



## Future Gold Labs

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### Weekly Gold Wrap

2026/05/03

#### I. Gold Price Recap

This Friday (New York time, May 1; Beijing time, early morning of May 2), COMEX gold futures closed up 1.63% at \$4,636 per ounce, down 1.35% month-to-date; COMEX silver futures closed up 2.97% at \$74.23 per ounce, down 1.48% month-to-date.

**Gold fluctuated this week, alternating between gains and losses driven by the US-Iran situation, US dollar fluctuations and major central bank policies:**

Early this week, Trump's cancellation of US-Iran negotiation plans triggered market caution; Iran's submission of a ceasefire proposal temporarily narrowed gold's decline, but Trump hinted at rejecting the proposal, leading to a slight weekly close for gold.

On Tuesday, Trump instructed aides to prepare for a long-term blockade of Iranian ports, pushing up oil prices and causing gold to fall that day.

On Wednesday, a stronger US dollar pushed gold to its lowest level in April; the Federal Reserve kept interest rates unchanged with a major split in voting, and Powell struck a neutral and cautious tone.

On Thursday, Japan intervened in the foreign exchange market for the first time in nearly two years to suppress the US dollar, which plummeted, driving gold to rebound more than 1.5%.

On Friday, the US dollar stabilized and the European and British central banks adopted a hawkish stance, leading to a pullback in gold. Ahead of the weekend, Iran submitted a new ceasefire proposal to improve market risk sentiment, allowing gold to recover part of its weekly losses.

#### 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

###### ➤ US April ISM Manufacturing Purchasing Managers' Index (PMI)

The US April ISM Manufacturing PMI stood at 52.7, unchanged from March, indicating steady manufacturing sentiment. The sub-item price index rose from 78.3 to 84.6, the highest since April 2022.

###### ➤ US March Personal Consumption Expenditures (PCE) Price Index

The US March PCE Price Index rose 0.7% month-on-month, with the year-on-year inflation rate increasing from 2.8% in February to 3.5%; the core PCE excluding food and energy rose to 3.2% year-on-year, higher than the previous 3.0%.

➤ **US Q1 2026 GDP**

The initial annualized growth rate of US Q1 2026 GDP reached 2.0%, a significant recovery from the revised 0.5% growth in Q4 2025.

➤ **University of Michigan Consumer Sentiment Index**

The final value of the University of Michigan's April Consumer Sentiment Index was only 49.8, far below March's 53.3, at a historical low.

➤ **US Conference Board April Consumer Confidence**

The Conference Board's April Consumer Confidence rose to 92.8, a slight increase from March's 92.2 and better than the expected 89.0. Improved employment and income expectations, coupled with geopolitical detente and stock market rebound, led to cautiously optimistic sentiment.

➤ **US Initial and Continuing Jobless Claims**

US initial jobless claims for the week ending April 25 (released this week) fell sharply to 189,000, down from the previous 215,000, far exceeding the market expectation of 212,000, the lowest since 1969, reflecting limited layoffs.

US continuing jobless claims for the week ending April 18 (released this week) fell to 1.785 million, down from the previous 1.808 million, the lowest since early 2024, indicating smooth re-employment channels for the unemployed.

**(2) Impact on Gold:**

US economic data this week showed the characteristics of "economic recovery, high inflation, tight employment and divided confidence". High inflation and economic recovery dominated gold's trend, generally bearish for gold; only weak consumer sentiment provided slight bullish support, leaving gold under pressure to fluctuate.

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

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

➤ **April FOMC Resolution: Interest Rates Unchanged, Split Hits 34-Year High**

The Federal Reserve kept the benchmark interest rate unchanged at 3.50%-3.75% on Wednesday, with the number of dissents in this resolution hitting a 34-year high since 1992. The meeting noted high inflation, upward pressure from rising oil prices, steady economic growth but increased uncertainty from the Middle East situation; Powell adopted a hawkish stance, stating there is no plan to raise interest rates but no rush to cut them, with inflation control as the top priority.

➤ **Hawkish Dissenting Members: Oppose Dovish Inclination and Explain Reasons**

There were 12 voting members in this Fed rate resolution, of which 8 voted to keep rates unchanged and 4 voted against, including 1 dove advocating rate cuts and 3 hawks. Among the 4 dissenting members at the FOMC meeting, 3 policy members opposed the dovish inclination in the statement.

① **Three have issued statements explaining their opposition:**

Beth Hammack, President of the Federal Reserve Bank of Cleveland: Rising oil prices are spreading inflationary pressures, and it is not appropriate to send dovish signals at present;

Neel Kashkari, President of the Federal Reserve Bank of Minneapolis: Disruptions to shipping or energy facilities in the Strait of Hormuz may trigger price shocks, and the Fed may need to further raise interest rates;

Lorie Logan, President of the Federal Reserve Bank of Dallas: The Fed's next policy has dual possibilities of rate hike or cut.

② **The other dissenting member (dove):**

Stephen Miran, Fed Governor: Advocates a 25-basis-point rate cut, believing that high interest rates restrain economic vitality.

