Future Gold Labs

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Weekly Gold Wrap

2026/04/26

I. Gold Price Recap

As of Friday, April 24 (NY time; early Apr 25 Beijing time), COMEX Gold futures rose 0.03% to 4,725.40 USD/oz, down 3.16% WoW; COMEX Silver futures rose 0.24% to 75.69 USD/oz, down 7.52% WoW.

Gold traded in a volatile, downward range this week, driven by US-Iran talks, Strait of Hormuz tensions, and US economic data, with intense long-short competition at relative high levels.

Mon: Gold gapped sharply lower, reversing Friday's strength, then rebounded slightly in afternoon trade. Key driver: Deteriorating Middle East tensions over the weekend (Strait of Hormuz closure, US seizure of Iranian vessel in Gulf of Oman; Iran rejected 2nd round talks and vowed retaliation), stoking energy/inflation fears, crushing rate-cut bets, and boosting USD, pressuring gold.

Tue: Trump signaled de-escalation of US-Iran conflict, but strong Mar retail sales and Apr PMI prelims weighed on rate-cut expectations, lifted USD, extending gold's decline.

Mid-week: White House denial of ceasefire extension kept markets cautious; gold remained weak. Thu (Apr 23): Trump announced Israel-Lebanon ceasefire, but negotiation gaps persisted; gold trended lower without consolidation.

Fri: Gold bottomed and recovered modestly; COMEX Gold rebounded from lows, finishing the week with a volatile, downward bias.

Markets remain focused on US-Iran talks and Strait of Hormuz control (progress remains volatile), compounded by US data and Fed rate-cut expectations, sustaining long-short tug-of-war.

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

- **Mar Retail Sales**

MoM +0.7% (vs. +0.4% exp; prior revised up to +0.3%). Strong consumer spending underscores resilient household demand and solid economic fundamentals, further eroding near-term Fed rate-cut bets.

- **Apr Markit PMI Prelims**

Manufacturing PMI 54.0 (above exp/prior, multi-month high); Services PMI stayed in expansion. Broad-based improvement in supply/demand signals robust recovery momentum and sticky inflation, delaying rate cuts.

- **Initial Jobless Claims**

Week ending Apr 18: 214k (+6k; vs. 210k exp). Tight labor market, limited layoffs, steady employment conditions.

- **UoM Consumer Sentiment (Apr Final)**

Fell to 49.8 (from 53.3 in Mar), lowest since 1978, signaling deepening household pessimism on economic outlook.

- **UoM Consumer Expectations (Apr Final)**

48.1 (down from 51.7 Mar). This leading indicator points to potential slowdown in consumer spending, weighing on GDP.

- **UoM Inflation Expectations**

1-yr: 4.7% (up from 3.8% Mar); 5-yr: 3.5% (highest since Oct 2025). Slower disinflation narrows Fed policy easing room.

(2) Impact on Gold:

US data showed a mixed picture: strong economy/employment, sticky inflation, but falling consumer confidence/expectations. Strong growth/employment crushed rate-cut bets and lifted USD, dominating gold's downside; weak confidence and surging inflation expectations offered mild safe-haven support, but insufficient to reverse trend—gold remained under pressure with heightened volatility.

2) Monetary Policy & Gold Market Impact

(1) Fed Developments & Official Views

Fed News: Trump continued criticizing Powell in interviews this week, hinting at investigations, threatening non-renomination post-term, and slamming delayed rate cuts—consistent with his recent stance. On Apr 25, Powell emphasized Fed independence from political pressure at the IMF meeting; Waller and other officials echoed this, defending central bank autonomy.

