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Weekly Gold Wrap

2025/8/24

I. Gold Price Recap

On Friday (New York Time, Aug 22) / early morning Beijing Time, Aug 23, COMEX gold futures rose 1.05% intraday to $3417.2/oz, with a 1.02% weekly gain. COMEX silver futures climbed 2.12% daily to $38.885/oz, up 2.38% on the week. After Fed Chair Jerome Powell's speech at the Jackson Hole Symposium, his more dovish-than-expected signals led investors to reassess Fed policy prospects, while they kept a close eye on upcoming key U.S. economic data.

Weekly performance review:

- Early week: Eased geopolitical tensions (U.S., Russia, Ukraine reached a consensus on Ukraine's security guarantees) weighed on gold demand, but safe-haven sentiment still limited its decline.
- Wednesday: Donald Trump called for Fed Governor Lisa Cook's resignation over alleged mortgage fraud; falling U.S. Treasury yields pushed gold up nearly 1%.
- Thursday: The U.S. dollar strengthened on a positive preliminary U.S. S&P Global PMI reading for August, which capped gold/USD's upside. S&P Global Chief Economist Chris Williamson noted that price hike signals might make the Fed lean toward rate hikes rather than cuts.
- Friday: Gold faced temporary bearish pressure in daytime trading but reversed higher during U.S. stock hours. At Jackson Hole, Powell announced adopting a "flexible inflation targeting framework," scrapping the inflation "make-up strategy," and mentioned "rising downside risks to the labor market" and "tariffs’ likely transitory impact on inflation." This pressured the U.S. dollar and Treasury yields lower, sparking a short-term gold rebound.

II. Key Drivers Behind Gold's Volatility

1) Mixed U.S. macroeconomic data triggers gold price volatility

U.S. Key Economic Indicators This Week & Their Impact on Gold Prices：

(1) Q2 GDP

The U.S. Q2 GDP grew at an annualized quarter-on-quarter rate of 3.0% (vs. Q1's -0.5%), mainly driven by reduced imports amid tariffs (net exports contributed 4.99%). However, the growth structure was weak: the growth of final sales to domestic purchasers (a gauge of domestic demand) slowed to 1.2%, with consumption (resilience may decline in H2) and private investment (drag from inventory reversal, slower business and residential investment) showing insufficient momentum. Subsequent tariffs may continue to weigh on the economy, pressuring its growth outlook.

(2) August PMI Data

S&P Global's U.S. Composite PMI Output Index rose to 55.4 in August (vs. July's 55.1), the highest since December last year and well above the 50 expansion-contraction threshold, indicating accelerating expansion in private-sector economic activity. The Manufacturing PMI jumped to 53.3 (a high since May 2022), reversing July's contraction of 49.8 and beating expectations of a second straight month of contraction. The Services PMI edged down to 55.4 but remained in solid expansion.

(3) July Housing Starts & Building Permits

U.S. housing starts (annualized) rose to 1.428 mn in July, beating expectations of 1.29 mn and June's 1.321 mn, signaling a partial recovery in the housing market. However, building permits fell to 1.354 mn (vs. prior 1.393 mn), suggesting potential constraints on future construction activity. The data reflects improved but uncertain housing market conditions—economic uncertainty may boost gold's safe-haven appeal.

(4) Initial & Continuing Jobless Claims

U.S. initial jobless claims rose to their highest level since June, while continuing claims also increased, indicating a softening labor market.

Data from the U.S. Labor Department (released Aug 21, Thu) showed: For the week ending Aug 16: Initial claims rose by 11,000 to 235,000 (highest since Jun 20), above expectations of 225,000 and prior 224,000. The 4-week moving average (to smooth volatility) also climbed to 226,250 (a 1-month high).

For the week ending Aug 9: Continuing claims increased by 30,000 to 1.972 mn (highest since Nov 2021), above expectations of 1.96 mn and prior 1.953 mn.

➢ **Impact on Gold Prices：**

In summary, hidden risks in economic growth structure and a softening labor market may drive safe-haven flows into gold, supporting price upside.

Strong PMI data and partial housing market recovery may attract funds to risk assets, capping gold prices.

