Future Gold Labs

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Weekly Gold Wrap

2026/01/11

I. Gold Price Recap

On January 9 (New York time) / early morning of January 10 (Beijing time), COMEX gold futures rose 1.28% to $4,517.90/oz, with a cumulative weekly gain of 4.34%. COMEX silver futures climbed 5.92% to $79.595/oz, surging 12.07% on the week.

Gold's movement this week was driven by multiple factors: Early in the week, geopolitical tensions from the ongoing U.S.-Venezuela conflict (triggered by the U.S. arrest) and post-Christmas/New Year market normalization jointly lifted prices. In the latter half, gold entered consolidation as the U.S. dollar strengthened, CME raised precious metal futures margins, and U.S. economic data solidified expectations of the Fed keeping policy stable in January. Market reaction to Friday's nonfarm payrolls was muted; mixed data—weak job growth—reinforced bets on the Fed cutting rates by ~50bps (or more) this year. Meanwhile, China's silver export controls boosted silver prices, pushing the gold-silver ratio to its lowest since 2013. Arbitrage capital shifted to undervalued gold, and safe-haven sentiment from silver's rally spilled over to the precious metals sector, indirectly supporting gold.

II. Key Drivers Behind Gold's Volatility

1) Mixed U.S. Economic Indicators Trigger Gold Volatility

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

- The U.S. jobs report was mixed—new jobs missed expectations but the unemployment rate fell.
- **October Building Permits & Housing Starts**

Housing data showed sustained slowdown: October building permits dropped 0.2% month-on-month to 1.412 million units (from 1.415 million); housing starts fell 4.6% month-on-month to 1.246 million units (from September's 1.306 million).

- **Q4 2025 GDPNow Forecast (Atlanta Fed)**

The Atlanta Fed's Q4 2025 GDPNow estimate fell to 5.1% from 5.4% a day earlier.

- **December Nonfarm Payrolls & Unemployment Rate**

The U.S. Bureau of Labor Statistics (BLS) reported 50,000 new jobs in December, below the 60,000 forecast and revised prior 56,000. The unemployment rate dropped to 4.4% (from 6%)—beating the 4.5% forecast—easing concerns over labor market deterioration.

- **January University of Michigan Consumer Sentiment Index**

The preliminary January University of Michigan Consumer Sentiment Index came in better than expected, while U.S. households expressed concerns about medium-term inflation. The preliminary reading rose to 54 from the previous final reading of 52.9, exceeding the expected 53.5; the one-year inflation expectation held steady at 4.2%, and the five-year inflation expectation climbed to 3.4% from 3.2%.

- **December Nonfarm Payrolls (BLS)**

As noted, 50,000 jobs were added (vs. 60,000 expected), but the unemployment rate's drop to 4.4% was positive. Market reaction was short-lived, with gold staying in the upper half of its weekly range into the weekend.

(2) Impact on Gold:

Mixed jobs data, slowing housing activity, downward GDP forecast revisions, and rising medium-term inflation expectations both reinforced Fed easing bets and boosted gold's safe-haven/inflation-hedge appeal, providing solid support to prices.

2) Monetary Policy & Gold Market Impact

(1) Fed Leadership Changes & Divided Views on 2026 Rate Cuts

① **Fed Leadership Developments**

- .Markets are watching for news on the next Fed chair. The New York Times reported Trump has a "decision in mind" but no discussions yet. Treasury Secretary Scott Bessent later stated Trump has not interviewed any of the four final candidates, with an announcement likely during his Davos Forum appearance in two weeks.
- Views from Fed & White House Officials

② **Fed Officials' Views:**

- **Fed Governor Milan (dovish):** Expects 150bps of cuts in 2026 (far exceeding market expectations of 75-100bps), noting core inflation is near the 2% target. Current policy is restrictive; delaying cuts could harm growth, while cuts may create ~1 million jobs.
- **Richmond Fed President Barkin (neutral-leaning hawkish):** Believes rates are in neutral territory after 75bps of 2025 cuts. Policy needs caution to balance labor market slowdown and sticky inflation, with data as the guide.
- **Minneapolis Fed President Kashkari (neutral):** Current policy is near neutral; more data is needed to weigh inflation vs. labor markets. Limited room for further rate cuts.
- **Treasury Secretary Scott Bessent:** Told CNBC that rate cuts are the only missing factor for stronger growth, urging the Fed not to delay.

(2) Market Watch Data

- **CME FedWatch Tool:**

CME FedWatch Tool: Post-nonfarm data (4.4% unemployment, 50k jobs), the probability of a January rate cut plummeted to 5%. Markets now expect the first cut to be delayed until around June, with a 36.5% chance of a March cut.

Prime Market Terminal Data： Investors anticipate 56bps of Fed cuts in 2026.

