Future Gold Labs

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

TG: https://t.me/futuregoldlabs

Author： Koi

Reviewer： Jake Liu

Weekly Gold Wrap

2026/02/01

I. Gold Price Recap

On Friday this week (New York time, January 30; Beijing time, early morning of January 31), COMEX gold futures plummeted 8.35% to close at 4,907.50 US dollars/oz, with a weekly drop of 1.45%. COMEX silver futures fell more sharply, dropping 25.50% intraday to 85.25 US dollars/oz, with a weekly decline of 15.87%, as the precious metals market experienced a "roller-coaster" volatility.

Precious metals traded higher first and then lower this week; concentrated profit-taking in the latter half triggered a sharp correction, becoming the core theme of the market.

On the trade front, Trump issued a new military action warning over Iran's nuclear program and recently imposed new tariff threats on countries supplying oil to Cuba, targeting Mexico. Geopolitical risks continue to roil global market sentiment, providing some safe-haven support for precious metals and driving their strong mid-week rally.

In addition, the long-awaited Fed leadership uncertainty was resolved. On January 30, Trump officially nominated former Fed Governor Kevin Warsh as the next Fed Chair, subject to Senate confirmation. Warsh's monetary policy stance is often described as a "moderate among hawks". According to public resume, during his tenure as Fed Governor from 2006 to 2011, Warsh was known for his firm hawkish stance on inflation, publicly opposing quantitative easing and advocating for rapid balance sheet reduction. Against this backdrop, some investors believe that compared with other potential candidates, concerns about the continuity of the Fed's independence and dovish stance have eased if Warsh is elected. As a result, precious metals prices fell sharply on Friday, also reflecting partial profit-taking by funds.

However, Warsh has shifted to a more pragmatic stance in recent years. He not only supports Trump's tariff policies but also explicitly stated his support for interest rate cuts, aligning superficially with Trump's dovish demands. The market generally expects that he will likely promote rate cuts after taking office, with a possible range of 50-100 basis points. Overall, optimism about rate cuts remains, but the pace may be cautious due to his hawkish roots. Furthermore, he may tend to advocate a "rate cut + balance sheet reduction" combination, balancing moderate easing with a hawkish stance on inflation. More monetary policy views and information will be released during his subsequent Senate confirmation hearing. Warsh's policy orientation may affect US dollar liquidity and credit expectations, thereby impacting precious metals volatility.

In the medium to long term, gold remains a stable allocation target. Safe-haven sentiment driven by geopolitics and tariff trade policies, coupled with sustained central bank gold purchase enthusiasm and the still expected relatively loose interest rate environment, all provide support for gold prices. Based on these factors, institutions generally favor the medium to long-term upside potential of precious metals.

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

- **US December Producer Price Index (PPI)**

The US Bureau of Labor Statistics reported that the December PPI rose 3% year-on-year, unchanged from November and well above the market expectation of 2.7%. The core PPI, excluding food and energy, increased by 3.3% year-on-year, higher than the previous reading of 3% and not falling to the expected 2.9%.

- **US January Consumer Confidence Index**

The Conference Board announced that the core index actual value was 89.1, compared with the previous reading of 93.6 and market expectation of 92.0. Data Interpretation: The index hit a recent low, significantly below expectations, reflecting rising concerns among consumers about the US economic outlook, job market and income expectations, with insufficient momentum for consumption recovery (consumption accounts for over 60% of US GDP and is a core drag).

- **US Weekly Initial Jobless Claims**

Core data from the US Bureau of Labor Statistics: For the week ending January 24, initial jobless claims stood at 209,000, down from the previous 212,000 and below the market expectation of 215,000. The four-week moving average was 206,250 (excluding short-term fluctuations, more referenceable), compared with the previous 209,500.

- **US January S&P Global PMI Flash Reading (Manufacturing/Services/Composite)**

The S&P Global Manufacturing PMI flash reading was 51.9, down from the previous 52.5 and below the market expectation of 52.4; the Services PMI flash reading was 52.5, lower than the previous 53.7 and expected 53.2; the Composite PMI flash reading was 52.8, down from the previous 53.4 and expected 53.0. All three PMIs were slightly below expectations and lower than previous readings but remained above the 50 boom-bust line, indicating that the US economy is still in expansion but at a slower pace.

