

# TAILWINDS DRIVING THE GOLD MARKET

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June 24, 2026

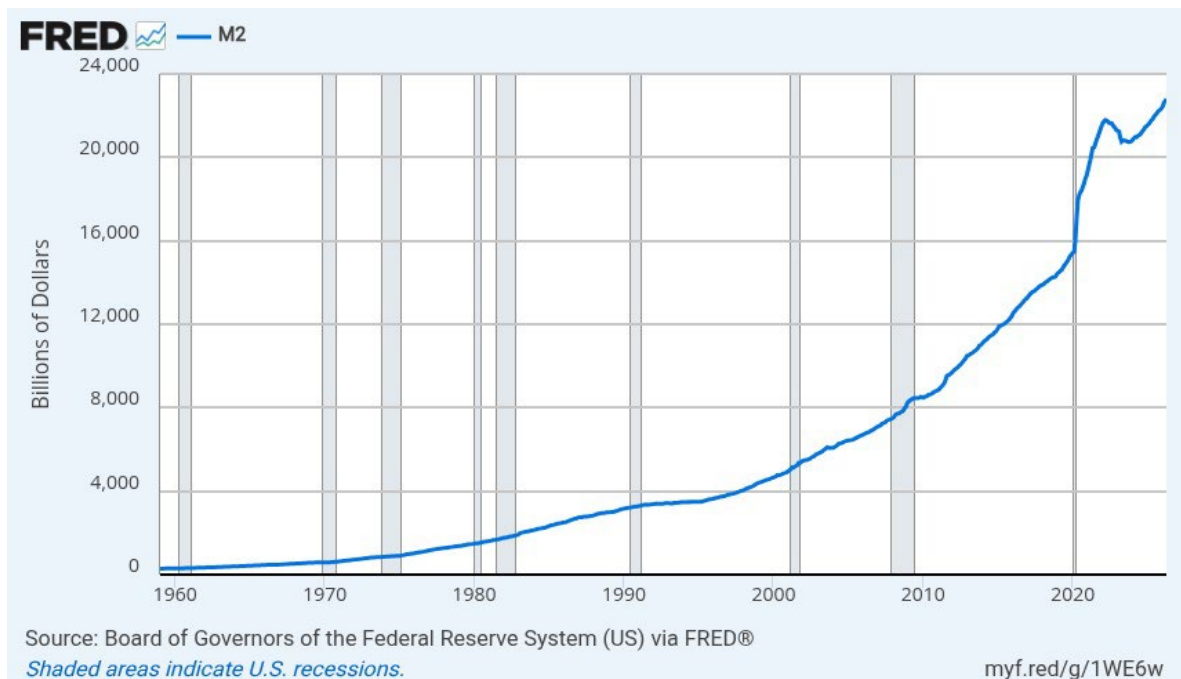


# THE FIVE TAILWINDS OF GOLD

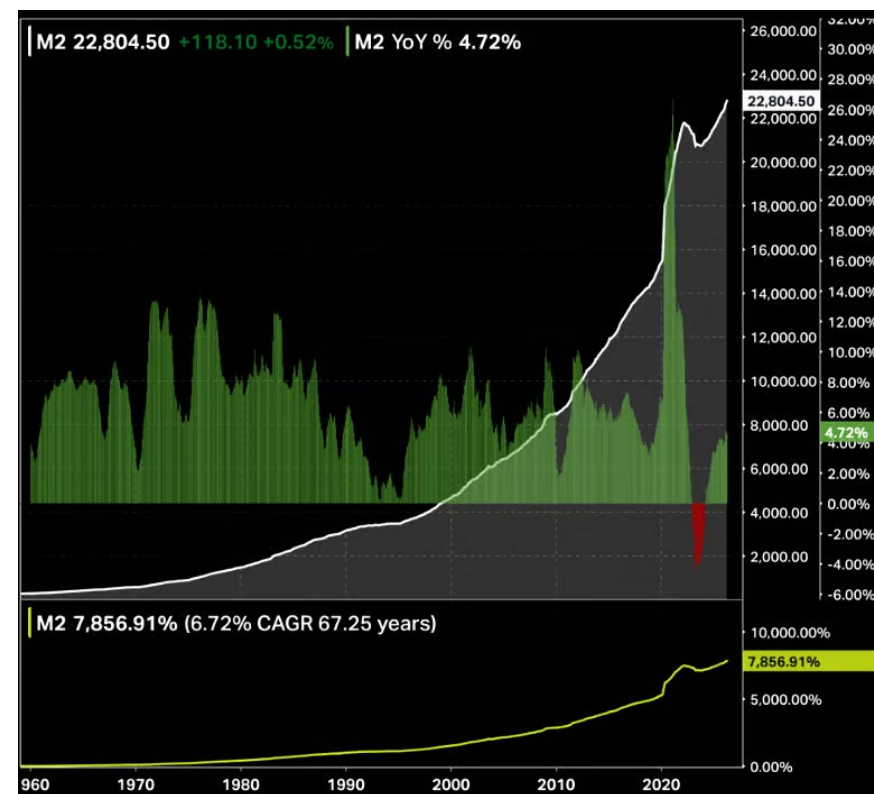
- ▶ There is more than one reason why central banks worldwide, Chinese insurance companies, Indian savers, Wall Street traders and Middle Eastern oil exporters are buying gold

## 1 *The Monetary Argument* Fiat currencies don't preserve value because they are constantly being created by commercial banks and monetary authorities. The debasement tailwind.

U.S. gold reserve backing for M2 has fallen from 25% in 1970 to 4.9% today. To achieve 25% backing, the gold price must rise to US\$21,000/oz



