Future Gold Labs

X (Twitter): https://x.com/futuregoldx

TG: https://t.me/+FTmhYG_buadmMTU1

Author: Koi

Reviewer: Jake Liu

Weekly Gold Wrap

2025/8/3

I. Gold Price Recap

In the early hours of Beijing time on August 2 (New York time August 1, this Friday), international precious metal futures mostly closed higher. COMEX gold (GCQ5) gained 2.01% to $3,416/oz, up 2.41% for the week; COMEX silver rose 1.07% to $37.11/oz but slipped 3.28% weekly.

Gold saw sharp swings this week, falling first then rebounding. Driven by trade news, Fed policies and nonfarm data, it dipped from around $3,300/oz to $3,268/oz, before bouncing back to $3,350/oz and eventually closing at $3,416/oz.

Monday: Gold extended losses after three straight down days last week. Optimism from a US-EU trade framework deal—under which both sides imposed a 15% tariff on each other's goods, with the EU pledging no retaliation and $60 billion in US investments—weighed on safe-haven demand. Reports of constructive US-China talks in Stockholm over a three-month tariff truce extension further dented gold, pushing it near $3,300/oz.

Tuesday: Mixed US data limited dollar gains, letting gold recoup Monday's losses. June JOLTS job openings dropped to 7.43 million from May's 7.77 million (signaling a cooling labor market), while July's consumer confidence index rose to 97.2 from 95.2 (showing improved spending expectations). Cautious sentiment kept the dollar in check, aiding gold's rebound.

Wednesday: Gold slid over 1.5% to a monthly low below $3,270/oz in US trading. Strong data—Q2 GDP grew 3% annualized (vs 2.4% expected, up from Q1's 0.5% contraction) and July ADP jobs rose 104k (vs 78k expected)—lifted the dollar and Treasury yields.
The Fed kept rates at 4.25%-4.5% in a 9-2 vote (dissenters wanted a 25bp cut). Chair Powell struck a hawkish tone, avoiding confirmation of a September cut, calling policy "appropriate to guard against inflation risks" with a solid labor market. His note that "tariffs may transmit to prices more slowly than

thought," plus tariff-related inflation uncertainty, cooled risk appetite, sending gold below $3,300/oz to $3,268/oz. The Fed's statement noted slower 1H2025 growth, low unemployment, "still high" inflation, and "elevated economic uncertainty."

Thursday: Gold hit a one-month low after strong initial jobless claims data, then rebounded but hovered around $3,300/oz amid weak momentum. Investors stayed sidelined ahead of Friday's nonfarm report, keeping gold range-bound.

Friday: A dismal July nonfarm report—73k new jobs (vs 110k expected), with May-June figures revised down by 258k, and unemployment edging up to 4.2% from 4.1%—triggered an over 1.5% gold rally to $3,350/oz.

This pushed the CME FedWatch Tool's odds of a September 25bp cut to nearly 70% (from ~30%), hammering the dollar and dragging 10-year Treasury yields down ~3%. Escalating US-Russia geopolitical tensions—Trump deployed nuclear submarines in response to Medvedev's "war warning"—also boosted gold's safe-haven appeal, lifting it to around $3,350/oz.

II. Key Drivers Behind Gold's Volatility

1) U.S. Macroeconomic Data Mixed; Gold Remains Volatile

Overall, **this week's mixed US economic data led to volatile gold prices amid a tug-of-war between bulls and bears.** Prices slipped in the first half due to strong Q2 GDP and some employment data, but ultimately rebounded as rate-cut expectations triggered by nonfarm payrolls took hold, highlighting short-term data's dominance over market sentiment.