(2) Impact on Gold:

The unexpected rise in US December PPI and core PPI reinforced inflation stickiness and hawkish Fed expectations, suppressing gold in the short term. However, the sharp drop in consumer confidence index, lower-than-expected initial jobless claims, and slight decline in PMI flash readings signaled a sluggish economic recovery, providing potential support for gold. Overall, gold prices traded in a volatile and balanced pattern.

2) Monetary Policy & Gold Market Impact

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

① Fed Leadership Developments

- Early Friday morning, Trump announced his nomination of Kevin Warsh as the new head of the US central bank. Warsh was known for his hawkish stance during his previous tenure as a Fed Governor. Fed Governor Stephen Milne stated that Warsh is an excellent candidate for Fed Chair. Investors believe that compared with other potential candidates, Warsh is more hawkish and market-friendly. Despite Trump's repeated calls for rate cuts, market concerns that the Fed Chair he nominates will introduce aggressive rate cut policies have eased.

② **Fed Meeting Content and Officials' Views**

- At its January 27-28 monetary policy meeting, the Fed kept interest rates unchanged at 3.50%-3.75%. Its policy stance was cautious and data-dependent, emphasizing that the Committee will adjust policies promptly if risks threatening the progress of its dual mandate emerge. The market still expects the Fed to implement two rate cuts this year.
- **- Fed Governor Christopher Waller:** Noted that although US economic growth has stabilized, the labor market remains weak. Excluding tariff factors, US inflation has approached 2%, while tariffs have kept inflation at around 3%. He also pointed out that monetary policy should move towards a neutral level, with the neutral interest rate around 3%.
- **- Atlanta Fed President Raphael Bostic:** Stressed the need for patience in formulating monetary policy, stating that current policies should maintain a certain restrictive stance. The full impact of tariffs on prices has not yet fully manifested, and he expects inflation to remain sticky.
- **- Fed Governor Stephen Miran:** Commented that Warsh is an excellent candidate for Fed Chair and pointed out that rising housing prices and portfolio management fees are the main drivers of the recent increase in PPI.

(2) Market Watch Data

- **Prime Market Terminal Data:**

Data from Prime Market Terminal shows that the money market has priced in 51 basis points of Fed rate cuts by the end of the year.

(3) Impact on Gold Prices

Trump's nomination of Kevin Warsh as the new Fed Chair eased concerns about the Fed's independence. Coupled with the Fed keeping rates unchanged and officials releasing signals of inflation stickiness and a restrictive policy stance, market expectations for rate cuts cooled sharply. US Treasury yields and the US dollar rose, while gold fell due to higher holding opportunity costs and profit-taking.

3) Yields, USD & Gold Dynamics

(1) Dollar Index Behavior

.On Friday (January 30) New York late trading, the US Dollar Index (DXY), which measures the greenback against six major currencies, rose 0.73% to close at 96.989, with a weekly decline of approximately 0.55%. Trump's nomination of Kevin Warsh as Fed Chair, combined with the unexpected rise in US December PPI data, drove a sharp short-term rebound in the US dollar, recouping part of this week's losses. Previously, the US dollar had fluctuated lower due to weak economic data.

(2) US Treasury Yields & Gold Dynamics

On Friday (January 30) New York late trading, the yield on the US 10-year benchmark Treasury note rose 0.62 basis points to 4.237%, with a slight weekly increase. Rising market expectations for hawkish Fed policies suppressed Treasury purchases and supported yield gains, while signals of a slower economic expansion slightly restrained yields. Amid long-short games, yields traded volatile with a slight upward bias overall.

(3) Impact on Gold

The US dollar index traded lower first and then higher this week, with a slight overall decline, providing limited support for gold. The volatile rise in US Treasury yields, coupled with cooled dovish Fed expectations, triggered partial profit-taking in gold, pushing prices lower and reversing the previous strong upward trend.

4) Geopolitical Tensions & Safe-Haven Demand

(1) Russia-Ukraine Conflict

Russia once again invited Ukrainian President Zelenskyy to Moscow for peace talks, but there are huge differences in the negotiating positions of the two sides, and the conclusion of an agreement is far from reach. Ukraine directly rejected Russia's request to "cede the entire Donbas region to end the nearly four-year war".

(2) US-Iran Tensions

Trump issued a new military action warning over Iran's nuclear program. On Wednesday, he posted on Truth Social that a "large fleet" is sailing to Iran, urging it to "return to the negotiating table" to reach a "fair and reasonable agreement", otherwise the next US strike will be more severe. Additionally, there are reports that Iran plans to conduct live-fire exercises in the Strait of Hormuz, issuing warnings to passing ships, further escalating US-Iran tensions. Iran responded firmly, stating that it will counterattack the US, Israel and their supporters.

