



**Future Gold Labs**

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## Weekly Gold Wrap

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### I. Gold Price Recap

On Friday this week (New York time, January 16; early morning Beijing time, January 17), COMEX Gold Futures fell 0.57% to close at \$4,597/oz, with a cumulative weekly gain of 2.12%. COMEX Silver Futures dropped 2.82% to settle at \$89.740/oz, posting a weekly increase of 13.12%.

Supportive factors for gold prices mainly include: persistent market expectations of further Fed rate cuts in the coming months; safe-haven demand driven by geopolitical tensions such as the U.S.-Venezuela conflict, Greenland dispute, and Russia-Ukraine conflict; market uncertainty over the Fed's independence stemming from the reshuffle of the Fed chair nomination (with former Fed Governor Kevin Warsh emerging as the frontrunner); and heightened gold demand amid the U.S. imposing trade restrictions on critical minerals and advanced AI chips.

Bearish factors are reflected in: solid U.S. economic data prompting traders to lower their 2026-end rate cut expectations to around 47 basis points and delay the first rate cut to June, weakening gold's appeal; Trump's confirmation of no plan to dismiss Jerome Powell boosting market risk appetite and fueling a U.S. dollar rally, as well as his decision to postpone military action against Iran in response to Iran's commitments and urging from Middle Eastern allies—leading to a decline in geopolitical risk premium and cooled safe-haven demand for gold.

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

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

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

###### ➤ November Total Retail Sales

Data from the U.S. Census Bureau on Wednesday showed total retail sales hit \$735.9 billion, up 0.6% MoM. This reversed October's 0.1% decline and beat the 0.4% market forecast.

###### ➤ U.S. December Core Consumer Price Index (CPI)

U.S. core CPI (excluding food and energy) rose 0.2% MoM in December, below expectations; its YoY growth held steady at 2.6%, a four-year low, further confirming the disinflation trend (some prior inflation data was distorted by shutdown factors). Meanwhile, the headline CPI climbed 0.3% MoM and 2.7% YoY in December 2025, in line with market estimates.

###### ➤ U.S. Initial Jobless Claims

For the week ending January 10, initial jobless claims unexpectedly fell to 198,000, below the 215,000 forecast and the revised prior reading of 207,000, indicating resilient labor market conditions despite prolonged high borrowing costs.

➤ **Producer Price Index (PPI)**

U.S. headline PPI rose 0.2% MoM in November (in line with expectations, faster than October) and 3% YoY (above the 2.7% forecast). Core PPI was flat MoM (below the 0.2% estimate) but edged up to 3% YoY from the previous 2.9%, also exceeding expectations.

**(2) Impact on Gold:**

Weekly initial jobless claims and November retail sales data confirm the solidity of the U.S. economy and labor market, reinforcing expectations that the Federal Reserve will keep interest rates unchanged in the first half of the year and pushing the U.S. dollar higher to weigh on gold prices. Meanwhile, core CPI and PPI data indicate easing inflation, supporting rate cut bets and boosting gold prices—with the bull-bear tug-of-war leading to gold's volatility.

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

**(1) Fed Leadership Changes & Divided Views on 2026 Rate Cuts**

① **Fed Leadership Developments**

- Trump criticized Powell over inflation data and pressured for rate cuts. Powell faces a criminal probe over his June 2025 testimony on the Fed headquarters renovation, which he deemed politically motivated. Trump stated no intention to dismiss Powell, sparking concerns over the Fed's independence.
- Trump was reluctant to nominate Kevin Hassett (Director of the National Economic Council) as Fed chair, preferring him to stay in office. The Senate blocked the nomination process over the above probe. Trump noted the selection was pending and to be announced in weeks, after which former Fed Governor Kevin Warsh became the frontrunner.

