

2026 Gold & Gold Equity Outlook



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Gold shined through 2025

Gold had an outstanding year in 2025, rising 60% to over US\$4,000/oz and setting 50 new records, posting the strongest annual gain since 1979. Currency aversion, geopolitical risk and financial market uncertainty drove demand. Rising debt, a weaker dollar, and fiscal risks also supported gold. As we enter 2026, these drivers remain in place, suggesting continued support for gold, in our view.

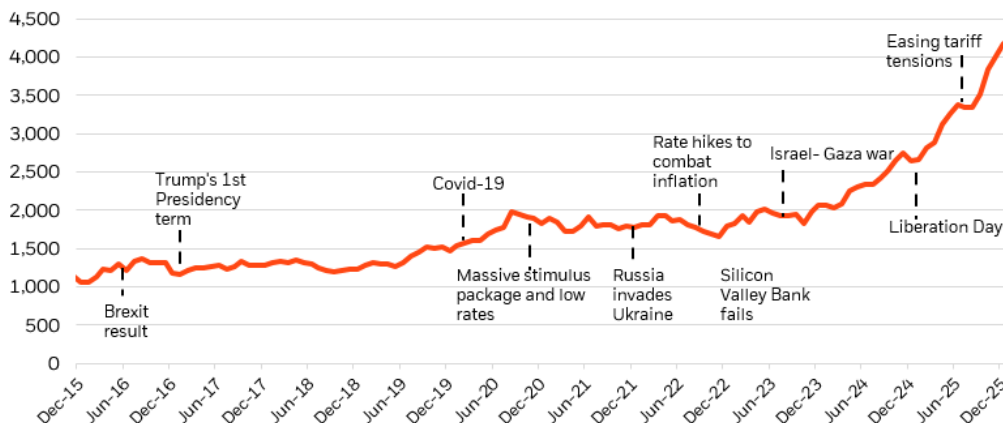
Central banks continued to build their gold reserves in 2025, adding 634 tonnes by the end of Q3. While purchases trended below the levels seen over the past three years, they remained strong relative to the prior decade. A 2025 survey showed that 95% of central banks expect global gold reserves to rise in 2026, up from 81% in 2024 and 52% in 2021.¹ With economies like China and Brazil still holding less than 10% of their reserves in gold, central bank buying should remain a key support driver.

2025 was shaped by significant geopolitical events, from the Liberation Day tariffs announcement, the unresolved Russia-Ukraine conflict, and persistent tensions in the Middle East. Together, these contributed to gold reaffirming its status as a safe-haven asset in an increasingly uncertain and fragmented world.

An even brighter spot was gold mining companies, which advanced 164%, as measured by the FTSE Gold Mines Index. This was supported by the gold price rally, costs rising only very modestly, and continuation of shareholder-friendly behaviour by companies. In 2026, the dispersion in share price performance among gold miners will depend more on their different approaches to capital allocation, strategic growth and their ability to continue to control costs. This contrasts with 2025, when dispersion was more driven by variations in operational and financial leverage, which determined each company's gold price beta.

The story for gold continues in 2026. It's tempting to think that 2025's exceptional run was a one-off, but the underlying drivers remain strong. Ongoing investor demand, driven by persistent macroeconomic uncertainty and the structural debasement trade leading to currency aversion are all set to continue into 2026. Gold equities have benefited from the surge in gold prices, yet they remain undervalued and often overlooked in broader equity markets.

Gold Price (US\$/oz): 10-Year Lookback



¹World Gold Council, Central Bank Gold Reserves Survey 2025. 17 June, 2025.

Key Takeaways for 2026

01 Government debt issue fuels the currency aversion trade

Unsustainable levels of government debt will continue to drive rotation into gold over the long term, in our view.

02 Gold and gold equities still not a crowded trade, in our view

Despite strong performance in 2025, investor allocations into gold and gold equities are still relatively moderate.

03 From gold price beta to company action

We expect the 2026 story to be more about company action than gold price beta - making an active, fundamental approach more critical, in our view.

01 The currency aversion trade

We view the elevated and growing levels of national debt in developed economies, particularly in the U.S., as a key factor influencing the trajectory of gold. As global debt ratios hit concerning highs, growing negative sentiment around fiat currencies is driving investors to reallocate to non-sovereign, safe-haven assets, such as gold.

