

Precious Metals in 2025: Trends and Forecasting

The Global Forces Driving Precious Metals in 2025 - What Opportunities and Challenges Lie Ahead?

In 2024, global economic and geopolitical uncertainties created a volatile precious metals trade. Some, like gold and silver, benefited from this climate, reaching record high appreciations since 2010 and 2012 respectively.

Throughout the last year, the US Election and conflicts in Ukraine and the Middle East encouraged 'safe haven' buying of both gold and silver. This high demand, coupled with interest rate cuts and buying by central banks, pushed prices sky high. Gold performed particularly well, finishing up 26% for the year. Both platinum and palladium had unstable years, as traders continued to face supply deficits. It is expected that the trends which helped gold and silver to rise so high in 2024 are likely to continue in 2025.

Economic Factors

The precious metal trade is predominantly conducted in U.S. dollars and, as the biggest economy in the world, uncertainties and changes in the United States have global consequences. Therefore, many of the factors which bring changes in the precious metals market are dictated by the economic situation in the U.S.

Some key economic factors likely to impact metal trading in 2025:

- **Inflation:** Increased inflation benefits gold and silver prices as investors seek to hedge against rising costs and eroding currency value. The incumbent U.S. President's controversial trade plans could spike inflation, pushing up demand for precious metals.
- **Interest Rates:** Interest rates are expected to continue falling, encouraging precious metal investment.
- **Global Recession Risks:** The increasing possibility of a global recession due to political instability may drive demand for safe-haven assets, boosting prices as investors prioritise stability over risk.
- **Tariffs:** If President Trump's proposed trade tariffs do go ahead, disruption will impact global supply chains and economic activity. These tariffs might influence industrial metals directly but equally they could also create uncertainty that benefits gold and other precious metals.
- **A Weaker Dollar:** It is expected that the U.S. dollar will remain fairly weak in 2025. This makes gold cheaper on the global market, creating stronger demand and driving prices higher.
- **Central Bank Purchases:** Major central banks across the world are expected to continue buying gold, supporting its price. However, the pace of these purchases may not match the levels seen in 2024.

Additionally, China's central bank is expected to shift towards a monetary policy that further aligns with the U.S. and Europe's central banking systems.

This is intended to boost the country's declining economy, but could cause higher inflation, a weaker yuan, and increased risk of economic instability. These factors would be positive for the global gold trade – evident from the continued high price of gold in 2024, despite the negative effects on other precious and industrial metals caused by China's flagging economy.

Geopolitical

The ongoing conflict in Ukraine, and unrest in the Middle East, reinforce gold's reputation as a safe-haven asset in times of uncertainty. But geopolitical tensions and new trade and tariff policies are expected to create volatility in the precious metals market, despite such safe-haven buying.

Ongoing trade dynamics involving major producers such as China and Russia are likely to reshape precious metal flows and influence global markets. Russia is expected to continue relying on gold as a major revenue source for the country.

The imminent change of leadership in the U.S. has introduced uncertainty regarding President Trump's proposed trade and tariff policies.

If these come to fruition, they could potentially spark trade wars that would encourage increased investment in gold. President Trump's second term could also positively influence mining exploration and development, with hopes of expedited permitting processes benefiting the sector.

Supply Deficits and Increased Demand

The persistent deficit in silver supply remains a critical concern, particularly as industrial demand continues to rise, driven by the growing adoption of solar cell technology, where silver is an integral component.

Similarly, the demand for palladium and platinum, both essential in industries such as electronics and automobiles, has experienced volatility throughout 2024.

Palladium demand is expected to decline further as the car industry shifts away from internal combustion engine vehicles, reducing the number of catalytic converters. In contrast, platinum is poised for strong performance, with the World Platinum Investment Council forecasting continued undersupply in 2025, bolstering its prices and investment appeal.

The broader demand for materials critical to the energy transition will add additional strain to an already struggling supply chain. Labour shortages, particularly a lack of skilled workers in mining and refining operations, compounded by equipment shortages and shipping delays, are constraining supply. These challenges are likely to drive prices higher as availability tightens.

Conclusion

As global trends continue to shape the precious metals market in 2025, we are steadfast in our commitment to navigating these complexities on behalf of our clients. We demonstrate there's a better way to provide secure global logistics to the precious metals sector, the Ava way.. Ava's expert team is here to provide stability and assurance whatever tensions, risks or varying demands are at play.

Ava understands that rising global demand for high-value metals necessitates not only a focus on market insights but also exceptional care in their handling. Our robust security measures – such as our in-house Risk Management Team and comprehensive auditing systems – ensure the safe transportation and storage of precious metals. Ava's Customer Experience Platform enables clients to track their shipments at every stage of their journey, providing ultimate transparency and real-time updates.

By staying ahead of market trends and prioritising security at every step, Ava empowers clients to grasp opportunities and mitigate risks, ensuring their investments remain protected in ever-changing economic and political landscapes.

Ava is your trusted guide through the shifting precious metals market. We cover six continents, with regional offices in major cities across the globe. Get in touch with your local expert to learn why Ava is the home of secure global logistics.