2) Monetary Policy & Gold Market Impact

(1) Trump's Intervention in the Fed & Data System

➢ Trump recently challenged the Fed's independence via personnel pressure and policy interference: He called for Fed Governor Lisa Cook's resignation (and told aides he might fire her) over alleged mortgage fraud (reportedly based on info leaked by the FHFA chief claiming “Cook falsified documents to obtain preferential loans”). This raised concerns over central bank independence, potentially curbing dollar bullish bets.

➢ He also repeatedly criticized Fed Chair Jerome Powell for keeping interest rates high (claiming it “hurts the housing sector”) and urged sharp rate cuts—contradicting the hawkish stance in the

Fed's late-July FOMC minutes (concerns over inflation outweighing labor market risks) and the fading market bets on a sharp Sept rate cut.

For gold, such intervention fuels concerns over Fed independence, curbs dollar bulls, and provides support to gold.

(2) Fed Officials' Stances on Monetary Policy

- **Jerome Powell (Fed Chair)**: Signaled a possible Sept rate cut, noting "downside risks to the labor market are rising"—a comment that lifted gold. He highlighted upside inflation risks (tariffs may cause "one-off" inflation) and downside employment risks, though labor market risks remain balanced (stable unemployment allows cautious policy). He added that changes in the baseline outlook or risk balance may require policy adjustments, and the Fed needs to balance inflation concerns with weakening employment.
- **Jeffrey Schmid (Kansas City Fed President):** Stated the Fed has not made enough progress toward the 2% inflation target (inflation is closer to 3% than 2%), so policymakers "have more work to do on inflation." He noted current policy is "appropriately slightly restrictive" and rate adjustments need "very clear data"—he is in no rush to cut rates. He also described the labor market as "solid."
- **Raphael Bostic (Atlanta Fed President)**: Suggested only one more rate cut may come this year but emphasized high uncertainty. He views the current fed funds rate as "slightly restrictive," expects "moderate" economic growth this year and a rebound in 2025 (allowing policy normalization). He noted recent labor market issues but stressed the need for more data to confirm worsening hiring.
- **Michelle Bowman (Fed Governor)**: After Powell's speech, she said Powell kept an open policy outlook and reaffirmed her stance of pushing inflation back to target.
- **Susan Collins (Boston Fed President):** Stated U.S. economic risks are "roughly balanced" and current policy is appropriate (but adjustable if conditions change). She noted rate cuts would be appropriate if labor market risks worsen relative to inflation, and policymakers "cannot wait for all uncertainty to fade" before acting.

(3) Market Watch Data

- **Prime Market Terminal**

Market participants have priced in a 90% probability of a 25-basis-point Fed rate cut.

- **CME FedWatch:**

The probability of a Sept rate cut fell to 73.3% from 85.4% a week ago.

(4) Impact on Gold Prices

- Trump's pressure on Fed personnel and policy undermines Fed independence, restrains dollar bulls, and drives safe-haven flows—boosting gold's upside momentum.
- Powell's Fri speech (signaling a possible Sept cut) lifted rate-cut expectations, enhancing the appeal of non-yielding gold and triggering a rebound.
- While multiple Fed officials differ on inflation and employment, they agree the current policy stance is appropriate but worry about worsening economic weakness. This both supports gold via safe-haven demand and amplifies its volatility due to lingering policy uncertainty.

3) Yields, USD & Gold Dynamics

(1) Dollar Index Behavior

On Friday, the DXY (tracking the dollar vs. a basket of currencies) fell 0.96% to 97.66, marking its third straight weekly decline (slight weekly drop overall). Powell's more dovish-than-expected speech triggered dollar pullback, **supporting gold.**

(2) US Treasury Yields & Gold Dynamics

The 10-year U.S. Treasury yield fell 7.39 bps to 4.2537% (down 6.22 bps weekly) on Friday. The 2-year yield dropped 9.54 bps to 3.6963% (down 5.42 bps weekly). **However, real interest rates remained relatively high, weighing on gold.**

4) Geopolitical Tensions & Safe-Haven Demand

Trump, Zelenskyy, and European leaders met at the White House. Zelenskyy called it a “key step” to end Europe's deadliest conflict in 80 years. Trump hinted at a potential U.S.-Russia-Ukraine trilateral summit, offered possible U.S. air support to Ukraine (ruling out ground troops), and urged Zelenskyy to “show flexibility” for a deal—fueling optimism over a peace agreement and weakening safe-haven demand for gold.