- Q2 GDP: The Commerce Department's advance estimate showed the economy grew at a 3.0% annualized rate in Q2, surpassing both the prior quarter's 0.5% contraction and the 2.4% forecast. However, the data revealed weak consumer spending and sluggish business investment. President Donald Trump commented on Truth Social: "Q2 GDP just released: 3%, way better than expected! 'Too late' — must cut rates now. No inflation! Let people buy homes and refinance."
- ADP: The July ADP National Employment Report showed private payrolls rose by 104,000, beating the 78,000 forecast and sharply improving from June's 33,000 decline, pressuring gold.
- June Pending Home Sales: Fell 0.8% month-over-month amid rising mortgage rates, reversing May's 1.8% gain, offering limited safe-haven support to gold.
- JOLTS: June job openings dropped by 275,000 to 7.437 million, signaling cooling labor demand — a positive for gold. However, the Conference Board's consumer confidence index rose to 97.2 in July from 95.2, exceeding the 95.4 expectation, weighing on gold.
- PCE Index: Core PCE (excluding food and energy) rose 2.8% in the month, unchanged from May and above the 2.7% forecast. This reinforced expectations of rising price pressures in H2 and a Fed rate cut delay until at least October, lifting the dollar to multi-month highs and suppressing gold.
- Nonfarm Payrolls: July data was weak — 73,000 new jobs vs. 110,000 expected, with May-June figures revised down by 258,000 (the second-largest two-month revision since 1979, trailing only April 2020). This labor market softening bolstered dovish rate-cut arguments. The unemployment rate inched up to 4.2% as expected, while average hourly earnings rose 3.9%YoY (above 3.8% forecast) from 3.7%.

- PMI: ISM Manufacturing PMI contracted for a fifth straight month after two months of expansion (following 26 consecutive months of contraction). July's reading fell to 48.0 from 49.0, below the 49.5 forecast, with employment contracting further and input prices edging down.
- Michigan Consumer Sentiment: July's index stood at 61.7 (vs. flash 61.8), rising for a second month to the highest since February 2025. Current Conditions Index climbed nearly 5% to a five-month high of 68 (from 64.8 in June), while the expectations index dipped slightly to 57.7 from 58.1 — negative for gold. One-year inflation expectations were revised up to 4.5% from 4.4%, with five-year expectations falling to 3.4% from 3.6%.

2) Monetary Policy & Gold Market Impact

Wednesday evening, **the Federal Reserve kept interest rates unchanged in the 4.25%-4.5% range by a 9-2 vote,** marking its fifth consecutive meeting holding the benchmark rate steady despite intense pressure from U.S. President Donald Trump and his allies to lower borrowing costs. Governors Christopher Waller and Michelle Bowman dissented, advocating a 25-basis-point cut—the first time two governors opposed a rate decision since 1993, with both supporting such a cut at the July 29-30 meeting.

In its accompanying monetary policy statement, the Committee struck an upbeat tone, noting the economy continued to expand at a solid pace while acknowledging slower growth in economic activity in the first half of the year, a still-low unemployment rate, and inflation that "remains elevated." It pledged to achieve maximum employment and 2% inflation, while admitting "uncertainties about the economic outlook remain high."

Fed Chair Jerome Powell struck a hawkish tone at the post-meeting press conference, downplaying expectations of an immediate rate cut. He said it was too early to judge if the Fed would cut rates at its September 16-17 meeting, with no decision made yet, advocating a "meeting-by-meeting" approach. He stated current policy was "appropriate to guard against inflation risks," with a strong labor market and moderately tight monetary policy not hindering economic growth—adding it was at a suitable level to address ongoing uncertainties related to tariffs and inflation. Powell denied imminent rate cuts, noting "tariffs may transmit to prices more slowly than expected." His remarks cooled market risk appetite, and coupled with uncertainty over tariffs' impact on inflation, pushed gold below the $3,300/oz mark.

Other Fed officials also commented: Cleveland Fed's Beth Hammack called the nonfarm report disappointing but said the labor market remained balanced, adding she was "confident in the decision made earlier this week." Atlanta Fed's Raphael Bostic noted the job market was slowing from strong levels, highlighted inflation risks far outweighing employment risks, and favored just one rate cut, maintaining a hawkish stance.

- **Fed Fund Futures Rate Cut Expectations**

Fed fund futures show a 76% probability of a 25-basis-point rate cut in September.

- **CME FedWatch Data**

CME Group's December 2025 federal funds rate futures contracts indicate investors expect at least 57 basis points of rate cuts by year-end. The probability of a 25-basis-point cut at the September meeting (lowering the rate range to 4.00%-4.25%) stands at 76%. A prolonged period of elevated Fed rates would be negative for non-yielding assets like gold.

➢ **Impact on Gold Prices**

Gold is currently caught in a tug-of-war: "short-term pressure from hawkish policies vs. long-term support from rate cut expectations." Price volatility will hinge heavily on subsequent inflation and employment data to recalibrate the policy path.

