Future Gold Labs

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Weekly Gold Wrap

2025/8/10

I. Gold Price Recap

Beijing time early on August 9 (New York time August 8), COMEX gold futures rose 0.13% to $3,458.2/oz, up 1.72% for the week; COMEX silver futures gained 0.56% to $38.51/oz, climbing 4.28% weekly. Trump's nomination of radicals to the Fed board sparked policy concerns, coupled with new U.S. tariffs and reports of tariffs on gold bars (later clarified as incorrect by the White House Friday evening), which heightened market uncertainty and boosted safe-haven demand.

After trading in a relatively narrow range in the first half of the week, COMEX gold futures broke above $3,400/oz on uncertainties from Fed personnel changes and tariff policies. Additionally, the U.S. imposed tariffs of up to 39% on Swiss goods, with key-spec gold bars—previously expected to be exempt—reportedly facing unexpected tariffs. Citing a letter from U.S. Customs and Border Protection, the Financial Times reported tariffs on 1kg gold bars, pushing COMEX gold futures to a record $3,534/oz on fears of supply chain disruptions and higher import costs. However, the Trump administration later clarified it would issue a new policy explicitly exempting imported gold bars from tariffs, leading to a pre-weekend pullback.

Gold was supported this week by escalating global trade tensions, low U.S. Treasury yields, a weaker dollar, and growing bets on a September Fed rate cut. Trump's new tariff threats also bolstered prices.

On Monday, gold edged up as U.S. Treasury yields extended their sharp decline after last Friday's (August 1, Americas time) slightly disappointing labor data. Later, Trump's announcement of "significant" tariff hikes on Indian imports kept markets cautious, helping gold hold ground.

Tuesday saw gold tick higher after July's ISM Services PMI fell to 50.1 from June's 50.8, below expectations. The employment sub-index dropped to 46.4 from 47.2, while the Prices Paid Index rose to 69.9 from 67.5.

During Wednesday's U.S. session, Trump's new tariff announcements and threats revived safe-haven flows. He imposed an additional 25% tariff on Indian imports, threatened the same on Chinese goods over its Russian oil purchases, mentioned a potential 100% tariff on foreign semiconductors/chips, and warned of 15% more on all Japanese imports—lifting gold on safe-haven sentiment.

Thursday brought notable gold gains as weak U.S. job data strengthened bets on a September Fed easing.

On Friday, gold hit a record high then pulled back. The Financial Times, citing a "ruling letter" from U.S. Customs, reported 1kg and 100-ounce gold bars—key for COMEX trading and most Swiss gold exports to the U.S.—would face tariffs under non-exempt codes. This pushed December gold futures above $3,530/oz (a new high) before they dropped sharply below $3,500/oz. The White House later denied the news, saying no tariffs on gold bars, triggering further decline. Partial profit-taking also weighed slightly, with limited follow-up selling. A positive risk tone pressured gold, but trade tensions and bets on a September Fed rate cut provided support.

II. Key Drivers Behind Gold's Volatility

1) Weak U.S. macroeconomic data underpins gold prices

Recent U.S. economic indicators have supported gold: A sharp plunge in June factory orders heightened economic concerns; rising initial and continuing jobless claims reinforced fears of a cooling labor market and stagflation; a drop in ISM services PMI alongside surging prices paid index highlighted slowing growth amid persistent cost pressures. These factors boosted expectations for a September Fed rate cut, while nonfarm payrolls and unit labor costs signaled dovish policy trends, collectively providing significant support to gold.

