Future Gold Labs

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Weekly Gold Wrap

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I. Gold Price Recap

In the early hours of Beijing time on October 11 (New York time, Friday, October 10) this week, COMEX gold futures and silver futures generally closed higher. COMEX Gold Futures broke through the $4,000/oz mark this week, closing up 1.58% at $4,035.5/oz with a weekly gain of 3.15%; COMEX Silver Futures closed up 0.76% at $47.515/oz, down 0.95% for the week.

Mid-week, gold prices fluctuated: after pulling back from a phased all-time high, they rebounded and stabilized at $4,035.5/oz, driven mainly by two factors. First, traders took profits; second, geopolitical risks eased after the U.S. mediated a Gaza peace agreement, which reduced some market tensions and prompted investors to lock in gains.

However, amid Trump's warning to impose new tariffs in response to China's planned restrictions on rare earth exports, uncertainty in China-US trade has increased. The US government has been in a shutdown for 10 consecutive days, with little hope of resuming operations in the short term, and market risk aversion has further intensified. Meanwhile, expectations of further monetary easing by the Federal Reserve (the Fed) are also providing support for the rise in gold prices.

II. Key Drivers Behind Gold's Volatility

1) Mixed U.S. Economic Indicators Trigger Gold Volatility; Shutdown-Induced Data Delays Benefit Gold

This week's U.S. economic data were mixed. As the shutdown continues, its negative impact on the short-term economic outlook has become more pronounced—signs of cooling in the labor market have emerged, and a prolonged shutdown may further weigh on employment and business confidence. Such uncertainties have complicated the Fed's policy outlook and strengthened expectations that the Fed will cut interest rates by 25 basis points at all remaining policy meetings this year.

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

(1) University of Michigan Consumer Sentiment Index (October)

The preliminary October University of Michigan Consumer Sentiment Index stood at 55.0, slightly above the expected 54.2 but down slightly from September's 55.1; the consumer expectations index fell from 51.7 to 51.2. Inflation expectations remained largely flat: the 1-year inflation expectation dropped from 4.7% in September to 4.6%, while the 5-year inflation expectation stabilized at 3.7%.

(2) Uncertain Release of Inflation Data (CPI/PPI)

The U.S. Bureau of Labor Statistics (BLS) originally planned to release the September Consumer Price Index (CPI) and Producer Price Index (PPI) on Wednesday and Thursday next week(0ct 15/16), respectively, but the release timing is uncertain due to the government shutdown. Although The New York Times reported on Friday that the BLS is recalling some furloughed employees to compile the September CPI report (as the data is critical for determining the annual Social Security Cost-of-Living Adjustment (COLA), which is calculated based on Q3 CPI data; a prolonged delay may postpone the COLA announcement affecting millions of retirees), it remains unclear whether the data will eventually be released.

(3) September CPI Compilation Resumed, Release Uncertain

As reported by The New York Times on Friday morning, the BLS is recalling some furloughed employees to complete the compilation of the September CPI report. The report explained, “This move is because September's inflation data is crucial for determining the annual Social Security Cost-of-Living Adjustment (COLA)—the adjustment is calculated based on Q3 CPI data; a prolonged delay may postpone the COLA announcement affecting millions of retirees.” However, it remains unclear whether the data will eventually be released.

(4) Prolonged Government Shutdown and Official Statements

-Persistent Shutdown Deadlock: The funding bill was rejected by a 54-45 vote on Thursday, with no progress between Democrats and Republicans on reopening the government. The Senate will reconvene only on Tuesday next week, meaning the shutdown will last at least this week and may be extended; earlier on Wednesday, the Senate also rejected the temporary funding bill passed by the House of Representatives, failing to meet the 60-vote threshold for passage.

-Official Warnings on Impacts: U.S. Treasury Secretary Scott Bessent previously called on Congress to pass an “unconditional continuing resolution” to fund the government and warned of shutdown risks; meanwhile, the negative impact of the shutdown on the economy has emerged—signs of cooling in the labor market have appeared, and a prolonged shutdown may further weigh on employment and business confidence, while strengthening expectations that the Fed will cut interest rates by 25 basis points at all remaining policy meetings this year.

➢ **Impact on Gold Prices**:

Uncertainties surrounding the releasing of economic data, economic concerns triggered by the government shutdown, and strengthened expectations of Fed rate cuts have collectively provided support for gold's safe-haven demand and price gains. As a safe-haven asset, gold becomes more attractive amid unclear economic prospects, while rate cut expectations reduce the opportunity cost of holding non-yielding gold. Although short-term slight volatility may occur due to delayed data, the long-term bullish support remains solid.

2) Monetary Policy & Gold Market Impact

(1) Concerns Over Fed Independence Temporarily Eased

➢ **Williams' Stance on Fed Independence:** New York Fed President John Williams' public reaffirmation of the Fed's independence and emphasis on “data-driven decision-making” is a key positional statement amid lingering political interference risks. The Trump administration has previously sought to influence monetary policy by appointing allied governors and pressuring for aggressive rate cuts. As a key FOMC member, Williams explicitly anchored policy decisions in economic data (e.g., labor market, inflation) rather than short-term political demands—aligning with the Fed's "dual mandate" framework and sending a signal to resist political interference, which helps consolidate global trust in the Fed's decision-making independence.

