GOLD OUTLOOK TO Q2 2027:
A Healthy Reset Provides a Constructive Backdrop

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Key Takeaways

- Gold has undergone a remarkable reversal during the first half of 2026. After reaching an record high January 29, 2026, prices corrected sharply and, at the time of writing in early July, are trading below where they began the year.
- While the magnitude of the correction has unsettled investors, we view it as a healthy reset rather than the end of the structural bull market. The extraordinary valuation premium that developed during the 2025–26 rally has largely been unwound, leaving gold much closer to our estimate of fair value. Consequently, we expect the next phase for gold to be driven primarily by macroeconomic fundamentals rather than exceptional investor demand.
- Applying Bloomberg consensus forecasts for inflation, Treasury yields and the US dollar to our valuation model indicates a gold price of approximately US$4,563/oz by Q2 2027.

Gold Has Undergone a Healthy Reset

Gold experienced one of its sharpest reversals in recent years during the first half of 2026. After climbing to successive record highs through January, the market corrected aggressively over the following months. Although the decline has been substantial, we believe it represents a normalisation of valuations following an exceptional rally.

Several factors contributed to the correction.

First, the nomination of Kevin Warsh as the next Chair of the Federal Reserve restored confidence in the independence of US monetary policy. Earlier concerns that the White House would appoint a more politically aligned Chair had supported a significant risk premium in gold. As those fears subsided, part of that premium unwound.

Second, the outbreak of conflict with Iran initially generated selling pressure in gold as the metal was used as a highly liquid source of cash to meet emergency funding requirements. Although geopolitical uncertainty often supports gold over the medium term, acute liquidity events can temporarily produce the opposite effect.

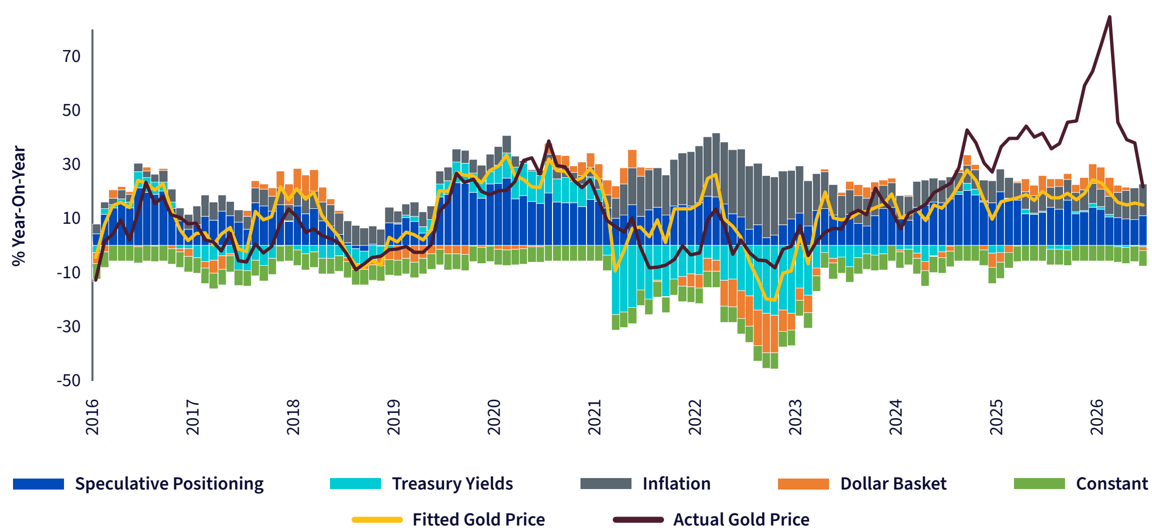
Third, demand from several of the new structural buyers that had driven the previous rally moderated noticeably. Purchases through Chinese and Indian exchange-traded products slowed, while our estimates suggest that Tether's accumulation of gold also eased significantly.

The Valuation Premium Has Largely Disappeared

In our previous outlooks we highlighted the unusually wide gap that had opened between our model-implied fair value for gold and the observed market price. We argued that the divergence reflected demand from a new cohort of buyers—including Asian investment vehicles and Tether—whose purchases were sufficiently large to move prices beyond what could be explained by traditional macroeconomic variables.

Following the correction in the first half of 2026, that valuation premium has largely disappeared.