U.S. M2 money supply has reached a record high of US\$22.8 trillion

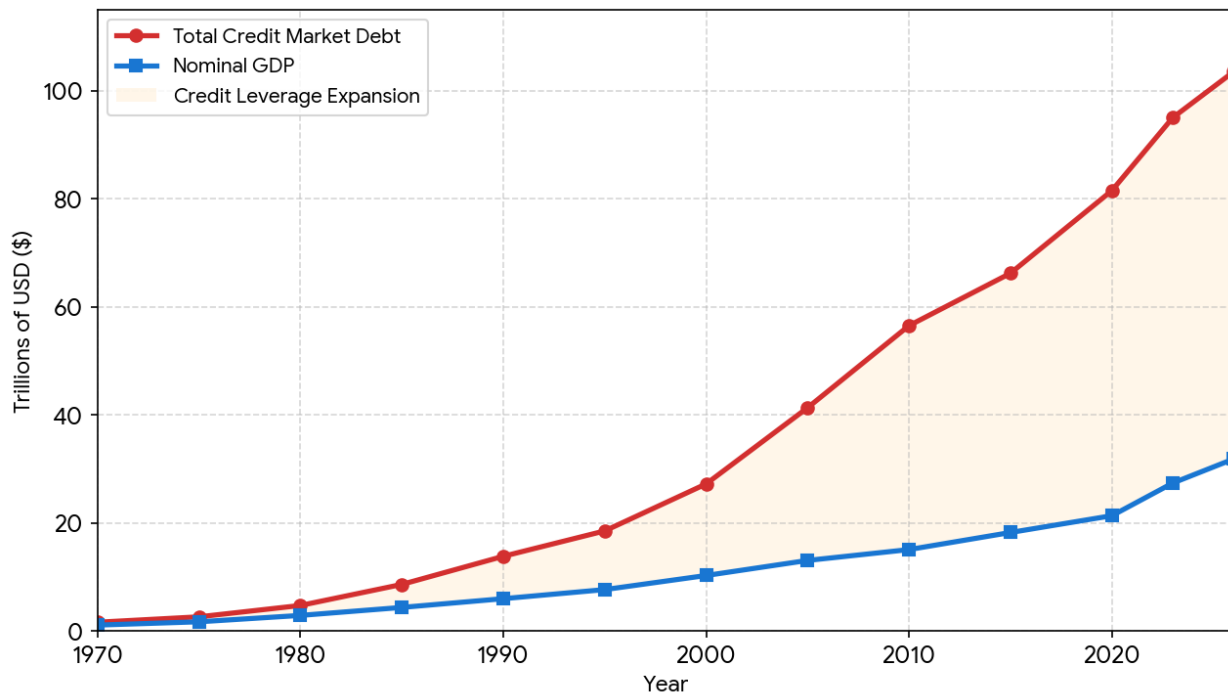


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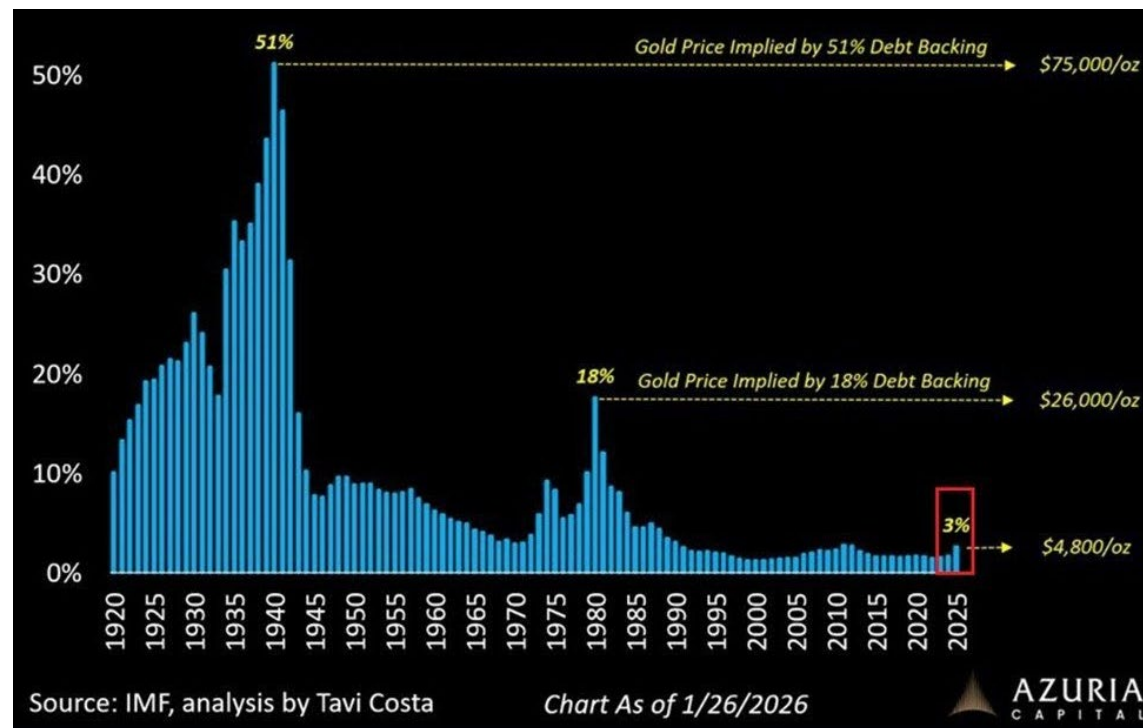
## 2 The Debt Spiral Argument

An explosion of credit has stretched the global balance sheet to the point where the global economy can't support its debt load. At some point, interest payments require more new credit than the system can bear and we get QE or default, both gold positive. The debt tailwind.

