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Weekly Gold Wrap

2025/9/28

I. Gold Price Recap

In the early hours of Beijing time on Sept 28 (New York time: Fri, Sept 27), international precious metals futures generally closed higher: COMEX Gold Futures: +0.50% to $3,789.8/oz, weekly gain +2.27%; COMEX Silver Futures: +2.77% to $46.365/oz, weekly gain +7.95%. The market still expects the Fed to cut rates by another 25bps in Oct and Dec, after its first cut since last Dec earlier this month—this dovish outlook underpins gold.

Meanwhile, Powell noted early in the week that overly aggressive easing may leave inflation unresolved. Fed officials' remarks highlighted balancing "inflation suppression and employment protection," with a cautious easing stance partially suppressing gold.

However, Trump's new tariffs-driven economic concerns and rising geopolitical tensions boosted gold's safe-haven demand. Combined with fundamental and technical support, gold's downside risks eased, and buying at lower levels remained active.

II. Key Drivers Behind Gold's Volatility

1) U.S. economic indicators exert an impact of "first suppressing, then cushioning" on gold prices.

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

(1) U.S. Q2 GDP Data (BEA)Data from the U.S.

Bureau of Economic Analysis (BEA) showed that U.S. Q2 2025 GDP grew by 3.8% year-on-year, significantly higher than expectations and the previous second estimate of 3.3%, marking the fastest growth in two years. The economic expansion was mainly supported by reduced imports, a rebound in consumer spending, and increased corporate investment in intellectual property products (primarily artificial intelligence, AI).

(2) August Durable Goods Orders

U.S. August durable goods orders rose sharply by 2.9% month-on-month, reversing the 2.7% contraction in July and far exceeding the expected -0.5%.

(3) Initial and continuing Jobless Claims

For the week ending September 20, U.S. initial jobless claims stood at 218,000, below the expected 235,000 and down from 232,000 in the previous week; continuing jobless claims fell from 1.928 million to 1.926 million.

(4) August PCE Price Index

U.S. core personal consumption expenditures (PCE) price index in August rose 2.9% year-on-year, in line with expectations and unchanged from the previous month. The overall PCE (Personal Consumption Expenditures) year-over-year increase edged up from 2.6% to 2.7%, as predicted by economists.

(5) University of Michigan September Consumer Sentiment Index

The final reading of the University of Michigan's September consumer sentiment index was 55.1, lower than the expected 55.4. One-year inflation expectations fell from 4.8% to 4.7%, while five-year inflation expectations dropped from 3.9% to 3.7%, as expected.

➢ **Impact on Gold Prices：**

Major U.S. economic indicators disclosed this week had a "first-suppressive, then-buffering" impact on gold prices. Data such as GDP, durable goods orders, and initial jobless claims confirmed U.S. economic resilience, weakening rate-cut expectations and weighing on gold. However, the 3.8% GDP growth was partially driven by falling imports; meanwhile, high PCE inflation and weaker-than-expected consumer sentiment supported gold's inflation-hedging attribute, ultimately keeping gold in a high-level volatile range.

2) Monetary Policy & Gold Market Impact

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

Trump directly challenged the Fed's independence through personnel pressure and policy intervention:
The "Lisa Cook incident" is still pending trial. Earlier, Trump dismissed Fed Governor Lisa Cook on charges of mortgage fraud; the court has suspended the decision twice. Against the backdrop that the U.S. government filed a request with the Supreme Court on September 18 to allow the dismissal, Cook urged the Supreme Court to block the removal, stating that the move would undermine the Fed's independence. She denied the charges and argued that the lawsuit was a pretext for Trump to take control of the Federal Reserve.
For gold, personnel adjustments and policy changes at the Fed have raised concerns about its independence, providing support for gold prices.

(2) Fed Officials and government officials’ stances on Monetary Policy

Recent remarks from Fed officials have highlighted the delicate balance between "curbing inflation and supporting employment," which explains their cautious attitude toward easing policies. Nevertheless, the market still expects the Fed to cut interest rates again in October.

