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# Weekly Gold Wrap

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## I. Gold Price Recap

New York close on July 24 (Beijing early hours July 25): International precious metals rebounded late Friday. COMEX gold rose 0.14% to $4,055.70/oz, up 0.92% weekly; COMEX silver climbed 0.75% to $58.49/oz, with a weekly gain of 3.84%.

Gold advanced in early trade as capital rotated out of slumping tech stocks. Later, surging crude oil lifted inflation worries and Fed hike expectations, triggering sharp pullbacks from highs. The bullion regained support on US-Iran temporary ceasefire news.

-Ahead of the critical central bank week, sentiment stayed cautious on Monday. COMEX gold fluctuated around the $4,000 mark; steady US Treasury yields restricted intraday volatility.

-On Tuesday, US June JOLTS job openings reached 7.59 million, exceeding the 7.29 million forecast and reflecting robust labor demand. Hawkish Fed remarks boosted September rate hike odds. Gold briefly dipped below $4,000 before short covering and bargain hunting fueled a bounce.

-Gold rallied strongly Wednesday with a 1.69% gain, breaking above $4,140 intraday. Global tech selloffs pushed risk-averse capital into precious metals.

-Gold tumbled nearly 2% Thursday. Houthi attacks on Saudi oil tankers sent crude above $100/bbl. Markets feared persistent inflation driven by energy costs, lifting tightening expectations and weighing on gold.

-Gold stabilized weakly on Friday. The ECB held rates steady as expected. Investors focused on the upcoming FOMC meeting, with bulls trading cautiously before the weekend. Gold strengthened overnight after the US halted strikes against Iran, closing the week above $4,055.

## 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

- **June JOLTS Job Openings**

Printed at 7.59 million, matching the downward revised prior reading and topping the 7.29 million forecast. Hiring and turnover remained stable with no notable labor cooling. Solid economic resilience raised the Fed's capacity to sustain high rates, lifting September hike odds and pressuring gold.

- **Initial Jobless Claims (week ending July 18)**

Claims stood at 187,000 versus the 212,000 forecast; the previous figure of 209,000 was revised down. The four-week average fell to 207,500, the lowest this year. Tight employment ruled out recession risks, keeping Fed tightening viable. Higher Treasury yields dragged non-interest-bearing gold lower.

- **Flash S&P Global July PMI**

Manufacturing PMI 51.1, Services PMI 55.2, Composite PMI 54.6. All beat estimates and hit 12-month highs. Booming services reinforced hike bets and capped gold upside.

- **June New Home Sales**

Annualized sales were 623,000, slightly below the 635,000 estimate. Mild housing weakness failed to offset broad economic strength, exerting negligible bullish influence on gold.

**(2) Impact on Gold:**

The US economy posted overall strength with mild housing softness, dispatching hopes of Fed rate cuts within 2026. Despite cooler June inflation, solid data preserved the Fed's tightening option. Upward real rate expectations lifted gold prices but failed to sustain rallies.

## 2) Monetary Policy & Gold Market Impact

### (1) Fed Developments & Official Views

- **Fed Updates and Official Remarks**

The Fed entered the official FOMC blackout period (July 18 – July 30). No Fed officials delivered new public speeches touching monetary policy this week. The two-day FOMC meeting will kick off July 28 – 29 US Eastern Time.

Pre-blackout speech: Fed Chair Kevin Walsh stated at the July 22 hearing that one month of softer inflation does not signal a long-term downtrend, and June CPI easing cannot eliminate long-run inflation risks. Higher Middle Eastern energy prices, global tariff hikes and rising AI demand will keep pushing up prices. The Fed will resume hikes if inflation rebounds. The July meeting may see split votes, with no rate-cut timeline offered.

- **Pre-Blackout Official Recap**

**-Dallas Fed's Logan:** Inflation cannot naturally fall to the 2% target; moderate hikes balance price and growth risks, keeping September hike options open.

**-Cleveland Fed's Hammack:** Inflation remains the top economic threat. Solid jobs allow the Fed to prioritize inflation control over early easing.

**-Fed Vice Chair Jefferson:** Additional hikes are reasonable without steady disinflation; energy swings greatly affect inflation trends.

