

Gold and bitcoin to benefit From a second Trump presidency

Gold and bitcoin should both benefit from Donald Trump's second presidency, according to JPMorgan strategists.

Despite an initial negative reaction to the US election result, these assets should thrive due to the continuation of the "debasement trade," strategists said. This strategy is expected to be bolstered by tariffs, geopolitical tensions, and an expansionary fiscal policy.

"We do not see the initial negative market reaction by gold as a rejection of the "debasement trade" under a Trump win," strategists led by Nikolaos Panigirtzoglou wrote.

"After all, bitcoin, the other component of the "debasement trade" rallied after the Trump win. We rather see it as continuation of the recent profit taking," they added.

After a strong three-month rally from August to October, gold has been seeing substantial profit-taking this month, not only on election day on November 6 but also during the previous four days.

According to JPMorgan, central bank activity is anticipated to be a significant driver of gold prices into 2025.

The Wall Street firm highlights that central banks increased their gold reserves in 2022 after the outbreak of the Ukraine war and subsequent sanctions on Russia.

Although China's central bank paused its gold buying in April, JPMorgan expects that tariffs and geopolitical issues will prompt further diversification by central banks, including China's, away from US dollar reserves and towards gold.

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