Future Gold Labs

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Weekly Gold Wrap

2025/11/30

I. Gold Price Recap

On Friday of this week (New York time, Nov 28; Beijing time, the early morning of Nov 29), the price of COMEX gold futures regained the level of $4,200/oz. COMEX gold traded at $4,256.4/oz, up 1.59%. Silver outperformed gold more strikingly, COMEX silver futures traded at $57.085/oz, up 6.06%.

In terms of intraday weekly trends, both gold and silver trended upward this week. Earlier this week, the market reassessed the possibility of the Federal Reserve implementing a 25-basis-point rate cut at its last monetary policy meeting of the year, triggering a bullish trend for gold and silver. Dovish comments from Fed officials including Milan and Williams further strengthened expectations of rate cuts. Coupled with U.S. economic data that did not alter market judgments, gold hit a two-week high during the Asian session on Friday.

In addition, the U.S. economic data released this week were mixed and did not change market expectations. The CME Group suspended trading due to a data center malfunction, yet the resumption of trading did not hinder gold's upward trend. Affected by month-end position adjustments and post-holiday low liquidity, gold price volatility may rise.

II. Key Drivers Behind Gold's Volatility

1) Mixed U.S. Economic Indicators Trigger Gold Volatility, Yet Rate Cut Expectations Remain a Boon for Gold Prices

(1) Major U.S. economic indicators disclosed this week and their impact on gold prices

- **Producer Price Index (PPI):** The U.S. core Producer Price Index (PPI) fell in September, with inflation edging lower. Retail sales data showed that U.S. household spending is contracting. Inflation eased moderately. Earlier, after the Producer Price Index (PPI) rose to 3.1% year-on-year in July, it recorded a reading of 2.7% for two consecutive months, indicating that producer-side inflation seems to have stalled.
- **New Durable Goods Orders in September:** The U.S. Census Bureau reported on Wednesday that new durable goods orders rose by 0.5% in September, lower than the revised previous reading of 3.0% but still exceeding the market expectation of 0.3%. Details of the report also showed that new durable goods orders excluding transportation increased by 0.6% in the month, while new durable goods orders excluding defense inched up by 0.1% in the month after rising by 1.9% in the

previous month.

- **Initial Jobless Claims:** The U.S. Department of Labor announced that in the week ending Nov 22, the number of Americans filing for initial unemployment benefits was 216,000, lower than the expected 225,000 and down from the previous reading of 222,000.
- **Chicago Purchasing Managers' Index (PMI):**
- The Chicago Purchasing Managers' Index showed weakness, unexpectedly falling further into contraction territory in Nov to 36.3.

(2) Impact on Gold:

The decline in the U.S. September PPI and the Chicago PMI falling into contraction in Nov boosted expectations of a Federal Reserve rate cut and lifted gold's safe-haven demand. However, the better-than-expected September new durable goods orders and initial jobless claims hitting a four-month low in April indicated that the economy and labor market still have resilience, exerting short-term pressure on gold prices. The overall divergent data caused gold prices to fluctuate. But the released data did not change the market's pricing of the Federal Reserve's policy outlook, and the gold trend remained positive.

2) Monetary Policy & Gold Market Impact

(1) Fed Nomination Uncertain, Dovish Stance Stands Out Amid Policy Divisions

① **Nomination of Fed Chair Successor and Rate Cut Expectations:**

- On Nov 25 (New York time), U.S. Treasury Secretary Scott Bessent stated that Trump is highly likely to nominate a successor to Fed Chair Powell before the year-end traditional holidays; according to Bloomberg news on the 26th, Kevin Hassett, Director of the White House National Economic Council, is the top candidate. If he takes office, he will likely implement a dovish monetary policy and cut interest rates immediately. Fed Governor Christopher Waller is also a popular candidate who advocates a rate cut in December, yet Trump's decision-making style leaves the nomination result uncertain.
- However, the market generally expects that any successor will act on U.S. President Donald Trump's call for substantial interest rate cuts.

② **Policy Path Divisions:**

- Fed officials have remained silent since the eve of Thanksgiving on Wednesday, and the Fed's blackout period will start on Saturday. Policymakers of the Federal Open Market Committee (FOMC) still disagree on the next steps. Nevertheless, recent remarks by New York Fed President John Williams and Fed Governor Christopher Waller have dampened hawkish views and solidified the dovish stance ahead of the meeting.

