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Weekly Gold Wrap

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I. Gold Price Recap

On Friday (Nov 14 New York time; early morning Beijing time on Nov 15), COMEX Gold Futures fell 2.62% to settle at $4,084.4/oz, posting a weekly gain of 1.86%; COMEX Silver Futures dropped 5.21% to $50.4/oz, with a weekly increase of 4.69%.

From the weekly intraday perspective, Fed rate cut expectations and delayed economic data continued to support market sentiment, but rising optimism over the gradual end of the U.S.'s record government shutdown triggered profit-taking by some investors. Risk-aversion demand eased marginally, driving a pullback in gold prices. However, while the government's resumption improved short-term market sentiment, investors remained cautious—deep-seated fiscal and economic structural challenges remain unresolved. As the government gradually returns to normal operations, key economic data delayed earlier is expected to be released sequentially. If the data further confirms a slowdown in the U.S. economy, it will likely strengthen expectations of further Fed easing. Against this backdrop, coupled with escalating geopolitical risks, gold's short-term outlook remains constructive, and market buyers may actively seek entry opportunities amid price pullbacks.

II. Key Drivers Behind Gold's Volatility

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

(1) Agreement on Ending Government Shutdown and Subsequent Risks

The U.S. Senate voted 60-40 on Monday to pass a temporary funding bill aimed at ending the record government shutdown that began on Oct 1 (based on a bipartisan agreement reached on Sunday, with cross-party support from multiple Democratic senators). The bill will be submitted to the House for a vote on Wednesday and requires President Trump's signature to take effect, only funding the government through January 30. If Congress fails to reach a long-term agreement, the risk of another partial shutdown persists. U.S. national debt has exceeded $38 trillion, and new federal spending is expected to be financed through additional borrowing, keeping long-term fiscal pressure elevated.

(2) Data Disruption and Market Impact from the Shutdown

The shutdown delayed the release of key official economic indicators, forcing investors and policymakers to rely on private-sector data, which showed significant contradictions: The Challenger Job Cuts Report indicated U.S. employers announced 153,074 layoffs in Oct (the highest monthly figure since 2003), while the concurrent ADP Report showed the private sector added 42,000 jobs. Additionally, the White House Press Secretary stated the Bureau of Labor Statistics (BLS) may be unable to release Oct's employment and inflation data, triggering a new round of dollar selling and pushing COMEX Gold Futures to a three-week high above $4,200/oz. The market has not received official notice on the release of backlogged data, with only expectations that the BLS may release September's employment data as early as next Friday—but the outdated data is unlikely to trigger a significant market reaction.

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

① **ADP Employment DataChange in Employment:** The U.S. private sector added 42,000 jobs, the largest increase since July 2025 and significantly higher than the market expectation of 28,000. September's data was revised up from a "decline of 32,000" to a "decline of 29,000," narrowing the contraction. This indicates the U.S. labor market has rebounded from the weakness in August-September, but ADP emphasized that "the rebound is not widespread," with growth concentrated in select industries.

② **Economic Impact Assessment:** White House Economic Advisor Kevin Hassett told CNN that the economic damage from the shutdown exceeded expectations, with Q4 GDP growth projected to be dragged down by 1% to 1.5%.

③ **Inflation Expectations:** The Federal Reserve Bank of New York's Consumer Survey showed one-year inflation expectations fell to 3.2% in Oct from 3.4%, while three-year and five-year expectations remained unchanged at 3%. The University of Michigan Survey indicated one-year inflation expectations rose to 4.7% in Nov from 4.6%, and five-year expectations declined to 3.6% from 3.9%.

(4) Impact on Gold Prices

Economic and employment data uncertainty from the government shutdown, which reinforced Fed easing expectations, coupled with long-term fiscal risks and risk-aversion demand from data release chaos, supported gold prices in the short term. While the shutdown agreement eased some pressure, the core supporting factors remain intact, and gold prices maintain resilience.

2) Monetary Policy & Gold Market Impact

(1) Views from Fed Officials

Fed officials collectively issued cautiously hawkish signals on Thursday, explicitly stating they are in no rush to pursue further interest rate cuts.

- **Federal Reserve Vice Chair Philip Jefferson:** "As policy approaches the neutral interest rate, the Fed should move cautiously on further rate cuts," emphasizing a "meeting-by-meeting assessment" approach and noting the risk that "the government shutdown may lead to data gaps."
- **San Francisco Fed President Mary Daly:** "It is too early to judge whether to cut rates in December," highlighting that the labor market "has shown significant signs of slowing" and that the inflation moderation process "remains sticky and has not yet reached the target level."
- **Boston Fed President Susan Collins:** Pointed out that "the threshold for further easing in the short term is high," warning that additional policy stimulus "may hinder inflation's return to the 2% target or even stall the process."
- **St. Louis Fed President Alberto Musalem:** Stated that "policy implementation needs to remain prudent, and the current room for further easing is relatively limited."
- **Minneapolis Fed President Neel Kashkari:** Revealed he opposed the Oct rate cut and his voting stance for December remains undecided.