Figure 1: Gold Price Attribution



Source: Bloomberg, WisdomTree Gold Price Model, data as of June 2026.The fitted gold price is the price the model would have forecast. The constant does not have economic meaning but is used in econometric modelling to capture other terms. It can be thought of as how much gold prices would change if all other variables are 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.**

The narrowing of this gap materially increases our confidence that gold is once again trading close to fair value. While prices can always deviate from fundamentals for extended periods, the excess valuation that characterised much of the 2025–26 rally has largely been eliminated.

This is an important change. Rather than relying on further expansion of valuation multiples, future returns are now more likely to depend on the evolution of macroeconomic fundamentals.

Gold Returns to Being a Macro Story

With valuations normalised, our outlook once again centres on the macroeconomic variables that have historically explained most of the variation in gold prices.

Gold may face intermittent headwinds in the near term as markets continue to reassess the outlook for US monetary policy. The latest FOMC projections and accompanying communications were interpreted as signalling a somewhat more hawkish Federal Reserve, leading futures markets to price rate hikes as early as September.

In our view, that repricing appears somewhat overdone.

Assuming the memorandum of understanding between the United States and Iran holds and tensions continue to ease, energy market pressures should gradually diminish. This would reduce inflationary pressures and most likely keep inflation from moving away from the Federal Reserve's target.

While the labour market remains a supportive force for the economy, it appears less robust than implied by the latest FOMC projections. Recent non-farm payroll data showed more moderate employment gains alongside downward revisions to previous months, suggesting that economic momentum is not in danger of overheating.

Bloomberg's survey of professional economists illustrates this expected moderation. Consensus forecasts anticipate US PCE inflation falling from around 3.9% in Q2 2026 to approximately 2.2% by Q2 2027. If realised, such an environment would be considerably more supportive for gold than current market pricing for monetary policy suggests.

The US dollar Remains an Important Driver

Our attribution analysis indicates that much of gold's weakness during 2026 can be explained by the appreciation of the US dollar.

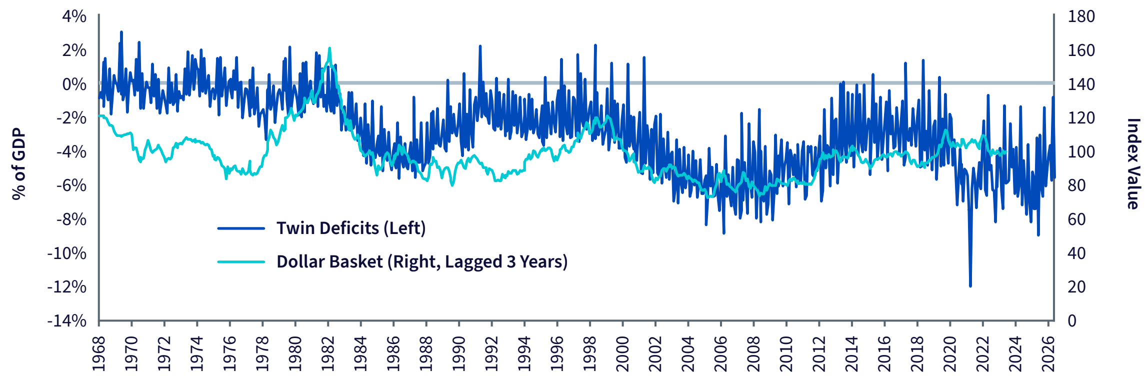
The dollar strengthened to its highest level in more than a year, benefiting from the United States' relative energy security during the Iran conflict and outperforming many other traditional safe-haven currencies.

Figure 2: Gold and US Dollar Basket

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

Assuming geopolitical tensions continue to ease and energy markets normalise, some of this support for the dollar could fade. Over the medium term, the structural arguments for a weaker US dollar—including persistent fiscal and current account deficits—remain intact and could once again become more influential.

Figure 3: US Dollar and US Twin Deficits



Source: Bloomberg Finance LP. WisdomTree, 1968-2026. **Historical performance is not an indication of future performance and any investments may go down in value.**

