Gold in an age of transformation



Table of Contents

Author 4

Foreword 5

Executive Summary 6

Introduction 7
Gold's Evolution from Money into a Monetary Asset
Demand and Supply
Gold: Structural Support or Price Driver?

Chapter 1 12
A Shifting Macro Landscape

Chapter 2 16
Gold's Role in Portfolios

Chapter 3 20
The Rise of Asia Gold Hubs
How might Asia Reshape Global Gold Market Conventions?

Chapter 4 24
Tokenised Gold

Outlook 26

Author



Sherilyn Chew
Multi-Asset Strategist
Group Research
DBS Bank
sherilynchew@dbs.com

DBS Group Research
go.dbs.com/insightsdirect

Foreword

Gold is one of the oldest financial assets; its relevance has endured across history through vastly different economic regimes and monetary evolution. From serving as the foundation of monetary systems to becoming a strategic reserve asset and portfolio diversifier, gold has adapted to changing market conditions while retaining its central role as a store of value. Its enduring appeal is noteworthy in today's environment, characterised by large debt, deficit, currency weaponisation, tech disruption, and inflation. The global macroeconomic landscape is increasingly shaped by geopolitical fragmentation, evolving monetary regimes, elevated fiscal pressures, and shifting patterns of trade and capital flows. This paper explores two developments that could reshape the future of the gold market. The first is the growing importance of Asia within the global gold ecosystem. The second is digital innovation, most notably through tokenised gold.

To complement our analysis, we commissioned a survey with central banks and private financial institutions. The survey provides perspective on how key market participants view gold against the backdrop of an increasingly uncertain macroeconomic environment and a rapidly evolving market structure.

This paper seeks to provide a broader perspective on the forces shaping the next phase of the gold market. While the institutions, technologies and infrastructure surrounding gold may continue to evolve, the durability of gold's role within the global financial system remains a constant. Understanding how that role is adapting to a changing world is the central objective of this study.



Taimur Baig
Chief Economist
Group Research
DBS Bank
taimurbaig@dbs.com



Eugene Leow
Rates Strategist
Group Research
DBS Bank
eugeneleow@dbs.com

*An independent survey with Kantar conducted in September 2026

Executive Summary

Once the foundation of the monetary system, gold today occupies a different position. It no longer functions as money, yet its relevance as a store of value and strategic reserve asset appears increasingly important in a world marked by geopolitical fragmentation, elevated fiscal burdens and a growing desire for resilience.

Recent developments in the gold market are often explained through a variety of narratives such as de-dollarisation, inflation hedging or geopolitical uncertainty. In our view, these themes are symptoms of a broader shift. Investors and reserve managers alike are increasingly seeking assets that sit outside traditional sovereign liabilities and retain value across a wide range of economic and political outcomes. Gold's unique position as a monetary asset with no issuer, no liability and no dependence on any single sovereign places it at the centre of this trend.

This shift is reshaping both demand and market structure. Investment demand remains the primary marginal driver of gold prices, while official-sector purchases provide a durable source of structural support. At the same time, the macroeconomic framework through which gold is evaluated is changing. Real yields remain important, but no longer appear sufficient on their own to explain gold's behaviour. Broader considerations around economic and geopolitical resilience have become increasingly influential.

The implications for investors are significant. Gold should not be viewed simply as an inflation hedge, a safe haven or a diversifier. Its enduring appeal stems from its ability to fulfil different functions across different market environments while continuing to generate meaningful long-term returns. Few assets have combined portfolio resilience and capital appreciation as effectively over long horizons.

Beyond demand, the gold ecosystem itself is evolving. Asia's growing importance in physical consumption and reserve accumulation is increasingly being matched by investments in trading, clearing, settlement and vaulting infrastructure. While emerging hubs such as Singapore and Hong Kong are unlikely to displace established centres such as London and New York, they are contributing to a more geographically balanced gold market. At the same time, tokenised gold represents a frontier for the industry. The challenge remains one of institutionalisation rather than innovation, and the pace of adoption will depend on the development of supporting infrastructure, regulation and market liquidity.

Overall, we remain constructive on gold. The current established bull cycle may not prove linear, but the structural forces underpinning demand remain intact. In a world increasingly focused on resilience, diversification and strategic autonomy, gold's relevance appears not to be diminishing, but evolving.



Introduction: Gold's evolution from money into a monetary asset

Gold occupies a unique position in financial history. For centuries, it functioned not only as a store of value, but also as a unit of account and medium of exchange, serving as the foundation of monetary systems and, later, the anchor for fiat currencies under the gold standard. The evolution of modern economies, however, has gradually transformed gold's role. As countries moved away from the gold standard and fiat currencies became capable of operating independently, gold ceased to be the primary medium through which transactions were conducted or economic value was measured. These functions have largely been assumed by modern fiat currencies, which are more practical for commerce, accounting, and financial intermediation.

While gold's monetary functions have narrowed, its relevance has not diminished.

Instead, its role has become increasingly concentrated in its capacity as a store of value. Today, gold is widely held as a financial asset and a vehicle for wealth preservation, valued for its scarcity, durability, and ability to retain purchasing power over long periods of time. While gold once underpinned the monetary system, it now exists as an asset whose value is expressed through modern currencies.

Demand and Supply

Supply

Global gold supply exhibits an inelastic structure, expanding at a constrained baseline rate of 1.3% per year[1]. Primary mine production constitutes the vast majority of annual market additions, consistently representing approximately 70% of total supply. The remainder of global supply is fulfilled by secondary recycling, primarily derived from melted jewellery and recovered industrial electronics.

1.3%
per year in global gold supply

70%
of total supply in primary mine production

Demand

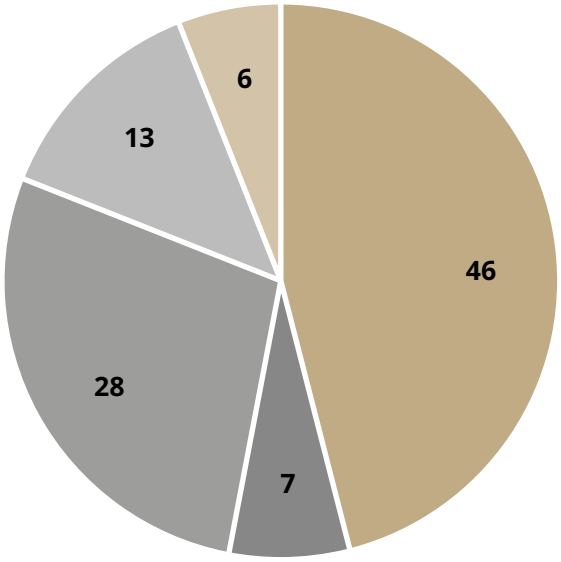
Gold's demand profile is unusually diverse compared with most commodities. While industrial metals derive value primarily from economic activity and consumption, gold draws support from four distinct pillars: jewellery fabrication, technology applications, investment demand, and official-sector purchases. This diversified demand base helps underpin gold's strategic role in the global financial system and contributes to its resilience across market cycles.

[1] Average annual growth over 2011-2025.

Gold demand by sector over 2010 - 2025 (%)

The four pillars

- Jewellery fabrication
- Technology applications
- Investment demand
- Official-sector purchases
- Others



Sources: World Gold Council, DBS

01 Jewellery
The traditional foundation



Jewellery remains the largest and an enduring source of physical gold demand. Beyond its decorative appeal, gold jewellery often serves as a store of wealth, particularly across Asia and the Middle East where it is closely linked to savings, cultural traditions, and intergenerational wealth transfer. Demand is concentrated in major markets such as China and India, making jewellery an important anchor for global gold consumption. However, jewellery demand tends to be relatively price sensitive. Periods of rapidly rising gold prices often lead consumers to postpone purchases or reduce volumes.

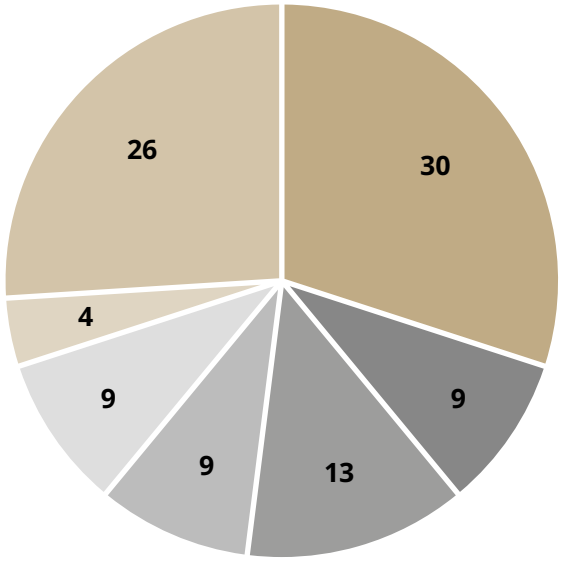
02 Technology
Smaller and lesser known



Technology accounts for a comparatively modest share of overall gold demand but represents one of the metal's most irreplaceable uses. Gold's electrical conductivity, corrosion resistance, and reliability make it a critical input in high-performance electronics, semiconductors, data centres, and telecommunications equipment. The growing adoption of AI infrastructure and advanced semiconductor technologies has helped support this segment, providing a stable source of demand.[2]

[2] World Gold Council, Gold Demand by Sector (2026).

