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Investment Institute

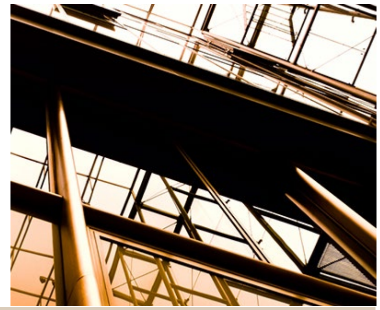
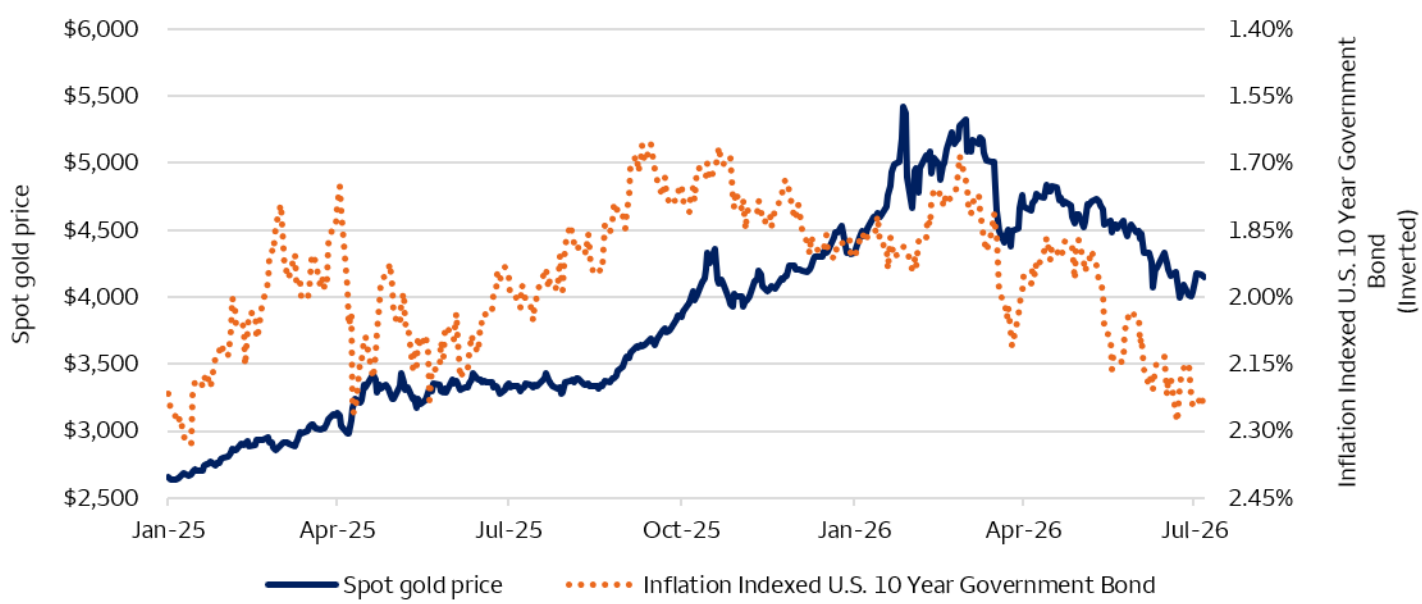


Chart of the Week

Weekly analysis of key themes in markets **July 21, 2026**

Gold cools, upside remains



Sources: Bloomberg and Wells Fargo Investment Institute. Data from January 1, 2025, through July 6, 2026. Yields represent past performance and fluctuate with market conditions. Current yields may be higher or lower than those quoted above. **Past performance is no guarantee of future results.**

Gold drawdown does not derail our outlook

Gold has declined more than 20% from its January 2026 high, with spot gold recently near $4,173 per troy ounce (oz). We believe the pullback was driven by profit-taking and rising speculation of a Federal Reserve (Fed) rate hike. Given the inverted relationship between gold and real yields, the shift in rate expectations is particularly important in our view.

We have seen higher real yields make income-producing assets relatively more attractive. The recent increase in Fed tightening expectations has weighed on gold at the margin. However, if energy and supply-chain disruptions slowly ease, we potentially see a reverse or stabilization in real rates.

What it may mean for investors

Beyond a peak in real yields, gold remains increasingly attractive. Central-bank demand continues to support, as reserve managers diversify holdings and use gold as a long-term value option. Meanwhile, we believe gold's reserve and hedge appeal are supported by increased geopolitical uncertainty. Our price targets imply meaningful upside for year-end 2026 at $5,300-$5,500/oz and $5,800-$6,000/oz by year-end 2027.

Alex Sagal, *Global Equity Analyst* Excerpted from Investment Strategy report (July 13)

Risk Considerations

Forecasts are not guaranteed and based on certain assumptions and on views of market and economic conditions which are subject to change.

Each asset class has its own risk and return characteristics. The level of risk associated with a particular investment or asset class generally correlates with the level of return the investment or asset class might achieve. **Bonds** are subject to market, interest rate, price, credit/default, liquidity, inflation and other risks. Prices tend to be inversely affected by changes in interest rates. **U.S. government securities** are backed by the full faith and credit of the federal government as to payment of principal and interest. Unlike U.S. government securities, agency securities carry the implicit guarantee of the U.S. government but are not direct obligations. Payment of principal and interest is solely the obligation of the issuer. If sold prior to maturity, both types of debt securities are subject to market risk. Investing in physical commodities, such as **gold**, exposes a portfolio to other risk considerations such as potentially severe price fluctuations over short periods of time and storage costs that exceed the custodial and/or brokerage costs associated with the portfolio's other holdings. Products that concentrate their investments in the gold industry increase their vulnerability to international, economic, monetary and political developments affecting the industry.

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