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THE GOLD RALLY IS HERE

Gold rallies to $2,195.49, an all-time record high and just $4.51 from the $2,200 which I had previously predicted!

Gold has surged to record highs, surpassing the $2,100 per ounce mark and breaking through the resistance level in this rally. This upward movement was triggered by increasing speculations of a U.S. interest rate cut in June and the escalating conflict in the Middle East, which led to a surge in safe-haven demand. Spot gold's remarkable performance propelled it to a new record price of $2,195.49, today, as I write, the metal is at around $2,156.38 per ounce.

The main reason for the metal's recent gain is simply that the market is coming to terms with the fact that a Fed rate cut is drawing nearer, and speculation is building. Any announcement to confirm that the cuts are coming could push gold even higher.

I have over thirty years in multi asset trading experience, and have been actively trading gold for three decades, earlier this year I had forecast that the metal will cross $2,200 in the second quarter, but on the 8th of March gold all but hit my forecasted number, some of the rate cuts have been priced in by the recent move higher, but as cuts actually start we could see another record high set.

Let's not forget that the metal is viewed as a safe haven during times of political and financial uncertainty, the war in Gaza has also added fuel to gold's rally higher.

That said, of course, gold will lose ground should the U.S. Federal Reserve rhetoric lean back toward delays in the inevitable cuts, but once rate cuts look certain, gold will move higher!

Looking back, gold has remained under pressure due to the high interest rates which helped push the dollar higher, this in turn, making the precious metal more expensive for overseas buyers, but the brakes are going to come off soon, and the dollar will almost certainly fall back on rate cuts.

It's important to note that before this rally and breakout, gold had for months shown strong resilience and price stability, this despite the rising 'cost' of holding a non-interest-paying asset - gold. Not even the market's obsession with AI-related stocks and crypto's which had helped drive what I would rate as a false sense of stability across risk markets. However, the yellow metal in the aforementioned period had benefited from the increasing demand for physical gold, and as a softer dollar came, this just lent weight to gold's upside - a rally was in fact overdue.

As usual, the herd investors got it all wrong, they had been selling multiple positions in gold and silver before both these metals rallied higher; for example, silver ETF Fund holdings were down 437 tons to 21,407 in one month, and at the time this was the highest monthly withdrawal since last July.

For clarity the reason why gold had lost very little ground despite the strong pickup in bond yields, and reduced rate cut expectations was because its upside had been driven by geopolitical concerns related to tensions in the Middle East, and further momentum came from the continued strong demand for physical gold from central banks, and China's middle class attempting to preserve their dwindling fortunes caused by the property market crisis in China.

I want to be very clear, I am very bullish on gold going forward and hold the same opinion in silver, its likely to benefit from the coming rate cuts too, I have previously commented several times that both metals are likely to remain under some downward pressure until there is some clarity on the arrival of the inevitable US rate cuts.

For now, the short-term direction of gold and silver will continue to be dictated by incoming economic data and their impact on the dollar, yields and not least rate cut expectations. Spot gold was in a downtrend since December but has since recovered.

What next with gold near record highs?

The long-awaited US PCE core deflator print came in on the 29th of February. The numbers were like a massive shot in the arm, turbo-charging gold, which traded higher. However, with the number in line with expectations, gold started a move that accelerated on Friday the 30th. After weaker ISM manufacturing and the revision to University of Michigan sentiment numbers, this garnered a dovish reaction, sending yields and the dollar lower and gold higher again.

These developments point to continued solid physical demand from central banks and retail buyers in Asia. The building of geopolitical tensions worldwide will dampen any short selling; with that, it's up, up, and away.

But there's another story, paper gold held by ETFs and futures are losing their appeal. These products have recently seen their investors become net sellers, for example the ETFs loss of around 100 tons while speculators in the futures market have halved their net long after selling around 190 tons. More and more investors are moving to physical gold, underling what I have always stated - if you're looking for true capital preservation and safety from the fait monetary system, it must be physical gold.

Buy - The ARC Bullion Account - a physical gold investment!

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