- **June factory orders**: The Commerce Department reported a 4.8% plunge in June factory orders, following an upwardly revised 8.3% rise in May, stoking worries over U.S. economic health and supporting gold.
- **Initial jobless claims**: For the week ended August 2, initial claims stood at 228,000, above the 221,000 forecast and prior 218,000, indicating a cooling labor market and benefiting gold.
- **Continuing jobless claims:** Continuing jobless claims are a key reason for investors' concerns about stagflation. For the week ending July 26, continuing jobless claims rose to 1.97 million, reaching the highest level since November 2021. They have intensified stagflation fears and driven gold prices higher.
- **Nonfarm data**: Q2 nonfarm productivity grew 2.4% initially, slightly below the 2.5% forecast but well above Q1's -1.8%.
- **Unit labor costs**: Unit labor costs rose 1.6% in Q2 (2Q2025 vs. 2Q2024), slightly above the expected 1.5%. The 1.6%YoY quarterly increase was mainly driven by a 4%YoY rise in hourly compensation and a 2.4%YoY gain in nonfarm productivity. However, it remained well below the 6.9%YoY increase in Q1. The data performed well.
- **S&P PMI**: July services PMI edged up to 55.7 (vs 55.2 expected); composite PMI rose from 54.6 to 55.1, showing resilient private-sector activity.

- **ISM services PMI:** July's reading disappointed, dropping to 50.1 from 50.8 (vs 51.5 expected), with new orders and employment sub-indices softening. Employment fell to 46.4, reflecting weak hiring; new orders dipped to 50.3. Notably, the prices paid index surged to 69.9 from 67.5, indicating persistent cost pressures despite slowing activity, lifting gold.

The string of weak data fueled bets on a more accommodative Fed to counter slowing growth, with rising expectations for a September rate cut further supporting gold.

2) Monetary Policy & Gold Market Impact

- **Potential changes in Fed appointments and policy direction**:

Late last week, Fed Governor Adriana Kugler announced she would resign early on August 8, months before her term ends. This creates room for President Trump to exert greater influence over the Fed's policy direction, potentially reinforcing his recent pressure and public criticism to push for earlier, deeper rate cuts.

Additionally, Trump has nominated Council of Economic Advisers Chair Stephen Moore to complete Kugler's remaining term (through Jan 31, 2026) and is considering four candidates to replace Fed Chair Jerome Powell. Moore's appointment requires Senate confirmation, so it remains uncertain if he can participate in the upcoming September 16-17 FOMC meeting. Trump stated, “In the meantime, we will continue to look for a permanent replacement,” adding political uncertainty to the Fed's near-term policy path. These appointments are critical: Kugler's successor will not only fill the governor seat but could even take over as Fed Chair when Powell's term ends, providing a key opportunity for Trump to reshape the Fed toward a more dovish stance ahead of the September policy meeting. Breaking news also suggests the Trump administration is considering current Fed Governor Christopher Waller as the next Fed Chair.

Trump's nomination of radicals to the Fed board has sparked policy concerns, with related personnel changes challenging the Fed's independence.

- **Fed officials' stance on monetary policy**:

Multiple Fed officials’ remarks have reinforced rate-cut expectations, signaling dovish views, though some struck a cautious tone.

-Atlanta Fed President Raphael Bostic: Noted the July jobs report altered perceptions of progress toward the Fed's employment goals, acknowledging latest data showed labor market risks were higher than previously assessed. While reaffirming he still sees one rate cut this year as appropriate, he added there would be “plenty of data” before the September FOMC meeting, leaving room for policy adjustments.
-Minneapolis Fed President Neel Kashkari: Advocated for rate cuts amid growing labor market concerns. “The economy is slowing, and the Fed needs to respond to that,” he told CNBC, adding, “It may still be appropriate to start adjusting policy rates soon, and two rate cuts this year still seem appropriate.” Fed rate cuts benefit non-yielding assets like gold.
-Fed Governor Lisa Cook: Called the latest jobs report “concerning” and urged caution and humility in

interpreting data.

-San Francisco Fed President Mary Daly: Stated the labor market is already showing weakness, with further slowdowns "undesirable." She downplayed tariffs' impact on inflation, noting more work is needed to bring inflation back to the 2% target, and policy may need adjustments in coming months to adapt to evolving risks. On rate cuts, Daly pushed back against aggressive rate-cut pricing, saying she was willing to wait another cycle in July but emphasized the Fed "can't wait forever." She noted significant uncertainty around a September cut and downplayed concerns over persistent inflationary pressures from tariffs, though markets still interpreted her comments as further evidence the Fed may be ready to cut in September.