3) Yields, USD & Gold Dynamics

➢ **Dollar Index Behavior**

The US Dollar Index (DXY), which tracks the greenback against six major currencies, rose significantly this week to its highest level since late May, closing at 99.14 in late-week trading. This, in turn, is seen as a key factor continuing to weigh on non-yielding gold.

➢ **US Treasury Yields & Gold Dynamics**

On Friday, the 10-year U.S. Treasury yield hovered around 4.22%, while the 30-year yield lingered near 4.807%. Both were down from the previous week, yet real yields remained relatively high. This came as investors adopted a cautious stance ahead of the release of the July nonfarm payroll report. **Higher real bond yields increase the opportunity cost of holding non-yielding assets like gold, intensifying bearish pressures and weighing on gold prices.**

As a non-interest-bearing asset, gold's appeal is inversely correlated with the opportunity cost of holding Treasury bonds: when Treasury yields (especially real yields) decline, the relative opportunity cost of holding gold decreases, which may enhance gold's attractiveness to investors and thus provide support for gold prices.

4) Geopolitical Tensions & Safe-Haven Demand

Recently, Trump ordered the deployment of two nuclear - powered submarines to a relevant area in response to the remarks of Russian Deputy Prime Minister Medvedev. Medvedev said that Trump was playing an ultimatum game with Russia, which was "a step towards war".

Medvedev's remarks were related to the United States' shortening of the deadline for Russia and Ukraine to reach a peace agreement. **Safe - haven capital flows have reignited the safe - haven demand for the US dollar and gold, driving the US dollar to rebound and limiting the downside space of gold.**

5) Tariff Turmoil Drives Gold Swings

➢ **Progress in trade negotiations:**

Last week, the U.S. reached agreements with major trading partners including Europe and Japan. The U.S.-EU deal imposes a uniform 15% tariff on a large volume of European imports, following an initial agreement with Japan. These developments boosted market optimism that global trade tensions may ease.

This week, **Trump signed several tariff-related executive orders on Thursday**, with most new rules taking effect on August 7:

-Maintained the global minimum tariff rate at 10% (rejecting prior proposals to raise it to 15% or higher) as the benchmark rate; kept a 10% uniform tariff for countries with trade surpluses with the U.S., while setting a 15% minimum tariff for approximately 40 countries with trade deficits.

-Imposed reciprocal tariffs of 10% to 41% on imports from nearly 70 countries, with India, Canada, Switzerland, Chinese Taipei, and Brazil among the most affected. Specifically, a 20% tariff on goods from Chinese Taipei, 39% on Swiss goods, and 19% on goods from Thailand, Cambodia, and Malaysia (matching rates for the Philippines and Indonesia).

-Signed a separate order raising tariffs on all Canadian goods not covered by the USMCA from 25% to 35%, effective August 1, 2025; granted Mexico a 90-day buffer period to avoid tariff hikes (leaving room for trade talks) with the possibility of further increases later this year.

Despite two days of talks between U.S. and Chinese negotiators this week, the world's two largest economies failed to reach a trade deal. The parties concluded talks in Stockholm on Tuesday, pledging to keep communication channels open and maintain the current tariff truce set to expire on August 12. While no formal agreement was reached to extend the truce, negotiators described the talks as constructive. Trump stated, "Progress with China is going well; a very fair deal is likely," though U.S. Treasury Secretary Scott Bessent noted that extending the 90-day truce would be Trump's decision, leaving U.S.-China trade relations uncertain. This uncertainty further dampened market risk appetite, providing support to gold as a safe-haven asset.

- **Gold Market Implications:**

Last week, a series of trade agreements improved market risk appetite and reduced demand for safe-haven assets, pressuring gold. **This week, however, Trump's new tariff hikes on multiple countries, the U.S.-China negotiation deadlock, and uncertainty over the expiring tariff truce have dented investor appetite for risk assets, curbing risk preference and providing partial support to gold as a safe-haven asset.**

6) Physical Gold Demand

The World Gold Council released the Q2 2025 Global Gold Demand Trends Report on July 31, 2025. Below is a summary of its key content:

- **Overall Demand and Prices**

Price Performance: The average LBMA afternoon gold price in Q2 reached $3,280.35/oz, up 40%YoY and 15%QoQ, hitting a new historical record.

