Future Gold Labs

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Weekly Gold Wrap

2025/6/29

I. Gold Price Recap

On Friday, June 27th, COMEX gold (GCQ5) settled at $3,286.1/ounce, declining 1.85% for the day and registering a cumulative weekly loss of 2.92%. Compared to last Friday's close of $3,384.4/ounce, the price fell 2.90% WoW, signaling a notable correction. The SPDR Gold Shares ETF (GLD) closed at $301.22, down 1.81% on the day and reflecting a 2.87% pullback from the prior Friday's $310.13 close. COMEX silver futures declined 2.06% to $36.17/ounce but posted a 0.41% weekly gain. This price action was driven by broadly improved risk appetite as safe-haven capital flows receded. Key catalysts included de-escalation in the Israel-Iran conflict, the signing of the U.S.-China trade agreement, ongoing U.S. negotiations with other nations to reach commercial deals, mixed U.S. economic data, and improving global risk sentiment. These factors collectively reduced demand for defensive assets.

II. Key Drivers Behind Gold's Volatility

1) Gold Market Pressure and Tug-of-War Amid Mixed U.S. Economic Data

➢ Conference Board Consumer Confidence Index (June):

Declined to 93.0 from 98.4 in May. This more cautious consumer outlook suggests potentially weaker future spending, which could influence the Federal Reserve's economic growth projections and the timing of interest rate adjustments. Stephanie Guichard, Senior Global Economist, stated: "The deterioration spans all components, with both consumers' assessments of current conditions and their future expectations contributing to the decline."

➢ U.S. New Home Sales (May):

Fell 13.7% to 623,000 units from April's 722,000, underperforming the 693,000 consensus estimate. The decline reflects buyer hesitation as 30-year mortgage rates approached 7%.

➢ U.S. Durable Goods Orders (May):

Surged 16.4%MoM (month-on-month), nearly doubling the 8.5% forecast and marking a strong rebound from April's 6.6% contraction. The increase was primarily driven by significant commercial aircraft orders.

- U.S. Jobless Claims (Week ending June 21):

Initial claims decreased to 236,000, below the previous week's 245,000 and market expectations. Nevertheless, unemployment is projected to rise given that claims exceeded forecasts in two of the preceding three weeks.

- U.S. GDP Revision:

The U.S. Bureau of Economic Analysis (BEA) reported that the U.S. economy contracted more than initially estimated in Q1 2025. GDP declined by 0.5% QoQ (quarter-on-quarter), exceeding both the preliminary estimate of a 0.2% contraction and prior figures while matching consensus expectations. Although robust durable goods orders and lower-than-expected jobless claims partially offset recession concerns stemming from the GDP revision, the final Q1 2025 GDP reading confirmed sluggish economic growth, registering a larger contraction than forecast and surpassing previous values.

- U.S. PCE Report - May Release:

The Federal Reserve's benchmark inflation gauge, the PCE（**Personal Consumption Expenditures**）index, recorded a 2.7%YoY advance in its core reading for May, exceeding both consensus projections and April's reading by 0.1 percentage points. Concurrently, headline inflation rose 2.3%YoY, precisely matching market expectations.

May's headline PCE met forecasts: MoM growth held at 0.1% (flat versus April), while YoY inflation rose to 2.3%—marginally exceeding April's 2.2% but matching consensus. Crucially, core PCE (ex-food/energy) surprised upside: MoM accelerated to 0.2% vs. 0.1% expected, and YoY climbed to 2.7%, surpassing both the 2.6% consensus and prior month's 2.6%.

As the Fed's primary inflation barometer, this core acceleration complicates monetary policy normalization, exerting additional downward pressure on the U.S. dollar while providing negligible support to gold valuations. （This market-critical dataset, which quantifies goods and services price acceleration and serves as the Fed's preferred inflation metric, is published monthly and fundamentally informs interest rate path expectations）.

Supplementary indicators revealed deterioration: personal income contracted 0.4% monthly, not only missing the 0.3% growth consensus but sharply reversing April's 0.7% expansion; concurrently, consumer spending declined 0.1% MoM, underperforming both the 0.1% market expectation and April's 0.2% gain.

