

Citi Raises Gold Forecast Amid U.S. Slowdown

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Gold prices are projected to rise to \$3,500 per ounce within three months, according to a revised forecast by Citi, as U.S. economic weakness, inflationary pressure, and geopolitical instability drive demand for the precious metal.

In a market note issued Monday, the bank increased its three-month gold price target from \$3,300 to \$3,500 and widened its expected trading range to \$3,300-\$3,600. Analysts

pointed to ongoing domestic and international uncertainties as key factors pushing prices toward record highs.

Citi's forecast revision comes as several indicators reflect a weakening U.S. economy. Labor market data for July showed just 73,000 new jobs added, following a downward revision to 14,000 in June. The slowdown has raised expectations that the Federal Reserve may cut interest rates as soon as September.

The CME FedWatch Tool currently shows an 81% chance of a rate cut next month.

A softer U.S. dollar, which lost ground last week, has also contributed to gold's appeal. As the dollar declines in value, gold priced in dollars becomes more accessible to international buyers, supporting higher prices.

Citi also highlighted geopolitical tensions as a driver of the increased gold forecast, specifically ongoing instability stemming from the Russia-Ukraine conflict.

On the trade front, President Donald Trump's recent introduction of new tariffs on imports from Canada, Brazil, India, and Taiwan has raised concerns over extended disruptions to global trade.

"The tariffs imposed last week on scores of countries are likely to stay in place rather than be cut as part of continuing negotiations," said U.S. Trade Representative Jamieson Greer during an appearance on CBS's *Face the Nation*.

These measures are seen as compounding existing inflationary pressures, adding further justification for investors turning to gold as a safe-haven asset.

Citi estimates that total gold demand has surged by over 33% since mid-2022, driven by strong institutional investment, steady central bank acquisitions, and consistent jewellery demand despite higher prices.

Spot gold was trading at \$3,356.88 per ounce early Monday, inching closer to Citi's updated target. The current rally underscores gold's enduring value for investors seeking stability amid shifting monetary policy and economic uncertainty.