

# You asked, we answered: What's a bear case for gold?

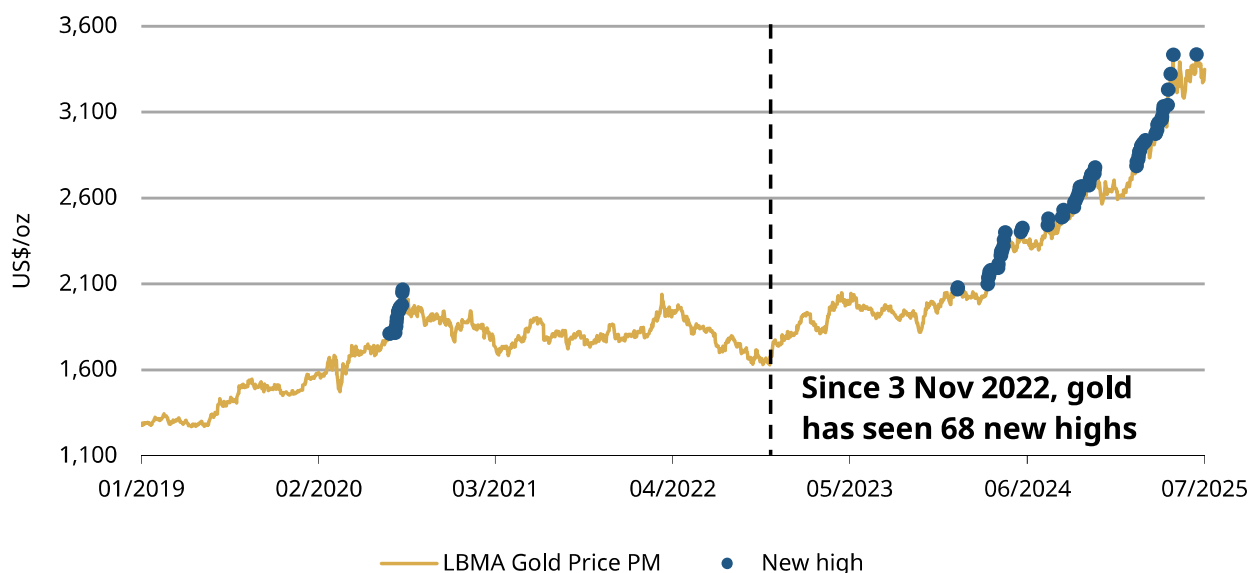


## Gold's impressive rally takes a breather

Gold has experienced a prolonged bull run in recent years. After bottoming at US\$1,429/oz on 3 November 2022, the gold price has more than doubled: on 30 June 2025 it stood at US\$3,287/oz, having refreshed its historical record 68 times over that period (**Chart 1**).<sup>1</sup> Such impressive strength was mainly driven by consistent central bank purchases as well as soaring geopolitical and, more recently, trade risks.<sup>2</sup>

But since the start of Q2 gold's bullish momentum has softened. During the entire second quarter gold rose by 5.5%. While this represents decent growth by any measure, it's well below Q1's 19% surge. Some investors have questioned whether the gold rally run its course or it can resume its upward trend. To answer that, we look back at history for clues.

**Chart 1: Gold has witnessed a strong rally since late 2022**



Source: ICE Benchmark Administration, World Gold Council

## An anatomy of gold's past bear runs

Since the collapse of the Bretton Woods system in 1971, when gold's fixed exchange rate with the dollar ceased, gold has undergone five major bear runs<sup>3</sup> (**Table 1**). During these pullbacks we noticed some common trends, which we summarise below and explore in more detail in our report: [What's a bear case for gold?](#)

Most major drops were linked to **rising opportunity costs relating to real rates and the dollar**, driven by a booming economy or rapid US Fed rate hikes. During such periods investors typically prefer riskier assets for higher returns.

Another key factor was **reduced risk and uncertainty**. In most of the five major pullbacks we studied, geopolitical tensions eased, economies performed well, and inflation cooled in major markets. These conditions often coincided with strong stock market rallies, drawing investors away from gold.

In some cases, **decelerating momentum** can also lead to gold price weakness: central bank gold sales or gold ETF outflows have, historically, added to gold's downward pressure.

1. Based on the LBMA Gold Price PM in USD between 3 November and 30 June 2025.

2. For more, see: [Gold Demand & Supply by Country | World Gold Council](#) and [Gold Return Attribution Model | World Gold Council](#).

3. Based on various sources of definitions, we similarly define a period where gold's price falls more than 20% as a bear run. For more: [Bear Market Guide: Definition, Phases, Examples & How to Invest During One](#).



## What's a bear case for gold?

If we put historical perspectives into today's context we find that gold prices could face short- to mid-term pressure if:

- Geopolitical or trade risks ease – cooling risk and uncertainty, or
- The dollar strengthens and yields rise – higher opportunity costs, or
- Gold investment demand (central bank purchases, or ETF buying, or retail bullion demand) slows – weakening momentum.

And a sustained drop in gold would require a major structural change. While unlikely, here are three scenarios that could push gold into a longer-term downturn:

- Central bank demand dries up
- Competition from other assets is more intense
- Consumer affection for gold wanes
- Gold supply increases significantly.

## Conclusion

All markets rise and fall, and gold's recent ease in momentum has made some investors wary. We have analysed key risks from past downturns and find that while some may slow gold's rally, others could fuel a prolonged decline.

In today's fragmenting world, global government debt keeps ballooning, especially in the US, and competition among major powers may continue to spark risks – economic or geopolitical. Against this backdrop we believe that gold's role as a strategic asset that diversifies portfolio risk and improves performance will continue to shine. And the likelihood of above-mentioned factors which may drive gold into bear runs is low.

Table 1: Summary of past gold pullbacks\*

Previous bull run	Pullback duration	Drivers	
Aug 1971 ~ Nov 1974 +353%	Nov 1974 ~ Aug 1976 -43%	Rising opportunity costs (FX and interest rate)	Cooling geopolitical risks
Aug 1976 ~ Sep 1980 +541%	Aug 1980 ~ Jun 1982 -52%	Rising opportunity costs (FX and interest rate)	Cooling geopolitical and inflation risks
Jun 1982 ~ Jan 1983 +57%	Jan 1983 ~ Feb 1985 -57%	Rising opportunity costs (FX and interest rate)	Cooling geopolitical and economic risks
Feb 1985 ~ Nov 1987 +71%	Nov 1987 ~ Aug 1999 -48%	Central bank selling and rising gold supply	
Aug 1999 ~ Aug 2011 +612%	Aug 2011 ~ Dec 2015 -42%	Rising opportunity costs (FX and interest rate)	Weakening momentum amid sizable gold ETF outflows

\*Based on monthly LBMA Gold Price PM in USD.  
Source: ICE Benchmark Administration, World Gold Council



## World Gold Council

We are a membership organisation that champions the role gold plays as a strategic asset, shaping the future of a responsible and accessible gold supply chain. Our team of experts builds understanding of the use case and possibilities of gold through trusted research, analysis, commentary and insights.

We drive industry progress, shaping policy and setting the standards for a perpetual and sustainable gold market.

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