- University of Michigan Consumer Sentiment (June):

Registered a marginal improvement to 60.7 from 60.5.

Impact on Gold Prices:

Current U.S. economic data presents a complex landscape characterized by persistent inflation alongside coexisting economic resilience and vulnerabilities. However, the upside surprise in core PCE inflation remains the dominant market driver. The Federal Reserve faces mounting pressure to balance inflation containment against risks of broader economic slowdown, potentially necessitating delayed rate cuts or an extended period of elevated federal funds rates. This dynamic could elevate real interest rates and strengthen the USD, exerting downward pressure on gold.

While GDP contraction and softening consumption may intermittently boost safe-haven demand, gold continues to face near-term headwinds. Without meaningful inflation retreat, expectations for a dovish policy pivot remain constrained, leaving the metal (gold/silver) struggling to overcome corrective pressures.

2) Monetary Policy & Gold Market Impact

➢ Monetary Policy & Gold Market Impact

President Donald Trump renewed criticism of the Fed's rate hold, pressing for cuts to boost economic growth. A WSJ article noted Trump may nominate a new Fed Chair by Sept/Oct, set to succeed Jerome Powell in 11 months. This potential transition raises investors' sentiment uncertainty, warranting close watch on the nominee's policy stance. With Trump and Powell divided on easing timing, Trump's challenges to Fed independence have eroded dollar confidence, pushing the dollar to multi-year lows and fueling gold demand. While markets price in a Sept rate cut, a possible July cut could trigger gold's breakout from its current range.

The Fed has kept rates at 4.25%-4.50% this year, diverging from global central banks that cut rates amid cooling inflation. As inflation nears the Fed's 2% target, the timing of the next cut remains contentious. Recent indicators—including Tue's Consumer Confidence and Wed's New Home Sales—signal emerging economic strain, though Chair Powell prioritizes tariff-induced inflation risks, noting lagged effects may surface in June/July data.

Powell concluded the semi-annual testimony on June 25th, reiterating the Fed is "in no rush to cut rates" due to uneven inflation related data and anticipated tariff impacts. Nonetheless, market participants remain divided over the timing and certainty of rate cuts, with risk asset pricing remaining sensitive to forthcoming data releases. He added: "Sooner rate cuts could come if inflation subsides, but no specific timeline." He also clarified that a marked deterioration in the labor market would factor into the Fed's decisions but stressed: "There's no need to hurry, given the economy remains robust and the labor market is strong." This underscores a data-dependent approach, keeping gold responsive to the steady flow of incoming economic data.

➢ Regional Fed Views

Boston Fed's Collins said data doesn't support a July cut. Richmond's Barkin noted tariffs may lift inflation but expects milder impacts. Minneapolis' Kashkari warned inflation could rebound, though data shows progress toward 2%. Uncertainty remains on delayed trade war effects. Further analysis time is necessary to ascertain whether trade war effects will materialize with a lag or emerge less severe than originally anticipated.

➢ Market Pricing & Gold Outlook

Money markets price in 63.5 bps of Fed rate cuts by year-end per Prime Market Terminal. The CME FedWatch Tool shows a 72% probability for 25bps September easing, with markets expecting ≥50bps cumulative cuts through December.

Gold remains fundamentally supported by Fed easing expectations. Near-term volatility persists due to

FOMC policy divergence and data dependency. Medium-term gold valuations will be governed by declining real yields and policy uncertainty premiums. If the Federal Reserve transitions toward an explicit easing cycle, particularly through dot plot formalization, this development would unlock substantial upside potential for gold prices.

3) Yields, USD & Gold Dynamics

➢ **Dollar Index Behavior**

The U.S. Dollar Index (DXY), tracking the dollar against six major currencies, remained virtually unchanged at 97.28. Daniel Ghali, Senior Commodity Strategist at TD Securities, observes the dollar is partially relinquishing its status as a "store of value"—a recurring macroeconomic theme historically. Gold is incrementally assuming part of this role.

