

Gold Price Reaches New Record High: Political Tensions Continue to Unsettle Investors

Pretoria, April 22, 2025 – The gold price has once again reached a new all-time high, now trading at over \$3,500 per troy ounce. This development is largely influenced by the ongoing criticism of Fed Chairman Jerome Powell by U.S. President Donald Trump. Trump's calls for immediate interest rate cuts and his attacks on the independence of the Federal Reserve are unsettling the markets.



Trump's Attacks on the Federal Reserve

President Trump has publicly criticized Fed Chairman Powell sharply and has considered his dismissal. He accuses the Federal Reserve of harming the economy with its restrictive interest rate policy, even though it remains focused on combating inflation that exceeds its target. Trump publicly accused Powell of hindering the U.S. economic development by refusing to lower interest rates swiftly and significantly. In several social media posts and official statements, Trump stated that Powell is "not acting in the interest of the American economy" and has "completely failed to seize the country's opportunities." These verbal attacks have caused nervousness in the financial markets and sparked fears that political interference in monetary policy might increase.

Market Reactions and Investor Behavior

The uncertainties surrounding monetary policy and political interference have led to a decline in the U.S. dollar. Investors are increasingly turning to safe-haven assets, which once again benefits gold. Demand for gold ETFs has risen, and the gold price has increased by nearly 30% since the beginning of the year. Analysts warn that political interference with the central bank could harm market stability. The Federal Reserve is under pressure to reconsider its monetary policy, while investors await further signals regarding future rate decisions. The next Fed meeting is eagerly anticipated, as it could provide clues about the future course of monetary policy.

Institutional Demand Fuels the Gold Market

Hedge funds and institutional investors are significantly increasing their gold holdings. Bank of America forecasts that growing investment demand could further drive up the gold price. Particularly noteworthy is the decision by Chinese authorities to facilitate the purchase of physical gold for institutional investors, which is generating additional demand.

Could Gold Price Corrections Occur?

Whether the upward trend in gold continues depends on developments in global economic and monetary policy. In recent months, the gold price has reached impressive heights, much to the delight of investors. However, as with any asset class, price fluctuations in gold are inevitable. A correction, i.e., a temporary price decline, is a natural part of a healthy market and should not be seen as a warning signal.

Analysts emphasize that such pullbacks often present opportunities for long-term investors to expand their positions at more attractive prices.

The fundamental factors supporting the gold price—such as geopolitical uncertainties, inflation fears, and demand from central banks—remain intact. In particular, the continued gold purchases by central banks around the world reflect the trust in gold as a safe haven.

For investors, this means that potentially short-term price declines should not be interpreted as a sign of fundamental weakness in the gold market.

Rather, they highlight the importance of a long-term perspective and the role of gold as a stabilizing component of a diversified portfolio.