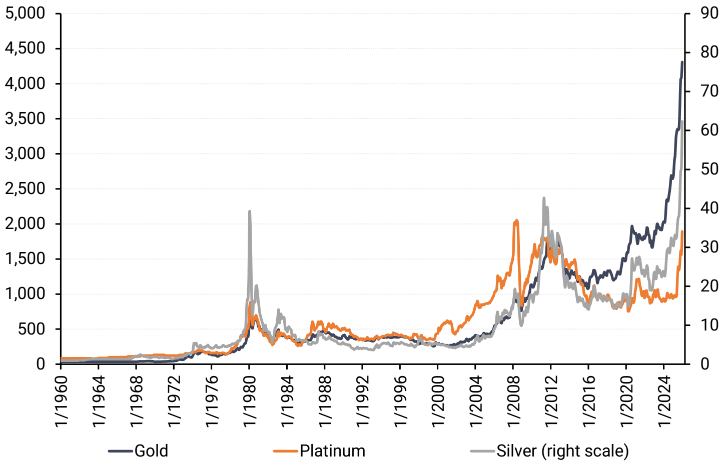
The sharp rise in the price of gold in 2025 – causes and consequences

In 2025, the price of gold reached its highest recorded level (4,384.90 USD/ounce) and posted an average annual increase of 44.1% [1]. In the context of recent years' developments of modern technologies and digital currencies, this trend in the price of gold has brought renewed attention to the relevance of this reserve asset and the enduring influence of the factors affecting it. At the same time, the prices of other precious metals have also risen significantly (Chart 1). As of the time of writing this analysis, in early January 2026, the price of gold had reached a new record high (approximately 4,600 USD/ounce), therefore, a more in-depth analysis was conducted to determine exactly what happened in 2025 and what factors caused this dramatic surge in the price of gold.

Chart 1: Historical evolution of precious metal prices (USD/ounce)



Source: World Bank – Commodities Market Outlook, NBM calculations

Gold began to be used as currency around 640 B.C., when the first coins made of a gold and silver alloy were minted in the Kingdom of Lydia (Asia Minor), marked with the king's seal to guarantee their weight. The first official coins were made of electrum (a natural alloy of gold and silver). Later, during the reign of King Croesus (around 550 B.C.), the first coins made of pure gold were minted. In Ancient Egypt (around 1,500 B.C.), gold was already recognised as a standard of exchange in international trade, but in the form of bullion or rings of standardised weight, not yet as actual coins. The Romans (around 50 B.C.) introduced the gold coin known as the aureus, contributing to the spread of gold as the primary currency throughout the empire. There is also evidence that small squares of pure gold were used as legal currency in China as early as the 11th century B.C. In the 19th century, the use of gold was formalised globally through the gold standard, under which national currencies were directly convertible into fixed quantities of gold. This system dominated global finance until the 20th century. Although gold has been used for millennia, silver remained the basis of daily transactions and domestic economies for most of history, with gold being reserved primarily for large transactions or state reserves.

Over time, gold has been favoured as a ***safe-haven asset*** during times of turmoil, such as economic crises or geopolitical tensions/ wars. From Chart 1 we can see how the price of gold and other precious metals rose significantly in the 1970s after the US abandoned the gold standard in 1971 and the 1973-1974 oil crisis occurred. Between 2007 and 2011, the price of gold rose against the backdrop of the financial crisis and its aftermath, and in 2020 — due to the crisis associated with the COVID-19 pandemic. Starting with 2024 to the present, the price of gold has been rising due to the war in Ukraine, geopolitical tensions in the Middle East, and trade policies that have disrupted economic globalisation.

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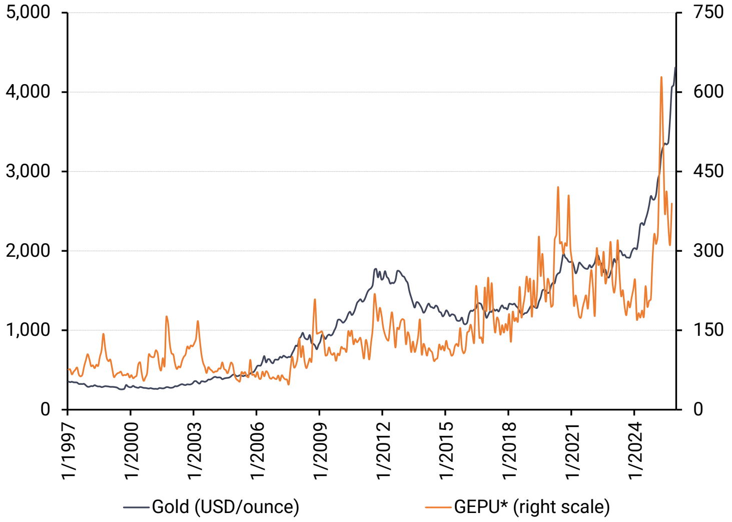
[1] NBM calculations based on World Bank primary data – Commodities Market Outlook.

