GLOBAL X
by Mirae Asset

Why Investing in Gold and Silver Might Be a Safe Choice for 2025

Amidst trade wars, geopolitical risks, and dovish central banks at the forefront of investors' minds, Global X explores why investors may want to consider gold and silver in the context of the current environment.

Global X's Precious Metals ETFs

GLDX
Global X Gold Producers Index ETF

HUG
Global X Gold ETF

HUZ
Global X Silver ETF

HGY
Global X Gold Yield ETF

GLCC
Global X Gold Producer Equity Covered Call ETF

Key Takeaways

- **Gold's Safe-Haven Appeal**:
Amid renewed geopolitical risk and shifting U.S. policy, gold has rallied to record highs in 2025[1]. Investor demand is surging, driven by its traditional role as a store of value and supported by tariff concerns and arbitrage opportunities in the futures market.

- **Silver's Dual Demand Drivers:**
Silver offers both precious metal stability and industrial growth potential. With robust industrial demand—especially from green technologies—and a historically high gold-to-silver ratio, silver may be undervalued and positioned for further upside.

- **Diverse Access Points for Investors:**
Exposure to precious metals can be achieved through physical bullion, futures, mining stocks, or ETFs. Each approach carries different benefits and risks, with ETFs offering liquidity, diversification, and cost efficiency.

Gold

Gold has historically served as a store of value during market turbulence. Its physical nature can offer a sense of stability when risk sentiment turns.

That safe haven role is in focus again in early 2025, as investors respond to renewed geopolitical tensions and shifting U.S. policy under President Donald Trump. Gold has hit fresh record highs, extending strong gains from last year.

While not yet directly targeted by tariffs, precious metals could be caught in broader trade actions[1]. That risk has spurred a transatlantic shift in holdings, with more gold moving from London to New York as investors seek stability.

Concern over U.S. import tariffs have driven Comex gold futures prices above spot prices, creating a lucrative arbitrage opportunity, resulting in gold bullion inventories reaching record highs.

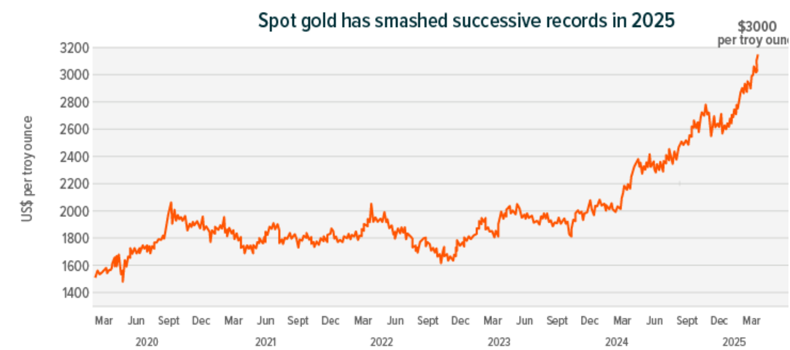
To take advantage of the high premium gold futures have been experiencing, financial institutions have been flying gold from Asia and the Middle East to North America. Traditionally, gold bullion is transported eastwards from the West to meet demand in China and India, the world's two largest consumers.

"It is possible that we could see the transatlantic shipments slow once the U.S. tariff issue is resolved, but several other factors are driving the price of gold higher, including a declining U.S. dollar and declining interest rates," says Global X Research Analyst Brooke Thackray.

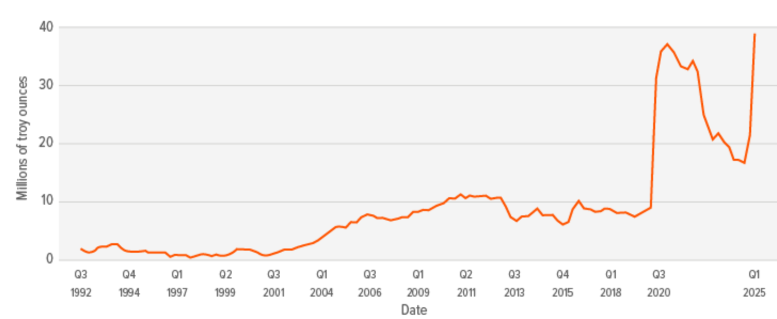
Brooke Thackray
Research Analyst

One major bank predicts that gold's rally may have further to run: Goldman Sachs has updated its year-end gold price forecast to $3,300 an ounce.

US TARIFF FEARS DRIVE GOLD PRICE HIGHER
Source: Bloomberg as at March 31, 2025



GOLD INVENTORY IN COMEX WAREHOUSES HITS RECORD HIGH
Source: CME, Bloomberg as at March 6, 2025.