**-Kansas City Fed's Schmid:** Recent inflation relief is temporary with high rebound risks; premature easing may reignite runaway inflation.

### (2) Market Watch Data

- **Prime Market Terminal Data：**

-July FOMC: 65.8% chance of unchanged rates, 34.2% probability of a 25-basis-point hike

-September hike probability rose to 78%, October odds hit 82%. Markets fully price at least one hike in H2 2026. Long-term high-rate expectations cap gold valuations.

### (3) Impact on Gold Prices

No fresh Fed comments emerged during the blackout. Prices traded entirely on pre-blackout hawkish signals and rate expectations. Upbeat hike pricing boosted the US dollar and Treasury yields, lifting gold's holding cost. Geopolitics offered limited downside support. Gold stayed bearishly range-bound, pending PCE, nonfarm payrolls and July FOMC results.

## 3) Yields, USD & Gold Dynamics

### (1) Dollar Index Behavior

DXY closed at 101.47 on July 24, up 0.48% for the week with an intraday three-week high. Escalating Middle East tensions lifted crude, stoking sticky inflation and hike expectations to lift the dollar, restricting gold rallies.

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

The 10-year Treasury yield settled at 4.6771%, climbing nearly 13 bps weekly to a yearly high. Drivers include robust jobs/services data, oil-driven long-term inflation concerns and consistent Fed hawkishness. Higher nominal yields raised gold holding costs, serving as the core bearish driver.

**(3) Impact on Gold**

Stronger USD and higher yields consistently pressured gold. Gold only rebounded when geopolitics eased and crude fell to pull down yields and the dollar. Rate-side bearish pressure has not fully faded.

## 4) Geopolitical Tensions & Safe-Haven Demand

**(1) Geopolitical Tensions**

1) **U.S.-Iran geopolitical conflicts in the Middle East**

- From July 20 to 24, the US launched continuous air strikes on Iranian infrastructure and energy facilities, Iran retaliated against US military bases in the Middle East, and Houthi forces repeatedly targeted Red Sea oil vessels. Shipping risks spiked at the Strait of Hormuz and Bab el-Mandeb, pushing Brent crude above $100/bbl. Markets priced oil-fueled inflation and Fed hikes; gold's safe-haven role faded, moving lower alongside crude.
- Over the weekend, the US suspended airstrikes and Iran halted counterattacks, with both open to diplomatic talks. Red Sea shipping risks eased sharply; crude crashed over 6%, inflation fears cooled and gold rebounded.
- Remaining risks: Israel-Lebanon border clashes persist; Houthi Red Sea attacks may resume. US-Iran negotiations are fragile, sustaining short-term price volatility.

**2) Progress of the Russia-Ukraine Conflict**

The conflict remains stalemated with regular long-range strikes. Its marginal impact on gold, USD and yields has diminished, only providing brief mild support instead of trend direction.

**(2) Impact on Gold**

Geopolitics worked inversely this week. Conflict escalation boosted oil and hike expectations to hurt gold; de-escalation dragged oil lower, eased tightening bets and lifted gold. Energy-driven inflation overrode traditional safe-haven demand; gold's geopolitical moves closely track crude trends.

## 5) Tariff Turmoil Drives Gold Swings

① **Tariff & Trade Policy Developments**

- **Sino-US Tariff Landscape**

New 12.5% US tariffs on Chinese goods took effect July 24, replacing expiring temporary levies. China and the US only reached agricultural purchase intent without real tariff cuts. Lingering trade friction fuels imported inflation, strengthens Fed tightening logic and weighs on gold.

- **US Global Tariff Initiatives**

New universal tariffs took effect under Section 301 of the Trade Act of 1974, replacing the expired 10% temporary global import tariff. The policy continued unchanged via legal adjustment.

Broader tariffs add global uncertainty. Potential supply chain shocks and growth risks bolster gold's long-term value as a hedge against uncertainty.

- **European Tariff Developments**

EU anti-dumping duties on Chinese biodiesel went into force; new curbs on tires and light industrial goods will roll out in Q4. Higher global supply chain costs sustain elevated rate expectations.

② **Impact on Gold Prices**

Near-term widespread tariffs entrench inflation stickiness and Fed tightening expectations to cap gold upside. Longer-term trade uncertainty lifts safe-haven demand, forming solid long-term downside support for gold.

