Goldman Sachs

BRIEFINGS

This week's Briefings features a special report on our researchers' gold forecast. For more insights click here.

- The factors underpinning our analysts' gold forecast
- Quoted: The new markets for AI data
- The history of Fed independence
- The Key Number: 2,000,000
- A flatter forecast for anti-obesity drugs
- Briefings Brainteaser: Central banks' golden buying spree

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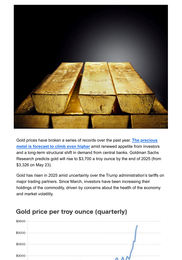
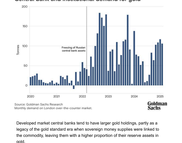
Why gold prices are predicted to rise to record highs



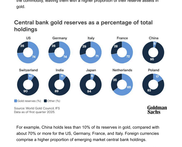
Gold prices have broken a series of records over the past year. That precious metal is forecast to climb even higher amid renewed appetite from investors and a long-term structural shift in demand from central banks. Goldman Sachs Research predicts gold will rise to $3,700 a troy ounce by the end of 2025 (from $3,326 on May 23).

Gold has risen in 2025 amid uncertainty over the Trump administration's tariffs on major trading partners. Since March, investors have been increasing their holdings of the commodity, driven by concerns about the health of the economy and market volatility.

Gold price per troy ounce (quarterly)



Central bank and institutional demand for gold



Developed market central banks tend to have larger gold holdings, partly as a legacy of the gold standard era when sovereign money supplies were linked to the commodity, leaving them with a higher proportion of their reserve assets in gold.

Central bank gold reserves as a percentage of total holdings

For example, China holds less than 10% of its reserves in gold, compared with about 70% or more for the US, Germany, France, and Italy. Foreign currencies comprise a higher proportion of emerging market central bank reserves.

"The global average is roughly 20%, which we view as a plausible medium-term target for large emerging central banks," Thomas says.

The growing role of gold ETFs

Central bank purchases have been the primary factor driving up gold prices in recent years, but growing exchange-traded fund (ETF) holdings are also beginning to feed into the mix. While ETF holdings usually track interest rates closely (holdings tend to increase as rates decline), Thomas says they often overshoot significantly when recession looms grow.

A recession notes less likely now given signs of progress on trade policy and resilient US economic growth, however. But if the US does tip into a mild 12 months at 35%, down from 45% earlier. But in the event of an economic downturn, the price of gold could rise to as much as $3,880 a troy ounce, according to Goldman Sachs Research. "While the key factor since 2022 used to be central bank buying alone, ETF investors are now joining the gold rally," Thomas says. "As both compete for the same bullion, we are expecting gold prices to rise even further."

Quoted: The new markets for AI data

"Recent data licensing deals show how different companies are selling access to their data to AI companies. Expect this trend to accelerate as companies get even more creative in doing so. So far, these deals have been negotiated individually with special terms, but you can imagine a marketplace — or multiple markets — for training data emerging."

– Kim Pavwell, global co-head of investment banking at Goldman Sachs written in a Markets Insight editorial in the Financial Times.

Is the Fed's independence at risk?

President Donald Trump's public criticisms of Federal Reserve, combined with the administration's moves to challenge a 1935 ruling that has prevented presidents from firing officials of independent agencies without cause, has led to worries about the central bank's independence.

"When I was Vice Chair, I thought the odds of the Supreme Court overturning the relevant court case that would make Fed independence null and void was essentially zero, and I can't say that anymore today," says Richard Clarida on the Goldman Sachs Exchanges podcast. Still, he adds that even if this case is overturned, the Fed would still be able to operate as one of the most independent of independent agencies and he is confident by the numerous checks and balances built into the process. So, while Clarida is more concerned than before, he isn't overly concerned today.

Meanwhile, John Corkhorse, senior fellow at the Hoover Institution at Stanford University, says that while the Fed should generally be free to set monetary policy, the central bank is ultimately accountable to Congress and to voters, and as he says "the Fed does need to bend a little to political pressure every now and then."

The Key Number: 2,000,000

China's robotaxi market is expected to swell to nearly 2 million vehicles within a decade, up from a mere 4,100 today, according to Goldman Sachs Research. Technological advancements will likely improve the riding experience and decrease the cost.

China's robotaxi fleet is forecast to rise significantly in the coming years

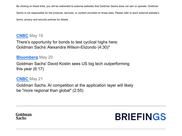
All these factors are expected to boost the large-scale deployment of robotaxis, Alan Cheng, head of Greater China Technology Research, writes in the team's report. "We see robotaxis as one of the earliest and most visible avenues to commercialization of the autonomous technology," he writes.

By 2035, robotaxis could make up a quarter of China's shared mobility fleet, with ride-hailing companies' SPs and regular taxi operators 17%. Thanks to lower costs of operation, each robotaxi could generate an estimated $69 per day by 2035, compared to an average of $25 to $35 a day for each ride-hailing vehicle driven by humans.

The anti-obesity drug market may grow slower than previously expected

The market for anti-obesity drugs, particularly those using injectable versions of the drug semaglutide, is still continuously evolving. Revisiting its model for the market for such medication, Goldman Sachs Research forecasts the global market to reach $44 billion by 2030 — lower than its previous estimate of $130 billion. The new figure reflects trends influencing how these drugs are priced, how long patients stay on them, and how patient populations are segmented, says Asad Haider, head of the healthcare business and within Goldman Sachs Research.

The global anti-obesity medication market is forecast to reach $120 billion by 2035



In the US, Haider and his team lower their market projections to a peak of $70 billion, compared to $95 billion previously. "But we also see room for greater penetration in markets outside the US," Haider adds. His team forecasts a market peak of $50 billion outside the US, compared to $35 billion previously.

"For our US market forecast, pricing dynamics are the single biggest swing factor," Haider says, adding that his team's model forecasts a 7% "price erosion" — or drop in price per unit of medication — annually. "The dynamics in countries outside the US differs from that in the US because they will likely be mostly out-of-pocket markets." Excluding China, Haider's team sees a potential market of over 300 million obese, non-diabetic patients in countries outside the US.

Goldman Sachs Research expects oral GLP-1 tablets for obesity to represent one of the most significant new product cycles in biopharma. While these pills are not yet approved, the date seen as far from ongoing clinical trials has been very encouraging," Haider says. His team forecasts that daily oral pills will capture roughly 20% of the anti-obesity medication market by the end of the decade.

Briefings Brainteaser: Bullion buyers

Central banks bought a monthly average of 17 tonnes of gold between January 2008 and January 2022, and Goldman Sachs Research estimates that these institutions' gold purchases have increased considerably since then. What was the monthly average for gold purchases by central banks between February 2022 and January of this year?

A) 34
B) 51
C) 70
D) 85

Check the answer here.

Goldman Sachs in the news

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CNBC, May 19
There's opportunity for bonds to beat cyclical highs here: Goldman Sachs' Alexandra Wilson-Elizondo (4:30)

Bloomberg, May 20
Goldman Sachs' David Kostin sees US big tech outperforming this year (8:17)

CNBC, May 21
Goldman Sachs: AI competition at the application layer will likely be "more regional than global" (2:05)

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