations and LBMA gold prices. Q1 2025 to Q2 2026. Estimated purchases should distinguish changes in physical holdings from changes in their market value and exclude XAU₮ backing where appropriate. **Historical performance is not an indication of future performance, and any investments may go down in value.**

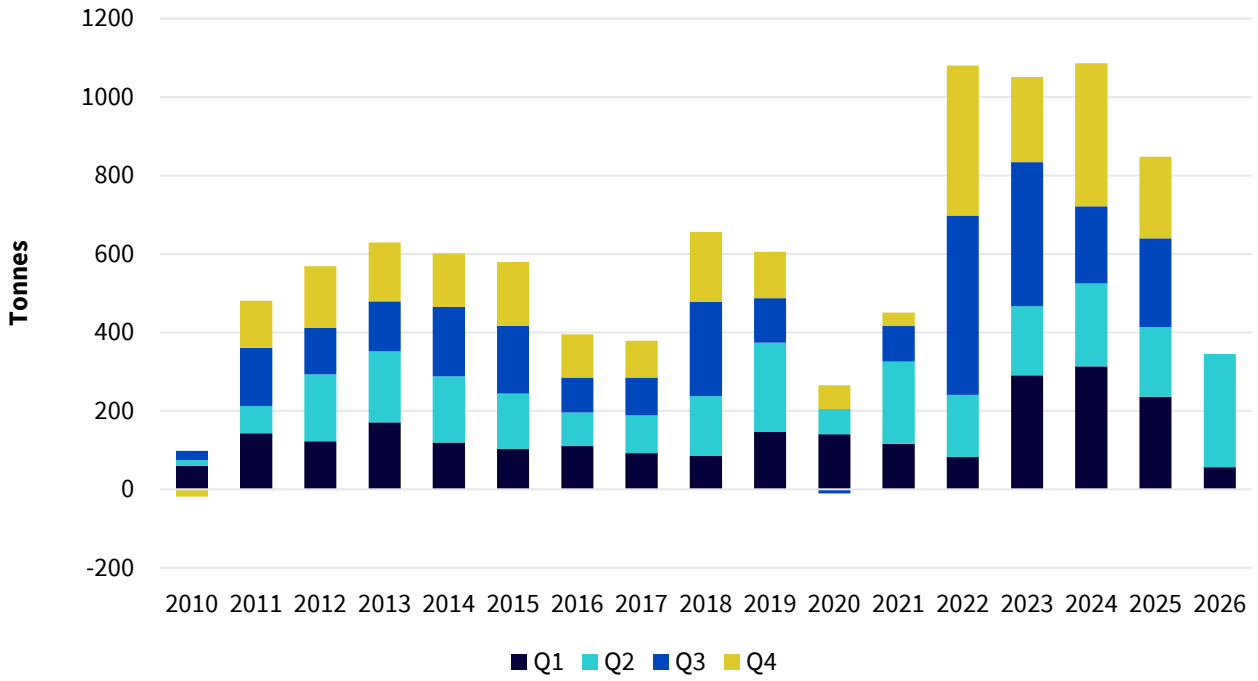
Central bank demand: Strong support, limited transparency

Central bank demand remains another important source of support. Buying increased markedly from 2022, against a backdrop of sanctions on Russia and greater interest in reserve diversification. However, limited transparency makes this demand difficult to incorporate reliably into our model.

Reported changes in reserves, compiled through the International Monetary Fund's (IMF) International Financial Statistics (IFS) and national disclosures, capture only part of total estimated activity. The World Gold Council's broader estimates, produced with Metals Focus, include unreported transactions, but arrive with a delay and can undergo substantial revisions.

The latest estimates show a sharp rebound in net buying during Q2 2026 following a much weaker, revised Q1. The scale of those revisions reinforces the need for caution when drawing conclusions from a single quarter.

