Future Gold Labs

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Weekly Gold Wrap

2025/9/14

I. Gold Price Recap

In the early hours of Beijing time on Sep 13 (New York time, Friday, Sep 12) this week, COMEX gold futures rose 0.19% to $3,680.50/oz, with a cumulative gain of 0.74% this week; COMEX silver futures recorded a weekly cumulative increase of 2.65%, closing at $42.655/oz.

Weak U.S. labor market data and higher-than-expected consumer inflation figures have fueled market expectations for more aggressive easing policies by the Federal Reserve. Besides, political unrest in France and Japan, lingering trade-related uncertainties, and escalating geopolitical tensions have all driven up the price of gold, a safe-haven asset.

Weekly performance review(New York Time):

- Monday: Weak U.S. August labor data (released Fri prior) continued to weigh on the dollar; gold opened bullish, gaining over 1% daily.
- Tuesday: Supported by extended dollar weakness and heightened geopolitical tensions, gold surged above $3,670/oz. Key events: U.S. BLS revised employment data; Israel's airstrike on a senior Hamas leader in Doha (Qatar) stoked safe-haven demand; Poland shot down a suspected Russian drone violating its airspace, with NATO holding consultations.
- Wednesday: U.S. August PPI rose 2.6%YoY but barely impacted the dollar; gold fluctuated in a narrow range, closing slightly higher.
- Thursday: Rebounded risk appetite pulled gold back, but mixed U.S. macro data (August CPI in line with expectations; initial jobless claims (week ended Sep 6) below expectations, signaling labor market deterioration) boosted bets on more aggressive Fed easing, limiting gold's decline.
- Friday: U-Mich's preliminary Sept consumer sentiment index fell to 55.4 (vs expected 58, prior 58.2); gold stabilized in the upper half of the week's trading range.

II. Key Drivers Behind Gold's Volatility

1) U.S. Labor and Inflation Data Pressure Rises, Driving Up Gold Prices

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

(1) **U.S. August CPI Data**

Data from the U.S. Bureau of Labor Statistics (BLS) showed that the unadjusted Consumer Price Index (CPI) rose 0.4% month-on-month (MoM) in August, with the year-on-year (YoY) inflation rate edging up to 2.9% from July's 2.7%. Meanwhile, the core CPI (excluding volatile food and energy prices) climbed 0.3% MoM and 3.1% YoY in August, in line with the previous reading and market expectations.

(2) **U.S. University of Michigan (U-Mich) September Consumer Sentiment Index**

The preliminary reading of U-Mich's September Consumer Sentiment Index dropped to 55.4 (below the expected 58 and prior 58.2).

(3) U.S. Nonfarm Payrolls (BLS) for August:

U.S. nonfarm payrolls were revised down more than expected. The BLS revised down the benchmark nonfarm payroll figure by 911,000 for the 12 months from April 2024 to March 2025, far exceeding the 682,000 downward revision expected by economists in a Bloomberg survey.

(4) Initial Jobless Claims:

Initial jobless claims for the week ended September 6 surged to 263,000 from the previous 237,000, well above the expected 235,000. This marked the highest level since October 2021, further confirming the cooling trend in the labor market.

(5) U.S. PPI

U.S. Producer Price Index (PPI) fell significantly below expectations. In August, the overall PPI unexpectedly weakened sharply: it dropped 0.1% MoM (vs. expected 0.3% gain) and its YoY growth slowed to 2.6% (vs. expected 3.3%); the core PPI also declined 0.1% MoM (vs. expected 0.3% gain), with its YoY growth falling to 2.8% from the expected 3.5%.

➢ **Impact on Gold Prices**:

The above data—including September consumer sentiment index falling, nonfarm payrolls revised down more than expected, initial jobless claims hitting a multi-year high, and PPI dropping far below expectations—collectively indicate weakening U.S. economic growth momentum and rising labor market and inflation pressures. This has boosted market expectations for Federal Reserve rate cuts, thereby driving up gold prices.

2) Monetary Policy & Gold Market Impact

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

- Wed: U.S. Senate Banking Committee voted 13-11 to advance Stephen Miran's Fed Board nomination (to full Senate vote ahead of next week's FOMC). Miran, also a White House CEA member, is seen as backing faster rate cuts; his dual roles raise Fed political independence concerns. Confirmation would add another Trump ally to the Fed.
- Trump admin appealed a federal judge's ruling barring Lisa Cook's firing as Fed Governor. The court held pre-appointment allegations fail "good cause" for removal under the Federal Reserve Act.

For gold, concerns over Fed independence, triggered by the Fed's personnel changes and related policies, have provided support to gold prices.