-Alberto Musalem: In Friday's remarks, he outlined current U.S. economic challenges without directly addressing rate policy. He said the labor market remains balanced but warned weakening activity could endanger jobs. Musallem noted tariffs might cause temporary inflation spikes, but their impact could fade as businesses adjust by cutting costs and negotiating with suppliers. He acknowledged inflation has some persistence and that the Fed is not yet meeting its inflation target, warning the Fed could miss both inflation and employment goals if labor market conditions deteriorate.

- **Prime Market Terminal data:**

According to data from Prime Market Terminal, traders see a 92% probability of the Fed cutting rates by 25 basis points at the September meeting.

- **CME FedWatch data:**

According to the CME FedWatch Tool, traders' expectations for Fed rate cuts have risen significantly: they have almost fully priced in a 25-basis-point rate cut at the September policy meeting, with the probability seen above 90%; moreover, the market also expects the Fed to implement at least two 25-basis-point rate cuts by the end of this year.

- **Impact on gold prices:**

Fed-related developments have provided significant support to gold prices. Trump has nominated Council of Economic Advisers Chair Stephen Moore to complete Kugler's remaining term and is considering four candidates to replace Fed Chair Jerome Powell, creating room for his advocacy of rate cuts, **which may push the Fed to shift to an accommodative policy stance. Such an environment is typically favorable for gold, a non-yielding asset.**

3) Yields, USD & Gold Dynamics

- **Dollar Index Behavior**

On Friday, the US Dollar Index (DXY), which tracks the greenback against a basket of currencies, fell 0.22% to 98.18, with a weekly decline of around 0.5%. The dollar's pullback provided partial support to gold prices.

- **US Treasury Yields & Gold Dynamics**

The 10-year US Treasury yield rose 3 basis points to close at 4.283%, exerting partial pressure on gold prices. Real interest rates remained relatively high – higher real bond yields increase the opportunity cost of holding non-yielding assets like gold, intensifying bearish pressure and weighing on gold prices.

4) Geopolitical Tensions & Safe-Haven Demand

U.S.-Russia geopolitical tensions over Ukraine escalated temporarily, triggering volatility in energy and risk assets. Trump set this Friday as the deadline for Russia to agree to a ceasefire, threatening severe sanctions otherwise, with U.S. envoy Steve Witkov traveling to Moscow mid-week. Earlier, in response to former Russian President Medvedev's "provocative remarks," Trump ordered the redeployment of two U.S. nuclear submarines near Russian territory.

However, subsequent reports indicated that the U.S. and Russia have reached a tentative agreement to hold a bilateral summit in the coming days to discuss a ceasefire, with negotiations over a deal that might let Russia retain control of occupied territories. Trump and Putin could meet as early as next week in the UAE. **These developments boosted investor preference for risk assets, weakening gold's safe-haven demand and becoming a key factor pressuring gold prices. Meanwhile, diplomatic concerns from Ukrainian and EU leaders over potential marginalization in ceasefire talks failed to significantly reverse improved risk sentiment, though gold still received partial support.**

5) Tariff Turmoil Drives Gold Swings

Progress on tariff and trade policies:

U.S. President Donald Trump has recently introduced multiple tariff measures, reigniting global trade tensions and boosting prices of gold as a safe-haven asset.

- Higher tariffs set by Trump took effect on Thursday, targeting countries like Switzerland, Brazil and India that have not reached agreements with Washington, supporting gold prices.
- Concurrently, reciprocal tariffs (dubbed "Liberation Day" tariffs) signed via executive order last week also took effect the same day. These apply to imports from over 60 countries, with rates graded by perceived trade imbalances—ranging from a 10% baseline to a maximum 50%.
- Later on Wednesday, Trump announced additional tariff measures:
  -A 100% tariff on imported semiconductors (excluding U.S.-produced ones);

-Doubling tariffs on Indian goods to 50% over continued purchases of Russian oil—just a day after he had already raised them by 25% for the same reason;

-Reports that U.S may impose an extra 15% tariff on all Japanese imports;

-Potential tariff penalties on China for buying oil from Russia. In response to Trump's mention of possible secondary tariffs on China over this, Foreign Ministry Spokesperson Guo Jiakun stated that China's normal economic, trade and energy cooperation with Russia and other countries is legitimate and legal, and China will continue to take reasonable energy security measures based on its national interests.