However, Russia maintained a hardline stance, it refused to commit to the trilateral summit; Foreign Minister Lavrov stated any potential meeting needs “gradual preparation” and opposed “resolving Ukraine's security issues without Russia”; Russia also launched 270 drones and 10 missiles at Ukraine. Later, Trump withdrew from direct mediation, demanding a Russia-Ukraine bilateral meeting first to advance the U.S.-hosted trilateral summit. Russia also proposed conditions (Ukraine ceding Donbas, renouncing NATO membership, remaining neutral)—leaving the peace talks fragile with no substantive progress.

Such lingering geopolitical uncertainty sustained gold's safe-haven demand, effectively limiting its declines.

5) Tariff Turmoil Drives Gold Swings

(1) Tariff & Trade Policy Developments

- **U.S. Expands Steel/Aluminum Tariffs:** The U.S. extended its 50% tariffs on steel and aluminum to 407 product categories (including auto parts, chemicals), effective Monday(Aug 18). U.S. Deputy Commerce Secretary Jeffrey Kessler said the move “closes evasion loopholes” to boost domestic steel/aluminum industries. This may escalate global trade tensions—heightening gold's safe-haven value and supporting prices.
- **U.S.-China Trade Talks:** U.S. Treasury Secretary Scott Bessent said on Tuesday that Washington and China held “very constructive talks” on tariffs, exploring a broader trade deal during the 90-day tariff suspension. He noted China is the top source of tariff revenue and hinted at another meeting before November. Uncertainty over U.S.-China trade dynamics boosts gold's safe-haven appeal, providing potential support.
- **Trump's EO Hits Cross-Border E-Commerce:** In August, Trump signed an executive order revoking duty-free status for imports under $800 and imposing a 15% tariff on EU parcels to the U.S. (effective Aug29). Postal services from Germany, France, South Korea, Canada, and DHL suspended U.S.-bound parcel deliveries (except low-value gifts); Etsy also restricted related services—disrupting cross-border e-commerce. The tariff-induced trade chaos, combined with Fed rate-cut expectations, strengthened gold's safe-haven appeal, supporting prices.

- **U.S.-EU Trade Agreement Framework**: On Aug 21, the U.S. and EU reached a “fair and balanced” trade agreement framework (19 points covering agriculture, semiconductors, energy). The U.S. capped tariffs on most EU goods at 15%; the EU eliminated tariffs on U.S. industrial goods and granted preferential access for U.S. agricultural/seafood products. Eased U.S.-EU trade frictions weakened safe-haven demand, potentially capping gold prices short-term.

(2) Impact on Gold Prices

Current trade conditions have dual impacts on gold. Expanded steel/aluminum tariffs and parcel tariffs disrupt trade, strengthening gold's safe-haven appeal (supporting prices).

The U.S.-EU trade agreement eases frictions, weakening safe-haven demand (capping prices short-term).

6) Gold Market Observation

(1) Key Trends in China's Gold Jewelry Consumption (Based on WGC Report)

- **Overall Demand: “Volume Down, Value Up” (driven by cyclical and structural factors).**

China's gold jewelry demand has seen “falling tons but rising total value” in recent years: consumption has declined since 2013 (down 49% in 2024 from its peak) due to surging gold prices, slower economic growth (cyclical), and weakening emotional connection to gold among younger groups (structural). However, demand value has risen annually—consumers remain willing to spend on gold jewelry despite high prices. The economy is also in an extended Kitchin cycle transition, weighed by weak consumption and a sluggish property market.

- **Consumer Groups & Behavior: Younger groups dominate; “self-pleasure” is the main driver.**

81% of respondents own pure gold jewelry; 18-34-year-olds account for over 1/3 of sales (18-24-year-olds' ownership rate rose significantly vs. 2019). “Self-purchase for personal use” is the top motive—consumers value gold's cultural heritage, store of value, and “good luck” symbolism. They are also more rational: 58% gather info via social media, 81% via offline channels, and focus on design, quality (needing third-party certification), and brand.

