Future Gold Labs

X (Twitter): https://x.com/futuregoldx

TG: https://t.me/futuregoldlabs

Author: Koi

Reviewer: Jake Liu

Weekly Gold Wrap

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I. Gold Price Recap

On Friday this week (New York time, Oct 24; Beijing time, early hours of Oct 25), COMEX gold and silver futures closed lower, with both logging weekly declines. COMEX gold futures settled at $4,126.9/oz, down 0.45% daily and 2.05% weekly. COMEX silver futures fell 0.6% to $48.41/oz, with a 3.38% weekly drop. After hitting successive all-time highs in recent weeks, gold faced heavy selling pressure this week; earlier in the week, it plummeted over 5% intraday, marking the largest intraday decline in years. Meanwhile, gold ETF holdings shrank sharply, posting the biggest single-day drop in five months. Nevertheless, gold is still up ~55% YTD, supported by lingering trade tensions and geopolitical risks.

Intraday, COMEX gold hit a daily low ahead of U.S. CPI data. Post-release, softer-than-expected CPI reinforced market bets on a 25-bp Fed rate cut at its upcoming meeting, triggering an immediate gold rebound. Additionally, the market continues to monitor delayed economic data and policy uncertainty from the prolonged U.S. government shutdown, the Fed's monetary policy meeting, and China-U.S. trade developments. These factors collectively underpin gold's fundamentals; despite short-term selling pressure, the long-term supportive logic remains unaltered.

II. Key Drivers Behind Gold's Volatility

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

This week, U.S. economic data showed mixed performance, while some data failed to be released on schedule. As of Friday, the U.S. government shutdown entered its 24th day, marking the second-longest federal funding gap in history with no signs of resolution. A temporary funding bill supported by Senate Republicans failed for the 12th time in the Senate on Wednesday, with a 54-46 vote largely split along party lines. The ongoing government shutdown means there is still limited clarity on the true state of the economy. Nevertheless, some released data performed relatively well. Despite this, market consensus (which we share) expects the Federal Reserve (Fed) to implement an interest rate cut next week.

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

(1) U.S. Consumer Price Index (CPI)

Over the 12 months ending in September, the U.S. CPI rose 3%, below the expected 3.1% but higher than August's2.9%. The core CPI (excluding food and energy) increased 3% year-on-year, down 0.1 percentage point from the previous month.

(2) Purchasing Managers' Index (PMI)

According to the preliminary "flash" PMI data from S&P Global, the U.S. Composite PMI accelerated to the "second-fastest pace this year" in October, with new business volume posting the largest increase so far in 2025. The S&P Global Manufacturing PMI edged up from 52.0 in September to 52.2, while the Services PMI rose from 54.2 in September to 55.2, reaching a three-month high.

(3) University of Michigan Consumer Sentiment Index

The University of Michigan revised down its consumer sentiment index from a preliminary reading of 55.0 to 53.6, falling short of the expected 55.1. One-year inflation expectations dropped from 4.7% in September to 4.6%, while five-year inflation expectations rose from 3.7% in the previous month to 3.9%.

(4) U.S. Existing Home Sales (September)

U.S. existing home sales increased by 1.5% in September, reversing August's 0.2% decline. Sales volume rose from 4.00 million units to 4.06 million units.

➢ **Impact on Gold Prices:**

Weaker inflation data has strengthened market expectations of a 25-basis-point rate cut by the Fed at its upcoming monetary policy meeting. Lower borrowing costs typically boost the appeal of non-interest-bearing assets like gold, as they reduce the opportunity cost of holding gold. However, the rebound in October's PMI and the growth in September's existing home sales signal economic resilience, which has exerted some pressure on gold prices. Amid the interplay of bullish and bearish factors, gold is likely to trade in a short-term range.

2) Monetary Policy & Gold Market Impact

(1) Fed Monetary Policy Meeting Blackout Period

➢ The blackout period for the monetary policy meeting officially began on Saturday, October 18, and will last until Thursday, October 30, following the conclusion of the meeting. Currently in the blackout period, few Fed officials have made comments on monetary policy.

(2) Market Watch Data

➢ **CME FedWatch Tool:**

According to the CME FedWatch Tool, traders now see a nearly 99% probability of another rate cut by the U.S. central bank at its upcoming monetary policy meeting and expect a further cut in December. The tool shows that the market fully prices in a 25-basis-point rate cut by the Fed.

➢ **Prime Market Terminal Data:**

Based on the interest rate probability tool from Prime Market Terminal, the market places a 96% probability on the Fed cutting rates at its October 28-29 meeting.