Role of gold in financial institutions' portfolio (%)



Sources: DBS Gold Industry Survey 2026

03 Investment
Bullish driver



Investment demand has increasingly become the most influential driver of gold prices. Unlike jewellery and technology demand, which reflect consumption needs, investment demand is driven by macroeconomic conditions, portfolio allocation decisions, and perceptions of financial risk. Many investors view gold as a strategic portfolio diversifier, with our survey identifying diversification benefits as the most commonly cited role for gold within financial institutions' portfolios. Demand can be expressed through investment vehicles like physical bars and coins, exchange-traded funds (ETFs), derivatives, etc. Investment demand has been a key contributor to gold's strong performance in recent years. Given its ability to respond swiftly to changes in macroeconomic expectations, investor positioning often serves as the marginal force determining short-term price direction.

04 Official sector
Steady anchor



Central bank allocations have emerged as a dominant structural anchor of the global gold market, driven by official sector efforts to optimize foreign exchange reserve composition in an increasingly fragmented geopolitical environment. While central bank gold holdings historically stemmed from the Gold Standard era, the rationale for holding gold today is increasingly forward-looking. It is now increasingly viewed as a strategic reserve asset rather than a legacy holding. The World Gold Council's 2026 survey found that gold's performance during times of crisis, its role as a long-term store of value and its diversification benefits remain the most important reasons for holding gold, highlighting its role as a strategic reserve asset rather than merely a legacy holding among central banks.[3] Against a backdrop of rising geopolitical tensions, sanctions risks and concerns over reserve concentration risk, global central banks' gold holdings have steadily grown by an average 1.2% over 2009-25. Central bank demand has therefore become an increasingly durable source of structural support for the gold market.

[3] World Gold Council, Central Bank Gold Reserves Survey 2026 (2026).

Structural Support or Price Driver?



Gold has delivered one of the strongest performances among major asset classes over the past two decades, rising at an average nominal pace of 13% per annum.

This naturally raises the question: which demand pillar has been most responsible for gold's outsized gains?

Growth per annum

20%	0.7%
ETF holdings growth	central banks holdings

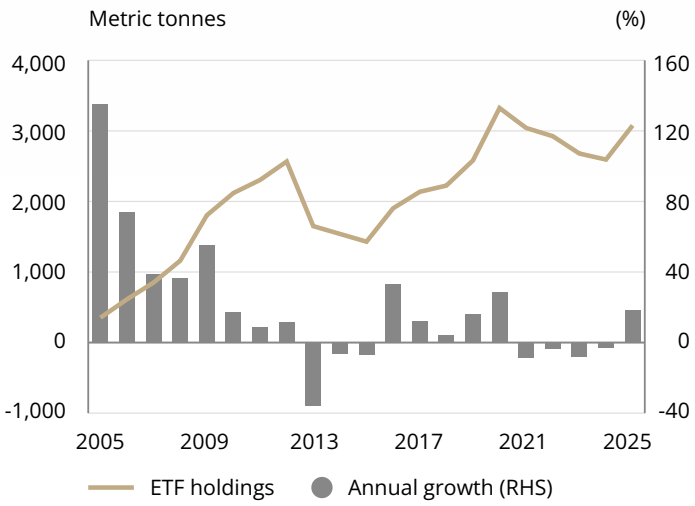
The prevailing narrative often points to central bank purchases as the engine behind gold appreciation. Indeed, official-sector demand has emerged as an increasingly important feature of the gold market, with central banks accumulating significant volumes of gold in recent years as part of broader reserve diversification strategies. Unlike other sources of demand, central bank purchases are strategic, long-term in nature, and relatively insensitive to short-term price fluctuations. As a result, they provide an important structural foundation for the gold market. However, the scale of central bank accumulation appears insufficient on its own to explain the magnitude of gold's price appreciation. Over the past two decades, global official gold holdings have increased by only around 0.7% per annum on average. The increase in physical reserves, while meaningful, appears insufficient on its own to justify price gains that have substantially outpaced the rate of official-sector accumulation.

A stronger explanation may lie in investment demand. The advent of gold-backed ETFs fundamentally transformed access to the asset class, allowing investors to express views on inflation, monetary policy, currency debasement and geopolitical uncertainty with unprecedented ease. While ETF holdings have been cyclical and often volatile, aggregate ETF holdings have expanded at an average pace of roughly 20% per annum over the past two decades, far exceeding the growth observed in official-sector reserves. Just over the past 10 years alone, ETF holdings more than doubled to 3077 metric ton as of end 2025.



Central banks provide the foundation; investors drive the upside.

ETF holdings

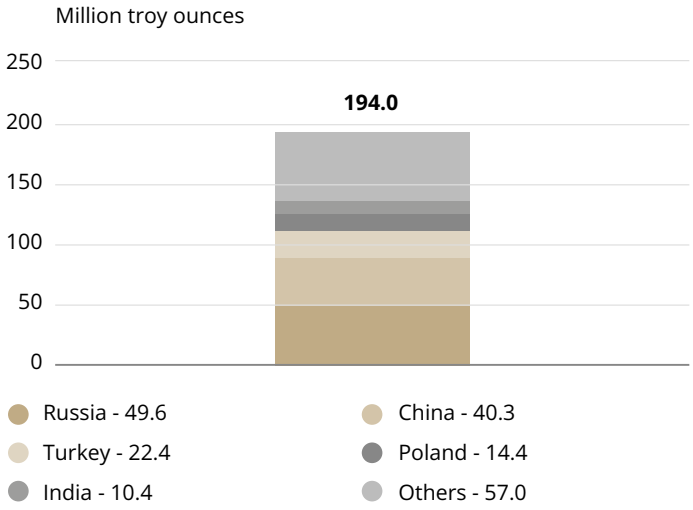


Sources: Bloomberg, DBS

In this sense, investment demand appears to be the primary marginal driver of gold's long-term appreciation. Yet this should not diminish the role of central banks, as official-sector and investment demand are better viewed as complementary forces. Amid rising geopolitical fragmentation and sanction risks, reserve managers have increasingly turned to gold as a means of diversifying their portfolios, accumulating around 194 million ounces over 2010-2025, with economies in Eastern Europe and Asia accounting for a significant share of purchases.

This persistent accumulation has reinforced gold's strategic role in the monetary system while providing a durable demand anchor for the broader market. Taken together, official-sector demand anchors the market, while investor demand explains the magnitude of gold's rally.

Increase in central bank gold reserve over 2010-2025



Sources: IMF, Bloomberg, DBS

01 From Real Yields to Resilience in a Fragmented World

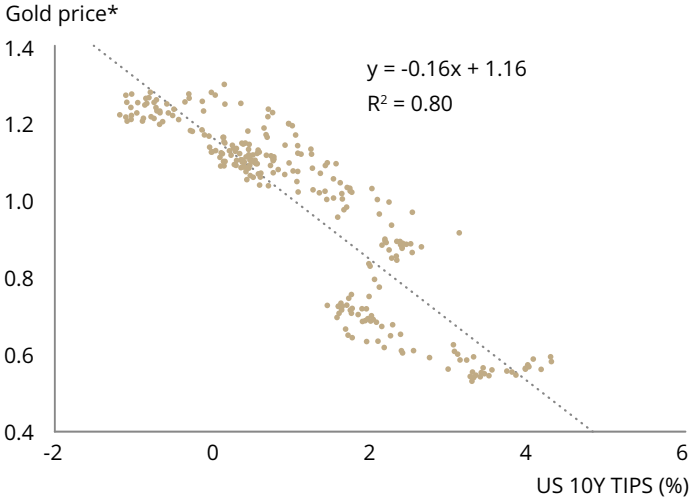
Gold's appeal is often discussed through a range of themes reflecting broader economic, geopolitical, and monetary uncertainties. While these factors are frequently presented as separate drivers, they are in reality closely interconnected. At their core lies a broader reassessment of the long-term resilience of the prevailing monetary and financial architecture. As governments grapple with rising debt burdens, geopolitical divisions deepen, and periods of economic uncertainty become more frequent, demand has increasingly shifted toward assets that sit outside traditional financial and political systems. Gold's unique position as a monetary asset with no issuer, no liability, and no dependence on any single sovereign has consequently become more valuable.

