



Gold at \$5,000 an ounce in 2026? Why investors are preparing for a historic surge

About OCIM

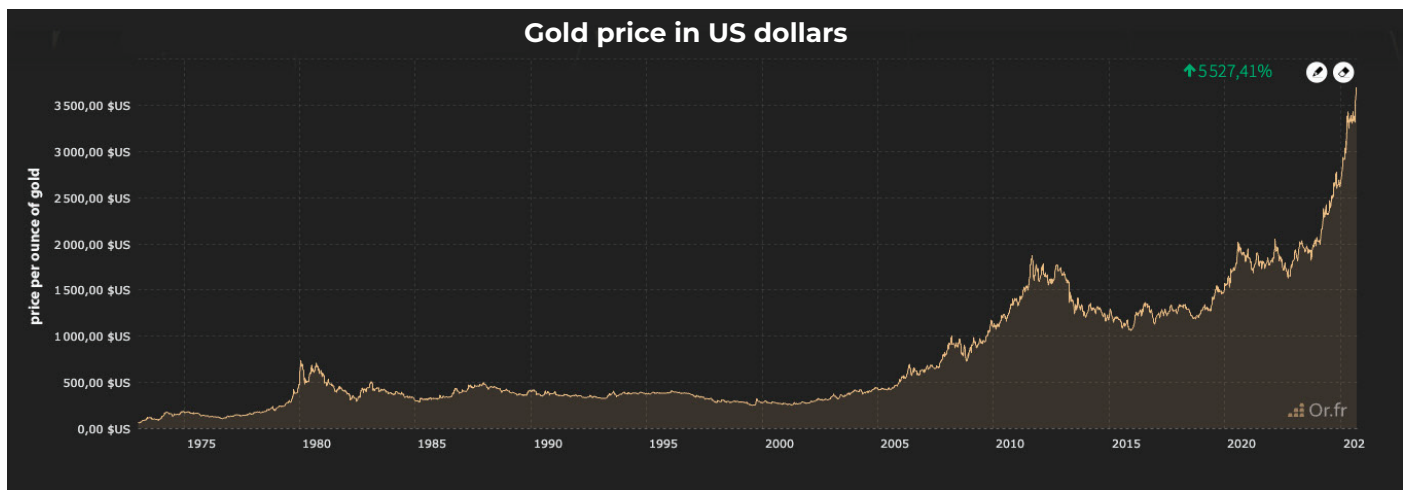
Founded in Paris in 1961, the OCIM Group is fully owned and managed by the holding company OCIM Finance. Having started as a real estate developer and asset manager OCIM has a long experience of managing complex projects and tangible assets. OCIM is now fully dedicated to the precious metals sector, producing and trading gold and silver and sourcing strategic platinum grade metals, including platinum, palladium and rhodium. OCIM carries out a dual and complementary activity as a trader and financier. As a trader, OCIM buys and sells throughout the value chain of the assets concerned, from producers to end users. As a financier, OCIM funds the operations of the value chain, mainly through short term prepayment contracts. OCIM also operates two integrated gold processing plants in Peru and produces responsible gold out of ore purchased from local Artisanal & Small Scale Miners.

OCIM has teams based in Paris, Geneva and Lima.

In a context marked by monetary instability and geopolitical tensions, gold stands out as the ultimate safe-haven asset. In a recent study, “Diversify Into Commodities, Especially Gold,” Goldman Sachs strategists predict that the price of gold will reach \$3,700 by the end of 2025 and \$4,000 by mid-2026, with the potential to rise significantly above \$5,000 in the event of a crisis of confidence in the Fed and, therefore, in the US dollar.

This forecast is based on fundamental dynamics: loss of confidence in financial institutions, accelerated diversification of central bank reserves, and a macroeconomic environment that makes gold more attractive than ever.

Since the 2008 financial crisis, and more recently with the freezing of Russian reserves in 2022, the credibility of the dollar as a global reserve currency has been shaken. Investors and governments are questioning the United States' ability to maintain an independent and stable monetary policy. For Goldman Sachs, a scenario in which the Fed's independence is compromised—for example, in



the event of political pressure to finance US debt—would lead to higher inflation, a fall in equity and bond markets, and a flight to gold. Unlike financial assets, gold does not depend on any institution: its value persists even in the event of a crisis of confidence in central banks or governments.