### ➤ (3) Mid-May Power Transition: Powell Steps Down as Chairman but Remains as Governor; Walsh Takes Over with Reforms

The Federal Reserve will undergo a power transition in mid-May. Powell will step down as chairman on May 15, breaking the convention to remain as a governor until 2028 to defend the Fed's independence. Kevin Walsh, nominated by Trump, was approved by the Senate and took over as chairman on the same day. He advocates weakening forward guidance and abolishing the dot plot, which may end the Fed's 32-year "transparency era".

### (2) Market Watch Data

#### ➤ Prime Market Terminal Data:

Per the latest CME Fed Watch Tool data, the Fed's current interest rate range is 3.50%-3.75%: the probability of keeping rates unchanged in June rises to 98.8%, and to 85.5% by the end of 2026 (a significant increase), with a 13.5% rate hike probability. Rate cut expectations have cooled sharply, with the market expecting delayed cuts and even potential hikes if inflation intensifies. Traders price in unchanged rates this year, with the April 2027 rate hike probability rising to 24.2% from 1.9% a week ago.

### (3) Impact on Gold Prices

The Fed's high interest rates and rising rate hike expectations increase the opportunity cost of holding gold; coupled with a stronger US dollar, they significantly suppress gold prices in the short term. The hedging support from the Middle East geopolitics is limited, and gold prices are mainly driven by interest rate expectations, which are likely to remain weak and volatile.

## 3) Yields, USD & Gold Dynamics

### (1) Dollar Index Behavior

As of Friday (May 1) New York close, the US Dollar Index (DXY, measuring the dollar against six major currencies) rose 0.11% to 98.157, a recent low, with obvious weekly weakness. Core drivers: ① Volatile Middle East geopolitics (US-Iran ceasefire expiration, pending negotiations) led to a short rebound then retreat of the dollar's hedging premium; ② The Fed's April FOMC meeting maintained rates with a 34-year high split, officials issued hawkish signals, and Trump's intervention caused cooled rate-cut expectations and prolonged high interest rates, dragging down the dollar's rebound; ③ Stable non-US currencies and a 3% surge in the yen (due to official FX intervention) further suppressed the dollar's upside.

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

As of the New York close on Friday (May 1), the US 10-year benchmark Treasury yield fell 0.08 basis points to 4.3698%, up 6.91 basis points for the week. Core drivers: Fed officials made intensive hawkish remarks this week, opposing an early rate cut; coupled with intensified hawkish splits at the April meeting, rate cut expectations cooled and the bond market weakened; hedging buying brought by volatile Middle East situation and lower-than-expected US April ISM Manufacturing PMI only provided limited support, leading to a slight pullback in long-term yields.

### (3) Impact on Gold

The low-level operation of the US dollar index and the slight pullback in long-term US Treasury yields provide support for gold prices; however, the Fed's hawkish remarks continue to cool rate cut expectations and maintain high interest rates for a longer period, coupled with lingering inflation concerns, long and short factors counterbalance each other. Gold's volatile trend is mainly driven by the game

between interest rate expectations and geopolitical risks.

## 4) Geopolitical Tensions & Safe-Haven Demand

### (1) Geopolitical Tensions

#### ① Middle East: U.S.-Iran Rivalry

This week, Trump claimed an "end" to U.S.-Iran hostilities to bypass legal constraints and adjust deployments. Mutual blockades and countermeasures have raised crude oil risks, negotiations remain deadlocked, and the standoff has escalated regional tensions.

On May 1, Trump notified Congress of the "termination" of U.S.-Iran hostilities to evade War Powers Resolution limits. The USS Gerald R. Ford carrier has left the Middle East, with only two U.S. strike groups remaining.

**U.S. and Iranian blockades and countermeasures persist**, sharply increasing global crude supply risks. The U.S. has maintained its blockade of Iranian ports, intercepting 46 merchant ships. Iranian countermeasures have nearly closed the Strait of Hormuz, reducing traffic by over 90%.

**U.S.-Iran talks are deadlocked, with the U.S. weighing new military strikes.** Iran submitted a new proposal via Pakistan, demanding the blockade be lifted before nuclear negotiations. Trump refused concessions, delayed talks and kept the blockade in place.

**The U.S.-Iran standoff has sparked regional spillover tensions.** The UAE banned citizens from traveling to Iran and Lebanon. Hezbollah attacked Israeli forces, Israel threatened decapitation strikes, and Iran's Islamic Revolutionary Guard Corps deployed to Lebanon in support.

#### ② Progress of the Russia-Ukraine Conflict

The Russia-Ukraine front line is in a positional stalemate with no major breakthrough; both sides have stepped up long-range drone attacks. Ukraine continues to strike key in-depth facilities in mainland Russia (e.g., refineries, air force bases), while the Russian military intensively bombs Ukrainian infrastructure. Russia's proposed temporary ceasefire for May 9 (Victory Day) was rejected by Ukraine, making a short-term large-scale ceasefire hopeless and the conflict remaining a high-intensity attritional stalemate.