- **Summary of Federal Reserve Officials' Views**

-Jerome Powell (Fed Chair): Prioritizes price stability; monitors upside risks to inflation/unemployment; no clear rate guidance. (Neutral)

-Michael Barr (Vice Chair): Warns of trade-related inflation pressures; favors maintaining current rate framework. (Hawkish)

-John Williams (NY Fed President): Emphasizes stable inflation expectations; opposes premature pre-emptive cuts; forecasts slower growth, rising inflation/unemployment. (Hawkish)

-Christopher Waller (Fed Governor): Defends Fed independence; supports policy hold; sees labor market stabilization. (Neutral)

-Beth Hammack (Cleveland Fed President): Advocates policy patience; waits for conclusive evidence before adjusting rates. (Neutral)

-Kevin Warsh (Fed Chair Nominee, Former Governor): Criticizes Fed's weak inflation response; calls for tighter inflation control. (Hawkish)

(2) Market Watch Data

- **Prime Market Terminal Data:**

Per CME FedWatch: Current fed funds rate 3.50%–3.75%. Probability of on-hold: 99.5% (Apr), 94.4% (Jun); 74% (end-2026, below 88%–90% prior expectations). Rate-cut expectations edged up but remain extremely low for 2026; hike odds near zero. Market pricing has softened slightly from extreme hawkishness.

(3) Impact on Gold Prices

Hawkish/neutral Fed consensus (hold rates, delay cuts, defend independence) plus Trump's political pressure sustained policy uncertainty, capping gold upside with only mild safe-haven support. CME data signals prolonged high rates, lifting gold's opportunity cost and weighing on prices.

3) Yields, USD & Gold Dynamics

(1) Dollar Index Behavior

As of NY close Apr 24: DXY fell 0.3% to 98.53, staying weak on the week. Key drivers:① Middle East volatility (US-Iran ceasefire expiry, stalled talks) lifted safe-haven premiums briefly but faded overall;② Trump's pressure on Powell, Fed's unified independence stance, and CME's near-zero 2026 cut odds weighed on USD; solid non-USD currencies capped DXY rebounds.

(2) US Treasury Yields & Gold Dynamics

NY close Apr 24: Yields across tenors traded narrowly, edging higher. 10-year Treasury yield fell 1.57 bps to 4.302%, but rose slightly WoW, ending a prior downtrend. Drivers: Hawkish Fed rhetoric (Powell, Williams, Barr) opposing early cuts; Trump intervention fanned policy uncertainty, cooling rate-cut bets, pressuring bonds and lifting yields; Middle East safe-haven bids offered limited support.

(3) Impact on Gold

Weak DXY provided mild support, but rising Treasury yields + hawkish Fed messaging dampened rate-cut hopes. Offsetting forces left gold stuck in range-bound trading.

4) Geopolitical Tensions & Safe-Haven Demand

(1) Geopolitical Tensions

① Middle East: U.S.-Iran Rivalry and Israel-Lebanon Ceasefire

US-Iran shifted from direct military clashes to "talk-fight" coercion; Israel-Lebanon had a fragile temporary truce.

US-Iran Talks: Second round stalled; Iran rejected talks and prepared for escalation. Iran FM Araghchi visited Islamabad (Pakistan) Fri, no negotiation role, modestly lifting talk hopes. Trump extended the ceasefire but warned military action if talks fail; US blockade of Iran continues, with potential strikes if no deal by expiry.

Strait of Hormuz: Dual US-Iran blockade persists; US enforces port/sea controls; Iran restricts passage until US lifts sanctions. Shipping volumes sharply down, vessels stranded, routes not restored.

Military Buildup: US deploys 3 carrier groups (USS Bush, Boxer) to the Middle East; seizes Iranian-linked vessels; Iran condemns violations, raising tensions.

② Progress of the Russia-Ukraine Conflict

Stalemate in Donbas; drone/long-range strikes ongoing. Putin open to meeting Zelenskyy at final talks; Zelenskyy skeptical due to stalled US aid tied to Iran tensions.

(2) Impact on Gold

Escalating US-Iran tensions, fragile ceasefires, and Ukraine deadlock sustained safe-haven support. But hawkish Fed, rising yields, and fading rate cuts capped gains; gold traded range-bound with partial safe-haven premium.