- **Market Challenges & Opportunities: Barriers exist but growth potential is strong.**

High prices and mismatched designs are major purchase barriers, yet 75% of existing buyers plan to repurchase and 27% non-buyers have potential intent. Niche groups (brand-driven trendsetters, traditionalists) offer untapped potential. The industry needs design innovation and strengthened quality certification to meet consumer needs.

(1) Overview of China's “Tong Jin” (ACG IP-Collab Gold) Market 2025

As ACG (anime, comics, games) culture integrates with mass consumption, “Tong Jin” (ACG IP-collaborated gold jewelry) has emerged as a new category in the gold sector, gaining rapid popularity among young Chinese in 2025. Its market performance, drivers, and risks shape the current landscape:

- **Rapid Popularity: Soaring prices and tight supply-demand.**

Since Aug 2025, “Tong Jin” has boomed—per-gram prices are typically 2-3x the daily spot gold price (e.g., Chow Tai Fook's Chiikawa collab gold medal: $436/g). Resale premiums are even steeper: a 1g IP gold note (original $139) surged to nearly $250 on secondary platforms, still in short supply. Hot-selling items include Chow Tai Fook's collab (sold out in 2 hours) and Lao Feng Xiang's Mobile Suit Gundam SEED collab (out of stock nationwide). Some collectors gained over $18,700 from “Tong Jin” appreciation; ACG IP gold transactions jumped 294% YoY.

- **Key Drivers: Aligned attributes + demographic support.**

“Tong Jin” combines ACG IP's emotional value with gold's store of value—it serves as a “social currency” for young people to express interests and is more durable than regular ACG merch (“guzi”), perfectly matching their demand for “pursuing hobbies while preserving value.” 18-34-year-olds contribute over 1/3 of gold jewelry sales (18-24-year-olds’ ownership rate rose from 37% in 2019 to 62%); social media exposure of collabs (e.g., CHJ Jewelry) exceeded 100 mn views, making it a new growth driver for brands amid weak gold consumption.

- **Hidden Risks & Industry Warnings: High premiums (2.5-3.5x regular gold) and volatility (price drops as hype fades).**

Though growing fast, “Tong Jin” remains a niche—traditional gold jewelry still dominates the market. The industry warns consumers to avoid blind speculation when buying high-premium items on secondary platforms; companies should leverage IP value reasonably to avoid eroding trust via excessive “price-gouging.”

III. Outlook & Key Catalysts

- **Next Week's Focus:**

-Investors are focusing on: U.S. durable goods orders, the Fed's preferred inflation gauge (core PCE price index), trade policies, and Fed officials' speeches, etc.

IV. Quantitative Strategy Review

Quant Team's Input:

1) Technical Structure Analysis of Gold

Technically, spot gold (XAU/USD) is in a symmetrical triangle pattern, indicating significantly narrowed volatility. The pattern's upper boundary traces back to the Apr 22 high of $3,500, while the lower boundary connects the May 15 low of $3,180.86. Gold is currently oscillating around the 20-day EMA ($3,351), signaling a neutral short-term trend with no clear direction among market participants.

The 14-day RSI fluctuates between 40.00-60.00, reflecting indecisive sentiment and lack of clear momentum. Per wave theory analysis by major institutions, gold showed weakness near $3,334 (failing to break key resistance), suggesting potential short-term softness.

Downside scenario: A break below the May 29 low of $3,245 may push gold to $3,200, or even the May 15 low of $3,121.Upside scenario: A break above the psychological resistance of $3,500 would enter uncharted territory, with targets at $3,550 and $3,600.However, current market momentum is insufficient for a breakout—range-bound trading is more likely short-term.

The 20-day EMA acts as a dynamic support/resistance: Sustained trading below $3,351 may strengthen bears; a stabilization and breakout above this level may allow bulls to test higher resistance. Some traders note that Powell's speech could break the current stalemate and trigger sharp volatility.

2) Quantitative Model Data

Quarterly performance:

Win rate: 46.5%

Profit-loss 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: 64%

Equity change: +7.7%

Trading frequency: 33 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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