- Declining confidence in US institutions:** With the Trump administration defying some of the pillars of stability of the U.S., such as the independence of the Federal Reserve, global trade relationships and geopolitical leadership, confidence in the reliability of the U.S. dollar and long-term U.S. government bonds is declining. Both have historically been considered rival safe-haven assets to gold in the past.
- Concerning levels of government debt globally:** Global debt has surpassed 100% of GDP for many major economies, including the U.S., Japan, U.K., France and Canada. As of year-end 2025, U.S. total debt exceeded US\$35 trillion, with a fiscal deficit of US\$1.8 trillion. Interest payments now account for 13% of total U.S. public spending, forcing governments to maintain lower yields to manage borrowing costs, further eroding confidence in traditional safe-haven assets like U.S. Treasuries. Headline debt-to-GDP figures hide a far greater risk, as they omit vast unfunded commitments, like rapidly rising pension spending, which are estimated to equal three to four times GDP in the U.K. and France, respectively, exposing governments to enormous hidden liabilities.
- Sticky inflation and low real yields:** Persistent inflation and structurally low real interest rates contribute to the erosion of fiat purchasing power. Governments are incentivised to keep borrowing costs low amid record debt levels, making prolonged negative real rates likely. This environment strengthens gold's role as a store of value and hedge against fiat erosion.
- Accelerating outgoings:** Rising defence budgets, aging populations, AI-driven unemployment risks, and a surge in the number of economically inactive people since the pandemic are all pushing government spending higher.
- Rising manufacturing protectionism:** Countries are increasingly adopting protectionist measures, like reshoring manufacturing activities and tariffs, which add inflationary pressure for consumers and businesses.

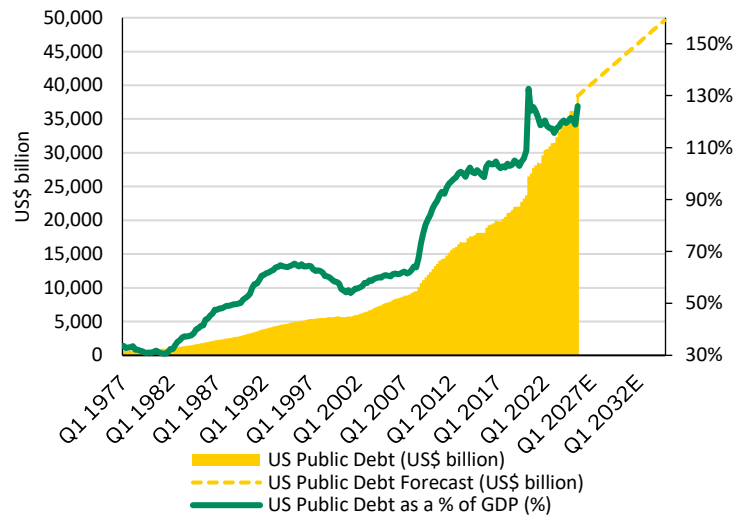
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Gold is akin to a zero-coupon, inflation protected perpetual bond, that critically has no sovereign issuer risk.”

