



Future Gold Labs

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Weekly Gold Wrap

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I. Gold Price Recap

As of Friday, March 20 (New York time; early March 21 Beijing time), COMEX Gold futures fell 2.47% to \$4,492.00/oz, posting a weekly decline of over 10%—the largest weekly drop in years. COMEX Silver futures slid 4.54% to \$26.78/oz, down 16.28% week-on-week. Supported by hawkish guidance from major global central banks, sticky U.S. core PCE inflation, and sharply diminished Fed rate-cut expectations, the U.S. dollar and U.S. Treasury yields rose in tandem, weighing heavily on precious metals. Despite some safe-haven support from Middle East tensions and elevated oil prices, international gold and silver corrected sharply from recent highs this week amid expectations of higher-for-longer rates, profit-taking, and portfolio repositioning, resulting in a phase of volatile consolidation.

Gold exhibited a clear stable early week, sharp late-week decline pattern, with the FOMC decision acting as the key catalyst:

-Early-week caution: On Monday and Tuesday, ahead of pivotal central bank meetings, markets traded cautiously with gold in a narrow range, with no clear directional bets.

-Wednesday FOMC-driven volatility: While leaving rates unchanged as expected, the dot plot delivered a surprisingly hawkish signal—only one 25-bp rate cut implied for 2026; 7 officials opposed cuts this year; 1 flagged a possible hike in 2027. The Fed also raised its 2026 core PCE forecast to 2.7%. **Chair Powell reiterated that cuts require sustained inflation improvement, reinforcing higher-for-longer pricing. His commitment to remain in office until a successor is confirmed further underscored policy continuity, fueling near-term risk aversion and pressuring gold.**

Following the hawkish FOMC outcome, markets have repriced rates higher for longer and scaled back rate-cut expectations materially. Coupled with rising real yields and a stronger dollar, COMEX Gold saw a sharp correction with widened weekly losses and elevated market caution. As a non-interest-bearing asset, gold faces higher opportunity costs in a high-rate environment. Traditional gold infrastructure also has room for improvement in instant liquidity and use-case applicability. Amid overlapping high-rate conditions, inflation concerns, and concentrated sentiment shifts, short-term capital has favored profit-taking and rotation into USD cash and other liquid, yield-bearing assets to manage portfolio volatility. Periodic volatility risks remain warranted. Markets have fully priced the path of extended restrictive policy; the trajectory for policy and inflation remains data-dependent and subject to ongoing

uncertainty.

From a multi-asset allocation perspective, gold's strategic value remains prominent despite short-term pressure from rate expectation repricing and market sentiment, with room for further increases in global gold allocation weights. Building on its A New Golden Age: Imagining The Future of Digital Gold research, the World Gold Council (WGC) launched Gold as a Service (GaaS)—a digital gold infrastructure—on March 19, aiming to enhance gold's transfer efficiency, versatility, and user experience via standardized frameworks. Short-term volatility does not alter gold's medium-to-long-term allocation thesis. As a key industry upgrade, digital gold helps elevate gold's functional attributes and investment appeal, warranting medium-to-long-term monitoring.

II. Key Drivers Behind Gold's Volatility

1) U.S. Economic Indicators Drive Sharp Correction in Gold

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

➤ U.S. February Personal Income & Spending

Personal income increased 0.5% MoM (above consensus); personal spending jumped 0.8% MoM, a six-month high. Robust consumption underscored economic resilience, reducing near-term recession risks but raising inflation rebound concerns.

➤ U.S. Weekly Initial Jobless Claims

For the week ending March 15, initial claims were 225,000 (vs. 230,000 expected; prior revised to 228,000). A tight labor market and persistent wage pressures supported the Fed's case for sustained high rates.

➤ U.S. February Existing Home Sales

Annualized sales totaled 3.95 million (vs. 4.05 million expected; prior 4.02 million). High rates continued to weigh on housing activity, with sales falling for a third straight month, revealing lagged monetary policy effects.

(2) Impact on Gold:

This week's strong U.S. consumption and tight labor market bolster the Fed's hawkish higher-for-longer stance, clearly bearish for gold. Weak existing home sales offer mild support but fail to reverse downside pressure.

2) Monetary Policy & Gold Market Impact

(1) Fed Developments & Official Views

Fed Actions

The March FOMC voted 11 – 1 to hold the federal funds rate target range at 3.50% – 3.75%—the second consecutive hold, in line with expectations. The sole dissenter, Governor Stephen Miran, called for an immediate cut.

➤ Policy Statement & Economic Projections:

The statement revised unemployment language and added a reference to heightened uncertainty from the Middle East conflict, signaling vigilance over geopolitically driven inflation risks. The Summary of Economic Projections (SEP) lifted 2026 GDP growth and core PCE forecasts, highlighting economic resilience and sticky inflation.

➤ (2) Dot Plot & Rate-Cut Expectations:

The dot plot turned decisively hawkish: the median official projected just one 25-bp cut in 2026; 7 of 19 officials opposed cuts this year, reflecting widening internal division.