(2) Divergent Views Among Fed Officials

- **Fed Governor Christopher Waller:** stated on Monday that it would be appropriate to ease policy next month in light of signs of a cooling labor market and weakening economic activity.
- **Fed Governor Stephen Milan:** argued that the rise in the unemployment rate reflects overly tight policy and reaffirmed his support for a larger rate cut; he also echoed dovish views in a TV interview on Tuesday, noting that the deterioration of the job market and the economy requires a substantial rate cut to return monetary policy to neutrality.
- **San Francisco Fed President Mary Daly:** she supports a rate cut at next month's meeting and warned that the risks facing the labor market currently outweigh those of a rebound in inflation.

Beyond this, uncertainties remain, as several other policymakers hold a more cautious stance, emphasizing that inflation is still sticky and warning that cutting rates too quickly may trigger a resurgence of price pressures.

(3) Market Watch Data

➢ **CME FedWatch Tool:**

According to the CME Group FedWatch Tool, the market sees an 87% probability that the Fed will cut interest rates by 25 basis points at its meeting on December 9-10.

➢ **Prime Market Terminal Data:**

Data from Prime Market Terminal shows that market expectations for loose policy have climbed above 85%.

(4) Impact on Gold Prices

The uncertain Fed chair nomination coupled with rising rate cut expectations, along with the prominent dovish stance and the market's high-probability expectation of a December rate cut, directly benefit gold prices; despite divisions among Fed officials on the policy path, the overall easing expectation still provides strong 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, fell on Friday (Nov 28) this week and closed at 99.444 in late forex trading.

(2) US Treasury Yields & Gold Dynamics

The yield on the 10-year U.S. Treasury note declined. In late New York trading on Friday (Nov 28), the Federal Reserve's dovish stance weighed on U.S. Treasury yields, with the 10-year U.S. Treasury yield falling below 4%.

(3) Impact on Gold

The U.S. Dollar Index fell this week, which reduced the purchase cost of gold priced in U.S. dollars for holders of other currencies and directly boosted gold demand; meanwhile, the 10-year U.S. Treasury yield fell below 4%, and combined with the impact of the Federal Reserve's dovish stance, these two factors jointly drove up gold prices.

4) Geopolitical Tensions & Safe-Haven Demand

➢ **Russia-Ukraine Conflict**

Ukrainian President Zelenskyy stated that Ukrainian and U.S. delegations will meet in Geneva this week to discuss the formulation of a peace and security framework. Meanwhile, although Russia deems President Zelenskyy illegitimate, it still hopes to promote a peaceful settlement of the Ukraine issue.

Russian President Putin said on Thursday that President Donald Trump's proposal "can serve as the basis for future negotiations", but emphasized that there is no final version yet. Putin reiterated that hostilities will only stop if Ukrainian troops withdraw.

➢ **Escalation of U.S.-Venezuela Sovereign Dispute**

On Nov 29 (New York time), Trump announced that the airspace over and around Venezuela "is deemed fully closed", and the U.S. Federal Aviation Administration (FAA) had previously warned airlines to exercise caution when flying in the area. Venezuela's Defense Minister strongly condemned this as an act of aggression violating international law, stating that the country will defend its sovereignty at all costs. Venezuela has revoked the operating concessions of six foreign airlines that cooperated with U.S. actions, while the U.S. has deployed warships in the waters near Venezuela to exert pressure.

Initial signs of peace talks in the Russia-Ukraine conflict have eased market safe-haven sentiment to a certain extent, exerting short-term pressure on gold prices. However, the escalation of the U.S.-Venezuela sovereign dispute has heightened geopolitical risks and boosted gold's safe-haven demand. The interplay of various geopolitical factors has caused gold prices to exhibit a volatile trend.

5) Tariff Turmoil Drives Gold Swings

(1) Tariff & Trade Policy Developments

➢ **China - U.S. Trade**

-Xinhua News Agency reported on Monday that Chinese President Xi Jinping held a telephone conversation with U.S. President Donald Trump. The unexpected call came weeks after the two leaders met in the ROK in late October.

-President Xi told Trump that the two countries should sustain the momentum of bilateral relations development, "expand the cooperation list and shorten the problem list". Meanwhile, Trump stated that the two sides also discussed issues including fentanyl, soybeans and other agricultural products, but did not elaborate. On Nov 26, the Office of the U.S. Trade Representative (USTR) announced that it would extend the tariff exemption period for 178 categories of Chinese imports to the United States until 2026.

-Trump posted on Truth Social: "We have reached a good and crucial agreement for our great farmers — and things will only get better."