-Manifestations of Dollar Weakness

(1) Policy Divergence & Market Expectations

Disagreements between the Federal Reserve and U.S. administration on interest rate policy (notably Trump's pressure for rate cuts) have amplified dollar volatility, fragmenting market confidence in the currency's long-term purchasing power.

(2) Debt and Inflation Concerns

The U.S. government debt-to-GDP ratio continues climbing (exceeding 130% by 2025). Should inflation rebound above the Fed's target, declining real yields would erode the dollar's investment appeal.

The Shanghai Gold Exchange's (SGE) business expansion into Hong Kong leverages this macro trend to promote yuan（RMB）-denominated gold trading. This initiative aligns with the broader theme of dollar reserve currency status. Although the dollar's reserve currency status will not unravel overnight, this initiative represents merely one strategic maneuver within a broader monetary transformation as MAGA policies recede. Dollar weakness makes sustained gold price declines improbable.

➢ **US Treasury Yields & Gold Dynamics**

The U.S. 10-year Treasury yield held steady at 4.242%. U.S. real yields—inversely correlated with gold—also stabilized near 2%. Persistently elevated real yields (calculated as nominal yield minus inflation expectations) maintain higher gold carrying costs, creating temporary headwinds for precious metals prices.

4) Geopolitical Tensions & Safe-Haven Demand

Geopolitical risks moderated this week as the Israel-Iran ceasefire held for three consecutive days. Iran demonstrated diplomatic flexibility, signaling a preference for negotiated solutions. Tehran's UN envoy stated Iran would join a regional nuclear alliance conditional on an agreement with Washington. Arab News reported potential resolution of the Israel-Gaza conflict within two weeks, further boosting investors; optimism. The absence of new escalations amid fragile conditions triggered safe-haven capital outflows from gold, refocusing markets on macroeconomic and policy drivers.

However, on June 28th the U.S. Virtual Embassy in Iran reiterated evacuation advisories for American citizens, urging land transit to neighboring countries. This underscores persistent regional security risks.

Escalating Iran-Israel geopolitical tensions continue benefiting gold markets. The Trump administration explicitly rejected sanction relief citing Supreme Leader Khamenei's hardline rhetoric while threatening potential strikes on Iranian nuclear facilities. Concurrently, Israel announced exceeding operational objectives by destroying 90% of Iran's uranium enrichment capacity. It warned that "Operation Rising Lion" constitutes merely the prologue to new nuclear containment measures.

Geopolitical tensions impact gold markets in distinct phases. Near-term, safe-haven demand erosion following the June 24th ceasefire pushed spot gold below $3,300/oz on June 28th with a 2.8% weekly decline. Nevertheless, Trump's confrontational statements combined with Israeli military posturing could reignite conflict escalation concerns, creating bullish momentum for gold.

5) Tariff Turmoil Drives Gold Swings

- **Tariff policy impacts**

On Thursday, the White House announced that the U.S. and China had formally signed a trade agreement, effectively ending the prolonged "trade war". U.S. Commerce Secretary Howard Lutnick stated that with the July 9 deadline approaching, more agreements are imminent. Lutnick revealed that the White House plans to reach deals with 10 major trading partners shortly.

News of the U.S.-China trade agreement and deals with other nations including South Korea, Vietnam, and the EU was welcomed by Risk-On Asset Investors. In a Bloomberg News interview, Howard Lutnick also added that China "will deliver rare earths to us," and once that occurs, "we will lift countermeasures."

A key Fed concern has been the inflationary impact of tariffs. The U.S.-China trade agreement has suspended higher reciprocal tariffs on Chinese imports until August 12, which could ease some of the potential pressure from elevated tariffs on the U.S. economy.

The above news has boosted market sentiment, weakening investors' risk aversion and reducing the upward momentum of gold. In the follow-up, it is still necessary to pay attention to the implementation and progress of specific trade agreements. As gold's safe-haven attribute remains valid, its price still has upward support.