Impact on gold prices:

The above tariff policies significantly heightened uncertainty in the global trade environment, fueling concerns over potential economic volatility from escalating trade frictions. **Rising investor safe-haven sentiment drove demand for gold, becoming a key factor supporting its price gains.**

6) Physical Gold Demand

- **(1) Report released by the World Gold Council (WGC) on August 6**

Performance of the U.S. gold market

- Demand and ETF inflows: U.S. gold demand fell 34% quarter-on-quarter to 124 tons in Q2, but this decline was offset by strong inflows into gold ETFs. North American gold ETFs attracted $21 billion in the first half of 2025, with an additional $2 billion in July alone, making 2025 on track to be the second-best year on record.
- Export performance: U.S. gold exports got off to a strong start, with nearly 268 tons exported by May, likely exceeding the full-year 2024 level.

Gold reserve purchases by central banks in June and Q2

- In June, central banks globally added a net 22 tons to official gold reserves. ING commodity experts Eva Mancy and Warren Patterson noted that the Central Bank of Uzbekistan was the main buyer, purchasing a net 9 tons, ending four consecutive months of selling.
- In Q2, central banks collectively added 166 tons to global official gold reserves. Poland's National Bank was the largest buyer, adding 19 tons (down from 49 tons in Q1); Poland's official gold holdings now total 515 tons, accounting for 22% of its total reserves.
- While Q2 purchases fell 33% quarter-on-quarter (slowing for the second straight quarter), the 30% rise in gold prices this year may partly explain the slower demand. However, given the unclear economic environment and the trend of reducing dollar dependence and diversifying reserves, central banks are expected to continue increasing gold holdings.

Continued purchases by China's central bank

- According to Bloomberg, the People's Bank of China (PBOC) increased its gold holdings for the ninth consecutive month in July, adding 60,000 ounces; cumulative purchases since November 2024 have reached approximately 36 tons. This sustained buying reflects the PBOC's efforts to diversify investments and reduce dollar reliance, and is one of the key drivers behind this year's 30% rise in gold prices.

In summary, despite short-term declines in U.S. gold demand, strong performance on the investment side and export growth have supported the market. **While the pace of central bank purchases has slowed, long-term momentum remains—particularly sustained buying by countries like China—providing crucial support to gold prices. Gold's strategic position in the global financial system remains solid.**

- **(2) Analysis of the impact of U.S. gold tariff policy changes on the gold market**

Impact before the reversal of news on U.S. gold bar tariffs

- Previously, reports indicated that the U.S. had planned to impose tariffs on imported 1-kilogram and 100-ounce gold bars via a customs ruling on July 31. These bars are core to institutional trading and underpin gold liquidity in the triangular trade between London, Switzerland, and New York. This directly impacted Switzerland—where nearly 90% of global gold is refined—turning its refining dominance into a liability and risking a breakdown in global settlement channels, potentially triggering a funding crisis in the gold banking system.
- **The news triggered a chain reaction in financial markets:** (1) COMEX 1-month gold futures prices far exceeded spot prices, with gold hitting a record high of $3,534/oz, indicating a shortage of physical bars; (2) While London lease rates did not surge, short sellers may have been forced to close positions or roll over contracts due to inability to pre-ship bars to avoid tariffs, risking collateral squeeze, liquidity depletion, and a gold funding spiral—UBS warned of potential systemic paralysis; (3) Under Basel III, gold banks had already shifted to physical holdings, and tariffs excluded Swiss bars from settlement networks, breaking the LBMA's gold rehypothecation model. This triggered market squeezes, posed structural risks to gold collateral, trading, and trust systems, and led to "retaliatory dehypothecation," alerting investors.
- **Upon the news, some investors suggested U.S. fiscal motives**: A 39% tariff on Swiss gold would raise the import price of a single bar from $3,400/oz to $4,726/oz. The U.S. official gold reserve, valued at $42/oz, could unlock $800 billion if revalued at market prices, with potential gains reaching $1.2 trillion based on tariff-driven prices. The Trump camp may aim to weaken Switzerland's refining monopoly, suppress London gold banks, and boost fiscal performance.