➤ (3) Chair Powell's Key Messages:

Jerome Powell emphasized data dependence with no preset policy path, ruling out cuts until

inflation durably returns to 2%. He noted high uncertainty from Middle East tensions and oil volatility, with the Fed monitoring but not pre-emptively acting. His pledge to stay until confirmation of a successor reinforced policy continuity.

➤ **(4) Other Fed Officials**

-Christopher Waller: Adopted caution amid resurgent inflation, highlighting persistent oil-price pressures.

-Michelle Bowman: Scaled back cut expectations, citing solid growth and inflation rebound risks.

-Susan Collins & Beth Hammack: Backed restrictive policy to solidify anti-inflation progress.

(2) Market Watch Data

➤ **Prime Market Terminal Data:**

.CME FedWatch:

April FOMC: ~89 – 90% chance of holding at 3.50 – 3.75%; 0% chance of cut.

June FOMC: ~11 – 22% chance of one 25-bp cut in 2026; most expect no change.

Markets now price only one cut in 2026, likely delayed to H2, closely aligning with the Fed's dot plot.

(3) Impact on Gold Prices

A entrenched hawkish Fed and collapsed rate-cut expectations lifted real yields and the DXY, pressuring gold. Near-term prices remain constrained by high rates, biased toward range-bound weakness.

3) Yields, USD & Gold Dynamics

(1) Dollar Index Behavior

As of New York close March 20, DXY rose 0.42% to 99.641, trading firmly on the week. Supported by the hawkish FOMC and Middle East safe-haven demand, it hit a 2026 high of 100.54. Drivers: Deepening higher-for-longer rate pricing; Safe-haven USD bids on escalating Middle East tensions; Broad-based weakness in major crosses.

(2) US Treasury Yields & Gold Dynamics

As of New York close March 20, yields across maturities rose sharply amid renewed inflation fears and delayed rate-cut bets. The 10-year Treasury yield briefly topped 4.38%, a multi-month high. The weekly stepwise rally reflected hotter core PCE, oil-driven inflation concerns, and Fed hawkishness, triggering heavy Treasury selling. Higher yields across the curve materially raised the opportunity cost of holding non-yielding gold.

(3) Impact on Gold

A stronger DXY and rising Treasury yields directly lifted gold's carrying cost, acting as strong headwinds and forcing consolidative trading.

4) Geopolitical Tensions & Safe-Haven Demand

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

① Escalating US-Iran Tensions and Volatile Energy Prices

➤ Middle East tensions show no meaningful de-escalation. Limited, localized signs of cooling do not reverse the upward conflict trajectory. U.S./Israeli and Iranian military confrontations remain intense, with reciprocal strikes on military, energy, and critical infrastructure. Israel has hinted at pausing attacks on Iranian energy facilities, but the Trump administration is considering occupying or blockading Iran's Kharg Island to force reopening of the Strait of Hormuz. The U.S. is also deploying additional forces to the region and seeking emergency war funding, raising risks of a prolonged, expanded conflict.

➤ Shipping traffic through the Strait of Hormuz has collapsed by over 94% vs. pre-conflict levels,

disrupting roughly a quarter of seaborne crude trade. Major carriers suspended transits and rerouted vessels, lifting global energy costs and inflation fears. While international calls for de-escalation persist, no cohesive, effective intervention has emerged, keeping left-tail geopolitical risks elevated.

- Amid surging oil prices, the U.S. granted a one-month conditional waiver for seaborne Iranian oil on March 20, aiming to add ~140 million barrels to ease shortages. However, Iran stated it holds no stranded oil for sale, and market energy analysts see limited incremental supply impact.

② **Russia-Ukraine Conflict: Stalemate on Front Lines, Stalled Talks**

- A stalemate persists with repeated back-and-forth battles in Donbas, Zaporizhzhia, and other frontline areas. Russia has launched large-scale airstrikes against Ukrainian energy and defense industrial infrastructure; Ukraine has expanded strikes on deep Russian targets. Peace negotiations remain suspended, with no near-term de-escalation in sight, continuing to roil European energy and security sentiment.

(2) **Impact on Gold**

Multiple conflicts sustain global safe-haven demand, underpinning gold. However, oil-price gains from Middle East tensions clash with Fed hawkishness, resulting in choppy, range-bound trading.

5) **Tariff Turmoil Drives Gold Swings**

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

- **U.S.: Tariff legal shifts + intensified investigations**

After the Supreme Court ruled prior tariffs unconstitutional in February, the administration rapidly adopted new legal authorities. On March 21, Treasury Secretary Bescond announced a 15% temporary tariff on global imports under Section 122 of the 1974 Trade Act, up from 10%, applicable for up to 150 days (through July 24). Combined with existing Section 301/232 duties, corporate tax burdens increased. On March 4, the U.S. Court of International Trade ordered the government to refund ~\$175 billion in unconstitutional tariffs, with over 1,800 firms suing; however, disbursements are slow, pressuring SME cash flow.