(2) Market Watch Data

- **CME FedWatch Tool:**

CME FedWatch Tool shows the market currently prices in over a 60% probability of another Fed rate cut in Dec.

- **Prime Market Terminal Data:**

According to Prime Market Terminal, market participants put the probability of a Fed rate cut at the December monetary policy meeting at 51.6%.

(3) Impact on Gold Prices

Fed officials' collective hawkish signals—explicitly stating they are in no rush to cut rates further—cooled December rate cut expectations sharply from over 60% to 51.6%, creating short-term headwinds for gold. Nevertheless, expectations of weak economic data continue to provide support for gold.

3) Yields, USD & Gold Dynamics

(1) Dollar Index Behavior

The U.S. Dollar Index (DXY), which measures the greenback against six major currencies, traded in a consolidative range. While the dollar remains within its multi-month trading range, it strengthened slightly this week: In late New York trading on Friday (Nov 14), the index rose 0.11% to close at 99.28. The DXY consolidated as the market oscillated between signals of slowing economic growth and persistently restrictive policies.

(2) US Treasury Yields & Gold Dynamics

U.S. Treasury yields rose. In late New York trading on Friday (Nov 14), the 10-year U.S. Treasury benchmark yield climbed 2.71 basis points to 4.146%. Slightly above 4.1%, the 10-year yield recorded a weekly gain of nearly 5.2 basis points.

- **Impact on Gold**

The slight strengthening and consolidative trend of the U.S. Dollar Index, combined with the 10-year Treasury yield's rebound above 4.1% and weekly gain, have jointly increased the opportunity cost of holding gold and weakened its appeal as a safe-haven asset, exerting short-term pressure on gold prices.

4) Geopolitical Tensions & Safe-Haven Demand

- **Russia-Ukraine Conflict**

.The Russia-Ukraine conflict escalated on Nov 13-14: Russian forces launched large-scale air strikes on Kyiv (430 drones + 18 missiles), causing widespread power and heating outages, with 4 deaths and 27 injuries. NATO accelerated the delivery of air defense systems to Ukraine; the EU completed €18.1 billion in aid to Ukraine; and the seven Nordic countries allocated $500 million in assistance.

- **Israel-Hamas Ceasefire Crisis**

Hamas accused Israel of violating the ceasefire agreement and handing over the remains of Israeli soldiers killed in 2014. The process of Israel-Saudi normalization was suspended simultaneously, and Houthi rebels warned they would resume missile attacks on Israel if the ceasefire collapses.

The above geopolitical and military turmoil has raised geopolitical risks, providing support for gold as a safe-haven asset.

5) Tariff Turmoil Drives Gold Swings

(1) Tariff & Trade Policy Developments

- **Supreme Court Accelerates Review of Trump's Tariff Case**

The U.S. Supreme Court has not yet issued a final ruling on the case involving Trump's tariff imposition under the International Emergency Economic Powers Act (IEEPA), and the case remains under review.Latest Update: Oral arguments held on Nov 5 (last Wednesday) concluded after approximately 2.5 hours. Several justices (including conservatives) questioned the Trump administration's tariff authority, arguing that the IEEPA does not authorize the president to implement large-scale trade measures without congressional approval. The Supreme Court will expedite the trial, with a ruling expected as early as the end of 2025 and no later than January-February 2026 (ahead of the usual 6-7 month session timeline).

- **Trump Administration Signs Executive Order on Nov 14 to Exempt Some Agricultural Products from Reciprocal Tariffs**

On Nov 14 (this Friday), the Trump administration signed a new executive order adjusting the scope of "reciprocal tariffs," excluding certain agricultural products from additional tariffs. The move was stated to be based on "assessments of domestic demand and production capacity, as well as recommendations from government agencies."

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

China-U.S. trade news is mixed. China has sent mixed signals, keeping investors cautious. China announced the expansion of market access for U.S. enterprises and the exemption of "special port fees" for U.S.-operated ships for one year. However, The Wall Street Journal reported on Tuesday that China is formulating a new export control plan, allowing the export of rare earth magnets to civilian buyers but restricting shipments to U.S. enterprises related to national defense or the military.