② **Fed Officials' Views:**

- **Jeffrey Schmid (Kansas City Fed President):** Current monetary policy is not restrictive enough; inflation risks must not be underestimated.
- **Mary Daly (San Francisco Fed President):** The U.S. economy is poised for solid growth, with current policy stance appropriate.
- **Thomas Barkin (Richmond Fed President):** Inflation remains elevated, while the labor market has stabilized.
- **Raphael Bostic (Atlanta Fed President):** U.S. growth is projected to top 2%, but inflationary pressures may linger, requiring a restrictive policy stance.
- **Austan Goolsbee (Chicago Fed President):** The latest jobless claims data met expectations; the Fed's core goal remains to bring inflation back to the 2% target.
- **Neel Kashkari (Minneapolis Fed President):** The U.S. economy shows notable resilience, with tariff-induced cost pass-through lower than expected. He added inflation is still too high but moving in a positive direction.
- **Fed Beige Book:** Since mid-November, economic activity expanded at a "modest to moderate" pace across most U.S. regions, an improvement from the prior three reports where most districts described activity as flat.

**(2) Market Watch Data**

- **Prime Market Terminal Data:** Money markets currently price in 47 basis points of Fed rate cuts by

year-end 2026.

### **(3) Impact on Gold Prices**

Controversies over the Fed's independence and the deepening hawk-dove divide among officials have heightened policy uncertainty. While the probability of a January rate cut plummeted to 5% and the first cut is delayed to June, markets still expect roughly 50 basis points of cuts in 2026. Expectations of lower long-term real interest rates, combined with safe-haven demand, have jointly fueled gold's strong rally to a record high.

## **3) Yields, USD & Gold Dynamics**

### **(1) Dollar Index Behavior**

In late New York trading on Friday, January 16, the DXY closed at 99.323, edging up around 0.24% for the week and staying in a narrow trading range. Heightened hawk-dove divisions among Fed officials, with most backing steady rates in January, pushed rate cut expectations further out and underpinned the dollar. However, domestic U.S. disputes over Fed independence, policy uncertainty and limited EUR fluctuations capped the dollar's upside.

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

In late New York trading on Friday, January 16, the 10-year benchmark U.S. Treasury yield stood at 4.2269%, climbing 5.96 basis points for the week. Moderating inflationary rebound and reinforced expectations of Fed rate pause drove the yield higher in a volatile trend. Meanwhile, market concerns over U.S. political risks and debt pressure lifted term premium, while diverging views among officials curbed volatility, resulting in a modest weekly rise.

### **(3) Impact on Gold**

The DXY's narrow-range mild gain exerted limited downward pressure on gold this week. However, the slight uptick in the 10-year Treasury yield raised the opportunity cost of holding gold. Together, these two factors capped gold prices moderately and kept the metal in a consolidative pattern.

## **4) Geopolitical Tensions & Safe-Haven Demand**

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

Intense frontline clashes continued this week. Russian forces deployed new Geranium-5 drones and seized multiple settlements, while Ukrainian troops launched counterattacks with foreign-supplied weapons. Volodymyr Zelenskyy urgently called for accelerated air defense aid. The EU split over procurement authority for the € 90 billion Ukraine assistance package. Donald Trump's remarks unfavorable to Ukraine sparked concerns among Western allies.

### **(2) U.S.-Venezuela Conflict**

On January 16, Venezuela's defense minister stated that the U.S. military strike on January 3 killed 47 soldiers (the interior ministry previously put the toll at over 100). Venezuela will handle the aftermath and demand the release of the Maduro couple. Venezuela's acting president dispatched the former foreign minister to the U.S. for talks, stressing in the state of the union address that sovereignty would be upheld without compromise during negotiations. Over the past weeks, the U.S. has seized 5 Venezuela-linked oil tankers and filed another seizure order on January 13. It also encouraged U.S. oil firms to invest at least \$100 billion in Venezuela's oil sector.

### **(3) U.S.-Iran Tensions**

Donald Trump postponed the military strike against Iran after the latter pledged not to execute

anti-government protesters, but emphasized that all response options remained on the table and he would continue monitoring the situation. He later posted on social media to urge Iranian protesters to take action and promised aid, announcing the suspension of all meetings with Iranian officials until the violence ends. His earlier mention of military action as an option had stoked market fears of U.S. military intervention in Iran.