Figure 7: Central bank demand for gold



Source: WisdomTree, World Gold Council, Q1 2010 to Q2 2026. **Historical performance is not an indication of future performance, and any investments may go down in value.**

Available monthly disclosures suggest that buying continued into the third quarter. China's reported purchases accelerated, while Poland remained a prominent buyer as it continued to build its gold allocation. These purchases point to sustained interest in reserve diversification, although reported activity remains an incomplete measure of total demand.

Selling also warrants perspective. Russia has reported reductions in its gold holdings, while Turkey made substantial sales earlier in the year. The motivations and accounting behind reserve changes are not always fully disclosed. In Turkey's case, the mobilisation of gold during currency pressure illustrates its role as a source of liquidity in periods of stress.

Gold's defensive role does not preclude selling when liquidity is urgently needed. During acute market stress, investors and reserve managers may draw on gold precisely because it is liquid and holds value. Such selling can weigh on prices initially without necessarily undermining its longer-term investment case.

The outlook: Easing headwinds, persistent fiscal risks

Turning to the outlook, consensus economic forecasts imply a gradual easing of the macroeconomic pressures that have weighed on gold. The US dollar is expected to depreciate, and nominal Treasury yields to decline. Inflation is also expected to moderate, consistent with tighter monetary policy and an eventual easing of Middle East-related energy disruption.

We combine those consensus macroeconomic forecasts with our own conservative assumption for speculative positioning in gold futures: 150,000 contracts, below the long-term average of approximately 200,000. Under these assumptions, our model implies a gold price of US$4,789/oz by Q3 2027, or approximately US$4,800/oz.

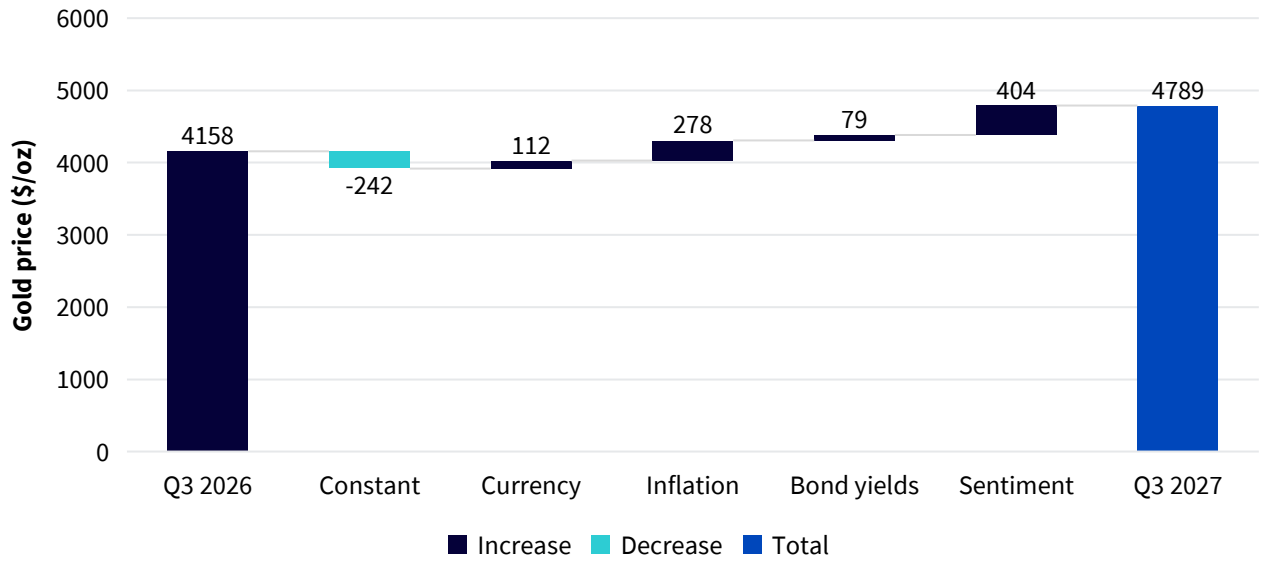
However, the fiscal concerns we highlighted in our 2025 outlooks remain unresolved. Elevated government debt and rising debt -servicing costs raise the risk of fiscal dominance: a situation in which government financing needs constrain monetary policy and compromise the pursuit of price stability. If maintaining sufficiently restrictive interest rates becomes politically or financially difficult, central banks could face pressure to ease before inflation is durably contained.