Regime change

Real yields are no longer sufficient

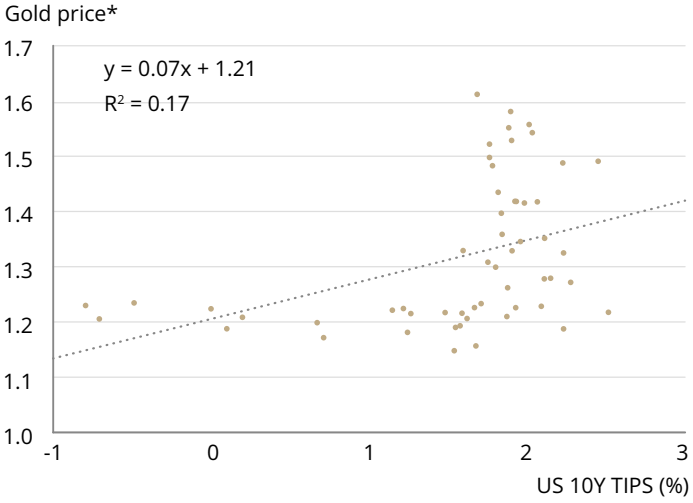
For much of the past two decades, gold exhibited a remarkably stable inverse relationship with US real yields. Between 2000 and 2021, movements in real yields[4] explained a substantial portion of gold price fluctuations, with our analysis suggesting that real yields[4] accounted for roughly 80% of the variation in gold prices over this period. This relationship was intuitive. As a non-yielding asset, gold competes with real yields for investor capital. When real yields declined, the opportunity cost of holding gold fell, supporting demand and higher prices.

Gold on real yield over 2000 - 2021



*Gold price is in real terms, equal to log(nominal gold / US CPI).
Sources: Bloomberg, DBS

Gold on real yield over 2022 - 2026



*Gold price is in real terms, equal to log(nominal gold / US CPI).
Sources: Bloomberg, DBS

[4] Real yields refer to the 10Y US Treasury inflation-protected security. It is the real yield after stripping breakeven inflation from the nominal 10Y US Treasury yield.

Regression of gold price on real yield, economic uncertainty and the US dollar

However, this relationship appears to have weakened meaningfully since 2022. Gold prices have continued to rise despite periods of elevated or rising real yields, a development that would have appeared unusual under the historical framework. Our analysis finds the relationship turned positive since 2022 and that real yields explain only around 17% of gold price variation during this period, a sharp decline from the preceding two decades. Put differently, gold is no longer behaving as though real yields are the sole dominant driver.

This does not imply that real yields have become irrelevant, but that yields alone seem increasingly insufficient, additional forces are influencing gold prices. Indeed, the extraordinary appreciation in gold over the past several years is difficult to explain through the lens of real yields alone.

Two additional factors appear increasingly important. The first is the US dollar[5], which captures concerns surrounding fiat purchasing power and currency debasement. The second is economic uncertainty[6], which reflects a broader backdrop characterised by geopolitical fragmentation, sanctions risk and policy uncertainty. When these factors are incorporated alongside real yields, our framework is once again able to explain a much larger share of gold price movements since 2022.

Real yields explain gold price variation

80%	17%
2000 - 2021	2022 - 2026

Viewed through this lens, recent gold market developments may not represent a breakdown of the traditional relationship with real yields, but rather an expansion of the factors investors use to evaluate gold. The growing importance of themes such as currency debasement, fiscal sustainability, reserve diversification and geopolitical resilience suggests that gold is increasingly being valued not solely as a real-yield-sensitive asset, but as a broader hedge against structural monetary, fiscal and geopolitical risks.

	2000 - 2021				2022 - 2026			
	(1)	(2)	(3)	(4)	(1)	(2)	(3)	(4)
US TIPS	-0.16**	-0.15**	-0.14**	-0.10**	0.07**	0.06**	0.09**	0.08**
log(EPU)		-0.06		0.34**		0.58**		0.38**
log(DXY)			-1.06**	-1.57**			-5.82**	-4.61**
Intercept	1.16	1.03	3.22	3.47	1.21	-0.19	12.88	9.53
R^2	0.80	0.80	0.85	0.88	0.17	0.52	0.64	0.77

Gold price in real terms is derived through log(nominal gold/US CPI index). EPU refers to the Global Economic Policy Uncertainty Index. DXY refers to the US dollar index.
Sources: Bloomberg, DBS

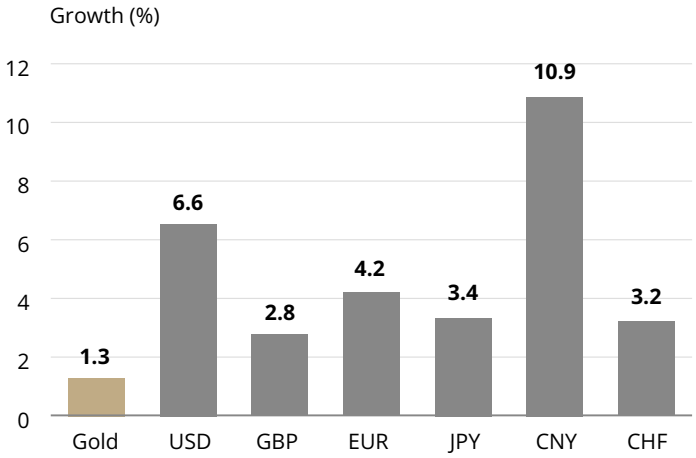
[5] US dollar refers to the US dollar index (DXY). An increase in the DXY refers to an appreciation in the US dollar.
[6] Economic uncertainty is proxied through the Economic Policy Uncertainty index from NBER, Davis, Steven J. "An Index of Global Economic Policy Uncertainty", (2016).

Eroding confidence in existing monetary order

Since the collapse of the Bretton Woods system in 1971, fiat currencies have no longer been constrained by a formal link to gold, allowing money supply to expand in line with the needs of economic growth, financial stability, and government financing. While this flexibility has supported modern economic development, broad money supply across major economies has grown far faster than the stock of gold, whose supply remains constrained by physical production. As a result, the stock of monetary claims has expanded substantially relative to monetary gold, contributing to a long-run decline in the purchasing power of fiat currencies when measured against gold. Indeed, major currencies today buy only a fraction of the gold they could purchase in the early 1970s, underscoring gold's enduring role as a long-term store of value[7].

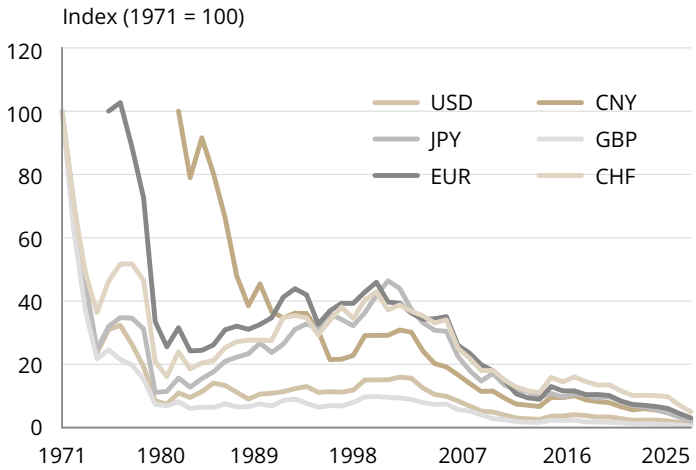
Concerns surrounding fiscal sustainability have added a further dimension to this. One of the defining features of the post-global financial crisis era has been the persistent expansion of public debt across many major economies. Repeated episodes of fiscal stimulus, combined with structurally wider budget deficits, have pushed sovereign debt burdens to increasingly elevated levels. While high debt levels do not inevitably result in inflation or monetary instability, they have intensified debate over how these obligations will ultimately be financed and managed over the long run. In that sense, the post-GFC period reinforced concerns about the long-term sustainability of an increasingly debt-dependent global financial system. For investors, this has strengthened the appeal of assets whose value is not directly tied to the balance sheet of any government or central bank. Our survey findings reinforce this point, with concerns surrounding fiat debasement and de-dollarisation emerging as the primary motivations for increasing gold allocations among asset managers.

Growth in supply over 2011–25



Note: Refers to growth in gold supply, and growth in money supply for the currencies respectively.
Sources: Bloomberg, DBS

Value of currencies in gold terms



Note: A value of 100 represents the currency's purchasing power in gold terms in 1971; a value of 1 indicates that one currency unit can buy only 1% as much gold as it could in 1971.
Sources: Bloomberg, DBS

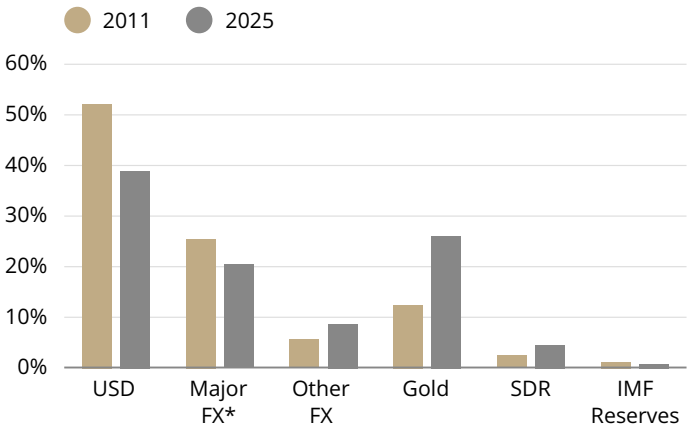
[7] To illustrate, one US dollar could purchase roughly 0.02 troy ounces of gold in 1971. By 2025, that purchasing power had fallen to just 0.0002 troy ounces, meaning a dollar today buys only around 1% of the gold it could have purchased in 1971.