Total Demand: Global gold demand (including OTC trading) in Q2 stood at 1,249 tons, a 3%YoY increase. In value terms, it surged 45%YoY to $131.7 billion. Adjusted global gold demand (including OTC trading) in 1H2025 totaled 2,423 tons.

- **Investment Demand**

Gold ETFs: Q2 saw net inflows of 170 tons, reversing the small outflows in 2Q2024. Asia recorded 70 tons of inflows, matching North America’s 73 tons. Global gold ETF demand in H1 reached 397 tons, the highest first-half figure since 2020. China’s Q2 ETF demand hit 61 tons, its strongest quarterly performance on record.

Gold Bars and Coins: Q2 investment rose 11%YoY to 307 tons. Chinese investors led globally, with demand surging 44%YoY to 115 tons (strongest Q2 since 2013); India’s demand reached 46 tons, continuing to grow. Western markets diverged: European net investment more than doubled to 28 tons, while the U.S. halved to 9 tons.

Total Investment Demand: Global total gold investment demand in Q2 was 477 tons, a significant 78%YoY increase.

- **Central Bank Gold Purchases**

Global central banks added 166 tons to reserves in Q2, maintaining the buying trend but at a slower pace. Despite the slowdown, purchases remained high amid global economic and geopolitical uncertainties.

The 2025 Global Central Bank Gold Reserves Survey showed 95% of surveyed central banks expect global gold reserves to rise over the next 12 months. China’s central bank bought 6 tons net in Q2, with H1 cumulative purchases of 19 tons; its official reserves now stand at 2,299 tons, accounting for 6.7% of total foreign exchange reserves.

- **Investment Demand (Core Growth Sector)**

Total Investment: Up 78% year-over-year, driven by gold ETF inflows and demand for bars and coins.

Bars and Coins: 1H2025 demand reached 582 tons (+11% YoY), led by China and India. China’ s demand rose 44% YoY, with 115 tons in Q2 (1H2025 high since 2013); India’s rose 7% YoY. EU demand grew 6%YoY, doubling to 28 tons in 2Q2025. U.S. 1H2025 sales plummeted 53%YoY, with 2Q2025 at 9 tons (lowest since 4Q2019) due to profit-taking and weak new buying.

Gold ETFs: Global 2Q2025 inflows were 170 tons, with H1 cumulative 397 tons (strongest since 1H2020). Asian ETFs saw 70 tons inflows, near North America’s 73 tons (despite holdings at 1/5 of North America’ s). Drivers: global trade uncertainty, geopolitical unrest, and rising gold prices.

- **Jewelry Demand**

Global 2Q2025 jewelry consumption fell 14% YoY to 341 tons, nearing 2020 pandemic lows (lowest since Q3 2020). China’ s demand dropped 20% YoY to 69 tons; India’s fell 17% YoY. In value terms, global jewelry spending rose to $36 billion in 2Q2025, with China’s consumption remaining high.

- **Supply Situation**

Total Supply: 2Q2025 gold supply rose 3% YoY to 1,249 tons.

Mine Production: Inched up 1% YoY to 909 tons, surpassing the 2018 Q2 record (900 tons) for a new Q2 high.

Recycled Gold: Supply rose 4% YoY but stayed low at 347 tons amid high prices.

- **Other Demand**

Tech sector gold use in 2Q2025 was 79 tons, down 2% YoY.

- **Market Analysis and Outlook**

WGC Senior Analyst Louise Street noted 2025's volatile start, with trade frictions, erratic U.S. policies, and geopolitical hotspots. **Strong 1H2025 investment highlighted gold's role in hedging risks; market volatility and price gains attracted significant capital.**

USD gold rose 26% in 1H2025, outperforming major assets. 1H2025 demand relied on Asian physical investment (bars, coins, ETFs) and central bank buying, while high prices suppressed jewelry demand and tariffs hit tech use. **2H2025 prices may trade in a narrow range, but macro/geopolitical uncertainties could offer further support.**

III. Outlook & Key Catalysts

- **Next Week's Focus:**

-Investors are focusing on data such as initial jobless claims, nonfarm productivity, wholesale sales & inventories, speeches by Federal Reserve officials, and trade policies,etc.