Tom Holl, Portfolio Manager
BlackRock Fundamental Equities

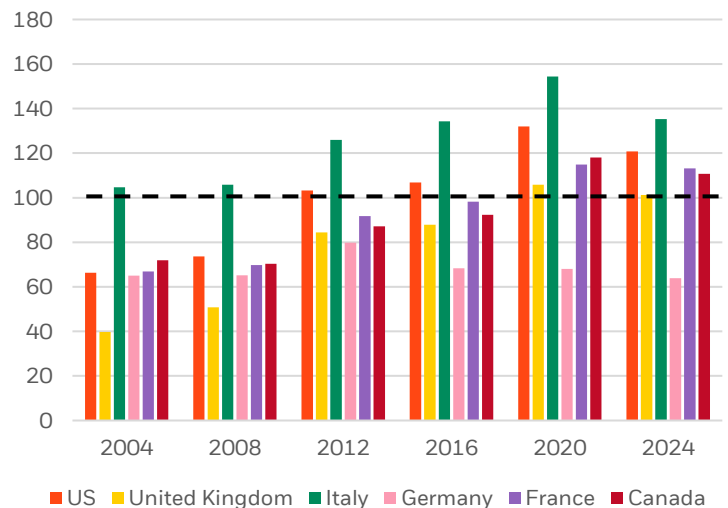


U.S. Government debt



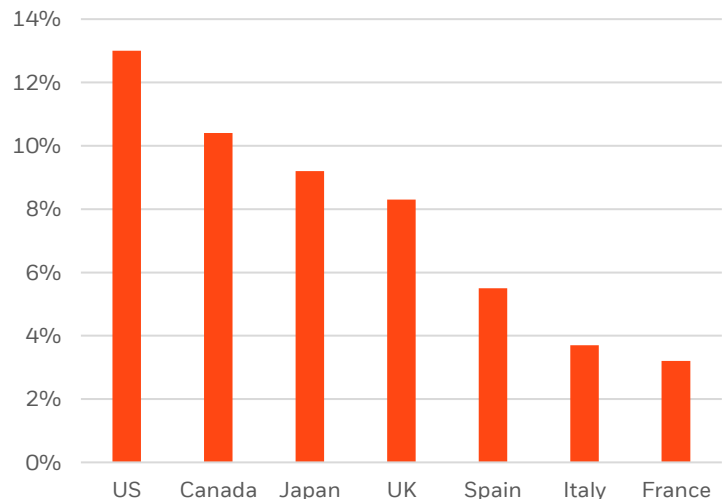
Source: DataStream and CBO forecast, 30/09/2025. There is no guarantee that any forecasts made will come to pass.

Beyond the U.S. – Key countries government debt-to-GDP ratio (%)



Source: IMF, 15 December 2025.

Interest share of total public spending for 7 countries



Source: Peter G. Peterson Foundation, IMF, BlackRock. Latest estimates as of 28 November 2025.

02

Gold and gold equities still not a crowded trade, in our view.

Gold's role as a store of value has never been more pertinent than in today's uncertain world. It can act as a hedge against tail risk events and unknown unknowns, providing diversification and adding resilience to portfolios. Yet, investors are still underweight gold and often overlook the potential of gold equities.

Central banks, which hold 20% of all mined gold, increased their gold reserves in 2025 to diversify away from the U.S. dollar. In fact, last year, gold overtook U.S. Treasuries as the largest share of global reserve assets for the first time since 1996.

Net length in the COMEX, an indicator of investor positioning in the futures market, declined even as the gold price rallied. This suggests that the gold price surge was driven by fundamentals, rather than from speculative investor positioning, supporting the view that gold is not an overly crowded trade.

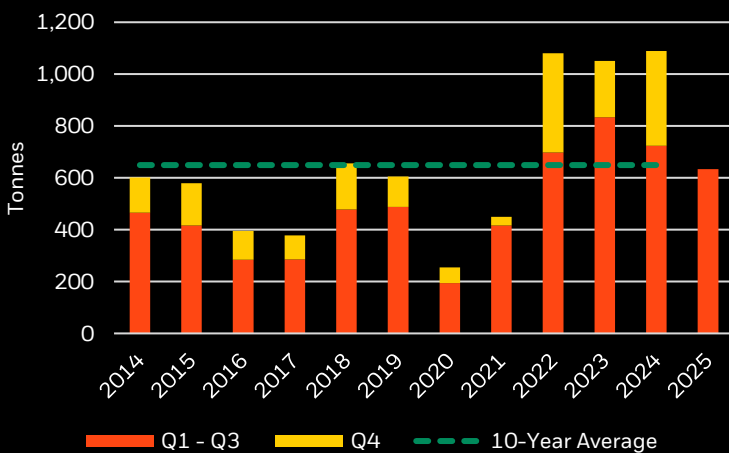


Meanwhile, investor interest in gold increased in 2025, with steady inflows into physically-backed gold ETFs. Holdings hit a record 3,932 tonnes in November, albeit only 0.4% above the October 2020 peak.

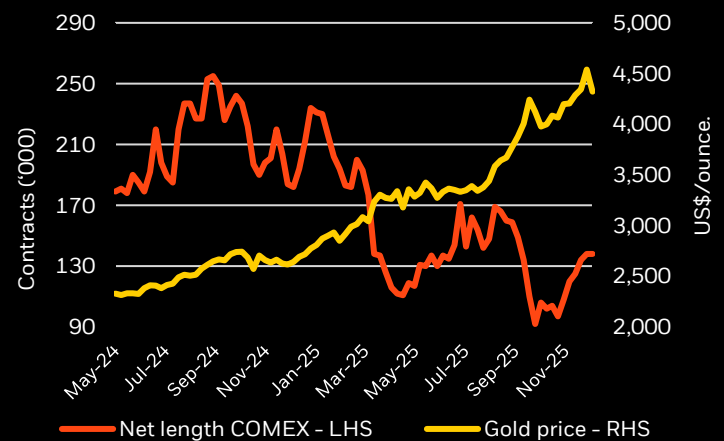


Yet, gold equity fund strategies, both passive and active, saw consistent outflows, with Q3 being the exception. Cumulative flows into gold equities since 2021 are still negative, showing that this segment of the equity markets remains overlooked.