Reserve Diversification in a Fragmented Global Order



Beyond concerns surrounding fiat purchasing power and fiscal sustainability, recent years have seen a broader reassessment of the foundations of the international monetary system. Geopolitical tensions, sanctions risk, and a growing emphasis on strategic autonomy have encouraged reserve managers to diversify reserve holdings across a wider range of assets. This shift has already become evident in reserve allocation trends over the past decade and a half, with central banks gradually reducing reliance on the US dollar while increasing allocations to gold and other non-traditional reserve currencies. Importantly, the rise in gold share not only reflects sustained central bank purchases but also the strong appreciation in gold prices over the period. While this trend is often described as de-dollarisation, the term can at times overstate what is occurring. For many, the objective is not necessarily to abandon the US dollar, but rather to reduce concentration risk. Indeed, based on the 2025 World Bank reserve management survey, diversification was cited as the primary purpose among institutions that adjusted their holdings of gold.[8]

Share of Global International Reserves



*Major FX refers to EUR, JPY, CHF and GBP.
Sources: Bloomberg, DBS

Gold's neutrality within the international monetary system has emerged as a key advantage. Rather than being a simple expression of views on any single currency, official-sector demand increasingly reflects the pursuit of a reserve asset that can remain effective across a wide range of geopolitical and economic outcomes.

Gold's appeal is underpinned by a growing search for resilience and diversification against monetary, fiscal, and geopolitical risks.

[8] World Bank RAMP, Reserve Management Survey Report 2025: Insights into Public Asset Management (2025).

02 Gold's role in portfolios

Gold has long occupied a unique position in portfolios. It is commonly described as a hedge against inflation, a safe haven during market turmoil, or a diversifier alongside traditional assets.

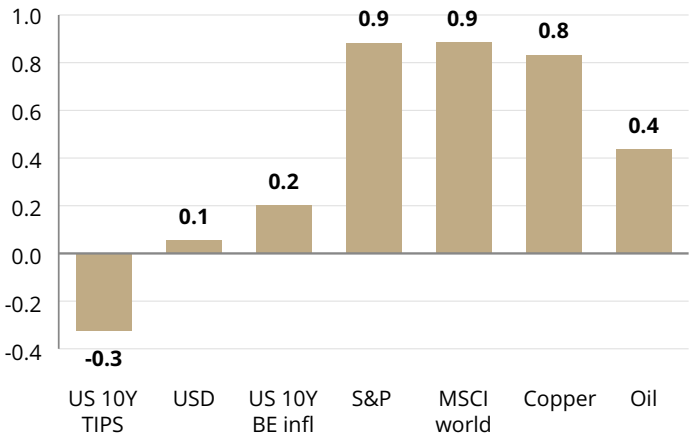
While each of these characterisations contains some truth, none fully captures gold's role within a modern portfolio.



The challenge is that gold's behaviour evolves across market environments. At different times, it can provide protection against adverse monetary conditions, diversification against conventional financial assets, or resilience during periods of uncertainty and stress. Importantly, these characteristics have not come at the expense of long-term performance. Unlike many defensive assets, gold has also generated meaningful capital appreciation over time, contributing to both portfolio resilience and portfolio returns.

Gold's ability to serve multiple portfolio objectives is ultimately reflected in how it interacts with other assets. An analysis of gold's correlations over the past 25 years therefore provides a useful starting point for understanding when and how these different portfolio characteristics tend to emerge.

Correlation of gold with other asset classes



Sources: Bloomberg, DBS

01 A Hedge Against Real Yields

Among the macroeconomic variables examined, gold exhibits one of its strongest and most consistent relationships with US real yields. The long-run correlation with 10-year TIPS yields is approximately -0.3, highlighting a persistent inverse relationship between the two. Unlike bonds or cash, gold generates no income and therefore competes with real yields for investor capital. When real yields decline, the opportunity cost of holding gold falls, supporting demand. Conversely, rising real yields have historically represented one of the most persistent headwinds for the asset.

Importantly, this suggests that gold may be better understood as a hedge against falling real yields than as a simple inflation hedge. While gold is often associated with inflation protection, its relationship with real yields has historically been stronger and more consistent than its relationship with inflation expectations. The stronger relationship with real yields likely reflects investors' focus on preserving real returns rather than merely hedging inflation. As such, periods of falling real yields, whether driven by higher inflation or monetary easing, have generally been supportive for gold.[9]

The relationship has however become less dominant in recent years. Since 2022, gold has continued to perform strongly despite periods of elevated real yields, suggesting that investors are increasingly responding to a broader set of considerations beyond real rates alone.

This does not negate gold's role as a hedge against falling real yields, but rather suggests that its portfolio function is expanding beyond a purely real-rate-sensitive asset.

02 A Diversifier for Risk Assets

Gold is often viewed as a hedge against risk assets, but the long-run evidence tells a more nuanced story. Since 2000, gold has exhibited a positive correlation with both equities and commodities, reflecting a backdrop of abundant liquidity, robust nominal growth and declining real yields that supported both gold and broader risk markets.

Rather than serving as a hedge against risk assets, gold is better viewed as a diversifier. Its diversification benefits stem from the fact that it is driven by a broader set of forces, including monetary and geopolitical uncertainty.

These drivers differ from those shaping the performance of equities, bonds and industrial commodities, allowing gold to complement portfolios that are otherwise heavily exposed to conventional market risks.

[9] International Monetary Fund, Gold in Central Bank Reserves: Strategic Considerations, Market Risks, and Practical Guidance (2026).

A Safe Haven in Periods of Stress

Gold's safe-haven characteristics become more apparent during periods of market stress. Across five major episodes of heightened uncertainty since 2000, two observations stand out and reinforce gold's role as a source of resilience.

First, the inverse relationship between gold and real yields tends to strengthen during risk-off episodes. As investors rotate into defensive assets such as gold and government bonds, higher gold prices and lower bond yields reinforce the negative relationship between the two.

Second, gold has generally provided reasonable protection against equity market weakness. While gold's long-run correlation with equities is positive, that relationship tends to weaken materially during periods of stress and has, in several episodes, turned negative.

Correlation of gold with other asset classes

	US 10Y TIPS	USD	US 10Y BE infl	S&P	MSCI world	Copper	Oil
2000 - 2025	-0.3	0.1	0.2	0.9	0.9	0.8	0.4
Episodes of market stress where VIX > 30							
2001 September 11 crisis	-0.1	-0.8	-0.1	-0.6	-0.7	0.3	0.0
2002 Dot com collapse	-0.4	-0.2	-0.3	-0.4	-0.4	0.0	0.6
2008-09 Global financial crisis	-0.8	-0.1	0.4	-0.3	-0.2	0.0	-0.2
2011 Sovereign credit rating downgrade	-0.6	-0.6	0.3	0.0	0.2	0.7	0.6
2020 COVID-19 pandemic	-0.9	-0.4	0.5	0.7	0.7	0.4	0.1

