Future Gold Labs

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Weekly Gold Wrap

2025/9/21

I. Gold Price Recap

In the international precious metals futures market, most contracts closed higher this Friday (New York time, Sep 19th), which was the early morning of Beijing time, Sep 20th. COMEX gold futures closed up 1.12% at $3,719.4/oz, with a weekly gain of 0.9%. COMEX silver futures closed up 2.96% at $43.365/oz, posting a weekly increase of 1.25%.

After the Fed announced its long-awaited first rate cut of the year on Wednesday, gold hit a record high. It then pulled back as some capital took short-term profits, before rebounding.

Three key drivers: 1) Firm market expectations for the Fed to keep cutting rates in H2 2025 and 2026; 2) Persistent geopolitical tensions, led by the Middle East and worsened by the Russia-Ukraine conflict; 3) The U.S. dollar, though stabilizing post-Fed decision (showing "buy the rumor, sell the fact"), remained under overall pressure, boosting gold.

Weekly performance review(New York Time):

- Monday: gold closed up 1.05% due to expectations of an interest rate cut by the Federal Reserve.
- Tuesday: gold closed slightly higher by 0.22%. Market expectations for an imminent rate cut by the Federal Reserve continued to build, and the U.S. dollar weakened slightly, providing modest support for gold.
- Wednesday: the Federal Reserve announced a 25-basis-point interest rate cut as expected. The "buy the rumor, sell the fact" effect emerged, and investors took profits after the rate cut was implemented. Gold prices closed slightly lower.
- Thursday: gold prices continued to fall. The U.S. Dollar Index rebounded driven by Powell's remarks that "the Fed is not in a hurry to cut rates quickly," and this, combined with strong U.S. economic data, weighed on gold's performance.
- Friday: gold prices regained upward momentum and closed up 1.12%. Bargain-hunting buying entered the market after a short-term oversell. Persistent geopolitical tensions in the Middle

East and between Russia and Ukraine reignited safe-haven demand for gold. Additionally, market expectations for subsequent interest rate cuts by the Federal Reserve remained, driving gold's rebound.

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) Fed's Summary of Economic Projections (SEP)

The Fed's updated SEP showed that 2025 real GDP growth is projected at 1.6%, up from the 1.4% forecast in June; the unemployment rate is kept unchanged at 4.5%; PCE inflation is estimated at 3.0%, with core PCE inflation at 3.1% – both in line with June's projections.

(2) September Philadelphia Fed Manufacturing Index

The index jumped to 23.2 from August's -0.3, far exceeding the expected 2.3, indicating significant expansion in manufacturing activity. Surveys showed nearly 40% of firms reported increased activity, with new orders and shipments indexes also surging.

(3) Initial Jobless Claims

U.S. economic data beat expectations. For the week ending September 13, initial jobless claims fell to 231,000, below the forecast 240,000, while the prior week's figure was revised up to 264,000 from 263,000.

(4) August Housing Starts

August housing starts dropped to the lowest level since May. Last month, starts plummeted 8.5% month-on-month (vs. a 3.4% rise in July), falling from 1.429 million units to 1.307 million units; building permits also declined 3.7%.

(5) August Retail Sales

The U.S. Commerce Department reported that August retail sales rose 0.6% month-on-month, outpacing the 0.2% market expectation; core retail sales (used to calculate GDP) climbed 0.7% month-on-month, up from July's 0.5%.

➢ **Impact on Gold Prices:**

U.S. economic data showed a mix of "resilience and hidden concerns". Signals of economic strength – upwardly revised GDP forecasts, manufacturing expansion, rising retail sales, and falling jobless claims – dampened gold's safe-haven demand. However, sliding housing starts and persistently high inflation offered support. Amid intertwined bullish and bearish factors, gold prices oscillated upward.

2) Monetary Policy & Gold Market Impact

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

➢ The Federal Reserve cut its benchmark interest rate by 25 basis points on Wednesday. Only Stephen Moore, a Fed governor temporarily appointed by U.S. President Trump, voted in favor of a 50-basis-point cut.

For gold: Concerns over the Fed independence, triggered by its personnel adjustments and policies, provided support to gold prices.

(2) Fed Officials'stances on Monetary Policy

On Wednesday, the U.S. central bank cut the federal funds rate by 25 basis points to the 4.00%-4.25% range, a move fully priced in by the market. The Fed updated dot plot signaled a measured easing cycle, with the target range expected to reach 3.50%-3.75% by year-end (i.e., another ~50 basis points of cuts).

