



By: The Editorial Board

# Gold at an all-time high – the price of trust in a world without security



In the first few days of September, the **price** of gold exceeded the historic level of 3,500 dollars per ounce and, at times, moved towards 3,550.

Such a **rise** is no longer just a daily fluctuation or a classic investor wave but a symptom of a profound change in the global economic and political system.

When the market pulls money out of bonds, currencies and equities and into a metal that promises nothing but its permanence, it is a sign that trust in institutions is beginning to crumble.

## Monetary policy in the shadow of politics

The official explanation for the rise in the price of gold is the expectation of interest rate **cuts** by the Federal Reserve. The probability of an interest rate cut of 0.25 percentage points at the September **meeting** is estimated at more than 90 per cent.

This means that investors are already expecting real yields to fall and gold to become relatively more attractive. But fundamentally, it is not just about monetary policy but about the fact that monetary policy is no longer perceived as independent of political conflicts.

**Gold shifts from being an economic indicator to a political one**

President Donald Trump's attempt to **remove** Governor Lisa Cook from the Federal Reserve has reinforced the perception that institutions that have been symbols of stability for decades are now subject to daily political battles.

The mere fact that the court is addressing the question of whether the president can change the composition of the Fed's board without a solid legal basis is enough to undermine market confidence.

Gold then shifts from being an economic indicator to a political one – a measure of the extent to which central banks are still trusted to act autonomously.

## Weakening of the dollar and new buyers of gold

Another factor is the development of the dollar. Since the beginning of the year, the US currency has **weakened** by more than ten per cent against a basket of other major currencies.

For those who hold euros, yen or yuan, gold has become cheaper, so demand has increased. In addition, central banks around the world – particularly in China, India, Turkey and Poland – are rapidly **increasing** their gold reserves. They are not doing this out of nostalgia but out of a strategic need to diversify their assets and reduce their dependence on the dollar.

**This means that the global financial system is slowly disintegrating and that space is opening up for alternative reserve currencies**

These central banks' policies send a double message. On the one hand, gold is gaining in importance as a global reserve asset. On the other hand, countries that are not traditionally gold-centred are turning to gold, which shows that confidence in the dollar and US bonds is no longer absolute.

This doesn't mean the dollar is about to collapse, but it does mean that the global financial system is slowly disintegrating and that space is opening up for alternative reserve currencies, from the yuan to digital currencies.

## ETFs and institutional capital

The third pillar of demand for gold comes from

the world of institutional investors.

Gold-linked ETFs (exchange-traded funds) have **recorded** the highest inflows in the past three years. The SPDR Gold Trust, the world's largest, has **reached** a level of assets not seen since August 2022.

**When investment giants buy gold, they see it as part of a long-term portfolio in times of uncertainty**

This data is important because it shows that gold is no longer just a haven for retail investors or physical buyers but is becoming part of the institutional strategy of the largest funds.

When investment giants buy gold, it means that they see it not just as a temporary hedge against inflation but as part of a long-term portfolio in times of uncertainty.

## Why is this a different moment from the previous ones?

History knows periods when gold rose sharply - during inflation in the 1970s or during the 2008 crisis.

However, the current moment is different, as gold is not reacting to a single shock or crisis but to the accumulation of several factors: political uncertainty in the US, fiscal pressure in Europe, the fragmentation of the global economy between China and the West and the ongoing geopolitical **instability** from Ukraine to the Middle East.

In other words, gold measures overall uncertainty. It has become a symbol of a general loss of confidence and not just a reaction to a single event.

## How gold becomes a psychological indicator

The bond and currency markets rely on trust in the future - the conviction that institutions will uphold their promises and the stability of the rules of the game.

Gold, on the other hand, requires no faith in anyone. Its value derives precisely from the fact that it does not rely on political decisions, laws or contracts.

**Gold is not only a hedge against inflation**

When the price of gold rises, it means that investors are leaving the world of contracts and moving into the world of physical stability.

This is why gold is not only a hedge against inflation currently but also a psychological barometer of sentiment about the future of the world order.

## Forecasts and consequences

If the Fed cuts interest rates in September and the markets conclude that policy has become an instrument of presidential ambition, the price of gold is likely to **rise** further towards \$3,900 and even \$4,000 an ounce next year.

This would not just be a market move but a signal that investors are investing more in what depends on nobody and less in what depends on American institutions.



*If doubts about the Fed, the dollar and US bonds are reflected in gold, then it is clear that the world is entering a period in which no single institution has a monopoly on security*

For Europe, this scenario means additional pressure on the euro and energy stability, as any fluctuation in confidence in the dollar will

also have an indirect impact on European bonds.

For developing countries, the result will be more expensive borrowing and more volatile capital inflows, as investors will withdraw funds from riskier markets and park them in gold.

If this trend continues worldwide, gold could take on a new role as an alternative currency reserve alongside the dollar and the euro. This does not mean a return to the gold standard, but it does mean that central banks and funds will increasingly hold some of their assets in gold to protect themselves against political shocks.

The long-term consequence is the fragmentation of a system that for decades was based on one dominant currency and one central bank.

Gold is rising currently not because investors expect inflation, but because they do not expect stability. In this respect, it is a kind of referendum against the institutions that previously had a monopoly on confidence.

If doubts about the Fed, the dollar and US bonds are reflected in gold, then it is clear that the world is entering a period in which no single institution has a monopoly on security.

This is a message that goes beyond the markets and also affects geopolitics: if America can no longer offer predictability, the world will look for other mechanisms.

This is the moment when gold, a millennia-old metal, becomes the most modern indicator of our time. Its price is economic, but its significance is political. It says that we live in a time when trust has a price, and that price is rising every day in an ounce of gold.