Negative Zero Positive

Correlation: -1 to +1

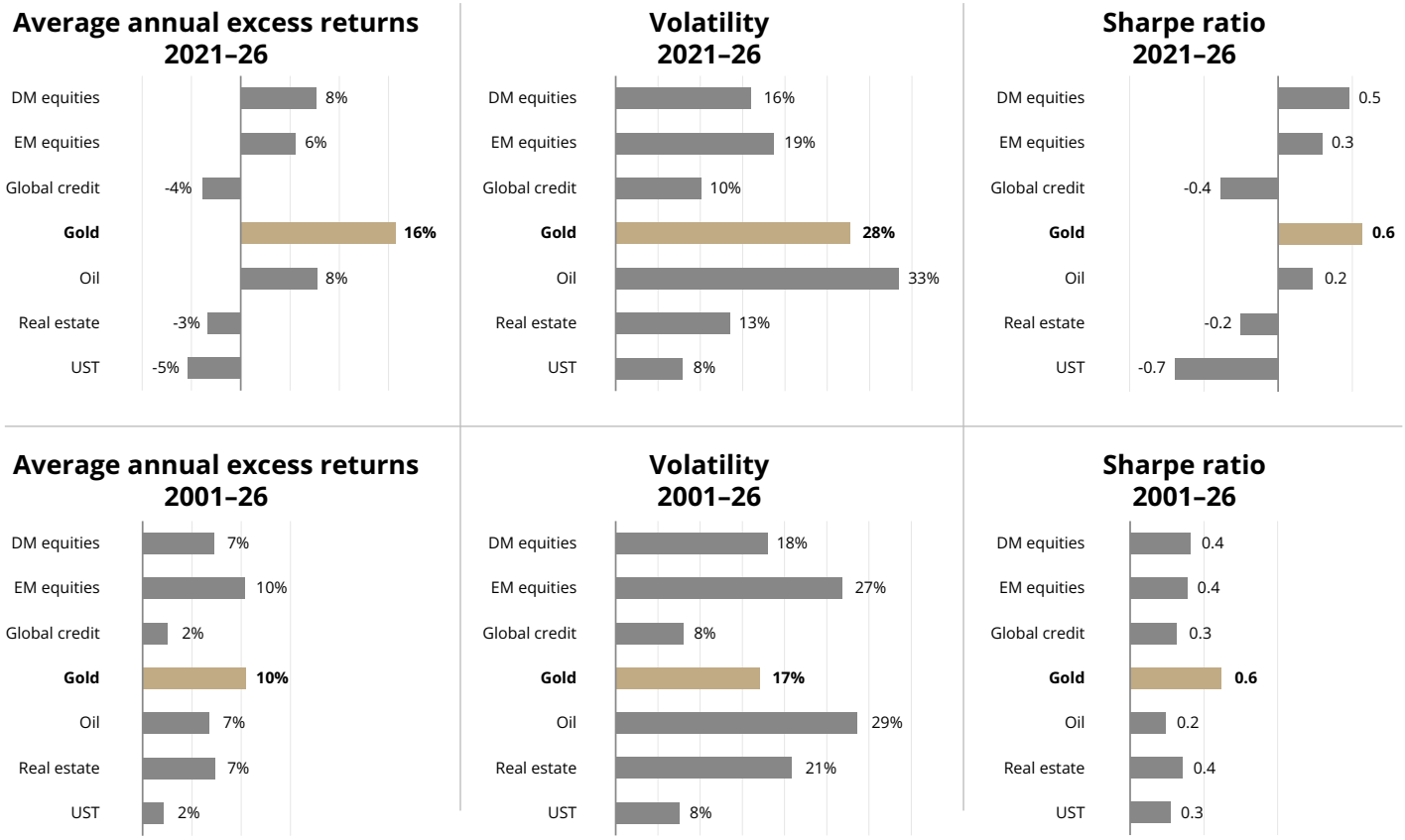
Sources: Bloomberg, DBS

04 Defensive, yet rewarding

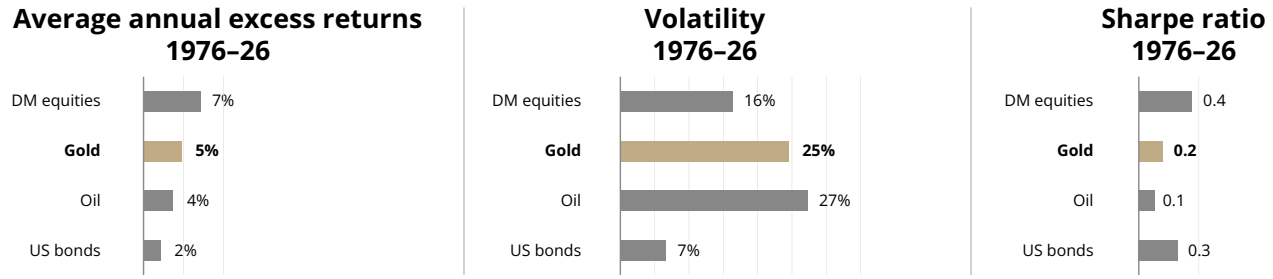
Gold's portfolio appeal extends beyond its defensive characteristics. Unlike many assets that provide diversification or downside protection at the expense of returns, gold has historically delivered both resilience and meaningful long-term capital appreciation. The same forces that underpin demand for gold have also contributed to sustained price gains over time.

The past 25 years illustrate this clearly. At present, gold prices are around 15 times their 2001 level and have delivered the strongest average annual excess return among the major asset classes examined. This is particularly striking given that gold relies entirely on capital appreciation. Looking over a longer 50-year horizon tells a similar but nuanced story. While gold's excess returns have lagged equities over the past half century, it has still outperformed US investment-grade bonds and oil.

That said, these returns have not come without volatility. Gold's return volatility, as measured by standard deviation, has historically been higher than that of bonds and equities. On a risk-adjusted basis, gold's Sharpe ratio trails those of equities and US investment-grade bonds, suggesting that part of its strong long-term performance has been accompanied by a relatively volatile return profile over the longer horizon. Another observation emerges from the comparison between gold and oil. Gold has substantially outperformed oil, both in terms of average excess returns and on a risk-adjusted basis. This divergence is noteworthy given that both assets sit within the commodity universe. Unlike oil, whose performance is closely tied to the economic cycle and fluctuations in physical demand, gold appears to benefit from its unique role as a monetary asset and store of value, characteristics that distinguish it from more cyclical commodities.



Note: Global credit refers to the Bloomberg Global Aggregate Credit Total Return Index. DM equity refer to the MSCI World index which covers DM markets. EM equity refers to MSCI EM index. Global real estate is proxied by the FTSE EPRA NAREIT Developed Index.
Sources: Bloomberg, FRED, DBS



Note: US bonds consist of Treasuries and IG bonds, data begins from 1977. DM equity refer to the MSCI World index which covers DM markets.
Sources: Bloomberg, FRED, DBS

05 Beyond Labels

The search for a single definition of gold's portfolio role may ultimately be misguided. The case for holding gold does not rest on its being the best hedge, the best diversifier, or the best safe haven. Rather, its value lies in its ability to fulfil these functions at different episodes while continuing to generate attractive long-term returns.

Few other assets offer such a broad range of portfolio benefits within a single allocation.

Gold's enduring appeal stems from its ability to deliver a combination that is often difficult to find in a single asset: portfolio resilience alongside meaningful long-term capital appreciation.

03 The rise of Asia gold hubs

For decades, the global gold market has been anchored by London and New York. London, through the LBMA, remains the centre of the over-the-counter gold market and global vaulting ecosystem, while New York, via COMEX, plays a critical role in price discovery for the paper market. Together, these markets have historically dominated the clearing, settlement and trading infrastructure underpinning the global gold market.

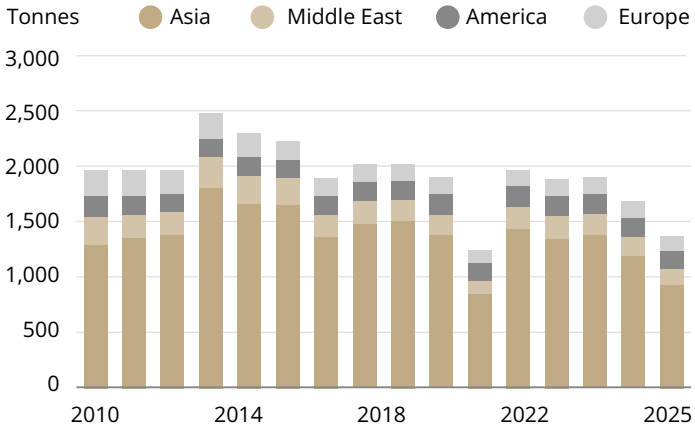
This geographic concentration of market infrastructure stands in contrast to the evolving pattern of global private sector demand for gold.

Asia now accounts for the majority of global bar & coin investment and jewellery demand.

Yet despite its growing importance as a centre of physical consumption, market participants across the region have traditionally relied on settlement, clearing and liquidity infrastructure centred around Western trading hubs and operating hours.

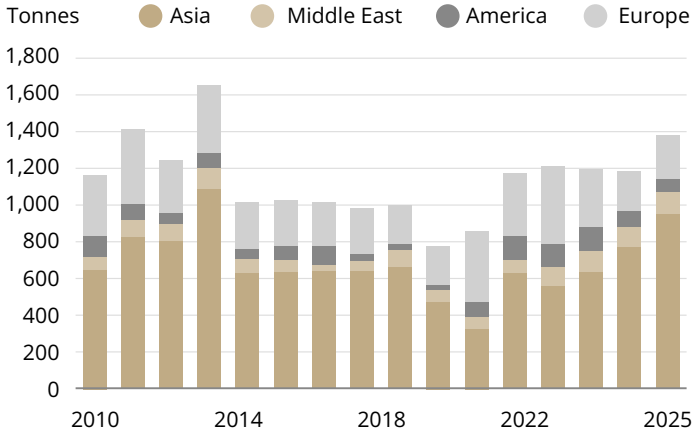
The same eastward shift can also be observed in official-sector demand. The World Bank's 2025 Reserve Management Survey found that gold allocation adjustments in 2024 were concentrated in Asia, as well as the Middle East and Africa.[10]

Jewellery demand by geography



Source: World Gold Council, DBS

Physical bar and coin demand by geography

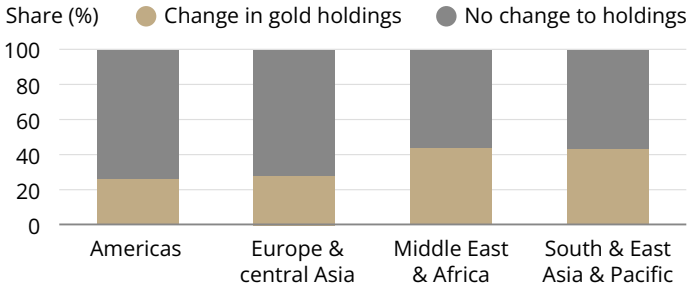


Source: World Gold Council, DBS

[10] World Bank RAMP, Reserve Management Survey Report 2025: Insights into Public Asset Management (2025).