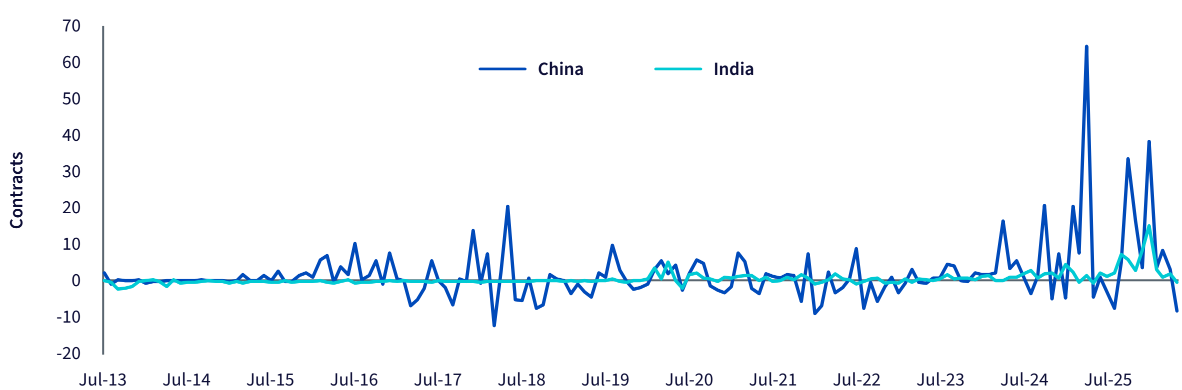
Structural Demand Has Normalised Rather Than Disappeared

The exceptional pace of buying from several important new sources has moderated considerably.

Chinese exchange-traded product demand accelerated sharply following the decision to allow insurance companies to invest in gold. Although inflows cooled during the second half of 2025, they strengthened again early in 2026 before turning to net outflows from May onwards.

Similarly, Indian investment demand surged following regulatory changes allowing pension funds to allocate to gold but has since moderated.

Figure 4: Monthly India and China ETP Demand



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

The timing of these slower inflows has broadly coincided with the correction in gold prices, suggesting that the marginal impact of these new buyers has diminished.

A similar pattern can be observed in Tether's purchases.

Quarter	Estimated Tether gold purchases (tonnes)
Q1 2025	11t
Q2 2025	12t
Q3 2025	26t
Q4 2025	27t
Q1 2026	6t

Source: WisdomTree estimates based on Tether quarterly attestation reports and LBMA gold price. **Historical performance is not an indication of future performance, and any investments may go down in value.**

Although these buyers remain structurally supportive for gold over the longer term, the extraordinary pace of accumulation that contributed to the previous valuation premium has clearly eased.

Positioning

Investor positioning also appears considerably less stretched than earlier in the year.

Net speculative positioning in COMEX gold futures remains subdued relative to recent peaks. From a technical perspective, however, gold price appears to be establishing a base after retracing beyond the 38.2% Fibonacci level. A recovery in investor sentiment could therefore provide an additional tailwind should macroeconomic conditions become more supportive.

Figure 5: Gold Price With Fibonacci Retracement Lines

Source: WisdomTree. Bloomberg Finance LP. July 2025 - July 2026. Fibonacci retracement levels measure the extent of a price correction relative to a preceding move. Common retracement levels include 23.6%, 38.2%, 50%, 61.8% and 78.6%, which some market participants use to identify potential support and resistance. **Historical performance is not an indication of future performance, and any investments may go down in value.**

Outlook

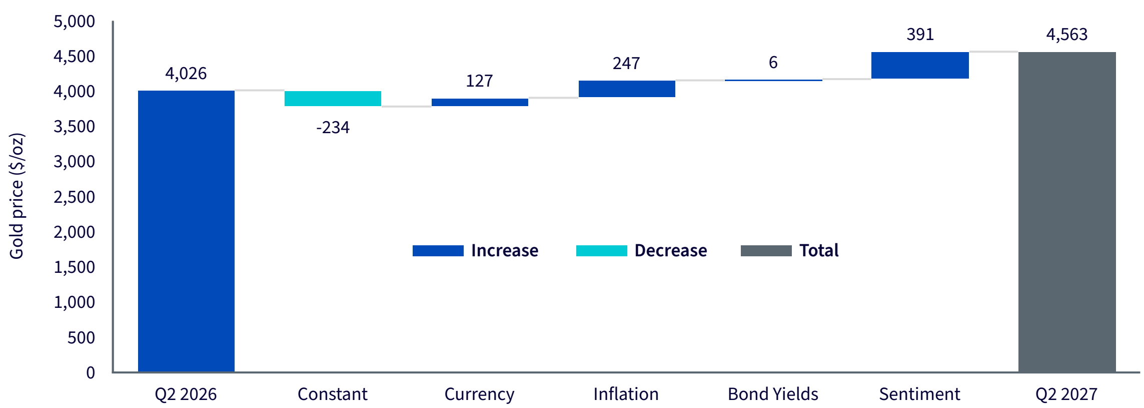
With the valuation premium largely eliminated, our forecast once again relies primarily on the macroeconomic variables that have historically explained gold prices.

