

Gold Surges Past \$5,000 for First Time in History

Description

The price of gold has surpassed \$5,000 (£3,659) an ounce for the first time, marking a significant milestone in its historic price rally. This surge comes amidst escalating tensions between the United States and NATO regarding Greenland, compounding worries about financial and geopolitical stability.

President Donald Trump's trade policies have further unsettled markets. Recently, he threatened to impose a 100% tariff on Canada if it finalises a trade agreement with China. In uncertain times, investors often flock to gold and other precious metals, seen as safe-haven assets. Notably, silver also reached \$100 an ounce for the first time, reflecting a near 150% increase over the past year.

Several factors are fuelling the demand for gold. In addition to persistent inflation and a weak US dollar, central banks worldwide have increased their gold purchases. The expectation of further interest rate cuts by the US Federal Reserve has added momentum to gold's appeal. Global conflicts in Ukraine and Gaza, along with US interventions in Venezuela, have also driven prices higher.

The rarity of gold adds to its attractiveness; the World Gold Council estimates that approximately 216,265 tonnes have been mined throughout history. Much of this output has occurred since 1950, enabled by advances in mining technology. Current estimates suggest an additional 64,000 tonnes could still be extracted, although supply is projected to plateau soon.

Last year, gold achieved its most substantial annual gain since 1979. Amidst widespread concerns about Trump's tariffs and possible overvaluation of technology stocks, gold consistently established new record highs. Analysts anticipate the Federal Reserve may cut interest rates twice this year, reinforcing gold's allure as an investment.

While demand from investors has soared, central banks have also significantly increased their gold reserves, indicating a shift away from reliance on the US dollar. Despite this growth, experts caution that unexpected positive news could lead to price declines. In various cultures, gold serves purposes beyond investment; it is often purchased during festivals or gifted during celebrations.

Vocabulary List:

1. **Surpassed** /sər'pæsəd/ (verb): To exceed or go beyond a certain limit or level.
2. **Escalating** /'eskəleɪtɪŋ/ (verb): Increasing in intensity or magnitude.
3. **Persistent** /pər'sɪstənt/ (adjective): Continuing firmly or obstinately in a course of action despite difficulty.
4. **Allure** /ə'lɔːr/ (noun): The quality of being powerfully and mysteriously attractive or fascinating.
5. **Interventions** /,ɪntə'venʃənz/ (noun): The act of intervening especially in a situation to prevent or alter a result.
6. **Caution** /'kɔːʃən/ (noun): Care taken to avoid danger or mistakes.

Comprehension Questions

Multiple Choice

1. What milestone did the price of gold surpass recently?

- Option: A. \$4,000
- Option: B. \$6,000
- Option: C. \$5,000
- Option: D. \$3,000

2. What factors have been driving the demand for gold?

- Option: A. Deflation and a strong US dollar
- Option: B. Global conflicts and inflation
- Option: C. Interest rate hikes and peace agreements
- Option: D. Economic stability and market predictability

3. What event led to silver reaching \$100 an ounce for the first time?

- Option: A. US-China trade agreement
- Option: B. US-NATO tensions
- Option: C. US Federal Reserve interest rate cuts
- Option: D. Investors flocking to safe-haven assets

4. Which year did gold achieve its most substantial annual gain since 1979?

- Option: A. 2018
- Option: B. 2020
- Option: C. 2019
- Option: D. 2015

5. What is one reason central banks have been increasing their gold reserves?

- Option: A. To support the US dollar
- Option: B. To shift away from reliance on the US dollar
- Option: C. To devalue gold as an investment
- Option: D. To invest in technology stocks

6. In which industry have advances in technology enabled increased gold mining output since 1950?

- Option: A. Healthcare

- Option: B. Agriculture
- Option: C. Mining
- Option: D. Transportation

True-False

7. Investors often turn to gold and other precious metals during uncertain times as safe-haven assets.
8. The World Gold Council estimates approximately 216,265 tonnes of gold have been mined throughout history.
9. Analysts do not anticipate any interest rate cuts by the US Federal Reserve this year.
10. Central banks around the world have been decreasing their gold reserves recently.
11. Gold is primarily purchased and gifted as an investment in various cultures.
12. The supply of gold is projected to continue increasing steadily in the coming years.

Gap-Fill

13. Gold achieved its most substantial annual gain since 1979 in _____.
14. The World Gold Council estimates that approximately _____ tonnes of gold have been mined throughout history.
15. Current estimates suggest an additional _____ tonnes of gold could still be extracted.
16. Central banks have significantly increased their gold reserves, indicating a shift away from reliance on the _____.
17. Gold is often purchased during festivals or gifted during _____.
18. Central banks worldwide have increased their gold purchases amidst expectations of further interest



rate cuts by the US Federal _____.

Answer

Multiple Choice: 1. C. \$5,000 2. B. Global conflicts and inflation 3. D. Investors flocking to safe-haven assets 4. C. 2019 5. B. To shift away from reliance on the US dollar 6. C. Mining

True-False: 7. True 8. True 9. False 10. False 11. False 12. False

Gap-Fill: 13. 2019 14. 216,265 15. 64,000 16. US dollar 17. celebrations 18. Reserve

CATEGORY

1. Business - LEVEL6

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1. ESL learning
2. esl news
3. gold
4. historic rally
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Date Created

2026/01/28

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