Looking over a longer horizon, central bank gold accumulation since 2000 has likewise been particularly pronounced across Asia and Eastern Europe. China has emerged as the largest accumulator of gold reserves this century, while India has also steadily increased its holdings. Beyond Asia, countries such as Russia, Turkey and Poland have been among the most significant contributors to global reserve accumulation. Taken together, a significant share of incremental official-sector demand has originated from regions outside the traditional western reserve centres.

Change in gold holdings in 2024 by region



Sources: World Bank, Reserve management survey report 2025

Against this backdrop, the emergence of gold infrastructure in Asia appears less a disruption and more a natural evolution of the market. As physical demand, investment activity and reserve accumulation become increasingly concentrated in the region, the development of local trading, vaulting, clearing and settlement capabilities becomes a logical extension of that demand.

Asia Gold Hubs

Importantly, Asia is not starting from scratch. Precious metals vaulting and storage infrastructure have long existed across major financial centres such as Singapore and Hong Kong. What is changing is the growing involvement of official and exchange-linked infrastructure, which has the potential to accelerate scale, deepen market connectivity and strengthen the region's position within the global gold ecosystem.

Efforts by both Singapore and Hong Kong to establish themselves as leading regional gold hubs have intensified. Hong Kong is leveraging its role as a gateway to mainland China, while Singapore continues to build on its strengths as a financial and wealth management hub, underpinned by its reputation for stability and sovereign neutrality. Recent initiatives to enhance clearing, settlement and custody capabilities reflect a broader ambition to support the growing concentration of regional demand and investment activity.

These efforts also appear to be gaining traction among institutional investors. Half of central bank respondents in our recent survey indicated that the development of state-backed gold infrastructure has increased their institution's interest in using Asia-based gold hubs. A similar pattern was observed among private financial institutions, with slightly more than half of asset managers and banks likewise reporting greater interest in Asia-based hubs following the introduction of state-backed infrastructure. That said, the survey suggests that interest remains ahead of implementation for now. While awareness and receptiveness are growing, only one-quarter of central bank respondents are currently actively evaluating Asian hubs as potential storage locations for official sector vaulting.

What makes a gold hub competitive?

The underlying drivers for official sector diversification appear well established. Concerns over sovereign concentration risk emerged as one of the main motivations for considering a broader distribution of gold storage locations. This is particularly relevant given that a significant share of official-sector gold remains stored in Bank of England vaults or domestically.[11] Consistent with this, roughly half of our survey respondents identified legal stability and political neutrality as the single most important consideration when selecting a new gold storage location. This suggests that while adoption may remain gradual, the foundations for future growth of Asia hubs are in place.

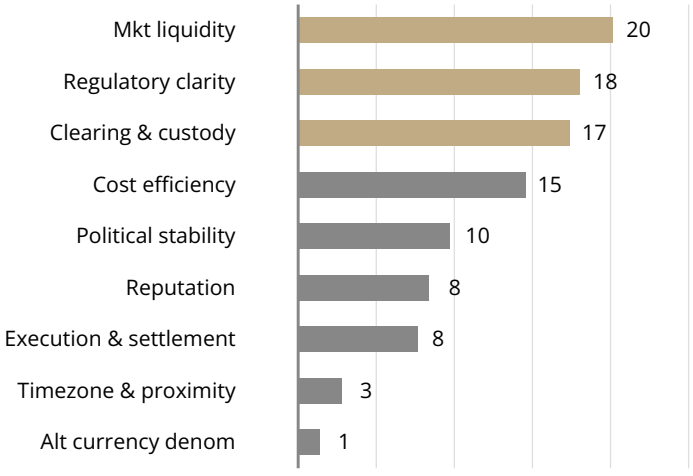
Looking beyond storage diversification, the survey with private institutions also provides insight into the factors that determine the competitiveness of a gold hub. Notably, timezone alignment and geographical proximity ranked relatively low among financial institutions.

Encouragingly, several of the attributes most valued by market participants align with the strengths that emerging Asian hubs already possess or are actively building. While market liquidity remains a key consideration for market participants, regulatory clarity and the reliability of clearing and custody infrastructure ranked second and third respectively among financial institutions, highlighting that market participants place a premium on certainty, trust and operational resilience.

This suggests that a predictable regulatory framework alongside robust market infrastructure could become important differentiators for regional centres.

Cost competitiveness also featured prominently, indicating that tax incentives and other industry-supporting measures introduced by Singapore and Hong Kong may provide additional support as both centres seek to attract activity and build scale. Asset managers placed significant emphasis on political and sovereign stability, a consideration that aligns closely with Singapore's reputation as a stable and trusted jurisdiction.

Key consideration factors among financial institutions (%)



Source: DBS Gold Industry Survey 2026

[11] World Gold Council, Central Bank Gold Reserves Survey 2026 (2026).

How might Asia reshape global gold market conventions?

Yet, the emergence of Asian hubs does not necessarily imply a shift in the centre of gravity away from London and New York.

While gold demand flows have increasingly shifted eastward, gold ownership, liquidity and market infrastructure remain heavily concentrated in established Western centres. Indeed, if flows and stockpiles are viewed separately, a more nuanced picture emerges. Much of the incremental demand for gold over the past two decades has originated from Asia and Eastern Europe, but the majority of existing official gold reserves remain concentrated in Western Europe and America, which together account for around 85% of global central bank gold holdings. This distinction is important given that banks identified market liquidity as the single most important consideration when selecting a gold hub. London and New York continue to benefit from deep pools of liquidity, extensive vaulting networks, established trading conventions and their central role in global price discovery. These network effects have been built over decades and are unlikely to be replicated quickly.

As such, the rise of Asian hubs is probably better seen as complementary rather than competitive. Their near-term opportunity lies not in displacing the traditional centres, but in gradually deepening regional liquidity pools, strengthening market infrastructure and aligning global gold market infrastructure more closely with the growing concentration of demand in the East.

While it remains too early to conclude that Asia's emerging gold hubs will materially alter the structure of the global gold market, their development could gradually influence how the market functions at the margin. The first potential area is price discovery. Historically, gold price discovery has largely been driven by trading activity in London and New York. The development of Asian trading hubs could gradually expand price discovery during Asian hours and increase the influence of regional physical market dynamics on global pricing.

The second area is settlement convention. Regional clearing and settlement infrastructure may improve market accessibility for Asian participants by enabling more transactions to be cleared, settled and managed within the region, without needing London-based balance sheet clearing.

Third, bar standards could be influenced over time. Asian investors and jewellers favour 1kg bars, in contrast to the 400oz London Good Delivery standard that underpins much of the global wholesale market. The development of Asian gold hubs could facilitate greater trading in the 1kg bar format, matching regional demand. [12] [13]

Taken together, these developments are unlikely to displace the longstanding dominance of London and New York. However, they may contribute to a gradual rebalancing of market activity, reflecting the increasing importance of Asia not only as a source of demand, but also as a participant in the infrastructure that supports the global gold market.

[12] Monetary Authority of Singapore, Singapore Sets Out Key Focus Areas to Develop Singapore as a Gold Trading Centre (2026).
[13] The Government of the Hong Kong Special Administrative Region, Hong Kong's Gold Central Clearing and Settlement System Commences Trial Operation Today Supported by Full Package of Targeted Initiatives (2026).