➢ **Breakthrough in U.S. - India Trade**

On Nov 28, U.S. - India trade negotiations entered the final stage, with the first - phase agreement expected to be reached by the end of December. The United States plans to reduce tariffs on Indian goods from the current 50% (including 25% reciprocal tariffs + 25% punitive tariffs on Russian oil purchases) to 15% - 16%, covering India's competitive export sectors such as textiles, gems, leather and construction machinery. India's state - owned oil companies signed a historic procurement agreement with the United States, agreeing to import approximately 2.2 million tons of liquefied petroleum gas (LPG) per year from the U.S. through 2026.

➢ **EU - U.S. Tariff Game**

The United States has demanded that the EU adjust its digital regulatory and green energy rules before considering reducing the 50% high tariffs on EU steel and aluminum, leaving the negotiations at an impasse. The 27 EU member states oppose the U.S. plan to expand the tariff scope to more than 400 products and have stated that they will take countermeasures.

(2) Impact on Gold:

The easing of China - U.S. trade relations, the telephone conversation between the two heads of state and the extension of the tariff exemption period for Chinese imports to the U.S. have boosted market risk appetite to a certain extent and exerted short - term pressure on gold's safe - haven demand. The breakthrough in U.S. - India trade has promoted the deepening of bilateral economic and trade cooperation. The reduction of India's tariffs may boost its domestic gold consumption demand, but its short - term impact on international gold prices is limited. However, the deadlock in the EU - U.S. tariff game has intensified potential trade friction risks and market uncertainty, providing safe - haven support for gold prices. Overall, the interweaving of bullish and bearish factors from different trade policies has led to a volatile trend in gold prices.

6) Gold Market Observation

(1) Silver Futures Hit a New High: Analysis of China's Near-Decade Low Inventories and Multiple Driving Factors (Wall Street Insights)

① **Core Performance of Silver Futures Market**

- **Price hitting new highs:** Silver futures prices on the New York Mercantile Exchange rose to a new high on Friday.
- **Low inventories:** Shanghai Gold Exchange's silver inventories fell by 58.83 tons to 715.875 tons in the week ending Nov 24, the lowest since July 3, 2016; inventories increased by 21.3 tons on Nov 25 but remained at a near-decade low.

② **Core Drivers of Silver Price Rally**

- **Supply side:** Inventory crunch and cross-border arbitrage exacerbate shortages
- **Surging exports:** China's silver exports exceeded 660 tons in October, a record high, leading to a rapid depletion of domestic inventories.
- **Arbitrage activities:** Due to statistical tax premiums, prices on the New York Mercantile Exchange are higher than those in London and other regions. The price gap before the implementation of tariff policies created cross-border tariff arbitrage opportunities. Traders shipped silver to U.S. warehouses in advance, causing inventories of various metals on the London Metal Exchange (LME) to nearly run out, even triggering term arbitrage and liquidity crises for some varieties. ING analysts pointed out that the export surge stems from this arbitrage, further intensifying the silver supply crunch.

③ **Macro side: Fed rate cut expectations boost precious metals**

- **Market betting on rate cuts:** Traders widely expect the Federal Reserve to cut rates in December, increasing the appeal of non-interest-bearing assets like silver and providing solid support for precious metal prices.
- **Positive policy signals:** Several Fed governors stated that the labor market is weak enough to justify another rate cut in December; New York Fed President John Williams also believes there is room for further rate cuts. A senior economic advisor to President Trump is likely to be a top candidate for the next Fed chair, further strengthening market confidence in low interest rates.

④ **Chain reaction of supply chain tension: Copper prices may rise**

- **Supply gap forecast:** Eun Young Lee, a research analyst at DBS Group, predicted that the copper supply gap may widen to 316,000 tons in 2026, and the average copper price may rise by 3.1% to $9,900/ton in 2026; demand is driven by data center and power grid investment, while supply growth is limited by mine production disruptions and declining ore grades.
- **Market dynamics:** Chilean copper producer Codelco plans to raise the 2026 annual contract premium from $89/ton this year to $350/ton; DBS Bank believes Chinese copper mining companies will benefit, with Zijin Mining and MMG as top picks (MMG derives 74% of its revenue from copper business).

III. Outlook & Key Catalysts

- **Next Week's Focus:**

The U.S. economic calendar will release Nov ISM manufacturing and services PMI, industrial production, ADP employment changes, and initial jobless claims for the week ending Nov 29. Monitor tariff policies, geopolitics, etc.

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:

Weekly positions, no trading operations performed:

Weekly win rate: 50%

Equity change: -5.8%

Trading frequency: 16 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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3. Title:Gold drifts sideways amid holiday-thinned trading Author: Vishal Chaturvedi
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