Impact on gold prices:

- **Short-term:** Supply-demand imbalance and market panic pushed prices higher; supply contraction triggered a "scarcity premium," with futures premiums passing to spot markets, and a wave of short covering amplified short-term gains.
- **Medium-term:** Market structure fragmentation and liquidity contraction reinforced scarcity; the failure of rehypothecation mechanisms restored physical gold's status as a scarce asset, with rising funding costs spurring increased holdings.
- **Long-term:** Revaluation and policy endorsement laid a foundation for support; expectations of revaluing U.S. gold reserves strengthened gold's asset anchoring role, combined with safe-haven demand, providing overall supportive momentum.

Reversal of tariff policy and subsequent impacts

- **However, there was a dramatic reversal: the White House later stated on Friday that it would not impose tariffs on gold bars. This sudden policy shift has prompted a reassessment of market reactions triggered by earlier tariff expectations.** Volatility in futures prices and panic over supply shortages amid tariff fears are expected to gradually ease post-reversal. Nevertheless, prior market volatility has impacted investor confidence and market structure, and it will take time for stability to return even with the tariff reversal.
- For the global gold trade landscape, Switzerland's refined gold trade position—severely impacted by the U.S. tariff plan—may get a reprieve. Switzerland is no longer at risk of being excluded from global gold settlement networks, and its role as a key global hub is expected to gradually recover. **However, Switzerland and other gold trade participants will likely reassess trade relations**

with the U.S. and the stability of global trade routes, potentially shifting toward more diversified, resilient networks to guard against similar policy shocks.

- **From an investor perspective**, post-reversal, some safe-haven funds that entered the gold market due to tariff expectations may adjust. Short-term speculative capital could take profits, creating temporary outflow pressures and downward pressure on prices. But in the medium to long term, gold's appeal as a safe-haven asset remains amid global economic uncertainties (e.g., geopolitical tensions, U.S. debt issues). Moreover, the tariff policy reversal has highlighted gold market sensitivity to policy changes.
- **For the U.S. itself**, abandoning gold bar tariffs means its plans to reshape the global gold market, achieve fiscal gains, and pursue other strategic goals via tariffs have temporarily stalled. However, this may prompt the U.S. government to reassess the impact of trade policies on financial markets, prioritizing stability and predictability in future policies to avoid excessive market disruptions from sharp policy swings.

III. Outlook & Key Catalysts

- **Next Week's Focus:**

-Investors are focusing on: CPI, PPI, retail sales data, unemployment claims, University of Michigan Consumer Sentiment Index,etc, as well as the Trump-Putin meeting (in Alaska) and speeches by multiple Federal Reserve officials.

IV. Quantitative Strategy Review

Quant Team's Input：

- **Technical Structure Analysis of COMEX Gold:**

• Daily chart: Trading in a high-level range of 3400-3530/oz. Moving averages in bullish alignment, with dense support in the 3400-3420/oz zone and moderate trading volume.

• 4-hour chart: Higher lows formed; the 3500-3530/oz resistance tested multiple times without a breakthrough. A volume-driven breakout above this range could open upward space.

• 1-hour chart: Consolidating at high levels, with support at 3445/oz. Suitable for buying low and selling high within the range.

• Key levels: Support at 3400/3450/oz; resistance at 3500/3530/oz.

- **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:

Micro gold hedging operations conducted this week:

Weekly win rate: 100%

Equity change: +0.45%

Trading frequency: 24 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).

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