

Flash

Precious metals: after an overextended rally in January, the current sharp correction offers new buying opportunities

Key Messages

1. After an already impressive performance in 2025, the precious metals rally further accelerated in January before correcting at the end of the month.
2. Although we can still see volatility in the short term, we expect the long-term upward trend to remain intact.
3. **We maintain our target price of USD 5,000 for gold and USD 80 for silver. After substantially exceeding these targets in January, the recent correction still offers sufficient upside for gold (Positive), less so for silver (Neutral).**

An overextended rally

At last week's peak, the gold price was up 28% YTD, platinum +35% and silver even +65%. Since the start of 2025, the gold price had more than doubled, while platinum had multiplied by 3 and silver by 4.

Apart from Fed rate cuts and a weaker US dollar, prices had been supported by strong private investor buying appetite for these safe-haven assets in today's highly uncertain geopolitical environment. This adds to the gold reserve accumulation by central banks, and the relatively tight supply, especially for silver and platinum.

Since the start of the year, the flight to safe-haven investments has been supported by i) US military intervention in Venezuela; ii) Trump's attempt to annex Greenland, and the ensuing troubled relations with NATO and Europe; iii) the threat of additional tariffs; iv) rising tensions around Iran, and v) US domestic issues with ICE (immigration), concerns over another government shutdown and over the Fed's independence.

Following the sharp correction in recent days, new buying opportunities are emerging

After excessive speculation had driven the January spike too far and too fast (with gold peaking at USD 5,600 and silver at USD 120, way above our targets of USD 5,000 and USD 80 respectively), a sharp correction followed. The main trigger was the nomination of Kevin Warsh as the next Fed Chair. As Mr Warsh is perceived as more hawkish than Jerome Powell, and he plans to reduce the Fed's balance sheet, concerns about the Fed's independence are easing and the greenback is recovering. This has triggered safe-haven investors to take profit on precious metals. In addition, geopolitical tensions have lessened somewhat in recent days, as Iran is negotiating with the US to avoid military action (via a possible nuclear deal), while the US has already partially lifted oil export sanctions on Venezuela.

Long-term upward trend still intact

We think the long-term supply/demand prospects for most precious metals still point to an ongoing uptrend. The structural diversification trend from the US dollar into real assets still has further to run, both for central banks and investors, in the context of high geopolitical and financial uncertainties (such as high inflation and government debt). Safe-haven investor interest could soon return due to unexpected policy actions, military threats or if the US Supreme Court cancels Trump's trade tariffs, which could be followed by new policy uncertainty and market concerns about the high US fiscal deficit.

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Silver price: more volatile, so more caution

We are more cautious on the outlook for silver because the recent rally has been more overextended than for gold price, due to widespread speculation in a tight market. Despite the recent sharp correction, the silver price is still higher than at the start of 2026 and is 3 times higher than in early 2025.

This could result in some demand destruction or substitution in the physical markets, e.g. for industrial and electronic applications. While solar demand destruction is ongoing, more important are the strength and sustainability of investment and ETF demand for silver. Furthermore, silver does not enjoy the same level of support from central bank buying as gold. So, after last year's historic rally, we are Neutral in the short term.

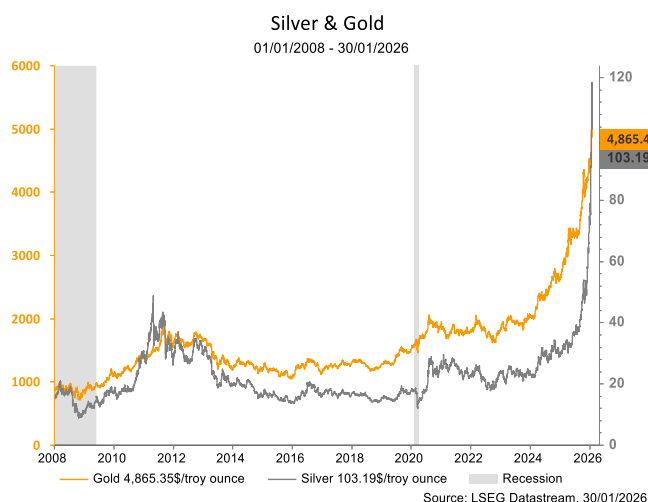
Copper and industrial metals

The upward trend in industrial metals accelerated in January, with copper, aluminium, zinc and nickel all up more than 10% YTD, and some tech- and energy-related niche metals even more: uranium +20%, tin and lithium up 40%+. Prices are supported by growing demand for the energy transition, infrastructure and technology, combined with supply disruptions, inventory build-up and increased investor interest.

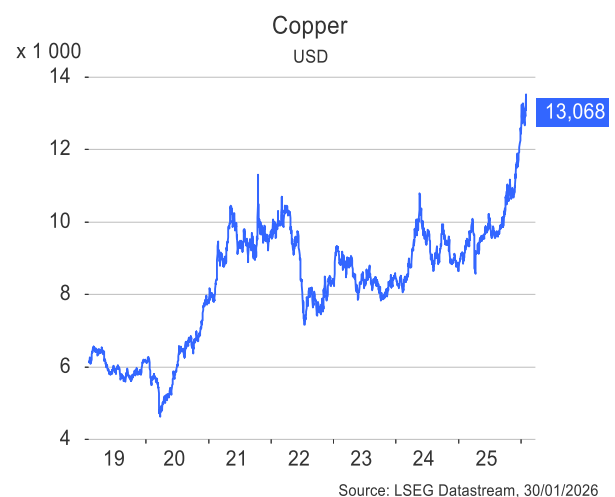
Although we are aware that part of supply disruptions, inventory build-up and speculation may be temporary (e.g. the Grasberg copper mine is expected to return to full production within a few months), we remain Positive on industrial metals for the few next years in view of structurally high demand growth for the energy transition and infrastructure, combined with limited supply growth.

So, any further short-term price correction in these industrial metals could offer attractive entry points.

GOLD AND SILVER PRICE ACCELERATION IN 2025



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