



## Future Gold Labs

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### Weekly Gold Wrap

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#### I. Gold Price Recap

On Friday, February 27 (New York time, early February 28 Beijing time), COMEX gold futures rose 1.64% to settle at \$5,279.60/oz, gaining approximately 4% for the week and 11.27% for February. COMEX silver futures surged 7.67% to \$94.30/oz, soaring roughly 14% weekly and 19.28% month-to-date. Escalating U.S. tariff disputes, rising U.S.-Iran geopolitical risks, and a concentrated surge in safe-haven demand drove international gold and silver prices to oscillate higher at historic highs, extending their strong rally. Specifically, after the U.S. Supreme Court ruled last week that Trump's reciprocal tariffs andentanyl tariffs under the International Emergency Economic Powers Act (IEEPA) were unlawful, the U.S. administration quickly retaliated, sharply increasing uncertainty over future U.S. tariff policy and acting as the immediate catalyst for gold's rally.

On the geopolitical front, tensions in the Middle East continued to mount. On February 28 local time, Israel's defense minister announced a preemptive strike against Iran. On March 1, the U.S. and Israel launched joint airstrikes codenamed "Epic Wrath" targeting over 30 sites, including Iran's presidential palace and Revolutionary Guard headquarters. Iran responded with "True Promise - 4" counterstrikes and entered a state of war, marking a shift from confrontation to direct military clashes. Multiple sources confirmed that Iran's Supreme Leader Ayatollah Ali Khamenei was killed in an attack on the morning of February 28. This followed the third round of indirect U.S.-Iran nuclear talks in Geneva, which yielded no substantive progress. The complete escalation of U.S.-Iran conflict risks further ignited market risk aversion, funneling massive safe-haven capital into gold and silver markets.

Additionally, the erosion of U.S. dollar credit amid volatile tariff policies and expanding fiscal deficits, combined with a market consensus on the Fed's rate-cut cycle and sustained central bank gold purchases, collectively propelled this week's strong rally in precious metals. Notably, JPMorgan revised its precious metals outlook on Wednesday, setting a 2026 year-end gold price target of \$6,300 per ounce.

#### II. Key Drivers Behind Gold's Volatility

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

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

###### ➤ ADP Employment Pulse Data

For the four weeks ending February 7, U.S. private employers added an average of 12,750 jobs weekly, improving for a fourth consecutive week but remaining below the November 2025 peak, signaling a modestly recovering yet tight labor market.

➤ **U.S. Producer Price Index (PPI)**

January core PPI rose 0.8% month-on-month, far exceeding the 0.3% forecast and accelerating from December's 0.6%. Year-on-year, core PPI climbed 3.6%, above the prior 3.3% and consensus 3.0%. The data reinforced market expectations that the Fed will remain patient before cutting rates.

➤ **Initial Jobless Claims**

Released February 27, weekly initial claims stood at 212,000 (vs. 215,000 expected), underscoring labor market resilience.

➤ **February Consumer Confidence (Conference Board) & Mortgage Data**

The consumer confidence index is forecast at 87.6 (prior 84.5), pointing to rising optimism. The 30-year fixed mortgage rate fell to 5.98%, dipping below 6% for the first time since September 2022 and supporting spring housing recovery.

**(2) Impact on Gold:**

Strong U.S. inflation and employment data reinforced expectations of delayed Fed rate cuts, exerting short-term pressure on gold. However, escalating Middle East conflicts provided safe-haven buying support, leading to oscillating prices.

**2) Monetary Policy & Gold Market Impact**

**(1) Fed Leadership Developments & Official Views**

① **Fed Leadership Developments**

- On January 30, 2026, President Trump announced his nomination of Kevin Warsh as the next Federal Reserve Chair. The White House formally submitted the nomination to the Senate on February 24. Markets initially expect Warsh to favor a policy mix of rate cuts plus balance-sheet reduction, leaning toward earlier easing while proactively shrinking the Fed's balance sheet.
- As of now, Warsh's confirmation hearing has not been scheduled and remains stalled in the Senate: Senate Republicans are blocking the process citing an ongoing investigation into Chair Jerome Powell, while Democrats are unified in opposition. With no hearing date set, Warsh is unlikely to take office by May, and Powell is poised to serve in an acting capacity. Powell's term expires on May 15, 2026.