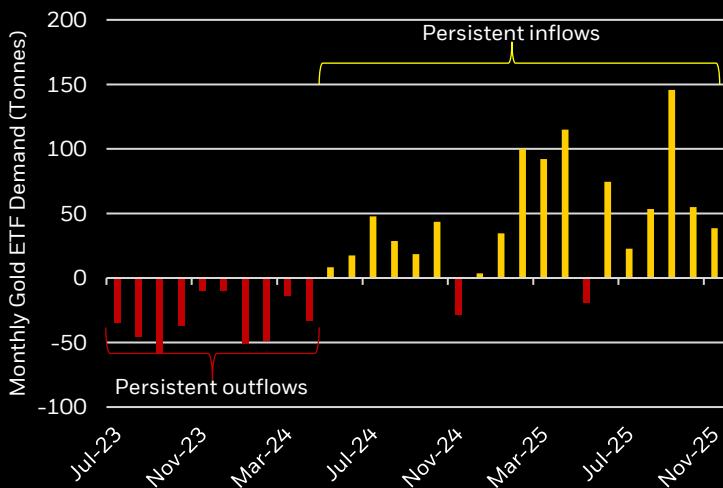
Central banks remain strong purchasers of gold



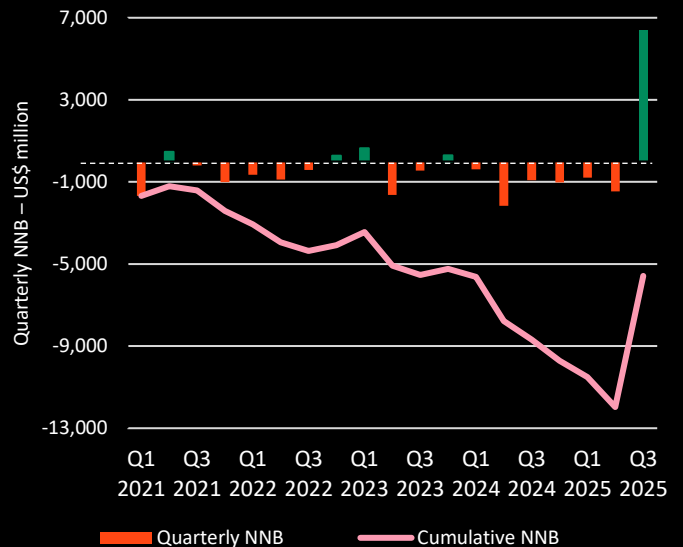
Net length in the COMEX does not suggest over excitement in the futures markets



Persistent inflows into physically-backed gold ETFs



Cumulative flows into gold equity strategies still negative



03

Gold miners' success will be driven by company action, going beyond the gold price.

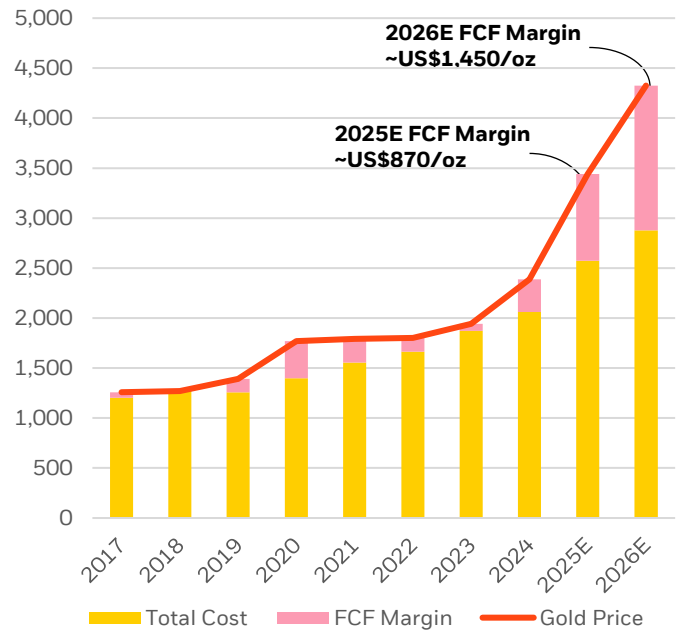
The gold price rally shaped the narrative in 2025, where companies that showed the highest sensitivity to the gold price stood out to benefit. Looking ahead, gold miners' success will hinge increasingly on company's actions, such as operational performance and maintaining capital discipline, going beyond the gold price, in our view.

