



METALS

Gold prices could top \$2,000 this year, analysts predict

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KEY POINTS

On Monday morning during Asia hours, spot gold jumped to record levels, trading at \$1,931.11 per ounce after earlier moving as high as \$1,943.92 per ounce. Those levels eclipsed the previous record high set in September 2011.

Commonwealth Bank of Australia's Vivek Dhar, mining and energy commodities analyst said that in order to see prices well above that level like \$2,500 per ounce, it would take a scenario like the U.S. moving interest rates to below zero.

Prices of the precious metal have soared by close to 30% this year.

**VIDEO** 02:45**Gold prices will cross the \$2,000 level, says commodities analyst**

Gold prices could surge beyond the \$2,000 level this year as economic and geopolitical uncertainties lead to a rush



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Summer moving as high as \$1,719.72 per ounce. Those levels topped the previous record high price set in September 2011. Gold was trading around \$1,932.81 per ounce in the afternoon.

“We think the current momentum in the next few months will cross the \$2,000 an ounce mark. The key question is how much does the rally increase after that,” Commonwealth Bank of Australia’s Vivek Dhar, mining and energy commodities analyst, told CNBC on Monday.

He added that in order to see prices well above that level — like \$2,500 per ounce, the U.S. would have to move interest rates to below zero.

There is an inverse relationship between gold prices and real yields. Real yield is an investment return that has been adjusted for inflation.

When real yields go down, gold prices will go up, and vice versa. In such a scenario, the opportunity cost of holding gold, a non-yielding asset, is lower as investors are not foregoing interest that would be otherwise earned in yielding assets.

The Fed has kept the benchmark rate at close to zero this year, and talk has centered around [whether it should go to negative](#) like its counterparts in Europe and Japan.



VIDEO 03:21

Gold prices could exceed

Gold prices could exceed \$2,000 before year-end: J. Rotbart & Co.

01:06 / 03:21

Joshua Rotbart, managing partner at precious metals dealer J. Rotbart & Co., also predicted that gold prices will soar beyond \$2,000 by the end of the year.

That rush to buy the precious metal is driven by a “fear factor” among investors because of the coronavirus pandemic



Coronavirus cases around the world have shown no signs of abating, with several countries experiencing subsequent waves after appearing to control the outbreak. There are currently more than 16 million reported cases around the world and more than 648,000 people have died globally, according to data compiled by Johns Hopkins University.

“With current conditions of loosening monetary and fiscal policy, global recession, unemployment and governments cannot control this. I think we will see (gold prices) heading over the \$2,000 mark,” Rotbart said.

Prices of the precious metal have soared by close to 30% this year.

Last week, it jumped to a nine-year high after European Union leaders reached an agreement to roll out an unprecedented [\\$2 trillion stimulus package](#). Analysts had said the package is likely to push real rates even lower – seen as a boom for gold.

— *CNBC’s Eustance Huang contributed to this report.*

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