- **Chairman Jerome Powell**: Described the 25-basis-point cut as a "risk management" move to cushion the labor market slowdown. He emphasized policy is "not on a preset course" and data-dependent, striking a cautious tone while paving the way for two more cuts by year-end.
- **FOMC members' divisions on rate path**: A narrow majority expects two more cuts by year-end, but many believe no further cuts are needed this year. For 2026, the median projection is just one cut, with most members forecasting year-end rates well above market expectations.
- **Minneapolis Fed President Neel Kashkari:** Backed this week cut, citing rising labor market risks as the reason for action. He argued tariffs were unlikely to push inflation above 3%. He added the Fed should pause additional easing if the labor market strengthens and inflation rises further, but remains open to another rate cut if economic conditions warrant it.
- **Fed Governor Stephen Miran**: The sole voter for a 50-basis-point cut and holder of the lowest projection in the "dot plot". He stated current rates should be close to the neutral rate and will release an assessment of his views on Monday.

His 2026 rate forecast was slightly lowered to 3.4% from 3.6% in June, implying only one cut in 2026.

(3) Market Watch Data

- **CME FedWatch:**

CME FedWatch Tool-Markets see a 91% probability of a 25-basis-point cut in October and nearly 80% chance of another cut in December. This aligns with the Fed updated dot plot, which shows ~50 basis points of additional easing remaining this year, though Chairman Powell stressed monetary policy will remain data-dependent.

- **Prime Market Terminal Data:**

Its interest rate probability tool shows money market futures price in a 91% chance of a 25-basis-point cut at the October 29 meeting.

(4) Impact on Gold Prices

Trump interference in the Fed sparked market concerns over its independence. Coupled with the Fed rate cut and the dual confirmation (via dot plot and market data) of expectations for another 50 basis points of cuts this year, gold benefited. Despite officials' divisions on the rate path, overall easing expectations and policy uncertainty significantly reduced gold holding costs and strengthened its safe-haven appeal. Bullish for gold.

3) Yields, USD & Gold Dynamics

(1) Dollar Index Behavior

As Powell's tone was less dovish than expected, the U.S. dollar and Treasury yields continued to rebound after the Fed's decision. During the U.S. session on Friday (September 19), the DXY surged intraday. Having rebounded from a multi-year low of 96.218 earlier in the week, it extended gains for the third consecutive trading day. The index rose 0.3% to close at 97.644 on the 19th, reflecting stronger capital demand for dollar-denominated assets.

(2) US Treasury Yields & Gold Dynamics

Yields on 2-year and 10-year Treasuries remained on the rise. The 10-year Treasury yield climbed to 4.139% on Friday, up 2% for the week.

- **Impact on Gold**

A stronger dollar makes dollar-denominated gold more expensive for holders of other currencies, thereby curbing gold demand. As a non-interest-bearing asset, gold becomes less attractive to investors when Treasury yields rise.

4) Geopolitical Tensions & Safe-Haven Demand

- Geopolitical risks continued to provide safe-haven support for gold: U.S. President Trump stated on Thursday that Russian President Putin had disappointed him, calling on U.S. allies to stop buying Russian oil to end the Russia-Ukraine war. European Commission President Ursula von der Leyen also said the EU would propose accelerating the phase-out of Russian fossil fuel imports. Meanwhile, the Israeli military launched multiple strikes on towns in southern Lebanon, targeting Hezbollah's military infrastructure, citing the group's attempts to rebuild its capabilities.

These geopolitical conflicts boosted safe-haven demand, providing support for gold.

5) Tariff Turmoil Drives Gold Swings

(1) Tariff & Trade Policy Developments

- **China-U.S. Trade**

U.S. President Donald Trump stated that he might extend the trade truce agreement with China during a call with Chinese President Xi Jinping on Friday. The news reignited optimism about U.S.-China trade.

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

Chief Cabinet Secretary Yoshimasa Hayashi welcomed the U.S.-Japan trade agreement. "The Japanese government is satisfied with the implementation of the tariff agreement reached with the United States," he noted, adding, "To date, both governments have honored their commitments under the agreement."

(2) Impact on Gold Prices

The potential extension of the China-U.S. trade truce and the smooth implementation of the U.S.-Japan trade agreement have boosted market risk appetite, weakening gold's safe-haven demand and potentially weighing on gold prices in the short term. However, underlying uncertainties in trade policies still provide support for gold.

