GoldSquawk

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Jobs data revives gold's rates-and-dollar headwind

GoldSquawk Research

Key takeaways

- October nonfarm payrolls rose by 165,000, the unemployment rate edged down to 4.1%, average hourly earnings increased 0.4% m/m and 3.1% y/y, and prior months were revised up by a combined 84,000. That is materially firmer than the prior 12-month average payroll gain of 48,000 and supports a higher-for-longer policy reading.[1]
- Gold went into payrolls facing an existing rates headwind: the official 10-year Treasury yield was 4.84% on 5 November, up from 4.70% on 29 October, while the 10-year real yield rose to 3.05% from 2.90% over the same period. Higher nominal and real yields raise the opportunity cost of holding a non-yielding asset.[2,3]
- Recent World Gold Council analysis provides a close analogue for the current setup: in September, gold fell 8.5% to US$4,176/oz as the US 10-year yield climbed 53bp to 5.3% and DXY rose 2%, despite impressive ETF inflows. That supports the view that yields and the dollar can overpower supportive gold-specific flows.[4]
- Structural support for gold remains meaningful, with Q3 central-bank net purchases of 321t, year-to-date official buying of 675t, physically backed ETF inflows of 211t and record ETF holdings of 4,256t. But recent evidence suggests these supports may cushion weakness rather than dominate the first reaction to stronger US data.[5]

Figure 1: Gold remains exposed to higher Treasury yields



Source: COMEX gold futures and CBOE 10-year yield index via Yahoo Finance, as of 06 November 2026.

Payrolls challenge the cooling-growth narrative

- The October employment report was notably firm: nonfarm payrolls increased by 165,000, unemployment fell to 4.1% from 4.2%, and average hourly earnings rose by 0.4% m/m and 3.1% y/y.

August and September payrolls were also revised higher by a combined 84,000, reinforcing the message of labour-market resilience.[1]

- The payroll gain was well above the prior 12-month average of 48,000, making the release a trend challenge rather than a marginal beat. Sector gains were led by professional and business services at 70,000, health care at 37,000, and transportation and warehousing at 27,000.[1]
- For gold, the significance lies less in payrolls alone than in the policy implication: a firmer labour market tends to support a less dovish Fed path and a more persistent restrictive stance, transmitted through higher Treasury yields, higher real yields and often a firmer USD. World Gold Council analysis explicitly identified rising Treasury yields and a stronger dollar as major contributors to September's drop in gold.[4,1]

Figure 2: Gold trades below both 50- and 200-day averages

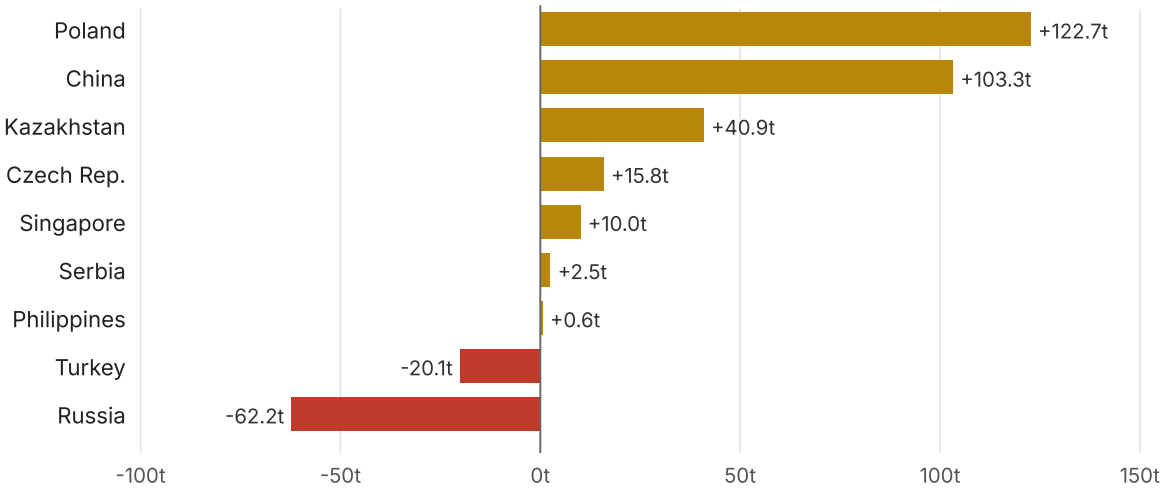


Source: COMEX gold futures daily closes via Yahoo Finance; GoldSquawk calculations, as of 06 November 2026.