04 Tokenised gold

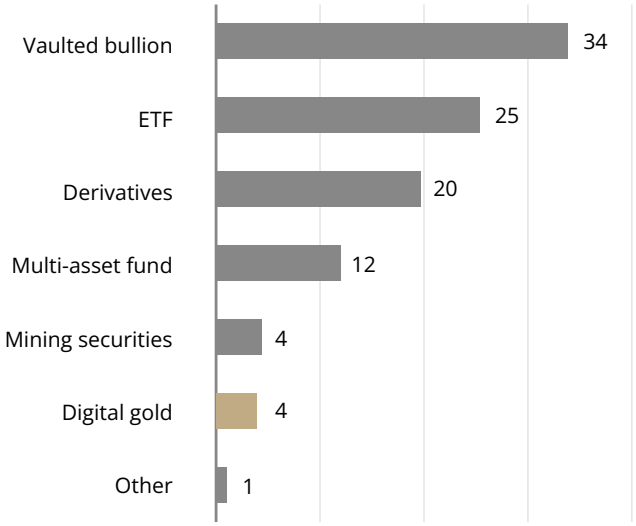
Progress made, meaningful potential

Tokenised gold is not a new concept. Since its emergence in the early 2020s, the asset class has steadily evolved from a niche digital asset experiment into a recognised means of obtaining exposure to gold. By combining blockchain technology with physical bullion ownership, tokenised gold offers several advantages over traditional investment channels, including fractional ownership, near-instant settlement and continuous trading access.

While tokenised gold remains a relatively small segment of the broader gold market, its growing recognition among institutional investors points to scope for further development. Institutional investors continue to favour traditional forms of gold exposure, with ETFs, vaulted bullion and derivatives representing the dominant channels in our survey. Tokenised gold represents only around 4% of aggregate gold exposure across surveyed financial institutions. With awareness already relatively widespread, the gap between awareness and adoption suggests there remains room for institutional participation to deepen as the ecosystem develops.

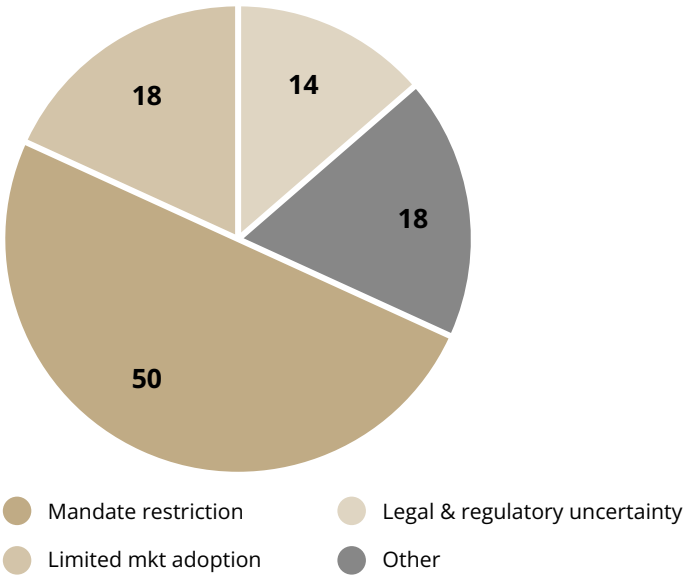
Encouragingly, the challenge appears less related to the investment proposition itself and more to the institutional framework surrounding it. Survey respondents identified legal and regulatory uncertainty as the single most important barrier to broader adoption. For many institutions, tokenised gold remains outside established investment guidelines, while conventional products such as ETFs integrate seamlessly into existing brokerage, custody, compliance and reporting frameworks. This points to where the opportunity lies: greater regulatory clarity and integration into existing institutional frameworks could help lower the barriers to broader participation.

Gold exposure by investment vehicle (%)



Source: DBS Gold Industry Survey 2026

Factors limiting adoption of digital gold (%)



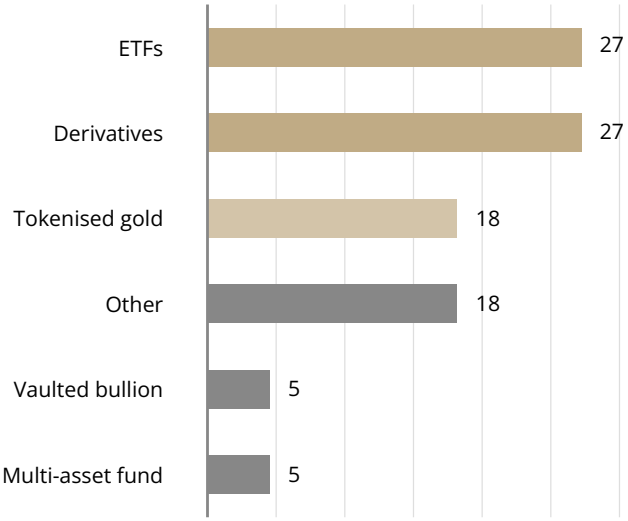
Source: DBS Gold Industry Survey 2026

Building greater market depth and broader participation represents another important next step in the development of tokenised gold. While trading activity in tokenised gold has expanded considerably in recent years, the market remains small relative to established gold investment vehicles. For institutional investors, liquidity is often as important as access. Large gold ETFs benefit from deep secondary market liquidity, established market-maker networks and significant market depth, allowing investors to transact efficiently at scale.

Current market size illustrates the extent of this gap. As of June 2026, the SPDR Gold Shares ETF (GLD) alone had a market capitalisation of approximately US$130bn, around 30 times larger than the combined market capitalisation of the two largest tokenised gold products, Tether Gold and Paxos Gold. A similar pattern is evident in trading activity. Over H1 2026, trading volume in GLD was nearly six times that of Tether Gold and Paxos Gold combined. While tokenised gold has made meaningful progress in building scale and liquidity, it continues to operate in a different order of magnitude from the traditional gold investment ecosystem for now.

Expectations for growth suggest that tokenised gold is beginning to gain traction, even if established investment channels remain dominant. Among financial institutions, gold ETFs were identified as the investment channel with the strongest expected growth over the next 12 months, followed by derivatives. Notably, close to one-fifth of respondents selected digital or tokenised gold as the segment with the strongest growth potential. While this trails more established channels such as ETFs and derivatives, it nevertheless suggests that a segment of institutions see scope for continued growth in tokenised gold as the supporting ecosystem matures.

Investment vehicles poised for strongest growth (%)



Source: DBS Gold Industry Survey 2026

The survey also highlights the limited role tokenised gold currently plays within institutional market monitoring and price discovery. Most institutions continue to rely on traditional gold benchmarks despite the 24-hour nature of digital gold markets. This suggests that tokenised gold remains primarily an access vehicle rather than a standalone source of price discovery for institutional investors.

Taken together, the survey findings suggest that the next opportunity for tokenised gold is not one of innovation, but one of institutionalisation. Adoption remains limited and investors continue to favour traditional investment vehicles and pricing benchmarks. However, the longer-term opportunity remains noteworthy. The next phase of growth is likely to depend on the maturation of the broader ecosystem, including regulatory clarity, custody arrangements, market liquidity and integration into institutional investment frameworks.

Outlook

The direction is up, but the path will not be linear



Overall, the direction is up. However, the journey has never been linear, and investors should not mistake a secular trend for a straight line. Gold remains in an established bull cycle, supported not only by cyclical factors but also by a range of deeper structural shifts. Many of the forces that have underpinned gold's strength in recent years appear secular in nature rather than temporary cyclical dynamics, suggesting that the broader backdrop remains supportive of demand from both reserve managers and investors. Developments such as the digitalisation of financial assets and the gradual eastward shift in market infrastructure also create additional avenues for the gold ecosystem to evolve over time. Together, these factors underpin our constructive long-term outlook for gold.

Cycles: Measured in years, not quarters

One of the defining characteristics of gold is that its major price cycles tend to unfold over years rather than quarters. Looking across the post-Bretton Woods era, secular gold bull markets have typically persisted for around a decade, while subsequent correction and consolidation phases have often proven prolonged and uneven. This stands in contrast to many financial assets, whose cycles are more closely tied to the business cycle or policy cycle.

Historically, gold has experienced three major bull markets. The first, spanning the 1970s, accompanied the collapse of the Bretton Woods system and the stagflation era, driving prices from roughly USD40/oz to nearly USD600/oz. The second extended from the early 2000s through 2012, supported by falling real yields, a weakening USD and concerns over financial stability, lifting gold more than six-fold. The current cycle, which began after the 2015 trough and accelerated markedly after 2018, has already delivered a more than four-fold increase in prices by end-2025. While the fundamental drivers differed across these episodes, a common thread was the tendency for investors to seek refuge in gold during periods of elevated stress, reinforcing the demand for gold as a store of value and defensive asset.