5) Tariff Turmoil Drives Gold Swings

(1) Tariff & Trade Policy Developments

- **US Tariff Actions**

Apr 20: CBP launched a $166B tariff refund program (largest in US history) for 330k importers, covering only Trump's 2025 unlawful tariffs under IEEPA; some duties excluded. Administration appealed, risking suspension of refunds. USTR conducts Section 301 investigations on multiple countries/products, weighing new tariffs—policy inconsistency persists.

- **US-EU Sanctions & Controls**

US House Foreign Affairs Committee passed export-control bills; China opposes and will defend corporate rights. EU's 20th Russia sanctions list includes Chinese firms; China urges revocation. China added 7 EU entities to its export-control list, banning dual-use item sales.

(2) Impact on Gold Prices

US tariff flip-flops ($166B refunds + new 301 probes) and escalating US-EU sanctions amplified global trade/financial uncertainty, boosting safe-haven and de-dollarization demand, supporting gold. Near-term fiscal/inflation volatility from refunds and USD swings limited one-way rallies; gold trended range-bound with gradually unfolding safe-haven premiums.

6) Gold Market Observation

World Gold Council: Gold in Shari'ah investments: Hajj fund perspective

1. Background, Portfolio Structure & Shariah Compliance

Southeast Asian hajj funds are large, long-dated, strictly Shariah-compliant, with concentrated, low-diversification portfolios. Unified Shariah gold standards and regulatory liberalization (e.g., Indonesia) have opened gold to compliant investing, lowering institutional allocation barriers.

2. Four Core Value Propositions of Gold Allocation

-Long-Term Stable Returns: Slow supply growth, scarcity, and inherent inflation hedging offset currency debasement. 20-year IDR-denominated gold returns are strong and cycle-resilient. Hajj costs are SAR-denominated (USD-pegged); USD-priced gold provides effective FX hedging, preserving purchasing power for long-term savings.

-Strong Diversification & Safe-Haven Traits: Low correlation with Shariah equities/sukuk; counter-cyclical performance in market stress, delivering positive returns when Shariah equities fall, smoothing volatility and reducing drawdowns.

-Enhanced Portfolio Performance: Backtests confirm 5%–15% gold allocation improves risk-adjusted returns without sacrificing total return, lowering volatility and strengthening stability.

-Alignment with Long-Dated Liabilities: Hajj funds have multi-decade payout horizons, requiring capital preservation. Gold's resilience to recessions, energy shocks, and geopolitics matches conservative mandates and long liability structures, ensuring steady wealth preservation.

3. Key Conclusion

Gold is a strategic core holding, not a short-term tool, for hajj funds. Modest allocation addresses portfolio gaps, delivering capital preservation, inflation hedging, diversification, and stable returns. As Shariah gold regulation matures, gold will become a cornerstone of Islamic compliant investing.

III. Outlook & Key Catalysts

- **Next Week's Focus:**

-Apr 27 (Mon): US Mar Existing Home Sales; Apr Dallas Fed Manufacturing Index

-Apr 28 (Tue): US Apr Conference Board Consumer Confidence; Apr Chicago PMI; Day 1 of Fed FOMC Meeting

-Apr 29 (Wed): US Mar Wholesale Inventories; Mar New Home Sales; Fed FOMC Rate Decision + Powell Press Conference

-Apr 30 (Thu): US Initial Jobless Claims; Q1 GDP Prelim; Mar Core PCE Price Index; Q1 Employment Cost Index

-May 1 (Fri): US Apr ISM Manufacturing PMI; US Mar Construction Spending

Ongoing Focus

US-Iran talks (Apr 29) & Strait of Hormuz control; US Section 301 hearing preparations; Middle East escalation risks; Fed policy path & rate-cut expectations (FOMC); global trade frictions & tariff changes.

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