- **EU: EV tariff pause + end to low-value VAT relief**

The EU pursued a split approach: On March 21, the European Commission delayed tariffs on Chinese EVs set for April 1, amid German pushback. Anti-subsidy investigations continue, leaving tariff risks unresolved. From July 1, 2026, the EU will eliminate tariff exemptions for small cross-border parcels under € 150, imposing a € 3 flat duty per unit and ending low-value VAT relief. On March 19, the European Parliament restarted EU-U.S. trade deal approval, seeking a 15% tariff cap on most EU exports to the U.S.

- **Japan & South Korea: Pressured by fragmented global tariffs**

Japanese Prime Minister visited the U.S. this week, pledging an additional \$73 billion in investment (including small modular reactors and gas-fired power) to seek tariff relief. However, the U.S. 15% global tariff casts doubt on a prior \$550 billion investment-for-concessions deal.

(2) **Impact on Gold:**

Rising trade barriers, frictions, and inflation concerns provide dual safe-haven and anti-inflation support for gold. Modest localized tariff easing causes only minor noise, leaving gold's supportive backdrop from trade uncertainty intact, with resilient safe-haven characteristics.

6) **Gold Market Observation**

- 1) **(1) A New Golden Age: Imagining the Future of Digital Gold—WGC**

① Core Background

Market turbulence in 2025 boosted gold's safe-haven appeal. While global physical gold holdings are substantial, the industry faces gaps including lagged regulation, complex custody, and limited yield potential. Digitalization has become critical to resolving these constraints.

The WGC is advancing multiple digital initiatives to build a common foundational framework for digital gold, helping break industry barriers and support standardized development.

② Three Pillars of Digital Gold Development

➤ 1. Inclusive Digital Gold

This pillar focuses on improving accessibility and usability. Digital tools amplify gold's core strengths—safe-haven, inflation hedge, and geopolitical resilience—creating a 24/7, low-cost, high-liquidity trading and settlement ecosystem that supports physical redemption and instant collateralization, catering to both retail and institutional investors. Blockchain traceability ensures full transparency of gold mining and circulation, enhancing compliance and ESG performance. It supports a gold-backed robust monetary system, with additional yields such as fee-sharing to strengthen gold's strategic allocation value.

➤ 2. DeFi Gold

This segment addresses gold's lack of inherent yield. Through DeFi infrastructure, gold is tokenized, enabling collateralized lending, liquidity mining, and yield generation via smart contracts. As global crypto regulation matures (e.g., EU MiCA, U.S. rules), traditional financial institutions will accelerate participation, launching regulated gold token funds and fractional investment to lower barriers for retail investors. Planned low-risk stable products with 2% – 3% annual yields will align with traditional gold investors' risk profiles, linking gold to the modern financial yield ecosystem.

➤ 3. New Frontiers of Gold

Targeting younger consumers and investors, this area expands gold's traditional use cases by integrating physical assets, digital rights, and virtual environments. Innovations include separating physical and digital value of jewelry and collectibles (allowing investors to retain physical items while monetizing digital assets), dedicated digital gold indices, designer and limited-edition gold collectible platforms, and hybrid physical-digital gold NFTs with offline VIP benefits and metaverse utility. Lightweight investment channels via major brands and super apps will make gold investing as accessible as daily consumption, broadening adoption and use cases.

③ Key Drivers of Transformation

Technology: Blockchain, AI verification, quantum encryption, and other innovations enhance transaction security, traceability, and transfer efficiency, solving longstanding frictions in physical gold.

Demographics: Younger generations, as the core wealth-transfer cohort, show strong acceptance of digital alternative assets, forming the main user base for digital gold.

Macro Trends: The boom in real-world assets (RWA), wider ESG adoption, recurring geopolitical stress, and sticky inflation amplify gold's safe-haven appeal and accelerate digital adoption.

Industry Demand: Weak liquidity, high entry barriers, and zero inherent yield in traditional gold have spurred strong institutional and retail demand for lightweight, yield-generating gold solutions.

④ Frontier Innovation & Conclusion

Digital gold commercialization is accelerating, with GBI traceability, quantum-secured trading, gold stablecoins, and micro gold savings/payments moving from concept to application. Challenges remain, including uneven regulation, fragmented standards, and limited interoperability; compliance and market education will continue to be essential. **Core Conclusion:** Digitalization of gold is an irreversible trend. It strengthens safe-haven and store-of-value features while introducing yield potential and expanding use

cases. Unified technical and regulatory standards, paired with industry-wide collaboration, are required to unlock its full potential.

III. Outlook & Key Catalysts

➤ Next Week's Focus:

Tue, Mar 24: U.S. Feb Durable Goods Orders; Eurozone Mar Manufacturing PMI

Wed, Mar 25: U.S. API/EIA Crude Oil Inventories; G7 Finance Ministers Meeting

Thu, Mar 26: U.S. Initial Jobless Claims; U.S. Q4 GDP Final

Fri, Mar 27: U.S. Feb PCE Deflator, Personal Income & Spending, UoM Consumer Sentiment Final

Key Monitoring

Ongoing Focus: U.S.-Iran tensions & Strait of Hormuz; U.S. tariffs & Section 301 investigations; Middle East geopolitical risks; Fed officials' speeches, etc.

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