U.S. nominal GDP vs total credit market debt (1970 – 2026)



U.S. gold reserves as a % of government debt

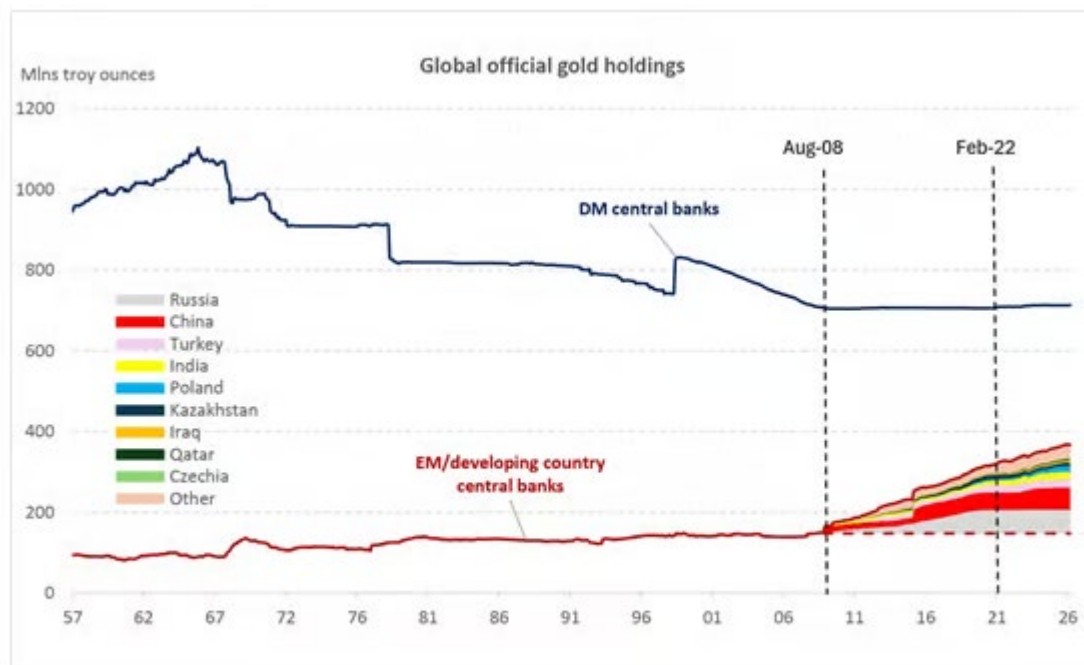


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## 3 *The Sanctions Argument*

Holding and moving money safely and securely is getting more difficult as the U.S. Treasury controls the SWIFT system and alternative Chinese and Russian systems can also be compromised. Gold has no central bank or issuer. The sanctions tailwind.

Official sector gold holdings 1957 – 2026 (millions of troy ounces)



Source: UBS, Haver, IMF [The chart shows the contribution to the change in EM gold holdings post '08. Those same countries are part of the EM total pre-08 but not shown.]

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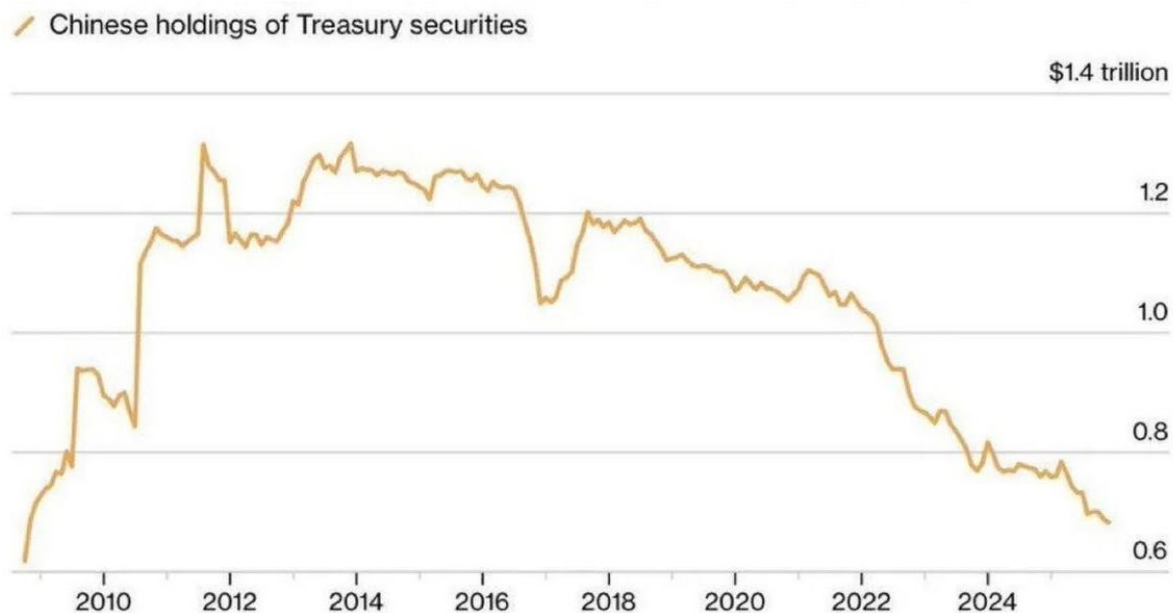
## 4 The Liquidity Argument