(3) Impact on Gold Prices

Policy uncertainty during the data vacuum and rate cut expectations have provided safe-haven support for gold. The four-week U.S. government shutdown has delayed key data releases, forcing the Fed to rely on private-sector data for decision-making and increasing policy uncertainty. The market has priced in a high probability of a 25-basis-point rate cut by the Fed in October, and the blackout period is unlikely to change this expectation. Even if data exceeds expectations, the Fed may still cut rates but could send cautious signals. For gold, short-term performance will be supported by policy uncertainty and rate cut expectations but remain volatile in a range. In the medium to long term, gold will still benefit from the interest rate cut cycle and central bank gold purchases.

3) Yields, USD & Gold Dynamics

(1) Dollar Index Behavior

The U.S. Dollar Index, which measures the greenback against a basket of six major currencies, rose slightly this week, closing near 99.00. It ended at 98.95 in late New York trading on Friday (October 24), erasing last week's pullback and extending its recovery since mid-September. This trend is linked to expectations of China-U.S. trade talks and a rebound in U.S. Treasury yields in the second half of the week. The market is nearly certain that the Fed will cut rates by 25 basis points on October 29, with a 95% probability of another cut in December. The U.S. government shutdown has entered its 24th day; if it persists until November 5, it will become the longest on record, affecting economic data releases and market sentiment. Technically, while the U.S. Dollar Index may rise in the short term, its overall outlook remains bearish.

(2) US Treasury Yields & Gold Dynamics

The U.S. 10-year Treasury yield held around 4% in late New York trading on Friday (October 24), having risen approximately 5 basis points the previous day, as investors prepared for the key inflation report delayed by the government shutdown. Meanwhile, traders closely monitored trade developments, including high-level economic and trade talks between Chinese and U.S. officials in Malaysia from October 24 to 27, and the White House's confirmation of a meeting between Donald Trump and Xi Jinping.

- **Impact on Gold**

The slight rise in the U.S. Dollar Index and the stabilization of U.S. Treasury yields around 4% this week have exerted short-term pressure on gold prices. However, the Fed's clear rate cut expectations and economic uncertainty continue to provide underlying support for gold prices.

4) Geopolitical Tensions & Safe-Haven Demand

- **Russia-Ukraine Conflict**

-On Wednesday, U.S. President Donald Trump imposed Ukraine-related sanctions on Russia for the first time during his second term, targeting oil companies Lukoil and Rosneft. Trump refused to provide "Tomahawk" missiles to Ukraine, prompting negotiations with Volodymyr Zelenskyy.

-Additionally, both sides have escalated long-range strikes: Russia launched intensive missile and drone attacks on multiple Ukrainian locations (including Kyiv and Kharkiv), while Ukraine retaliated with drone strikes on Russian territory (including Moscow and Belgorod).

Turmoil in the political situation has heightened geopolitical risks, providing support for gold as a safe-haven asset.

5) Tariff Turmoil Drives Gold Swings

(1) Tariff & Trade Policy Developments

- **U.S.-China Tariffs**

-Earlier this month, China decided to expand export restrictions on rare earth materials, after which news related to China-U.S. trade has dominated markets. In response, President Trump threatened to impose 100% tariffs on Chinese imports starting November 1, triggering tit-for-tat measures from both sides, including mutual increases in shipping and port fees. According to a Reuters report on Wednesday evening, the Trump administration is considering a plan to restrict exports of a wide range of software-driven products to China in retaliation for Beijing's latest round of rare earth export restrictions.

-U.S. Treasury Secretary Scott Bessent and U.S. Trade Representative Jamison Greer held high-level economic and trade talks with Chinese Vice Premier He Lifeng in Malaysia on Friday, aiming to ease recent tensions.

-Expectations of a de-escalation in China-U.S. trade tensions have improved market sentiment. Hopes for a potential easing of the China-U.S. trade deadlock after the resumption of talks have partially lifted market sentiment. The White House confirmed on Thursday that U.S. President Donald Trump will meet with Chinese President Xi Jinping on October 30 during the APEC summit in South Korea, a development that helps ease recent trade tensions. As the November 1 tariff deadline approaches, progress in China-U.S. trade policy remains a key focus.

➢ **U.S.-Canada Trade Tariff Policy**

-.U.S.-Canada trade tensions have escalated. Citing comments from U.S. President Donald Trump, the Financial Times reported that Trump has terminated all trade talks with Canada. Trump stated that an anti-tariff advertising campaign launched by the Ontario provincial government had sparked his strong dissatisfaction, which would trigger a new commercial crisis between the U.S. and its northern neighbor.

-In a Thursday night post on Truth Social, Trump emphasized: "Tariffs are crucial to America's national security and economy. In light of Canada's egregious actions, the United States hereby terminates all trade negotiations with Canada."