## 6) Gold Market Observation

**1. 2026 China International Gold Conference Sub-forum (China Gold Network)**

**(1) Background**

The sub-forum was held in Lanzhou on July 17, themed on empowering physical gold industries with finance. Participants included the Shanghai Gold Exchange, ICBC, major domestic gold miners, jewelry manufacturers and industry experts. Discussions covered gold's long-term value and industrial financing amid global macro changes. Gansu, China's major gold-reserve province, was the core research base.

**(2) Expert Views on Long-Term Gold Supports**

➢ **Asset Allocation**

-Wu Xiuqiu divided household assets into stocks, bonds, deposits and alternatives, with gold the core alternative asset accounting for 16% of household alternative holdings. Gold acts as both consumer goods and strategic hedges against inflation, geopolitics and recession.

-Wang Lixin (World Gold Council): Global institutional gold allocation remains low. Gold suits long-term core holdings; frequent short-term trading is unsuitable for retail investors.

➢ **Currency & Reserve Logic (De-dollarization + Central Bank Gold Buying)**

-Zhao Youli (ICBC): Gold is credit-free hard currency hedging fiat currency depreciation. China leads global physical gold consumption, and Gansu ranks high nationwide in gold reserves and output. Short-term gold prices follow Fed policy and Treasury yields; sustained central bank buying forms long-term price support.

-Xu Quanhan (ICBC): Persistent US fiscal deficits and debt weaken US dollar credibility. Global nations cut USD reserve exposure and increase gold holdings. Gold matches the liquidity needs of a multipolar currency system, with steady PBoC buying offering structural long-term bullishness.

**(3) Industrial Chain Status, Development and Financing Needs**

➢ **Upstream Miners (Jinchuan, Shandong Gold, Zijin Mining)**

-Pain points: Wild gold price swings squeeze profits; long-term equity financing for exploration is insufficient; overseas mining faces FX and commodity dual risks.

-Development plans: Jinchuan builds integrated mining, smelting, deep processing and terminal chains, expanding industrial gold and high-value cultural gold products. Zijin speeds up overseas mining, with offshore assets and output exceeding half its total. Shandong Gold improves comprehensive price hedging tools.

-Financing needs: Long-term exploration capital, FX risk management, commodity hedging and green mine targeted loans.

➢ **Downstream Jewelry Manufacturers & Retailers (Baitai included)**

-Industry status: High gold prices curb mass consumption; fierce price competition drives small workshops out of business amid industry consolidation.

-Transformation directions: Light high-end jewelry, cultural gold accessories and trend-focused ornaments plus expanded online sales channels.

-Financing demands: Flexible supply chain financing and credit for brand expansion.

**(4) Financial Services**

The Shanghai Gold Exchange upgrades domestic market infrastructure per China's 15th Five-Year Plan to launch tailored financing and hedging products for physical gold businesses. ICBC and ICBC Standard provide tiered financing, gold hedging, cross-border settlement, Belt and Road finance and ESG green credit covering mining, smelting, foreign trade and retail.

**(5) Industry Consensus**

-Geopolitical tensions and global monetary shifts raise gold's strategic value for national financial security and wealth preservation.

-The gold sector needs integrated industry-finance development; financial hedging mitigates price volatility, while credit supports high-end, green and global upgrading.

-Endowed with abundant gold resources, Gansu can build a benchmark western China gold industrial cluster, translating resource advantages into industrial and economic gains.

-Short-run gold volatility is Fed-driven, yet de-dollarization and central bank buying sustain gold's long-term allocation value.

## III. Outlook & Key Catalysts

➢ **Next Week's Focus:**

July 27 (Mon): US July Dallas Fed Manufacturing Index

July 28 (Tue): Fed official speeches; US July Conference Board Consumer Confidence Index

July 29 (Wed): US June PCE Price Index, personal income and spending

July 30 (Thu): Weekly initial jobless claims (ending July 25); ECRI Leading Index

July 31 (Fri): US July nonfarm payrolls, unemployment rate and average hourly earnings

Core focus: July PCE inflation and nonfarm payrolls jointly guide the Fed's September policy path. Fed remarks alter hike odds, while recurring Middle East unrest drives crude and safe-haven volatility to swing gold prices.

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