Such an outcome would not necessarily lead to lower longer-term bond yields. Investors could demand greater compensation for inflation and deteriorating policy credibility, even as central banks lower policy rates. Gold could therefore face a familiar headwind from higher nominal yields while benefiting from stronger demand for protection against currency debasement and the erosion of purchasing power.

Fiscal dominance is a risk to the consensus path rather than an assumption embedded in our forecast. It nevertheless reinforces gold's strategic relevance. Its appeal could strengthen both under the relatively orderly adjustment envisaged by consensus and under a less orderly outcome in which confidence in fiscal and monetary discipline weakens .

Consensus	Q3 2027
Inflation forecast	2.4%
Nominal 10-year yields forecast	4.66%
US$ exchange rate forecast (DXY)	98.4
Speculative positioning forecast	150,000
Gold price forecast (US$/oz)	4,789

Forecast attribution



Source: WisdomTree. Bloomberg Survey of Professional Economists. October 2026. **Forecasts are not an indicator of future performance, and any investments are subject to risks and uncertainties.**

Sensitivity analysis

Continuing the approach introduced in our previous outlook, we present sensitivity analysis around these assumptions. Given the unusually uncertain macroeconomic environment, this allows readers to explore how their own views on inflation, Treasury yields, the dollar and investor positioning translate into model-implied gold prices.

Each table varies two inputs while holding the remaining assumptions constant. For example, if DXY fell to 96 and nominal US 10-year Treasury yields declined to 4.23%, with inflation at 2.4% and speculative positioning at 150,000 contracts, our model would imply a gold price of approximately US$4,921/oz.

These are conditional model estimates. They illustrate the influence of individual inputs, but don't capture every possible interaction between economic conditions, investor behaviour and sources of demand outside our framework.

US exchange rate (DXY) level

Nominal yields (%)	90	93	96	99	102	105	108	111	114
2.12	5378	5283	5188	5093	4998	4903	4808	4713	4618
2.65	5311	5216	5121	5026	4931	4836	4741	4646	4551
3.17	5245	5150	5055	4960	4865	4770	4675	4580	4484
3.70	5178	5083	4988	4893	4798	4703	4608	4513	4418
4.23	5111	5016	4921	4826	4731	4636	4541	4446	4351
4.76	5045	4950	4855	4760	4665	4570	4475	4380	4285
5.29	4978	4883	4788	4693	4598	4503	4408	4313	4218
5.82	4912	4817	4722	4627	4532	4437	4342	4247	4152
6.35	4845	4750	4655	4560	4465	4370	4275	4180	4085
6.88	4779	4684	4589	4494	4399	4304	4208	4113	4018
7.41	4712	4617	4522	4427	4332	4237	4142	4047	3952
7.94	4645	4550	4455	4360	4265	4170	4075	3980	3885
8.46	4579	4484	4389	4294	4199	4104	4009	3914	3819

US exchange rate (DXY) level

Speculative positioning	90	93	96	99	102	105	108	111	114
-50000	4519	4424	4329	4234	4139	4044	3949	3853	3758
-25000	4586	4491	4396	4301	4206	4111	4016	3921	3826
0	4653	4558	4463	4368	4273	4178	4083	3988	3893
25000	4721	4625	4530	4435	4340	4245	4150	4055	3960
50000	4788	4693	4598	4503	4408	4313	4218	4123	4028
75000	4855	4760	4665	4570	4475	4380	4285	4190	4095
100000	4922	4827	4732	4637	4542	4447	4352	4257	4162
125000	4990	4895	4800	4705	4610	4515	4420	4325	4230
150000	5057	4962	4867	4772	4677	4582	4487	4392	4297
175000	5124	5029	4934	4839	4744	4649	4554	4459	4364
200000	5192	5097	5002	4907	4812	4717	4622	4527	4432
225000	5259	5164	5069	4974	4879	4784	4689	4594	4499
250000	5326	5231	5136	5041	4946	4851	4756	4661	4566
275000	5394	5299	5204	5109	5014	4918	4823	4728	4633
300000	5461	5366	5271	5176	5081	4986	4891	4796	4701
325000	5528	5433	5338	5243	5148	5053	4958	4863	4768