The gold market is the only market other than Treasuries big enough, liquid enough and low enough in volatility to take the huge trade surpluses of major net exporters like China. The liquidity tailwind.

### Foreign central banks hold more gold than treasuries



### Chinese holdings of treasuries drop to lowest since 2008



# THE FIVE TAILWINDS OF GOLD

## 5 *The Collateral Argument*

As Treasuries become less reliable collateral due to extreme leverage, over issuance and uncertain Treasury/Fed monetary policy, gold is becoming the highest quality collateral because it is no one else's liability. The collateral tailwind.

- ▶ Gold collateral often commands a lower borrowing cost in repo markets and securities-backed lending compared to U.S. Treasuries. This makes holding gold profitable.

### Measured in gold, U.S. Treasuries are losing value

lukegromen created with TradingView.com, Jun 16, 2026 14:08 UTC

ZB11/GOLD - 1M - CBOT 0'01 +0'00 (+5.16%)



TradingView

## THE THREE HEADWINDS OF GOLD

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- 1. *Rising real interest rates*** – Real interest rates at either the short end or the long end or both could rise if rates climb faster than inflation, restoring the gold-has-no-yield reason to sell gold. Western economies and financial systems cannot carry their current debt burdens if real rates are rising. Rising real rates equal default.
- 2. *Strong real economic growth strengthens the dollar*** – The U.S. requires a weaker dollar to reshore industry and restore national security of key supply lines. This is priority no. 1 for the U.S. administration.
- 3. *U.S.-global hegemony reboots via energy dominance, de-dollarization reverses*** – As U.S. Treasury Secretary Scott Bessent notes, dollar pre-eminence in trade is not incompatible with dollar weakness. The U.S. administration wants both. Gold replaces reserves but not the dollar.

# PREDICTIONS



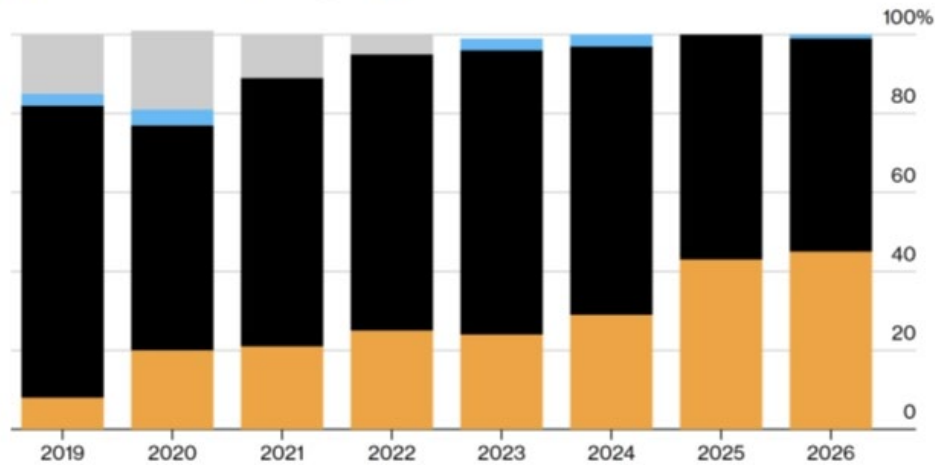
At the last annual meeting, we predicted the gold price to reach US\$5,000/oz within the year.