This institutional risk is amplified by a tense geopolitical environment. Economic sanctions, such as those imposed on Russia, have shown that dollar reserves can be seized or frozen. In response, central banks, particularly in Asia and the Middle East, are accelerating their gold purchases to diversify their reserves and reduce their exposure to the dollar. This trend, already visible since 2022, is expected to continue in the coming years, providing structural support for demand.

Central banks, the new driver of demand

The main factor behind the anticipated rise in gold prices is therefore the insatiable appetite of central banks. Since 2022, their purchases have increased fivefold compared to the previous decade. China, Russia, India, and Turkey are leading this movement, but other emerging countries are following suit. Goldman Sachs estimates that these purchases are likely to continue for another three to six years, giving these institutions time to achieve their diversification goals.

A striking example: the People's Bank of China increased its gold reserves by 16% between 2022 and 2023, and this trend shows no signs of slowing down. According to analysts, if central banks continue to buy at this rate, annual demand could represent 20% to 25% of global mining production, creating a structural imbalance between limited

supply and rapidly growing demand.

Another key factor is the relative size of the gold market. Today, the gold ETF market is only 1% the size of the U.S. bond market. If only a small fraction of private investors were to switch from bonds to gold, the price could skyrocket.

Goldman Sachs calculates that a transfer of 1% of private holdings from US Treasuries to gold would push the price up to nearly \$5,000 per ounce, assuming that physical supply remains unchanged.

A favorable macroeconomic environment

Several macroeconomic factors are reinforcing the appeal of gold. First, the expected weakening of the dollar. Goldman Sachs economists anticipate a weaker dollar by 2026, due to a slowdown in US growth and less restrictive monetary policy. A weak dollar makes dollar-denominated gold more affordable for foreign investors, thereby stimulating demand.

Second, the outlook for inflation and interest rates. In a scenario where the Fed is forced to keep rates low to support the economy—or worse, to cut them aggressively—the opportunity cost of holding gold (an asset that does not earn interest) would decrease. Historically, gold has performed well in environments of low or negative real interest rates, as was the case in the 1970s and after the 2008 financial crisis.

Finally, fears about US debt, which now exceeds 120% of GDP, are fueling concerns about possible debt monetization—that is, massive money creation to finance deficits. Such a situation could trigger a crisis of confidence in the dollar and a rush to gold,

as was the case after the end of the gold standard in 1971, when the price of gold rose from \$35 to \$850 per ounce in less than ten years.

Gold supply: a structural constraint

Unlike other assets, the supply of gold is inelastic. Mining production has been stagnant for years, due to the scarcity of easily exploitable deposits and environmental constraints. New mining projects are costly, take a long time to develop (10 years on average), and often face local or regulatory opposition.

Recycling (jewelry, electronics) is not enough to bridge the gap between supply and demand. As a result, even when prices rise, production cannot increase quickly enough to meet demand. This structural scarcity is another argument in favor of a sustained rise in prices.

Possible scenarios: how high can gold go?

Goldman Sachs envisages three scenarios for the price of gold between now and mid-2026:

- **Base case scenario (\$4,000):** Demand from central banks remains strong, the dollar weakens moderately, and inflation remains under control. In this case, gold reaches \$4,000, driven by growing allocation of global reserves and stable demand from private investors.
- **Stress scenario (\$5,000):** A crisis of confidence in the Fed or a major geopolitical escalation (China-Taiwan conflict, widespread trade war)

triggers a rush to gold. Private investors join central banks, and the price far exceeds initial forecasts.

- **Unfavorable scenario (stagnation around \$3,500):** Geopolitical stabilization or renewed confidence in the dollar limits the rise. However, analysts consider this scenario unlikely, given the current tensions.

Lessons from history

Gold has always been a safe haven asset in times of crisis. In 2022, during the invasion of Ukraine and the surge in energy prices, gold outperformed stocks and bonds, with positive real returns despite an inflationary environment. Earlier, in the 1970s, gold had already demonstrated its ability to protect against inflation and currency crises.

Today, the parallels with that era are striking: high debt, geopolitical tensions, and loss of confidence in paper currencies. These similarities reinforce the credibility of a bullish scenario for gold. While short-term risks exist, the overall trajectory remains firmly bullish. For investors, gold is no longer just insurance against crises, but also an opportunity for returns in a context where traditional assets (stocks, bonds) could underperform. In the coming months, it will therefore be important to monitor central bank purchases, the evolution of the dollar, and the Fed's decisions. These indicators will give a more accurate idea of the speed at which gold could reach—and perhaps exceed—\$5,000.



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