(2) Fed Officials'stances on Monetary Policy

- **The FOMC blackout period runs from September 6 to 18**. The Fed's next FOMC meeting is scheduled for September 16-17, so the Fed is currently in its blackout period with few public comments from officials.
- Fed Beige Book: The September Beige Book noted upside risks to U.S. inflation, which may lead

the Fed to maintain a cautious easing path.

(3) Market Watch Data

➢ **CME FedWatch:**

Markets have now largely fully priced in expectations for three more rate cuts for the rest of the year. According to the CME Group's FedWatch Tool, traders see a 100% probability of a 25-basis-point rate cut at next week's FOMC meeting, with additional cuts expected in October and December. This expectation pushed the benchmark 10-year U.S. Treasury yield to a five-month low, while the U.S. dollar also fell to its lowest level since July 24.

(4) Impact on Gold Prices

➢ The September Beige Book notes that upside risks to U.S. inflation may keep the Federal Reserve on a cautiously accommodative path, which has partially curbed the magnitude of gold's rally. However, Trump's interference in the Federal Reserve and its data system has sparked concerns about the Fed's independence, and the market has largely fully priced in expectations of three interest rate cuts for the remainder of the year. These factors have jointly driven up the price of gold.

3) Yields, USD & Gold Dynamics

(1) Dollar Index Behavior

On Friday (American time), the DXY (tracking the dollar against a basket of currencies) edged up before pulling back, ending flat from the open with a 0.07% gain at 97.592. It marked the second consecutive weekly decline.

(2) US Treasury Yields & Gold Dynamics

As markets reassessed the inflation-labor market dynamic, the 10-year U.S. Treasury yield fell below 4% on Thursday for the first time since April. The yield later reversed Thursday's drop, rising 4.5 basis points (bps) intraday to 4.068%. The 2-year Treasury yield climbed 1.62 bps intraday to 3.562%.

➢ **Impact on Gold**

A weaker dollar lowers gold purchase costs for holders of other currencies, boosting gold. Meanwhile, the 10-year U.S. Treasury yield, overall in decline, stays at a relatively low level—lower yields reduce the opportunity cost of holding gold and enhance its appeal. Both factors jointly support gold prices.

4) Geopolitical Tensions & Safe-Haven Demand

- Poland intercepted a Russian drone that was flying through its airspace after completing a mission in western Ukraine. This marks the first time a NATO member has taken military action (opened fire) amid Russia's war on Ukraine, escalating the risk of heightened geopolitical tensions.
- Beyond that, ongoing conflicts in regions such as the Middle East have also driven capital to flow into safe-haven gold, underpinning a further rise in gold prices: Israel launched an airstrike against Hamas leaders in Doha, Qatar, killing several officials and a Qatari security guard.

The above geopolitical conflicts fueled safe-haven demand for gold, boosting its price.

5) Tariff Turmoil Drives Gold Swings

(1) Tariff & Trade Policy Developments

➢ **Supreme Court to Review Trump's Tariff Authority**

The U.S. Supreme Court agreed to expedite a November hearing on whether President Trump has legal authority to impose sweeping global tariffs. A ruling deeming the tariffs unlawful could force the U.S.

government to refund billions in tariff revenues. This legal battle creates uncertainty around Trump's tariff agenda and stokes market concerns over U.S. trade policy stability.

- **Trump Pressures EU on China/India Tariffs**

President Trump urged the EU to slap tariffs of up to 100% on imports from China and India, as part of a broader plan to step up economic pressure on Russia (especially its oil trade).

- **U.S.-Japan Trade Talks**

Japan's Economic Minister and chief trade negotiator Akizawa Ryo commented on U.S.-Japan tariff issues, stating: “U.S. 15% tariffs could cut Japanese firms’ profits by up to 3%.” Additionally, Japan's Ministry of Economy, Trade and Industry (METI) announced on Friday that it will impose additional export restrictions on a number of foreign entities as part of its sanctions against Russia.

- **China-Mexico Tariff Policy**

China's Ministry of Commerce said Friday that Chinese officials are dissatisfied with Mexico's current ultra-high tariffs on China. Mexico previously imposed a 50% tariff on Chinese automobiles—a blow to China, as Mexico (one of China's top auto buyers) seeks to preserve its free trade agreement with the U.S.

(2) Impact on Gold Prices

Uncertainty from the Supreme Court's review of Trump's tariff authority, combined with trade developments (Trump's push for EU tariffs on China/India, U.S.-Japan trade disputes, Mexico's tariffs on China), fuels global trade policy worries and safe-haven sentiment, supporting gold prices.