(2) Impact on Gold Prices

Expectations of a potential de-escalation in China-U.S. trade tensions (due to plans for a meeting between the two sides) have weakened gold's safe-haven demand. However, the termination of U.S.-Canada trade talks and the escalation of frictions have introduced new uncertainties, which may support gold prices. In the short term, gold is affected by the interplay of these two opposing signals, leading to volatile movements.

6) Gold Market Observation

(1) Portfolio Resilience: Gold's Role Amid Economic Headwinds – World Gold Council

➢ **Background of Gold's Attention: Multiple Economic and Policy Uncertainties**

-Policy & Economic Shifts: Since the release of the 2025 Why Invest in Gold? A Cross-Asset Perspective report in May 2025, significant changes have occurred in policy and economic spheres. However, uncertainties and vulnerabilities persist in three key areas: geopolitics, fiscal policy, and trade.

-Fed's Policy Dilemma: Investors worry about economic growth and inflation. The Fed's dual goal of "balancing growth and inflation" is in conflict, with lingering stagflation concerns driving gold prices up over 50% this year (as of October 10, 2025).

-Unchanged Core Logic: The key reasons for allocating alternative assets like gold, outlined in the May report, remain valid.

➢ **Two Core Reasons for Gold Allocation (vs. Shortcomings of Other Assets)**

Equity Markets: Superficial Frenzy, Fragile Foundations U.S. stocks have surged in recent months, sparking concerns over "overvaluation" and "concentration risk"—the market appears optimistic but lacks solid fundamentals. If economic pressures intensify (e.g., a cooling labor market), investors may shift to safe-havens, with gold as a top choice due to its historical resilience (per mid-year outlook).

Bond Markets: Persistent Uncertainties & Unresolved Risks. The Fed resumed easing in September, cutting rates by 25BP to address a cooling labor market (in line with expectations).

Potential risks: Tariffs and industrial reshoring may push up domestic costs, lifting U.S. long-term yields and disrupting the Fed's inflation target. Meanwhile, long-term Treasuries lack stability amid concerns over "Fed independence" and "massive U.S. fiscal financing needs."

➢ **Short-Term Risks Facing Gold**

-Technical Signals: Potential Short-Term Correction. The monthly RSI exceeds 90, and gold prices are over 20% above the 200-day MA. This may trigger investor "portfolio rebalancing" and "profit-taking," leading to a short-term reversal.

-Demand & Sentiment Shifts： Sharp gold rallies may dampen consumer demand. If global trade normalizes and GDP growth rebounds, market risk appetite could rise, weakening gold's safe-haven appeal.

➢ **Long-Term Conclusion: Gold's Resilience & Allocation Value Remain Prominent**

-Recommendation: Maintain a diversified investment strategy and monitor market dynamics.

-Factors Supporting Long-Term Value: An expanding investor base, long-term dollar weakness, and persistent geo-economic uncertainties ensure gold's "diversification advantages" and "risk-resistant resilience" remain critical.

III. Outlook & Key Catalysts

➢ **Next Week's Focus:**

U.S. durable goods new orders, pending home sales index, M2 and M1 money supply, unemployment rate, etc.; special attention to the Fed's meeting interest rate decision.

IV. Quantitative Strategy Review

Quant Team's Input：

1) **Technical Structure Analysis of Gold**

New York Gold Trading & Risk Tips (Execution Layer)

After a strong rebound, gold has shown initial signs of consolidation. The short-term outlook has turned bearish, as prices are currently below the 21-period, 50-period, and 100-period Simple Moving Averages (SMA) on the 4-hour chart—indicating fading bullish momentum—though the $4,000 support level remains a key defensive line for bulls.

The psychological $4,000 mark is still a crucial support zone, where bottom-fishing buyers have been active in recent trades. A decisive break below this area could trigger a deeper pullback to the $3,900 region, so risk control is advised.

The 100-period SMA near $4,190 acts as immediate resistance, followed by $4,250. A sustained break above this zone would open the path to $4,400; otherwise, stronger selling pressure may emerge unless bulls secure an effective breakthrough.

The gold market rose early this week but then reversed sharply lower. The $4,000 level seems set to be the market's focal point. Technically, gold appears to be trying to form a periodic top, notably with a significant surge in trading volume. Looking at the daily chart, the market is clearly in the process of attempting a downside breakdown. After Tuesday's candlestick formation, the market stalled and failed to regain upward momentum, though Friday's gradual rebound has given some confidence for a continued rally.

The key question is whether the market can sustain follow-through. A break below $4,000 is expected to trigger a decline to $3,800—the target level calculated from the previous ascending triangle pattern. Ultimately, this trend logic is highly plausible. However, shorting the market in the near term is not advisable; it is merely that gold prices need a slight return to rationality, as the prior rally was clearly overextended. Moreover, with risk events still unresolved, the outlook for future trends will continue to receive support.

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: 45%

Equity change: -1.79%

Trading frequency: 56 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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