#### **(4) Greenland Dispute**

The Trump administration still insisted on its intention to take over Greenland, a self-governing Danish territory. After the U.S.-Denmark-Greenland trilateral meeting on January 14, a working group was established for further consultations, but fundamental differences remained unresolved. Denmark and Greenland firmly opposed the U.S. plan, stressing sovereignty and self-determination. Multiple European countries have sent troops or participated in related military operations to show support. Russia warned that ignoring its Arctic interests would trigger a response. Domestically, around 75% of U.S. citizens and lawmakers from both parties opposed the plan, but Trump threatened to impose tariffs on countries that do not support it. His appointed envoy plans to visit Greenland in March.

#### **(5) Impact on Gold**

Protracted conflicts in Russia-Ukraine, U.S.-Venezuela and U.S.-Iran, coupled with escalating Greenland dispute, weakening cohesion of the Western alliance aiding Ukraine and rising uncertainty in U.S. foreign policy, have comprehensively boosted global safe-haven sentiment. The flurry of geopolitical black swan risks has exacerbated the threat of global order fragmentation, driving capital flows into gold as a traditional safe-haven asset.

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

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

##### **➤ Hearing on the Legality of Tariffs Under the U.S. International Emergency Economic Powers Act (IEEPA)**

The U.S. Supreme Court has not issued a final ruling on the legality of the Trump administration's tariff policy. The case stems from the administration's 2025 invocation of the IEEPA to impose tariffs without congressional approval, which was ruled illegal by lower courts. The Supreme Court has previously delayed the ruling date, with most justices expressing skepticism about the tariff policy.

##### **➤ Tariffs on Countries Opposing the U.S. Greenland Acquisition Plan**

On January 16 local time, U.S. President Donald Trump stated at a White House event that he may impose tariffs on countries (including European allies) that oppose the U.S. plan to acquire Greenland, claiming the island is critical to U.S. national security. This marks the first time he has mentioned using tariffs to advance the plan. Greenland is a self-governing Danish territory; Trump has repeatedly threatened to acquire the island and not ruled out military action, drawing strong opposition from Denmark and other European countries.

##### **➤ 25% Tariff on Semiconductors**

**-Policy Core:** On January 14, 2026 local time, the White House issued an executive order under Section 232 of the Trade Expansion Act of 1962. Starting January 15, a 25% ad valorem tariff will be levied on specific advanced AI chips (e.g., NVIDIA H200, AMD MI325X, defined by performance parameters) and certain semiconductor equipment that are "U.S.-designed but overseas-manufactured" (e.g., contracted to TSMC) and ultimately exported overseas (mainly to China). The policy will be implemented in two phases (Phase 1: tariff imposition + negotiations; Phase 2: scope expansion + domestic investment incentives, with no clear timetable). U.S. domestic end-uses (e.g., data centers, R&D) are exempt. The

core goal is to drive the reshoring of high-end manufacturing and address semiconductor supply chain dependency risks.

**-Key Details and Impacts:** The NVIDIA H200 chips approved for export to China on January 13 must meet conditions including volume  $\leq 50\%$  of U.S. clients' allocations, compliance with usage requirements, and third-party safety testing in the U.S. (which triggers tariffs). In the short term, this will raise procurement costs for Chinese enterprises.

## **(2) Impact on Gold:**

The uncertainties surrounding the legality of U.S. tariff policies, threats of tariffs on countries opposing the Greenland plan, and the imposition of semiconductor tariffs have heightened global trade and policy risks. Rising safe-haven demand has directly underpinned gold prices while exacerbating their short-term volatility.

## **6) Gold Market Observation**

### **(1) Key Takeaways from China Gold Market, December 2025 – World Gold Council (WGC)**

#### **① Price Performance: Record Annual Gain Decades in the Making**

- Annual Gain: Gold prices closed 2025 strongly. The LBMA Gold Price PM surged 67% YoY, marking the best annual performance since 1979. The Shanghai Gold Benchmark Price (SHAUPM) jumped 58%, the strongest yearly gain since the Shanghai Gold Exchange (SGE) was established in 2002.
- December Performance: The LBMA Gold Price PM rose 4.2% MoM in December, while the SHAUPM climbed 2.8% MoM. RMB appreciation against the U.S. dollar capped the upside of RMB-denominated gold prices to some extent.