(3) Impact on Gold Prices

Uncertainty over Fed leadership, divided hawkish-dovish views on cuts, and market expectations of 56bps in 2026 (first cut in June) have heightened rate policy ambiguity. While long-term cut bets lower gold's opportunity cost (supporting prices), the high likelihood of near-term rate stability caps upside.

3) Yields, USD & Gold Dynamics

(1) Dollar Index Behavior

In New York late trading on January 9, the DXY closed at 99.132, up ~0.5% week-on-week, extending its rebound. Resilient U.S. jobs data weakened short-term cut expectations; combined with euro weakness from falling Eurozone inflation, this supported dollar gains. Escalating geopolitics and pre-nonfarm capital reallocation further boosted the greenback.

(2) US Treasury Yields & Gold Dynamics

The 10-year U.S. Treasury note yield closed at 4.1653% on January 9, down 2.53bps on the week. Early-week concerns over U.S. economic slowdown pushed yields slightly lower; subsequent job resilience and rising inflation expectations stabilized them. Divided Fed views limited overall yield volatility.

(3) Impact on Gold

Dollar strength exerted short-term downward pressure, but falling 10-year yields reduced gold's opportunity cost. These offsetting factors led to gold's high-level consolidation.

4) Geopolitical Tensions & Safe-Haven Demand

(1) Russia-Ukraine Conflict

In the early morning of January 9, Russia launched large-scale strikes on energy and military-industrial targets across Ukraine using 36 missiles, 242 drones, and new "Kaspiy" hypersonic missiles, citing retaliation for the attack on Putin's residence. The strikes caused heavy casualties and infrastructure damage. Zelenskyy condemned the attacks, stating the conflict may end in the first half of the year, while Ukrainian forces intercepted some incoming weapons.

France, the UK, and other countries pledged security guarantees to Ukraine at the Paris Conference. However, Russia-Ukraine peace talks remain deadlocked over core issues such as territorial sovereignty, and Western aid to Ukraine presents a mixed picture.

(2) U.S.-Venezuela Conflict

.After U.S. forces arrested Venezuelan President Maduro on charges of "narcoterrorism," the U.S. announced it would "manage" Venezuela's oil industry. The move was condemned by many countries as a violation of Venezuela's sovereignty; the Venezuelan government immediately declared a national state of emergency, and several Latin American nations responded by closing borders or lodging protests.

U.S. President Trump posted on Truth Social on Friday to disclose the latest progress: Venezuela is releasing political prisoners, the U.S. is cooperating with Caracas to rebuild its oil and gas industry; the planned second wave of attacks has been canceled, but U.S. warships will remain stationed to "ensure security." Trump also stated he would meet with major oil executives at the White House the same day, with related investments potentially reaching around $100 billion.

(3) Middle East Turmoil

The geopolitical situation in the Middle East remains complex and tense. Iran has seen large-scale protests amid economic hardships, accusing the U.S. and Israel of interference. The Israel-Palestine ceasefire agreement is on the brink of collapse, with Israeli air strikes on Gaza causing civilian casualties.

Meanwhile, Saudi Arabia and Iran have resumed indirect negotiations, bringing signs of partial de-escalation.

(4) Greenland Dispute

Trump stated the U.S. "absolutely needs Greenland" and did not rule out foreign intervention. On January 6, the White House confirmed it was discussing various acquisition options, including "the use of U.S. military forces," triggering strong opposition from Denmark and other European countries. U.S. Secretary of State Rubio said talks with Denmark on the Greenland issue would be held next week.

(5) Impact on Gold

The confluence of multiple geopolitical risks—escalating Russia-Ukraine and U.S.-Venezuela conflicts, tense Middle East situation, and the Greenland dispute—has significantly boosted global safe-haven demand, becoming the core driver for gold prices to maintain strong upward momentum and stabilize at high levels.

5) Tariff Turmoil Drives Gold Swings

(1) Tariff & Trade Policy Developments

- **Hearing on the Legality of Tariffs Under the U.S. International Emergency Economic Powers Act (IEEPA)**

The U.S. Supreme Court held a hearing on the legality of the Trump administration's tariff imposition under the IEEPA. A lower court previously ruled that the government's blanket tariff imposition exceeded its authority. A ruling in favor of legality would reshape the global trade landscape; if invalid, the U.S. government would need to refund over $100 billion in tariffs to importers.

- **China-U.S. Tariff Dynamics:**

The U.S. officially announced a 100% tariff hike on Chinese medical products, including medical devices and pharmaceuticals. This move not only brings new uncertainties to China-U.S. pharmaceutical trade but may also trigger a chain reaction in global medical supply chains.

- **EU Suspends Carbon Tariffs on Fertilizers**

The EU introduced two temporary tariff adjustment measures: suspending carbon tariffs on goods such as fertilizers and pausing some most-favored-nation tariffs on nitrogen fertilizers and ammonia, retroactively effective from January 1, 2026. The core reason is to ease agricultural cost pressures and social tensions: the EU has limited domestic fertilizer production and is highly dependent on imports. The expansion of carbon tariffs would further push up fertilizer import costs; coupled with ongoing large-scale farmer protests, the EU aims to stabilize the agricultural production chain through these temporary measures.

