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Weekly Gold Wrap

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I. Gold Price Recap

On Friday this week (New York time, February 6; Beijing time, early morning of February 7), COMEX gold futures rebounded sharply by 2.03% to close at $4,988.60/oz, with a weekly gain of 1.65%. COMEX silver futures recovered fluctuatingly, rising 1.06% intraday to $77.525/oz, narrowing the weekly cumulative decline to 9.02%. After experiencing sharp fluctuations in the early stage, the precious metals market staged a strong rebound and gradually stabilized and recovered.

Precious metals showed a "first decline then rise" trend this week: in the first half of the week, triggered by Trump's nomination of Kevin Warsh as the new Federal Reserve Chairman on January 30, coupled with the suppression of a stronger US dollar and rising US Treasury yields, as well as profit-taking by some funds, gold prices once fell to a low of $4,670 per ounce and silver prices to a low of $63.9 per ounce. In the second half of the week, the partial US government shutdown, weak economic data, remarks by the European and US central banks, and the Chicago Mercantile Exchange's (CME) increase in margin requirements for gold and silver futures triggered concentrated liquidation of high-leverage short positions, jointly driving the rebound of precious metals.

The progress and dynamics related to Warsh's nomination continued to attract market attention this week. After Trump nominated Warsh as the Federal Reserve Chairman, the nomination entered the preparation stage for Senate hearings this week, and the Democratic Party requested a delay in the process (pending the conclusion of the Powell investigation), increasing the uncertainty of the nomination. In addition, Trump stated on February 4 that Warsh "will not get the position" if he has ever advocated for interest rate hikes, and US Treasury Secretary Bessent clarified that Trump's previous remark that he "would sue if Warsh does not cut interest rates" was a "joke" to ease concerns about policy intervention. The two formed a delicate balance, intensifying market expectations for the game of the Federal Reserve's policy independence.

However, Warsh's stance as a "moderate among hawks" still affects market expectations. His previous hawkish background makes some investors cautious about the pace of interest rate cuts, but the market generally bets that he will promote a cumulative 50 basis points of interest rate cuts in 2026 after taking office.

US core economic data was mixed this week. The government shutdown delayed the release of key data, and some released US employment data was weak, further strengthening expectations of Fed interest rate cuts and driving the rebound of precious metals. In addition, the record inflow of global gold ETFs in January and the continuation of the global central bank gold purchase spree have built long-term support for gold prices and eased the short-term trend of precious metals this week.

In terms of trade and geopolitics, the Trump administration stepped up sanctions and tariff pressure on Iran this week, and dispatched the USS Abraham Lincoln aircraft carrier to the Arabian Sea to strengthen military deterrence, providing continuous safe-haven support for precious metals and driving the rebound in the second half of the week.

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

On Monday evening, the US Bureau of Labor Statistics announced that due to the partial government shutdown, the release of multiple economic data would be delayed. Emily Liddell, Deputy Director of the Office of Publications and Special Studies of the US Bureau of Labor Statistics, explained: "The December 2025 Job Openings and Labor Turnover Survey Report, the December 2025 Metropolitan Area Employment and Unemployment Report, and the January 2026 Employment Situation Report will be rescheduled for release after government funding is restored." The data side was relatively light.

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

The University of Michigan's February Consumer Sentiment Index rose from 56.4 to 57.3, better than the expected 55.0; the one-year inflation expectation fell from 4.0% to 3.5%; the five-year inflation expectation edged up from 3.3% to 3.4%.

- **US Employment Data**

US employment data weakened this week, with specific data as follows:

- ADP: US private sector added 22,000 jobs in January, far below the expected 48,000, with the previous value revised down to 37,000.
- JOLTS Job Openings: Fell to 6.542 million in December, with the previous value revised down to 6.928 million, indicating a decline in labor demand.
- Initial Jobless Claims: Rose to 231,000 in the week ending January 31, higher than the expected 212,000.

- **ISM Services Purchasing Managers' Index**

The US Institute for Supply Management (ISM) Services Purchasing Managers' Index remained stable at 53.8, reflecting that service sector business activities still maintained a steady expansion trend.