② **Fed Officials' Views**

- **Tom Barkin (Richmond Fed President):** Inflation is declining unevenly and slowly; high rates should be maintained until sustained, steady disinflation is evident. The labor market is in a "delicate balance" with near-zero hiring and high vulnerability to shocks, warranting greater caution on rate cuts. (Hawkish)
- **Raphael Bostic (Atlanta Fed President):** The employment mandate has been met; price stability is the top priority. Rate cuts will be considered only when inflation moves consistently toward 2%. Tariffs raise import costs, heighten upside inflation risks, and narrow room for easing. (Neutral-Hawkish)
- **Beth Hammack (Cleveland Fed President):** Inflation relief is slow and uneven; patience is warranted to keep rates steady for some time. Current rates are near neutral and do not undermine economic resilience. Upside inflation risks persist, requiring more evidence before cutting. (Neutral)
- **Patrick Harker (Philadelphia Fed President):** Supports maintaining the 4.25% – 4.50% rate range, which is sufficiently restrictive to curb inflation without harming jobs or growth. Policy must stay

restrictive until inflation clearly returns to 2%.(Hawkish)

- **Jeff Schmid (Kansas City Fed President):** Inflation has only recently peaked; vigilance is critical. Watch for secondary inflation pressures from tariffs.(Hawkish)
- **Austan Goolsbee (Chicago Fed President):** 3% inflation is unsatisfactory and below target. Further cuts are premature without more evidence of sustained disinflation. Avoid repeating the “transitory inflation” misjudgment. If inflation cools, rates can fall further in 2026; confident in multiple cuts this year but opposes large, early reductions. The labor market and economy remain solid.(Neutral-Hawkish)
- **Stephen Milan (Fed Governor):** Foresees 100 bps of cuts in 2026, four 25-bp increments, implemented sooner rather than later. Cautious on labor market outlook; pre-empt downside risks. Artificial intelligence will exert significant disinflationary pressure.(Dovish)

## (2) Market Watch Data

### ➤ Prime Market Terminal Data:

Money market pricing shows near certainty that the Fed will hold rates steady at the March and April meetings, while June cut odds have been trimmed. Policymakers repeatedly emphasize that clearer signs of disinflation are required before easing. Nevertheless, markets see rising probability of a June cut. According to the CME FedWatch Tool, July is now viewed as the most likely month for the first rate cut, with approximately 66% probability.

### (3) Impact on Gold Prices

Expectations of a July Fed cut provide underlying support for gold prices. However, prolonged high rates and policy divergence point to likely high-range volatility in the near term. Over the medium to long term, actual rate cuts are expected to drive gold higher.

## 3) Yields, USD & Gold Dynamics

### (1) Dollar Index Behavior

At the New York close on Friday, February 28, the U.S. Dollar Index (DXY), which measures the greenback against six major currencies, rose 0.35% to settle at 107.616. The index traded in a choppy, back-and-forth pattern throughout the week. Safe-haven buying amid escalating geopolitical tensions from the joint U.S.-Israeli military strikes on Iran underpinned a modest weekly gain, ending last week's pullback. Friday's surge in geopolitical risk amplified the dollar's daily advance, recouping some of its earlier weekly losses.

### (2) US Treasury Yields & Gold Dynamics

At the New York close on February 28, the benchmark 10-year U.S. Treasury yield fell 6.66 basis points to 3.9375%, approaching its October 17, 2025, low. It dropped 14.52 bps for the week and 29.80 bps in February, extending its monthly decline and posting its largest monthly drop in a year. Driven by Fed policy divergence and safe-haven flows, rising demand for Treasuries capped yield gains.

### (3) Impact on Gold

A slightly stronger dollar exerted mild headwinds on gold. However, the sharp decline in 10-year Treasury yields significantly reduced gold's opportunity cost. Combined with safe-haven demand from escalating U.S.-Iran tensions, these dual supports dominated gold's price action.

## 4) Geopolitical Tensions & Safe-Haven Demand

### (1) Middle East: U.S.-Iran Military Conflict

On March 1, the U.S. and Israel launched joint airstrikes codenamed “Epic Wrath” against Iran, targeting

over 30 sites including the presidential palace and Revolutionary Guard headquarters. Iran retaliated with “True Promise- 4” counterstrikes, hitting Israeli territory and U.S. carrier groups in the Persian Gulf. The two sides shifted from standoff to direct military clashes, with Iran declaring a state of war. While Iran initially denied reports of Supreme Leader Ali Khamenei's death, multiple sources confirmed he was killed in an attack on the morning of February 28.