6) Physical Gold Demand

72% of central banks anticipate modest increases in gold's reserve allocation share over the next five years, while 4% project substantial growth**.** Central banks accumulation motives reflect multifaceted drivers: crisis hedging, portfolio diversification, inflation mitigation, value preservation, and gold's historical monetary stature. Emerging market central banks prioritize the first three functional utilities, whereas their advanced economy counterparts place greater emphasis on gold's monetary heritage.

This trend validates gold's strategic role as a non-sovereign asset during global de-dollarization while establishing fundamental long-term price support. Although near-term pricing remains contingent on dollar fluctuations, Treasury yields, and geopolitical developments, persistent central bank acquisitions create structural demand. The World Gold Council anticipates sustained institutional buying will recalibrate gold's valuation framework amid rising policy uncertainty.

Current gold price positioning reveals a technical paradox: apparent overbought signals coexist with resilient physical demand. Short-term speculative profit-taking may induce corrections, while strategic investors (central banks, pension funds) maintain accumulation patterns, generating robust dip-buying support. This dichotomy reflects market divergence on dollar credibility - speculators react to near-term policy volatility, whereas allocators position for protracted dollar deterioration.

III. Market Sentiment & Key Technical Levels

➢ Technical analysis of conventional indicators:

Daily Chart: The Death Cross pattern persists, with gold prices pressured below the mid-Bollinger band (3355) and short-term moving averages. A close below $3280/oz (100-DMA) could trigger deeper corrections toward the $3250-3270/oz zone. Reclaiming $3335/oz would alleviate downward pressure.

➢ 4-Hour Chart:

Bollinger Bands show downward expansion with MACD gaining bearish momentum below zero. Immediate resistance shifts to $3315-3320/oz (Asian session rebound high), while support slides to $3280-3290/oz.

IV. Outlook & Key Catalysts

➢ **Next Week's Focus:**

- US ISM Manufacturing PMI,
- JOLTS Job Openings data, etc.
- Geopolitical risk persistence
- Fed speaker commentary

July 1	Macro	U.S. ISM Manufacturing PMI (June)	Gauges U.S. manufacturing activity
July 1	Macro	US JOLTs Job Openings (May)	May influence Fed policy direction
July 3	Macro	U.S. ISM Services PMI (June)	Gauges U.S. services activity, critical for a services-driven economy
July 3	Macro	U.S. Non Farm Payrolls (June)	May influence Fed policy direction
July 3	Macro	U.S. Unemployment Rate (June)	May influence Fed policy direction

Source：Wind

V. Quantitative Strategy Review

➢ **Model Evaluation:**

The current assessment indicates a phase of stagnation following a significant rally. Near-term upside momentum has notably weakened, with narrowing price fluctuations. While strengthened expectations for Federal Reserve rate cuts will provide support to commodities, near-term safe-haven capital is diverting toward securities and futures markets.

This dynamic favors the strategy's bearish bias.

- **DeCTP-12 Strategy Quarterly Brief**

Core Performance

-Quarterly Win Rate: 46.5%

-Profit/Loss Ratio: 3:1

-Trades Executed: 20

-Annualized Return: 26%

-Max Drawdown: 8.9%

-Current Position Description： Maintains a net short position (options).Initiating positions to capitalize on intermediate-term downside volatility opportunities.

-Win Rate: 50%

-Equity Change: -0.51%

-Trade Frequency: 6

*Notes:

-Win rate is the number of wins divided by the total number of participations, calculated as (number of wins / total participations) × 100%. Excluding draws, it is (number of wins / (wins + losses)) × 100%. In statistics, a trade is considered a win if profit > 0.

-Profit-loss ratio has two calculation methods: total profit divided by total loss, or average profit per trade divided by average loss per trade. The latter is adopted here.

-Maximum drawdown is the largest decline from a peak to a trough. It is calculated by identifying the historical peak net value and subsequent trough net value, using the formula: (peak net value - trough net value) / peak net value.

-Equity changes refer to fluctuations in account funds, which occur after each position closing. In live trading, there are daily static equity changes and dynamic changes (fluctuating every second with position P&L).

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