6) Gold Market Observation

(1) Podcast Transcript: “Unearthed” (World Gold Council, WGC) – Clarity on Gold Tariff Policy & Drivers of Recent Gold Rally

-Hosts: Joe Kebattoni, John Reed (both WGC Senior Market Strategists)

1) **Gold Tariff Policy: Uncertainty Resolved**

- Background: 1 month ago, a CBP letter to a Swiss refiner sparked confusion over gold tariffs.
- Clarity: U.S. executive order exempts COMEX-linked gold (100oz/1kg/1oz bars) from Section 232 tariffs; 12.5kg/400oz bars also exempt. Gold isn’t a tariff target.
- Market Impact: U.S. gold futures-London spot premium narrowed; liquidity sound, trading back to normal (near-term certainty achieved).

2) Recent Gold Record Highs: Western Investors as Key Drivers

- Trend: Gold hit all-time highs; tariff clarity had no negative impact.
- Demand Shift: Western (esp. U.S.) investors returned—previous demand relied on central banks/emerging markets.
- Data: Gold ETF holdings rose over 35 tons (early Sept), following a similar Aug increase.

3) Core Rally Drivers

- U.S. Economic Weakness: Aug/Sept jobs reports signaled slower growth, lifting Fed cut bets.
- Rate Cut Bets: Over 100% chance of 25bp cut at Sept 17 Fed meeting; cuts expected for 12-15 months (low rates reduce gold's opportunity cost).
- Fed Independence Worries: U.S. government questioned Fed's rate control; gold seen as a “dollar hedge” amid uncertainty.

4) IV. Outlook

- Potential Flows: $7T in money market funds may shift to gold as rate cuts start (next 6-12 months; low rates favor gold).

- ➢ Watch: Track gold investment flows (tariff concerns eased).

III. Outlook & Key Catalysts

- ➢ **Next Week's Focus:**

- Next week, key focus: FOMC Fed rate decision.Also monitor: business inventories, industrial production index, retail and food services sales, private new housing data, initial jobless claims, monthly net international capital flows. These data will shape market expectations for the U.S. economy and Fed monetary policy.

Release Date	Country/ Region	Event	Importance
2025/9/16	U.S.	U.S.: Business Inventories: MoM	High
2025/9/16	U.S.	U.S.: Industrial Production Index: Manufacturing: Seasonally Adjusted (SA): MoM	High
2025/9/16	U.S.	U.S.: Industrial Production Index: SA: MoM	High
2025/9/16	U.S.	U.S.: Retail and Food Services Sales: Preliminary Estimate: Total (Excl. Motor Vehicle & Parts Dealers): SA	High
2025/9/16	U.S.	U.S.: Retail and Food Services Sales: Preliminary Estimate: Total: SA	High
2025/9/16	U.S.	U.S.: Retailers' Inventories: SA	High
2025/9/16	U.S.	U.S.: Capacity Utilization Rate: Manufacturing: SA	High
2025/9/16	U.S.	U.S.: Capacity Utilization Rate: Total Industrial Sector: SA	High
2025/9/17	U.S.	U.S.: New Private Housing Starts: Not Seasonally Adjusted (NSA)	High
2025/9/17	U.S.	U.S.: New Private Housing Starts: Annual Rate: SA	High
2025/9/17	U.S.	U.S.: New Private Housing Permits: NSA	High
2025/9/18	U.S.	U.S.: Federal Funds Rate Target: Lower Bound	High
2025/9/18	U.S.	U.S.: Federal Funds Rate Target: Upper Bound	High
2025/9/18	U.S.	U.S.: Initial Jobless Claims: 4-Week Moving Average: SA: Initial Value	High
2025/9/18	U.S.	U.S.: Initial Jobless Claims: Weekly: SA: Initial Value	High
2025/9/18	U.S.	U.S.: Monthly International Capital Flows: Net	High

IV. Quantitative Strategy Review

Quant Team's Input:

1) Technical Structure Analysis of Gold

- ➢ **New York Gold Trading & Risk Tips (Execution Layer)**
- ➢ **Target Price Guidance:** Both Goldman Sachs' gold price model and technical measurement of gains point to a gold target of $3,700/oz.
- ➢ **Technical Indicator Signals:** Current KDJ, RSI indicators, and moving average system all show gold is in a bull-dominated state.
- ➢ **Short-Term Trend Forecast:** Gold is currently consolidating below $3,700/oz; if core factors supporting gold remain unrefuted, it is expected to test $3,700/oz and higher next week.
- ➢ **Short-Term Key Node Alert:** The Fed will announce the rate decision in the early hours of September 18; affected by this, September 17 may become a key node for large-scale profit-taking by funds.
- ➢ **Long-Term Correction Expectation:** Long-term supporting factors for gold are clear; each sharp correction in gold prices is expected to attract strong buying interest.

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: 79%

Equity change: 5.36%

Trading frequency: 38 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:

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The ability to attract and retain quality employees;
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