Rates were already a headwind before the release

- The official Treasury curve shows the 10-year nominal yield at 4.84% on 5 November, up from 4.70% on 29 October and 4.63% on 23 October. The 30-year yield stood at 5.25% on 5 November, indicating that gold entered payrolls with an already elevated nominal-rate backdrop.[2]
- The official 10-year real yield rose to 3.05% on 5 November from 2.90% on 29 October and 2.83% on 23 October. That matters particularly for gold because real yields are often the cleaner measure of the opportunity cost of holding a non-yielding asset.[3]
- This rates backdrop sits alongside weak price structure in gold itself. COMEX front-month gold closed at US$4,071.3/oz on 6 November, below both the 50-day moving average of US$4,230.3/oz and the 200-day moving average of US$4,501.5/oz; the contract is also down 2.1% over one month and 7.9% over three months. [chart data]

Figure 3: Official-sector buying remains a key source of support



Source: IMF International Reserves and Foreign Currency Liquidity data; GoldSquawk calculations, as of 06 November 2026.

Safe-haven and structural demand are supportive, but secondary

- Gold's problem is not an absence of supportive fundamentals. World Gold Council data show Q3 total demand of 1,369t, central-bank net purchases of 321t, year-to-date official buying of 675t, physically backed ETF inflows of 211t, and record ETF holdings of 4,256t. OTC and other demand also rose to 143t from 101t a year earlier.[5]
- WGC's September commentary nevertheless showed that macro variables can dominate these supports: gold ended September at US$4,176/oz, down 8.5% m/m, while the US 10-year yield rose 53bp to 5.3% and DXY gained 2%, even as ETF inflows were strong.[4]
- Positioning evidence points the same way. WGC's Weekly Markets Monitor said ETFs attracted more than 70t of inflows while COMEX Managed Money positions fell by 84t equivalent and the Spreading category declined by 156t equivalent, helping explain why gold weakened despite ETF support.[6]
- Official-sector buying remains broad in the chart data, led year to date by Poland at 122.7t, China at 103.3t and Kazakhstan at 40.9t. That supports the case for an underlying bid on weakness, even if payrolls and yields dominate the near-term reaction. [chart data][5]

Scenarios

- **Rates-led pressure case:** If post-payrolls pricing pushes Treasury yields and real yields higher still, and Fed expectations for the 9 December meeting become more hawkish from already firm late-October levels, gold would remain primarily driven by opportunity-cost and dollar dynamics rather than by safe-haven narratives.[7,2,8,3]
- **Cushioned consolidation case:** If structural demand from central banks and ETFs remains durable while rates stabilise after the initial payrolls reaction, gold could find support even without a decisive improvement in the macro backdrop. Q3 official buying, ETF inflows and record ETF holdings argue that underlying demand has not disappeared.[5,9]
- **Shock-offset case:** If geopolitical risk, financial stress or a rise in longer-term inflation uncertainty intensifies, the usual negative relationship between higher yields and gold may weaken. WGC notes that fragile geopolitics, market stress and elevated inflation expectations can complicate a simple rates-bearish framework for gold.[10]

Levels to watch

- COMEX gold last close: US$4,071.3/oz
- 50-day moving average: US$4,230.3/oz
- 200-day moving average: US$4,501.5/oz
- 52-week low: US$3,898.9/oz
- 52-week high: US$5,318.4/oz

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Glossary

Nonfarm payrolls: A monthly US measure of employment growth excluding farm workers, widely used to assess labour-market strength. [3]

Real yield: A government bond yield adjusted for inflation; for gold, it is often used as a cleaner measure of holding-cost pressure than nominal yields alone. [13]

DXY: The US dollar index, a measure of the dollar against a basket of major currencies. [2]

FedWatch: A CME tool that derives implied probabilities for future Federal Reserve decisions from 30-Day Fed Funds futures pricing. [6]

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