Chart 2 also confirms the correlation between the uncertainty associated with economic crises and the trend in gold prices. Thus, in 2025, against a backdrop of significantly increased economic uncertainty and persistent geopolitical tensions, the price of gold rose considerably.

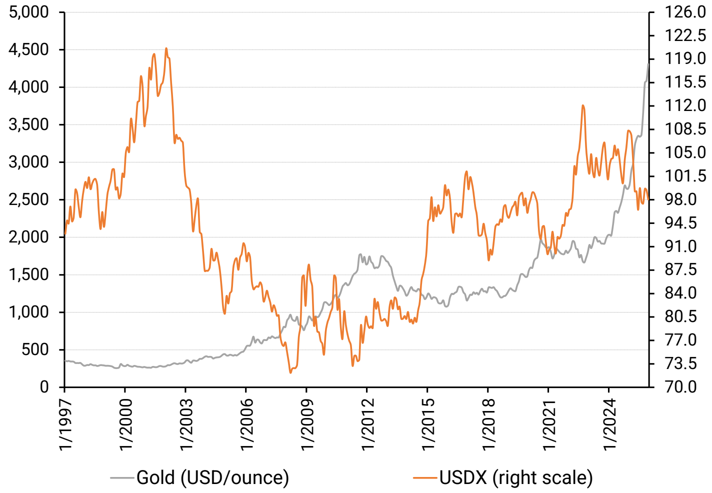
Chart 2: The evolution of the price of gold and the index global economic uncertainty (GEPU*)



Source: World Bank – Commodities Market Outlook, Economic Policy Uncertainty, NBM calculations

*Global Economic Policy Uncertainty

Chart 3: The evolution of the price of gold and the US dollar



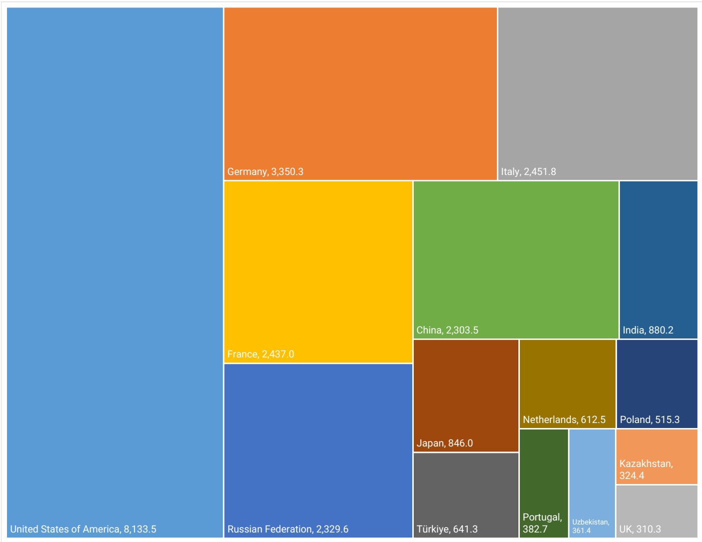
Source: World Bank – Commodities Market Outlook, Stooq, NBM calculations

Additionally, the price of gold is correlated with the ***evolution of the US dollar*** (Chart 3). A rise in the price of gold is associated with a depreciation of the US dollar, and vice versa. In 2025, the US dollar depreciated amid structural changes in the objectives of US foreign economic policy, which led to a rise in the price of gold.

Another factor influencing the price of gold is ***monetary policy***. In 2025, both the US Federal Reserve and the European Central Bank cut interest rates as inflationary pressures eased, which in turn contributed to the rise in the price of gold.

Since gold is a ***reserve asset*** (Chart 4), it is worth noting that in recent years central banks around the world have significantly stepped up their gold purchases, in a trend unprecedented since the middle of the last century that continues to shape the global gold market. Between 2022 and 2024, central banks purchased over 3,200 tonnes of gold, a volume not seen since the 1960s. In 2025, although some banks (e.g., the Reserve Bank of India) have slowed the pace of their purchases, the global trend has remained positive, and the total volume is still substantial. Purchases in recent years have not been concentrated exclusively in traditional major economies, but rather in emerging markets such as China, Poland, Türkiye, India, Azerbaijan, Kazakhstan, etc. The motivation behind these purchases appears to be the diversification of reserves and a reduction in dependence on the US dollar and other reserve currencies. Gold is considered a stable asset, resistant to inflation and major financial risks.

Chart 4: Top 15 countries with the largest gold reserves
(tonnes, third quarter of 2025)



Source: www.gold.org

Forecasts for the price of gold in 2026 are extremely optimistic, with most global financial institutions anticipating that it will continue to rise and possibly reach new historical highs. As early as January 2026, the price of gold surpassed the 4,600 USD/ounce threshold and is expected to test the psychological level of 5,000 USD/ounce, driven by the persistence of the same factors described above. This once again confirms the importance of this traditional metal in an era of digitalisation and non-traditional assets.