(3) US-Venezuela Conflict Persists

This week, the US-Venezuela conflict showed a game pattern of US military threats, tough statements from Venezuela while releasing conciliatory signals. Obstacles to domestic oil reform in Venezuela have also increased uncertainties in Latin American energy supply.

(4) US-Europe Game Over Greenland Temporarily Eases

The dispute over Greenland has been temporarily eased as the US reached a cooperation framework with NATO and suspended tariffs on Europe. The US, Denmark and Greenland have launched technical consultations, but Greenland insists on its sovereignty red line and Europe is uniting for countermeasures.

(5) Impact on Gold

.Geopolitical conflicts in multiple regions, including Russia-Ukraine, US-Iran, US-Venezuela, and US military deployments in the Middle East, continue to escalate, with rising risks of military confrontation. Global safe-haven sentiment has surged sharply, driving funds to flow into gold and boosting its safe-haven premium.

5) Tariff Turmoil Drives Gold Swings

(1) Tariff & Trade Policy Developments

➢ **US-Europe Tariff Game**

Trump originally planned to impose tariffs on 8 European countries on February 1, but later stated that he would suspend the tariffs after reaching a cooperation framework with NATO on Greenland. However, Trump threatened to impose a 50% tariff on Canadian-made aircraft if Canada does not certify US Gulfstream jets, keeping market sentiment cautious.

➢ **US-South Korea Tariff Agreement**

Trump announced that he will raise tariffs on South Korean auto and other goods exported to the US from 15% to 25% on the grounds that the South Korean parliament has not approved the US-South Korea trade agreement.

➢ **Escalation of US-Canada Trade Frictions**

On Thursday, Trump threatened to impose a 50% tariff on all aircraft exported from Canada to the US, accusing Canada of unfairly obstructing the certification process of Gulfstream business jets.

➢ **US-Cuba Tariff Dispute**

Trump recently imposed new tariff threats on countries supplying oil to Cuba, targeting Mexico. Both the US and Cuba have entered a state of emergency, with Trump stating that Cuba poses an "unusual and extraordinary threat", disrupting the Latin American energy trade pattern.

(2) Impact on Gold:

The US-Cuba tariff dispute, coupled with tensions in the Middle East, has significantly boosted market safe-haven sentiment, driving funds into gold as a traditional safe asset. Meanwhile, relevant tariffs and geopolitical risks have heightened concerns about the safety of US dollar assets, weakening the attractiveness of the US dollar and benefiting gold prices.

6) Gold Market Observation

（1）China gold market update: December demand rebounds — World Gold Council

2025 was a milestone year for the global gold market. Amid complex economic conditions, geopolitical conflicts and monetary policy shifts, gold's safe-haven, investment and allocation functions were fully activated, driving record highs in both demand and prices and reshaping the market structure.

① Core Highlights: Demand and Prices Hit Records, Value Surged

2025 gold market was characterized by simultaneous booming demand and prices. Total annual demand (including OTC trades) topped 5,000 tons for the first time at 5,002.3 tons (+1% YoY), entering the "5,000-ton era". Driven by soaring prices, the annual market value jumped 45% YoY to USD 555 billion, a new high.

The LBMA Afternoon Gold Price set 53 records in 2025. Q4 average price stood at USD 4,135/oz (+55% YoY), with full-year average at USD 3,431/oz (+44% YoY), underpinning value growth. Q4 demand reached 1,303 tons, the strongest on record, fueling the annual breakthrough.

② Demand Structure: Investment & Central Bank Purchases as Core Drivers

Gold demand in 2025 saw distinct structural divergence: investment demand and central bank purchases led growth, while traditional consumer sectors faced pressure from high prices.

- **Investment Demand: Explosive Growth Across Channels**

Investment demand was the key highlight, hitting 2,175.3 tons (+84% YoY). Global gold ETF holdings rose 801.2 tons (second-highest on record), and bar/coin purchases reached 1,374.1 tons (+16% YoY, 12-year high), boosting private investment sentiment.

Geopolitical conflicts, economic uncertainties and gold price gains jointly fueled this explosive demand, attracting capital inflows.

- **Central Bank Purchases: High-Level Stability**

Global central banks bought 863.3 tons of gold in 2025, a historical high despite slower growth than recent peaks, with broad geographical distribution. Q4 purchases were 230.3 tons (-37% YoY). Long-term demand will be supported by central banks' pursuit of reserve diversification and safety.