Previously, the third round of indirect U.S.- Iran nuclear talks in Geneva concluded on February 26 with no substantive progress; a fourth round scheduled for March 1—seen as the “last window for peace”—was canceled. In his State of the Union address on Tuesday, Trump hinted at potential strikes, vowing never to let Iran acquire nuclear weapons, expressing dissatisfaction with negotiation tactics, and remaining vague on regime change. On Thursday, the U.S. Embassy in Jerusalem authorized the departure of non-emergency staff and families due to security risks. CNN reported no intelligence indicating Iran is developing intercontinental ballistic missiles capable of striking the U.S. mainland.

## **(2) Pakistan- Afghanistan Border Clashes**

Heavy fighting erupted late February 26 on the Pakistan - Afghanistan border, with Afghan forces launching a large-scale attack on Pakistani military positions and seizing 15 outposts. Pakistan counterattacked, conducting airstrikes on Kabul and other Afghan cities early February 27. Casualties were heavy, and clashes continued as of press time. This followed Pakistani airstrikes on February 21 - 22 that drew strong Afghan condemnation, with this round far more intense. China is closely monitoring the situation, calling for calm, restraint, and dialogue, offering mediation via its own channels, and demanding both countries safeguard Chinese personnel, projects, and institutions. No evacuation or flight suspension plans are in place, but assistance will be provided to citizens in need.

## **(3) Russia-Ukraine Conflict**

On the fourth anniversary of the war's escalation, Russian forces advanced along the frontline, launching massive airstrikes on February 28. Ukraine and Russia agreed to a local ceasefire around the Zaporizhzhia Nuclear Power Plant. U.S.- Ukraine talks were held, with trilateral negotiations expected in early March. NATO and Norway pledged additional aid to Ukraine, while Ukraine and Hungary remain at odds over oil pipelines.

## **(4) Impact on Gold**

Direct U.S.- Iran military clashes, intensifying Russia - Ukraine fighting, and spreading Pakistan - Afghanistan border conflicts created a perfect storm of geopolitical risks. Gold's safe-haven demand was fully ignited, driving a sharp near-term rally and compressing downside potential.

# **5) Tariff Turmoil Drives Gold Swings**

## **(1) Tariff & Trade Policy Developments**

### **➤ New Global Tariffs Implemented; Policy Uncertainty Persists**

U. S. trade policy has reintroduced uncertainty, escalating trade tensions. A new 10% global tariff has taken effect, further unsettling markets. Following the Supreme Court's ruling against prior reciprocal tariffs, President Trump announced a uniform 15% tariff on all imports. However, U.S. Trade Representative Jamieson Greer stated that rates could be raised to 15% or higher for multiple countries in the coming days, leaving U.S. trade policy unclear.

US tariff policy has seen intensive adjustments in just a few days, with key timelines and specific measures as follows:

① On Feb 23 evening, U.S. CBP announced a 10% temporary global tariff under Section 122 of the Trade Act of 1974, effective Feb 24 for 150 days, replacing the unconstitutional tariffs. It does not stack

with Section 232 measures and clarifies exemptions. Separately, the U.S. plans separate tariffs for six industries, pending statutory review.

② On Feb 24, all additional tariffs under IEEPA were formally terminated. The Supreme Court ruling invalidated reciprocal tariffs on China; CBP updated its system, cutting China's overall tariff rate to the U.S. by 10 percentage points.

③ On Feb 25, USTR Greer announced a shift from China- focused tariffs to a global framework under Section 122, targeting trade imbalances and midterm elections.

④ On Feb 27, Greer confirmed plans to raise the temporary 10% global tariff to 15% (higher for some goods), covering most partners while keeping China's rates unchanged, consistent with the 2025 U.S.- China trade deal

⑤ Other tariff dynamics: Partisan divisions widen; the EU plans 15% retaliatory tariffs; Canada and Mexico consider reimposing sanctions. Chinese export sentiment to the U.S. has improved, but a 15% tariff could reduce global trade by \$320 billion annually.

