



Surging gold price stuns veterans

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Body

The rapid rise in the gold price towards \$US3000 an ounce is surprising even veteran miners of the precious metal who had factored in buying support from Donald Trump's return to the White House.

The gold price jumped by more than \$US100 an ounce last week to a record high of \$US2886.62 (\$4604) as investors looked for a safe haven amid an escalating tariff war between the US and China, combined with rising geopolitical tensions.

Evolution Mining chief executive Lawrie Conway said miners had anticipated higher prices in 2025 as interest rates started to fall, but the rate and size of the increase had been remarkable with the Trump factor at play.

"Interest rates starting to come off was going to be a main catalyst for the gold price to go up, and it was always expected to be around that \$US2600-\$US2700, but then you overlay it with everything else that's going on in the world," he said.

"People are sitting there with this uncertainty and saying 'I need that safe haven', and that's what's driving it.

"I wouldn't have expected it to be heading towards \$US3000 and certainly not at the speed that it has. When we did our planning and set our guidance for this financial year, we were probably about \$1000-\$1200 (in Australian dollars) an ounce lower than what the spot price is today. That's how much it's moved in six or seven months â€" we would never have thought you would get a 25-30 per cent rise in the gold price in such a short time." The surging gold price has lit a fire under ASX-listed gold stocks, which rose 7 per cent across the board last week and are up 55 per cent over the past year.

Northern Star, the biggest Australian-domiciled gold producer after Newmont's \$26bn takeover of Newcrest in 2023, is up 18.5 per cent since the start of 2025.

Evolution, the second biggest, is up 23.5 per cent to \$5.97, with Bell Potter initiating coverage on Friday with a buy rating and 12-month target price of \$6.65.

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"Evolution is now passing its capital expenditure peak and we forecast increasing free cashflows, deleveraging of the balance sheet and rising dividend distributions supported by Evolution's near-unhedged gold and copper price exposure," Bell Potter noted.

Other ASX 200 gold stocks enjoying the ride are Gold Road, with its share price up about 80 per cent in 12 months, **Ramelius Resources** (up 75 per cent), Perseus Mining (up 70 per cent) and US giant Newmont (up 41 per cent via its CHESS depositary interests listing).

The World Gold Council's 2024 gold demand trends report, released last week, says annual demand hit a record high of 4974 tonnes, driven by strong central bank buying and growth in investment demand. The combination of record high gold prices and volumes resulted in the highest ever total value of demand at \$US382bn.

The council said central banks continued to buy gold at an eye-watering pace in 2024, with purchases exceeding 1000 tonnes for the third year in a row.

Market analysts said Beijing had played a big role, with the market boosted by an increase in the People's Bank of China's gold holdings and a move to allow insurance funds to invest in gold.

Mr Conway said another big factor had been the volumes traded in New York through the CME Group's Comex.

JPMorgan Chase and other banks said in January that they would deliver gold bullion valued at billions of dollars against futures contracts due to expire in February as the threat of tariffs and a major trade war saw US investors move to secure gold.

"We knew when (Mr Trump) was coming into office that it would have an impact on the gold price, and we expected it to be positive, depending on which way he decided to take his administration," Mr Conway said.

"It was either going to be a fair number of interest rate cuts through this year, or some of the other things that are going on around the tariffs and his intervention in terms of the geopolitical situation in Gaza and the Ukraine.

"The most interesting thing for me when you look over the past few weeks is the amount of gold that's been coming into the Comex, the US exchange, as particularly retail people have been buying gold. It's like they want some protection against the US dollar." On the potential rerating of mining stocks as more investors look for exposure to gold, Mr Conway said companies had to show the market the discipline needed to make the most of the higher gold price.

"The thing for gold mining companies is to consistently deliver on your guidance and what you've told the market, and to have the discipline to put that money into the bank," he said.

"That's where you'll start to get a bit of that reward. If it's not seen to be flying through to the bank balance, I think that's where you'll get the investors being a little bit more sceptical.

"That's been an absolute focus of us over the last 12 months because delivering to your plan in a rising metal price environment is a real positive, and we've seen that with our cashflow. "What the shareholders want to see is that it's actually hitting the bank account. I think if we can demonstrate that as an industry, there will be more support and then the rerate would flow on from that."

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