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GOLD

Spot gold at \$2,100? Commodities analyst says gold could test new highs this year

PUBLISHED WED, JAN 5 2022-12:37 AM EST

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KEY POINTS

- Gold could test new highs of \$2,100 per ounce in 2022, according to David Lennox of Fat Prophets.
- U.S. dollar weakness and inflation are some factors that are likely to boost the precious metal's prices, he said.
- Geopolitical tensions between major military powers could also drive up gold prices earlier than expected, Lennox said.

In this article

XAU= +0.4305 (+0.02%)

Gold (XAU=) 12 Months [-3.78%]
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VIDEO 01:52

Gold prices could test record highs in 2022, says analyst

[Gold](#) could test new highs of \$2,100 per ounce this year, according to a resource analyst at fund management company Fat Prophets.

[U.S. dollar](#) weakness and inflation are some factors that are likely to boost the precious metal's prices, David Lennox told CNBC's "[Street Signs Asia](#)" on Monday.

"We do think across the course of 2022, we will see the gold price testing at the all-time record highs, but we can't see it traveling much beyond that once it gets there," he said.

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Gold prices closed at a record \$2,063 in August 2020, according to data provider Eikon. It was trading at about \$1,814 per ounce on Wednesday morning in Asia.

“ We do believe that high momentum in inflation and that lower U.S. dollar is going to drive the gold price higher in 2022.

— David Lennox ANALYST, FAT PROPHETS

Lennox said it looks like everything is in place for the U.S. dollar to decline, though it hasn't happened yet. If the greenback weakens, it would be a "boon" for gold, he added.

Meanwhile, [inflation in the U.S. is close to 6%](#) — up from around 1%, he said. Gold is seen as a hedge against inflation and increases in value as the dollar declines, but [its track record has been spotty in the past](#).

"We do believe that high momentum in inflation and that lower U.S. dollar is going to drive the gold price higher in 2022," he added.

Geopolitical tensions between major military powers could also drive up gold prices earlier than expected, Lennox said.

In particular, [Russia's military presence along its border with Ukraine](#) has been building up, and that's "a focus point where it could quickly turn to something disastrous," he said.

"If that happened, then we would see the gold price reacting quite significantly and our ... \$2,100 an ounce [target] would probably get here sooner rather than later," he added.