#### **② Wholesale Demand: Seasonal Rebound in December, Annual Decline for Third Consecutive Year**

- December Data: SGE gold withdrawal volume reached 115 tonnes in December, up 36% MoM. The rebound was mainly driven by seasonal factors (a lull in gold price rally, retailers stocking up for year-end sales) and the market's gradual adaptation to VAT reform, which allowed sales to recover from November's panic-driven slump. However, volume still fell 6% YoY, pressured by surging gold prices and VAT reform.
- 2025 Full-Year Data: Full-year SGE gold withdrawal volume totaled 1,298 tonnes, down 11% YoY and 28% below the 10-year average (2015 – 2024). The core driver was weak gold jewelry consumption, whose drag outweighed robust investment demand.

#### **③ Investment Sector: Record Highs for Both ETFs and Futures**

##### **1) Gold ETFs**

- 2025 saw four consecutive months of inflows, with full-year inflows hitting RMB 112 billion (approx. \$15.5 billion, equivalent to 133 tonnes), a record annual high.
- Assets Under Management (AUM) stood at RMB 242 billion (approx. \$34.6 billion) at year-end, surging 243% YoY; holdings doubled to 248 tonnes. Both metrics set new all-time highs.
- Drivers: Sustained gold price rally, escalating global geopolitical and trade risks.

##### **1) Gold Futures**

- Average daily trading volume of gold futures on the Shanghai Futures Exchange (SHFE) reached 457 tonnes in 2025, up 52% YoY and a new record. The rally in gold prices and rising safe-haven demand attracted traders and industrial participants to the market.

- Average daily trading volume in December was 390 tonnes, down 15% MoM but still significantly above the 5-year average of 216 tonnes per day. Gold price volatility was the core factor influencing trading activity.

#### ④ **Central Bank Reserves: 14 Consecutive Months of Purchases, Steady Reserve Growth**

- The People's Bank of China (PBoC) announced monthly gold purchases throughout 2025, adding 27 tonnes for the full year and extending the buying streak to 14 months.
- Official gold reserves reached 2,306 tonnes at year-end, accounting for 8.5% of China's total foreign exchange reserves. The sustained buying boosted retail investor confidence and drove demand for physical gold and ETFs.

#### ⑤ **Imports: Monthly Rebound in November, Sharp YoY Weakness**

- China's net gold imports totaled 47 tonnes in November, up 12 tonnes MoM (partially supported by more working days that month).
- Imports remained weak YoY, down 60 tonnes from November 2024. Key constraints included the impact of VAT reform on wholesale demand and lower import willingness due to the discount on RMB-denominated gold prices.

#### ⑥ **Review and Summary**

The core feature of China's gold market in 2025 was the divergence between jewelry consumption and investment demand.

### **III. Outlook & Key Catalysts**

#### ➤ **Next Week's Focus:**

Jan 21 (Tue): U.S. Dec housing starts & building permits

Jan 22 (Wed): U.S. Q3 2025 GDP final reading; Oct/Nov core PCE inflation

Jan 23 (Thu): U.S. weekly initial jobless claims

Jan 24 (Fri): U.S. Jan PMI; Dec existing home sales

Fed officials' remarks ahead of the FOMC meeting; Geopolitical updates: U.S.-Venezuela conflict, Russia-Ukraine war, Middle East developments; Tariff implementation details & ruling outcomes, etc.

### **V. Quantitative Strategy Review**

DeCTP-12 Strategy Quarterly Brief

#### ➤ **Core Performance:**

##### **Quarterly Performance:**

-Win Rate: 46.5%

-Profit-to-Loss Ratio: 3:1

-Number of Trades: 20

-Annualized Return: 26%

-Maximum Drawdown: 8.9%

#### ➤ **Weekly Performance Metrics:**

-Weekly Win Rate: 50%

-Equity Change: 0.15%

-Trading Frequency: 4 trades

\*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: (peak net value - trough net value) / 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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