(2) Impact on Gold:

Developments in tariff and trade policies have generally boosted gold's safe-haven demand and supported prices: the U.S. Supreme Court's tariff legality hearing, the U.S. tariff hike on Chinese medical products, and the EU's temporary suspension of fertilizer carbon tariffs have collectively heightened global trade and economic uncertainties, while raising inflation expectations and strengthening gold's safe-haven and inflation-hedging properties.

6) Gold Market Observation

(1) Commerzbank: China's Net Gold Imports from Hong Kong Doubled in November, but Full-Year Demand Remains Weak

Carsten Fritsch, Commodities Analyst at Commerzbank, commented on China's November gold trade data with Hong Kong, highlighting the following key points:

- **November Import Data:** China's net gold imports from Hong Kong rose to 16.2 tons, doubling month-on-month; total imports reached 30.2 tons, flat with October's low; exports fell back to just over 14 tons after surging in October.
- **Full-Year Cumulative Performance:** In the first 11 months of 2025, China's total net gold imports from Hong Kong plummeted 45.5% year-on-year. Among this, exports more than doubled year-on-year, while imports only fell 11%.
- **Cause Analysis:** Last year's sharp rise in gold prices suppressed China's import demand; meanwhile, weak domestic demand drove up exports. Earlier data from Switzerland also showed a significant drop in gold deliveries to China and Hong Kong last year.

(2) Key Insights from "Is Global Gold Mine Production Peaking?" – WGC

① **Production Status:** Moderate growth, approaching historical peak. Global mined gold production has been overall stable with minimal annual fluctuations between 2018 and 2024. 2024 output reached 3,645 tons, the second-highest on record (2018 hit an all-time high of 3,658 tons). Production in the first three quarters of 2025 was 2,717 tons, up only 16 tons year-on-year. Despite the sharp surge in gold prices, production growth remains moderate; based on trends, 2025 is expected to set a new historical high.

② **Coexisting Short-Term Drivers and Constraints on Production Growth:** Drivers include significantly higher miner profit margins, commissioning of new projects in Canada, expansion of mines in some regions, increased output from artisanal and small-scale gold mining (ASGM), and additional production from new Russian mines. Constraints include delayed mining due to sanctions risks and mine closures in some areas, which have limited production growth to a certain extent.

③ **Long-Term Trend: Stabilization, Not Post-Peak Decline.** Global mined gold production is likely to enter a plateau in the next few years rather than decline sharply after peaking. Core constraints include falling gold reserves, frequent production disruptions, high capital expenditure costs for miners, sustained decline in new ore discoveries, gradual aging and withdrawal of old mines, and the long cycle and high difficulty of new mine development, making substantial production growth difficult.

④ **Core Logic for Stable Production:** First, the geographical dispersion of mining (across all continents except Antarctica) hedges risks of regional production disruptions. Second, the long mining cycle makes it difficult for miners to adjust output flexibly in the short term; coupled with increasing difficulty in new mine exploration, approval, and construction, the room for production fluctuations is further compressed.

⑤ **Linkage Between Gold Prices and Production:** Rising gold prices directly boost miner profit margins, thereby driving new mine development, restart/extension of old mines, and expansion of ASGM scale. However, production growth has a significant lag—miner capital expenditures move in tandem with gold prices, while mined production growth typically lags gold prices by at least 6 years.

⑥ **Impact on the Global Gold Market:** Relatively stable global mined gold supply, combined with demand support from gold's dual attributes as both a consumption and investment asset, has made the overall market highly resilient with a balanced supply-demand dynamic.

III. Outlook & Key Catalysts

- **Next Week's Focus:**

January 13 (Tuesday): U.S. December Consumer Price Index (CPI) – key inflation data ahead of the Fed's policy meeting

January 14 (Wednesday): U.S. December Producer Price Index (PPI)

January 15 (Thursday): U.S. December retail sales, New York Fed Manufacturing Index; Fed Beige Book (providing reference for interpreting the Fed's policy stance)

Monitor: Intensive speeches by Fed officials, geopolitical developments (U.S.-Venezuela conflict, Russia-Ukraine conflict, Middle East situation), and U.S. tariff policies.

V. Quantitative Strategy Review

DeCTP-12 Strategy Quarterly Brief

➢ **Core Performance:**

Quarterly Performance:

-Win Rate: 46.5%

-Profit-to-Loss Ratio: 3:1

-Number of Trades: 20

-Annualized Return: 26%

-Maximum Drawdown: 8.9%

➢ **Weekly Performance Metrics:**

-Weekly Win Rate: 83%

-Equity Change: 2.12%

-Trading Frequency: 11 trades

*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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