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The sovereign gold floor: central bank buying and MENA reserves, 2027-2028

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A MENA reading of Goldman Sachs' 2027 gold outlook: official-sector buying of about 60 tonnes a month, price targets of $4,650 by end-2027 and $5,600 by end-2028, and what a rate-insensitive buyer means for Gulf and Levant reserve managers.

$4,100	$4,650	$5,600	~60t
Oct 2026 average	End-2027 target	End-2028 target	Official buying / month

Key findings

Executive assessment

Goldman Sachs forecasts gold at $4,650/toz by end-2027 and $5,600/toz by end-2028, from an October 2026 average of about $4,100/toz. The firm attributes most of the expected gain to central bank accumulation rather than private investor demand, which it expects to stay soft while US policy rates rise. [1]

A fivefold change in official demand

Goldman's nowcast puts central bank purchases at roughly 60 tonnes a month since 2022, against a pre-2022 average of about 17 tonnes. The step change followed the freezing of Russia's reserves in early 2022. Official buyers accumulate for reserve diversification and sanctions resilience, which makes them less sensitive to short-term price moves than speculative holders. [1]

Survey intent remains high

In the World Gold Council's 2026 survey of 76 central banks, a record 45% expected to raise their own gold reserves over the next 12 months, and about 90% expected global official holdings to rise. None expected a decline. [2]

The allocation gap

Goldman estimates China holds about 11.8% of its reserves in gold, against roughly 80% for the US, Germany, France and Italy and a global average above 20%. It treats 20% as a

plausible medium-term level for China, implying years of further official demand. Goldman also notes reported moves by France and the Netherlands to relocate gold away from the Federal Reserve Bank of New York. [1]

Rate scenarios

Goldman's baseline (50% weight) assumes a third 25bp hike in March 2027, followed by four cuts from November 2027 to a 3.25-3.5% range, consistent with $4,650/toz. A higher-terminal-rate path (35%) gives about $4,585/toz. A recession path (15%) brings faster cuts and an earlier return of ETF demand, with gold higher. In every scenario, the end-2027 price stays above the October 2026 level. [1]

The 2022 parallel

In 2022 gold fell from about $2,050 to about $1,620 while the Fed tightened, as official buyers absorbed the decline, and then rose by more than 130% over the following three years. Goldman frames today's setup as a repeat: rate pressure on the paper price, offset over time by steady official buying. [1]

Silver is a different market

Goldman attributes silver's 2025/26 run above $120/toz to a tariff-driven pull of metal into the US and tight London liquidity, not to official demand. Without a central bank bid, it does not expect that squeeze to repeat under rising rates. [1]

Hakeema interpretation — Gulf reserve managers

For dollar-pegged GCC central banks, US Treasuries remain the core of reserves, since they anchor the peg. A steady official bid for gold, rising custody concerns among allied central banks and the higher-for-longer rate path together argue for reviewing the gold share and where it is stored, rather than a wholesale shift. Hakeema interpretation, not a view stated by Goldman Sachs.

Hakeema interpretation — importers and households

In Egypt and Jordan, gold has long been a household store of value against currency risk. A higher dollar price of gold raises the import bill for jewellery and bullion, and affects remittance and savings behaviour. Physical, allocated gold is also the form most readily accepted under Islamic finance principles. Hakeema interpretation.

Hakeema interpretation — what to watch

Monthly official purchase data from the World Gold Council, the Fed's March 2027 decision, ETF flows as a sign of returning private demand, and any disclosures by regional central banks on gold holdings or custody. A sustained fall in official buying below its post-2022 pace would be the clearest signal that the forecast floor is weakening. Hakeema interpretation.

Sources

[1] Goldman Sachs Global Investment Research, "Precious Analyst: 2027 Outlook: It Is 2022 Again", Lina Thomas and Daan Struyven, 16 November 2026, as reported in The Prehn Institute research summary, November 2026 (supplied document).

[2] World Gold Council, Central Bank Gold Reserves Survey 2026.

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