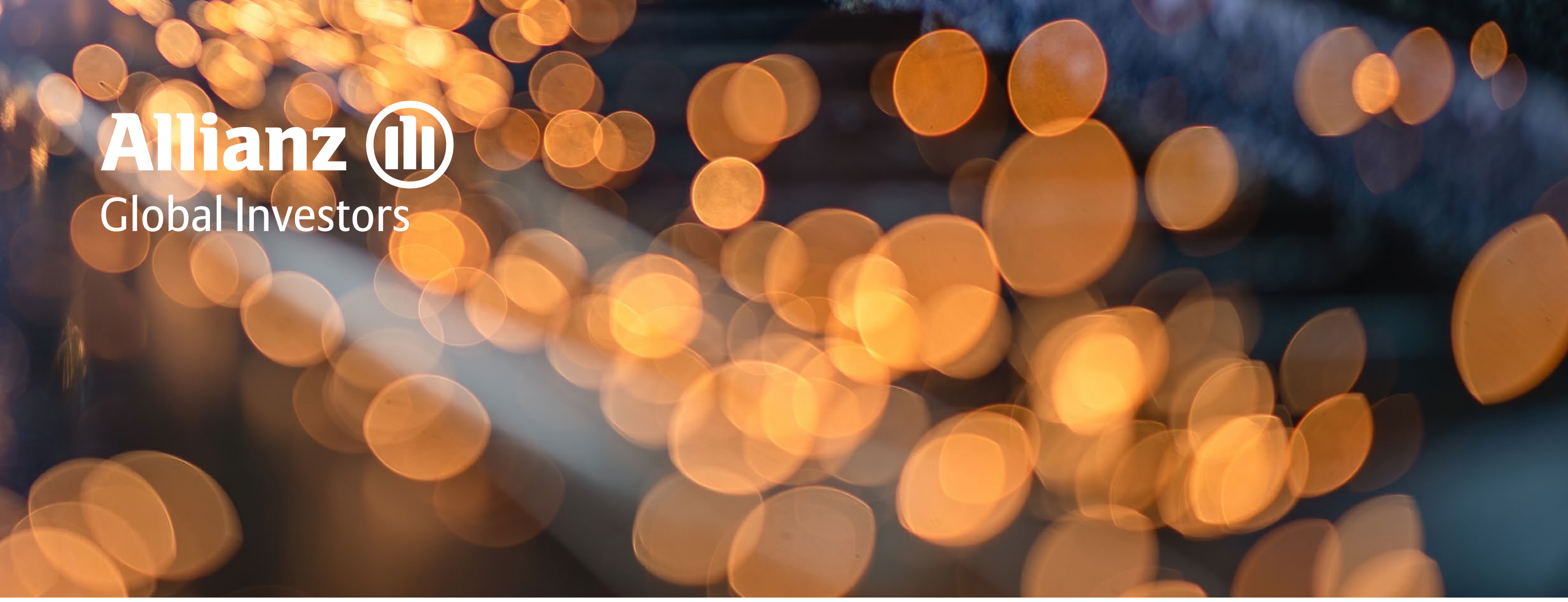

AUGUST 2026

Gold back in focus as dollar weakens

Gold has pushed sharply higher in early August, gaining around 4–5% in a matter of days, with shares in gold-mining companies rising even more. After a subdued spell, the metal has climbed back above a widely watched trend line (its 50-day average price[1]). That has prompted a familiar question for investors: is this a short-lived bounce, or the beginning of a more sustained move? Below we will have a look, what is driving the move, what is supporting it, and what could knock it off course.

The main driver: a weaker US dollar

Gold is priced in US dollars, so its value tends to rise when the dollar falls; a cheaper dollar makes gold less expensive for buyers using other currencies, and vice versa. In recent days the dollar has slipped to its weakest level in weeks. Several factors are in play: softer US jobs data, renewed debate about whether policymakers would welcome a weaker currency, and steps taken to support Japan's yen.Behind all of this sits a broader theme investors call the "debasement" story – a worry that heavy government borrowing may erode the long-term purchasing power of paper currencies, which tends to burnish gold's appeal as a store of value. What is notable this time is that gold has risen even

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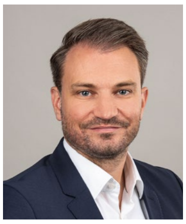

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though interest rates remain relatively high. Normally, higher rates work against gold: because gold pays no income, investors give up more when they hold it instead of an interest-bearing asset (its "opportunity cost"). The fact that gold is climbing anyway suggests the falling dollar is currently the stronger force.

What is supporting the move?

Central banks are buying again. After a quieter spell earlier in the year, official buying has picked up, led by China and joined by countries such as Poland and Uzbekistan. Industry data pointed to a record quarter of demand from central banks and sovereign funds in the second quarter. This is steady and longer-term oriented demand that can provide a floor under the market.

China, in particular, appears to have seized the opportunity to buy gold counter-cyclically, which has stabilized the gold price in the range of $4,000 per ounce[1]. Short-term market participants have already reduced their positions (CFTC futures data indicate that CTAs and other speculative investors unwound the majority of their long positions as early as January). Although there were outflows from ETFs over a period of many weeks, these flows have since stabilized as well.

Seasonal patterns.

Historically, gold has often firmed through late summer and into autumn, helped by demand around the Indian festival and wedding season and Chinese buying into year-end. Seasonality is a modest tailwind rather than a reason on its own, but it improves the backdrop for now.

A technical point worth noting: a recent US government announcement on its borrowing plans (the Quarterly Refunding Announcement) kept bond issuance steady, which reassured markets. Heavier borrowing can push up longer-term interest rates and weigh on gold, so a steady outcome removes a potential headwind.

What could knock it off course

A constructive backdrop is not a one-way bet. The main risks to watch are:

- **A rebound in the dollar.** The weaker-dollar view is the linchpin of the whole move. Stronger US data, or reduced pressure on the yen, could see the dollar stabilise and take the shine off gold.

- **Higher interest rates.** If markets come to expect firmer policy from the US Federal Reserve, the higher opportunity cost of holding gold could reassert itself.

- **Escalation in Middle East.** Despite the notion that gold is a hedge in times of geopolitical turbulence gold fell sharply since the Iran-US confrontation. Underlying trade friction e.g. via the closure of the Hormuz strait, is suspected to incite inflation. In turn this higher inflation print could hinder the Fed from adopting a more expansive policy path.

What it could mean for investors

For long-term investors, gold's appeal has historically rested less on short-term price moves and more on its role as a portfolio diversifier: it has often behaved differently from equities and bonds, particularly during periods of currency weakness or heightened uncertainty. The current combination of a softer dollar, resilient central-bank demand and supportive seasonality is why gold is attracting fresh attention. Investors can gain exposure in different ways physical-backed products, the metal itself, or the shares of gold-mining companies, which tend to move more sharply than the metal in both directions and which some analysts currently regard as reasonably valued.

[1] Source: Bloomberg, August 2026.

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Past performance does not predict future returns. If the currency in which the past performance is displayed differs from the currency of the country in which the investor resides, then the investor should be aware that due to the exchange rate fluctuations the performance shown may be higher or lower if converted into the investor's local currency.

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