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

- **Fed Governor Michael Barr**: Stated that tariffs have not caused widespread spillover effects on services inflation; noted that uncertainties in inflation and the labor market call for caution in further rate cuts. He added that current monetary policy is appropriate with slightly restrictive interest rates, inflation faces significant risks of missing the 2% target (consumers may wait two years for inflation to fall to 2%), and the U.S. economy remains resilient (strong consumption supports solid Q3 2025 GDP).
- **Minneapolis Fed President Neel Kashkari**: Endorsed Barr's views, saying "I largely agree with all of Barr's points."
- **Fed Chair Jerome Powell**: Released no new policy signals. The September FOMC meeting minutes (released Wednesday) showed lingering inflation concerns, but traders still widely expect the Fed to cut rates twice by year-end.
- **New York Fed President John Williams**: Called for further rate cuts this year to address downside risks to the labor market.
- **San Francisco Fed President Mary Daly**: Advocated for more rate cuts, stating (per Reuters), "We are at a critical juncture—failure to manage risks could lead to more worrying labor market weakness." She noted that price pressures are "far lower than previously feared."
- **St. Louis Fed President Alberto Musalem**: Highlighted conflicting policy goals—persistent high inflation alongside signs of labor market weakness. He noted that while current policy is between moderately restrictive and neutral, financial conditions remain loose.

(3) Market Watch Data

- **CME FedWatch Tool:**

Markets currently price in a nearly 100% probability of a rate cut in October and another in December, with odds of 25-basis-point (bps) cuts in October and December at ~93% and ~79%, respectively. Additionally, the U.S. government shutdown entered its 9th day, which limits dollar gains and supports gold.

- **Prime Market Terminal Data:**

Money market data shows a 94% probability (per Prime Market Terminal's rate tool) that the Fed will cut rates by 25 bps at its October 29 meeting.

(4) Impact on Gold Prices

.Rate cut expectations amid Fed officials' divisions, combined with risk aversion from the government shutdown, jointly support gold. The nearly 100% chance of an October rate cut and expectations of lower real interest rates reduce the opportunity cost of holding gold; meanwhile, the 9-day shutdown delays economic data, heightens uncertainty, and boosts demand for gold as a safe-haven asset.

3) Yields, USD & Gold Dynamics

(1) Dollar Index Behavior

The DXY (tracking the dollar against 6 major currencies) has strengthened sharply this week, climbing to a nine-week high near the 100 level. On October 10, it traded around 99, with an intraday high of 99.47

(its highest since early August). This dollar strength is not driven by strong U.S. fundamentals but rather by global uncertainty.

(2) US Treasury Yields & Gold Dynamics

In late New York trading on Friday (October 10), the 10-year U.S. Treasury yield fell 9.09 bps to 4.0475% (down 7.17 bps weekly); the 2-year yield dropped 7.45 bps to 3.5181% (down 5.77 bps weekly).

➢ **Impact on Gold**

While a DXY rally driven by global uncertainty would theoretically weigh on gold, the shared root of this dollar strength and gold's safe-haven demand mutes the dampening effect. The significant weekly drop in Treasury yields—by reducing gold's opportunity cost—becomes the dominant factor, and combined with global risk aversion, it drives sustained gold price gains.

4) Geopolitical Tensions & Safe-Haven Demand

➢ **Russia-Ukraine Conflict**

U.S. President Trump stated Thursday that the U.S. and NATO allies are intensifying pressure to end the war in Ukraine. In the early hours of Friday, Ukraine reported large-scale Russian attacks on Kyiv, using ballistic missiles and drones to strike critical infrastructure, causing widespread power outages.

➢ **Political Turmoil in France and Japan**

-France: Per Reuters, President Emmanuel Macron's failure to appoint a left-wing figure as prime minister has upset some political leaders. Macron's opponents have urged him to either call early parliamentary elections or resign, which he has explicitly rejected.

-**Japan:** Sanae Takaichi's prospects of becoming Japan's first female prime minister have grown uncertain. Komeito Party leader Tetsuo Saito announced the end of the 26-year ruling coalition with the LDP, citing the LDP's failure to address a two-year political funding scandal. With Japan's parliamentary elections in late October, this rift may further impact the vote.

Such political turmoil in France and Japan has increased gold's appeal as a safe-haven asset.

➢ **Israel-Hamas Conflict**

Mediated by the U.S., Israel and Hamas reached the first phase of a Gaza peace agreement, easing geopolitical tensions.

The developments in the Russia-Ukraine conflict, along with turbulence in the political situations of France and Japan, have elevated geopolitical risks and provided support for gold—a key safe-haven asset. Meanwhile, the de-escalation of the Israel-Palestine conflict has exerted partial downward pressure on gold.