IV. Quantitative Strategy Review

Quant Team's Input:

- **Summary and Outlook**

Weekly Summary:

- Gold rose on weak nonfarm data and tariff implementation.
- W-bottom breakout confirmed, entering uptrend.
- ETF and CFTC long positions rose in tandem, with sentiment-capital resonance.

Outlook for Next Week

1.Data verification remains critical

-Multiple employment and inflation leading indicators on August 7th may spark sharp volatility.

-If weakness persists, gold prices are poised to test the 3435 – 3450 range.

-A data rebound could see prices consolidate within 3310 – 3305.

2.Official speeches will dictate trend sustainability

-A confirmation of dovish logic by Barr would trigger a secondary upward push.

-Emphasis on anti-inflation efforts may lead to short-term consolidation in gold prices.

3.Monitor capital alignment

-A failure of positions and trading volumes to keep pace would create divergence, warranting caution against a pullback after a rally.

-Sustained bullish positioning could target 3450 or even 3480.

- Trading Recommendations

-Currently in a trend continuation phase; avoid chasing highs and prioritize pullback entries.

3310 – 3325 acts as pullback support and the primary defense zone for long positions.

-A volume-supported breakout above 3380 could justify short-term long positions, with targets at 3435 – 3455.

-A drop below 3305 calls for waiting on adjustments and confirmation before entering positions.

- **Comprehensive Judgment:**

Gold's rally this week was driven by a triple resonance of "event catalysts + technical breakout + capital coordination," forming a clear upward structure. Next week's trend will be shaped by data and policy statements. Holding the $3,310 – $3,325 support zone could sustain the medium-term bullish trend.

- **Quantitative Model Data**

-Quarterly Performance:

Win rate: 46.5%

Risk-reward ratio: 3:1

Number of trades: 20

Annualized return: 26%

Maximum drawdown: 8.9%

-Weekly Trading Overview:

Weekly win rate: 42%

Equity change: -0.5%

Trading frequency: 7 times

*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).

Reference:

1. Title: Sellers hesitate as weak jobs data undermines hawkish Fed tone Author: Eren Sengezer
2. Title:Gold soars as dismal US NFP data and Russia tensions spark safe-haven demand Author: Christian Borjon Valencia
3. Title: Global Gold Demand Trends Report: Investor Enthusiasm Boosts Q2 Demand. Author:WGC
4. Title: Gold Price Forecast: XAU/USD trades in tight range around $3,300 ahead of US NFP data Author: Sagar Dua

5. Title: COMEX Gold Futures (GC00Y) Quote Author: CME/East Wealth/Wind
6. Title: US Dollar Index Futures Quote Author: Wind
7. Title: Trader XAUUSD-Trade-ideas Author: TradingViews
8. Title: Gold price remains confined in a range as traders keenly await the crucial US NFP report Author:Haresh Menghani
9. Title: Gold Weekly Forecast: Bullish breakout fails as risk mood improves Author:Eren Sengezer
10. Title: XAU/USD outlook: Gold rises sharply after US labor data but key barriers still hold Author: Slobodan Drvenica
11. Title: Unpacking the new tariffs & updating the tracker Author:Wells Fargo Research Team
12. Title:Gold demand driven by investment demand in the 2nd quarter and first half of the year Author: Commerzbank

Disclaimer

Some of the statements contained in this document, including information incorporated by reference, discuss future expectations, or state other forward-looking information. Those statements are subject to known and unknown risks, uncertainties and other factors, several of which are beyond our control, which could cause the actual results to differ materially from those contemplated by the statements. The forward-looking information is based on various factors and was derived using numerous assumptions. In light of the risks, assumptions, and uncertainties involved, there can be no assurance that the forward-looking information contained in this document will in fact transpire or prove to be accurate. Important factors that may cause the actual results to differ from those expressed within may include, but are not limited to:

The success or failure of the efforts to successfully market its products and services as scheduled;
The ability to attract and retain quality employees;
The effect of changing economic conditions;
The ability to obtain adequate debt or equity financing;

Recipients acknowledge that:
This document contains proprietary business, financial, and technical information.
Any reliance on forward-looking statements is at the recipient's own risk.
No part of this document may be shared, copied, or used without prior written consent.

We make no representation and undertake no obligation to update forward-looking information to reflect actual results or changes in assumptions. By accepting this document, recipients agree to maintain its confidentiality and return/destroy it upon request.