[1] Bloomberg News (February 27, 2025), *What's Driving the Gold Rush From London to New York?*

[2] Source: Bloomberg News (March 14, 2025), *Gold Breaks Through $3,000 as Trump Turbocharges Record Rally*

Silver

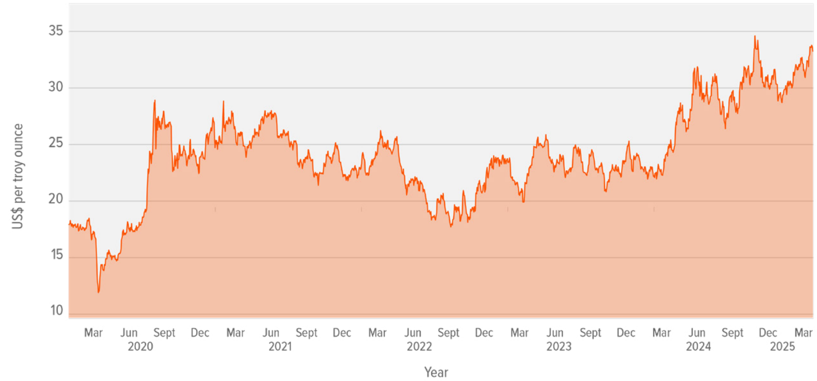
While both gold and silver are classified as precious metals, silver stands out for its industrial utility — which accounts for roughly 58%[3] of annual demand. In contrast, only about 11% of gold demand is industrial, with the rest tied to jewelry, bullion, and central banks.

As a result, silver prices are influenced by both safe-haven demand and trends in industrial activity, giving it a more diversified demand profile than gold.

Ongoing geopolitical and macroeconomic risks have supported demand for safe-haven assets. A spike in silver prices was further driven by short covering in the futures market amid concerns over President Trump's tariff agenda.

SPOT SILVER PRICE 2020 TO PRESENT

Source: Bloomberg as at March 31, 2025.



Another valuation used by investors and traders to assess the relative value of the two precious metals and help guide buy or sell decisions is the gold-to-silver ratio, which measures the number of ounces of silver that equals the price of one ounce of gold.

Historically, the ratio has averaged approximately 65 over the last 30 years.[4] With the ratio currently near 90, it may signal that silver is undervalued relative to gold.

"There is a positive correlation between the price of gold and silver, as both are classified as precious metals. Silver is often referred to as the poor man's gold," Global X's Thackray adds.

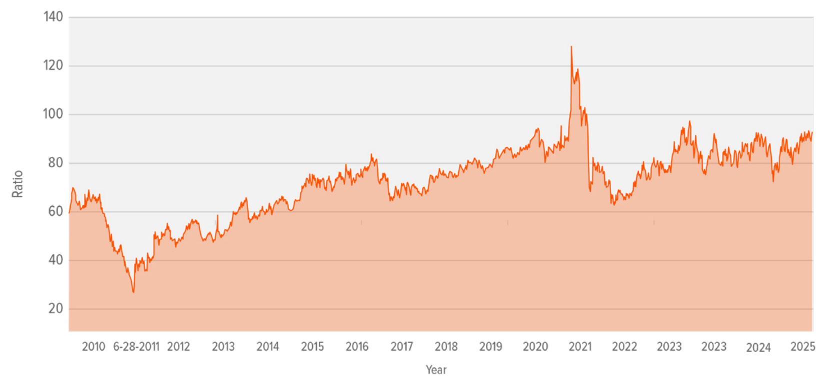
"The gold to silver ratio can only be stretched so far, before investors take an increasing interest in silver."

The silver market is forecast to record another significant deficit, according to data from the industry body The Silver Institute:

- Silver demand is expected to remain stable in 2025 at 1.20 billion ounces.
- Silver supply is seen reaching an 11-year high of 1.05 billion ounces in 2025.
- Silver physical investment forecast to rise by 3%.

GOLD SILVER RATIO 2010 TO PRESENT

Source: Bloomberg as at March 25, 2025.



Note: June 28, 2011, is highlighted in the chart as the lowest point for silver due to the U.S. debt ceiling crisis.

The Silver Institute says that silver industrial demand will remain the key driver of the supply/demand backdrop, with volumes projected to hit a new record high this year.

The silver industry body sees increased industrial usage gains coming from "Green Economy" applications (such as solar panels) and consumer electronics.

[3] Industrial demand is calculated as a percentage of total demand from the Silver Institute's World Silver Survey 2024.

[4] Source: Global X ETFs US (June 9, 2022), *Silver, Explained*

How To Invest

Investors have several options for gaining exposure to gold and silver — from buying physical bullion to trading futures.

Another approach is through mining stocks or ETFs, which are generally more liquid and can offer leveraged exposure to precious metals prices. Miners may benefit from rising prices by expanding production and increasing margins, unlike physical holdings.

Mining stocks can also add diversification to portfolios, particularly in times of geopolitical uncertainty. ETFs may help mitigate single-stock risk by holding a broad basket of miners or even direct exposure to the metals themselves — all under one management fee.

In a climate of trade tensions and geopolitical uncertainty, gold and silver remain relevant portfolio tools. Gold offers a traditional hedge in volatile markets, while silver's mix of industrial and precious metal demand adds diversification. With silver trading at a discount to gold and supply lagging demand in 2025, investor interest may continue to grow.

Whether through bullion, futures, or ETFs, investors have flexible options to gain exposure and position for resilience in a shifting global environment.

Related ETFs

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For more information on Global X Investments Canada Inc. and its suite of ETFs, visit www.GlobalX.ca

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55 UNIVERSITY AVE.
SUITE 800
TORONTO, ON M5J 2H7

1 (866) 641-5739
@GLOBALXCA

GlobalX.ca