### (2) Impact on Gold

US-Iran confrontation and Hormuz Strait blockade push up oil prices and potential inflationary pressures; coupled with ongoing Russia-Ukraine conflict uncertainty, high oil prices delay Fed rate cuts and add rate-cut resistance. The game between hedging demand and interest rate headwinds still provides some support for gold prices.

## 5) Tariff Turmoil Drives Gold Swings

### (1) Tariff & Trade Policy Developments

#### ➤ US Tariff Dynamics: Tariffs on EU Automobiles

The US officially announced on May 1 that it would impose a 15% tariff on EU automobiles starting from August 2025 (per the US-EU agreement in July last year). Trump announced that it would raise the tariff to 25% starting next week (the second week of May), claiming that the EU has not fulfilled its commitments. The EU responded that it is following procedures and reserves the right to reciprocal countermeasures (may impose additional tariffs on US automobiles/agricultural products).

#### ➤ US Tariff Threats Against China

Trump stated that he will soon announce new tariffs on China (no clear rate/scope specified), focusing on "unfair trade". Currently, tariffs of 25% are maintained on about \$300 billion of Chinese goods, and the

new tariffs may target new energy, electric vehicles and semiconductors.

## (2) Impact on Gold Prices

The escalation of US-EU and US-China trade frictions increases global economic uncertainty, and the rise in hedging demand provides support for gold prices; however, short-term market games intensify, and gold prices are likely to maintain a volatile and slightly bullish pattern.

## 6) Gold Market Observation

### World Gold Council: 2026 Q1 Gold Market Core Summary

#### 1. Overall Core Overview

Global Q1 2026 gold total demand (including OTC) reached 1,231 tons (+2% YoY), with demand value hitting a record \$193 billion (+74% YoY) driven by surging prices. Supply matched demand at 1,231 tons (+2% YoY), supported by mild mined gold growth and 5% recycled gold rebound. London gold averaged a record \$4,873/oz (peaking at \$5,405/oz in January) with a 6% Q1 return. Investment demand surpassed jewelry and industrial demand, becoming the main driver as high prices suppressed physical jewelry consumption.

#### 2. Core Data & Segment Interpretation

**- Gold Bar and Coin Investment:** Q1 demand hit 474 tons (+42% YoY, second-highest quarterly level), led by Asia (China: 207 tons +67% YoY; India: 62.3 tons +34% YoY). Gold ETF net inflow was 62 tons, far below Q1 2025's 230 tons due to US fund outflows in March.

**- Gold Jewelry:** Physical consumption fell 23% YoY to 299.7 tons (post-pandemic low), but expenditure rose 31% YoY to \$47 billion. High prices pushed lightweight purchases; China's jewelry demand dropped 32% YoY (VAT policy diverted to bars/coins), with consumption down globally except high-net-worth high-end demand.

**- Central Bank Purchases:** Net purchases reached 244 tons (+3% YoY, +17% MoM), led by Poland and Uzbekistan. China added 7 tons (reserves 2,313 tons), offsetting sales from Turkey, Russia and Azerbaijan.

**- Industrial & Technological Demand:** Edged up 1% YoY to 82 tons; electronic demand rose 3% YoY (driven by AI, high-end chips, servers) while traditional consumer electronics/dental use declined with substitutions.

**- Gold Supply:** Mined gold hit a Q1 record 884.7 tons (+2% YoY); recycled gold rose 5% YoY to 366 tons (constrained by Middle East logistics). Producer hedging shrank for 9 consecutive quarters.

#### 3. Outlook for H2 2026

- ① Geopolitics (Middle East conflicts, major power games) supports hedging demand;
- ② High inflation and Fed high rates favor bar/coin allocation but limit ETF inflows;
- ③ Jewelry consumption remains suppressed but expenditure resilient, with Asia as investment core;
- ④ Mined gold grows moderately, recycled gold rises with prices (constrained by energy and mine approvals);
- ⑤ Escalated Middle East conflicts may trigger economic shocks, with investment demand remaining the main driver.

#### 4. One-Sentence Summary

Q1 gold demand was driven by strong bar/coin and central bank purchases, with AI boosting mild industrial growth but high prices suppressing jewelry consumption; geopolitics, high inflation and asset allocation needs will support medium-to-long-term volatile upward gold prices.

## III. Outlook & Key Catalysts

➤ **Next Week's Focus:**

- May 4 (Mon): US March Factory Orders
- May 5 (Tue): US March Trade Balance
- May 6 (Wed): US April ADP Employment; EIA Crude Oil Inventories
- May 7 (Thu): US Weekly Initial Jobless Claims; March Construction Spending
- May 8 (Fri): US April Nonfarm Payrolls, Unemployment Rate, Hourly Earnings Growth; May Michigan Consumer Sentiment Preliminary
- Continuous Focus: Middle East geopolitical spread and shipping risks, Fed officials' speeches on June rate cut expectations, new developments in trade tariff policies, and the escalation of global trade frictions.

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