- **Core Impact Analysis of China-U.S. Trade**

A report by Standard Chartered economists notes that the peak of panic over the China-U.S. tariff war has passed, and tariffs are expected to remain at current levels in 2026. The latest trade agreements have eased tensions through mutual concessions, and China's rare earth controls remain an effective negotiating tool. China's exports have maintained resilience through diversification, industrial upgrading, and inNov ation; weak imports coupled with net exports have supported economic growth, with the current account surplus hitting a high not seen since 2011. Driven by the recovery in total factor productivity and the the 15th Five-Year Plan's focus on technology and service exports, Standard Chartered has raised its forecasts for China's current account surplus as a percentage of GDP to 3.3% (2025), 2.5% (2026), and 2% (2027).

- **Other U.S. Trade Policy Dynamics**

President Trump stated on Monday that the U.S. is "close to reaching" a trade agreement with India that will reduce tariffs on Indian goods, while negotiations with Switzerland are also progressing. Bloomberg reported that Switzerland is on the verge of finalizing an agreement, under which U.S. tariffs on Swiss exports may be reduced from 39% (implemented since August) to approximately 15%.

(2) Impact on Gold Prices

Policy uncertainty surrounding Trump's tariff case and ongoing China-U.S. trade frictions provide short-term safe-haven support for gold. Meanwhile, the intertwined trend of global trade détente and partial frictions, combined with gold's core attribute as a safe-haven asset, will sustain its allocation demand in the long run.

6) Gold Market Observation

(1) Key Points of WGC's New VAT Policy for China's Gold Market

(Effective from Nov 1, 2025, to Dec31, 2027)

① **Core Adjustments of the New Policy**

Focused on differentiated VAT collection in the gold market, the policy prioritizes tax rules based on usage—unlike the 2019 policy that uniformly cut VAT from 16% to 13%. Specifically: VAT exemption remains for primary SGE trading (direct member-to-member gold transactions); the key change is the withdrawal stage—if gold is used for investment (e.g., reselling branded bars), the existing 13% VAT on value-added portions still applies with no material impact; for non-investment use (e.g., jewelry processing/distribution), the input tax deduction rate drops from 13% to 6%, with additional burdens passed to downstream; clients withdrawing gold via SGE member agents are deemed non-investment users, facing higher taxes

② **Impact on the Investment Segment**

Physical investment products (gold bars/coins), Gold ETFs, and gold accumulation plans are not directly affected—investors buying via SGE members still enjoy tax incentives with no cost increases. However, non-member channels (regional small banks, independent gold stores, brand franchises) have raised gold bar prices by ~13% due to lost tax benefits, strengthening SGE members’ (large commercial banks, brand direct stores) dominance. Additionally, to avoid higher costs of direct jewelry purchases, some consumers may switch to the "buy gold bars + in-store processing" model, potentially boosting gold bar sales.

③ **Impact on the Jewelry Consumption Segment**

The gold jewelry industry is the most affected: manufacturing/wholesale hubs (e.g., Shenzhen) and retail stores have raised prices since Nov ember 3, matching new tax burdens. World Gold Council models show a 1% gold price hike typically cuts jewelry demand by 0.7%, but demand elasticity has weakened amid historical high prices, limiting the policy's inhibitory effect. Long-term, cost pressures will accelerate industry consolidation, pushing jewelers to shift from price competition to inNov ative designs and process upgrades (e.g., hard pure gold, "pure gold + other materials" products) to attract young consumers. Hong Kong and Macau, unaffected by the policy, will see enhanced price advantages, leading to divergent jewelry sales with mainland China.

④ **Impact on the Recycling Market**

The policy widens the gap between jewelry's VAT-inclusive purchase price and VAT-exclusive repurchase price (tied to SGE benchmarks), increasing consumers’ sense of "book loss" and possibly reducing recycling willingness. Moreover, lackluster National Day sales and the late 2026 Spring Festival (peak season) have already curbed retailers’ Q4 restocking—higher taxes will exacerbate this, potentially dampening short-term market circulation efficiency.

⑤ **Overall Trend Outlook**

Against the macro backdrop of a sluggish real estate sector, economic uncertainty, rate cut expectations, and high household savings, China's gold investment demand will remain strong—the new policy does not alter this core logic. The jewelry industry, however, faces dual challenges of rising costs and divergent demand; inNov ative, high-value-added products (lightweight, low-priced, design-driven) will be key to retail growth, with further industry concentration. Long-term, the policy may drive the gold market toward "steady investment growth + quality consumption upgrading," supporting the industry's transformation from scale expansion to high-quality development.

III. Outlook & Key Catalysts

➢ **Next Week's Focus:**

Some official data delayed by the government shutdown remains unreleased; monitor private-sector alternative data. Fed officials will speak early next week, along with U.S. tariff policy developments.

IV. Quantitative Strategy Review

Quant Team's Input：

1) 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: 100%

Equity change: 0.1%

Trading frequency: 0 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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