



Analyse January 2025
— *Gold's unshakeable appeal*

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Gold's — *unshakeable appeal*

Demand for gold has soared. Despite not producing interest, its market performance has been dazzling. There are several reasons why it continues to captivate investors.

Gold prices have risen spectacularly in recent times. From less than USD 1,800 in early 2022, the price of an ounce of gold hit a new record of USD 2,777.80 last October, before settling at around USD 2,600 at the end of the year.

Role of central banks

Gold's rise has been powered by a whole series of factors. First of all, central banks have played a major hand in it, especially those in the BRIC countries (Brazil, Russia, India and China). In a bid to reduce their reliance on the US dollar, they have set about buying gold in vast quantities. Reflecting this, annual demand for gold between 2022 and 2023 exceeded 1,000 tonnes – double the 2021 level and quadruple the 2020 level. These institutions are increasing the proportion of their foreign exchange reserves held in gold. Some of them are worried about possible dollar depreciation. Others are more concerned about the political firepower wielded by the greenback.

The World Gold Council's 2024 survey of central banks' gold reserves shows that central banks are bullish about gold's status as a reserve asset. Close to 70% of respondents expect gold's position in central bank reserves to increase over the next five years.

Battle against inflation

Inflation triggered by the post-pandemic economic rebound, supply-chain disruption caused by the renewed lockdown in China and the surge in commodity prices sparked by Russia's invasion of Ukraine, prompted the central banks in developed nations to hike their benchmark rates substantially between February 2022 and August 2024. Even though these rate hikes tend to weigh on gold prices, again because it does not pay any interest, gold maintains its appeal as a means of safeguarding portfolios against monetary erosion. Interest rates are now moving lower again, as central banks look to support economic activity. With the emergence of a cycle of rate cuts, other factors supporting gold prices have appeared.

Geopolitical tensions

Although gold evidently pays out zero yield, it's the ultimate safe haven, as it has shown time and again throughout history. So it's tremendously sought-after in times of crisis. And at the present time there's no shortage of crises. There's the war in Ukraine, the conflict in the Middle East, the tension surrounding Taiwan and North Korea's escalating provocations. Granted, gold prices sometimes decline or tread water, but over the past 50 years even bigger rallies have always followed in the wake of such episodes.

Gold-hungry jewellery sector

Another factor influencing gold prices is the brisk demand from the jewellery industry. According to estimates, it consumes more than 2,000 tonnes p.a. and remains the dominant segment, accounting for 46% of total demand for gold in the third quarter of 2024. Gold is usually bought and sold in US dollars. In addition, whenever one factor works against gold prices, others

tend to push in the opposite direction. Demand for jewellery weakened in 2024, but investors picked up the slack. This was particularly the case in China, where the lower demand for jewellery was partly offset by a sharp increase in investment in gold ingots and coins. Gold ETFs also attracted major net inflows from China, lifting the combined total in 2024 to a record high.

Gold remains a key pillar of resilient and diversification-based investment strategies.

Gold-only fund

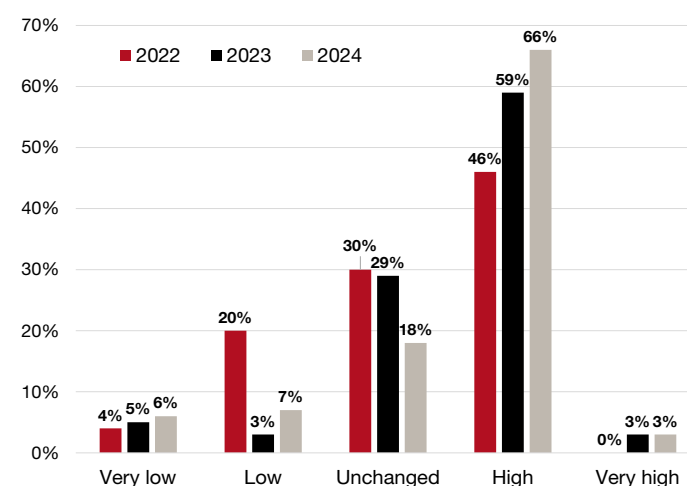
Gold's enduring appeal has prompted us to launch the Bonhôte (CH) – Swiss Gold Bars ESG Fund. The advantages of this physical gold fund include its increased security, scientific-grade traceability and ESG integration. The fund's gold, held in Switzerland, originates from mines meeting the highest environmental, social and governance (ESG) standards. It is operated in conjunction with Metalor, a precious metals refining and processing company founded in Neuchâtel back in 1852.

Watch the video
(in French) on our website
bonhote.ch/analyse-en



This text and the video were produced in collaboration with *Le Temps*

Projected growth in central
bank gold reserves
(5-year forecasts).



Source: World Gold Council

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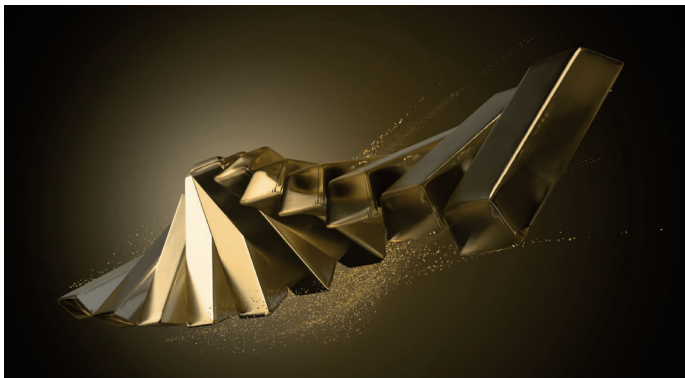
Latest news from — the Bonhôte Bank



Leadership transition at Bank Bonhôte

Bonhôte is pleased to announce the appointment of Kim-Andrée Potvin as its next Chief Executive Officer (CEO) from 1 January 2025. She will take over from Yves de Montmollin, who after 20 years with the Bank – including half that time spent as CEO – will join the Board of Directors, becoming its Vice-Chairman in April 2025.

To find out more, visit bonhote.ch/CEO-en



New investment fund BONHÔTE (CH) - Swiss Gold Bars ESG

Bonhôte's physical gold fund is a winning combination of tradition, innovation and SRI, offering enhanced security, transparency, scientific-grade traceability and ESG integration.

Find out more by visiting
bonhote.ch/swiss-gold-bars-esg-en



Foundation stone laid at Concept B.180 to mark start of work

Tuesday 10 December 2024 will go down in history for Bonhôte-Immobilier SICAV. The foundation stone was laid today at the Concept B.180 development, with officials from the city and canton of Neuchâtel in attendance. This event marks the start of construction work.

Find out more: bonhote.ch/concept-b180-en

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