➢ **U.S. Treasury Secretary Scott Bessent:** Stated that interest rates "need to be cut," adding, "It is somewhat surprising that the Fed Chair has not yet indicated a clear goal by the end of the year — at least a 100 to 150 basis point rate cut." His remarks stand in stark contrast to the Fed's latest "dot plot," which shows the Fed expects only an additional 50 basis points of rate cuts by the end of the year.

➢ **Chicago Fed President Austan Goolsbee**: Noted that amid signs of a cooling labor market and rising inflation, he is "somewhat uneasy about implementing too many rate cuts too early." He added that if inflation falls toward the 2% target, "there is still significant room to cut interest rates," but emphasized the need to cautiously pace the easing.

➢ **Fed Governor Michelle Bowman**: Pointed out that the labor market is becoming more fragile and argued that current policies "should shift focus to employment rather than inflation." She stated that the Fed is close to the 2% inflation target, mentioning that tariffs will only have a one-off impact on prices; she also stressed that policies can be adjusted to be closer to neutral levels to support employment.

- **San Francisco Fed President Mary Daly**: Expressed "full support" for the Fed's recent rate cuts, noting that "looking ahead, further policy adjustments may be needed to restore price stability while providing necessary support to the labor market." She added that the Fed's economic forecasts are "not commitments," emphasizing the need to reassess policies based on changing conditions.
- **Fed Governor Stephen Miran**: Stated that there is no conclusive evidence that tariffs have caused inflation, but the issue still appears to be influencing policymakers. He further added that due to overly tight Fed policies (current policies are 200 basis points tighter than the appropriate level), the U.S. economy is more vulnerable to downward shocks.

(3) Market Watch Data

- **CME FedWatch:**

CME FedWatch Tool: The Chicago Mercantile Exchange (CME) FedWatch Tool shows that traders see an 88% probability of a rate cut in October and a 65% probability of another cut in December.

- **Prime Market Terminal Data:**

According to Prime Market Terminal data, after the release of relevant data, the market's expected probability of the Fed cutting interest rates by 25 basis points at its October 19 meeting fell from 94% one day earlier to 85%.

(4) Impact on Gold Prices

Trump's intervention in the Fed has raised market concerns about the Fed's independence, undermining the credibility of the U.S. dollar and driving capital flows into gold. Although Fed officials hold divergent views on monetary policy, the market still expects a rate cut in October, providing support for gold prices.

3) Yields, USD & Gold Dynamics

(1) Dollar Index Behavior

During the U.S. session on Friday (September 26), the U.S. Dollar Index (DXY), which measures the greenback against six major currencies, closed at 98.152, with a cumulative weekly gain. Recently, better-than-expected U.S. economic data (such as revised GDP and strong consumption) has driven the dollar higher, but the momentum for this rally is insufficient; the current dollar strength is more of a tactical move rather than a structural trend. Without new positive drivers, it will be challenging to sustain the upward movement.

(2) US Treasury Yields & Gold Dynamics

U.S. Treasury yields rose, with the 10-year U.S. Treasury yield climbing 1.16 basis points to 4.179%.

- **Impact on Gold**

A stronger U.S. Dollar Index and rising 10-year U.S. Treasury yields would typically weigh on gold. However, as the dollar's rally is tactical and lacks momentum, coupled with market concerns about the Fed's independence and rate-cut expectations, gold suffered limited impact.

4) Geopolitical Tensions & Safe-Haven Demand

- **Escalating Russia-Europe Geopolitical Tensions**:

European diplomats privately warned Russia that they are prepared to shoot down Russian warplanes. Ongoing geopolitical tensions between Russia and its European neighbors have kept market sentiment cautious, providing support for gold prices.

- **Trump's Remarks Intensified Russia-Ukraine Tensions:**

Trump escalated his remarks on Tuesday, stating that NATO member states should shoot down Russian military aircraft entering their airspace and arguing that Ukraine, with support from the EU and NATO, could reclaim territories occupied by Russia — marking a major shift in his stance toward Russia. Kremlin Spokesperson Dmitry Peskov responded on Wednesday, stating that Russia will continue its offensive in Ukraine to safeguard its interests and achieve its goals, while refuting the claim that "Ukraine can reclaim lost territories."