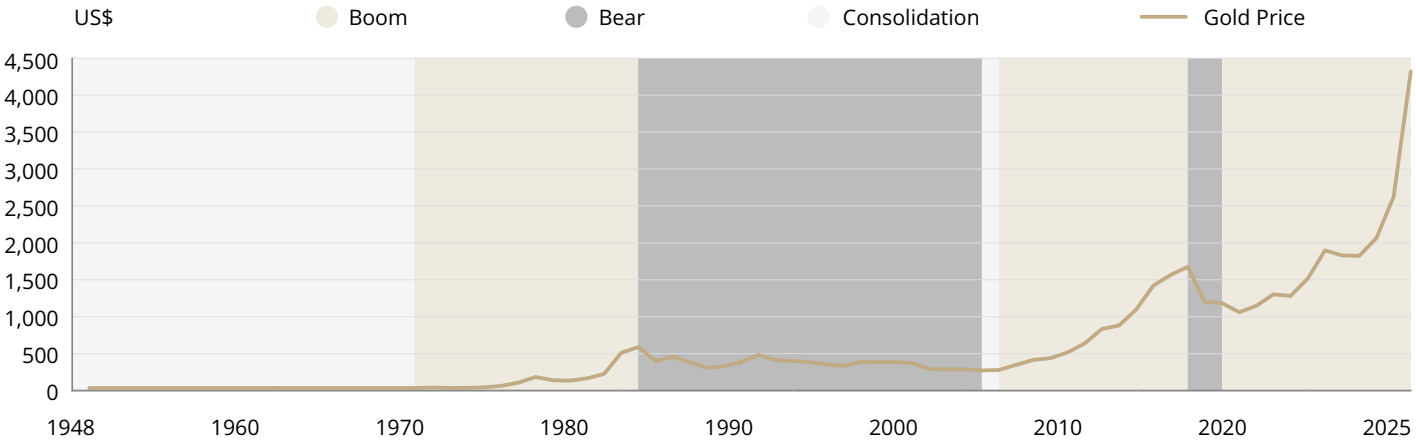
Equally notable is the asymmetry between bull and bear phases. Gold corrections can be severe, but they have generally been shorter than the preceding upswings. The post-2012 correction saw prices decline by a cumulative 37% over three years. The more extreme example was the post-1980 bear market, when gold spent nearly two decades unwinding the excesses of the prior decade's surge.

While cyclical drawdowns of 30-50% are not uncommon, secular bear markets tend to be associated with a broader regime shift, typically characterised by rising confidence in fiat currencies, positive real yields and reduced demand for inflation hedges.

Viewed through this historical lens, the current environment remains more consistent with an established bull market. The present upcycle is approaching the duration of previous secular gold booms, having been in place for roughly a decade from the 2015 trough. However, history suggests that cycle age alone is a poor timing signal. Previous gold bull markets persisted for extended periods even after substantial gains had already been realised. More importantly, major cycle peaks have generally coincided with a decisive reversal in the underlying macro narrative supporting gold rather than simply the passage of time. At present, underlying constructive drivers are still intact.

For long-term investors, the key implication is that gold should be viewed as a cyclical asset operating on multi-year horizons. While short-term corrections are inevitable and can be sizeable, historical experience suggests that secular bull markets have typically been characterised by long periods of wealth accumulation punctuated by episodic volatility. As such, assessing where gold sits within its broader cycle may offer greater insight than attempting to forecast near-term price fluctuations. In our view, the macro backdrop of persistent fiscal expansion, elevated sovereign debt burdens and ongoing reserve diversification remains aligned with the latter stages of a secular upcycle.

Gold Price and Secular Cycles



Sources: Bloomberg, DBS

Structural demand remains intact

One of the strongest arguments for a constructive long-term outlook is that the key sources of demand supporting gold prices remain firmly in place. We expect both official-sector and investment demand to continue providing a durable foundation for the market, underpinned by structural themes that show little sign of reversing.

For central banks, the rationale for holding and accumulating gold remains compelling. The World Gold Council's 2026 survey showed that 89% of respondents expect global central bank gold reserves to increase over the next 12 months, while a record 45% expect their own institution's holdings to rise.[14] These findings suggest that official-sector demand is unlikely to fade in the near term. Importantly, the market does not require an acceleration in central bank purchases to remain constructive; a continuation of the gradual but persistent accumulation observed in recent years would already provide meaningful support. The survey also points to a longer-lasting commitment to gold within reserve portfolios.

Over a five-year horizon, most central banks expect gold to account for a larger share of reserves while anticipating a decline in the US dollar's share of global reserves.[15] This suggests that recent buying has not merely reflected cyclical market conditions, but is instead rooted in broader strategic considerations. In addition to supporting demand directly, sustained central bank purchases provide an important signalling effect for private investors, reinforcing confidence that a structural source of demand remains in place.

Taken together, these suggest that official-sector demand is likely to remain a durable source of support for the gold market.

For investors, many of the themes that have underpinned gold's structural bull market are inherently long-dated and unlikely to unwind overnight. Rising fiscal deficits, elevated sovereign debt burdens and concerns around the long-term purchasing power of fiat currencies have been building for years and, in some cases, decades. While the prominence of these narratives tends to ebb and flow with market conditions, the underlying challenges persist.

In that sense, many of the macroeconomic tailwinds that have supported gold over recent years represent more than cyclical phenomena. They reflect deeper shifts in the global landscape whose effects are unlikely to reverse quickly, underpinning a constructive long-term backdrop for strategic gold demand.

Structural tailwinds, cyclical volatility

[14] World Gold Council, Central Bank Gold Reserves Survey 2026 (2026).
[15] World Gold Council, Central Bank Gold Reserves Survey 2026 (2026).

Going East, going digital expands gold's utility

Beyond traditional demand drivers, structural changes in market infrastructure may create new avenues for gold market development over time. The two trends we discussed are particularly noteworthy: the digitalisation of gold and the eastward shift in market infrastructure. The rise of tokenisation and real-world asset integration have the potential to improve the accessibility and transferability of gold across a wider range of financial applications. At the same time, Asia's growing importance in consumption, refining, trading and vaulting is increasingly being matched by investments in market infrastructure.

While these developments should not be viewed as transformative in the near term, both trends represent areas where the gold ecosystem can continue to evolve.

Even if progress is gradual, they may broaden participation, deepen market infrastructure and create additional sources of demand and utility over time.



GENERAL DISCLOSURE/ DISCLAIMER (For Macroeconomics, Currencies, Interest Rates, Digital Assets or Commodities)[1]

The information herein is published by DBS Bank Ltd and/or DBS Bank (Hong Kong) Limited (each and/or collectively, the "Company"). It is based on information obtained from sources believed to be reliable, but the Company does not make any representation or warranty, express or implied, as to its accuracy, completeness, timeliness or correctness for any particular purpose. Opinions expressed are subject to change without notice. This research is prepared for general circulation. Any recommendation contained herein does not have regard to the specific investment objectives, financial situation and the particular needs of any specific addressee. The information herein is published for the information of addressees only and is not to be taken in substitution for the exercise of judgement by addressees, who should obtain separate legal or financial advice. The Company, or any of its related companies or any individuals connected with the group accepts no liability for any direct, special, indirect, consequential, incidental damages or any other loss or damages of any kind arising from any use of the information herein (including any error, omission or misstatement herein, negligent or otherwise) or further communication thereof, even if the Company or any other person has been advised of the possibility thereof. The information herein is not to be construed as an offer or a solicitation of an offer to buy or sell any securities, futures, options or other financial instruments or to provide any investment advice or services. The Company and its associates, their directors, officers and/or employees may have positions or other interests in, and may effect transactions in securities mentioned herein and may also perform or seek to perform broking, investment banking and other banking or financial services for these companies. The information herein is not directed to, or intended for distribution to or use by, any person or entity that is a citizen or resident of or located in any locality, state, country, or other jurisdiction (including but not limited to citizens or residents of the United States of America) where such distribution, publication, availability or use would be contrary to law or regulation. The information is not an offer to sell or the solicitation of an offer to buy any security in any jurisdiction (including but not limited to the United States of America) where such an offer or solicitation would be contrary to law or regulation.

[#For Distribution in Singapore] This report is distributed in Singapore by DBS Bank Ltd (Company Regn. No. 196800306E) which is Exempt Financial Advisers as defined in the Financial Advisers Act and regulated by the Monetary Authority of Singapore. DBS Bank Ltd may distribute reports produced by its respective foreign entities, affiliates or other foreign research houses pursuant to an arrangement under Regulation 32C of the Financial Advisers Regulations. Where the report is distributed in Singapore to a person who is not an Accredited Investor, Expert Investor or an Institutional Investor, DBS Bank Ltd accepts legal responsibility for the contents of the report to such persons only to the extent required by law. Singapore recipients should contact DBS Bank Ltd at 65-6878-8888 for matters arising from, or in connection with the report.

DBS Bank Ltd.
12 Marina Boulevard, Marina Bay Financial Centre Tower 3, Singapore 018982. Tel: 65-6878-8888. Company Registration No. 196800306E.

DBS Bank Ltd., Hong Kong Branch, a company incorporated in Singapore with limited liability.
18th Floor, The Center, 99 Queen's Road Central, Central, Hong Kong SAR.

DBS Bank (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability.
11th Floor, The Center, 99 Queen's Road Central, Central, Hong Kong SAR.

[1] This disclaimer may not apply if they are falls within 'financial instruments' that are within the scope of Article 2(1) EU MAR (e.g. financial instruments that are traded on a regulated market, MTF or OTF, etc.). Section C of Annex I of MiFID2 specifies these 'financial instruments'.


DBS