

Press release

Gold Faces a Pivotal Second Half as Geopolitical Risk, Rate Expectations, and Investor Positioning Collide

New York, 1 July 2026 – After a volatile start to the year, gold now faces a pivotal second half that will be shaped by unpredictability from geopolitics, rates, and investor sentiment, according to the Gold Mid-Year Outlook 2026 released by the World Gold Council today. Gold set more than 12 all-time highs and reached a record US\$5,405/oz in late January before pulling back sharply to a low of US\$4,002/oz in June – a swing that resulted in a 7% year-to-date drop in price and an increase in average volatility to 30%.¹ Despite the pullback, gold remains one of the strongest-performing assets over the past year.

Elevated geopolitical risk, driven in large part by the US-Iran conflict, was the most significant contributor to first-half performance, alongside momentum from investor positioning and profit-taking, according to the World Gold Council's [Gold Return Attribution Model \(GRAM\)](#). Opportunity cost had a mixed effect as markets repriced rate and US dollar expectations. Notably, the bulk of gold's price movement occurred during Asian and US trading sessions, reflecting the increasingly central role of Asian investors in global price discovery.

As investors look to the second half, gold will continue to serve as a barometer of global macroeconomic conditions, as indicated by the World Gold Council's [Gold Valuation Framework](#). Unlike assets primarily driven by domestic dynamics, gold reflects demand from consumers, investors, and institutions worldwide. At current levels, the price is broadly consistent with consensus: at least one Fed rate hike in 2026, likely by October; parallel tightening from the Bank of England, Bank of Japan, and European Central Bank; and US inflation peaking near 3.9% in Q2. If these conditions hold, gold may trade within $\pm 5\%$ of approximately US\$4,100/oz through year-end.

Gold could resume its upward trend if geopolitical or economic conditions deteriorate, or if rate expectations shift, though only a strong signal of global deceleration is likely to push gold above US\$4,500/oz. On the downside, dollar strength, rate hikes above expectations, and risk-on sentiment are the primary headwinds; sustained trading below US\$4,000/oz could trigger further selling, though a drop of more than 10% from current

¹ As of 26 June 2026, based on the LBMA Gold Price PM and H1 average of 30-day realised volatility.



levels will likely bring organic demand from long-term buyers across multiple geographies, based on historical performance.

Juan Carlos Artigas, Regional CEO, Americas and Global Head of Research at the World Gold Council, commented:

“The gold market has made something clear this year: it is a genuinely global asset. The gold price reflects macroeconomic and geopolitical dynamics around the world, not just in the US, which is part of what makes it such a valuable lens for investors. Rates matter, and we expect them to be a key variable in the second half. But gold’s performance is not driven by a single factor. Gold has come under pressure near US\$4,000/oz this year and previously rebounded, supported by organic demand from long-term buyers across multiple geographies. That structural demand from central banks, institutional investors, and consumers worldwide is what underpins gold’s resilience.”

To read the full report, visit [here](#).

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World Gold Council

We are a membership organisation that champions the role gold plays as a strategic asset, shaping the future of a responsible and accessible gold supply chain. Our team of experts builds understanding of the use case and possibilities of gold through trusted research, analysis, commentary, and insights. We drive industry progress, shaping policy and setting the standards for a perpetual and sustainable gold market. You can follow the World Gold Council on X (Twitter) at @goldcouncil and LinkedIn.