- **Increased Uncertainty in the Middle East:**

Trump promised leaders of Arab and Muslim countries that he would not allow Netanyahu to annex the West Bank; Yemen's Houthi rebels (backed by Iran) claimed responsibility for the drone attack on the Israeli city of Eilat on Wednesday.

The above events have heightened geopolitical risks, providing support for gold as a safe-haven asset.

5) Tariff Turmoil Drives Gold Swings

(1) Tariff & Trade Policy Developments

On September 25, Trump announced that starting from October 1, a 100% tariff will be imposed on imported patented pharmaceuticals, 50% on building materials, 30% on furniture, and 25% on heavy trucks. Pharmaceutical companies that establish factories in the U.S. will be exempted. He stated that the measure aims to promote industrial reshoring and protect domestic industries. This move has already impacted pharmaceutical companies from Japan, South Korea, and Australia. The industry warned that it may push up drug prices, disrupt supply chains, and exacerbate inflation, while high domestic production costs in the U.S. may frustrate the goal of lowering prices. Prior to this, Trump has taken multiple actions targeting the pharmaceutical industry this year and is also advancing negotiations on pharmaceutical price cuts and direct sales platform plans.

(2) Impact on Gold Prices

Trump's announcement of imposing high tariffs on various imported goods has raised concerns in the industry about potential higher drug prices, heightened inflation, and supply chain disruptions. Combined with economic uncertainty brought about by trade policies, gold's inflation-hedging and safe-haven attributes have been strengthened, providing support for gold prices.

6) Gold Market Observation

(1) **2025 Japanese Gold Investor Insights: The Golden Opportunity – World Gold Council**

- **Japan's Macroeconomic Environment**

-Japan's GDP grew by 0.5% quarter-on-quarter (q/q) in Q2 2025, driven by front-loaded exports ahead of the U.S. tariff implementation. However, its subsequent growth is weighed down by factors including a strong yen (if sustained), slower global growth, high U.S. tariffs, and policy uncertainties arising from the former Prime Minister's resignation.

-In July, Japan's core inflation (excluding fresh food and energy) rose to 3.4% – the highest since January 2024. Wage growth hit a multi-decade high, with the chronic labor shortage further fueling wage increases; a wage-price spiral may intensify inflationary pressures. After raising interest rates by 0.25% earlier this year, the Bank of Japan (BOJ) adopted a cautious policy stance, revising up inflation expectations while maintaining a conservative outlook on growth. Meanwhile, the correlation between

Japanese equities and bonds has risen amid mounting inflation, weakening the risk-diversification role of traditional asset portfolios.

- **Gold's Performance and Allocation in Japan**

-Gold denominated in yen has delivered outstanding performance in recent years: it posted a 40% return in 2024 and a 23% gain as of August 29, 2025, outperforming other assets significantly.

-Nevertheless, gold remains under-allocated in Japanese investors' portfolios: only 23% (total sample) to 28% (survey in collaboration with State Street Investment Management) of investors hold gold, with most allocating 1%-10% of their portfolio to it. High-net-worth investors (with portfolios worth ≥20 million yen) show a higher propensity to hold gold, at 36%. Physical gold (bars/coins), gold ETFs, and Gold Accumulation Plans (GAP) are the preferred gold investment products among current holders.

- **Japanese Investors' Perceptions and Motivations for Gold**

-The core financial objectives of Japanese investors are wealth growth (51%) and retirement provision (44%). Gold's attributes – including inflation hedging, value preservation, protection against extreme risks, and stable long-term returns – align with these objectives as well as investors'emotional needs for safety and stability, making them key drivers for gold investment.

-Triggers for investors' first gold investment include gold's recent strong performance, recommendations from authoritative sources highlighting its low-risk nature, market investment trends, and professional advice.

- **Key Barriers to Gold Investment**

Among investors who have never invested in gold, 47% are not inclined to do so in the future. Core barriers include:

-Lack of awareness (11% do not know how to start, 11% are unfamiliar with gold's returns and risks);

-Affordability issues due to high gold prices (16%);

-Preference for other investment products (10%).

For investors who invested in gold in the past 5 years but not in the last 12 months, the primary barriers are current high gold prices and perceived difficulty in purchasing gold.