- **Jewelry Demand: Volume Down, Value Up, Resilient Demand**

High gold prices dragged down jewelry demand volume but lifted value. Manufacturing demand fell 19% YoY to 1,638.0 tons, consumption demand dropped 18% YoY to 1,542.3 tons, and inventories declined 31% to 95.7 tons. Value rose 18% YoY to USD 172 billion (record high), with strong consumer acceptance for high-value jewelry. The downward volume trend may persist amid high prices.

- **Technology Demand: Stable with Mild Decline, AI as Support**

Technology gold demand edged down 1% YoY to 322.8 tons in 2025, affected by consumer electronics fluctuations. Electronics sector demand was flat at 270.4 tons, industrial demand fell 5% YoY to 44.2 tons, and dental demand dropped 7% YoY to 8.2 tons. AI applications boosted precision electronic demand, offsetting part of the pressure and keeping overall demand stable.

③ **Supply Side: Steady Growth from Mine & Recycled Gold**

Global gold supply rose 1% YoY to 5,002.3 tons in 2025, matching demand for a balanced market. Mine production and recycled gold both grew moderately to support supply stability.

- **Mine Production: Mild Growth, New Record**

Mine production hit a record 3,671.6 tons (+1% YoY), with Q4 output at 957.7 tons (+1% YoY). Growth was driven by new mine commissioning, efficiency gains and advanced exploration, maintaining resilience amid environmental and resource challenges.

- **Recycled Gold: Moderate Growth, Lagged Price Response**

Recycled gold output was 1,404.3 tons (+3% YoY), with Q4 at 366.4 tons (+2% YoY). Despite a 67% YoY gold price surge, growth remained mild due to recycling cycles, processing rhythms, costs and falling jewelry inventories, leading to lagged price response.

- **Total Supply: Mild Growth, Dynamic Balance**

Supply and demand both stood at 5,002.3 tons, achieving dynamic balance. Mine supply (including hedging adjustments) was flat YoY at 3,598.0 tons, while recycled gold rose 3%, jointly stabilizing the market.

④ **2026 Outlook: Geopolitical Support, Persistent Structural Divergence**

The gold market is expected to remain strong in 2026 with structural divergence. Geopolitical tensions, trade frictions and monetary policy shifts will boost safe-haven demand for ETFs, bars and coins. Central bank purchases will stay high amid reserve diversification, underpinning prices.

Jewelry demand will stay weak in volume but may rise in value. Technology demand will be stable, with AI as a driver and consumer electronics uncertainties as a constraint. Mine supply will grow moderately, while recycled gold growth will align with 2025, limited by recycling factors.

In summary, 2025’s breakthrough laid a solid foundation. The 2026 market will remain strong with high demand and prices, as investment and central bank purchases stay the core drivers.

III. Outlook & Key Catalysts

- **Next Week's Focus:**

--Feb 5 (Wednesday): US January ADP Employment Change, December Trade Balance

-Feb 6 (Thursday): US Weekly Initial Jobless Claims, January Challenger Job Cuts

-Feb 7 (Friday): US January Non-Farm Payrolls (Unemployment Rate, Average Hourly Earnings), January Unemployment Rate

Continuously monitor trade policies, geopolitics, Fed officials' speeches, etc.

*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:

1. Title:Gold plunges from record highs as profit-taking and a firmer US Dollar weigh Author: Vishal Chaturvedi
2. Title:Gold remains depressed as USD firms ahead of Trump's Fed chair announcement Author:Haresh Menghani
3. Title:Gold Price Forecast: XAU/USD corrects lower with $5,000 on the bears focus Author:Guillermo Alcala
4. Title:Gold tanks below $5,000 as Warsh Fed pick, US inflation weigh Author:Christian Borjon Valencia
5. Title: COMEX Gold Futures (GC00Y) Quote Author: CME/East Wealth/Wind
6. Title: US Dollar Index Futures Quote Author: Wind
7. Title: Trader XAUUSD-Trade-ideas Author: TradingViews
8. Title: Weekly economic and financial commentary Author:Wells Fargo Research Team
9. Title:Gold Price Forecast: XAU/USD edges higher above $5,400 as traders await Trump's Fed Chair pick Author:Lallalit Srijandorn
10. Title:China gold market update: December demand rebounds Author:WGC