US exchange rate (DXY) level

CPI inflation (%)	90	93	96	99	102	105	108	111	114
-1.0	4663	4568	4473	4378	4283	4188	4093	3998	3903
-0.5	4721	4626	4531	4436	4341	4246	4151	4056	3961
0.0	4779	4684	4589	4494	4399	4304	4209	4114	4019
0.5	4837	4742	4647	4552	4457	4362	4267	4172	4077
1.0	4895	4800	4705	4610	4515	4420	4325	4230	4135
1.5	4953	4858	4763	4668	4573	4478	4383	4288	4193
2.0	5011	4916	4821	4726	4631	4536	4441	4346	4251
2.5	5069	4974	4879	4784	4689	4594	4499	4404	4309
3.0	5127	5032	4937	4842	4747	4652	4556	4461	4366
3.5	5185	5090	4995	4899	4804	4709	4614	4519	4424
4.0	5242	5147	5052	4957	4862	4767	4672	4577	4482
4.5	5300	5205	5110	5015	4920	4825	4730	4635	4540
5.0	5358	5263	5168	5073	4978	4883	4788	4693	4598
5.5	5416	5321	5226	5131	5036	4941	4846	4751	4656
6.0	5474	5379	5284	5189	5094	4999	4904	4809	4714
6.5	5532	5437	5342	5247	5152	5057	4962	4867	4772

Change in nominal yields (%)

CPI inflation (%)	3.174	3.703	4.232	4.761	5.290	5.819	6.348	6.877	7.406
-1.0	4582	4516	4449	4383	4316	4249	4183	4116	4050
-0.5	4640	4574	4507	4440	4374	4307	4241	4174	4108
0.0	4698	4632	4565	4498	4432	4365	4299	4232	4166
0.5	4756	4690	4623	4556	4490	4423	4357	4290	4224
1.0	4814	4747	4681	4614	4548	4481	4415	4348	4281
1.5	4872	4805	4739	4672	4606	4539	4473	4406	4339
2.0	4930	4863	4797	4730	4664	4597	4531	4464	4397
2.5	4988	4921	4855	4788	4722	4655	4588	4522	4455
3.0	5046	4979	4913	4846	4780	4713	4646	4580	4513
3.5	5104	5037	4971	4904	4838	4771	4704	4638	4571
4.0	5162	5095	5029	4962	4895	4829	4762	4696	4629
4.5	5220	5153	5087	5020	4953	4887	4820	4754	4687
5.0	5278	5211	5145	5078	5011	4945	4878	4812	4745
5.5	5336	5269	5202	5136	5069	5003	4936	4870	4803
6.0	5394	5327	5260	5194	5127	5061	4994	4928	4861
6.5	5452	5385	5318	5252	5185	5119	5052	4986	4919

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

Conclusion

Gold's earlier rally has largely unwound, leaving prices closer to those implied by our traditional framework. We remain constructive on the outlook through Q3 2027. Consensus expectations for a softer dollar and lower Treasury yields would provide support, while institutional and central -bank demand broaden gold's investment base.

The main near-term risk is that yields and the dollar remain elevated for longer than expected. Yet persistent concerns about debt sustainability could also reinforce demand for gold, particularly if confidence in sovereign assets weakens. With the earlier model premium substantially reduced, we believe gold is better placed to respond to positive catalysts, while retaining its relevance as a diversifier in a period of economic and policy uncertainty.

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