- **Recommendations to Unlock Gold Investment Potential and Market Outlook**

To tap into Japan's gold market potential, four key measures are recommended:

Enhance gold investment education to popularize knowledge of gold products and their advantages;

Simplify investment processes to adapt to investors'habit of online operations, enabling small-amount and low-cost investments;

Highlight gold's role in hedging risks and diversifying portfolios amid economic volatility;

Disseminate key information through channels such as newspapers, social media, and online investment platforms.

Japanese households held 2195 trillion yen in financial assets as of Q1 2025. Gold's current under-allocation signals significant market potential. If the above barriers are addressed, coupled with the current macro environment, gold will become even more relevant to Japanese investors.

III. Outlook & Key Catalysts

- **Next Week's Focus:**

- Next week, key focus: speeches by multiple Federal Reserve officials, changes in U.S. ADP National Employment, ISM Manufacturing Purchasing Managers' Index (PMI), initial jobless claims, and the September nonfarm payrolls report, etc.

Release Date	Country/ Region	Event	Importance
2025/9/29	United States	U.S. Pending Home Sales Index: Seasonally Adjusted (SA)	High
2025/9/30	United States	U.S. Job Openings: Total	High
2025/10/1	United States	U.S. ISM: PMI - Prices: SA	High
2025/10/1	United States	U.S. ISM: PMI - Inventories (Own): SA	High
2025/10/1	United States	U.S. ISM: PMI - Supplier Deliveries: SA	High
2025/10/1	United States	U.S. ISM: PMI - Employment: SA	High
2025/10/1	United States	U.S. ISM: PMI - Production: SA	High
2025/10/1	United States	U.S. ISM: PMI - New Orders: SA	High
2025/10/1	United States	U.S. Institute for Supply Management (ISM): Manufacturing PMI: SA	High
2025/10/2	United States	U.S. 4-Week Moving Average of Initial Jobless Claims: SA:	High
2025/10/2	United States	U.S. Weekly Initial Jobless Claims: SA: Preliminary	High
2025/10/3	United States	U.S. Average Hourly Earnings (Manufacturing): SA	High
2025/10/3	United States	U.S. Change in Nonfarm Payrolls: Monthly: SA	High
2025/10/3	United States	U.S. ISM: Services PMI - Prices: SA	High
2025/10/3	United States	U.S. ISM: Services PMI - Inventories: SA	High
2025/10/3	United States	U.S. ISM: Services PMI - Supplier Deliveries: SA	High
2025/10/3	United States	U.S. ISM: Services PMI - Employment: SA	High
2025/10/3	United States	U.S. ISM: Services PMI - New Orders:	High
2025/10/3	United States	U.S. Institute for Supply Management (ISM): Services PMI:	High
2025/10/3	United States	U.S. Average Weekly Hours (Manufacturing): SA	High
2025/10/3	United States	U.S. Unemployment Rate: SA	High
2025/10/3	United States	U.S. Change in Total Nonfarm Payrolls: SA	High

IV. Quantitative Strategy Review

Quant Team's Input：

1) Technical Structure Analysis of Gold

New York Gold Trading & Risk Tips (Execution Layer)

Last week, the gold market maintained an overall strong momentum. From a technical indicator perspective, gold prices have entered the "overbought zone," indicating short-term correction needs. However, the mid-term uptrend remains unbroken, and the battle between bulls and bears will revolve around key resistance and support levels.

➢ Mid-Term Trend Indicators

On the daily chart, the 9-month ascending regression channel formed by gold prices since January 2025 remains intact. Currently, gold prices are still in the upper half of the channel and well above the 20-day Simple Moving Average (SMA), with the strong structure unchanged.

From a pattern perspective, the mid-term bullish bias of gold prices remains solid, and the support of the uptrend is relatively strong. As long as gold prices do not break below the lower edge of the channel, the mid-term upward pattern will not change.

➢ Short-Term Overbought Signals

The 14-day Relative Strength Index (RSI) has remained in the overbought zone above 70, warranting attention to short-term correction risks. However, investors holding positions established last week or earlier need not be overly concerned about the magnitude of the correction, as the buying support below remains robust.

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: 76%

Equity change: -0.08%

Trading frequency: 59 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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