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Are precious metals set for a comeback?

Last year, gold's rise in value of over 60% in USD significantly boosted the performance of investment portfolios; a similar trend had already been seen the year before. Expectations that this will continue in 2026 have not yet been fulfilled, and the picture is even more disappointing for other precious metals.

The optimism at the start of the year was based on various factors. It was assumed that the US Federal Reserve would cut key interest rates further, thereby generating the desired downward pressure on the US dollar. Furthermore, there was steady demand driven by the ongoing diversification of currency reserves, primarily by Asian central banks. Interest from private investors was also foreseeable, as their allocation to precious metals within their total assets is rather modest.

With the war in Iran, inflationary concerns grew so significantly over the course of the year that interest rates and interest rate expectations reversed completely. This development, alongside the geopolitical upheavals, kept the US dollar unexpectedly stable. As a result, precious metals lost value and their reputation as a hedge against inflation and political turmoil could not live up to expectations.

Arguably the most important monetary indicator influencing the price of precious metals is the real interest rate on US government bonds – that is, the yield on inflation-linked T-bonds, which can be observed on a daily basis. This yield has risen significantly over the course of 2026 and is at multi-year highs. The factors driving this trend could lose their influence in the foreseeable future, paving the way for a reversal in interest rate trends (real yield). In particular, the new Fed Chair, Warsh – initially suspected by the financial markets of being a puppet of Trump – has demonstrated in his first days in office that he intends to pursue a policy independent of the White House. The restoration of confidence in the central bank means that uncertainty regarding longer-term inflation trends is being reduced, which should have a favorable effect on real interest rates.

Furthermore, the US currency is significantly overvalued, and a correction appears to have been set in motion, at least in relation to the yen. Judging by the expected trend in interest rates in the US relative to key countries, a weakening of the US currency is conceivable as the year progresses. Added to these factors is the fact that central banks' gold purchases will continue, as confirmed by a survey of monetary authorities.

Combining these considerations with a significantly improved technical picture of the market, we conclude that a turnaround in the price trend of gold – and, in its wake, of other precious metals – is likely imminent. We therefore recommend maintaining an appropriate gold position in your portfolio.

Wangs, 7 August 2026