(2) Impact on Gold:

The US economic data released this week generally showed the characteristics of "weak employment and cautious confidence". The ADP employment data and initial jobless claims both reflected a cooling trend in the labor market. Although the consumer sentiment index edged up, it remained overall sluggish. Combined with the structural changes in inflation expectations, it further strengthened market expectations for Fed interest rate cuts. In addition, the delay in the release of multiple economic data due to the partial government shutdown increased uncertainty, which was generally bullish for gold.

2) Monetary Policy & Gold Market Impact

(1) Fed Leadership Changes & Views of Fed Officials

① **Fed Leadership Developments**

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- Earlier this week, 11 Democratic senators sent a letter requesting a delay in Warsh's nomination, increasing the uncertainty of the nomination. Trump stated on Thursday that he would not nominate Kevin Warsh as Federal Reserve Chairman if Warsh had ever advocated for interest rate hikes, and said that Fed interest rate cuts were almost a foregone conclusion. US Treasury Secretary Bessent clarified that Trump's previous remark that he "would sue if Warsh does not cut interest rates" was a "joke" to ease concerns about policy intervention. The two formed a delicate balance, intensifying market expectations for the game of the Federal Reserve's policy independence.

② **Fed Officials' Views**

- \- **Mary Daly, President of the San Francisco Fed (Dove)**: Stated that the current labor market has vulnerabilities, with workers facing the dilemma of wages being eroded by prices and scarce new jobs. She tends to further cut interest rates in 2026, believing that 1-2 more interest rate cuts may be needed, but the specific number depends on inflation trends and employment data. She also emphasized that interest rate cuts need to confirm the fading impact of tariffs and that inflation is on a downward track, and her concern about the labor market is higher than that about inflation, indicating that the Fed needs to balance its dual mandate. She reiterated that the state of low hiring and low layoffs may last for a period of time; but if inflation remains above the Fed's 2% target, the labor market may quickly shift to "zero hiring and more layoffs".
- \- **Philip Jefferson, Vice Chairman of the Federal Reserve (Neutral Hawk):** The current policy environment is uncertain, and the Fed should be cautious when adjusting interest rates. He believes that the path of inflation decline is still bumpy, and the labor market is generally "solid". As long as the economy and labor market remain strong, there is no rush to adjust the policy stance, and he holds a cautious attitude towards interest rate cuts.
- \- **Austan Goolsbee, President of the Chicago Fed (Dove)**: Current full employment is basically stable, inflation has improved, and price pressures are easing. If this trend continues, interest rates are expected to be lower than the current level. He also mentioned that the uncertainty of the Trump administration's tariff and other policies, whose impact on the economy is unknown, will affect the Fed's policy path judgment.
- **- Lorie Logan, President of the Dallas Fed (Neutral Hawk):** As long as there is no recession in the labor market, even if inflation is close to the 2% target, she is prepared to maintain the current interest rate "for a period of time". She believes that the Fed is close to the neutral interest rate, with limited room for interest rate cuts in the near term, and will only consider easing policies when the labor market or demand cools down further.

* The factions are summarized only based on the remarks made, for reference only.

(2) Market Watch Data

- **Prime Market Terminal Data:**

Money market pricing shows that the market expects the Fed to cut interest rates by 54 basis points within the year.

- **CME FedWatch Tool Data**

According to the CME FedWatch Tool, traders are currently pricing in at least two interest rate cuts by the Federal Reserve in 2026 (25 basis points each).

(3) Impact on Gold Prices

The uncertainty surrounding Warsh's nomination to the Federal Reserve, the divergent remarks of officials on interest rate cuts, coupled with the market's general expectation that the Federal Reserve will cut interest rates at least twice in 2026 with a cumulative reduction of about 54 basis points, have generally strengthened the loose expectation. This not only reduces the holding cost of gold but also, combined with the safe-haven demand triggered by the game of the Federal Reserve's policy independence, forms a boosting support for gold prices.