Applying Bloomberg consensus forecasts for inflation, Treasury yields and the US dollar, while assuming net speculative positioning stabilises around 150,000 contracts, generates a model-implied gold price of **US$4,563/oz by Q2 2027.**

This represents a recovery of more than US$500/oz from end-Q2 2026 levels, although it remains well below the record intraday high reached in January 2026.

Consensus	Q1 2027
Inflation forecast	2.2%
Nominal 10-year yields forecast	4.33%
US$ exchange rate forecast (DXY)	97.1
Speculative positioning forecast	150,000
Gold price forecast (US$/oz)	4,563

Figure 6: Forecast Attribution



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

Sensitivity Analysis

Rather than presenting conventional bull and bear scenarios, we provide a series of sensitivity analyses around our central forecast.

Given the unusually uncertain macroeconomic environment, we believe this approach is more informative because it allows readers to apply their own assumptions regarding inflation, interest rates, the US dollar and investor positioning while holding all other variables constant.

For example, if the US dollar were to appreciate to 104 and nominal 10-year Treasury yields were to rise to 5.24%, while inflation remained at 2.2% and speculative positioning at 150,000 contracts, our model would imply a gold price of approximately US$4,209/oz.

The following tables illustrate how changes in combinations of macroeconomic variables affect our forecast, allowing investors to map their own macroeconomic views directly into an implied gold price.

	US Exchange Rate (DXY) Level								
Nominal Yields (%)	**89**	**92**	**95**	**98**	**101**	**104**	**107**	**110**	**113**
1.75	5,185	5,093	5,001	4,909	4,817	4,725	4,633	4,541	4,449
2.19	5,120	5,028	4,936	4,844	4,752	4,660	4,568	4,476	4,384
2.62	5,056	4,964	4,872	4,780	4,688	4,596	4,504	4,412	4,320
3.06	4,991	4,899	4,807	4,715	4,623	4,531	4,439	4,347	4,255
3.50	4,927	4,835	4,743	4,651	4,559	4,467	4,375	4,283	4,191
3.93	4,862	4,770	4,678	4,586	4,494	4,402	4,310	4,218	4,126
4.37	4,798	4,706	4,614	4,522	4,430	4,338	4,246	4,154	4,062
4.81	4,733	4,641	4,549	4,457	4,365	4,273	4,181	4,089	3,997
5.24	4,669	4,577	4,485	4,393	4,301	4,209	4,117	4,025	3,933
5.68	4,604	4,512	4,420	4,328	4,236	4,144	4,052	3,960	3,868
6.12	4,540	4,448	4,356	4,264	4,172	4,080	3,988	3,896	3,804
6.56	4,476	4,384	4,292	4,200	4,108	4,016	3,924	3,832	3,740
6.99	4,411	4,319	4,227	4,135	4,043	3,951	3,859	3,767	3,675

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

Speculative Positioning	US Exchange Rate (DXY) Level								
	89	92	95	98	101	104	107	110	113
-50,000	4,282	4,190	4,098	4,006	3,914	3,822	3,730	3,638	3,546
-25,000	4,348	4,256	4,164	4,072	3,980	3,888	3,796	3,704	3,612
0	4,413	4,321	4,229	4,137	4,045	3,953	3,861	3,769	3,677
25,000	4,478	4,386	4,294	4,202	4,110	4,018	3,926	3,834	3,742
50,000	4,543	4,451	4,359	4,267	4,175	4,083	3,991	3,899	3,807
75,000	4,608	4,516	4,424	4,332	4,240	4,148	4,056	3,964	3,872
100,000	4,673	4,581	4,489	4,397	4,305	4,213	4,121	4,029	3,937
125,000	4,739	4,647	4,555	4,463	4,371	4,279	4,187	4,095	4,003
150000	4,804	4,712	4,620	4,528	4,436	4,344	4,252	4,160	4,068
175,000	4,869	4,777	4,685	4,593	4,501	4,409	4,317	4,225	4,133
200,000	4,934	4,842	4,750	4,658	4,566	4,474	4,382	4,290	4,198
225,000	4,999	4,907	4,815	4,723	4,631	4,539	4,447	4,355	4,263
250000	5,064	4,972	4,880	4,788	4,696	4,604	4,512	4,420	4,328
275,000	5,130	5,038	4,946	4,854	4,762	4,670	4,578	4,486	4,394
300,000	5,195	5,103	5,011	4,919	4,827	4,735	4,643	4,551	4,459
325,000	5,260	5,168	5,076	4,984	4,892	4,800	4,708	4,616	4,524

