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Monthly Gold Commentary

April 2025

Still on the sidelines? Why gold belongs in a portfolio today

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Portfolio Manager

Month end performance as at 30 April 2025

GDX | VanEck Gold Miners ETF

	1 month (%)	3 months (%)	YTD (%)	1 year (%)	3 years (%p.a.)	5 years (%p.a.)	10 years (%p.a.)	Since inception (%p.a.)
GDX (NAV)	6.77	25.93	44.57	48.86	13.35	10.04	10.32	1.93
GDX (Share Price)	6.61	25.80	44.53	49.66	13.53	10.17	10.37	1.94
GDMNTR (Index)	6.94	25.89	44.67	48.94	13.66	10.33	10.72	2.36
Difference (NAV - Index)	**-0.17**	**0.04**	**-0.10**	**-0.08**	**-0.31**	**-0.29**	**-0.40**	**-0.43**
GDXJ | VanEck Junior Gold Miners ETF								
GDXJ (NAV)	7.53	26.73	43.59	54.38	13.76	10.08	10.86	-1.02
GDXJ (Share Price)	7.34	26.94	43.63	55.66	14.07	10.31	10.95	-1.02
MVGDXJTR (Index)	7.90	26.87	44.24	55.31	14.41	10.69	11.26	-0.63
Difference (NAV - Index)	**-0.37**	**-0.14**	**-0.65**	**-0.93**	**-0.65**	**-0.61**	**-0.40**	**-0.39**
OUNZ | VanEck Merk Gold ETF								
OUNZ (NAV)	5.43	17.57	25.47	43.43	19.60	13.82	10.45	8.50
OUNZ (Share Price)	5.37	17.41	25.53	43.45	19.91	14.01	10.41	8.50

Source: VanEck, as at 30 April 2025 . Past performance is not indicative of future performance.

Tariff turbulence: April's policy whiplash shakes markets

It's fair to say that most market participants were left disoriented after April's economic rollercoaster. The month began with the announcement of a 10% "universal" tariff on 2 April, an announcement that proved to be anything but universal. Canada and Mexico were excluded, certain sectors and products were exempt, and over 50 countries were instead hit with additional "reciprocal" tariffs ranging from 11% to 50%.

Just days later, confusion deepened when those same reciprocal tariffs were suspended, except for China where cumulative tariffs reached an effective rate of 145%.

Countries across the world scrambled to consider their response, while financial markets struggled to price in the flurry of conflicting announcements on an hour-by-hour basis.

Gold: From panic to safe haven

Gold and gold stocks were swept up in the turmoil during the first volatile week of April. Margin calls, investor panic, broad selling pressure, and a rush to raise cash pushed gold below the US$3,000 mark, hitting a monthly low of US$2,983.27 on 8 April.

However, gold's safe haven status was soon reaffirmed, rising to new highs throughout the month and trading intraday as high as US$3,500 per ounce on 22 April. While other asset classes also began to recover as the month progressed, gold stood out, rising 5.29% in April.

By comparison, the S&P 500 fell 0.68%, the US dollar declined 4.55%, and the Nasdaq2 eked out a modest 0.88% gain. Even US Treasuries experienced early selling pressure, with the 10-year yield briefly spiking to 4.5% on 11 April before settling at 4.2% by month-end. Gold ultimately closed April at US$3,288.71 per ounce.

Gold miners: A tale of two halves

Gold miners, as represented by the NYSE Arca Gold Miners Index3, performed exceptionally well in the first half of the month, outpacing both the metal and broader asset classes. As equity markets rebounded in the latter half, however, investor enthusiasm for gold cooled, and miners lagged.

The month also highlighted the strong correlation between Western investment flows and gold pricing. Inflows into global gold bullion ETFs early in April coincided with gold's rally, while outflows during the final seven trading days contributed to downward price pressure. Still, gold equities, up 6.94% in March, achieved their goal of outperforming bullion and offered effective protection during April's turbulence.

A missed opportunity for most investors

With only about 1% of global assets under management currently allocated to the gold sector, it's evident many investors may have missed out on gold's exceptional performance this year.

Many investors see gold's 25% surge this year—on top of a 27% gain in 2024—and assume the rally must be nearing its end. Of course, many of these same investors were actively participating in equity markets that have risen nearly every year for the past 16 years.

Why we think gold still has room to move

The S&P 500 has posted annual gains nearly every year since the 2008 financial crisis, except for 2015, 2018, and 2022, and is up 53% just since the start of 2022. Yet even after the market turmoil of April and an increasingly uncertain outlook, there is evidence that many investors remain hesitant to reduce their equity exposure.

Gold, in contrast, has experienced far less participation. Investment demand remains well below prior peaks. Given the strength of gold's recent rally, a short-term pullback is neither unexpected nor concerning. We believe gold is in the process of forming a new, higher base likely around US$3,000 per ounce.

When investors return to gold in a meaningful way, and we believe the case for doing so is growing, the combined force of renewed investment flows and continued strong central bank buying could drive prices higher. Based on historical correlations between ETF holdings and the gold price, a return to 2020 peak ETF levels could translate to an additional US$600 per ounce increase.

In our view, it's not too late to begin building or adding to a position in gold or gold equities. We think that in today's environment, having zero allocation to gold is increasingly difficult to justify.

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