3) Yields, USD & Gold Dynamics

(1) Dollar Index Behavior

On Friday this week (New York time, February 6), at the New York close, the US Dollar Index (DXY), which measures the US dollar against six major currencies, fell 0.2% to close at 97.633. It rose about 0.60% cumulatively for the week. Trump's nomination of Kevin Warsh as the new Federal Reserve Chairman triggered hawkish interest rate cut expectations, coupled with the safe-haven demand brought by the resumption of US-Iran negotiations and the escalation of sanctions against Iran, driving the US dollar to fluctuate and strengthen. In addition, the Bank of England's explicit dovish stance of two interest rate cuts in 2026 and the European Central Bank's neutral stance promoted capital outflows from the British pound and the euro, further supporting the US dollar.

(2) US Treasury Yields & Gold Dynamics

At the New York close on Friday (February 6), the 10-year US Treasury yield closed at about 4.21%, up about 1 basis point from the previous day. The market's rising expectations for the Fed's hawkish interest rate cut rhythm suppressed Treasury purchases and supported the upward movement of yields, while the signals of weak US employment data and slowing economic expansion also slightly constrained yields. Under the long-short game, yields generally fluctuated and edged up, and the spread between the 10-year and 2-year yields narrowed, making the yield curve slightly flatten.

(3) Impact on Gold

The US Dollar Index rose first and then fell slightly this week, partially suppressing gold with limited boosting effect. The slight upward movement of US Treasury yields kept gold fluctuating continuously.

4) Geopolitical Tensions & Safe-Haven Demand

(1) Russia-Ukraine Conflict

Russia and Ukraine agreed to a large-scale prisoner exchange under the mediation of the United States. Outcome of the tripartite prisoner exchange agreement (Abu Dhabi Talks): Russia and Ukraine exchanged 314 prisoners of war (157 each), the first large-scale prisoner exchange since September 2025. However, the stalemate remains unresolved around core differences such as territorial ownership (Donbas) and the ceasefire supervision mechanism. Ukraine refuses to concede territory, and Russia insists that Ukraine withdraw from Donbas.

In terms of military dynamics, the Russian military launched large-scale attacks on Ukraine's energy infrastructure (substations, thermal power plants), prompting Ukraine's nuclear power plants to operate at reduced loads and Ukraine to request electricity assistance from Poland; the Ukrainian military counterattacked Russia's energy facilities in the Belgorod region, making energy mutual attacks a new battlefield.

(2) US-Iran Tensions

The White House spokesperson stated that Trump still prioritizes a diplomatic approach to the Iran issue, easing market concerns about military conflicts. Local time on February 6, the United States and Iran held their first indirect nuclear negotiations in nearly 8 months in Muscat, Oman (back-to-back, mediated by Oman), the first high-level contact since the conflict in June 2025. The two sides agreed to maintain communication and continue negotiations but did not reach any substantive agreements.

According to The Wall Street Journal, Iran maintained a tough stance: it only discussed the nuclear issue and the lifting of sanctions, refused to include missile and regional issues, and adhered to the red line of uranium enrichment. The United States simultaneously stepped up pressure, announcing multiple new rounds of sanctions against Iran (involving oil trade, shipping entities and individuals) after the negotiations, and strengthening military deployment in the Middle East.

(3) Impact on Gold

The Russia-Ukraine conflict made a breakthrough with the large-scale prisoner exchange, which eased safe-haven sentiment, but the stalemate remains unresolved. The geopolitical uncertainty of US-Iran negotiations accompanied by sanctions continues to push up safe-haven demand, enabling gold to obtain oscillating support.

5) Tariff Turmoil Drives Gold Swings

(1) Tariff & Trade Policy Developments

➢ **US New Tariff Policy on Iran-Related Trade**

The United States imposed an additional tariff of up to 25% on countries that trade directly or indirectly with Iran, extended the national emergency against Iran, targeting its oil and metal exports. India was exempted for shifting to US energy purchases, while China, as Iran's largest crude oil buyer (accounting for about 80%), was the most affected, which may trigger an escalation of Sino-US trade frictions.