We predict US\$5,500/oz by the end of 2026 and US\$6,500/oz by the time we meet again.

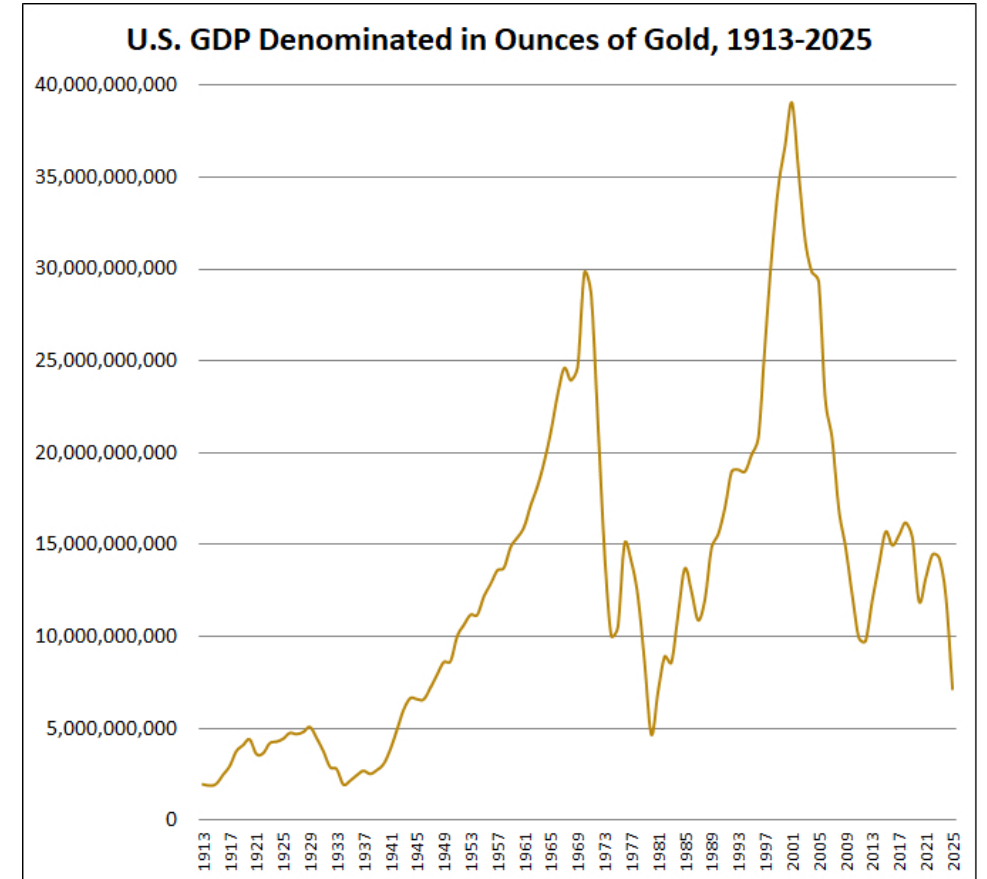
### How do you expect your institution's gold reserves to change over the next 12 months?

■ Increase 
 ■ Remain unchanged 
 ■ Decrease 
 ■ Don't know



Note: 74 central banks surveyed in 2026, 17 advanced economy and 57 emerging/developing economy. "Don't know" removed as an option from 2023 onwards.  
Source: YouGov, World Gold Council

The relationship between gold and the U.S. economy is returning to pre-Fed levels requiring a 3X gold price



LYN ALDEN INVESTMENT STRATEGY

Sources: U.S. BEA 1929-2025, Johnston & Williamson 1913-1928