## (2) Impact on Gold:

.Frequent shifts in U.S. tariff policy and rising global trade frictions have significantly boosted market risk aversion and inflation expectations, providing sustained support for gold and limiting downside.

## 6) Gold Market Observation

### (1) Why gold in 2026? A cross-asset perspective (World Gold Council, WGC)

#### ① Early 2026 Global Risk Asset Landscape (U.S. Equities Core): High Valuations vs. High Uncertainty

- **Strong but fragile near- term returns:** 2025 – early 2026 asset performance was robust, supported by economic resilience, AI hype, and easing expectations. However, risks from U.S. tariffs and geopolitics have abated only temporarily, not been resolved.
- **Broad overvaluation:** Forward P/E ratios for U.S., UK, European, and EM equities are at 20- year highs. Credit spreads are near record lows, meaning credit assets are also heavily overpriced.
- **Disconnect between expectations and policy:** Markets are highly optimistic on growth with low GDP forecast dispersion, yet U.S. policy uncertainty is at extreme levels, masking deep risks from overconfidence.
- **Elevated speculative sentiment:** U.S. margin debt growth has outpaced S&P 500 returns— historically seen only three times, all preceding higher volatility and forced deleveraging that amplifies equity downside.

#### ② U.S. Bond Market: Traditional Safe- Haven Function at Risk; Inflation as Key Constraint

- **Sticky inflation with upside pressure:** Core PCE holds around 3%; output gaps are near record highs with little slack; household inflation expectations are rising, making rapid disinflation unlikely.
- **Risks of renewed hikes and higher yields:** A sharp rise in core inflation could trigger Fed tightening, pushing DM yields higher. Rising stock- bond correlation erodes the diversification benefit of traditional 60/40 portfolios.
- **Diminished safe- haven role:** Recent equity corrections show Treasuries have underperformed gold as a hedge, failing to offset stock losses effectively.

#### ③ 2026 Core Gold Allocation Thesis: Multi- Factor Support, Strategic Value

- **Enhanced inflation hedge and diversification:** Sticky inflation and upside risks boost gold's inflation- hedging appeal. Higher stock- bond correlation further elevates gold's portfolio diversification value.

- **Strategic underallocation by private investors:** Private gold holdings as a share of global equity and debt are well below historical optimal ranges, offering meaningful catch-up potential—not “overbought” as feared.
  - **Crisis performance proven:** Gold delivers positive returns during crises even after strong pre-crisis gains (e.g., 2008, 2022), acting as a reliable systemic risk hedge.
  - **Superior drawdown protection:** Gold has posted positive returns across nearly all market crises (dot-com, GFC, COVID, 2025 tariff uncertainty), while equities and bonds often fell, reducing portfolio losses.
- ④ **Key Conclusions & Investment Implications:** Gold as Core Defensive Allocation in 2026
- Global risk assets face triple headwinds: stretched valuations, persistent macro risks, and excessive speculation. Portfolio resilience is paramount.
  - Gold's diversification, drawdown protection, and inflation-hedging attributes make it strategically valuable today, a core component of long-term portfolios.
  - Investors should guard against excessive optimism and increase allocations to high-quality havens like gold to buffer equity volatility and macro risks.

### III. Outlook & Key Catalysts

#### ➤ Next Week's Focus:

Mon, Mar 3: Chicago Fed National Activity Index

Tue, Mar 4: U.S. Feb Conference Board Consumer Confidence; Richmond Fed Manufacturing Index

Wed, Mar 5: U.S. Jan New Home Sales

Thu, Mar 6: U.S. Initial Jobless Claims; Q4 GDP Final; Jan Durable Goods Orders Final

Fri, Mar 7: U.S. Feb Chicago PMI

#### • Ongoing Watch Items

U.S.- Iran tensions; tariff developments; Fed speeches; Kevin Warsh's nomination progress; Middle East geopolitical conflicts, etc.

\*Notes:

-Win rate is the number of wins divided by the total number of participations, calculated as  $(\text{number of wins} / \text{total participations}) \times 100\%$ .

Excluding draws, it is  $(\text{number of wins} / (\text{wins} + \text{losses})) \times 100\%$ . 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:  $(\text{peak net value} - \text{trough net value}) / \text{peak net value}$ .

-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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