6) Gold Market Observation

(1) Core Gold Market Dynamics: Rising Asian Demand & Global Bullish Trend

- **Swiss Exports Signal Global Gold Flow Shift**

As the world's top gold refining/re-export hub, Switzerland's August data shows reshaped demand: exports to China surged 253% month-on-month to 35 tonnes (highest since May 2024); India-bound shipments rose 12.6% to 15.2 tonnes. In contrast, U.S. exports collapsed 99% to 0.3 tonnes, nearly halting.

This stems from U.S. tariff turmoil: A 39% tariff on Swiss 1kg/100oz bars was announced July 31. Though exempted early September, policy uncertainty crushed August exports, with no recovery yet.

- **38% Price Surge: Drivers Behind the Rally**

Gold is up 38% in 2025, on track for best annual performance since the 1970s. Key drivers: persistent global inflation eroding fiat value; "unsustainable" U.S. debt sparking dollar credit worries; long-term dollar weakness expectations cutting holding costs; and geopolitical/financial volatility drawing safe-haven flows, making gold a core asset.

- **Wall Street Bulls & China's Key Demand Role**

Top Wall Street investors turn bullish: Ray Dalio (Bridgewater) urges 10%+ gold allocation; Jeffrey Gundlach ("new bond king") calls it top pick, sees $4,000/oz and 25% allocation reasonable; David Einhorn (Greenlight) holds large positions (key to fund outperformance), deems $3,800/oz likely.

China is the top incremental demand market: driven by central bank's ongoing gold purchases, its appeal as a "de-dollarization" hedge amid RMB swings, and households/institutions' need for diversification amid stock/bond volatility.

- **Implications for Chinese Investors**

Swiss data and Wall Street views confirm gold's rising global allocation status. For Chinese investors, it's a key hedge against exchange rate/inflation risks and a portfolio "stabilizer"—allocate moderately based on risk appetite.

III. Outlook & Key Catalysts

- **Next Week's Focus:**

- Next week, key focus: existing home sales, M2, manufacturing index, personal disposable income per capita, and the Fed's preferred inflation gauge – core PCE price index, etc.

Release Date	Country/ Region	Event	Importance
2025/9/23	U.S.	U.S.: Current Account Income, Seasonally Adjusted	High
2025/9/23	U.S.	U.S.: Existing Home Sales, Month-on-Month, Seasonally Adjusted	High
2025/9/23	U.S.	U.S.: Existing Home Sales, Seasonally Adjusted	High
2025/9/23	U.S.	U.S.: M2, Seasonally Adjusted	High
2025/9/23	U.S.	U.S.: M1, Seasonally Adjusted	High
2025/9/24	U.S.	U.S.: New Home Sales, Not Seasonally Adjusted	High
2025/9/24	U.S.	U.S.: New Home Sales, Month-on-Month, Seasonally Adjusted	High
2025/9/25	U.S.	U.S.: Durable Goods: New Orders, Seasonally Adjusted, Month-on-Month	High
2025/9/25	U.S.	U.S.: Kansas City Fed Manufacturing Index:	High
2025/9/25	U.S.	U.S.: Kansas City Fed Manufacturing Index, Seasonally Adjusted, Month-on-Month	High
2025/9/25	U.S.	U.S.: Durable Goods: New Orders, Not Seasonally Adjusted	High
2025/9/26	U.S.	U.S.: Core PCE Price Index, Year-on-Year	High
2025/9/26	U.S.	U.S.: Personal Disposable Income, Seasonally Adjusted	High
2025/9/26	U.S.	U.S.: Personal Consumption Expenditures, Seasonally Adjusted	High

IV. Quantitative Strategy Review

Quant Team's Input:

1) Technical Structure Analysis of Gold

New York Gold Trading & Risk Tips (Execution Layer)

- Pay attention to the upward-moving distribution of daily and weekly chart moving averages when the market opens next Monday. Short-term support: 3673-3666; strong support: 3661-3653. Short-term resistance: 3690-3695; strong resistance: 3703-3707; after a breakout, target 3726-3740.
- For operations: The consecutive short positions entered at 3670-3644 on Thursday were verified. The short position entered at 3654 on Friday only reached 3644. It is recommended to follow the trend early next week and wait for the mid-week high to be confirmed before repositioning.
- New York Gold remains in a fluctuating upward trend. The strong support at 3666 has been verified, and 3700 will become a new reference support after breaking through the resistance. It is expected

to approach 4000 by the end of the year. The upcoming National Day long holiday is conducive to the gold price trend.

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: 75%

Equity change: 1.9%

Trading frequency: 48 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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