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

CPI Inflation (%)	US Exchange Rate (DXY) Level								
	89	92	95	98	101	104	107	110	113
-1.0	4,445	4,353	4,261	4,169	4,077	3,985	3,893	3,801	3,709
-0.5	4,501	4,409	4,317	4,225	4,133	4,041	3,949	3,857	3,765
0.0	4,557	4,465	4,373	4,281	4,189	4,097	4,005	3,913	3,821
0.5	4,613	4,521	4,429	4,337	4,245	4,153	4,061	3,969	3,877
1.0	4,669	4,577	4,485	4,393	4,301	4,209	4,117	4,025	3,933
1.5	4,725	4,633	4,541	4,449	4,357	4,265	4,173	4,081	3,989
2.0	4,781	4,689	4,597	4,505	4,413	4,321	4,229	4,137	4,045
2.5	4,837	4,745	4,653	4,561	4,469	4,377	4,285	4,193	4,101
3.0	4,894	4,802	4,710	4,618	4,526	4,434	4,342	4,250	4,158
3.5	4,950	4,858	4,766	4,674	4,582	4,490	4,398	4,306	4,214
4.0	5,006	4,914	4,822	4,730	4,638	4,546	4,454	4,362	4,270
4.5	5,062	4,970	4,878	4,786	4,694	4,602	4,510	4,418	4,326
5.0	5,118	5,026	4,934	4,842	4,750	4,658	4,566	4,474	4,382
5.5	5,174	5,082	4,990	4,898	4,806	4,714	4,622	4,530	4,438
6.0	5,230	5,138	5,046	4,954	4,862	4,770	4,678	4,586	4,494
6.5	5,286	5,194	5,102	5,010	4,918	4,826	4,734	4,642	4,550

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

CPI Inflation (%)	Change in Nominal Yields (%)								
	2.622	3.059	3.496	3.933	4.370	4.807	5.244	5.681	6.118
-1.0	4,456	4,391	4,327	4,262	4,198	4,133	4,069	4,004	3,940
-0.5	4,512	4,447	4,383	4,318	4,254	4,190	4,125	4,061	3,996
0.0	4,568	4,503	4,439	4,375	4,310	4,246	4,181	4,117	4,052
0.5	4,624	4,560	4,495	4,431	4,366	4,302	4,237	4,173	4,108
1.0	4,680	4,616	4,551	4,487	4,422	4,358	4,293	4,229	4,164
1.5	4,736	4,672	4,607	4,543	4,478	4,414	4,349	4,285	4,221
2.0	4,792	4,728	4,663	4,599	4,535	4,470	4,406	4,341	4,277
2.5	4,848	4,784	4,720	4,655	4,591	4,526	4,462	4,397	4,333
3.0	4,905	4,840	4,776	4,711	4,647	4,582	4,518	4,453	4,389
3.5	4,961	4,896	4,832	4,767	4,703	4,638	4,574	4,509	4,445
4.0	5,017	4,952	4,888	4,823	4,759	4,695	4,630	4,566	4,501
4.5	5,073	5,008	4,944	4,880	4,815	4,751	4,686	4,622	4,557
5.0	5,129	5,065	5,000	4,936	4,871	4,807	4,742	4,678	4,613
5.5	5,185	5,121	5,056	4,992	4,927	4,863	4,798	4,734	4,669
6.0	5,241	5,177	5,112	5,048	4,983	4,919	4,855	4,790	4,726
6.5	5,297	5,233	5,168	5,104	5,040	4,975	4,911	4,846	4,782

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

Conclusion

The sharp correction in the first half of 2026 has fundamentally changed the investment case for gold. The valuation premium that characterised much of the 2025–26 rally has largely been unwound, bringing prices back into line with our estimate of fair value. While this may reduce the scope for further gains driven purely by investor enthusiasm, it provides a healthier foundation for future performance. From here, the outlook for gold is likely to be determined primarily by macroeconomic fundamentals—particularly the evolution of inflation, interest rates and the US dollar. Based on current consensus expectations, our model points to a recovery towards US$4,563/oz by Q2 2027, although the sensitivity analysis illustrates how different macroeconomic outcomes could materially alter that path.

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