Gold miners' margins hit record highs in 2025, driven by soaring gold prices and labour and energy costs not rising as fast compared to the 2021–2024 period. These tailwinds should support strong, durable profitability for the sector.

In 2026, gold miners' returns will increasingly reflect capital allocation discipline, in our view. Companies are spending less than previous peaks, especially compared to 2011–2013, after adjusting for inflation and gold price. This shift toward financial prudence means companies choose to invest only in projects that pass stricter hurdle rates. With tight supply and limited exploration pipeline, we expect robust M&A activity as firms favour buying over building.

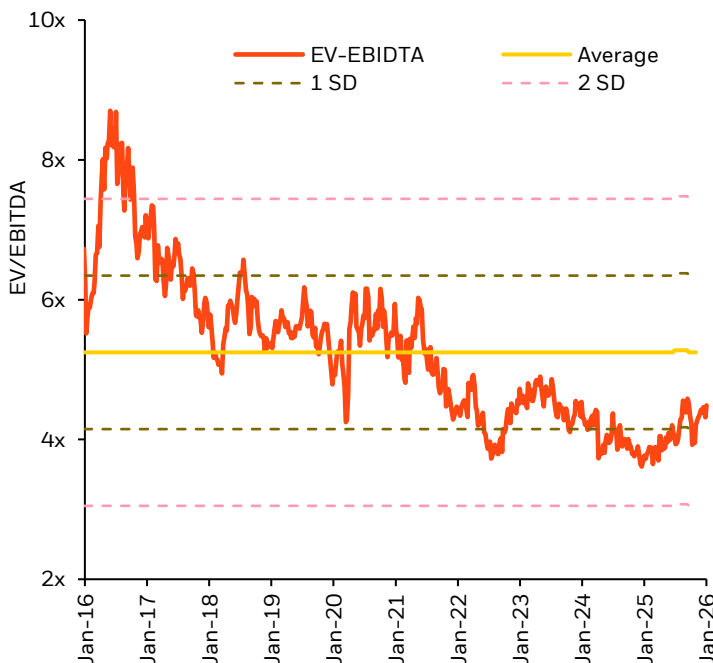
Gold miners continue to trade at valuation multiples well below historical averages. Backed by exceptionally strong balance sheets and disciplined capital allocation, we see current valuations being well supported, with upside potential should companies keep delivering the gold price benefits to shareholders, and the broader market recognises the opportunities these companies offer.

Producer margins surged to record highs in 2025



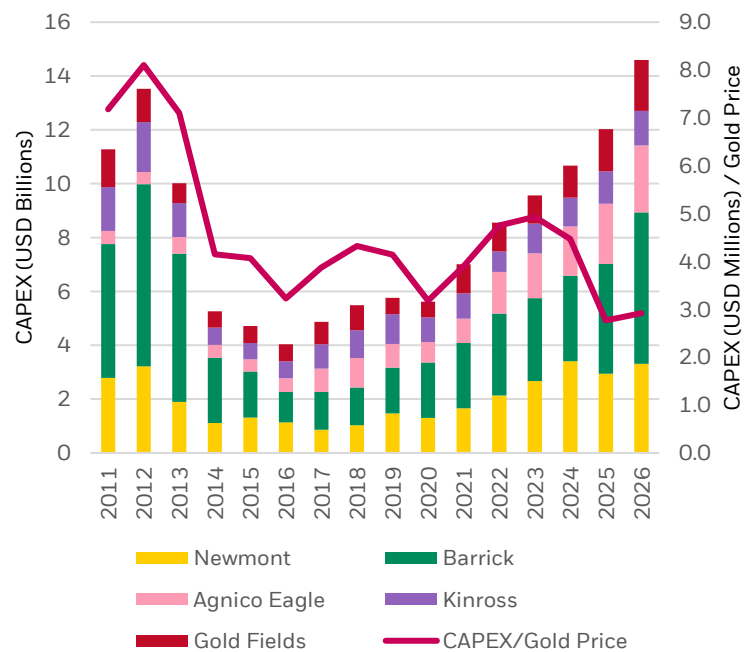
Global Mining Research. Gold price in 2025 based on actual January–November 2025 spot and spot assumed for December 2025. 3rd January 2026.

Golden Opportunity: Valuations remain attractive



Company reports, RBC Capital Markets estimates, 12/01/26.

CAPEX Adjusted for Gold Price at Historic Lows



Company reports, World Gold Council, end of November 2025. 2026 CAPEX numbers are estimated and sourced from ScotiaBank. Top 5 companies selected by market capitalisation. Chart as of 15th December, 2025.

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