➢ **US-India Economic and Trade Ties**

US and India strengthened economic and trade ties through "energy for tariffs". The core agreement was finalized on February 2 and took effect immediately. Tariff adjustments include the United States canceling the 25% punitive tariff on Indian goods imported into the US related to Russian oil, and reducing the "reciprocal tariff" from 25% to 18%. In exchange, India promised to stop purchasing Russian oil, switch to US/Venezuelan energy, purchase $500 billion worth of US goods (energy, technology, agriculture, etc.) in the future, and deepen defense cooperation.

Impact: Reshaping the global energy trade pattern, weakening Russia's energy export share, further binding US-India influence in South Asia, and possibly increasing India's energy costs.

(2) Impact on Gold:

The US imposition of high tariffs on Iran and the US-India "energy for tariffs" agreement have intensified the uncertainty of the global trade and energy pattern, increased trade-related safe-haven demand, and formed continuous support for gold.

6) Gold Market Observation

（1）The Global Gold ETF Market in January 2026 - World Gold Council

① Overall Performance

Global gold ETFs inflowed approximately $19 billion in January 2026, a record monthly high. Combined with a 14% rise in gold prices, it drove the total assets under management (AUM) to increase to $669 billion and the total holdings to 4,145 tons, both hitting record highs. During the same period, the average daily trading volume of the global gold market reached $623 billion, also a record high, fully reflecting the high recognition and strong allocation demand of global investors for gold assets.

② Overall Flow Characteristics

Gold ETFs in all regions around the world achieved inflows, with North America and Asia as the main contributors, accounting for the vast majority of global capital inflows. Even with the recent correction in gold prices, gold ETFs in all regions except Europe still recorded inflows on January 30 and February 2, with investors showing a buying-on-dips trend, highlighting the long-term safe-haven value and allocation attractiveness of gold assets.

③ **Regional Details**

- **North America:** Inflowed about $7 billion in January, the eighth consecutive month of inflows, a record second-highest monthly net inflow for the region. The core drivers were rising gold prices, geopolitical tensions between the US and Iran as well as between the US and Europe (related to Greenland), coupled with Fed policy uncertainty (Warsh's nomination, Powell's investigation) and interest rate cut expectations, supporting sustained strong demand for gold ETF allocations in the market.
- **Europe:** Inflowed about $2 billion in January, the third consecutive month of inflows. Driven by rising gold prices, Trump's tariff threats amid the Greenland dispute, and market volatility caused by the EU's plan to take tariff countermeasures, investor safe-haven demand rose. Among them, UK gold ETFs led the inflows, mainly driven by high inflation and domestic political tensions, with investors hedging market risks by allocating gold ETFs.
- **Asia:** Inflowed about $10 billion in January, the fifth consecutive month of inflows and a record monthly high, accounting for 51% of global total inflows. The Chinese market inflowed about $6 billion, leading Asia and ranking second globally, while the Indian market inflowed about $2.5 billion. These were supported by geopolitical uncertainty and institutional demand (China), as well as rising gold prices and portfolio diversification demand amid weak stock markets (India). The India's Sensex 30 Index closed down for multiple days in January, further driving investors to switch to gold ETFs for safe-haven purposes.
- **Other Regions:** Achieved positive inflows for the second consecutive month, with an inflow of about $295 million in January, mainly driven by strong capital flows in the Australian market and minor support from the South African market, showing a steady and moderate growth trend overall.

④ **Core Influencing Factors**

The escalation of geopolitical and trade tensions, Fed policy uncertainty (Warsh's nomination and stance differences, Powell's investigation; Trump explicitly supports the advancement of the investigation into Powell, further exacerbating policy differences), and market expectations of interest rate cuts have jointly supported the increase in global gold ETF demand and promoted the overall growth of the entire market.

III. Outlook & Key Catalysts

➢ **Next Week's Focus:**

Key focus for next week (due to the government shutdown, non-farm payrolls and CPI data are delayed, becoming the core of next week):

- February 10 (Tuesday): US December Import Price Index
- February 11 (Wednesday): US January Non-Farm Payrolls (Unemployment Rate, Average Hourly Earnings), 2025 Non-Farm Benchmark Revision
- February 12 (Thursday): US Weekly Initial Jobless Claims, January PPI
- February 13 (Friday): US January CPI (Core CPI), University of Michigan Consumer Sentiment Index Preliminary Value

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).

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