5) Tariff Turmoil Drives Gold Swings

(1) Tariff & Trade Policy Developments

➢ **U.S.-China Tariffs**

On Friday, President Trump announced an additional 100% tariff on all Chinese goods exported to the U.S., effective November 1—in retaliation for China's stricter export licensing requirements on foreign entities shipping critical rare earth minerals. This continues his usual strategy of punishing other countries by impacting U.S. citizens. The Trump administration has yet to finalize implementation details, and the U.S. government shutdown (due to the Senate's failure to pass a funding bill) complicates tariff collection at the border.

➢ **U.S.-Japan Tariff Policy**

Per Bloomberg, Japan's top tariff negotiator Ryosei Akazawa and U.S. Commerce Secretary Howard Lutnick reaffirmed Friday that the U.S.-Japan trade agreement will strengthen their strategic and economic ties. They confirmed smooth implementation and pledged to continue advancing the deal during Japan's new leadership transition.

➢ **U.S. Tariffs on Trucks, No Tariffs on Generic Drugs**

On October 7, Trump announced a 25% tariff on medium/heavy-duty trucks (effective November 1, delayed from October 1 due to corporate concerns; the U.S. imported ~245,000 such trucks last year, worth over $20 billion, impacting firms like Daimler's Freightliner). He also dropped plans to tariff foreign generic drugs (covering 90% of U.S. daily medications to avoid price hikes and shortages). The U.S. is considering federal grants/loans for domestic generic drug makers to boost reshoring, with internal divisions over tariffs.

(2) Impact on Gold Prices

Escalating U.S.-China tariff tensions have heightened global trade/economic uncertainty, significantly boosting safe-haven demand for gold. Factors like smooth U.S.-Japan trade implementation and no tariffs on generic drugs exert limited short-term pressure on gold, leaving the overall trend bullish.

6) Gold Market Observation

(1) Institutional Views on Gold

-**Goldman Sachs**: Raised its 2026 gold price forecast from $4,300 to $4,900, citing strong gold ETF inflows and robust central bank demand.

-**Barclays:** Ajay Rajadhyaksha, Chairman of Global Research, noted that this year's gold rally reflects growing investor distrust in global fiscal/monetary systems. He pointed out that the U.S., UK, France, and Japan all have debt exceeding 100% of GDP (with worsening fiscal conditions) and "little political willingness to cut spending." He warned that gold's rally amid stable financial markets should alert policymakers.

(2) Commerzbank: Surge in Gold ETF Inflows, North America as Core Driver

- **Core View:** Strong ETF buying supports gold gains. Commerzbank analyst Barbara Lambrecht noted that dollar-denominated gold ETF holdings are nearly double the 2020 peak.
- **September Inflows:** Per the World Gold Council, September saw record gold ETF net inflows—over 145 tons (a top-11 monthly inflow since gold ETFs launched in spring 2004), even accounting for gains from new price highs.
- **Regional Divergence:** North America led buying (driven by a weaker dollar), with the U.S. contributing nearly 90 tons (over 60% of global inflows); Europe's inflows were less than half of the U.S.'s.
- **Holdings Scale:** Global gold ETF holdings stood just below 3,840 tons at end-September (~70 tons short of the October 2020 peak in tonnage), while dollar-denominated holdings are nearly double the 2020 high (set in July 2020).

III. Outlook & Key Catalysts

➢ **Next Week's Focus:**

- Next week, focus should be placed on the fact that the release of U.S. economic data may feature the characteristic of "official data absence and private data filling the gap". Key focuses include:
- The delayed release time of CPI;
- Statements from Federal Reserve officials;

- Performance of private data: PMIs (Purchasing Managers' Indices) and consumer confidence indices may serve as short-term market indicators, among others.

IV. Quantitative Strategy Review

Quant Team's Input：

1) Technical Structure Analysis of Gold

New York Gold Trading & Risk Tips (Execution Layer)

From the perspective of momentum indicators: Although the Relative Strength Index (RSI) has broken above 70 and entered the overbought zone, bulls still hold the dominant position. However, the current strong uptrend means that the RSI breaking above 80 will only be regarded as a signal of excessive trend extension.

Multi-timeframe analysis shows gold's bullish trend remains intact: The 4-hour chart oscillates in the 3940-4060 range with bulls in control; the 6/8/12-hour charts present a stepped upward trend; the weekly and monthly candlestick charts maintain golden crosses (bullish signals) (with 8 consecutive bullish weekly candlesticks); only the daily candlestick chart shows a top divergence, yet bullish signals are stronger. Next week, the main strategy is to go long in line with the trend: enter positions when retesting the 3940 support level or during sideways consolidation, follow up if breaking above 4060, and remain vigilant of the risk of "changes after 9 consecutive positive periods".

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: 53%

Equity change: -2.35%

Trading frequency: 57 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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6. Title: COMEX Gold Futures (GC00Y) Quote Author: CME/East Wealth/Wind
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